

1                                   A bill to be entitled  
 2           An act relating to the retiree health insurance subsidy;  
 3           amending s. 112.363, F.S.; revising provisions for  
 4           determination of the amount of the subsidy for retirees of  
 5           the defined benefit program and eligible participants of  
 6           the Public Employee Optional Retirement Program of the  
 7           Florida Retirement System or their beneficiaries;  
 8           providing that the spouse at the time of a Florida  
 9           Retirement System participant's death is considered the  
 10          beneficiary for purposes of the retiree health insurance  
 11          subsidy unless a different beneficiary has been  
 12          designated; revising the contribution paid by employers of  
 13          state-administered retirement plans; providing a finding  
 14          of important state interest; providing an effective date.

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 16   Be It Enacted by the Legislature of the State of Florida:

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 18           Section 1. Paragraphs (f) and (g) are added to subsection  
 19           (3) of section 112.363, Florida Statutes, and paragraph (g) is  
 20           added to subsection (8) of that section, to read:

21           112.363 Retiree health insurance subsidy.--

22           (3) RETIREE HEALTH INSURANCE SUBSIDY AMOUNT.--

23           (f)1. Beginning January 1, 2009, each eligible retiree of  
 24           the defined benefit program of the Florida Retirement System or,  
 25           if the retiree is deceased, his or her beneficiary who is  
 26           receiving a monthly benefit from such retiree's account and who  
 27           is a spouse or a person who meets the definition of a joint  
 28           annuitant in s. 121.021, shall receive a monthly retiree health

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29 insurance subsidy in an amount equal to the number of years of  
30 creditable service, as defined in s. 121.021, completed at the  
31 time of retirement multiplied by 3 percent per year of service,  
32 not to exceed a total of 60 percent of the amount of the monthly  
33 payment due under individual or family coverage under the state  
34 group health insurance plan, as applicable to the retiree. If  
35 there are multiple beneficiaries, the total payment must not be  
36 greater than the payment to which the retiree was entitled.  
37 Notwithstanding any other provision in this section, the spouse  
38 at the time of death shall be the participant's beneficiary  
39 unless such participant has designated a different beneficiary  
40 subsequent to the participant's most recent marriage. The health  
41 insurance subsidy amount payable to any person receiving the  
42 retiree health insurance subsidy payment on January 1, 2008, may  
43 not be reduced solely by operation of this subparagraph.

44 2. Beginning January 1, 2009, each eligible participant of  
45 the Public Employee Optional Retirement Program of the Florida  
46 Retirement System who has met the requirements of this section  
47 or, if the participant is deceased, his or her spouse who is the  
48 participant's designated beneficiary, shall receive a monthly  
49 retiree health insurance subsidy in an amount equal to the  
50 number of years of creditable service, as provided in this  
51 subparagraph, completed at the time of retirement multiplied by  
52 3 percent per year of service, not to exceed a total of 60  
53 percent of the amount of the monthly payment due under  
54 individual or family coverage under the state group health  
55 insurance plan, as applicable to the retiree. For purposes of  
56 determining a participant's creditable service used to calculate

57 the health insurance subsidy, a participant's years of service  
58 credit or fraction thereof shall be based on the participant's  
59 work year as defined in s. 121.021. Credit shall be awarded for  
60 a full work year whenever health insurance subsidy contributions  
61 have been made as required by law for each month in the  
62 participant's work year. In addition, all years of creditable  
63 service retained under the Florida Retirement System defined  
64 benefit program shall be included as creditable service for  
65 purposes of this section. Notwithstanding any other provision in  
66 this section, the spouse at the time of death shall be the  
67 participant's beneficiary unless such participant has designated  
68 a different beneficiary subsequent to the participant's most  
69 recent marriage.

70 (g)1. Beginning January 1, 2010, each eligible retiree of  
71 the defined benefit program of the Florida Retirement System or,  
72 if the retiree is deceased, his or her beneficiary who is  
73 receiving a monthly benefit from such retiree's account and who  
74 is a spouse or a person who meets the definition of a joint  
75 annuitant in s. 121.021, shall receive a monthly retiree health  
76 insurance subsidy in an amount equal to the number of years of  
77 creditable service, as defined in s. 121.021, completed at the  
78 time of retirement multiplied by 3 percent per year of service,  
79 not to exceed a total of 60 percent of the amount of the monthly  
80 payment due under individual or family coverage under the state  
81 group health insurance plan, as applicable to the retiree. If  
82 there are multiple beneficiaries, the total payment must not be  
83 greater than the payment to which the retiree was entitled.  
84 Notwithstanding any other provision in this section, the spouse

85 at the time of death shall be the participant's beneficiary  
86 unless such participant has designated a different beneficiary  
87 subsequent to the participant's most recent marriage. The health  
88 insurance subsidy amount payable to any person receiving the  
89 retiree health insurance subsidy payment on January 1, 2009, may  
90 not be reduced solely by operation of this subparagraph.

91 2. Beginning January 1, 2010, each eligible participant of  
92 the Public Employee Optional Retirement Program of the Florida  
93 Retirement System who has met the requirements of this section  
94 or, if the participant is deceased, his or her spouse who is the  
95 participant's designated beneficiary, shall receive a monthly  
96 retiree health insurance subsidy in an amount equal to the  
97 number of years of creditable service, as provided in this  
98 subparagraph, completed at the time of retirement multiplied by  
99 3 percent per year of service, not to exceed a total of 60  
100 percent of the amount of the monthly payment due under  
101 individual or family coverage under the state group health  
102 insurance plan, as applicable to the retiree. For purposes of  
103 determining a participant's creditable service used to calculate  
104 the health insurance subsidy, a participant's years of service  
105 credit or fraction thereof shall be based on the participant's  
106 work year as defined in s. 121.021. Credit shall be awarded for  
107 a full work year whenever health insurance subsidy contributions  
108 have been made as required by law for each month in the  
109 participant's work year. In addition, all years of creditable  
110 service retained under the Florida Retirement System defined  
111 benefit program shall be included as creditable service for  
112 purposes of this section. Notwithstanding any other provision in

113 this section, the spouse at the time of death shall be the  
 114 participant's beneficiary unless such participant has designated  
 115 a different beneficiary subsequent to the participant's most  
 116 recent marriage.

117 (8) CONTRIBUTIONS.--For purposes of funding the insurance  
 118 subsidy provided by this section:

119 (a) Beginning October 1, 1987, the employer of each member  
 120 of a state-administered retirement plan shall contribute 0.24  
 121 percent of gross compensation each pay period.

122 (b) Beginning January 1, 1989, the employer of each member  
 123 of a state-administered retirement plan shall contribute 0.48  
 124 percent of gross compensation each pay period.

125 (c) Beginning January 1, 1994, the employer of each member  
 126 of a state-administered retirement plan shall contribute 0.56  
 127 percent of gross compensation each pay period.

128 (d) Beginning January 1, 1995, the employer of each member  
 129 of a state-administered retirement plan shall contribute 0.66  
 130 percent of gross compensation each pay period.

131 (e) Beginning July 1, 1998, the employer of each member of  
 132 a state-administered retirement plan shall contribute 0.94  
 133 percent of gross compensation each pay period.

134 (f) Beginning July 1, 2001, the employer of each member of  
 135 a state-administered plan shall contribute 1.11 percent of gross  
 136 compensation each pay period.

137 (g) Beginning January 1, 2009, the employer of each member  
 138 of a state-administered retirement plan shall contribute 1.75  
 139 percent of gross compensation each pay period.

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141 Such contributions shall be submitted to the Department of  
142 Management Services and deposited in the Retiree Health  
143 Insurance Subsidy Trust Fund.

144       Section 2. The Legislature finds that a proper and  
145 legitimate state purpose is served when employees and retirees  
146 of the state and of its political subdivisions, and the  
147 dependents, survivors, and beneficiaries of such employees and  
148 retirees, are extended the basic protections afforded by  
149 governmental retirement systems that provide fair and adequate  
150 benefits that are managed, administered, and funded in an  
151 actuarially sound manner, as required by s. 14, Art. X of the  
152 State Constitution and part VII of chapter 112, Florida  
153 Statutes. Therefore, the Legislature determines and declares  
154 that this act fulfills an important state interest.

155       Section 3. This act shall take effect upon becoming a law.