

HB 873

2008

1                   A bill to be entitled  
2           An act relating to the retiree health insurance subsidy;  
3           amending s. 112.363, F.S.; increasing the minimum and  
4           maximum health insurance subsidies; providing for a cost-  
5           of-living adjustment to the subsidy; increasing the  
6           contribution paid by employers of members in state-  
7           administered retirement plans; providing legislative  
8           findings; providing an effective date.

9  
10   Be It Enacted by the Legislature of the State of Florida:

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12           Section 1. Subsections (3) and (8) of section 112.363,  
13   Florida Statutes, are amended to read:

14           112.363 Retiree health insurance subsidy.--

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

16           (a) Beginning January 1, 1988, each eligible retiree or a  
17   beneficiary who is a spouse or financial dependent thereof shall  
18   receive a monthly retiree health insurance subsidy payment equal  
19   to the number of years of creditable service, as defined in s.  
20   121.021(17), completed at the time of retirement multiplied by  
21   \$1; however, no retiree may receive a subsidy payment of more  
22   than \$30 or less than \$10.

23           (b) Beginning January 1, 1989, each eligible retiree or a  
24   beneficiary who is a spouse or financial dependent shall receive  
25   a monthly retiree health insurance subsidy payment equal to the  
26   number of years of creditable service, as defined in s.  
27   121.021(17), completed at the time of retirement multiplied by  
28   \$2; however, no retiree may receive a subsidy payment of more

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29 | than \$60 or less than \$20.

30 |       (c) Beginning January 1, 1991, each eligible retiree or a  
31 | beneficiary who is a spouse or financial dependent shall receive  
32 | a monthly retiree health insurance subsidy payment equal to the  
33 | number of years of creditable service, as defined in s.  
34 | 121.021(17), completed at the time of retirement multiplied by  
35 | \$3; however, no retiree may receive a subsidy payment of more  
36 | than \$90 or less than \$30.

37 |       (d) Beginning January 1, 1999, each eligible retiree or,  
38 | if the retiree is deceased, his or her beneficiary who is  
39 | receiving a monthly benefit from such retiree's account and who  
40 | is a spouse, or a person who meets the definition of joint  
41 | annuitant in s. 121.021(28), shall receive a monthly retiree  
42 | health insurance subsidy payment equal to the number of years of  
43 | creditable service, as defined in s. 121.021(17), completed at  
44 | the time of retirement multiplied by \$5; however, no eligible  
45 | retiree or such beneficiary may receive a subsidy payment of  
46 | more than \$150 or less than \$50. If there are multiple  
47 | beneficiaries, the total payment must not be greater than the  
48 | payment to which the retiree was entitled.

49 |       (e)1. Beginning July 1, 2001, each eligible retiree of the  
50 | defined benefit program of the Florida Retirement System, or, if  
51 | the retiree is deceased, his or her beneficiary who is receiving  
52 | a monthly benefit from such retiree's account and who is a  
53 | spouse, or a person who meets the definition of joint annuitant  
54 | in s. 121.021(28), shall receive a monthly retiree health  
55 | insurance subsidy payment equal to the number of years of  
56 | creditable service, as defined in s. 121.021(17), completed at

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57 the time of retirement multiplied by \$5; however, no eligible  
58 retiree or beneficiary may receive a subsidy payment of more  
59 than \$150 or less than \$30. If there are multiple beneficiaries,  
60 the total payment must not be greater than the payment to which  
61 the retiree was entitled. The health insurance subsidy amount  
62 payable to any person receiving the retiree health insurance  
63 subsidy payment on July 1, 2001, shall not be reduced solely by  
64 operation of this subparagraph.

65 2. Beginning July 1, 2002, each eligible participant of  
66 the Public Employee Optional Retirement Program of the Florida  
67 Retirement System who has met the requirements of this section,  
68 or, if the participant is deceased, his or her spouse who is the  
69 participant's designated beneficiary, shall receive a monthly  
70 retiree health insurance subsidy payment equal to the number of  
71 years of creditable service, as provided in this subparagraph,  
72 completed at the time of retirement, multiplied by \$5; however,  
73 no eligible retiree or beneficiary may receive a subsidy payment  
74 of more than \$150 or less than \$30. For purposes of determining  
75 a participant's creditable service used to calculate the health  
76 insurance subsidy, a participant's years of service credit or  
77 fraction thereof shall be based on the participant's work year  
78 as defined in s. 121.021(54). Credit shall be awarded for a full  
79 work year whenever health insurance subsidy contributions have  
80 been made as required by law for each month in the participant's  
81 work year. In addition, all years of creditable service retained  
82 under the Florida Retirement System defined benefit program  
83 shall be included as creditable service for purposes of this  
84 section. Notwithstanding any other provision in this section to

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85 the contrary, the spouse at the time of death shall be the  
86 participant's beneficiary unless such participant has designated  
87 a different beneficiary subsequent to the participant's most  
88 recent marriage.

89 (f)1. Beginning January 1, 2009, each eligible retiree of  
90 the defined benefit program of the Florida Retirement System or,  
91 if the retiree is deceased, his or her beneficiary who is  
92 receiving a monthly benefit from such retiree's account and who  
93 is a spouse or a person who meets the definition of a joint  
94 annuitant in s. 121.021 shall receive a monthly retiree health  
95 insurance subsidy payment equal to the number of years of  
96 creditable service, as defined in s. 121.021, completed at the  
97 time of retirement multiplied by \$6; however, an eligible  
98 retiree or beneficiary may not receive a subsidy payment of more  
99 than \$180 or less than \$36. If there are multiple beneficiaries,  
100 the total payment must not be greater than the payment to which  
101 the retiree was entitled. Notwithstanding any other provision in  
102 this section to the contrary, the spouse at the time of death  
103 shall be the participant's beneficiary unless such participant  
104 has designated a different beneficiary subsequent to the  
105 participant's most recent marriage. The health insurance subsidy  
106 amount payable to any person receiving the retiree health  
107 insurance subsidy payment on January 1, 2008, may not be reduced  
108 solely by operation of this subparagraph.

109 2. Beginning January 1, 2009, each eligible participant of  
110 the Public Employee Optional Retirement Program of the Florida  
111 Retirement System who has met the requirements of this section  
112 or, if the participant is deceased, his or her spouse who is the

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113 participant's designated beneficiary shall receive a monthly  
114 retiree health insurance subsidy payment equal to the number of  
115 years of creditable service, as provided in this subparagraph,  
116 completed at the time of retirement multiplied by \$6; however,  
117 an eligible retiree or beneficiary may not receive a subsidy  
118 payment of more than \$180 or less than \$36. For purposes of  
119 determining a participant's creditable service used to calculate  
120 the health insurance subsidy, a participant's years of service  
121 credit or fraction thereof shall be based on the participant's  
122 work year as defined in s. 121.021. Credit shall be awarded for  
123 a full work year whenever health insurance subsidy contributions  
124 have been made as required by law for each month in the  
125 participant's work year. In addition, all years of creditable  
126 service retained under the Florida Retirement System defined  
127 benefit program shall be included as creditable service for  
128 purposes of this section. Notwithstanding any other provision in  
129 this section to the contrary, the spouse at the time of death  
130 shall be the participant's beneficiary unless such participant  
131 has designated a different beneficiary subsequent to the  
132 participant's most recent marriage.

133 (g)1. Beginning January 1, 2010, each eligible retiree of  
134 the defined benefit program of the Florida Retirement System or,  
135 if the retiree is deceased, his or her beneficiary who is  
136 receiving a monthly benefit from such retiree's account and who  
137 is a spouse or a person who meets the definition of a joint  
138 annuitant in s. 121.021 shall receive a monthly retiree health  
139 insurance subsidy payment equal to the number of years of  
140 creditable service, as defined in s. 121.021, completed at the

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141 time of retirement multiplied by \$7; however, an eligible  
142 retiree or beneficiary may not receive a subsidy payment of more  
143 than \$210 or less than \$42. If there are multiple beneficiaries,  
144 the total payment must not be greater than the payment to which  
145 the retiree was entitled. Notwithstanding any other provision in  
146 this section to the contrary, the spouse at the time of death  
147 shall be the participant's beneficiary unless such participant  
148 has designated a different beneficiary subsequent to the  
149 participant's most recent marriage. The health insurance subsidy  
150 amount payable to any person receiving the retiree health  
151 insurance subsidy payment on January 1, 2008, may not be reduced  
152 solely by operation of this subparagraph.

153 2. Beginning January 1, 2010, each eligible participant of  
154 the Public Employee Optional Retirement Program of the Florida  
155 Retirement System who has met the requirements of this section  
156 or, if the participant is deceased, his or her spouse who is the  
157 participant's designated beneficiary shall receive a monthly  
158 retiree health insurance subsidy payment equal to the number of  
159 years of creditable service, as provided in this subparagraph,  
160 completed at the time of retirement multiplied by \$7; however,  
161 an eligible retiree or beneficiary may not receive a subsidy  
162 payment of more than \$210 or less than \$42. For purposes of  
163 determining a participant's creditable service used to calculate  
164 the health insurance subsidy, a participant's years of service  
165 credit or fraction thereof shall be based on the participant's  
166 work year as defined in s. 121.021. Credit shall be awarded for  
167 a full work year whenever health insurance subsidy contributions  
168 have been made as required by law for each month in the

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169 participant's work year. In addition, all years of creditable  
170 service retained under the Florida Retirement System defined  
171 benefit program shall be included as creditable service for  
172 purposes of this section. Notwithstanding any other provision in  
173 this section to the contrary, the spouse at the time of death  
174 shall be the participant's beneficiary unless such participant  
175 has designated a different beneficiary subsequent to the  
176 participant's most recent marriage.

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

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

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

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

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

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

194 (f) Beginning July 1, 2001, the employer of each member of  
195 a state-administered retirement plan shall contribute 1.11  
196 percent of gross compensation each pay period.

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

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201 Such contributions shall be submitted to the Department of  
202 Management Services and deposited in the Retiree Health  
203 Insurance Subsidy Trust Fund.

204        Section 2. The Legislature finds that a proper and  
205 legitimate state purpose is served when employees and retirees  
206 of the state and of its political subdivisions, and the  
207 dependents, survivors, and beneficiaries of such employees and  
208 retirees, are extended the basic protections afforded by  
209 governmental retirement systems that provide fair and adequate  
210 benefits that are managed, administered, and funded in an  
211 actuarially sound manner, as required by s. 14, Art. X of the  
212 State Constitution and part VII of chapter 112, Florida  
213 Statutes. Therefore, the Legislature determines and declares  
214 that this act fulfills an important state interest.

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