

By Senator Lawson

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

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

12  
13           Section 1. Paragraph (e) of subsection (3) of section  
14           112.363, Florida Statutes, is amended, paragraphs (f), (g), and  
15           (h) are added to that subsection, and subsection (8) of that  
16           section is amended, to read:

17           112.363 Retiree health insurance subsidy.—

18           (3) RETIREE HEALTH INSURANCE SUBSIDY AMOUNT.—

19           (e)~~4~~. Beginning July 1, 2001, each eligible retiree of the  
20           defined benefit program of the Florida Retirement System, or, if  
21           the retiree is deceased, his or her beneficiary who is receiving  
22           a monthly benefit from such retiree's account and who is a  
23           spouse, or a person who meets the definition of joint annuitant  
24           in s. 121.021(28), shall receive a monthly retiree health  
25           insurance subsidy payment equal to the number of years of  
26           creditable service, as defined in s. 121.021(17), completed at  
27           the time of retirement multiplied by \$5; however, no eligible  
28           retiree or beneficiary may receive a subsidy payment of more  
29           than \$150 or less than \$30. If there are multiple beneficiaries,

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30 the total payment may ~~must~~ not be greater than the payment to  
31 which the retiree was entitled. The health insurance subsidy  
32 amount payable to any person receiving the retiree health  
33 insurance subsidy payment on July 1, 2001, may ~~shall~~ not be  
34 reduced solely by operation of this subparagraph.

35 (f)2- Beginning July 1, 2002, each eligible participant of  
36 the Public Employee Optional Retirement Program of the Florida  
37 Retirement System who has met the requirements of this section,  
38 or, if the participant is deceased, his or her spouse who is the  
39 participant's designated beneficiary, shall receive a monthly  
40 retiree health insurance subsidy payment equal to the number of  
41 years of creditable service, ~~as provided in this subparagraph,~~  
42 completed at the time of retirement, multiplied by \$5; however,  
43 no eligible retiree or beneficiary may receive a subsidy payment  
44 of more than \$150 or less than \$30. For purposes of determining  
45 a participant's creditable service ~~used to calculate the health~~  
46 ~~insurance subsidy,~~ a participant's years of service credit or  
47 fraction thereof shall be based on the participant's work year  
48 as defined in s. 121.021(54). Credit must ~~shall~~ be awarded for a  
49 full work year whenever health insurance subsidy contributions  
50 are ~~have been~~ made ~~as required by law~~ for each month in the  
51 participant's work year. In addition, all years of creditable  
52 service retained under the Florida Retirement System defined  
53 benefit program must ~~shall~~ be included as creditable service for  
54 purposes of this section. Notwithstanding any other provision in  
55 this section ~~to the contrary,~~ the spouse at the time of death is  
56 ~~shall be~~ the participant's beneficiary unless such participant  
57 has designated a different beneficiary after ~~subsequent to~~ the  
58 participant's most recent marriage.

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59 (g) Beginning January 1, 2010:

60 1. Each eligible retiree of the defined benefit program of  
61 the Florida Retirement System or, if the retiree is deceased,  
62 his or her beneficiary who is receiving a monthly benefit from  
63 the retiree's account and who is a spouse or a person who meets  
64 the definition of a joint annuitant in s. 121.021 shall receive  
65 a monthly retiree health insurance subsidy payment equal to the  
66 number of years of creditable service, as defined in s. 121.021,  
67 completed at the time of retirement multiplied by \$6; however,  
68 an eligible retiree or beneficiary may not receive a subsidy  
69 payment of more than \$180 or less than \$36. If there are  
70 multiple beneficiaries, the total payment may not be greater  
71 than the payment to which the retiree was entitled.

72 Notwithstanding any other provision in this section, the spouse  
73 at the time of death is the participant's beneficiary unless the  
74 participant has designated a different beneficiary after the  
75 participant's most recent marriage. The health insurance subsidy  
76 amount payable to any person receiving the retiree health  
77 insurance subsidy payment on January 1, 2009, may not be reduced  
78 solely by operation of this subparagraph.

79 2. Each eligible participant of the Public Employee  
80 Optional Retirement Program of the Florida Retirement System who  
81 has met the requirements of this section or, if the participant  
82 is deceased, his or her spouse who is the participant's  
83 designated beneficiary shall receive a monthly retiree health  
84 insurance subsidy equal to the number of years of creditable  
85 service completed at the time of retirement multiplied by \$6;  
86 however, an eligible retiree or beneficiary may not receive a  
87 subsidy payment of more than \$180 or less than \$36. For purposes

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88 of determining a participant's creditable service under this  
89 subparagraph, a participant's years of service credit or  
90 fraction thereof shall be based on the participant's work year  
91 as defined in s. 121.021. Credit shall be awarded for a full  
92 work year whenever health insurance subsidy contributions are  
93 made for each month in the participant's work year. In addition,  
94 all years of creditable service retained under the Florida  
95 Retirement System defined benefit program must be included as  
96 creditable service for purposes of this section. Notwithstanding  
97 any other provision in this section, the spouse at the time of  
98 death is the participant's beneficiary unless the participant  
99 has designated a different beneficiary after the participant's  
100 most recent marriage.

101 (h) Beginning January 1, 2011:

102 1. Each eligible retiree of the defined benefit program of  
103 the Florida Retirement System or, if the retiree is deceased,  
104 his or her beneficiary who is receiving a monthly benefit from  
105 the retiree's account and who is a spouse or a person who meets  
106 the definition of a joint annuitant in s. 121.021 shall receive  
107 a monthly retiree health insurance subsidy payment equal to the  
108 number of years of creditable service, as defined in s. 121.021,  
109 completed at the time of retirement multiplied by \$7; however,  
110 an eligible retiree or beneficiary may not receive a subsidy  
111 payment of more than \$210 or less than \$42. If there are  
112 multiple beneficiaries, the total payment may not be greater  
113 than the payment to which the retiree was entitled.  
114 Notwithstanding any other provision in this section, the spouse  
115 at the time of death is the participant's beneficiary unless the  
116 participant has designated a different beneficiary after the

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117 participant's most recent marriage. The health insurance subsidy  
118 amount payable to any person receiving the retiree health  
119 insurance subsidy payment on January 1, 2009, may not be reduced  
120 solely by operation of this subparagraph.

121 2. Each eligible participant of the Public Employee  
122 Optional Retirement Program of the Florida Retirement System who  
123 has met the requirements of this section or, if the participant  
124 is deceased, his or her spouse who is the participant's  
125 designated beneficiary shall receive a monthly retiree health  
126 insurance subsidy equal to the number of years of creditable  
127 service completed at the time of retirement multiplied by \$7;  
128 however, an eligible retiree or beneficiary may not receive a  
129 subsidy payment of more than \$210 or less than \$42. For purposes  
130 of determining a participant's creditable service, a  
131 participant's years of service credit or fraction thereof shall  
132 be based on the participant's work year as defined in s.  
133 121.021. Credit shall be awarded for a full work year whenever  
134 health insurance subsidy contributions are made for each month  
135 in the participant's work year. In addition, all years of  
136 creditable service retained under the Florida Retirement System  
137 defined benefit program must be included as creditable service  
138 for purposes of this section. Notwithstanding any other  
139 provision in this section, the spouse at the time of death is  
140 the participant's beneficiary unless the participant has  
141 designated a different beneficiary after the participant's most  
142 recent marriage.

143 (8) CONTRIBUTIONS.—For purposes of funding the insurance  
144 subsidy provided by this section:

145 (a) Beginning October 1, 1987, the employer of each member

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146 of a state-administered retirement plan shall contribute 0.24  
147 percent of gross compensation each pay period.

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

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

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

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

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

163 (g) Beginning January 1, 2010, the employer of each member  
164 of a state-administered retirement plan shall contribute 1.75  
165 percent of gross compensation each pay period.

166  
167 Such contributions shall be submitted to the Department of  
168 Management Services and deposited in the Retiree Health  
169 Insurance Subsidy Trust Fund.

170 Section 2. The Legislature finds that a proper and  
171 legitimate state purpose is served when employees and retirees  
172 of the state and the dependents, survivors, and beneficiaries of  
173 such employees and retirees are extended the basic protections  
174 afforded by governmental retirement systems. These persons must

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175 be provided benefits that are fair and adequate and that are  
176 managed, administered, and funded in a sound actuarial manner,  
177 as required by Section 14, Article X of the State Constitution  
178 and part VII of chapter 112, Florida Statutes. Therefore, the  
179 Legislature determines and declares that this act fulfills an  
180 important state interest.

181 Section 3. This act shall take effect July 1, 2009.