

CHAMBER ACTION

1 The Governmental Operations Committee recommends the following:

2
3 **Council/Committee Substitute**

4 Remove the entire bill and insert:

5 A bill to be entitled

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

19
20 Be It Enacted by the Legislature of the State of Florida:

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

25 112.363 Retiree health insurance subsidy.--

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

27 (f)1. Beginning January 1, 2007, each eligible retiree of
28 the defined benefit program of the Florida Retirement System or,
29 if the retiree is deceased, his or her beneficiary who is
30 receiving a monthly benefit from such retiree's account and who
31 is a spouse or a person who meets the definition of a joint
32 annuitant in s. 121.021 shall receive a monthly retiree health
33 insurance subsidy payment equal to the number of years of
34 creditable service, as defined in s. 121.021, completed at the
35 time of retirement multiplied by \$6; however, an eligible
36 retiree or beneficiary may not receive a subsidy payment of more
37 than \$180 or less than \$36. If there are multiple beneficiaries,
38 the total payment must not be greater than the payment to which
39 the retiree was entitled. Notwithstanding any other provision in
40 this section, the spouse at the time of death shall be the
41 participant's beneficiary unless such participant has designated
42 a different beneficiary subsequent to the participant's most
43 recent marriage. The health insurance subsidy amount payable to
44 any person receiving the retiree health insurance subsidy
45 payment on January 1, 2006, may not be reduced solely by
46 operation of this subparagraph.

47 2. Beginning January 1, 2007, each eligible participant of
48 the Public Employee Optional Retirement Program of the Florida
49 Retirement System who has met the requirements of this section

50 or, if the participant is deceased, his or her spouse who is the
51 participant's designated beneficiary shall receive a monthly
52 retiree health insurance subsidy equal to the number of years of
53 creditable service, as provided in this subparagraph, completed
54 at the time of retirement multiplied by \$6; however, an eligible
55 retiree or beneficiary may not receive a subsidy payment of more
56 than \$180 or less than \$36. For purposes of determining a
57 participant's creditable service used to calculate the health
58 insurance subsidy, a participant's years of service credit or
59 fraction thereof shall be based on the participant's work year
60 as defined in s. 121.021. Credit shall be awarded for a full
61 work year whenever health insurance subsidy contributions have
62 been made as required by law for each month in the participant's
63 work year. In addition, all years of creditable service retained
64 under the Florida Retirement System defined benefit program
65 shall be included as creditable service for purposes of this
66 section. Notwithstanding any other provision in this section,
67 the spouse at the time of death shall be the participant's
68 beneficiary unless such participant has designated a different
69 beneficiary subsequent to the participant's most recent
70 marriage.

71 (g)1. Beginning January 1, 2008, each eligible retiree of
72 the defined benefit program of the Florida Retirement System or,
73 if the retiree is deceased, his or her beneficiary who is
74 receiving a monthly benefit from such retiree's account and who
75 is a spouse or a person who meets the definition of a joint
76 annuitant in s. 121.021 shall receive a monthly retiree health
77 insurance subsidy payment equal to the number of years of

78 creditable service, as defined in s. 121.021, completed at the
79 time of retirement multiplied by \$7; however, an eligible
80 retiree or beneficiary may not receive a subsidy payment of more
81 than \$210 or less than \$42. If there are multiple beneficiaries,
82 the total payment must not be greater than the payment to which
83 the retiree was entitled. Notwithstanding any other provision in
84 this section, the spouse at the time of death shall be the
85 participant's beneficiary unless such participant has designated
86 a different beneficiary subsequent to the participant's most
87 recent marriage. The health insurance subsidy amount payable to
88 any person receiving the retiree health insurance subsidy
89 payment on January 1, 2006, may not be reduced solely by
90 operation of this subparagraph.

91 2. Beginning January 1, 2008, 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 equal to the number of years of
97 creditable service, as provided in this subparagraph, completed
98 at the time of retirement multiplied by \$7; however, an eligible
99 retiree or beneficiary may not receive a subsidy payment of more
100 than \$210 or less than \$42. For purposes of determining a
101 participant's creditable service used to calculate the health
102 insurance subsidy, a participant's years of service credit or
103 fraction thereof shall be based on the participant's work year
104 as defined in s. 121.021. Credit shall be awarded for a full
105 work year whenever health insurance subsidy contributions have

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106 been made as required by law for each month in the participant's
107 work year. In addition, all years of creditable service retained
108 under the Florida Retirement System defined benefit program
109 shall be included as creditable service for purposes of this
110 section. Notwithstanding any other provision in this section,
111 the spouse at the time of death shall be the participant's
112 beneficiary unless such participant has designated a different
113 beneficiary subsequent to the participant's most recent
114 marriage.

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

117 (g) Beginning January 1, 2007, the employer of each member
118 of a state-administered retirement plan shall contribute 1.75
119 percent of gross compensation each pay period.

120
121 Such contributions shall be submitted to the Department of
122 Management Services and deposited in the Retiree Health
123 Insurance Subsidy Trust Fund.

124 Section 2. The Legislature finds that a proper and
125 legitimate state purpose is served when employees and retirees
126 of the state and of its political subdivisions, and the
127 dependents, survivors, and beneficiaries of such employees and
128 retirees, are extended the basic protections afforded by
129 governmental retirement systems that provide fair and adequate
130 benefits that are managed, administered, and funded in an
131 actuarially sound manner, as required by s. 14, Art. X of the
132 State Constitution and part VII of chapter 112, Florida

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133 | Statutes. Therefore, the Legislature determines and declares
134 | that this act fulfills an important state interest.

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