6-120-07

1 A bill to be entitled 2 An act relating to the retiree health insurance subsidy; amending s. 112.363, F.S.; increasing 3 4 the minimum and maximum health insurance 5 subsidies; providing for a cost-of-living 6 adjustment to the subsidy; increasing the 7 contribution paid by employers of members in 8 state-administered retirement plans; providing legislative findings; providing effective 9 10 dates. 11 12 Be It Enacted by the Legislature of the State of Florida: 13 Section 1. Subsections (3) and (8) of section 112.363, 14 Florida Statutes, are amended to read: 15 112.363 Retiree health insurance subsidy.--16 17 (3) RETIREE HEALTH INSURANCE SUBSIDY AMOUNT. --(a) Beginning January 1, 1988, each eligible retiree 18 or a beneficiary who is a spouse or financial dependent 19 thereof shall receive a monthly retiree health insurance 20 21 subsidy payment equal to the number of years of creditable 22 service, as defined in s. 121.021(17), completed at the time 23 of retirement multiplied by \$1; however, no retiree may receive a subsidy payment of more than \$30 or less than \$10. 2.4 (b) Beginning January 1, 1989, each eligible retiree 25 or a beneficiary who is a spouse or financial dependent shall 26 27 receive a monthly retiree health insurance subsidy payment 2.8 equal to the number of years of creditable service, as defined in s. 121.021(17), completed at the time of retirement 29 multiplied by \$2; however, no retiree may receive a subsidy 30 payment of more than \$60 or less than \$20.

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- (c) Beginning January 1, 1991, each eligible retiree or a beneficiary who is a spouse or financial dependent shall receive a monthly retiree health insurance subsidy payment equal to the number of years of creditable service, as defined in s. 121.021(17), completed at the time of retirement multiplied by \$3; however, no retiree may receive a subsidy payment of more than \$90 or less than \$30.
- (d) Beginning January 1, 1999, each eligible retiree or, if the retiree is deceased, his or her beneficiary who is receiving a monthly benefit from such retiree's account and who is a spouse, or a person who meets the definition of joint annuitant in s. 121.021(28), shall receive a monthly retiree health insurance subsidy payment equal to the number of years of creditable service, as defined in s. 121.021(17), completed at the time of retirement multiplied by \$5; however, no eligible retiree or such beneficiary may receive a subsidy payment of more than \$150 or less than \$50. If there are multiple beneficiaries, the total payment must not be greater than the payment to which the retiree was entitled.
- (e)1. Beginning July 1, 2001, each eligible retiree of the defined benefit program of the Florida Retirement System, or, if the retiree is deceased, his or her beneficiary who is receiving a monthly benefit from such retiree's account and who is a spouse, or a person who meets the definition of joint annuitant in s. 121.021(28), shall receive a monthly retiree health insurance subsidy payment equal to the number of years of creditable service, as defined in s. 121.021(17), completed at the time of retirement multiplied by \$5; however, no eligible retiree or beneficiary may receive a subsidy payment of more than \$150 or less than \$30. If there are multiple beneficiaries, the total payment must not be greater than the

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payment to which the retiree was entitled. The health insurance subsidy amount payable to any person receiving the retiree health insurance subsidy payment on July 1, 2001, shall not be reduced solely by operation of this subparagraph.

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

(f)1. Beginning January 1, 2008, each eligible retiree of the defined benefit program of the Florida Retirement

System or, if the retiree is deceased, his or her beneficiary 2 who is receiving a monthly benefit from such retiree's account 3 and who is a spouse or a person who meets the definition of a 4 joint annuitant in s. 121.021 shall receive a monthly retiree health insurance subsidy payment equal to the number of years 5 6 of creditable service, as defined in s. 121.021, completed at 7 the time of retirement multiplied by \$6; however, an eliqible 8 retiree or beneficiary may not receive a subsidy payment of more than \$180 or less than \$36. If there are multiple 9 10 beneficiaries, the total payment must not be greater than the payment to which the retiree was entitled. Notwithstanding any 11 12 other provision in this section to the contrary, the spouse at 13 the time of death shall be the participant's beneficiary unless such participant has designated a different beneficiary 14 subsequent to the participant's most recent marriage. The 15 16 health insurance subsidy amount payable to any person receiving the retiree health insurance subsidy payment on 18 January 1, 2007, may not be reduced solely by operation of this subparagraph. 19 2. Beginning January 1, 2008, each eligible 2.0 21 participant of the Public Employee Optional Retirement Program 2.2 of the Florida Retirement System who has met the requirements 23 of this section or, if the participant is deceased, his or her spouse who is the participant's designated beneficiary shall 2.4 receive a monthly retiree health insurance subsidy equal to 2.5 the number of years of creditable service, as provided in this 26 2.7 subparagraph, completed at the time of retirement multiplied 2.8 by \$6; however, an eligible retiree or beneficiary may not receive a subsidy payment of more than \$180 or less than \$36. 29 For purposes of determining a participant's creditable service 30 used to calculate the health insurance subsidy, a 31

participant's years of service credit or fraction thereof 2 shall be based on the participant's work year as defined in s. 121.021. Credit shall be awarded for a full work year whenever 3 4 health insurance subsidy contributions have been made as required by law for each month in the participant's work year. 5 6 In addition, all years of creditable service retained under 7 the Florida Retirement System defined benefit program shall be 8 included as creditable service for purposes of this section. Notwithstanding any other provision in this section to the 9 10 contrary, the spouse at the time of death shall be the participant's beneficiary unless such participant has 11 12 designated a different beneficiary subsequent to the 13 participant's most recent marriage. (q)1. Beginning January 1, 2009, each eligible retiree 14 of the defined benefit program of the Florida Retirement 15 System or, if the retiree is deceased, his or her beneficiary 16 17 who is receiving a monthly benefit from such retiree's account 18 and who is a spouse or a person who meets the definition of a joint annuitant in s. 121.021 shall receive a monthly retiree 19 health insurance subsidy payment equal to the number of years 2.0 21 of creditable service, as defined in s. 121.021, completed at 2.2 the time of retirement multiplied by \$7; however, an eligible 23 retiree or beneficiary may not receive a subsidy payment of more than \$210 or less than \$42. If there are multiple 2.4 beneficiaries, the total payment must not be greater than the 2.5 payment to which the retiree was entitled. Notwithstanding any 26 2.7 other provision in this section to the contrary, the spouse at 2.8 the time of death shall be the participant's beneficiary unless such participant has designated a different beneficiary 29 subsequent to the participant's most recent marriage. The 30 health insurance subsidy amount payable to any person 31

receiving the retiree health insurance subsidy payment on 2 January 1, 2007, may not be reduced solely by operation of 3 this subparagraph. 4 2. Beginning January 1, 2009, each eligible participant of the Public Employee Optional Retirement Program 5 6 of the Florida Retirement System who has met the requirements 7 of this section or, if the participant is deceased, his or her spouse who is the participant's designated beneficiary shall 8 receive a monthly retiree health insurance subsidy equal to 9 10 the number of years of creditable service, as provided in this subparagraph, completed at the time of retirement multiplied 11 12 by \$7; however, an eligible retiree or beneficiary may not 13 receive a subsidy payment of more than \$210 or less than \$42. For purposes of determining a participant's creditable service 14 used to calculate the health insurance subsidy, a 15 participant's years of service credit or fraction thereof 16 shall be based on the participant's work year as defined in s. 18 121.021. Credit shall be awarded for a full work year whenever health insurance subsidy contributions have been made as 19 required by law for each month in the participant's work year. 2.0 21 In addition, all years of creditable service retained under 2.2 the Florida Retirement System defined benefit program shall be 23 included as creditable service for purposes of this section. Notwithstanding any other provision in this section to the 2.4 contrary, the spouse at the time of death shall be the 2.5 participant's beneficiary unless such participant has 26 2.7 designated a different beneficiary subsequent to the 2.8 participant's most recent marriage. 29 (8) CONTRIBUTIONS. -- For purposes of funding the 30 insurance subsidy provided by this section: 31

1	(a) Beginning October 1, 1987, the employer of each
2	member of a state-administered retirement plan shall
3	contribute 0.24 percent of gross compensation each pay period.
4	(b) Beginning January 1, 1989, the employer of each
5	member of a state-administered retirement plan shall
6	contribute 0.48 percent of gross compensation each pay period.
7	(c) Beginning January 1, 1994, the employer of each
8	member of a state-administered retirement plan shall
9	contribute 0.56 percent of gross compensation each pay period.
10	(d) Beginning January 1, 1995, the employer of each
11	member of a state-administered retirement plan shall
12	contribute 0.66 percent of gross compensation each pay period.
13	(e) Beginning July 1, 1998, the employer of each
14	member of a state-administered retirement plan shall
15	contribute 0.94 percent of gross compensation each pay period.
16	(f) Beginning July 1, 2001, the employer of each
17	member of a state-administered plan shall contribute 1.11
18	percent of gross compensation each pay period.
19	(q) Beginning January 1, 2008, the employer of each
20	member of a state-administered retirement plan shall
21	contribute 1.75 percent of gross compensation each pay period.
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23	Such contributions shall be submitted to the Department of
24	Management Services and deposited in the Retiree Health
25	Insurance Subsidy Trust Fund.
26	Section 2. The Legislature finds that a proper and
27	legitimate state purpose is served when employees and retirees
28	of the state and of its political subdivisions, and the
29	dependents, survivors, and beneficiaries of such employees and
30	retirees, are extended the basic protections afforded by
31	governmental retirement systems that provide fair and adequate

1	benefits that are managed, administered, and funded in an
2	actuarially sound manner, as required by Section 14, Article X
3	of the State Constitution and part VII of chapter 112, Florida
4	Statutes. Therefore, the Legislature determines and declares
5	that this act fulfills an important state interest.
6	Section 3. This act shall take effect upon becoming a
7	law.
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10	SENATE SUMMARY
11	Increases the retiree health insurance subsidies
12	of members in state-administered retirement plans.
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