

By Senator Lawson

6-01370-10

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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, an ~~ne~~ eligible  
 28           retiree or beneficiary may not 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 defined in s. 121.021 ~~provided~~  
42 ~~in this subparagraph~~, completed at the time of retirement,  
43 multiplied by \$5; however, an ~~no~~ eligible retiree or beneficiary  
44 may not receive a subsidy payment of more than \$150 or less than  
45 \$30. For purposes of determining a participant's creditable  
46 service ~~used to calculate the health insurance subsidy~~, a  
47 participant's years of service credit or fraction thereof must  
48 ~~shall~~ be based on the participant's work year as defined in s.  
49 121.021(54). Credit shall be awarded for a full work year  
50 whenever health insurance subsidy contributions are ~~have been~~  
51 made ~~as required by law~~ for each month in the participant's work  
52 year. In addition, all years of creditable service retained  
53 under the Florida Retirement System defined benefit program must  
54 ~~shall~~ be included as creditable service for purposes of this  
55 section. Notwithstanding any other provision in this section ~~to~~  
56 ~~the contrary~~, the spouse at the time of death is ~~shall be~~ the  
57 participant's beneficiary unless such participant has designated  
58 a different beneficiary after ~~subsequent to~~ the participant's

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59 most recent marriage.

60 (g) Beginning January 1, 2011:

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

73 Notwithstanding any other provision in this section, the spouse  
74 at the time of death is the participant's beneficiary unless the  
75 participant has designated a different beneficiary after the  
76 participant's most recent marriage. The health insurance subsidy  
77 amount payable to any person receiving the retiree health  
78 insurance subsidy payment on January 1, 2010, may not be reduced  
79 solely by operation of this subparagraph.

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

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88 subsidy payment of more than \$180 or less than \$36. For purposes  
89 of determining a participant's creditable service under this  
90 subparagraph, a participant's years of service credit or  
91 fraction thereof must be based on the participant's work year as  
92 defined in s. 121.021. Credit shall be awarded for a full work  
93 year whenever health insurance subsidy contributions are made  
94 for each month in the participant's work year. In addition, all  
95 years of creditable service retained under the Florida  
96 Retirement System defined benefit program must be included as  
97 creditable service for purposes of this section. Notwithstanding  
98 any other provision in this section, the spouse at the time of  
99 death is the participant's beneficiary unless the participant  
100 has designated a different beneficiary after the participant's  
101 most recent marriage.

102 (h) Beginning January 1, 2012:

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

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117 participant has designated a different beneficiary after the  
118 participant's most recent marriage. The health insurance subsidy  
119 amount payable to any person receiving the retiree health  
120 insurance subsidy payment on January 1, 2010, may not be reduced  
121 solely by operation of this subparagraph.

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

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

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

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

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

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

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

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

164 (g) Beginning January 1, 2011, the employer of each member  
165 of a state-administered retirement plan shall contribute 1.75  
166 percent of gross compensation each pay period.

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

171 Section 2. The Legislature finds that a proper and  
172 legitimate state purpose is served when employees and retirees  
173 of the state and the dependents, survivors, and beneficiaries of  
174 such employees and retirees are extended the basic protections

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

182       Section 3. This act shall take effect July 1, 2010.