

Florida State University College of Law

Scholarship Repository

Staff Analysis

Florida Legislative Documents

1987

Session Law 87-373

Florida Senate & House of Representatives

Follow this and additional works at: <https://ir.law.fsu.edu/staff-analysis>



Part of the [Legislation Commons](#)

Recommended Citation

House of Representatives, Florida Senate &, "Session Law 87-373" (1987). *Staff Analysis*. 728.
<https://ir.law.fsu.edu/staff-analysis/728>

This Article is brought to you for free and open access by the Florida Legislative Documents at Scholarship Repository. It has been accepted for inclusion in Staff Analysis by an authorized administrator of Scholarship Repository. For more information, please contact efarrell@law.fsu.edu.

LEGISLATIVE SUPPLEMENT "B" - SESSION LAW ABSTRACT

Sess. Law # 87 373		Sec. # 1	LOF cite
Prime Bill # SB 371		Comp./Sim. Bills 1-4 5/1	
JLHC Hist. Cites	Senate 85-86 House 260-1	Comms. of Ref.	Senate R's, R's, R's House R's, R's, R's (S. 10, 11, 12)

COMMITTEE RECORDS

H/S	Committee	Year	Record Series: Folder title, etc.	Loc. Cite	✓
H	RPCB	1987	Bill file	17/1818	✓
"	Appropriations	"	Bill file HB 381	17/1580	✓
"	"	"			
S	RPCB	1987	Bill file	18/1705	
"	Appropriations	"	Meeting files 5-22-87 (SB 399)	18/1658	✓
"	"	"	Bill file SB 399	18/1659	✓
<input type="checkbox"/> continued on reverse					

Senate/House Journals

Page #	?	Date	Page #	?	Date
SJ. 461		May 20, 1987	HJ. 1207		June 2, 1987
HB 1301		June 5, 1987			

Committee/Floor Tapes

H/S	c/f	Committee/subcommittee name	Date	#	Location Cite

Other Documentation

Record Series Title, folder title, etc.	Location Cite

[illegible]

NOTES

[illegible]

LEGISLATIVE SUPPLEMENT "B" - SESSION LAW ABSTRACT

Sess. Law # <u>87-373</u>		Sec. #	LOF cite
Prime Bill # <u>57-1</u>		Comp./Sim. Bills <u>1</u>	
JLMC Hist. Cites	Senate <u>85-6</u> House	Comms. of Ref.	Senate <u>only, 12/1 not, up to 1980</u> House <u>1980 (Sub. Bill) up to 1980 (Sub. Bill)</u>

COMMITTEE RECORDS

H/S	Committee	Year	Record Series: Folder title, etc.	Loc. Cite	✓
			<input type="checkbox"/> continued on reverse		

Senate/House Journals

Page #	?	Date	Page #	?	Date
<u>SJ. 461</u>		<u>May 28, 1987</u>	<u>SJ. 843</u>		<u>June 5, 1987</u>
<u>HJ. 1301</u>		<u>June 5, 1987</u>	<u>HJ. 127</u>		<u>June 5, 1987</u>

Committee/Floor Tapes

H/S	c/f	Committee/subcommittee name	Date	#	Location Cite

Other Documentation

Record Series Title, folder title, etc.	Location Cite

[illegible]

NOTES

[illegible]

from

Date

4/10/87

JENNY BRYANT

David,

Here are the health
insurance recommendations
you were promised.

Jenny

P.S.

The first page includes
those that Donna wanted
& are not in Ross's.

DIVISION OF RETIREMENT
Research, Education & Policy
(904)488-5707

Recommended revisions to SB 399 - Health Insurance Subsidy for Retirees

The following are changes to SB 399 recommended by Dennis Nye, Office of State Employees Insurance.

Section 1. s. 112.0801, Florida Statutes

Page 2, Line 27

After "employees." add "Retirees covered under Medicare may be experience-rated separately from the retirees not covered by Medicare and from active employees, provided that the total premium does not exceed that of the active group and coverage is basically the same as for the active group."

Section 3. s. 112.363, Florida Statutes

Page 4, Line 4

After "program" insert "or an approved state health insurance program" and delete the word "not".

Page 4, Line 8

After "payment" insert "paid directly to a group insurance program under paragraph (2)"

Page 4, Line 15

After "to" insert "the"

Page 4, Line 16

Change "members" to "members" and after "members" insert "health insurance program under paragraph (2)"

Staff Review	Forward to Chairman
APR 13 1987	
Action	Copy Filed in Retirement Personnel Collective Barg

The following are changes to SB 399 recommended by the Division of Retirement

In the Enacting Clause:

1. Page 1, line 4
After "agencies" add "and special districts"
2. Page 1, line 17
Change "state-supported" to "state-administered"
3. Page 1, line 19
After "amount;" add "creating the Retiree's Health Insurance Subsidy Trust Fund;"
4. Page 1, line 24
After "121.052," add "121.055,"

Section 1. s. 112.081, F.S.:

5. Page 2, line 2
After "municipality" insert "special district"

Section 3. s. 112.363, F.S.:

6. Page 3, line 26
Change "state-supported" to "state-administered"
7. Page 3, line 29
Change "Any" to "A"
8. Page 3, line 30
Change "state-supported" to "state-administered"
9. Page 3, line 31
Change "any joint annuitant" to "a beneficiary who is a spouse or financial dependent"
10. Page 4, line 1
Change "state-supported" to "state-administered"

11. Page 4, line 2

After "section" add "; except that pension recipients under s. 121.40, 238.07(16)(a) and 250.22, F.S., or any other special pension or relief act, shall not be eligible for such payments."

12. Page 4, line 14

Change "October 1, 1987" to "January 1, 1988"

13. Page 4, lines 19 through 22

Delete lines 19 through 22 and insert:

(5) Trust Fund Established - There is hereby established a trust fund in the State Treasury to be entitled Retiree's Health Insurance Subsidy Trust Fund. Said trust fund shall be used to account for all monies received and disbursed pursuant to the provisions of this act. Should funding for the Retiree's Health Insurance Subsidy program fail to provide full benefits for all participants, the benefits may be reduced or cancelled at any time.

(6) Investments of the Trust Fund. - The Board of Administration, created by the authority of the State Constitution, shall invest and re-invest the available funds in accordance with the provisions of ss. 215.44-215.53, F.S. Costs incurred by the Board of Administration in carrying out the provisions of this part shall be deducted from the interest earnings accruing to the trust fund.

14. Page 4, line 23

Change "(6)" to "(7)"

15. Page 4, line 26

After "section." add "The cost of administration shall be appropriated from monies available in the trust fund."

16. Page 10, line 1

Change "section 5" to "Section 6" and add a new Section 5 as follows:

Section 5. Subsection (3) of section 121.055, Florida Statutes, 1986 Supplement, is amended to read:

121.055 Senior Management Service Class. —There is hereby established a separate class of membership within the Florida Retirement System to be known as the "Senior Management Service Class," which shall become effective February 1, 1987.

(3) Commencing February 1, 1987, the employing agency of a member of the Senior Management Service Class shall contribute each pay period an amount equal to 13.88 percent of the member's gross salary, which shall constitute the entire retirement contribution with respect to such member,

plus the employer's share of the contribution required for social security coverage. Effective October 1, 1987, each employer shall contribute 14.36 percent of gross compensation each pay period for each of its Senior Management Service Class members.

17. Page 11, line 22

Change "Section 6" to "Section 7".

18
MS
April 29, 1986

Honorable Gwen Margolis
The Florida State Senate
District 37
316 Senate Office Building
Tallahassee, Florida 32301

Dear Senator Margolis:

In response to your letter of April 24, 1986, we have tracked the experience of those retirees under age 65 who are in the State Plan. We commingle the claims of all non-Medicare eligible retirees with the active employees in the State Plan and charge all members, active employees and retirees, the same premium. This results in each active employees' premium being increased by \$4.22 a month or \$50.64 a year to subsidize the retirees'. The current premium for active employees and retirees is \$80.38 a month; however, if the retirees were not commingled their premium would be \$151.44 per month. Each retiree is paying \$71.06 per month less than they would if we did not commingle claims.

The subsidy provided by the commingling of claims is paid in part by the State, \$41.07 per employee annually. The current total annual cost of the retiree subsidy is \$3,103,624 of which the State contributes \$2,517,098 and the active employees contribute \$586,526.

This cost associated with the commingling is relative to the mix of retirees and active employees covered. The current mix that results in the foregoing costs is 5.6 percent of the total number of those covered are retirees. As the total number of retirees increases beyond the 5.6 percent mix, the costs would also proportionately increase.

Based on our claims experience in the State Group, the commingling of retirees and active employee claims where the proportion of retirees is approximately 5.5 percent of the group, results in a 5.2 percent increase in the active

Honorable Gwen Margolis
April 29, 1986
Page 2

employees' premium and a 88.4 percent decrease in the retirees' premium. If consideration is to be given to providing coverage to retirees under 65 on a commingling basis, in order to maintain the current cost ratios, 95 active employees would have to be enrolled for each retiree that is enrolled.

It is my opinion that the commingling of claims experience of retirees and active employees is the only method which will reduce the amount of premium needed to provide affordable health insurance for retirees. In order to provide health insurance coverage for retirees, we must also include the active employees in sufficient numbers to offset the adverse claims experience of the retirees.

I trust that this provides enough information to answer the question which was asked. Please feel free to call if you need more information or explanation. I will be happy to assist in any way I can.

Sincerely,

Dennis E. Nye, Director
Office of State Employees' Insurance

DEN:sg



THE FLORIDA SENATE
COMMITTEE ON PERSONNEL, RETIREMENT
AND COLLECTIVE BARGAINING
409 Senate Office Building
Tallahassee, Florida 32399-1100
(904) 487-5163

Mattox Hair, *Chairman*
Dexter Lehtinen, *Vice-Chairman*

David S. Jones, *Staff Director*

MEMORANDUM

TO: Howard Walton
FROM: David S. Jones
SUBJECT: 1987 "Must Pass" Legislation
DATE: May 18, 1987

Pursuant to your request for a list of "must pass" legislation (recommended) from this Committee, please find my recommendation below.

In my judgment, the only bill coming close to "must pass" status is CS/SB 399 by W. D. Childers and others (identical to CS/HB 381 by Martin and others).

CS/SB 399 would, for the first time, provide a great deal of relief to retirees (of state-administered retirement systems) with their health insurance by virtue of requiring that public employers commingle the claims experience of their active and retired employees, and by creation of a \$2 per year of service monthly retiree health insurance subsidy.

There is a \$40 million fiscal impact associated with the bill, i.e., retirement contributions must be increased by .48 percent to fund the retiree health insurance subsidy. Of the \$40 million, \$10 million would come from the State, and local governments' share would be \$30 million.

If additional information is needed, please advise.

DJ/dl

STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN
COMMITTEE SUBSTITUTE FOR
Senate Bill 399

18

1765

Committee Substitute for Senate Bill 399 is not substantially different from the original bill. The Committee Substitute contains, as a matter of convenience, a series of technical amendments which have the effect of facilitating the implementation and future administration of the bill's provisions.

Committee on Personnel, Retirement and
Collective Bargaining

Staff Director

(FILE THREE COPIES WITH THE SECRETARY OF THE SENATE)

18 1765

STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN
COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE
Senate Bill 399

CS/CS/SB 399 is not substantially different from CS/SB 399.
CS/CS/SB 399 is different only in the technical sense that it
incorporates a series of technical provisions clarifying and
further delineating the small number of retirees who are
ineligible to receive the retirees' health insurance subsidy
due to their participation in other health insurance
programs, optional annuity programs, etc.

Committee on Appropriations

Staff Director

(FILE THREE COPIES WITH THE SECRETARY OF THE SENATE)

EXPLANATION FOR CS/CS/SB 399

18
1. CS/CS/SB 399 RELATES TO HEALTH INSURANCE FOR RETIREES WHO RETIRE UNDER A STATE-ADMINISTERED RETIREMENT PLAN. 1765
CURRENTLY, THERE ARE 434,000 EMPLOYEES AND 90,000 RETIREES UNDER SUCH PLANS; ALL BUT A SMALL HANDFUL ARE UNDER THE FLORIDA RETIREMENT SYSTEM.

2. THE BILL ESSENTIALLY HAS THREE PROVISIONS:

- IT REQUIRES ALL PUBLIC EMPLOYERS WHO OFFER HEALTH INSURANCE TO THEIR ACTIVE AND RETIRED EMPLOYEES TO COMMINGLE THE MEDICAL CLAIMS EXPERIENCE OF THESE ACTIVE AND RETIRED EMPLOYEES.
- IT ESTABLISHES A \$2 PER YEAR OF SERVICE MONTHLY RETIREE HEALTH INSURANCE SUBSIDY WITH THE MINIMUM SUBSIDY PAYMENT BEING \$20/MONTH AND THE MAXIMUM BEING \$60/MONTH.
- LASTLY, IT INCREASES THE RETIREMENT CONTRIBUTION RATE BY .48 PERCENT IN ORDER TO FUND THE RETIREE HEALTH INSURANCE SUBSIDY.

3. AS TO THE FISCAL IMPACT OF THE BILL, THE .48 PERCENT RETIREMENT CONTRIBUTION INCREASE IMPACTS UPON EACH OF THE APPROXIMATELY 1,000 PUBLIC EMPLOYERS IN FLORIDA WHO PARTICIPATE IN THE FLORIDA RETIREMENT SYSTEM. ON AN ANNUAL BASIS, THE FISCAL IMPACT ON THE STATE IS \$10 MILLION, AND ON LOCAL GOVERNMENT EMPLOYERS, \$31.5 MILLION.



THE FLORIDA SENATE

Tallahassee, Florida 32301

SENATOR GWEN MARGOLIS
37th District

COMMITTEES
Personnel Retirement & Collective Bargaining,
Chairman
Commerce
Finance, Taxation and Claims
Natural Resources and Conservation

April 24, 1986

Mr. Dennis Nye, Director
Office of State Employees' Insurance
435 Carlton Building
Tallahassee, Florida 32301

18

1765

Dear Dennis:

I have had an interesting question asked of me and I, in turn, now pose the question to you. If the health insurance for younger retirees, meaning those who retire before the age when benefits are paid, is commingled with the State Retirement System, what is the cost?

Your response will be very much appreciated.

Sincerely,

A handwritten signature in cursive script, appearing to read "Gwen Margolis".

Gwen Margolis

GM/rmr

REPLY TO

- ☐ 13899 Biscayne Boulevard North Miami Beach Florida 33181 (305) 949 4541
- ☐ 316 Senate Office Building Tallahassee, Florida 32301 (904) 487 5121

HARRY A. JOHNSTON, II
President

BETTY CASTOR
President Pro-Tempore

DEPARTMENT OF ADMINISTRATION**LEGISLATIVE ANALYSIS****Sponsor:** Senators W. D. Childers, Margolis, **Bill Number** SB 399Hollingsworth, Thomas, Meek and Barron**Subject:** Health Insurance Subsidy PaymentCompanyfor RetireesDepartment PositionSupportOppose

APR 3 1987

No Position

BILL SUMMARY AND ANALYSIS**Summary**

This bill will provide a monthly subsidy payment to retired members or their joint annuitants of any state-supported retirement system to assist them in paying for their health insurance. The monthly subsidy amount will be \$2 for every year of creditable service the member had completed at retirement, not to exceed \$60 or be less than \$20 per month. The subsidy payment will be made by the Division of Retirement and will be funded through the Florida Retirement System Trust Fund by an increase of .48 percent in the retirement contribution rate for employers of all Florida Retirement System members.

This bill also adds state agencies to the list of public employers in s. 112.0801, F.S., that are required, beginning October 1, 1987, to offer retired employees or their eligible dependents group insurance coverage. It provides that the cost of health and hospitalization coverage for such retirees be no greater than the cost to active employees, and requires an employer to commingle health and hospitalization claims of retired and active employees to determine health insurance plan costs.

Analysis:

Rising health insurance costs have become a significant problem for the retired people of Florida and an increasing concern of the Florida Legislature. In the past several years the following bills were passed by the Legislature in an attempt to find a way to lighten this financial burden on retirees:

1983

Chapter 83-294, Laws of Florida, required all counties, municipalities, community colleges or district school boards who provide health, accident, and hospitalization insurance to their employees to allow retired former personnel and their eligible dependents the option of continuing to participate in these group insurance plans or self-insured plans.

18

1765

Chapter 83-275, Laws of Florida, directed the Department of Administration to provide to the Legislature a report on implementing a health insurance plan for retirees of the State-administered retirement systems. The Frank B. Hall Consulting Company was engaged to aid in the preparation of this report. A survey of employers was conducted and general recommendations were made. No action was taken by the Legislature at that time.

1984

Chapter 84-266, Laws of Florida, required that all former retired employees of state agencies, counties, municipalities, community colleges and district school boards, be offered participation in their group insurance plans or self-insurance plans.

Chapter 84-290, Laws of Florida authorized the Division of Retirement to contract with a private health carrier or the Social Security Administration to provide health care coverage for persons retired prior to January 1, 1976 from any of the state-administered systems and not covered by Social Security (This law was superseded by Chapter 85-305, Laws of Florida).

1985

Chapter 85-305, Laws of Florida, authorized the Department of Administration to select a state-licensed insurance company to offer a health insurance plan to all retirees from state or local public employers, with premiums paid by the retirees; and to provide coverage in the State Group Health Insurance Plan for persons who retired prior to January 1, 1976, from any state-administered retirement system who are not covered by Social Security, with premiums to be paid by the State.

This current SB 399 further indicates the concern of the Legislature for increasing health care costs for retirees and follows several other states in proposing a partial solution to the problem. In 1985 approximately 50% of other states made some contribution toward the cost of their retirees' health care coverage.

This bill provides for the health insurance subsidy to be paid directly to the retiree rather than to the insurance company. Although with this method of payment there would be no control over whether the subsidy was actually used by the retiree to pay for health insurance, it is assumed the subsidy would ultimately assist in defraying health costs in one way or another.

This bill should have no impact on the Florida Retirement System Trust Fund since it provides for the necessary funding for the health insurance subsidy payments by increasing, by .48 percent, the retirement contribution paid by employers for all active members. This is assuming that administrative costs will also be paid from the additional .48 percent.

Recommendations

1. **Section 1.** - To provide consistency in this bill between the provisions in s. 112.0801, F.S., and 112.363, F.S., Special Districts should be added to the list of public employers required, in s. 112.081, F.S., to offer group insurance to

Section 1. - (continued)

retirees, since there are many Special Districts that participate in the FRS and whose employees will be covered by s. 112.363, F.S., the health insurance subsidy provision.

2. **Section 3.** - In 112.363(1) and (2), F.S., "state-supported" should be changed to "state-administered" unless it is intended to include local systems with Chapter 175 or 185 plans that receive state support.
3. **Section 3.** - In s. 112.363(2), F.S., certain retirement system payees who are considered "retirees" should be excluded as recipients of the health insurance subsidy because some have never been members of a state-administered system and in some cases, the benefits they receive from the state are supplemental to other primary retirement benefits such as the federal civil service or armed forces systems (and TRS-Survivor Benefits payees also receive a regular TRS benefit). These payees are recipients of the 1) IFAS Retirement Supplement, 2) National Guard Pension, 3) TRS Survivor Benefits and 3) Special Pensions.
4. **Section 3.** - In section 112.363(2), F.S., "joint-annuitant" should be changed to "beneficiary" if the intent is to include beneficiaries of retirees who chose Option 2.
5. **Section 3.** - In section 112.363(4), F.S., the date on which payments to retirees begin should be changed from October 1, 1987 to January 1, 1988, to allow sufficient time for implementation of the program, and to accrue sufficient funds to begin making payments to retirees in January. The contributions for October are received November 20, and for November on December 20, so only two contribution payments which include the additional .48% for funding the program will be received by January 1, 1988.
6. **Section 3.** - S. 112.363(5), F.S., should include provisions for establishing a separate Trust Fund for the Retirees' Health Insurance Subsidy because the monies received and disbursed for this program must be accounted for separately from the FRS retirement contributions.
7. **Section 3.** - S. 112.363(6), F.S., should include a provision for the cost of administration of the program to be paid from the Retirees' Health Insurance Subsidy Trust Fund.
8. A section should be added to amend s. 121.055(3), F.S., increasing the contribution rate of the Senior Management Service Class of the FRS.
9. Language should be added which would provide for modifying or canceling the program if funding is no longer available. In *Eardman v. Bethlehem Steel Corp.*, No. 84-274E, slip op. (W.D. NY September 17, 1984), Bethlehem Steel was constrained from modifying its retiree health insurance plans. The court ruling requiring Bethlehem Steel to reinstate health benefits strongly took into consideration implied intent in ambiguous contract language.

<u>Fiscal Impact:</u>	<u>YES</u>	<u>NO</u>	<u>ESTIMATE</u>
Cost to D.O.A.....		<u>X</u>	
Cost to Other Agencies.....	<u>X</u>		
Cost to All Agencies.....	<u>X</u>		
Fiscal Note Attached?.....	<u>X</u>		

<u>History:</u>	<u>YES</u>	<u>NO</u>	<u>UNKNOWN</u>
Filed in Previous Years.....	_____	<u>x</u>	_____
Passed House.....	_____	_____	_____
Passed Senate.....	_____	_____	_____

Major Opposition....

Major Support.....

Analyst *Mary Beth Brewer* Division Director *[Signature]*

Date Completed March 27, 1987 Date Reviewed 4-1-87

Recommended Position:

Support _____ Oppose _____ No Position ✓

Explanation:

ACTUARIAL STATEMENT**Division of Retirement**

1. This bill does comply with the requirements of Article X, Section 14 of the Constitution.
2. This bill does comply with the provisions of Chapter 112, Part VII, Florida Statutes.
3. Explanation: Provides a monthly health insurance subsidy payment to retired members and joint annuitants of state-supported retirement systems. The subsidy amount will be \$2 for each year of creditable service not to exceed \$60 per month or to be less than \$20 per month.
4. Fiscal Note: Providing there is a provision in the bill to reimburse the Florida Retirement System for administrative costs, there would be no fiscal impact. It is estimated the cost to the employers for the period 10/87 to 6/88 would be as follows:

State	\$ 7,500,000
Local	23,625,000
Total	\$31,125,000



L. J. Gibney

State Retirement Actuary



Date

By Senators W.D. Childers, Marqolis, Hollingsworth, Thomas,
Meek and Barron

This publication was produced at an average cost of 1.5 cents per page for the information of members of the Legislature and the public.

A bill to be entitled

An act relating to retired public officers and employees; amending s. 112.0801, F.S.; requiring state agencies to allow retired employees or their dependents to participate in the agency's group insurance programs or self-insurance plans; requiring such retirees or their dependents to be offered the same health insurance coverage that is offered to active employees and at the same cost; requiring commingling of claims experience under certain circumstances; providing for notification; providing a date certain to accept or reject health insurance program participation; creating s. 112.363, F.S.; providing for a monthly health insurance subsidy payment for all persons retired under a state-supported retirement system; providing for eligibility; specifying health insurance subsidy amount; providing an appropriation; providing for administration of the health insurance subsidy payments by the Division of Retirement of the Department of Administration; amending ss. 121.052, 121.071, F.S.; increasing the employer contributions for members of the Florida Retirement System; providing an effective date.

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

Section 1. Section 112.0801, Florida Statutes, is amended to read:

112.0801 Group insurance; participation by retired employees.--Any state agency, county, municipality, community college, or district school board which provides life, health, accident, hospitalization, or annuity insurance, or all of any kinds of such insurance, for its officers and employees and their dependents upon a group insurance plan or self-insurance plan shall allow all retired former personnel who have retired prior to October 1, 1987, as well as those who retire on or after such date, and their eligible dependents, the option of continuing to participate in such group insurance plan or self-insurance plan. Retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. For the retired employees and their eligible dependents only, the cost of any such continued participation in any type of plan or any of the cost portion thereof may be paid by the employer or by the retired employees. To determine health and hospitalization plan costs, the employer shall ~~Any such coverage continued on behalf of the dependents of a retired employee shall be paid for entirely by the retiree;--in addition, the county, municipality, community college, or district school board may commingle the claims experience of the retiree group with the claims experience of the active employees; and, for other types of coverage, the employer may commingle the claims experience of the retiree group with the claims experience of active employees.~~ Premiums, or any portion thereof, resulting from the commingling may be paid by the employer or retired employee. However, ~~a municipality or county, if it so desires, may pay all or a portion of the cost of any such continued~~

1 ~~participation.--The provisions of this section shall not be~~
2 ~~negotiated or bargained under the provisions of part II of~~
3 ~~chapter 447.~~

4 Section 2. Notwithstanding any previous rejection or
5 cancellation of participation in any group insurance plan or
6 self-insurance plan provided under s. 110.123 or s. 112.0801,
7 Florida Statutes, participation in such insurance plan shall
8 be offered, beginning October 1, 1987, to all former employees
9 who retired prior to October 1, 1987, as well as those
10 employees who retire on or after such date, and the eligible
11 dependents of such employees and former employees.
12 Accordingly, all employers who provide insurance coverage
13 under s. 110.123 or s. 112.0801, Florida Statutes, shall,
14 before October 1, 1987, notify all previously retired former
15 personnel or their eligible dependents in writing of their
16 eligibility to participate in the same group insurance plan or
17 self-insurance plan, as provided in s. 110.123 or s. 112.0801,
18 Florida Statutes. Such previously retired personnel or their
19 eligible dependents shall have until December 31, 1987, to, in
20 writing, accept or reject participation in their former
21 employer's group insurance plan or self-insurance plan.

22 Section 3. Section 112.363, Florida Statutes, is
23 created to read:

24 112.363 Retiree health insurance subsidy.--

25 (1) PURPOSE OF SECTION.--The purpose of this section
26 is to provide a monthly subsidy payment to retired members of
27 any state-supported retirement system in order to assist such
28 retired members in paying the costs of health insurance.

29 (2) ELIGIBILITY FOR HEALTH INSURANCE SUBSIDY.--Any
30 person who is retired under a state-supported retirement
31 system, or any joint annuitant entitled to receive benefits

1 under a state-supported retirement system, is eligible for
2 health insurance subsidy payments provided under this section.
3 Participation in a former employer's group health insurance
4 program is not a requirement for eligibility under this
5 section.

6 (3) HEALTH INSURANCE SUBSIDY AMOUNT.--Each eligible
7 retiree or joint annuitant shall receive a monthly health
8 insurance subsidy payment equal to the number of years of
9 creditable service, as defined in s. 121.021(17), completed at
10 the time of retirement multiplied by \$2; however, no retiree
11 may receive a subsidy payment of more than \$60 and no retiree
12 may receive a subsidy payment of less than \$20.

13 (4) PAYMENT OF HEALTH INSURANCE SUBSIDY.--Beginning
14 October 1, 1987, any monthly health insurance subsidy amount
15 due and payable under this section shall be paid to retired
16 members by the Division of Retirement of the Department of
17 Administration or under the direction and control of the
18 division.

19 (5) APPROPRIATION.--There is hereby appropriated
20 annually from the System Trust Fund, as defined in s.
21 121.021(36), an amount sufficient to fund the health insurance
22 subsidy payments provided under this section.

23 (6) ADMINISTRATION OF SYSTEM.--The Division of
24 Retirement of the Department of Administration may adopt such
25 rules and regulations as are necessary for the effective and
26 efficient administration of this section.

27 Section 4. Paragraphs (a), (b), (d), (e), and (g) of
28 subsection (4) of section 121.052, Florida Statutes, 1986
29 Supplement, are amended to read:

30 121.052 Membership class of certain elected state
31 officers.--

1 (4)(a)1. From and after October 1, 1978, and except as
2 provided in this subsection, the employer paying the salary of
3 a member of the Elected State Officers' Class shall withhold 8
4 percent of his gross salary, which shall constitute the
5 contribution of that member with respect to retirement and
6 other benefits payable to members of this class, and one-half
7 of the entire contribution of the member required for social
8 security coverage. The employer withholding such
9 contributions shall set aside the funds necessary to pay the
10 matching contributions required pursuant to s. 121.061 and
11 shall contribute an amount equal to 10.57 percent of such
12 member's gross compensation and one-half of the entire
13 contribution with respect to the member's social security
14 coverage.

15 2. From and after October 1, 1981, the employer paying
16 the salary of any member of the Elected State Officers' Class
17 who is a legislator shall contribute an amount equal to 19.3
18 percent of such member's gross compensation, which shall
19 constitute the entire contribution with respect to such
20 member. From and after October 1, 1984, the employer paying
21 the salary of any member of the Elected State Officers' Class
22 who is a legislator shall contribute an amount equal to 10.98
23 percent of such member's gross compensation, which shall
24 constitute the entire contribution with respect to such
25 member. From and after October 1, 1986, the employer paying
26 the salary of any member of the Elected State Officers' Class
27 who is a legislator shall contribute an amount equal to 11.50
28 percent of such member's gross compensation, which shall
29 constitute the entire contribution with respect to such
30 member. Effective October 1, 1987, the employer paying the
31 salary of any member of the Elected State Officers' Class who

is a legislator shall contribute an amount equal to 11.98
percent of such member's gross compensation, which shall
constitute the entire contribution with respect to such
member. The employer shall, however, withhold one-half of the
entire contribution of the member required for social security
coverage.

(b)1. From and after October 1, 1978, the employer
paying the salary of any member of the Elected State Officers'
Class who is a Governor, Lieutenant Governor, Cabinet officer,
Supreme Court justice, district court of appeal judge, circuit
judge, county court judge, state attorney, public service
commissioner, or public defender shall contribute an amount
equal to 16.78 percent of such member's gross compensation and
shall withhold 4 percent of such member's gross compensation,
the sum of which shall constitute the entire contribution with
respect to such member. The employer shall, however, withhold
one-half of the entire contribution of the member required for
social security coverage. Effective July 1, 1979, any member
of the Elected State Officers' Class who is a public service
commissioner shall be removed from this class, shall become a
regular member on that date, and shall be subject to the
contribution provisions of s. 121.071 which pertain to regular
members.

2. From and after October 1, 1981, the employer paying
the salary of any member of the Elected State Officers' Class
who is a Governor, Lieutenant Governor, or Cabinet officer
shall contribute an amount equal to 21.03 percent of such
member's gross compensation, which shall constitute the entire
contribution with respect to such member. From and after
October 1, 1984, the employer paying the salary of any member
of the Elected State Officers' Class who is a Governor,

1 Lieutenant Governor, or Cabinet officer shall contribute an
2 amount equal to 10.98 percent of such member's gross
3 compensation, which shall constitute the entire contribution
4 with respect to such member. From and after October 1, 1986,
5 the employer paying the salary of any member of the Elected
6 State Officers' Class who is a Governor, Lieutenant Governor,
7 or Cabinet officer shall contribute an amount equal to 11.50
8 percent of such member's gross compensation, which shall
9 constitute the entire contribution with respect to such
10 member. Effective October 1, 1987, the employer paying the
11 salary of any member of the Elected State Officers' Class who
12 is a Governor, Lieutenant Governor, or Cabinet officer shall
13 contribute an amount equal to 11.98 percent of such member's
14 gross compensation, which shall constitute the entire
15 contribution with respect to such member. The employer shall,
16 however, withhold one-half of the entire contribution of the
17 member required for social security coverage.

18 (d) Effective October 1, 1981, the employer paying the
19 salary of any member of the Elected State Officers' Class who
20 is a Supreme Court justice, district court of appeal judge,
21 circuit judge, or county court judge shall contribute an
22 amount equal to 22.55 percent of that member's gross
23 compensation, which shall constitute the entire contribution
24 with respect to that member. Effective October 1, 1984, the
25 employer paying the salary of any member of the Elected State
26 Officers' Class who is a Supreme Court justice, district court
27 of appeal judge, circuit judge, or county court judge shall
28 contribute an amount equal to 21.79 percent of that member's
29 gross compensation, which shall constitute the entire
30 contribution with respect to that member. Effective October
31 1, 1986, the employer paying the salary of any member of the

1 Elected State Officers' Class who is a Supreme Court justice,
2 district court of appeal judge, circuit judge, or county court
3 judge shall contribute an amount equal to 20.94 percent of
4 that member's gross compensation, which shall constitute the
5 entire contribution with respect to that member. Effective
6 October 1, 1987, the employer paying the salary of any member
7 of the Elected State Officers' Class who is a Supreme Court
8 justice, district court of appeal judge, circuit judge, or
9 county court judge shall contribute an amount equal to 21.42
10 percent of that member's gross compensation, which shall
11 constitute the entire contribution with respect to that
12 member. The employer shall, however, withhold one-half of the
13 entire contribution of the member required for social security
14 coverage.

15 (e) Effective October 1, 1981, the employer paying the
16 salary of any member of the Elected State Officers' Class who
17 is a state attorney or public defender shall contribute an
18 amount equal to 20.95 percent of that member's gross
19 compensation, which shall constitute the entire contribution
20 with respect to that member. Effective October 1, 1984, the
21 employer paying the salary of any member of the Elected State
22 Officers' Class who is a state attorney or public defender
23 shall contribute an amount equal to 10.98 percent of that
24 member's gross compensation, which shall constitute the entire
25 contribution with respect to that member. Effective October
26 1, 1986, the employer paying the salary of any member of the
27 Elected State Officers' Class who is a state attorney or
28 public defender shall contribute an amount equal to 11.50
29 percent of that member's gross compensation, which shall
30 constitute the entire contribution with respect to that
31 member. Effective October 1, 1987, the employer paying the

1 salary of any member of the Elected State Officers' Class who
2 is a state attorney or public defender shall contribute an
3 amount equal to 11.98 percent of that member's gross
4 compensation, which shall constitute the entire contribution
5 with respect to that member. The employer shall, however,
6 withhold one-half of the entire contribution of the member
7 required for social security coverage.

8 (g) Effective July 1, 1984, the employer paying the
9 salary of any member of the Elected State Officers' Class who
10 is a county elected officer shall contribute an amount equal
11 to 20.25 percent of that member's gross compensation, which
12 shall constitute the entire contribution with respect to that
13 member. Effective October 1, 1984, the employer paying the
14 salary of any member of the Elected State Officers' Class who
15 is a county elected officer shall contribute an amount equal
16 to 16.97 percent of that member's gross compensation, which
17 shall constitute the entire contribution with respect to that
18 member. Effective October 1, 1986, the employer paying the
19 salary of any member of the Elected State Officers' Class who
20 is a county elected officer shall contribute an amount equal
21 to 17.19 percent of that member's gross compensation, which
22 shall constitute the entire contribution with respect to that
23 member. Effective October 1, 1987, the employer paying the
24 salary of any member of the Elected State Officers' Class who
25 is a county elected officer shall contribute an amount equal
26 to 17.67 percent of that member's gross compensation, which
27 shall constitute the entire contribution with respect to that
28 member. The employer shall, however, withhold one-half of the
29 entire contribution of the member required for social security
30 coverage.
31

Section 5. Subsection (2) of section 121.071, Florida Statutes, 1986 Supplement, is amended to read:

121.071 Contributions.--Contributions to the system shall be made as follows:

(2)(a) Until January 1, 1975, each employer shall contribute an amount equal to the total of its member contributions, made under subsection (1), each pay period. Effective January 1, 1975, and until October 1, 1978, each employer shall contribute 9 percent of gross compensation each pay period for each of its regular members and 13 percent of gross compensation each pay period for each of its special risk members. Effective October 1, 1978, each employer shall contribute 9.1 percent of gross compensation each pay period for each of its regular members and 13.95 percent of gross compensation each pay period for each of its special risk members. Effective October 1, 1981, each employer shall contribute 10.93 percent of gross compensation each pay period for each of its regular members and 13.91 percent of gross compensation each pay period for each of its special risk members. Effective October 1, 1984, each employer shall contribute 12.24 percent of gross compensation each pay period for each of its regular members and 14.67 percent of gross compensation each pay period for each of its special risk members. Effective October 1, 1986, each employer shall contribute 13.14 percent of gross compensation each pay period for each of its regular members and 15.11 percent of gross compensation each pay period for each of its special risk members. Effective October 1, 1987, each employer shall contribute 13.62 percent of gross compensation each pay period for each of its regular members and 15.59 percent of gross

1 compensation each pay period for each of its special risk
2 members.

3 (b) Effective July 1, 1982, each employer shall
4 contribute 11.14 percent of gross compensation each pay period
5 for each of its members serving in an administrative support
6 position in a law enforcement, firefighting, or correctional
7 agency as provided in s. 121.0515(7). Effective October 1,
8 1984, each employer shall contribute 13.09 percent of gross
9 compensation each pay period for each of its members serving
10 in an administrative support position in a law enforcement,
11 firefighting, or correctional agency as provided in s.
12 121.0515(7). Effective October 1, 1986, each employer shall
13 contribute 15.44 percent of gross compensation each pay period
14 for each of its members serving in an administrative support
15 position in a law enforcement, firefighting, or correctional
16 agency as provided in s. 121.0515(7). Effective October 1,
17 1987, each employer shall contribute 15.92 percent of gross
18 compensation each pay period for each of its members serving
19 in an administrative support position in a law enforcement,
20 firefighting, or correctional agency as provided in s.
21 121.0515(7).

22 Section 6. This act shall take effect October 1, 1987,
23 except that this section and section 2 shall take effect upon
24 becoming a law.

SENATE SUMMARY

Adds state agencies to the list of public employers that are required, beginning October 1, 1987, to offer retired employees or their eligible dependents group insurance coverage. Requires that the costs of health and hospitalization coverage for such retirees be no greater than the cost to active employees. Requires an employer to commingle health and hospitalization claims of retired and active employees to determine health insurance plan costs. Provides for notification of retired personnel or their dependents of eligibility to participate in insurance plans. Provides that such personnel or their dependents have until December 31, 1987, to accept or reject participation in such plans. Provides for a monthly subsidy payment to all retired members of the Florida Retirement System to assist in paying for health insurance. Provides for eligibility to receive such a subsidy. Sets a formula to determine the subsidy amount. Provides for the subsidy payment to be made by the Division of Retirement of the Department of Administration. Provides an appropriation from the Retirement System Trust Fund to fund the subsidy payments. Increases the total contribution amount for employers paying the salary of members of the Florida Retirement System by .48 percent.

By the Committee on Personnel, Retirement and Collective Bargaining
and Senators W.D. Childers, Margolis, Hollingsworth, Thomas,
Meek, Barron and Frank

This publication was produced at an average cost of 1.5 cents per page
for the information of members of the Legislature and the public.

A bill to be entitled

An act relating to retired public officers and
employees; amending s. 112.0801, F.S.;
requiring state agencies to allow retired
employees or their dependents to participate in
the agency's group insurance programs or self-
insurance plans; requiring such retirees or
their dependents to be offered the same health
insurance coverage that is offered to active
employees and at the same cost; requiring
commingling of claims experience under certain
circumstances; providing for notification;
providing a date certain to accept or reject
health insurance program participation;
creating s. 112.363, F.S.; providing for a
monthly health insurance subsidy payment for
all persons retired under a state-supported
retirement system; providing for eligibility;
specifying health insurance subsidy amount;
creating the Retiree Health Insurance Subsidy
Trust Fund; providing for investment of the
trust fund; providing for administration of the
health insurance subsidy payments by the
Division of Retirement of the Department of
Administration; providing an appropriation;
providing for administration of the health
insurance subsidy payments by the Division of
Retirement of the Department of Administration;
amending ss. 121.052, 121.055, and 121.071,
F.S.; increasing the employer contributions for

1 members of the Florida Retirement System;
2 providing an effective date.

3
4 Be It Enacted by the Legislature of the State of Florida:

5
6 Section 1. Section 112.0801, Florida Statutes, is
7 amended to read:

8 112.0801 Group insurance; participation by retired
9 employees.--Any state agency, county, municipality, special
10 district, community college, or district school board which
11 provides life, health, accident, hospitalization, or annuity
12 insurance, or all of any kinds of such insurance, for its
13 officers and employees and their dependents upon a group
14 insurance plan or self-insurance plan shall allow all retired
15 former personnel who have retired prior to October 1, 1987, as
16 well as those who retire on or after such date, and their
17 eligible dependents, the option of continuing to participate
18 in such group insurance plan or self-insurance plan. Retirees
19 and their eligible dependents shall be offered the same health
20 and hospitalization insurance coverage as is offered to active
21 employees at a premium cost of no more than the premium cost
22 applicable to active employees. For the retired employees and
23 their eligible dependents only, the cost of any such continued
24 participation in any type of plan or any of the cost portion
25 thereof may be paid by the employer or by the retired
26 employees. To determine health and hospitalization plan
27 costs, the employer shall ~~Any such coverage continued on~~
28 ~~behalf of the dependents of a retired employee shall be paid~~
29 ~~for entirely by the retiree--in addition, the county,~~
30 ~~municipality, community college, or district school board may~~
31 commingle the claims experience of the retiree group with the

1 claims experience of the active employees; and, for other
2 types of coverage, the employer may commingle the claims
3 experience of the retiree group with the claims experience of
4 active employees. Retirees covered under Medicare may be
5 experience-rated separately from the retirees not covered by
6 Medicare and from active employees, provided that the total
7 premium does not exceed that of the active group and coverage
8 is basically the same as for the active group. Premiums, or
9 ~~any portion thereof, resulting from the commingling may be~~
10 ~~paid by the employer or retired employee. However, a~~
11 ~~municipality or county, if it so desires, may pay all or a~~
12 ~~portion of the cost of any such continued participation. The~~
13 ~~provisions of this section shall not be negotiated or~~
14 ~~bargained under the provisions of part II of chapter 447.~~

15 Section 2. Notwithstanding any previous rejection or
16 cancellation of participation in any group insurance plan or
17 self-insurance plan provided under s. 110.123 or s. 112.0801,
18 Florida Statutes, participation in such insurance plan shall
19 be offered, beginning October 1, 1987, to all former employees
20 who retired prior to October 1, 1987, as well as those
21 employees who retire on or after such date, and the eligible
22 dependents of such employees and former employees.
23 Accordingly, all employers who provide insurance coverage
24 under s. 110.123 or s. 112.0801, Florida Statutes, shall,
25 before October 1, 1987, notify all previously retired former
26 personnel or their eligible dependents in writing of their
27 eligibility to participate in the same group insurance plan or
28 self-insurance plan, as provided in s. 110.123 or s. 112.0801,
29 Florida Statutes. Such previously retired personnel or their
30 eligible dependents shall have until December 31, 1987, to, in
31

1 writing, accept or reject participation in their former
2 employer's group insurance plan or self-insurance plan.

3 Section 3. Section 112.363, Florida Statutes, is
4 created to read:

5 112.363 Retiree health insurance subsidy.--

6 (1) PURPOSE OF SECTION.--The purpose of this section
7 is to provide a monthly subsidy payment to retired members of
8 any state-administered retirement system in order to assist
9 such retired members in paying the costs of health insurance.

10 (2) ELIGIBILITY FOR RETIREE HEALTH INSURANCE
11 SUBSIDY.--A person who is retired under a state-administered
12 retirement system, or a beneficiary who is a spouse or
13 financial dependent entitled to receive benefits under a
14 state-administered retirement system, is eligible for health
15 insurance subsidy payments provided under this section; except
16 that pension recipients under ss. 121.40, 238.07(16)(a), and
17 250.22, or any other special pension or relief act shall not
18 be eligible for such payments. Payment of the retiree health
19 insurance subsidy shall be made only after coverage for health
20 insurance for the retiree or beneficiary has been certified in
21 writing to the Division of Retirement. Participation in a
22 former employer's group health insurance program is not a
23 requirement for eligibility under this section.

24 (3) RETIREE HEALTH INSURANCE SUBSIDY AMOUNT.--Each
25 eligible retiree or a beneficiary who is a spouse or financial
26 dependent shall receive a monthly retiree health insurance
27 subsidy payment equal to the number of years of creditable
28 service, as defined in s. 121.021(17), completed at the time
29 of retirement multiplied by \$2; however, no retiree may
30 receive a subsidy payment of more than \$60 and no retiree may
31 receive a subsidy payment of less than \$20.

1 (4) PAYMENT OF RETIREE HEALTH INSURANCE SUBSIDY.--

2 Beginning January 1, 1988, any monthly retiree health
3 insurance subsidy amount due and payable under this section
4 shall be paid to retired members by the Division of Retirement
5 of the Department of Administration or under the direction and
6 control of the division.

7 (5) TRUST FUND ESTABLISHED.--There is hereby

8 established a trust fund in the state treasury to be entitled
9 the Retiree Health Insurance Subsidy Trust Fund. Said trust
10 fund shall be used to account for all moneys received and
11 disbursed pursuant to this section. Should funding for the
12 retiree health insurance subsidy program fail to provide full
13 benefits for all participants, the benefits may be reduced or
14 canceled at any time.

15 (6) INVESTMENTS OF THE TRUST FUND.--The State Board of

16 Administration created by the authority of the State
17 Constitution shall invest and reinvest the funds of the trust
18 fund in accordance with ss. 215.44-215.53. Costs incurred by
19 the Board of Administration incurring from the provisions of
20 this section shall be deducted from the interest earnings
21 accruing to the trust fund.

22 (7) ADMINISTRATION OF SYSTEM.--The Division of

23 Retirement of the Department of Administration may adopt such
24 rules and regulations as are necessary for the effective and
25 efficient administration of this section. The cost of
26 administration shall be appropriated from the trust fund.

27 Section 4. Paragraphs (a), (b), (d), (e), and (g) of
28 subsection (4) of section 121.052, Florida Statutes, 1986
29 Supplement, are amended to read:

30 121.052 Membership class of certain elected state
31 officers.--

1 (4)(a)1. From and after October 1, 1978, and except as
2 provided in this subsection, the employer paying the salary of
3 a member of the Elected State Officers' Class shall withhold 8
4 percent of his gross salary, which shall constitute the
5 contribution of that member with respect to retirement and
6 other benefits payable to members of this class, and one-half
7 of the entire contribution of the member required for social
8 security coverage. The employer withholding such
9 contributions shall set aside the funds necessary to pay the
10 matching contributions required pursuant to s. 121.061 and
11 shall contribute an amount equal to 10.57 percent of such
12 member's gross compensation and one-half of the entire
13 contribution with respect to the member's social security
14 coverage.

15 2. From and after October 1, 1981, the employer paying
16 the salary of any member of the Elected State Officers' Class
17 who is a legislator shall contribute an amount equal to 19 3
18 percent of such member's gross compensation, which shall
19 constitute the entire contribution with respect to such
20 member. From and after October 1, 1984, the employer paying
21 the salary of any member of the Elected State Officers' Class
22 who is a legislator shall contribute an amount equal to 10.98
23 percent of such member's gross compensation, which shall
24 constitute the entire contribution with respect to such
25 member. From and after October 1, 1986, the employer paying
26 the salary of any member of the Elected State Officers' Class
27 who is a legislator shall contribute an amount equal to 11 50
28 percent of such member's gross compensation, which shall
29 constitute the entire contribution with respect to such
30 member. Effective October 1, 1987, the employer paying the
31 salary of any member of the Elected State Officers' Class who

1 is a legislator shall contribute an amount equal to 11.98
2 percent of such member's gross compensation, which shall
3 constitute the entire contribution with respect to such
4 member The employer shall, however, withhold one-half of the
5 entire contribution of the member required for social security
6 coverage.

7 (b)1. From and after October 1, 1978, the employer
8 paying the salary of any member of the Elected State Officers'
9 Class who is a Governor, Lieutenant Governor, Cabinet officer,
10 Supreme Court justice, district court of appeal judge, circuit
11 judge, county court judge, state attorney, public service
12 commissioner, or public defender shall contribute an amount
13 equal to 16.78 percent of such member's gross compensation and
14 shall withhold 4 percent of such member's gross compensation,
15 the sum of which shall constitute the entire contribution with
16 respect to such member. The employer shall, however, withhold
17 one-half of the entire contribution of the member required for
18 social security coverage. Effective July 1, 1979, any member
19 of the Elected State Officers' Class who is a public service
20 commissioner shall be removed from this class, shall become a
21 regular member on that date, and shall be subject to the
22 contribution provisions of s. 121.071 which pertain to regular
23 members.

24 2. From and after October 1, 1981, the employer paying
25 the salary of any member of the Elected State Officers' Class
26 who is a Governor, Lieutenant Governor, or Cabinet officer
27 shall contribute an amount equal to 21.03 percent of such
28 member's gross compensation, which shall constitute the entire
29 contribution with respect to such member. From and after
30 October 1, 1984, the employer paying the salary of any member
31 of the Elected State Officers' Class who is a Governor,

1 Lieutenant Governor, or Cabinet officer shall contribute an
2 amount equal to 10.98 percent of such member's gross
3 compensation, which shall constitute the entire contribution
4 with respect to such member. From and after October 1, 1986,
5 the employer paying the salary of any member of the Elected
6 State Officers' Class who is a Governor, Lieutenant Governor,
7 or Cabinet officer shall contribute an amount equal to 11.50
8 percent of such member's gross compensation, which shall
9 constitute the entire contribution with respect to such
10 member. Effective October 1, 1987, the employer paying the
11 salary of any member of the Elected State Officers' Class who
12 is a Governor, Lieutenant Governor, or Cabinet officer shall
13 contribute an amount equal to 11.98 percent of such member's
14 gross compensation, which shall constitute the entire
15 contribution with respect to such member. The employer shall,
16 however, withhold one-half of the entire contribution of the
17 member required for social security coverage.

18 (d) Effective October 1, 1981, the employer paying the
19 salary of any member of the Elected State Officers' Class who
20 is a Supreme Court justice, district court of appeal judge,
21 circuit judge, or county court judge shall contribute an
22 amount equal to 22.55 percent of that member's gross
23 compensation, which shall constitute the entire contribution
24 with respect to that member. Effective October 1, 1984, the
25 employer paying the salary of any member of the Elected State
26 Officers' Class who is a Supreme Court justice, district court
27 of appeal judge, circuit judge, or county court judge shall
28 contribute an amount equal to 21.79 percent of that member's
29 gross compensation, which shall constitute the entire
30 contribution with respect to that member. Effective October
31 1, 1986, the employer paying the salary of any member of the

1 Elected State Officers' Class who is a Supreme Court justice,
2 district court of appeal judge, circuit judge, or county court
3 judge shall contribute an amount equal to 20.94 percent of
4 that member's gross compensation, which shall constitute the
5 entire contribution with respect to that member. Effective
6 October 1, 1987, the employer paying the salary of any member
7 of the Elected State Officers' Class who is a Supreme Court
8 justice, district court of appeal judge, circuit judge, or
9 county court judge shall contribute an amount equal to 21.42
10 percent of that member's gross compensation, which shall
11 constitute the entire contribution with respect to that
12 member. The employer shall, however, withhold one-half of the
13 entire contribution of the member required for social security
14 coverage.

15 (e) Effective October 1, 1981, the employer paying the
16 salary of any member of the Elected State Officers' Class who
17 is a state attorney or public defender shall contribute an
18 amount equal to 20.95 percent of that member's gross
19 compensation, which shall constitute the entire contribution
20 with respect to that member. Effective October 1, 1984, the
21 employer paying the salary of any member of the Elected State
22 Officers' Class who is a state attorney or public defender
23 shall contribute an amount equal to 10.98 percent of that
24 member's gross compensation, which shall constitute the entire
25 contribution with respect to that member. Effective October
26 1, 1986, the employer paying the salary of any member of the
27 Elected State Officers' Class who is a state attorney or
28 public defender shall contribute an amount equal to 11.50
29 percent of that member's gross compensation, which shall
30 constitute the entire contribution with respect to that
31 member. Effective October 1, 1987, the employer paying the

1 salary of any member of the Elected State Officers' Class who
2 is a state attorney or public defender shall contribute an
3 amount equal to 11.98 percent of that member's gross
4 compensation, which shall constitute the entire contribution
5 with respect to that member. The employer shall, however,
6 withhold one-half of the entire contribution of the member
7 required for social security coverage.

8 (g) Effective July 1, 1984, the employer paying the
9 salary of any member of the Elected State Officers' Class who
10 is a county elected officer shall contribute an amount equal
11 to 20.25 percent of that member's gross compensation, which
12 shall constitute the entire contribution with respect to that
13 member. Effective October 1, 1984, the employer paying the
14 salary of any member of the Elected State Officers' Class who
15 is a county elected officer shall contribute an amount equal
16 to 16.97 percent of that member's gross compensation, which
17 shall constitute the entire contribution with respect to that
18 member. Effective October 1, 1986, the employer paying the
19 salary of any member of the Elected State Officers' Class who
20 is a county elected officer shall contribute an amount equal
21 to 17.19 percent of that member's gross compensation, which
22 shall constitute the entire contribution with respect to that
23 member. Effective October 1, 1987, the employer paying the
24 salary of any member of the Elected State Officers' Class who
25 is a county elected officer shall contribute an amount equal
26 to 17.67 percent of that member's gross compensation, which
27 shall constitute the entire contribution with respect to that
28 member. The employer shall, however, withhold one-half of the
29 entire contribution of the member required for social security
30 coverage.
31

Section 5. Subsection (3) of section 121.055, Florida Statutes, 1986 Supplement, is amended to read:

121.055 Senior Management Service Class.--There is hereby established a separate class of membership within the Florida Retirement System to be known as the "Senior Management Service Class," which shall become effective February 1, 1987.

(3) Commencing February 1, 1987, the employing agency of a member of the Senior Management Service Class shall contribute each pay period an amount equal to 13.88 percent of the member's gross salary, which shall constitute the entire retirement contribution with respect to such member, plus the employer's share of the contribution required for social security coverage. Effective October 1, 1987, the employing agency shall contribute each pay period an amount equal to 14.36 percent of each member's gross salary, which shall constitute the entire retirement contribution with respect to such member.

Section 6. Subsection (2) of section 121.071, Florida Statutes, 1986 Supplement, is amended to read:

121.071 Contributions.--Contributions to the system shall be made as follows:

(2)(a) Until January 1, 1975, each employer shall contribute an amount equal to the total of its member contributions, made under subsection (1), each pay period. Effective January 1, 1975, and until October 1, 1978, each employer shall contribute 9 percent of gross compensation each pay period for each of its regular members and 13 percent of gross compensation each pay period for each of its special risk members. Effective October 1, 1978, each employer shall contribute 9.1 percent of gross compensation each pay period

1 for each of its regular members and 13.95 percent of gross
2 compensation each pay period for each of its special risk
3 members. Effective October 1, 1981, each employer shall
4 contribute 10.93 percent of gross compensation each pay period
5 for each of its regular members and 13.91 percent of gross
6 compensation each pay period for each of its special risk
7 members. Effective October 1, 1984, each employer shall
8 contribute 12.24 percent of gross compensation each pay period
9 for each of its regular members and 14.67 percent of gross
10 compensation each pay period for each of its special risk
11 members. Effective October 1, 1986, each employer shall
12 contribute 13.14 percent of gross compensation each pay period
13 for each of its regular members and 15.11 percent of gross
14 compensation each pay period for each of its special risk
15 members. Effective October 1, 1987, each employer shall
16 contribute 13.62 percent of gross compensation each pay period
17 for each of its regular members and 15.59 percent of gross
18 compensation each pay period for each of its special risk
19 members.

20 (b) Effective July 1, 1982, each employer shall
21 contribute 11.14 percent of gross compensation each pay period
22 for each of its members serving in an administrative support
23 position in a law enforcement, firefighting, or correctional
24 agency as provided in s. 121.0515(7). Effective October 1,
25 1984, each employer shall contribute 13.09 percent of gross
26 compensation each pay period for each of its members serving
27 in an administrative support position in a law enforcement,
28 firefighting, or correctional agency as provided in s.
29 121.0515(7). Effective October 1, 1986, each employer shall
30 contribute 15.44 percent of gross compensation each pay period
31 for each of its members serving in an administrative support

1 position in a law enforcement, firefighting, or correctional
2 agency as provided in s. 121.0515(7). Effective October 1,
3 1987, each employer shall contribute 15.92 percent of gross
4 compensation each pay period for each of its members serving
5 in an administrative support position in a law enforcement,
6 firefighting, or correctional agency as provided in s.
7 121.0515(7).

8 Section 7. This act shall take effect October 1, 1987,
9 except that this section and section 2 shall take effect upon
10 becoming a law.

11
12
13
14
15
16 STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN
17 COMMITTEE SUBSTITUTE FOR
18 Senate Bill 399

19 Committee Substitute for Senate Bill 399 is not substantially
20 different from the original bill. The Committee Substitute
21 contains, as a matter of convenience, a series of technical
22 amendments which have the effect of facilitating the
23 implementation and future administration of the bill's
24 provisions.

By the Committees on Appropriations and Personnel, Retirement and Collective Bargaining and Senators W. D. Childers, Margolis, Hollingsworth, Thomas, Meek, Barron and Frank

A bill to be entitled

An act relating to retired public officers and employees; amending s. 112.0801, F.S.; requiring state agencies to allow retired employees or their dependents to participate in the agency's group insurance programs or self-insurance plans; requiring such retirees or their dependents to be offered the same health insurance coverage that is offered to active employees and at the same cost; requiring commingling of claims experience under certain circumstances; providing an exception; providing for notification; providing a date certain to accept or reject health insurance program participation; creating s. 112.363, F.S.; providing for a monthly health insurance subsidy payment for all persons retired under a state-supported retirement system; providing for eligibility; specifying health insurance subsidy amount; creating the Retiree Health Insurance Subsidy Trust Fund; providing for investment of the trust fund; providing for administration of the health insurance subsidy payments by the Division of Retirement of the Department of Administration; providing an appropriation; providing for administration of the health insurance subsidy payments by the Division of Retirement of the Department of Administration; providing payment of benefits; amending ss. 121.052, 121.055, and 121.071, F.S.; increasing the employer contributions for

Cost of 1.5 cents per page
ture and the public.

This publication was produced at an ever
for the information of members of the Leg

1 members of the Florida Retirement System;
2 amending s. 121.35, F.S.; providing the
3 contribution for the health insurance subsidy
4 shall be paid to the annuity company for
5 members of the optional retirement program for
6 the State University System; providing an
7 effective date.

8
9 Be It Enacted by the Legislature of the State of Florida:

10
11 Section 1. Section 112.0801, Florida Statutes, is
12 amended to read:

13 112.0801 Group insurance; participation by retired
14 employees.--Any state agency, county, municipality, special
15 district, community college, or district school board which
16 provides life, health, accident, hospitalization, or annuity
17 insurance, or all of any kinds of such insurance, for its
18 officers and employees and their dependents upon a group
19 insurance plan or self-insurance plan shall allow all retired
20 former personnel who have retired prior to October 1, 1987, as
21 well as those who retire on or after such date, and their
22 eligible dependents, the option of continuing to participate
23 in such group insurance plan or self-insurance plan. Retirees
24 and their eligible dependents shall be offered the same health
25 and hospitalization insurance coverage as is offered to active
26 employees at a premium cost of no more than the premium cost
27 applicable to active employees. For the retired employees and
28 their eligible dependents only, the cost of any such continued
29 participation in any type of plan or any of the cost portion
30 thereof may be paid by the employer or by the retired
31 employees. To determine health and hospitalization plan

~~costs, the employer shall Any such coverage continued on
behalf of the dependents of a retired employee shall be paid
for entirely by the retiree. In addition, the county,
municipality, community college, or district school board may
commingle the claims experience of the retiree group with the
claims experience of the active employees; and, for other
types of coverage, the employer may commingle the claims
experience of the retiree group with the claims experience of
active employees. Retirees covered under Medicare may be
experience-rated separately from the retirees not covered by
Medicare and from active employees, provided that the total
premium does not exceed that of the active group and coverage
is basically the same as for the active group. Premiums, or
any portion thereof, resulting from the commingling may be
paid by the employer or retired employee. However, a
municipality or county, if it so desires, may pay all or a
portion of the cost of any such continued participation. The
provisions of this section shall not be negotiated or
bargained under the provisions of part II of chapter 447.~~

Section 2. Notwithstanding any previous rejection or
cancellation of participation in any group insurance plan or
self-insurance plan provided under s. 110.123 or s. 112.0801,
Florida Statutes, participation in such insurance plan shall
be offered, beginning October 1, 1987, to all former employees
who retired prior to October 1, 1987, as well as those
employees who retire on or after such date, and the eligible
dependents of such employees and former employees.
Accordingly, all employers who provide insurance coverage
under s. 110.123 or s. 112.0801, Florida Statutes, shall,
before October 1, 1987, notify all previously retired former
personnel or their eligible dependents in writing of their

1 eligibility to participate in the same group insurance plan or
2 self-insurance plan, as provided in s. 110.123 or s. 112.0801,
3 Florida Statutes. Such previously retired personnel or their
4 eligible dependents shall have until December 31, 1987, to, in
5 writing, accept or reject participation in their former
6 employer's group insurance plan or self-insurance plan.

7 Section 3. Section 112.363, Florida Statutes, is
8 created to read:

9 112.363 Retiree health insurance subsidy.--

10 (1) PURPOSE OF SECTION.--The purpose of this section
11 is to provide a monthly subsidy payment to retired members of
12 any state-administered retirement system in order to assist
13 such retired members in paying the costs of health insurance.

14 (2) ELIGIBILITY FOR RETIREE HEALTH INSURANCE
15 SUBSIDY.--A person who is retired under a state-administered
16 retirement system, or a beneficiary who is a spouse or
17 financial dependent entitled to receive benefits under a
18 state-administered retirement system, is eligible for health
19 insurance subsidy payments provided under this section; except
20 that pension recipients under ss. 121.40, 238.07(16)(a), and
21 250.22, recipients of health insurance coverage under s.
22 110.1232, or any other special pension or relief act shall not
23 be eligible for such payments. Payment of the retiree health
24 insurance subsidy shall be made only after coverage for health
25 insurance for the retiree or beneficiary has been certified in
26 writing to the Division of Retirement. Participation in a
27 former employer's group health insurance program is not a
28 requirement for eligibility under this section. However,
29 participants in the Senior Management Service Optional Annuity
30 Program as provided in s. 121.055(6) and the State University
31 System Optional Retirement Program as provided in s. 121.35

1 shall not receive the Retiree Health Insurance subsidy
2 provided in this section. The employer of such participant
3 shall pay the contributions required in s. 112.363(8) to the
4 annuity program provided in s. 121.055(6)(d) or s.
5 121.35(4)(a), as applicable.

6 (3) RETIREE HEALTH INSURANCE SUBSIDY AMOUNT.--Each
7 eligible retiree or a beneficiary who is a spouse or financial
8 dependent shall receive a monthly retiree health insurance
9 subsidy payment equal to the number of years of creditable
10 service, as defined in s. 121.021(17), completed at the time
11 of retirement multiplied by \$2; however, no retiree may
12 receive a subsidy payment of more than \$60 and no retiree may
13 receive a subsidy payment of less than \$20.

14 (4) PAYMENT OF RETIREE HEALTH INSURANCE SUBSIDY.--
15 Beginning January 1, 1988, any monthly retiree health
16 insurance subsidy amount due and payable under this section
17 shall be paid to retired members by the Division of Retirement
18 of the Department of Administration or under the direction and
19 control of the division.

20 (5) TRUST FUND ESTABLISHED.--There is hereby
21 established a trust fund in the state treasury to be entitled
22 the Retiree Health Insurance Subsidy Trust Fund. Said trust
23 fund shall be used to account for all moneys received and
24 disbursed pursuant to this section. Should funding for the
25 retiree health insurance subsidy program fail to provide full
26 benefits for all participants, the benefits may be reduced or
27 canceled at any time.

28 (6) INVESTMENTS OF THE TRUST FUND.--The State Board of
29 Administration created by the authority of the State
30 Constitution shall invest and reinvest the funds of the trust
31 fund in accordance with ss. 215.44-215.53. Costs incurred by

1 the Board of Administration incurring from the provisions of
2 this section shall be deducted from the interest earnings
3 accruing to the trust fund.

4 (7) ADMINISTRATION OF SYSTEM.--The Division of
5 Retirement of the Department of Administration may adopt such
6 rules and regulations as are necessary for the effective and
7 efficient administration of this section. The cost of
8 administration shall be appropriated from the trust fund.

9 (8) CONTRIBUTIONS.--For purposes of funding the
10 insurance subsidy provided by this section, the employer of
11 each member of a state-administered retirement plan shall
12 contribute .48 percent of gross compensation each pay period,
13 to be submitted to the Division of Retirement and deposited in
14 the Retiree Health Insurance Subsidy Trust Fund.

15 (9) BENEFITS.--Subsidy payments shall be payable under
16 the retiree health insurance subsidy program only to
17 participants in the program or their beneficiaries. Such
18 subsidy payments shall not be subject to assignment,
19 execution, or attachment or to any legal process whatsoever.

20 Section 4. Paragraphs (a), (b), (d), (e), and (g) of
21 subsection (4) of section 121.052, Florida Statutes, 1986
22 Supplement, are amended to read:

23 121.052 Membership class of certain elected state
24 officers.--

25 (4)(a)1. From and after October 1, 1978, and except as
26 provided in this subsection, the employer paying the salary of
27 a member of the Elected State Officers' Class shall withhold 8
28 percent of his gross salary, which shall constitute the
29 contribution of that member with respect to retirement and
30 other benefits payable to members of this class, and one-half
31 of the entire contribution of the member required for social

1 security coverage. The employer withholding such
2 contributions shall set aside the funds necessary to pay the
3 matching contributions required pursuant to s. 121.061 and
4 shall contribute an amount equal to 10.57 percent of such
5 member's gross compensation and one-half of the entire
6 contribution with respect to the member's social security
7 coverage.

8 2. From and after October 1, 1981, the employer paying
9 the salary of any member of the Elected State Officers' Class
10 who is a legislator shall contribute an amount equal to 19.3
11 percent of such member's gross compensation, which shall
12 constitute the entire contribution with respect to such
13 member. From and after October 1, 1984, the employer paying
14 the salary of any member of the Elected State Officers' Class
15 who is a legislator shall contribute an amount equal to 10.98
16 percent of such member's gross compensation, which shall
17 constitute the entire contribution with respect to such
18 member. From and after October 1, 1986, the employer paying
19 the salary of any member of the Elected State Officers' Class
20 who is a legislator shall contribute an amount equal to 11.50
21 percent of such member's gross compensation, which shall
22 constitute the entire contribution with respect to such
23 member. Effective October 1, 1987, the employer paying the
24 salary of any member of the Elected State Officers' Class who
25 is a legislator shall contribute an amount equal to 11.98
26 percent of such member's gross compensation, which shall
27 constitute the entire contribution with respect to such
28 member. The employer shall, however, withhold one-half of the
29 entire contribution of the member required for social security
30 coverage.

(b)1. From and after October 1, 1978, the employer paying the salary of any member of the Elected State Officers' Class who is a Governor, Lieutenant Governor, Cabinet officer, Supreme Court justice, district court of appeal judge, circuit judge, county court judge, state attorney, public service commissioner, or public defender shall contribute an amount equal to 16.78 percent of such member's gross compensation and shall withhold 4 percent of such member's gross compensation, the sum of which shall constitute the entire contribution with respect to such member. The employer shall, however, withhold one-half of the entire contribution of the member required for social security coverage. Effective July 1, 1979, any member of the Elected State Officers' Class who is a public service commissioner shall be removed from this class, shall become a regular member on that date, and shall be subject to the contribution provisions of s. 121.071 which pertain to regular members.

2. From and after October 1, 1981, the employer paying the salary of any member of the Elected State Officers' Class who is a Governor, Lieutenant Governor, or Cabinet officer shall contribute an amount equal to 21.03 percent of such member's gross compensation, which shall constitute the entire contribution with respect to such member. From and after October 1, 1984, the employer paying the salary of any member of the Elected State Officers' Class who is a Governor, Lieutenant Governor, or Cabinet officer shall contribute an amount equal to 10.98 percent of such member's gross compensation, which shall constitute the entire contribution with respect to such member. From and after October 1, 1986, the employer paying the salary of any member of the Elected State Officers' Class who is a Governor, Lieutenant Governor,

1 or Cabinet officer shall contribute an amount equal to 11.50
2 percent of such member's gross compensation, which shall
3 constitute the entire contribution with respect to such
4 member. Effective October 1, 1987, the employer paying the
5 salary of any member of the Elected State Officers' Class who
6 is a Governor, Lieutenant Governor, or Cabinet officer shall
7 contribute an amount equal to 11.98 percent of such member's
8 gross compensation, which shall constitute the entire
9 contribution with respect to such member. The employer shall,
10 however, withhold one-half of the entire contribution of the
11 member required for social security coverage.

12 (d) Effective October 1, 1981, the employer paying the
13 salary of any member of the Elected State Officers' Class who
14 is a Supreme Court justice, district court of appeal judge,
15 circuit judge, or county court judge shall contribute an
16 amount equal to 22.55 percent of that member's gross
17 compensation, which shall constitute the entire contribution
18 with respect to that member. Effective October 1, 1984, the
19 employer paying the salary of any member of the Elected State
20 Officers' Class who is a Supreme Court justice, district court
21 of appeal judge, circuit judge, or county court judge shall
22 contribute an amount equal to 21.79 percent of that member's
23 gross compensation, which shall constitute the entire
24 contribution with respect to that member. Effective October
25 1, 1986, the employer paying the salary of any member of the
26 Elected State Officers' Class who is a Supreme Court justice,
27 district court of appeal judge, circuit judge, or county court
28 judge shall contribute an amount equal to 20.94 percent of
29 that member's gross compensation, which shall constitute the
30 entire contribution with respect to that member. Effective
31 October 1, 1987, the employer paying the salary of any member

1 of the Elected State Officers' Class who is a Supreme Court
2 justice, district court of appeal judge, circuit judge, or
3 county court judge shall contribute an amount equal to 21.42
4 percent of that member's gross compensation, which shall
5 constitute the entire contribution with respect to that
6 member. The employer shall, however, withhold one-half of the
7 entire contribution of the member required for social security
8 coverage.

9 (e) Effective October 1, 1981, the employer paying the
10 salary of any member of the Elected State Officers' Class who
11 is a state attorney or public defender shall contribute an
12 amount equal to 20.95 percent of that member's gross
13 compensation, which shall constitute the entire contribution
14 with respect to that member. Effective October 1, 1984, the
15 employer paying the salary of any member of the Elected State
16 Officers' Class who is a state attorney or public defender
17 shall contribute an amount equal to 10.98 percent of that
18 member's gross compensation, which shall constitute the entire
19 contribution with respect to that member. Effective October
20 1, 1986, the employer paying the salary of any member of the
21 Elected State Officers' Class who is a state attorney or
22 public defender shall contribute an amount equal to 11.50
23 percent of that member's gross compensation, which shall
24 constitute the entire contribution with respect to that
25 member. Effective October 1, 1987, the employer paying the
26 salary of any member of the Elected State Officers' Class who
27 is a state attorney or public defender shall contribute an
28 amount equal to 11.98 percent of that member's gross
29 compensation, which shall constitute the entire contribution
30 with respect to that member. The employer shall, however,
31

1 withhold one-half of the entire contribution of the member
2 required for social security coverage.

3 (g) Effective July 1, 1984, the employer paying the
4 salary of any member of the Elected State Officers' Class who
5 is a county elected officer shall contribute an amount equal
6 to 20.25 percent of that member's gross compensation, which
7 shall constitute the entire contribution with respect to that
8 member. Effective October 1, 1984, the employer paying the
9 salary of any member of the Elected State Officers' Class who
10 is a county elected officer shall contribute an amount equal
11 to 16.97 percent of that member's gross compensation, which
12 shall constitute the entire contribution with respect to that
13 member. Effective October 1, 1986, the employer paying the
14 salary of any member of the Elected State Officers' Class who
15 is a county elected officer shall contribute an amount equal
16 to 17.19 percent of that member's gross compensation, which
17 shall constitute the entire contribution with respect to that
18 member. Effective October 1, 1987, the employer paying the
19 salary of any member of the Elected State Officers' Class who
20 is a county elected officer shall contribute an amount equal
21 to 17.67 percent of that member's gross compensation, which
22 shall constitute the entire contribution with respect to that
23 member. The employer shall, however, withhold one-half of the
24 entire contribution of the member required for social security
25 coverage.

26 Section 5. Subsection (3) and paragraph (d) of
27 subsection (6) of section 121.055, Florida Statutes, 1986
28 Supplement, are amended to read

29 121.055 Senior Management Service Class.--There is
30 hereby established a separate class of membership within the
31 Florida Retirement System to be known as the "Senior

1 Management Service Class," which shall become effective
2 February 1, 1987.

3 (3) Commencing February 1, 1987, the employing agency
4 of a member of the Senior Management Service Class shall
5 contribute each pay period an amount equal to 13.88 percent of
6 the member's gross salary, which shall constitute the entire
7 retirement contribution with respect to such member, plus the
8 employer's share of the contribution required for social
9 security coverage. Effective October 1, 1987, the employing
10 agency shall contribute each pay period an amount equal to
11 14.36 percent of each member's gross salary, which shall
12 constitute the entire retirement contribution with respect to
13 such member.

14 (6)

15 (d)1. Each employer shall contribute on behalf of each
16 participant in the Senior Management Service Optional Annuity
17 Program an amount equal to the normal cost portion of the
18 employer retirement contribution which would be required if
19 the participant were a Senior Management Service Class member
20 of the Florida Retirement System, plus the portion of the
21 contribution rate required in s. 112.363(8) that would
22 otherwise be assigned to the Retiree Health Insurance Subsidy
23 Trust Fund, less an amount approved by the Legislature which
24 shall be deducted by the division to provide for the
25 administration of this program. The payment of the
26 contributions to the optional program which is required by
27 this subparagraph for each participant shall be made by the
28 employer to the division, which shall forward the
29 contributions to the designated company or companies
30 contracting for payment of benefits for the participant under
31 the program.

2. Each employer shall contribute on behalf of each participant in the Senior Management Service Optional Annuity Program an amount equal to the unfunded actuarial accrued liability portion of the employer contribution which would be required for members of the Senior Management Service Class in the Florida Retirement System. This contribution shall be paid to the division for transfer to the Florida Retirement System Trust Fund.

3. Contributions required for social security by each employer and each participant, in the amount required for social security coverage as now or hereafter may be provided by the federal Social Security Act shall be maintained for each participant in the Senior Management Service retirement program, and shall be in addition to the retirement contributions specified in this paragraph.

4. Each participant in the Senior Management Service Optional Annuity Program may contribute by way of salary reduction or deduction a percentage amount of the participant's gross compensation not to exceed the percentage amount contributed by the employer to the optional annuity program. Payment of the participant's contributions shall be made by the employer to the division which shall forward the contributions to the designated company or companies contracting for payment of benefits for the participant under the program.

Section 6. Subsection (2) of section 121.071, Florida Statutes, 1986 Supplement, is amended to read:

121.071 Contributions.--Contributions to the system shall be made as follows:

(2)(a) Until January 1, 1975, each employer shall contribute an amount equal to the total of its member

ontributions, made under subsection (1), each pay period.
Effective January 1, 1975, and until October 1, 1978, each employer shall contribute 9 percent of gross compensation each pay period for each of its regular members and 13 percent of gross compensation each pay period for each of its special risk members. Effective October 1, 1978, each employer shall contribute 9.1 percent of gross compensation each pay period for each of its regular members and 13.95 percent of gross compensation each pay period for each of its special risk members. Effective October 1, 1981, each employer shall contribute 10.93 percent of gross compensation each pay period for each of its regular members and 13.91 percent of gross compensation each pay period for each of its special risk members. Effective October 1, 1984, each employer shall contribute 12.24 percent of gross compensation each pay period for each of its regular members and 14.67 percent of gross compensation each pay period for each of its special risk members. Effective October 1, 1986, each employer shall contribute 13.14 percent of gross compensation each pay period for each of its regular members and 15.11 percent of gross compensation each pay period for each of its special risk members. Effective October 1, 1987, each employer shall contribute 13.62 percent of gross compensation each pay period for each of its regular members and 15.59 percent of gross compensation each pay period for each of its special risk members.

(b) Effective July 1, 1982, each employer shall contribute 11.14 percent of gross compensation each pay period for each of its members serving in an administrative support position in a law enforcement, firefighting, or correctional agency as provided in s. 121.0515(7). Effective October 1,

1 1984, each employer shall contribute 13.09 percent of gross
2 compensation each pay period for each of its members serving
3 in an administrative support position in a law enforcement,
4 firefighting, or correctional agency as provided in s.
5 121.0515(7). Effective October 1, 1986, each employer shall
6 contribute 15.44 percent of gross compensation each pay period
7 for each of its members serving in an administrative support
8 position in a law enforcement, firefighting, or correctional
9 agency as provided in s. 121 0515(7). Effective October 1,
10 1987, each employer shall contribute 15.92 percent of gross
11 compensation each pay period for each of its members serving
12 in an administrative support position in a law enforcement,
13 firefighting, or correctional agency as provided in s.
14 121.0515(7).

15 Section 7. Paragraph (a) of subsection (4) of section
16 121.35, Florida Statutes, 1986 Supplement, is amended to read:

17 121.35 Optional retirement program for the State
18 University System.--

19 (4) CONTRIBUTIONS.--

20 (a) Each employer shall contribute on behalf of each
21 participant in the optional retirement program an amount equal
22 to the normal cost portion of the employer retirement
23 contribution which would be required if the participant were a
24 regular member of the Florida Retirement System, plus the
25 portion of the contribution rate required in s. 112.363(8)
26 that would otherwise be assigned to the Retiree Health
27 Insurance Subsidy Trust Fund, less an amount approved by the
28 Legislature which shall be deducted by the division to provide
29 for the administration of this program. The payment of the
30 contributions to the optional program which is required by
31 this paragraph for each participant shall be made by the

1 employer to the division, which shall forward the
2 contributions to the designated company or companies
3 contracting for payment of benefits for the participant under
4 the program.

5 Section 8. This act shall take effect October 1, 1987,
6 except that this section and section 2 shall take effect upon
7 becoming a law.

8
9
10
11
12
13
14 STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN
15 COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE
16 Senate Bill 399

17 CS/CS/SB 399 is not substantially different from CS/SB 399.
18 CS/CS/SB 399 is different only in the technical sense that it
19 incorporates a series of technical provisions clarifying and
20 further delineating the small number of retirees who are
21 ineligible to receive the retirees' health insurance subsidy
22 due to their participation in other health insurance
23 programs, optional annuity programs, etc.
24
25
26
27
28
29
30
31

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1. Jones	Jones <i>(signature)</i>	1. PRCB	
2. _____	_____	2. AP	<i>18</i>
3. _____	_____	3. _____	
4. _____	_____	4. _____	

SUBJECT:

Retired Public Officers and
Employees

BILL NO. AND SPONSOR:

SB 399 by
Senator W. D. Childers
and others

*175*I. SUMMARY:

A. Present Situation:

Presently, all public employers who provide insurance coverage under section 112.0801, F.S., must allow retired employees the option of continuing participation in the employer's group insurance plan. Employers may pay a portion or all of the premium for such insurance and may commingle the claims experience of the retired group with that of the active group, but it is not mandatory.

Currently, state agencies are not covered under section 112.0801, Florida Statutes. They are covered under section 110.123, Florida Statutes, which provides health insurance coverage for state employees, active and retired. The state health insurance plan commingles the claims experience of active and retired employees. State retirees must pay all of the premium cost for their participation in the State Employees Group Health Insurance Program.

B. Effect of Proposed Changes:

This proposed legislation adds state agencies to the list of public employers under section 112.0801 F.S., that are required to provide their retirees with continued participation in the employer's group insurance programs. The bill also requires that all public employers under section 112.0801, F.S., must commingle claims experience for health and hospitalization insurance of retired employees and active employers in order to provide the same level of coverage at the same cost for both retirees and active employees. Even though employers must offer the same coverage and cost to retired employees as active employees, they are not required to pay any of the premium cost. Retirees may still be required to pay the full cost.

The bill, also, provides a retirees health insurance subsidy payment to all retirees of state-administered retirement plans to help offset the cost of health insurance. The retirees health insurance subsidy provides \$2 for each year of service with a minimum monthly payment of \$20 for ten years of service or less and a maximum monthly payment of \$60 for 30 or more years of service. The retirees health insurance subsidy payment will be issued as an increase in the retirees monthly retirement benefit and funded through a .48% increase in FRS employer contribution rates.

In addition to the above, the bill requires employers to allow former employees who retired prior to October 1, 1987, an optional enrollment period to rejoin the employers health plan. The retiree would have a three-month period from October 1, 1987 through December 31, 1987 to elect coverage.

II. ECONOMIC IMPACT AND FISCAL NOTE:**A. Public:**

The fiscal impact of this bill on the public is difficult to ascertain. The bill requires that coverage for health and hospitalization be offered to retirees at no more than the cost to active employees and requires commingling of claims experience. The bill also states that the cost of the continued participation, or any portion thereof, may be paid by the employer or by the retired employees. The extent of the cost to the state or local government for retirees, therefore, is left to the governmental body's discretion. The apportionment of increased cost for the active employees, as a result of the commingling, is dependent on the method the individual unit of government uses to allocate its premium cost and the degree of participation in the plan by retirees.

The state health plan currently commingles retirees claims experience with that of active employees, and as such, active employees pay approximately \$4 per month higher premiums to help subsidize retirees experience.

B. Government:

The cost of commingling of claims experience for local governments is at the discretion of the local government as provided in A. above.

The State Division of Retirement has estimated that as of June 1987, there will be 88,400 payees eligible to receive the subsidy payment. The cost of the subsidy on an annualized basis is estimated at \$41.5 million for retiree and dependent coverage which translates to a contribution rate increase of .48% for all FRS classes of membership as follows:

Annualized Employer Payroll Cost

State	\$10,000,000
Local	<u>31,500,000</u>
Total	\$41,500,000

III. COMMENTS:

- A. This bill requires that employers commingle the claims experience of retirees with that of active employees. For those employers who currently do not commingle, the insurance cost for active employees will increase while the insurance cost for retirees will decrease.
- B. In January 1987, a telephone survey by the Division of Retirement of all 67 Florida school districts, indicated that 36 districts currently commingle the claims experience for retirees and active employees. Ten of the school districts pay some portion of the cost of health coverage for retirees.
- C. The bill would require employers to notify all previously retired former personnel of their eligibility to participate in the insurance program. All former personnel will have from October 1, 1987 through December 31, 1987, to accept or reject participation. This provision could result in selection against the insurance program since those retirees who are unable to get coverage under another insurance carrier must be accepted by the employer. The result could be higher claims experience and eventually higher costs for both active and retired employees.
- D. Prior to October 1, 1983, employers were not required to provide retiring employees the option of remaining in their

health insurance plan. Chapter 83-294, Laws of Florida, effective October 1, provided that option.

In 1984, Section 17 of Chapter 84-266, Laws of Florida, made the provisions of the 1983 law retroactive to all people who retired prior July 1, 1984. Employers were required to offer an open enrollment period to retirees to join the group plan.

In 1985, Chapter 85-305, Laws of Florida, provided that the Department of Administration would develop and contract with an insurance carrier to provide a medicare supplement plan and a non-medicare supplement plan for retirees of all public employers in Florida. The medicare supplement plan has been developed, but due to high cost the non-medicare plan has not. The Department is currently studying alternative coverages with less benefits than the first two bid proposals in order to reduce the cost.

IV. AMENDMENTS:

None.

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

<u>ANALYST</u>	<u>STAFF DIRECTOR</u>	<u>REFERENCE</u>	<u>ACTION</u>
1. <u>Jones</u>	<u>Jones</u>	1. <u>PRCB</u>	<u>Fav/CS</u>
2. <u>Barrett/Seay</u>	<u>Smith</u>	2. <u>AP</u>	<u>Fav/CS</u>
3. _____	_____	3. _____	_____
4. _____	_____	4. _____	_____

SUBJECT:

Retired Public Officers
and Employees

BILL NO. AND SPONSOR: 18

CS for CS/SB 399 by
Appropriations, PRCB, Senator
W. D. Childers and others

1765I. SUMMARY:

A. Present Situation:

Presently, all public employers who provide insurance coverage under section 112.0801, F.S., must allow retired employees the option of continuing participation in the employer's group insurance plan. Employers may pay a portion or all of the premium for such insurance and may commingle the claims experience of the retired group with that of the active group, but it is not mandatory.

Currently, state agencies are not covered under section 112.0801, Florida Statutes. They are covered under section 110.123, Florida Statutes, which provides health insurance coverage for state employees, active and retired. The state health insurance plan commingles the claims experience of active and retired employees. State retirees must pay all of the premium cost for their participation in the State Employees Group Health Insurance Program.

B. Effect of Proposed Changes:

This proposed legislation adds state agencies to the list of public employers under section 112.0801 F.S., that are required to provide their retirees with continued participation in the employer's group insurance programs. The bill also requires that all public employers under section 112.0801, F.S., must commingle claims experience for health and hospitalization insurance of retired employees and active employers in order to provide the same level of coverage at the same cost for both retirees and active employees. However, retirees covered under Medicare may be experienced-rated separately from the retirees not covered by Medicare and from active employees, provided that the total premium does not exceed that of the active group and coverage is basically the same as for the active group. Even though employers must offer the same coverage and cost to retired employees as active employees, they are not required to pay any of the premium cost. Retirees may still be required to pay the full cost.

Also, the bill provides a retiree health insurance subsidy payment, with minor exceptions, to all retirees of state-administered retirement plans to help offset the cost of health insurance. The small number of retirees who will not receive the retiree health insurance subsidy are those deemed ineligible due to their participation in other health insurance programs, optional annuity programs, etc. The retiree health insurance subsidy payments would begin January 1, 1988. Before such payments could begin, however, each retiree would have to certify, in writing, to the Division of Retirement that they have health insurance coverage. The retiree health insurance subsidy provides \$2 for each year of service with a minimum

monthly payment of \$20 for ten years of service or less and a maximum monthly payment of \$60 for 30 or more years of service. The retiree health insurance subsidy payment will be issued as an increase in the retirees monthly retirement benefit and funded through a .48% increase in FRS employer contribution rates.

In addition to the above, the bill requires employers to allow former employees who retired prior to October 1, 1987, an optional enrollment period to rejoin the employers health plan. The retiree would have a three-month period from October 1, 1987 through December 31, 1987 to elect coverage.

II. ECONOMIC IMPACT AND FISCAL NOTE:

A. Public:

The fiscal impact of this bill on the public is difficult to ascertain. The bill requires that coverage for health and hospitalization be offered to retirees at no more than the cost to active employees and requires commingling of claims experience. The bill also states that the cost of the continued participation, or any portion thereof, may be paid by the employer or by the retired employees. The extent of the cost to the state or local government for retirees, therefore, is left to the governmental body's discretion. The apportionment of increased cost for the active employees, as a result of the commingling, is dependent on the method the individual unit of government uses to allocate its premium cost and the degree of participation in the plan by retirees.

The state health plan currently commingles retirees' claims experience with that of active employees, and as such, active employees pay approximately \$4 per month higher premiums to help subsidize retirees' premiums. Without such commingling of claims experience, the retirees' premiums would be 88 percent higher under the state health plan.

B. Government:

The cost of commingling of claims experience for local governments is at the discretion of the local government as provided in A. above.

The State Division of Retirement has estimated that as of June 1987, there will be 88,400 payees eligible to receive the subsidy payment. The cost of the subsidy on an annualized basis is estimated at \$41.5 million for retiree and dependent coverage which translates to a contribution rate increase of .48% for all FRS classes of membership as follows:

Annualized Employer Payroll Cost

State \$10,000,000

Local 31,500,000

Total \$41,500,000

III. COMMENTS:

A. This bill requires that employers commingle the claims experience of retirees with that of active employees (except for retirees covered by Medicare as outlined in the Summary above). For those employers who currently do not commingle, the insurance cost for active employees will increase while the insurance cost for retirees will decrease.

B. In January 1987, a telephone survey by the Division of Retirement of all 67 Florida school districts, indicated that

36 districts currently commingle the claims experience for retirees and active employees. Ten of the school districts pay some portion of the cost of health coverage for retirees.

- C. The bill would require employers to notify all previously retired former personnel of their eligibility to participate in the insurance program. All former personnel will have from October 1, 1987 through December 31, 1987, to accept or reject participation. This provision could result in selection against the insurance program since those retirees who are unable to get coverage under another insurance carrier must be accepted by the employer. The result could be higher claims experience and eventually higher costs for both active and retired employees.
- D. Prior to October 1, 1983, employers were not required to provide retiring employees the option of remaining in their health insurance plan. Chapter 83-294, Laws of Florida, effective October 1, provided that option.

In 1984, Section 17 of Chapter 84-266, Laws of Florida, made the provisions of the 1983 law retroactive to all people who retired prior July 1, 1984. Employers were required to offer an open enrollment period to retirees to join the group plan.

In 1985, Chapter 85-305, Laws of Florida, provided that the Department of Administration would develop and contract with an insurance carrier to provide a medicare supplement plan and a non-medicare supplement plan for retirees of all public employers in Florida. The medicare supplement plan has been developed, but due to high cost the non-medicare plan has not. The Department is currently studying alternative coverages with less benefits than the first two bid proposals in order to reduce the cost.

IV. AMENDMENTS:

None.

By Representative Martin

A bill to be entitled

An act relating to retired public officers and employees; amending s. 112.0801, F.S.; requiring state agencies to allow retired employees or their dependents to participate in the agency's group insurance programs or self-insurance plans; requiring such retirees or their dependents to be offered the same health insurance coverage that is offered to active employees and at the same cost; requiring commingling of claims experience under certain circumstances; providing for notification; providing a date certain to accept or reject health insurance program participation; creating s. 112.363, F.S.; providing for a monthly health insurance subsidy payment for all persons retired under a state-supported retirement system; providing for eligibility; specifying health insurance subsidy amount; providing an appropriation; providing for administration of the health insurance subsidy payments by the Division of Retirement of the Department of Administration; amending ss. 121.052, 121.071, F.S.; increasing the employer contributions for members of the Florida Retirement System; providing an effective date.

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

Section 1. Section 112.0801, Florida Statutes, is amended to read:

This publication was produced in compliance with the Rules and for the information of members of the Legislature and the public.

1	112.0801 Group insurance; participation by retired	1.18
2	employees.--Any <u>state agency</u> , county, municipality, community	1.20
3	college, or district school board which provides life, health,	1.2
4	accident, hospitalization, or annuity insurance, or all of any	1.25
5	kinds of such insurance, for its officers and employees and	
6	their dependents upon a group insurance plan or self-insurance	1.27
7	plan shall allow <u>all retired former personnel who have retired</u>	1:1us
8	<u>prior to October 1, 1987, as well as those who retire on or</u>	
9	<u>after such date</u> , and their eligible dependents, the option of	1.30
10	continuing to participate in such group insurance plan or	1.32
11	self-insurance plan. <u>Retirees and their eligible dependents</u>	1:1us
12	<u>shall be offered the same health and hospitalization insurance</u>	1.34
13	<u>coverage as is offered to active employees at a premium cost</u>	
14	<u>of no more than the premium cost applicable to active</u>	1.35
15	<u>employees</u> . For the retired employees and their eligible	1.36
16	<u>dependents only</u> , the cost of any such continued participation	1.36
17	<u>in any type of plan or any of the cost portion thereof may be</u>	1.39
18	paid by the employer or by the retired employees. <u>To</u>	1:1us
19	<u>determine health and hospitalization plan costs, the employer</u>	
20	<u>shall</u> Any such coverage continued on behalf of the dependents	1:1os
21	of a retired employee shall be paid for entirely by the	1.43
22	retiree;--in addition, the county, municipality, community	1.44
23	college, or district school board may commingle the claims	1.46
24	experience of the retiree group with the claims experience of	
25	the active <u>employees; and, for other types of coverage, the</u>	1.47
26	<u>employer may commingle the claims experience of the retiree</u>	1.49
27	<u>group with the claims experience of active employees.</u>	
28	Premiums, or any portion thereof, resulting from the	1:1os
29	commingling may be paid by the employer or retired employee.	1.5
30	However, a municipality or county, if it so desires, may pay	1.53
31	all or a portion of the cost of any such continued	1.54

~~participation. The provisions of this section shall not be negotiated or bargained under the provisions of part II of chapter 447.~~

Section 2. Notwithstanding any previous rejection or cancellation of participation in any group insurance plan or self-insurance plan provided under s. 110.123 or s. 112.0801, Florida Statutes, participation in such insurance plan shall be offered, beginning October 1, 1987, to all former employees who retired prior to October 1, 1987, as well as those employees who retire on or after such date, and the eligible dependents of such employees and former employees. Accordingly, all employers who provide insurance coverage under s. 110.123 or s. 112.0801, Florida Statutes, shall, before October 1, 1987, notify all previously retired former personnel or their eligible dependents in writing of their eligibility to participate in the same group insurance plan or self-insurance plan, as provided in s. 110.123 or s. 112.0801, Florida Statutes. Such previously retired personnel or their eligible dependents shall have until December 31, 1987, to, in writing, accept or reject participation in their former employer's group insurance plan or self-insurance plan.

Section 3. Section 112.363, Florida Statutes, is created to read:

112.363 Retiree health insurance subsidy.--

(1) PURPOSE OF SECTION.--The purpose of this section is to provide a monthly subsidy payment to retired members of any state-supported retirement system in order to assist such retired members in paying the costs of health insurance.

(2) ELIGIBILITY FOR HEALTH INSURANCE SUBSIDY.--Any person who is retired under a state-supported retirement system, or any joint annuitant entitled to receive benefits

1	<u>under a state-supported retirement system, is eligible for</u>	2.13
2	<u>health insurance subsidy payments provided under this section.</u>	
3	<u>Participation in a former employer's group health insurance</u>	2.1
4	<u>program is not a requirement for eligibility under this</u>	2.15
5	<u>section.</u>	
6	(3) <u>HEALTH INSURANCE SUBSIDY AMOUNT.--Each eligible</u>	1:1us
7	<u>retiree or joint annuitant shall receive a monthly health</u>	2.19
8	<u>insurance subsidy payment equal to the number of years of</u>	
9	<u>creditable service, as defined in s. 121.021(17), completed at</u>	2.21
10	<u>the time of retirement multiplied by \$2; however, no retiree</u>	
11	<u>may receive a subsidy payment of more than \$60 and no retiree</u>	2.22
12	<u>may receive a subsidy payment of less than \$20.</u>	2.23
13	(4) <u>PAYMENT OF HEALTH INSURANCE SUBSIDY.--Beginning</u>	1:1us
14	<u>October 1, 1987, any monthly health insurance subsidy amount</u>	2.25
15	<u>due and payable under this section shall be paid to retired</u>	2.26
16	<u>members by the Division of Retirement of the Department of</u>	2.27
17	<u>Administration or under the direction and control of the</u>	
18	<u>division.</u>	
19	(5) <u>APPROPRIATION.--There is hereby appropriated</u>	1:1us
20	<u>annually from the System Trust Fund, as defined in s.</u>	2.29
21	<u>121.021(36), an amount sufficient to fund the health insurance</u>	
22	<u>subsidy payments provided under this section.</u>	2.31
23	(6) <u>ADMINISTRATION OF SYSTEM.--The Division of</u>	1:1us
24	<u>Retirement of the Department of Administration may adopt such</u>	2.33
25	<u>rules and regulations as are necessary for the effective and</u>	
26	<u>efficient administration of this section.</u>	2.34
27	Section 4. Paragraphs (a), (b), (d), (e), and (g) of	2.35
28	subsection (4) of section 121.052, Florida Statutes, 1986	2.36
29	Supplement, are amended to read:	
30	121.052 Membership class of certain elected state	2.38
31	officers.--	

(4)(a)1. From and after October 1, 1978, and except as provided in this subsection, the employer paying the salary of a member of the Elected State Officers' Class shall withhold 8 percent of his gross salary, which shall constitute the contribution of that member with respect to retirement and other benefits payable to members of this class, and one-half of the entire contribution of the member required for social security coverage. The employer withholding such contributions shall set aside the funds necessary to pay the matching contributions required pursuant to s. 121.061 and shall contribute an amount equal to 10.57 percent of such member's gross compensation and one-half of the entire contribution with respect to the member's social security coverage.

2. From and after October 1, 1981, the employer paying the salary of any member of the Elected State Officers' Class who is a legislator shall contribute an amount equal to 19.3 percent of such member's gross compensation, which shall constitute the entire contribution with respect to such member. From and after October 1, 1984, the employer paying the salary of any member of the Elected State Officers' Class who is a legislator shall contribute an amount equal to 10.98 percent of such member's gross compensation, which shall constitute the entire contribution with respect to such member. From and after October 1, 1986, the employer paying the salary of any member of the Elected State Officers' Class who is a legislator shall contribute an amount equal to 11.50 percent of such member's gross compensation, which shall constitute the entire contribution with respect to such member. Effective October 1, 1987, the employer paying the salary of any member of the Elected State Officers' Class who

1 is a legislator shall contribute an amount equal to 11.98
2 percent of such member's gross compensation, which shall 3.1
3 constitute the entire contribution with respect to such
4 member. The employer shall, however, withhold one-half of the 3.3
5 entire contribution of the member required for social security 3.6
6 coverage.

7 (b)1. From and after October 1, 1978, the employer 3.8
8 paying the salary of any member of the Elected State Officers' 3.9
9 Class who is a Governor, Lieutenant Governor, Cabinet officer, 3.10
10 Supreme Court justice, district court of appeal judge, circuit
11 judge, county court judge, state attorney, public service 3.11
12 commissioner, or public defender shall contribute an amount 3.13
13 equal to 16.78 percent of such member's gross compensation and 3.14
14 shall withhold 4 percent of such member's gross compensation,
15 the sum of which shall constitute the entire contribution with 3.16
16 respect to such member. The employer shall, however, withhold 3.18
17 one-half of the entire contribution of the member required for 3.20
18 social security coverage. Effective July 1, 1979, any member 3.21
19 of the Elected State Officers' Class who is a public service
20 commissioner shall be removed from this class, shall become a 3.23
21 regular member on that date, and shall be subject to the 3.24
22 contribution provisions of s. 121.071 which pertain to regular 3.25
23 members.

24 2. From and after October 1, 1981, the employer paying 3.26
25 the salary of any member of the Elected State Officers' Class 3.27
26 who is a Governor, Lieutenant Governor, or Cabinet officer
27 shall contribute an amount equal to 21.03 percent of such 3.28
28 member's gross compensation, which shall constitute the entire 3.29
29 contribution with respect to such member. From and after 3.30
30 October 1, 1984, the employer paying the salary of any member
31 of the Elected State Officers' Class who is a Governor, 3.31

1 Lieutenant Governor, or Cabinet officer shall contribute an
 2 amount equal to 10.98 percent of such member's gross 3.32
 3 compensation, which shall constitute the entire contribution 3.33
 4 with respect to such member. From and after October 1, 1986, 3.34
 5 the employer paying the salary of any member of the Elected
 6 State Officers' Class who is a Governor, Lieutenant Governor, 3.35
 7 or Cabinet officer shall contribute an amount equal to 11.50 3.36
 8 percent of such member's gross compensation, which shall
 9 constitute the entire contribution with respect to such 3.37
 10 member. Effective October 1, 1987, the employer paying the 1:1us
 11 salary of any member of the Elected State Officers' Class who 3.39
 12 is a Governor, Lieutenant Governor, or Cabinet officer shall
 13 contribute an amount equal to 11.98 percent of such member's 3.40
 14 gross compensation, which shall constitute the entire 3.41
 15 contribution with respect to such member. The employer shall, 3.43
 16 however, withhold one-half of the entire contribution of the 3.45
 17 member required for social security coverage. 3.46
 18 (d) Effective October 1, 1981, the employer paying the 3.48
 19 salary of any member of the Elected State Officers' Class who
 20 is a Supreme Court justice, district court of appeal judge, 3.49
 21 circuit judge, or county court judge shall contribute an
 22 amount equal to 22.55 percent of that member's gross 3.50
 23 compensation, which shall constitute the entire contribution 3.51
 24 with respect to that member. Effective October 1, 1984, the 3.52
 25 employer paying the salary of any member of the Elected State
 26 Officers' Class who is a Supreme Court justice, district court 3.53
 27 of appeal judge, circuit judge, or county court judge shall 3.54
 28 contribute an amount equal to 21.79 percent of that member's
 29 gross compensation, which shall constitute the entire 3.55
 30 contribution with respect to that member. Effective October 3.56
 31 1, 1986, the employer paying the salary of any member of the

1	Elected State Officers' Class who is a Supreme Court justice,	3.57
2	district court of appeal judge, circuit judge, or county court	3.58
3	judge shall contribute an amount equal to 20.94 percent of	
4	that member's gross compensation, which shall constitute the	3.59
5	entire contribution with respect to that member. <u>Effective</u>	1:1us
6	<u>October 1, 1987, the employer paying the salary of any member</u>	
7	<u>of the Elected State Officers' Class who is a Supreme Court</u>	3.62
8	<u>justice, district court of appeal judge, circuit judge, or</u>	
9	<u>county court judge shall contribute an amount equal to 21.42</u>	3.63
10	<u>percent of that member's gross compensation, which shall</u>	3.64
11	<u>constitute the entire contribution with respect to that</u>	
12	<u>member.</u> The employer shall, however, withhold one-half of the	3.66
13	entire contribution of the member required for social security	4.2
14	coverage.	
15	(e) Effective October 1, 1981, the employer paying the	4.4
16	salary of any member of the Elected State Officers' Class who	
17	is a state attorney or public defender shall contribute an	4.6
18	amount equal to 20.95 percent of that member's gross	
19	compensation, which shall constitute the entire contribution	4.7
20	with respect to that member. Effective October 1, 1984, the	4.8
21	employer paying the salary of any member of the Elected State	4.9
22	Officers' Class who is a state attorney or public defender	4.10
23	shall contribute an amount equal to 10.98 percent of that	4.11
24	member's gross compensation, which shall constitute the entire	
25	contribution with respect to that member. Effective October	4.13
26	1, 1986, the employer paying the salary of any member of the	
27	Elected State Officers' Class who is a state attorney or	4.14
28	public defender shall contribute an amount equal to 11.50	4.15
29	percent of that member's gross compensation, which shall	
30	constitute the entire contribution with respect to that	4.16
31	member. <u>Effective October 1, 1987, the employer paying the</u>	1:1us

1 salary of any member of the Elected State Officers' Class who 4.18
 2 is a state attorney or public defender shall contribute an
 3 amount equal to 11.98 percent of that member's gross 4.20
 4 compensation, which shall constitute the entire contribution
 5 with respect to that member. The employer shall, however, 4.22
 6 withhold one-half of the entire contribution of the member 4.23
 7 required for social security coverage. 4.24

8 (g) Effective July 1, 1984, the employer paying the 4.25
 9 salary of any member of the Elected State Officers' Class who 4.28
 10 is a county elected officer shall contribute an amount equal
 11 to 20.25 percent of that member's gross compensation, which 4.29
 12 shall constitute the entire contribution with respect to that 4.30
 13 member. Effective October 1, 1984, the employer paying the 4.31
 14 salary of any member of the Elected State Officers' Class who 4.32
 15 is a county elected officer shall contribute an amount equal
 16 to 16.97 percent of that member's gross compensation, which 4.33
 17 shall constitute the entire contribution with respect to that 4.34
 18 member. Effective October 1, 1986, the employer paying the 4.35
 19 salary of any member of the Elected State Officers' Class who 4.36
 20 is a county elected officer shall contribute an amount equal
 21 to 17.19 percent of that member's gross compensation, which 4.37
 22 shall constitute the entire contribution with respect to that 4.38
 23 member. Effective October 1, 1987, the employer paying the 1:1us
 24 salary of any member of the Elected State Officers' Class who 4.40
 25 is a county elected officer shall contribute an amount equal
 26 to 17.67 percent of that member's gross compensation, which 4.41
 27 shall constitute the entire contribution with respect to that 4.42
 28 member. The employer shall, however, withhold one-half of the 4.43
 29 entire contribution of the member required for social security 4.45
 30 coverage.
 31

1	Section 5. Subsection (2) of section 121.071, Florida	4.46
2	Statutes, 1986 Supplement, is amended to read:	4.47
3	121.071 Contributions.--Contributions to the system	4.48
4	shall be made as follows:	4.49
5	(2)(a) Until January 1, 1975, each employer shall	4.51
6	contribute an amount equal to the total of its member	
7	contributions, made under subsection (1), each pay period.	4.52
8	Effective January 1, 1975, and until October 1, 1978, each	4.53
9	employer shall contribute 9 percent of gross compensation each	4.54
10	pay period for each of its regular members and 13 percent of	4.55
11	gross compensation each pay period for each of its special	
12	risk members. Effective October 1, 1978, each employer shall	4.56
13	contribute 9.1 percent of gross compensation each pay period	4.57
14	for each of its regular members and 13.95 percent of gross	4.58
15	compensation each pay period for each of its special risk	
16	members. Effective October 1, 1981, each employer shall	4.59
17	contribute 10.93 percent of gross compensation each pay period	4.60
18	for each of its regular members and 13.91 percent of gross	
19	compensation each pay period for each of its special risk	4.61
20	members. Effective October 1, 1984, each employer shall	4.62
21	contribute 12.24 percent of gross compensation each pay period	4.63
22	for each of its regular members and 14.67 percent of gross	
23	compensation each pay period for each of its special risk	4.64
24	members. Effective October 1, 1986, each employer shall	4.65
25	contribute 13.14 percent of gross compensation each pay period	4.66
26	for each of its regular members and 15.11 percent of gross	
27	compensation each pay period for each of its special risk	5.1
28	members. <u>Effective October 1, 1987, each employer shall</u>	1:1us
29	<u>contribute 13.62 percent of gross compensation each pay period</u>	5.3
30	<u>for each of its regular members and 15.59 percent of gross</u>	
31		

1	<u>compensation each pay period for each of its special risk</u>	5.4
2	<u>members.</u>	
3	(b) Effective July 1, 1982, each employer shall	5.6
4	contribute 11.14 percent of gross compensation each pay period	5.8
5	for each of its members serving in an administrative support	
6	position in a law enforcement, firefighting, or correctional	5.9
7	agency as provided in s. 121.0515(7). Effective October 1,	5.11
8	1984, each employer shall contribute 13.09 percent of gross	
9	compensation each pay period for each of its members serving	5.15
10	in an administrative support position in a law enforcement,	
11	firefighting, or correctional agency as provided in s.	5.17
12	121.0515(7). Effective October 1, 1986, each employer shall	5.18
13	contribute 15.44 percent of gross compensation each pay period	5.19
14	for each of its members serving in an administrative support	
15	position in a law enforcement, firefighting, or correctional	5.20
16	agency as provided in s. 121.0515(7). <u>Effective October 1,</u>	1:lus
17	<u>1987, each employer shall contribute 15.92 percent of gross</u>	
18	<u>compensation each pay period for each of its members serving</u>	5.23
19	<u>in an administrative support position in a law enforcement,</u>	5.24
20	<u>firefighting, or correctional agency as provided in s.</u>	5.25
21	<u>121.0515(7).</u>	
22	Section 6. This act shall take effect October 1, 1987,	5.26
23	except that this section and section 2 shall take effect upon	5.27
24	becoming a law.	
25		
26		
27		
28		
29		
30		
31		

1	*****	1:sbs
2	SENATE SUMMARY	1:sbs
3	Adds state agencies to the list of public employers that	5.3
4	are required, beginning October 1, 1987, to offer retired	5.31
5	employees or their eligible dependents group insurance	5.32
6	coverage. Requires that the costs of health and	5.34
7	hospitalization coverage for such retirees be no greater	5.35
8	than the cost to active employees. Requires an employer	5.36
9	to commingle health and hospitalization claims of retired	5.38
10	and active employees to determine health insurance plan	5.40
11	costs. Provides for notification of retired personnel or	5.42
12	their dependents of eligibility to participate in	5.43
13	insurance plans. Provides that such personnel or their	5.44
14	dependents have until December 31, 1987, to accept or	5.45
15	reject participation in such plans. Provides for a	5.47
16	monthly subsidy payment to all retired members of the	5.48
17	Florida Retirement System to assist in paying for health	5.49
18	insurance. Provides for eligibility to receive such a	
19	subsidy. Sets a formula to determine the subsidy amount.	
20	Provides for the subsidy payment to be made by the	
21	Division of Retirement of the Department of	
22	Administration. Provides an appropriation from the	
23	Retirement System Trust Fund to fund the subsidy	
24	payments. Increases the total contribution amount for	
25	employers paying the salary of members of the Florida	
26	Retirement System by .48 percent.	
27		
28		
29		
30		
31		

By the Committee on Retirement, Personnel & Collective Bargaining
and Representatives Martin, Gonzalez-Quevedo, Bass, Brown, Lawson,
B. L. Johnson

A bill to be entitled

An act relating to retired public officers and
employees; amending s. 112.0801, F.S.;
requiring state agencies to allow retired
employees or their dependents to participate in
the agency's group insurance programs or self-
insurance plans; requiring such retirees or
their dependents to be offered the same health
insurance coverage that is offered to active
employees and at the same cost; requiring
commingling of claims experience under certain
circumstances; providing for notification;
providing a date certain to accept or reject
health insurance program participation;
creating s. 112.363, F.S.; providing for a
monthly health insurance subsidy payment for
all persons retired under a state-supported
retirement system; providing for eligibility;
specifying health insurance subsidy amount;
creating the Retiree Health Insurance Subsidy
Trust Fund; providing for investment of the
trust fund; providing for administration of the
health insurance subsidy payments by the
Division of Retirement of the Department of
Administration; providing an appropriation;
providing for administration of the health
insurance subsidy payments by the Division of
Retirement of the Department of Administration;
amending ss. 121.052, 121.055, and 121.071,
F.S.; increasing the employer contributions for

This publication was produced at an average cost of 1.5 cents per
single page in compliance with the Rules and for the information
of members of the Legislature and the public.

1	members of the Florida Retirement System;	
2	providing an effective date.	1.19
3		
4	Be It Enacted by the Legislature of the State of Florida:	1:enc
5		
6	Section 1. Section 112.0801, Florida Statutes, is	1.20
7	amended to read:	
8	112.0801 Group insurance; participation by retired	1.21
9	employees.--Any <u>state agency</u> , county, municipality, <u>special</u>	1.23
10	<u>district</u> , community college, or district school board which	1.25
11	provides life, health, accident, hospitalization, or annuity	1.28
12	insurance, or all of any kinds of such insurance, for its	
13	officers and employees and their dependents upon a group	1.29
14	insurance plan or self-insurance plan shall allow <u>all</u> retired	1.30
15	former personnel <u>who have retired prior to October 1, 1987, as</u>	1:lus
16	<u>well as those who retire on or after such date</u> , and their	1.32
17	eligible dependents, the option of continuing to participate	1.35
18	in such group insurance plan or self-insurance plan. <u>Retirees</u>	1:lus
19	<u>and their eligible dependents shall be offered the same health</u>	
20	<u>and hospitalization insurance coverage as is offered to active</u>	1.37
21	<u>employees at a premium cost of no more than the premium cost</u>	1.38
22	<u>applicable to active employees.</u> For the retired employees <u>and</u>	1.39
23	<u>their eligible dependents</u> only, the cost of any such continued	1.41
24	participation <u>in any type of plan or any of the cost portion</u>	1.42
25	thereof may be paid by the employer or by the retired	1.43
26	employees. <u>To determine health and hospitalization plan</u>	1:lus
27	<u>costs, the employer shall</u> Any such coverage continued on	1:los
28	behalf of the dependents of a retired employee shall be paid	
29	for entirely by the retiree--In addition, the county	1.47
30	municipality, community college or district school board may	1.48
31	commingle the claims experience of the retiree group with the	1.49

1 claims experience of the active employees; and, for other 1.50
2 types of coverage, the employer may commingle the claims
3 experience of the retiree group with the claims experience of 1.52
4 active employees. Premiums, or any portion thereof, resulting 1.05
5 from the commingling may be paid by the employer or retired 1.55
6 employees. However, a municipality or county, if it so 1.56
7 desires, may pay all or a portion of the cost of any such 1.57
8 continued participation. The provisions of this section shall 1.59
9 not be negotiated or bargained under the provisions of part II 1.60
10 of chapter 447.

11 Section 2. Notwithstanding any previous rejection or 1.61
12 cancellation of participation in any group insurance plan or 1.62
13 self-insurance plan provided under s. 110.123 or s. 112.0801,
14 Florida Statutes, participation in such insurance plan shall 1.63
15 be offered, beginning October 1, 1987, to all former employees 1.64
16 who retired prior to October 1, 1987, as well as those
17 employees who retire on or after such date, and the eligible 1.65
18 dependents of such employees and former employees.

19 Accordingly, all employers who provide insurance coverage 1.66
20 under s. 110.123 or s. 112.0801, Florida Statutes, shall, 1.67
21 before October 1, 1987, notify all previously retired former
22 personnel or their eligible dependents in writing of their 1.68
23 eligibility to participate in the same group insurance plan or 1.69
24 self-insurance plan, as provided in s. 110.123 or s. 112.0801,
25 Florida Statutes. Such previously retired personnel or their 1.70
26 eligible dependents shall have until December 31, 1987, to, in 1.71
27 writing, accept or reject participation in their former
28 employer's group insurance plan or self-insurance plan. 1.72

29 Section 3. Section 112.363, Florida Statutes, is 1.73
30 created to read:

31 112.363 Retiree health insurance subsidy.-- 1.15

1	<u>(1) PURPOSE OF SECTION.--The purpose of this section</u>	1.76
2	<u>is to provide a monthly subsidy payment to retired members of</u>	1.77
3	<u>any state-administered retirement system in order to assist</u>	
4	<u>such retired members in paying the costs of health insurance.</u>	1.79
5	<u>(2) ELIGIBILITY FOR HEALTH INSURANCE SUBSIDY.--A</u>	1.1us
6	<u>person who is retired under a state-administered retirement</u>	1.82
7	<u>system, or a beneficiary who is a spouse or financial</u>	
8	<u>dependent entitled to receive benefits under a state-</u>	1.83
9	<u>administered retirement system, is eligible for health</u>	1.84
10	<u>insurance subsidy payments provided under this section; except</u>	2.1
11	<u>that pension recipients under ss. 121.40, 238.07(16)(a), and</u>	
12	<u>250.22, or any other special pension or relief act shall not</u>	2.2
13	<u>be eligible for such payments. Payment of the insurance</u>	2.3
14	<u>subsidy shall be made only after coverage for health insurance</u>	
15	<u>for the retiree or beneficiary has been certified in writing</u>	2.4
16	<u>to the Division of Retirement. Participation in a former</u>	2.5
17	<u>employer's group health insurance program is not a requirement</u>	
18	<u>for eligibility under this section.</u>	2.6
19	<u>(3) HEALTH INSURANCE SUBSIDY AMOUNT.--Each eligible</u>	1.1us
20	<u>retiree or a beneficiary who is a spouse or financial</u>	2.8
21	<u>dependent shall receive a monthly health insurance subsidy</u>	2.11
22	<u>payment equal to the number of years of creditable service, as</u>	
23	<u>defined in s. 121.021(17), completed at the time of retirement</u>	2.13
24	<u>multiplied by \$2; however, no retiree may receive a subsidy</u>	2.14
25	<u>payment of more than \$60 and no retiree may receive a subsidy</u>	
26	<u>payment of less than \$20.</u>	2.15
27	<u>(4) PAYMENT OF HEALTH INSURANCE SUBSIDY.--Beginning</u>	1.1us
28	<u>January 1, 1988, any monthly health insurance subsidy amount</u>	2.18
29	<u>due and payable under this section shall be paid to retired</u>	2.19
30	<u>members by the Division of Retirement of the Department of</u>	2.20
31		

1	<u>Administration or under the direction and control of the</u>	2.20
2	<u>division.</u>	
3	<u>(5) TRUST FUND ESTABLISHED.--There is hereby</u>	1:1us
4	<u>established a trust fund in the state treasury to be entitled</u>	2.22
5	<u>the Retiree Health Insurance Subsidy Trust Fund. Said trust</u>	2.23
6	<u>fund shall be used to account for all moneys received and</u>	
7	<u>disbursed pursuant to this section. Should funding for the</u>	2.25
8	<u>retiree health insurance subsidy program fail to provide full</u>	
9	<u>benefits for all participants, the benefits may be reduced or</u>	2.26
10	<u>canceled at any time.</u>	2.27
11	<u>(6) INVESTMENTS OF THE TRUST FUND.--The State Board of</u>	1:1us
12	<u>Administration created by the authority of the State</u>	2.28
13	<u>Constitution shall invest and reinvest the funds of the trust</u>	2.29
14	<u>fund in accordance with ss. 215.44-215.53. Costs incurred by</u>	2.30
15	<u>the Board of Administration incurring from the provisions of</u>	
16	<u>this section shall be deducted from the interest earnings</u>	2.31
17	<u>accruing to the trust fund.</u>	
18	<u>(7) ADMINISTRATION OF SYSTEM.--The Division of</u>	2.32
19	<u>Retirement of the Department of Administration may adopt such</u>	2.33
20	<u>rules and regulations as are necessary for the effective and</u>	
21	<u>efficient administration of this section. The cost of</u>	2.35
22	<u>administration shall be appropriated from the trust fund.</u>	
23	Section 4. Paragraphs (a), (b), (d), (e), and (g) of	2.35
24	subsection (4) of section 121.052, Florida Statutes, 1986	2.36
25	Supplement, are amended to read:	
26	121.052 Membership class of certain elected state	2.38
27	officers.--	
28	(4)(a)1. From and after October 1, 1978, and except as	2.39
29	provided in this subsection, the employer paying the salary of	2.41
30	a member of the Elected State Officers' Class shall withhold 8	
31	percent of his gross salary, which shall constitute the	2.43

1	contribution of that member with respect to retirement and	2.44
2	other benefits payable to members of this class, and one-half	2.45
3	of the entire contribution of the member required for social	
4	security coverage. The employer withholding such	2.47
5	contributions shall set aside the funds necessary to pay the	2.48
6	matching contributions required pursuant to s. 121.061 and	2.49
7	shall contribute an amount equal to 10.57 percent of such	
8	member's gross compensation and one-half of the entire	2.51
9	contribution with respect to the member's social security	
10	coverage.	
11	2. From and after October 1, 1981, the employer paying	2.52
12	the salary of any member of the Elected State Officers' Class	2.53
13	who is a legislator shall contribute an amount equal to 19.3	
14	percent of such member's gross compensation, which shall	2.54
15	constitute the entire contribution with respect to such	2.55
16	member. From and after October 1, 1984, the employer paying	2.56
17	the salary of any member of the Elected State Officers' Class	2.57
18	who is a legislator shall contribute an amount equal to 10.98	
19	percent of such member's gross compensation, which shall	2.58
20	constitute the entire contribution with respect to such	
21	member. From and after October 1, 1986, the employer paying	2.60
22	the salary of any member of the Elected State Officers' Class	2.61
23	who is a legislator shall contribute an amount equal to 11.50	
24	percent of such member's gross compensation, which shall	2.62
25	constitute the entire contribution with respect to such	
26	member. <u>Effective October 1, 1987, the employer paying the</u>	1:1us
27	<u>salary of any member of the Elected State Officers' Class who</u>	2.65
28	<u>is a legislator shall contribute an amount equal to 11.98</u>	
29	<u>percent of such member's gross compensation, which shall</u>	2.67
30	<u>constitute the entire contribution with respect to such</u>	
31	<u>member.</u> The employer shall, however, withhold one-half of the	2.69

1	entire contribution of the member required for social security	2.72
2	coverage.	
3	(b)1. From and after October 1, 1978, the employer	2.74
4	paying the salary of any member of the Elected State Officers'	2.75
5	Class who is a Governor, Lieutenant Governor, Cabinet officer,	2.76
6	Supreme Court justice, district court of appeal judge, circuit	
7	judge, county court judge, state attorney, public service	2.77
8	commissioner, or public defender shall contribute an amount	2.79
9	equal to 16.78 percent of such member's gross compensation and	2.80
10	shall withhold 4 percent of such member's gross compensation,	
11	the sum of which shall constitute the entire contribution with	2.82
12	respect to such member. The employer shall, however, withhold	2.84
13	one-half of the entire contribution of the member required for	3.2
14	social security coverage. Effective July 1, 1979, any member	3.3
15	of the Elected State Officers' Class who is a public service	
16	commissioner shall be removed from this class, shall become a	3.5
17	regular member on that date, and shall be subject to the	3.6
18	contribution provisions of s. 121.071 which pertain to regular	3.7
19	members.	
20	2. From and after October 1, 1981, the employer paying	3.8
21	the salary of any member of the Elected State Officers' Class	3.9
22	who is a Governor, Lieutenant Governor, or Cabinet officer	
23	shall contribute an amount equal to 21.03 percent of such	3.10
24	member's gross compensation, which shall constitute the entire	3.11
25	contribution with respect to such member. From and after	3.12
26	October 1, 1984, the employer paying the salary of any member	
27	of the Elected State Officers' Class who is a Governor,	3.13
28	Lieutenant Governor, or Cabinet officer shall contribute an	
29	amount equal to 10.98 percent of such member's gross	3.14
30	compensation, which shall constitute the entire contribution	3.15
31	with respect to such member. From and after October 1, 1986,	3.16

1	the employer paying the salary of any member of the Elected	
2	State Officers' Class who is a Governor, Lieutenant Governor,	3.17
3	or Cabinet officer shall contribute an amount equal to 11.50	3.18
4	percent of such member's gross compensation, which shall	
5	constitute the entire contribution with respect to such	3.19
6	member. <u>Effective October 1, 1987, the employer paying the</u>	1:lus
7	<u>salary of any member of the Elected State Officers' Class who</u>	3.21
8	<u>is a Governor, Lieutenant Governor, or Cabinet officer shall</u>	
9	<u>contribute an amount equal to 11.98 percent of such member's</u>	3.22
10	<u>gross compensation, which shall constitute the entire</u>	3.23
11	<u>contribution with respect to such member. The employer shall,</u>	3.25
12	however, withhold one-half of the entire contribution of the	3.27
13	member required for social security coverage.	3.28
14	(d) Effective October 1, 1981, the employer paying the	3.30
15	salary of any member of the Elected State Officers' Class who	
16	is a Supreme Court justice, district court of appeal judge,	3.31
17	circuit judge, or county court judge shall contribute an	
18	amount equal to 22.55 percent of that member's gross	3.32
19	compensation, which shall constitute the entire contribution	3.33
20	with respect to that member. Effective October 1, 1984, the	3.34
21	employer paying the salary of any member of the Elected State	
22	Officers' Class who is a Supreme Court justice, district court	3.35
23	of appeal judge, circuit judge, or county court judge shall	3.36
24	contribute an amount equal to 21.79 percent of that member's	
25	gross compensation, which shall constitute the entire	3.37
26	contribution with respect to that member. Effective October	3.38
27	1, 1986, the employer paying the salary of any member of the	
28	Elected State Officers' Class who is a Supreme Court justice,	3.39
29	district court of appeal judge, circuit judge, or county court	3.40
30	judge shall contribute an amount equal to 20.94 percent of	
31	that member's gross compensation, which shall constitute the	3.41

1	entire contribution with respect to that member. <u>Effective</u>	1:1us
2	<u>October 1, 1987, the employer paying the salary of any member</u>	
3	<u>of the Elected State Officers' Class who is a Supreme Court</u>	3.44
4	<u>justice, district court of appeal judge, circuit judge, or</u>	
5	<u>county court judge shall contribute an amount equal to 21.42</u>	3.45
6	<u>percent of that member's gross compensation, which shall</u>	3.46
7	<u>constitute the entire contribution with respect to that</u>	
8	<u>member.</u> The employer shall, however, withhold one-half of the	3.48
9	entire contribution of the member required for social security	3.50
10	coverage.	
11	(e) Effective October 1, 1981, the employer paying the	3.52
12	salary of any member of the Elected State Officers' Class who	
13	is a state attorney or public defender shall contribute an	3.54
14	amount equal to 20.95 percent of that member's gross	
15	compensation, which shall constitute the entire contribution	3.55
16	with respect to that member. Effective October 1, 1984, the	3.56
17	employer paying the salary of any member of the Elected State	3.57
18	Officers' Class who is a state attorney or public defender	3.58
19	shall contribute an amount equal to 10.98 percent of that	3.59
20	member's gross compensation, which shall constitute the entire	
21	contribution with respect to that member. Effective October	3.61
22	1, 1986, the employer paying the salary of any member of the	
23	Elected State Officers' Class who is a state attorney or	3.62
24	public defender shall contribute an amount equal to 11.50	3.63
25	percent of that member's gross compensation, which shall	
26	constitute the entire contribution with respect to that	3.64
27	member. <u>Effective October 1, 1987, the employer paying the</u>	1:1us
28	<u>salary of any member of the Elected State Officers' Class who</u>	3.66
29	<u>is a state attorney or public defender shall contribute an</u>	
30	<u>amount equal to 11.98 percent of that member's gross</u>	3.68
31	<u>compensation, which shall constitute the entire contribution</u>	

1	<u>with respect to that member.</u> The employer shall, however,	3.70
2	withhold one-half of the entire contribution of the member	3.71
3	required for social security coverage.	3.72
4	(g) Effective July 1, 1984, the employer paying the	3.73
5	salary of any member of the Elected State Officers' Class who	3.76
6	is a county elected officer shall contribute an amount equal	
7	to 20.25 percent of that member's gross compensation, which	3.77
8	shall constitute the entire contribution with respect to that	3.78
9	member. Effective October 1, 1984, the employer paying the	3.79
10	salary of any member of the Elected State Officers' Class who	3.80
11	is a county elected officer shall contribute an amount equal	
12	to 16.97 percent of that member's gross compensation, which	3.81
13	shall constitute the entire contribution with respect to that	3.82
14	member. Effective October 1, 1986, the employer paying the	3.83
15	salary of any member of the Elected State Officers' Class who	3.84
16	is a county elected officer shall contribute an amount equal	
17	to 17.19 percent of that member's gross compensation, which	4.1
18	shall constitute the entire contribution with respect to that	4.2
19	member. <u>Effective October 1, 1987, the employer paying the</u>	1:lus
20	<u>salary of any member of the Elected State Officers' Class who</u>	4.4
21	<u>is a county elected officer shall contribute an amount equal</u>	
22	<u>to 17.67 percent of that member's gross compensation, which</u>	4.5
23	<u>shall constitute the entire contribution with respect to that</u>	4.6
24	<u>member.</u> The employer shall, however, withhold one-half of the	4.7
25	entire contribution of the member required for social security	4.9
26	coverage.	
27	Section 5. Subsection (3) of section 121.055, Florida	4.10
28	Statutes, 1986 Supplement, is amended to read:	4.11
29	121.055 Senior Management Service Class.--There is	4.11
30	hereby established a separate class of membership within the	4.12
31	Florida Retirement System to be known as the "Senior	1:qq

1	Management Service Class," which shall become effective	
2	February 1, 1987.	4.14
3	(3) Commencing February 1, 1987, the employing agency	4.15
4	of a member of the Senior Management Service Class shall	4.16
5	contribute each pay period an amount equal to 13.88 percent of	
6	the member's gross salary, which shall constitute the entire	4.18
7	retirement contribution with respect to such member, plus the	4.19
8	employer's share of the contribution required for social	
9	security coverage. <u>Effective October 1, 1987, the employing</u>	4.18
10	<u>agency shall contribute each pay period an amount equal to</u>	4.22
11	<u>14.36 percent of each member's gross salary, which shall</u>	
12	<u>constitute the entire retirement contribution with respect to</u>	4.23
13	<u>such member.</u>	
14	Section 6. Subsection (2) of section 121.071, Florida	4.24
15	Statutes, 1986 Supplement, is amended to read:	4.25
16	121.071 Contributions.--Contributions to the system	4.26
17	shall be made as follows:	4.27
18	(2)(a) Until January 1, 1975, each employer shall	4.29
19	contribute an amount equal to the total of its member	
20	contributions, made under subsection (1), each pay period.	4.30
21	Effective January 1, 1975, and until October 1, 1978, each	4.31
22	employer shall contribute 9 percent of gross compensation each	4.32
23	pay period for each of its regular members and 13 percent of	4.33
24	gross compensation each pay period for each of its special	
25	risk members. Effective October 1, 1978, each employer shall	4.34
26	contribute 9.1 percent of gross compensation each pay period	4.35
27	for each of its regular members and 13.95 percent of gross	4.36
28	compensation each pay period for each of its special risk	
29	members. Effective October 1, 1981, each employer shall	4.37
30	contribute 10.93 percent of gross compensation each pay period	4.38
31	for each of its regular members and 13.91 percent of gross	

1	compensation each pay period for each of its special risk	4.39
2	members. Effective October 1, 1984, each employer shall	4.40
3	contribute 12.24 percent of gross compensation each pay period	4.41
4	for each of its regular members and 14.67 percent of gross	
5	compensation each pay period for each of its special risk	4.42
6	members. Effective October 1, 1986, each employer shall	4.43
7	contribute 13.14 percent of gross compensation each pay period	4.44
8	for each of its regular members and 15.11 percent of gross	
9	compensation each pay period for each of its special risk	4.45
10	members. <u>Effective October 1, 1987, each employer shall</u>	1:lus
11	<u>contribute 13.62 percent of gross compensation each pay period</u>	4.47
12	<u>for each of its regular members and 15.59 percent of gross</u>	
13	<u>compensation each pay period for each of its special risk</u>	4.48
14	<u>members.</u>	
15	(b) Effective July 1, 1982, each employer shall	4.50
16	contribute 11.14 percent of gross compensation each pay period	4.52
17	for each of its members serving in an administrative support	
18	position in a law enforcement, firefighting, or correctional	4.53
19	agency as provided in s. 121.0515(7). Effective October 1,	4.55
20	1984, each employer shall contribute 13.09 percent of gross	
21	compensation each pay period for each of its members serving	4.59
22	in an administrative support position in a law enforcement,	
23	firefighting, or correctional agency as provided in s.	4.61
24	121.0515(7). Effective October 1, 1986, each employer shall	4.62
25	contribute 15.44 percent of gross compensation each pay period	4.63
26	for each of its members serving in an administrative support	
27	position in a law enforcement, firefighting, or correctional	4.64
28	agency as provided in s. 121.0515(7). <u>Effective October 1,</u>	1:lus
29	<u>1987, each employer shall contribute 15.92 percent of gross</u>	
30	<u>compensation each pay period for each of its members serving</u>	4.67
31	<u>in an administrative support position in a law enforcement,</u>	4.68

1	<u>firefighting, or correctional agency as provided in s.</u>	4.69
2	<u>121.0515(7).</u>	
3	Section 7. This act shall take effect October 1, 1987,	4.70
4	except that this section and section 2 shall take effect upon	4.71
5	becoming a law.	
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		

By the Committees on Appropriations and Retirement, Personnel & Collective Bargaining and Representatives Martin, Gonzalez-Quevedo, Bass, Brown, Lawson, B. L. Johnson, Sample, Mitchell, Liberti, Tobin, Trammell

This publication was produced at an average cost of 1.5 cents per single page in compliance with the Rules and for the information of members of the Legislature and the public.

1 A bill to be entitled
2 An act relating to retired state public
3 officers and employees; creating s. 112.363,
4 F.S.; providing for a monthly health insurance
5 subsidy payment for all state employees retired
6 under a state-supported retirement system;
7 providing for eligibility; specifying health
8 insurance subsidy amount; creating the State
9 Retiree Health Insurance Subsidy Trust Fund;
10 providing for investment of the trust fund;
11 providing for administration of the state
12 health insurance subsidy payments by the
13 Division of Retirement of the Department of
14 Administration; providing for contributions;
15 providing payment of benefits; amending ss.
16 121.082, 121.055, and 121.071, F.S.; increasing
17 the employer contributions for members of the
18 Florida Retirement System; amending s. 121.35,
19 F.S.; providing the contribution for the health
20 insurance subsidy shall be paid to the annuity
21 company for members of the optional retirement
22 program for the State University System;
23 providing an appropriation; providing an
24 effective date.
25
26 Be It Enacted by the Legislature of the State of Florida:
27
28 Section 1. Section 112.363, Florida Statutes, is
29 created to read:
30 112.363 Retiree health insurance subsidy for state
31 employees.--

1 (1) PURPOSE OF SECTION.--The purpose of this section 1.31
2 is to provide a monthly subsidy payment to state employees who 1.32
3 are retired members of any state-administered retirement 1.33
4 system upon reaching the age of 62 and until reaching the age
5 of 65 in order to assist such retired members in paying the 1.37
6 costs of health insurance.

7 (2) ELIGIBILITY FOR HEALTH INSURANCE SUBSIDY.--A state 1.39
8 employee upon reaching the age of 62, and until reaching the 1.41
9 age of 65, who is retired under a state-administered 1.42
10 retirement system, or a beneficiary upon reaching the age of 1.43
11 62, and until reaching the age of 65, who is a spouse or 1.45
12 financial dependent entitled to receive benefits under a 1.47
13 state-administered retirement system, is eligible for health 1.48
14 insurance subsidy payments provided under this section; except 1.50
15 that pension recipients under ss. 121.40, 238.07(16)(a),
16 250.22, and recipients of health insurance coverage under s. 1.52
17 110.1232 or any other special pension or relief act shall not 1.53
18 be eligible for such payments. Payment of the insurance 1.54
19 subsidy shall commence the month a retiree or eligible 1.55
20 beneficiary attains age 62 and cease the month the retiree or 1.56
21 beneficiary attains age 65 and shall be made only after
22 coverage for health insurance for the retiree or beneficiary 1.58
23 has been certified in writing to the Division of Retirement,
24 Participation in a former employer's group health insurance 1.59
25 program is not a requirement for eligibility under this 1.60
26 section. However, participants in the Senior Management 1.61
27 Service Optional Annuity Program as provided in ss. 121.055(6) 1.62
28 and the State University System Optional Retirement Program as
29 provided in s. 121.35 shall not receive the Retiree Health 1.63
30 Insurance subsidy provided in this section. The employer of 1.64
31 such participant shall pay the contributions required in ss.

1	<u>112.363(8) to the annuity program provided in ss.</u>	1.66
2	<u>121.055(6)(d) or 121.35(4)(a), as applicable.</u>	
3	<u>(3) HEALTH INSURANCE SUBSIDY AMOUNT.--Each eligible</u>	1:1us
4	<u>state retiree or a beneficiary who is a spouse or financial</u>	1.69
5	<u>dependent shall receive a monthly health insurance subsidy</u>	1.72
6	<u>payment equal to the number of years of creditable service, as</u>	1.73
7	<u>defined in s. 121.021(17), completed at the time of retirement</u>	1.75
8	<u>multiplied by \$2; however, no retiree may receive a subsidy</u>	1.77
9	<u>payment of more than \$60 and no retiree may receive a subsidy</u>	1.78
10	<u>payment of less than \$20.</u>	1.79
11	<u>(4) PAYMENT OF HEALTH INSURANCE SUBSIDY.--Beginning</u>	1:1us
12	<u>January 1, 1988, any monthly health insurance subsidy amount</u>	1.82
13	<u>due and payable under this section shall be paid to retired</u>	1.83
14	<u>state members by the Division of Retirement of the Department</u>	2.1
15	<u>of Administration or under the direction and control of the</u>	
16	<u>division.</u>	2.2
17	<u>(5) TRUST FUND ESTABLISHED.--There is hereby</u>	1:1us
18	<u>established a trust fund in the state treasury to be entitled</u>	2.5
19	<u>the State Retiree Health Insurance Subsidy Trust Fund. Said</u>	2.7
20	<u>trust fund shall be used to account for all moneys received</u>	
21	<u>and disbursed pursuant to this section. Should funding for</u>	2.10
22	<u>the retiree health insurance subsidy program fail to provide</u>	2.11
23	<u>full benefits for all participants, the benefits may be</u>	2.12
24	<u>reduced or canceled at any time.</u>	2.13
25	<u>(6) INVESTMENTS OF THE TRUST FUND.--The State Board of</u>	1:1us
26	<u>Administration created by the authority of the State</u>	2.14
27	<u>Constitution shall invest and reinvest the funds of the trust</u>	2.15
28	<u>fund in accordance with ss. 215.44-215.53. Costs incurred by</u>	2.16
29	<u>the Board of Administration incurring from the provisions of</u>	
30	<u>this section shall be deducted from the interest earnings</u>	2.17
31	<u>accruing to the trust fund.</u>	

1	<u>(7) ADMINISTRATION OF SYSTEM.--The Division of</u>	2.18
2	<u>Retirement of the Department of Administration may adopt such</u>	2.19
3	<u>rules as are necessary for the effective and efficient</u>	2.20
4	<u>administration of this section. The cost of administration</u>	2.21
5	<u>shall be appropriated from the trust fund.</u>	2.22
6	<u>(8) CONTRIBUTIONS--For purposes of funding the</u>	1:1us
7	<u>insurance subsidy provided by this section, each state level</u>	2.25
8	<u>employer of each member of a state-administered retirement</u>	2.26
9	<u>plan shall contribute .04 percent of gross compensation each</u>	2.27
10	<u>pay period, to be submitted to the Division of Retirement and</u>	2.28
11	<u>deposited in the State Retiree Health Insurance Subsidy Trust</u>	2.29
12	<u>Fund.</u>	
13	<u>(9) BENEFITS--Subsidy payments shall be payable under</u>	1:1us
14	<u>the state retiree health insurance subsidy program only to</u>	2.33
15	<u>participants in the program or their beneficiaries. Payments</u>	2.35
16	<u>shall begin the month a retiree or eligible beneficiary</u>	
17	<u>attains age 62 and cease the month the retiree or beneficiary</u>	2.37
18	<u>attains age 65. Such subsidy payments shall not be subject to</u>	2.38
19	<u>assignment, execution, or attachment or to any legal process</u>	2.40
20	<u>whatsoever.</u>	
21	Section 2. Paragraphs (a), (b), (d) and (e), of	2.41
22	subsection (4) of section 121.052, Florida Statutes, 1986	2.43
23	Supplement, are amended to read:	
24	121.052 Membership class of certain elected state	2.45
25	officers.--	
26	(4)(a)1. From and after October 1, 1978, and except as	2.46
27	provided in this subsection, the employer paying the salary of	2.49
28	a member of the Elected State Officers' Class shall withhold 8	
29	percent of his gross salary, which shall constitute the	2.51
30	contribution of that member with respect to retirement and	2.52
31	other benefits payable to members of this class, and one-half	2.53

1	of the entire contribution of the member required for social	
2	security coverage. The employer withholding such	2.55
3	contributions shall set aside the funds necessary to pay the	2.56
4	matching contributions required pursuant to s. 121.061 and	2.57
5	shall contribute an amount equal to 10.57 percent of such	
6	member's gross compensation and one-half of the entire	2.59
7	contribution with respect to the member's social security	
8	coverage.	
9	2. From and after October 1, 1981, the employer paying	2.60
10	the salary of any member of the Elected State Officers' Class	2.61
11	who is a legislator shall contribute an amount equal to 19.3	
12	percent of such member's gross compensation, which shall	2.62
13	constitute the entire contribution with respect to such	2.63
14	member. From and after October 1, 1984, the employer paying	2.64
15	the salary of any member of the Elected State Officers' Class	2.65
16	who is a legislator shall contribute an amount equal to 10.98	
17	percent of such member's gross compensation, which shall	2.66
18	constitute the entire contribution with respect to such	
19	member. From and after October 1, 1986, the employer paying	2.68
20	the salary of any member of the Elected State Officers' Class	2.69
21	who is a legislator shall contribute an amount equal to 11.50	
22	percent of such member's gross compensation, which shall	2.70
23	constitute the entire contribution with respect to such	
24	member. <u>Effective October 1, 1987, the employer paying the</u>	1:1us
25	<u>salary of any member of the Elected State Officers' Class who</u>	2.73
26	<u>is a legislator shall contribute an amount equal to 11.54</u>	
27	<u>percent of such member's gross compensation, which shall</u>	2.75
28	<u>constitute the entire contribution with respect to such</u>	
29	<u>member.</u> The employer shall, however, withhold one-half of the	2.77
30	entire contribution of the member required for social security	2.80
31	coverage.	

1	(b)1. From and after October 1, 1978, the employer	2.82
2	paying the salary of any member of the Elected State Officers'	2.83
3	Class who is a Governor, Lieutenant Governor, Cabinet officer,	2.84
4	Supreme Court justice, district court of appeal judge, circuit	
5	judge, county court judge, state attorney, public service	3.1
6	commissioner, or public defender shall contribute an amount	3.3
7	equal to 16.78 percent of such member's gross compensation and	3.4
8	shall withhold 4 percent of such member's gross compensation,	
9	the sum of which shall constitute the entire contribution with	3.6
10	respect to such member. The employer shall, however, withhold	3.8
11	one-half of the entire contribution of the member required for	3.10
12	social security coverage. Effective July 1, 1979, any member	3.11
13	of the Elected State Officers' Class who is a public service	
14	commissioner shall be removed from this class, shall become a	3.13
15	regular member on that date, and shall be subject to the	3.14
16	contribution provisions of s. 121.071 which pertain to regular	3.15
17	members.	
18	2. From and after October 1, 1981, the employer paying	3.16
19	the salary of any member of the Elected State Officers' Class	3.17
20	who is a Governor, Lieutenant Governor, or Cabinet officer	
21	shall contribute an amount equal to 21.03 percent of such	3.18
22	member's gross compensation, which shall constitute the entire	3.19
23	contribution with respect to such member. From and after	3.20
24	October 1, 1984, the employer paying the salary of any member	
25	of the Elected State Officers' Class who is a Governor,	3.21
26	Lieutenant Governor, or Cabinet officer shall contribute an	
27	amount equal to 10.98 percent of such member's gross	3.22
28	compensation, which shall constitute the entire contribution	3.23
29	with respect to such member. From and after October 1, 1986,	3.24
30	the employer paying the salary of any member of the Elected	
31	State Officers' Class who is a Governor, Lieutenant Governor,	3.25

1	or Cabinet officer shall contribute an amount equal to 11.50	3.26
2	percent of such member's gross compensation, which shall	
3	constitute the entire contribution with respect to such	3.27
4	member. <u>Effective October 1, 1987, the employer paying the</u>	1:1us
5	<u>salary of any member of the Elected State Officers' Class who</u>	3.29
6	<u>is a Governor, Lieutenant Governor, or Cabinet officer shall</u>	
7	<u>contribute an amount equal to 11.54 percent of such member's</u>	3.30
8	<u>gross compensation, which shall constitute the entire</u>	3.31
9	<u>contribution with respect to such member.</u> The employer shall,	3.33
10	however, withhold one-half of the entire contribution of the	3.35
11	member required for social security coverage.	3.36
12	(d) Effective October 1, 1981, the employer paying the	3.38
13	salary of any member of the Elected State Officers' Class who	
14	is a Supreme Court justice, district court of appeal judge,	3.39
15	circuit judge, or county court judge shall contribute an	
16	amount equal to 22.55 percent of that member's gross	3.40
17	compensation, which shall constitute the entire contribution	3.41
18	with respect to that member. Effective October 1, 1984, the	3.42
19	employer paying the salary of any member of the Elected State	
20	Officers' Class who is a Supreme Court justice, district court	3.43
21	of appeal judge, circuit judge, or county court judge shall	3.44
22	contribute an amount equal to 21.79 percent of that member's	
23	gross compensation, which shall constitute the entire	3.45
24	contribution with respect to that member. Effective October	3.46
25	1, 1986, the employer paying the salary of any member of the	
26	Elected State Officers' Class who is a Supreme Court justice,	3.47
27	district court of appeal judge, circuit judge, or county court	3.48
28	judge shall contribute an amount equal to 20.94 percent of	
29	that member's gross compensation, which shall constitute the	3.49
30	entire contribution with respect to that member. <u>Effective</u>	1:1us
31	<u>October 1, 1987, the employer paying the salary of any member</u>	

1	<u>of the Elected State Officers' Class who is a Supreme Court</u>	3.52
2	<u>justice, district court of appeal judge, circuit judge, or</u>	
3	<u>county court judge shall contribute an amount equal to 20.98</u>	3.53
4	<u>percent of that member's gross compensation, which shall</u>	3.54
5	<u>constitute the entire contribution with respect to that</u>	
6	<u>member.</u> The employer shall, however, withhold one-half of the	3.56
7	entire contribution of the member required for social security	3.58
8	coverage.	
9	(e) Effective October 1, 1981, the employer paying the	3.60
10	salary of any member of the Elected State Officers' Class who	
11	is a state attorney or public defender shall contribute an	3.62
12	amount equal to 20.95 percent of that member's gross	
13	compensation, which shall constitute the entire contribution	3.63
14	with respect to that member. Effective October 1, 1984, the	3.64
15	employer paying the salary of any member of the Elected State	3.65
16	Officers' Class who is a state attorney or public defender	3.66
17	shall contribute an amount equal to 10.98 percent of that	3.67
18	member's gross compensation, which shall constitute the entire	
19	contribution with respect to that member. Effective October	3.69
20	1, 1986, the employer paying the salary of any member of the	
21	Elected State Officers' Class who is a state attorney or	3.70
22	public defender shall contribute an amount equal to 11.50	3.71
23	percent of that member's gross compensation, which shall	
24	constitute the entire contribution with respect to that	3.72
25	member. <u>Effective October 1, 1987, the employer paying the</u>	1:1us
26	<u>salary of any member of the Elected State Officers' Class who</u>	3.74
27	<u>is a state attorney or public defender shall contribute an</u>	
28	<u>amount equal to 11.54 percent of that member's gross</u>	3.76
29	<u>compensation, which shall constitute the entire contribution</u>	
30	<u>with respect to that member.</u> The employer shall, however,	3.78
31		

1	withhold one-half of the entire contribution of the member	3.79
2	required for social security coverage.	3.80
3	Section 3. Subsection (3) and paragraph (d) of	3.81
4	subsection (6) of section 121.055, Florida Statutes, 1986	3.83
5	Supplement, are amended to read:	
6	121.055 Senior Management Service Class.--There is	4.1
7	hereby established a separate class of membership within the	4.2
8	Florida Retirement System to be known as the "Senior	1:qq
9	Management Service Class," which shall become effective	
10	February 1, 1987.	4.4
11	(3) Commencing February 1, 1987, the employing agency	4.5
12	of a member of the Senior Management Service Class shall	4.6
13	contribute each pay period an amount equal to 13.88 percent of	
14	the member's gross salary, which shall constitute the entire	4.8
15	retirement contribution with respect to such member, plus the	4.9
16	employer's share of the contribution required for social	
17	security coverage. <u>Effective October 1, 1987, the employing</u>	1:lus
18	<u>agency shall contribute each pay period an amount equal to</u>	4.12
19	<u>13.92 percent of each member's gross salary, which shall</u>	
20	<u>constitute the entire retirement contribution with respect to</u>	4.13
21	<u>such member.</u>	
22	(6)	4.14
23	(d)1. Each employer shall contribute on behalf of each	4.14
24	participant in the Senior Management Service Optional Annuity	4.15
25	Program an amount equal to the normal cost portion of the	
26	employer retirement contribution which would be required if	4.16
27	the participant were a Senior Management Service Class member	4.17
28	of the Florida Retirement System, <u>plus the portion of the</u>	
29	<u>contribution rate required in ss. 112.363(8) that would</u>	4.18
30	<u>otherwise be assigned to the State Retiree Health Insurance</u>	4.20
31	<u>Subsidy Trust Fund, less an amount approved by the Legislature</u>	4.21

1	which shall be deducted by the division to provide for the	
2	administration of this program. The payment of the	4.24
3	contributions to the optional program which is required by	4.25
4	this subparagraph for each participant shall be made by the	4.26
5	employer to the division, which shall forward the	4.27
6	contributions to the designated company or companies	4.28
7	contracting for payment of benefits for the participant under	4.30
8	the program.	
9	2. Each employer shall contribute on behalf of each	4.31
10	participant in the Senior Management Service Optional Annuity	4.32
11	Program an amount equal to the unfunded actuarial accrued	
12	liability portion of the employer contribution which would be	4.33
13	required for members of the Senior Management Service Class in	4.34
14	the Florida Retirement System. This contribution shall be	4.35
15	paid to the division for transfer to the Florida Retirement	
16	System Trust Fund.	4.36
17	3. Contributions required for social security by each	4.37
18	employer and each participant, in the amount required for	4.38
19	social security coverage as now or hereafter may be provided	4.39
20	by the federal Social Security Act shall be maintained for	
21	each participant in the Senior Management Service retirement	4.40
22	program, and shall be in addition to the retirement	
23	contributions specified in this paragraph.	4.41
24	4. Each participant in the Senior Management Service	4.42
25	Optional Annuity Program may contribute by way of salary	4.43
26	reduction or deduction a percentage amount of the	4.44
27	participant's gross compensation not to exceed the percentage	
28	amount contributed by the employer to the optional annuity	4.45
29	program. Payment of the participant's contributions shall be	4.46
30	made by the employer to the division which shall forward the	4.47
31	contributions to the designated company or companies	

1	contracting for payment of benefits for the participant under	4.48
2	the program.	
3	Section 4. Subsection (2) of section 121.071, Florida	4.49
4	Statutes, 1986 Supplement, is amended to read:	4.50
5	121.071 Contributions.--Contributions to the system	4.51
6	shall be made as follows:	4.52
7	(2)(a) Until January 1, 1975, each employer shall	4.54
8	contribute an amount equal to the total of its member	
9	contributions, made under subsection (1), each pay period.	4.55
10	Effective January 1, 1975, and until October 1, 1978, each	4.56
11	employer shall contribute 9 percent of gross compensation each	4.57
12	pay period for each of its regular members and 13 percent of	4.58
13	gross compensation each pay period for each of its special	
14	risk members. Effective October 1, 1978, each employer shall	4.59
15	contribute 9.1 percent of gross compensation each pay period	4.60
16	for each of its regular members and 13.95 percent of gross	4.61
17	compensation each pay period for each of its special risk	
18	members. Effective October 1, 1981, each employer shall	4.62
19	contribute 10.93 percent of gross compensation each pay period	4.63
20	for each of its regular members and 13.91 percent of gross	
21	compensation each pay period for each of its special risk	4.64
22	members. Effective October 1, 1984, each employer shall	4.65
23	contribute 12.24 percent of gross compensation each pay period	4.66
24	for each of its regular members and 14.67 percent of gross	
25	compensation each pay period for each of its special risk	4.67
26	members. Effective October 1, 1986, each employer shall	4.68
27	contribute 13.14 percent of gross compensation each pay period	4.69
28	for each of its regular members and 15.11 percent of gross	
29	compensation each pay period for each of its special risk	4.70
30	members. <u>Effective October 1, 1987, each state employer shall</u>	1:1us
31	<u>contribute 13.18 percent of gross compensation each pay period</u>	4.73

1	<u>for each of its regular members and 15.15 percent of gross</u>	4.74
2	<u>compensation each pay period for each of its special risk</u>	4.75
3	<u>members.</u>	4.76
4	(b) Effective July 1, 1982, each state employer shall	4.78
5	contribute 11.14 percent of gross compensation each pay period	4.80
6	for each of its members serving in an administrative support	
7	position in a law enforcement, firefighting, or correctional	4.82
8	agency as provided in s. 121.0515(7). Effective October 1,	4.84
9	1984, each employer shall contribute 13.09 percent of gross	
10	compensation each pay period for each of its members serving	5.4
11	in an administrative support position in a law enforcement,	
12	firefighting, or correctional agency as provided in s.	5.6
13	121.0515(7). Effective October 1, 1986, each employer shall	5.7
14	contribute 15.44 percent of gross compensation each pay period	5.9
15	for each of its members serving in an administrative support	5.10
16	position in a law enforcement, firefighting, or correctional	5.11
17	agency as provided in s. 121.0515(7). <u>Effective October 1,</u>	1:1us
18	<u>1987, each state employer shall contribute 15.48 percent of</u>	5.14
19	<u>gross compensation each pay period for each of its members</u>	5.15
20	<u>serving in an administrative support position in a law</u>	5.17
21	<u>enforcement, firefighting, or correctional agency as provided</u>	
22	<u>in s. 121.0515(7).</u>	5.18
23	Section 5. Paragraph (a) of subsection (4) of section	5.18
24	121.35, Florida Statutes, 1986 Supplement, is amended to read:	5.20
25	121.35 Optional retirement program for the State	5.20
26	University System.--	5.21
27	(4) CONTRIBUTIONS.--	5.22
28	(a) Each employer shall contribute on behalf of each	5.23
29	participant in the optional retirement program an amount equal	5.24
30	to the normal cost portion of the employer retirement	
31	contribution which would be required if the participant were a	5.26

1	regular member of the Florida Retirement System, <u>plus the</u>	1:1us
2	<u>portion of the contribution rate required in ss. 112.363(8)</u>	
3	<u>that would otherwise be assigned to the State Reciree Health</u>	5:28
4	<u>Insurance Subsidy Trust Fund,</u> less an amount approved by the	5:31
5	Legislature which shall be deducted by the division to provide	5:32
6	for the administration of this program. The payment of the	5:34
7	contributions to the optional program which is required by	5:35
8	this paragraph for each participant shall be made By the	5:37
9	employer to the division, which shall forward the	5:38
10	contributions to the designated company or companies	
11	contracting for payment of benefits for the participant under	5:40
12	the program.	
13	Section 6. <u>There is hereby appropriated from the</u>	5:41
14	<u>General Revenue Fund the sum of \$650,000 for fiscal year 1987-</u>	5:42
15	<u>1988 to implement the provisions of this act.</u>	
16	Section 7. This act shall take effect October 1, 1987.	5:43
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		

FLOOR SUMMARY
CS/HB 0381

Rep. Martin

Relating to: HEALTH INSURANCE FOR RETIREES

19

1878

MR. SPEAKER, CS/HB 381 HELPS THE RETIRED EMPLOYEES OF ALL PUBLIC EMPLOYERS IN FLORIDA. THESE EMPLOYEES ARE CONSTANTLY FACED WITH THE RISING COST OF HEALTH INSURANCE.

THIS BILL REQUIRES ALL PUBLIC EMPLOYERS WHO OFFER HEALTH INSURANCE COVERAGE TO THEIR ACTIVE AND RETIRED EMPLOYEES TO OFFER SUCH COVERAGE AT THE SAME TOTAL COST FOR BOTH THE ACTIVE EMPLOYEE AND RETIRED EMPLOYEE. THE EMPLOYER MAY PAY PART OR ALL OF THE COST OF THE INSURANCE FOR THE EMPLOYEE OR FORMER EMPLOYEE.

THE BILL ALSO REQUIRES THAT PUBLIC EMPLOYERS COMMINGLE THE CLAIMS EXPERIENCE OF ACTIVE EMPLOYEES FOR HEALTH INSURANCE COVERAGE.

TO HELP THE 90,000 RETIREES OF THE STATE-ADMINISTERED RETIREMENT SYSTEMS, THIS BILL PROVIDES AN INSURANCE SUBSIDY PAYMENT OF \$2 TIMES EACH YEAR OF SERVICE AT RETIREMENT. THERE IS A MINIMUM BENEFIT OF \$20 PER MONTH AND A MAXIMUM BENEFIT OF \$60

PER MONTH. THIS BENEFIT WILL BE ADDED TO THE RETIREES RETIREMENT CHECK EACH MONTH, BUT ONLY AFTER THE RETIREE HAS CERTIFIED HE OR SHE IS COVERED FOR HEALTH INSURANCE.

THIS BILL WILL BE FUNDED THROUGH AN INCREASE IN THE EMPLOYER RETIREMENT CONTRIBUTION RATE. THE AMOUNT OF INCREASE WILL BE .48%

I URGE THE PASSAGE OF THIS BILL MR. SPEAKER TO HELP THE RETIRED EMPLOYEES OF PUBLIC EMPLOYERS IN THIS STATE.

Date: March 16, 1987
 Revised: April 9, 1987
 Final: June 15, 1987

HOUSE OF REPRESENTATIVES
 RETIREMENT, PERSONNEL & COLLECTIVE BARGAINING
 STAFF ANALYSIS

BILL #: CS/CS/HB 381 15
 RELATING TO: Health Insurance for Retirees 127
 SPONSOR(S): Committee on Retirement, Personnel & Collective Bargaining & Rep. Martin & Others
 EFFECTIVE DATE: October 1, 1987, except section 2 is upon becoming a law
 COMPANION BILL(S): SB 399
 OTHER COMMITTEES OF REFERENCE: (1) Appropriations
 (2) _____

I. SUMMARY:

A. Present Situation:

Presently, all public employers who provide insurance coverage under section 112.0801, F.S., must allow retired employees the option of continuing participation in the employer's group insurance plan. Employers may pay a portion or all of the premium for such insurance and may commingle the claims experience of the retired group with that of the active group, but it is not mandatory.

Currently, state agencies are not covered under section 112.0801, Florida Statutes. They are covered under section 110.123, Florida Statutes, which provides health insurance coverage for state employees, active and retired. The state also commingles the claims experience of active and retired employees.

B. Effect of Proposed Changes:

This proposed legislation adds state agencies to the list of public employers under section 112.0801 F.S., that are required to provide their retirees with continued participation in the employer's group insurance programs. The bill also requires that all public employers under section 112.0801, F.S., must commingle claims experience for health and hospitalization insurance of retired employees and active employers in order to provide the same level of coverage at the same cost for both retirees and active employees.

The bill, also, provides a subsidy payment to all FRS retirees to help offset the cost of health insurance. The subsidy provides

\$2 for each year of FRS service with a minimum monthly payment of \$20 for ten years of service or less and a maximum monthly payment of \$60 for 30 or more years of service. The subsidy payment will be issued as an increase in the retirees monthly retirement benefit and funded through an increase in FRS employer contribution rates.

In addition to the above, the bill requires employers to allow employees who retire prior to October 1, 1987, an optional enrollment period to rejoin the employers health plan. The retiree would have a three month period from October 1, 1987 through December 31, 1987 to elect coverage.

II. ECONOMIC IMPACT:

A. Public:

The fiscal impact of this bill on the public is difficult to ascertain. The bill requires that coverage for health and hospitalization be offered to retirees at no more than the cost to active employees and requires commingling of claims experience. The bill also states that the cost of the continued participation, or any portion thereof, may be paid by the employer or by the retired employees. The extent of the cost to the state or local government for retirees, therefore, is left to the governmental body's discretion. The apportionment of increased cost for the active employees, as a result of the commingling, is dependent on the method the individual unit of government uses to allocate its premium cost and the degree of participation in the plan by retirees.

The state health plan currently commingles retirees claims experience with that of active employees, and as such, active employees pay approximately \$4 per month higher premiums to help subsidize retirees experience.

B. Government:

The cost of commingling of claims experience for local governments is at the discretion of the local government as provided in A. above.

The state Division of Retirement has estimated that as of June 1987, there will be 88,400 payees eligible to receive the subsidy payment. The cost of the subsidy on an annualized basis is estimated at \$41.5 million for retiree and dependent coverage which translates to a contribution rate increase of .48% for all FRS classes of membership as follows:

Annualized Employer Payroll Cost

State	\$10,000,000
Local	<u>31,500,000</u>
Total	\$41,500,000

In January 1987, a telephone survey by the Division of Retirement (attached) of all 67 Florida school districts, indicated that 36 districts currently commingle the claims experience for retirees and active employees. Ten of the school districts pay some portion of the cost of health coverage for retirees.

III. STATE COMPREHENSIVE PLAN IMPACT:

None.

IV. COMMENTS:

- A. This bill requires that employers commingle the claims experience of retirees with that of active employees. For those employers who currently do not commingle, the insurance cost for active employees will increase while the insurance cost for retirees will decrease.
- B. Even though employers must offer the same coverage and cost to retired employees as active employees, they are not required to pay any of the premium cost. Retirees may still be required to pay the full cost.
- C. The bill would require employers to notify all previously retired former personnel of their eligibility to participate in the insurance program. All former personnel will have from October 1, 1987 through December 31, 1987, to accept or reject participation. This provision could result in selection against the insurance program since those retirees who are unable to get coverage under another insurance carrier must be accepted by the employer. The result could be higher claims experience and eventually higher costs for both active and retired employees.
- D. Prior to October 1, 1983, employers were not required to provide retiring employees the option of remaining in their health insurance plan. Chapter 83-294, Laws of Florida, effective October 1, provided that option.

In 1984, Section 17 of Chapter 84-266, Laws of Florida, made the provisions of the 1983 law retroactive to all people who retired prior July 1, 1984. Employers were required to offer an open enrollment period to retirees to join the group plan.

In 1985, Chapter 85-305, Laws of Florida, provided that the Department of Administration would develop and contract with an insurance carrier to provide a medicare supplement plan and a non-medicare supplement plan for retirees of all public employers in Florida. The medicare supplement plan has been developed, but due to high cost the non-medicare plan has not. The Department is currently studying alternative coverages with less benefits than the first two bid proposals in order to reduce the cost.

- E. The bill was amended by the Subcommittee on Retirement on April 8, 1987 and reported favorably. It was further amended by the

full committee on April 9, 1987 and reported favorably. The bill was made a committee substitute.

V. AMENDMENTS:

The Subcommittee on Retirement amended the bill as follows on April 8, 1987:

1. On page 2, line 2 the words special district were inserted after "municipality". This change mandates that special districts in the state must also provide their retirees with continued health coverage at the same total cost as provided to active employers.
2. On page 3, lines 27 & 30 and on page 4, line 1 the words "state-supported" were replaced with the words state-administered. This change makes certain only FRS retirees are eligible for the \$2 subsidy payment.
3. On page 3, line 29, the word "any" was stricken and the word A was inserted.
4. On page 3, line 31 and page 4, line 7 the words "any joint annuitant" were stricken and new language as follows was inserted: a beneficiary who is a spouse or financial dependent. The term joint annuitant is only used under chapter 121 F.S., while beneficiary is used in all other retirement chapters. Amending the bill makes the language consistent.
5. On page 4, line 2 after the word "section" new language was added as follows: ; except that pension recipients under sections 121.40, 238.07(16)(a), and 250.22, F.S. or any other special pension or relief act shall not be eligible for such payments. This amendment excludes those recipients whose benefit is not based on length of service from receiving the health insurance subsidy.
6. On page 4, line 14 the effective date of October 1, 1987, was changed to January 1, 1988. This will assure there are sufficient funds in the trust fund to begin funding of the \$2 benefit.
7. On page 4, lines 19-26 were stricken and new language was inserted as follows:

(5) TRUST FUND ESTABLISHED.--There is hereby established a trust fund in the state treasury to be entitled the Retiree Health Insurance Subsidy Trust Fund. Said trust fund shall be used to account for all monies received and disbursed pursuant to this section. Should funding for the retiree health insurance subsidy program fail to provide full benefits for all participants, the benefits may be reduced or cancelled at any time.

(6) INVESTMENTS OF THE TRUST FUND.--The State Board of Administration created by the authority of the State Constitution shall invest and reinvest the funds of the trust fund in accordance with s.s. 215.44-215.53, F.S. Costs incurred by the Board of Administration incurring from the provisions of this section shall be deducted from the interest earnings accruing to the trust fund.

(7) ADMINISTRATION OF SYSTEM.--The Division of Retirement of the Department of Administration may adopt such rules and regulations as are necessary for the effective and efficient administration of this section. The cost of administration shall be appropriated from the trust fund.

This amendment creates a new trust fund for the \$2 subsidy contributions, provides the State Board of Administration will invest the funds of the trust fund and the Division of Retirement will administer the program. The cost of administration for the State Board and the Division will be paid from the subsidy trust fund.

8. On page 10, line 1 new language was added to provide funding of the \$2 subsidy for the Senior Management Service Class. This language was omitted in drafting the bill.

9. On page 1, a new title amendment was adopted.

The full committee further amended the bill to provide that a retiree can only receive the \$2 insurance subsidy after they show proof they are covered for health insurance. The amendment is as follows:

On page 1, line 14, insert after the "period": Payment of the insurance subsidy shall be made only after coverage for health insurance for the retiree or beneficiary has been certified in writing to the Division of the Retirement.


VI. FINAL ACTION

CS/HB 381 was amended by the Committee on Appropriations (CS/CS/HB 381) to provide only the \$2 subsidy payment to retired state employees between the ages of 62-65. Sections 1 and 2 pertaining to commingling by local governments were deleted from the bill.

CS/CS/HB 381 was laid on the table by the House of Representatives. The companion bill, CS/CS/SB 399, was substituted. CS/CS/SB 399 was amended by the House and

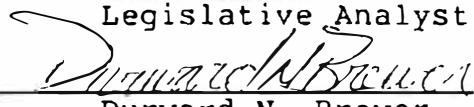
subsequently passed both the House and Senate. The new bill provides a \$1 subsidy beginning January 1, 1988, to be increased to \$2 on January 1, 1989, for all Florida Retirement System retirees. The commingling requirements placed on local governments were retained in the bill.

VII. PREPARED BY:



Ron Poppell
Legislative Analyst

VIII. STAFF DIRECTOR:



Durward N. Brewer