

HCS HB 1134 -- STATE EMPLOYEE HEALTH CARE INCENTIVE

SPONSOR: Bernskoetter

COMMITTEE ACTIONS: Voted "Do Pass with Amendments" by the Standing Committee on Pensions by a vote of 12 to 0. Voted "Do Pass with HCS" by the Select Committee on Financial Institutions and Taxation by a vote of 10 to 0.

This bill changes the laws regarding the Missouri State Employees' Retirement System (MOSERS) to allow for a medical insurance and retirement incentive for certain state employees who are eligible for state-sponsored medical benefits. In its main provisions, the bill:

(1) Allows an employee, except for a member of the General Assembly or statewide elected official, who retires on or after March 1, 2015 through November 1, 2015, to elect to continue coverage for himself or herself at the same cost as if the retiree was an active employee for five years or until the retiree is eligible for Medicare, whichever occurs first. The cost must revert to the applicable retiree rate after five years or when the retiree becomes Medicare eligible. Dependent coverage must be at the applicable rate for a retiree. The monthly dollar amount contributed by the employer under these provisions must not increase beyond the level paid the first full calendar year after implementation;

(2) Allows the governing body of any participating member agency to provide the medical coverage specified in the bill to any retired employee if the agency elects to provide the benefit;

(3) Allows the governing boards of Truman State University, Lincoln University, and any educational institution listed in Section 174.020, RSMo; the Highways and Transportation Commission; and the Conservation Commission to provide their employees or retirees the same medical coverage as specified in the bill;

(4) Requires an employee who has not been a retiree of the system in which he or she is currently receiving creditable or credited service, who is eligible to receive a normal annuity, and whose annuity commences by November 1, 2015, to be eligible to receive the medical benefit. This benefit must not apply to any employee eligible to retire based solely on early retirement eligibility;

(5) Allows the state to replace positions that are vacated due to the election to retire; however, the departments must be limited to using no more than 25% of the personal service funds of those positions vacated. This provision must not apply to Truman State

University, Lincoln University, or any educational institution listed in Section 174.020;

(6) Requires MOSERS and the Missouri Highways and Transportation Employees' and Highway Patrol Retirement System, if applicable, to report in writing by December 1, 2015, to the Governor and the Commissioner of the Office of Administration and provide annual reporting on the number of state employees eligible to retire and the premium costs associated with those who retire under these provisions. The Office of Administration must report this information annually to the Governor and the General Assembly by March 1, 2016. The report must include an analysis of the costs and savings resulting from the retirements and the amount of payroll and positions reduced; and

(7) Requires the Missouri Consolidated Health Care Plan to make a report in writing to the Office of Administration by December 1, 2015, and provide annual reporting of the effect of state employee retirements under these provisions.

PROPOSERS: Supporters say that the bill will provide an incentive for state employees to retire and provide a cost savings for the state.

Testifying for the bill was Representative Bernskoetter.

OPPOSERS: There was no opposition voiced to the committee.

OTHERS: Others testifying on the bill say that the bill provides for a retirement incentive for active state employees who are eligible to retire between March 1, 2015, and November 1, 2015. MOSERS requested that the provision begin in March so that members would continue to retire and not wait to see if the bill was going to pass before retiring.

Testifying on the bill was Ronda Stegmann.