

FIRST REGULAR SESSION  
HOUSE COMMITTEE SUBSTITUTE FOR  
**HOUSE BILL NO. 1134**  
**98TH GENERAL ASSEMBLY**

2425H.03C

D. ADAM CRUMBLISS, Chief Clerk

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**AN ACT**

To repeal sections 104.403 and 104.404, RSMo, and to enact in lieu thereof two new sections relating to state employee health care incentives.

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*Be it enacted by the General Assembly of the state of Missouri, as follows:*

Section A. Sections 104.403 and 104.404, RSMo, are repealed and two new sections  
2 enacted in lieu thereof, to be known as sections 104.403 and 104.404, to read as follows:

104.403. 1. Any state employee or retiree, **but not including a current or former**  
2 **member of the general assembly or statewide elected official**, who retires pursuant to section  
3 104.404, and who is also eligible for medical coverage as described in section 103.115, shall be  
4 eligible to apply for the following coverage:

5 (1) Such retiree may elect to continue coverage for himself or herself and any eligible  
6 dependents at the same cost as if such retiree was an active employee;

7 (2) Such retiree may continue to pay the applicable rate as if the retiree were an active  
8 employee for a maximum period of five years or upon becoming eligible for Medicare,  
9 whichever occurs first; [and]

10 (3) **The monthly dollar amount contributed by the employer under this section shall**  
11 **not increase beyond the level paid the first full calendar year after implementation, shall**  
12 **commence the first of the month following the effective date of this act, and in no event**  
13 **shall the monthly dollar amount contributed by a retiree under this section exceed the**  
14 **amount such retiree would have contributed under the retiree subsidy calculations as**  
15 **established by the Missouri consolidated health care plan or like entity; and**

16 (4) After five years or upon becoming eligible for Medicare, the cost for medical  
17 coverage for such retiree and any dependents shall revert to the applicable rate in place at that  
18 time.

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

19           2. Any employee [or retiree] of a participating member agency who retires pursuant to  
20 section 104.404 shall only be eligible to have the provisions of subsection 1 of this section  
21 applied to his or her coverage if the governing body of the participating member agency elects  
22 to provide such benefits.

23           3. The governing boards of Truman State University, Lincoln University, the educational  
24 institutions described in section 174.020, the highway commission that governs the health care  
25 plans of the Missouri department of transportation and the Missouri state highway patrol, and  
26 the conservation commission of the department of conservation may elect to provide its  
27 employees or retirees who retire pursuant to section 104.404 the same benefits as described in  
28 subsection 1 of this section under the respective medical plans of those institutions and  
29 departments. [If the highway commission elects to provide retirees the benefits of this section,  
30 any special consultant pursuant to section 104.515 who is a member of the Missouri department  
31 of transportation and Missouri state highway patrol medical and life insurance plan and who  
32 retired on or after February 1, 2003, but prior to July 1, 2003, shall be eligible to receive the  
33 benefits of this section.]

104.404. 1. An employee who has not been a retiree of the system in which such  
2 employee is currently receiving creditable or credited service, who is eligible to receive a normal  
3 annuity pursuant to section 104.080, 104.090, 104.100, 104.271, or 104.400, or a life and any  
4 temporary annuity pursuant to section 104.1024, and whose annuity commences no later than  
5 [September 1, 2003,] **November 1, 2015**, shall be eligible to receive the medical benefits  
6 described in section 104.403.

7           2. [An employee who would be eligible to receive a normal annuity pursuant to section  
8 104.080, 104.090, 104.100, 104.271, or 104.400, or a life and any temporary annuity pursuant  
9 to section 104.1024, no later than January 1, 2004, shall be eligible to retire based on the  
10 employee's creditable or credited service and the average compensation or final average pay on  
11 the employee's date of termination of employment if the employee applies to retire and whose  
12 annuity commences no later than September 1, 2003. Such employee who so retires shall be  
13 eligible to receive the medical benefits described in subsection 1 of this section.

14           3. Any employee described in subsections 1 and 2 of this section who otherwise would  
15 be eligible to elect to receive benefits under the provisions of sections 104.625 and 104.1024,  
16 by no later than January 1, 2004, shall be eligible to elect to receive benefits pursuant to sections  
17 104.625 and 104.1024; except that in no event shall a lump sum payment be made for any time  
18 period after the employee's annuity starting date.

19           4.] A retiree whose retirement annuity commenced on or after [February 1, 2003] **March**  
20 **1, 2015**, but no later than [September 1, 2003] **November 1, 2015**, shall be eligible to receive  
21 the medical benefits described in section 104.403.

22 [5.] 3. The state may hire employees to replace those employees retiring pursuant to this  
23 section and section 104.403, except that departments shall not fill more than twenty-five percent  
24 of those positions vacated. Exceptions to the twenty-five percent restriction may be made for  
25 critical or seasonal positions or positions which are entirely federally funded. Such  
26 determination shall be made by rule and regulation promulgated by the office of administration.  
27 The provisions of this subsection shall not apply to Truman University, Lincoln University or  
28 the educational institutions described in section 174.020.

29 [6.] 4. Any rule or portion of a rule, as that term is defined in section 536.010, that is  
30 created under the authority delegated in this section shall become effective only if it complies  
31 with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028.  
32 This section and chapter 536 are nonseverable and if any of the powers vested with the general  
33 assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and  
34 annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and  
35 any rule proposed or adopted after August 28, [2003] **2015**, shall be invalid and void.

36 [7.] 5. The Missouri state employees' retirement system and the highways and  
37 transportation employees' and highway patrol retirement system, **if applicable**, shall make a  
38 report in writing to the governor[, and commissioner of administration[, and the general  
39 assembly by April 1, 2004,] **by December 1, 2015**, and in addition shall provide [monthly  
40 tracking] **a report** of the effect of state employee retirements pursuant to this section and section  
41 104.403. [The report shall cover the time period of February 1, 2003, to January 31, 2004.] The  
42 report shall include the number of such retirements, the amount of payroll affected as a result of  
43 retirements, and the financial effect of such retirements as expressed in a report by each system's  
44 actuary.

45 [8.] 6. The office of administration shall make a report in writing to the governor and the  
46 general assembly by [April 1, 2004,] **March 1, 2016**, and in addition shall provide [monthly  
47 tracking] **a report** of the budgetary effect of state employee retirements [pursuant] **relative** to  
48 **the effect of** this section and section 104.403. The report shall include the amount of payroll  
49 reduced as a result of such retirements, the number of positions that are core cut as a result of  
50 such retirements, the number of employees employed to replace those who retired pursuant to  
51 this section, and the financial effect on the budget, including any costs associated with payment  
52 of medical premiums by the state.

53 [9.] 7. The Missouri consolidated health care plan shall make a report in writing to the  
54 [governor and the general assembly by April 1, 2004, and in addition shall provide monthly  
55 tracking] **office of administration by December 1, 2015**, of the effect of state not be limited to,  
56 the amount of payroll reduced as a result of such retirements, the number of positions that are  
57 core cut as a result of such retirements, the number of employees employed to replace those who

58 retired pursuant to this section, and the financial effect on the budget, including any costs  
59 associated with payment of medical premiums by the state.

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