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STATE GOVERNMENT

HOUSE FILE

*553*

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Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to government efficiency by providing retirement  
2 incentives for certain government employees, providing for the  
3 reduction in certain governmental positions due to early  
4 retirement, and providing an effective date.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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*HF 553*

1 Section 1. PARTICIPATION IN HEALTH OR MEDICAL INSURANCE  
2 PROGRAMS BY RETIREES AGE FIFTY-FIVE OR OLDER.

3 1. As used in this section, unless the context otherwise  
4 requires:

5 a. "Health or medical insurance program" means a health or  
6 medical group insurance plan for employees of the state.

7 b. "Member" means an employee of the executive branch of  
8 the state or the judicial branch of the state who is a member  
9 of the Iowa public employees' retirement system or the Iowa  
10 department of public safety peace officers' retirement,  
11 accident, and disability system, who at the date of  
12 termination of employment is receiving full health or medical  
13 insurance benefits pursuant to a health or medical insurance  
14 program in which the state makes contributions, and is not  
15 receiving disability payments under the state employees'  
16 disability insurance program, and who is not a member of the  
17 general assembly. "Member" does not mean an employee of the  
18 state board of regents.

19 2. A member with at least twenty years of membership  
20 service who retires on or after July 9, 1999, and before  
21 February 1, 2000, who applies to receive retirement benefits  
22 under this Act prior to February 1, 2000, who has attained at  
23 least the age of fifty-five at the time of retirement, and who  
24 was a participant in a health or medical insurance program in  
25 which the state makes contributions at the time of retirement,  
26 may continue to participate in the health or medical insurance  
27 program in which the member is enrolled on April 1, 1999, as  
28 authorized by law. However, a member may choose to  
29 participate in a health or medical insurance program after  
30 April 1, 1999, which incurs less cost to the state.  
31 Notwithstanding any other provision of law to the contrary,  
32 the member shall remain eligible to participate in a health or  
33 medical insurance program as provided by this section and the  
34 state shall continue to pay the employer's portion of the  
35 premium at the cost existing at the time of retirement under

1 the program for the retiree until the retiree attains the age  
2 of sixty-five. Any additional premium costs for coverage  
3 incurred after the time of retirement shall be paid by the  
4 retiree. However, in order to have the state continue to pay  
5 the employer's portion of the premium, the member must send  
6 written notification to the department of personnel at any  
7 time after the effective date of this section and prior to  
8 November 1, 1999, of the intent to retire and the anticipated  
9 date of retirement.

10 3. If a member continues participation in a health or  
11 medical insurance program and the state pays premiums as  
12 authorized in subsection 2, the member is not eligible to  
13 accept further employment in which the state or a political  
14 subdivision of the state is the employer. However, this  
15 subsection shall not apply to a member who is elected to a  
16 public office as defined in chapter 56.

17 4. A state department shall not be required to delete more  
18 than its proportionate share of all general fund full-time  
19 equivalent positions vacated due to the incentive for  
20 retirement established in subsection 2. All positions vacated  
21 by a member exercising the rights established in subsection 2  
22 shall be deleted, and the savings, as determined by the  
23 department of management, shall revert to the originating fund  
24 in a manner specified by the department of management, except  
25 that the portion of the savings which represents the cost of  
26 the employer's portion of a member's premium payable under  
27 this section shall not revert but shall be transferred to the  
28 department of revenue and finance to defray the costs of  
29 implementing this section. A state department may use a  
30 portion of the savings related to a deleted position to  
31 purchase technology or other equipment if the department of  
32 management determines that this purchase is necessary to  
33 maintain necessary levels of service for the state department.  
34 However, if an affected department determines that the vacancy  
35 may be detrimental to critical services provided to the

1 public, the affected department may, with the approval of the  
2 department of management, exchange the vacancy with a position  
3 or positions determined by the department of management to be  
4 of an equal value, and delete that position or positions. If  
5 a position is not available for exchange, the department may,  
6 with the approval of the director of the department of  
7 management, retain and fill the vacancy. It is the intent of  
8 the general assembly that retirement taken pursuant to this  
9 section be used to eliminate the greatest number of employment  
10 positions as is feasible. The department of management shall  
11 report to the fiscal committee of the legislative council and  
12 legislative fiscal bureau the number of vacancies retained and  
13 filled pursuant to this subsection.

14 It is the intent of the general assembly that the cost of  
15 premiums incurred by a state department be included within  
16 that department's annual budget and be paid from originating  
17 funds.

18 Sec. 2. EFFECTIVE DATE. This Act, being deemed of  
19 immediate importance, takes effective upon enactment.

20 EXPLANATION

21 The bill allows employees of the executive branch or the  
22 judicial branch of the state who are members of the Iowa  
23 public employees' retirement system or the Iowa department of  
24 public safety peace officers' retirement, accident, and  
25 disability system, who at the date of retirement are receiving  
26 full health or medical insurance benefits pursuant to a  
27 program in which the state contributes, and who are not  
28 receiving disability payments under the state employees'  
29 disability insurance program, and who have at least 20 years  
30 of membership service, to continue to participate in the  
31 health or medical insurance program in which the employees are  
32 enrolled on April 1, 1999, until age 65. This provision  
33 applies to employees who retire on or after July 9, 1999, and  
34 before February 1, 2000, who notify the department of  
35 personnel by November 1, 1999, of their intent to retire and

1 who apply to receive benefits under this bill prior to  
2 February 1, 2000, and who are at least 55 years of age at the  
3 time of retirement.

4 Under the bill, the state will continue to pay the  
5 employer's portion of the premium at the cost existing at the  
6 time of retirement under the program for a retiree until the  
7 retiree reaches the age of 65. Any additional premium costs  
8 for coverage incurred after the time of retirement will be  
9 paid by the retiree. A retiree who participates in the  
10 program cannot accept further employment with the state or a  
11 political subdivision of the state, other than election to  
12 public office. This portion of the bill does not apply to  
13 members of the general assembly or employees of the state  
14 board of regents.

15 The bill further provides that positions in government  
16 vacated by persons exercising the right to receive the  
17 retirement incentives of this bill will not be replaced unless  
18 the affected department establishes, to the satisfaction of  
19 the department of management, that the position is critical  
20 and should not be eliminated.

21 This bill takes effect upon enactment.

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