

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Higher Education Committee

BILL: SB 1088

INTRODUCER: Senator Ring

SUBJECT: State Group Insurance Program

DATE: March 24, 2010 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Harkey	Matthews	HE	Pre-meeting
2.			GO	
3.			BI	
4.			HI	
5.			WPSC	
6.				

I. Summary:

This bill would make graduate teaching assistants and research assistants at state universities part-time state employees only for purposes of the state group insurance program. State university graduate assistants would be eligible to participate in the state group insurance program if the university they attend pays the state portion of the insurance cost, which would be prorated according to the number of hours the student worked. The graduate assistant would have to pay the employee's share of the insurance cost and the portion of the employer's cost not paid by the university's pro rata share of that cost.

This bill amends section 110.123, Florida Statutes.

II. Present Situation:

State Group Insurance Program

The State Group Insurance Program is offered to state officers and employees, retired state officers and employees, and surviving spouses of deceased state officers and employees.¹ For purposes of the state group insurance program only, the term "state agency" includes any state university.

Under s. 110.123, F.S., the Department of Management Services (DMS), through the Division of State Group Insurance, administers the state group insurance program providing employee benefits such as health, life, dental, and vision insurance products under a cafeteria plan

¹ s. 110.123(2)(i), F.S.

consistent with the Internal Revenue Code². As part of the state group insurance program, the DMS contracts with plan administrators to operate the self-insured state employees' PPO Plan and directly with five fully-insured HMOs. Members may choose from the standard plan or the high deductible/health savings account (HSA) plan (marketed as the Health Investor Health Plan) PPO and HMO options. The DMS and the State of Florida are not a party to the private business contracts between the state group vendors and their network providers.

Part-time employees must pay the employee portion plus a prorated share of the employer portion.³ The percentage of the cost the employer contributes for the part-time employee is determined by the relationship of the part-time employee's normal workday to a full-time employee's normal workday.

Employment of Graduate Assistants at State Universities

Graduate assistants at state universities who work part-time as teaching assistants or research assistants while they are pursuing their graduate studies receive compensation for their work. Graduate assistants are not state employees, and their work as graduate assistant does not make them eligible to participate in state-employee benefit programs such as the Florida Retirement System and the state group health insurance program.

According to the Board of Governors (BOG), all state universities offer health insurance coverage plans for their enrolled students, and Florida State University has required all new students to carry health insurance since 2007. Because graduate assistants are not state employees, they are responsible for their own insurance coverage while enrolled and employed at the university. Three state universities, the University of Florida, University of Central Florida, and Florida A & M University support their graduate assistants by paying 100 percent of health insurance premiums while the students are enrolled in a graduate degree program.

For purposes of the state group insurance program, the term "part-time state employee" includes any part-time employee of the state universities.⁴ However, employees paid from other-personal-services (OPS) funds are not "part-time employees".⁵

Other Personal Services

The appropriation category Other Personal Services (OPS) is used to fund compensation for services rendered by a person who is not filling an established position.⁶ The services included under OPS employment could be those of temporary employees, graduate assistants, part-time employees, board members and consultants.

State University System Student Health Insurance Task Force

In its 2010 report, the State University System Student Health Insurance Task Force is recommending the establishment of a workgroup of SUS vice presidents, health center directors, and students to develop an "action plan" for the provision of student health insurance in the

² 26 U.S.C., s. 125

³ Rule 60P-2.009(7) F.A.C.

⁴ s. 110.123(209f), F.S.

⁵ s. 216.011(1)(dd'), F.S.

⁶ *Id.*

SUS.⁷ The report recommends that the action plan meet the needs of all students according to guidelines of the American College Health Association, provide for the efficient transition of the SUS into a purchasing consortium, and include a process that would enable state colleges and independent postsecondary institutions to participate in an SUS purchasing consortium.⁸

III. Effect of Proposed Changes:

This bill would make OPS graduate teaching assistants and research assistants at state universities part-time state employees and therefore eligible for participation in the state group insurance program if the university where they are enrolled elects to pay the employers cost for the insurance.

The bill would create two categories of OPS employees—state university graduate assistants who would be eligible to participate in the state group insurance program and all other OPS employees who would not be eligible to participate.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Beginning in May 2010, premium rates for full-time state employees will be \$50 per month for a single person and \$180 per month for a family. The employer's cost will be \$473.62 per month for a single person and \$1004.14 per month for a family. The graduate assistant would have to pay the employee's premium and the portion of the employer's cost not paid by the university's pro rata share of that cost. A student employed half time for one year would pay \$286.16 per month for single coverage and \$682.07 per month for family coverage. Assuming a ratio of 90% individual coverage and 10% family coverage

⁷ Board of Governors, "State University System Student Health Insurance Task Force, Findings and Recommendations," February 2010.

⁸ *Id.*, p. 38.

(ratio average obtained from a BOG poll of University of Florida and Florida State University); a headcount of 12,846 graduate assistants (from the State University System Fall 2009 Employee file); and 20 hours per week employment the total cost to the state's graduate assistants for one year would be \$50,307,244.32.

C. Government Sector Impact:

The state group program will continue to receive the full premium for each member enrolled in the program. Additional trust fund revenue (premium) may be received if the bill results in increased enrollment. The expenditure impact could be positive or negative depending on utilization of new enrollees.

A university would have to pay a pro rata share of the employer's cost.

Assuming a ratio of 90% individual coverage and 10% family coverage (ratio average obtained from a BOG poll of University of Florida and Florida State University); a headcount of 12,846 graduate assistants (from the State University System Fall 2009 Employee file); and 20 hours per week employment for one year the annual cost to the universities would be \$ 40,695,044.32.

According to the BOG, the proposed policy would result in new administrative costs for universities who choose to implement the policy as they would need to employ additional staff and upgrade records and billing technology. Most universities do not collect information (marital status, dependents, etc.) at the level of detail that would be needed.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:

A. Committee Substitute – Statement of Substantial Changes:
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.