

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 Policy and Steering Committee on Ways and Means

BILL: CS/SB 2374

INTRODUCER: Policy and Steering Committee on Ways and Means and Senator Alexander

SUBJECT: State Employee Health Insurance

DATE: March 28, 2010 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Wilson	Wilson	GO	Favorable
2.	McVaney	Coburn	WPSC	Fav/CS
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

Please see Section VIII. for Additional Information:

- | | | |
|------------------------------|-------------------------------------|---|
| A. COMMITTEE SUBSTITUTE..... | <input checked="" type="checkbox"/> | Statement of Substantial Changes |
| B. AMENDMENTS..... | <input type="checkbox"/> | Technical amendments were recommended |
| | <input type="checkbox"/> | Amendments were recommended |
| | <input type="checkbox"/> | Significant amendments were recommended |

I. Summary:

This legislation continues the current level of employer contributions into a participant’s health savings account for those employees participating in the high deductible plans in the State Employee Health Insurance Program. The annual contributions are \$500 for single coverage and \$1000 for family coverage.

The Division of State Group Insurance is directed to establish a state employee health clinic pilot program for the 2011 plan year.

The Division of State Group Insurance is directed to competitively procure post payment claims review services and dependent eligibility verification services. In addition, subscribers participating in the State Group Insurance Program must provide documentation necessary to verify the eligibility of any dependents covered by the program.

This bill substantially amends section 110.123 of the Florida Statutes.

II. Present Situation:

State Employee Health Insurance Program and health savings accounts

Section 110.123, F.S., creates the State Employee Health Insurance Program. As implemented by the Department of Management Services, the program offers four types of health plans: a standard statewide Preferred Provider Organization (PPO) Plan, a Health Investor PPO Plan, a standard Health Maintenance Organization (HMO) Plan, or a Health Investor HMO Plan.

The State Employees' PPO plan, consisting of the standard PPO Plan and the Health Investor PPO Plan, is a self-insured health plan administered by Blue Cross Blue Shield of Florida. The administrator is responsible for processing health claims, providing access to a Preferred Provider Care Network, and managing customer service, utilization review, and case management functions.

Each HMO is a self-administered, pre-paid health plan that provides health services to people who live or work within the HMO's service area. Five HMOs provide coverage in various geographic regions. The standard HMO plan providers are VISTA, Capital Health Plan, AvMed, United Health Care, and Florida Health Care Plan. The Health Investor HMO plan providers are VISTA, AvMed, and United.

A state employee participating in either Health Investor plan is eligible to receive contributions into the employee's health savings account. The participant may draw upon these funds to meet the out-of-pocket medical and pharmacy expenses.

The annual contribution from the State Employee Health Insurance Trust Fund is \$500 for single coverage and \$1000 for family coverage. These contributions are made in equal monthly installments throughout the plan year. These contributions are funded as part of the employer paid premium for health insurance coverage.

The authority to make employer-paid contributions into a participant's health savings account expires June 30, 2009.

Dependent Eligibility

A state employee enrolled in the State Group Insurance Program may also cover eligible dependents for medical, dental, prescription drug and vision coverage by selecting family coverage under those options when you enroll.

Eligible dependents include:

- A spouse.
- An unmarried child through the end of the month in which the child reaches age 19.
- An unmarried child age 19 through the end of the calendar year the child reaches age 25 if:
 - The child is financially dependent upon the member for support and the child lives with the member or
 - The child is financially dependent upon the member for support and the child is enrolled in any school, college or university which provides training or educational activities and is certified or licensed by a state or foreign country.

- A mentally or physically disabled, unmarried child who has reached the age limits but is incapable of self-sustained employment and is dependent on the member for more than 50% of the child's financial support.
- An eligible child's newborn child for 18 months after the child's birth, or until the eligible child who is the infant's parent no longer qualifies as a dependent.

For health insurance coverage only, a child age 19 through the end of the calendar year when the child turns 30 may purchase coverage for an additional premium, if the child:

- Is not married,
- Has no dependents (i.e. children, spouse),
- Is not provided or otherwise has available other major medical health insurance, and
- Either lives in Florida or is a student in another state.

Coverage for optional over-age children is not automatic. These children must be enrolled in an individual policy and pay premiums for the entire plan year. Coverage may continue for an over-age dependent as long as the member remains a state employee or retiree, or until the end of the calendar year in which the over-age dependent reaches age 30. When the dependent loses eligibility, he/she will be eligible to purchase a COBRA policy.

III. Effect of Proposed Changes:

Section 1 amends s. 110.123, F.S., to provide the level of the monthly employer contribution into a participant's health savings account. It will remain at the current level of \$41.66 for individual coverage (\$500 annually) and \$83.33 for family coverage (\$1000 annually).

Section 2 requires the Division of State Group Insurance to establish a state employee health clinic pilot program for the 2011 plan year.

Section 3 requires the Division of State Group Insurance to competitively procure post payment claims review services and dependent eligibility verification services.

Section 4 requires subscribers participating in the State Group Insurance Program to provide documentation necessary to verify the eligibility of any dependents covered by the program.

Section 5 provides that this act shall take effect July 1, 2010.

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:

The matching payments accrue to the benefit of the employee in a custodial account established for that purpose. Unlike a flexible spending account set up on a “use-it-or-lose-it” basis under federal law, unused account balances in health savings account carry forward from year-to-year.

C. Government Sector Impact:

As of February 2010, there were approximately 1241 participants in the high deductible health plans offered to state employees. Of these participants, 634 have single coverage and are eligible for the annual \$500 state contribution. The other 607 participants have family coverage and are eligible for the annual \$1000 state contribution.

It is expected that dependent eligibility verification services may identify some dependents that are not eligible for coverage under the State Group Insurance Program. To the extent that these dependents would have made claims under the program, the state will avoid an indeterminate level of costs.

It is expected that the post payment claims review services may identify some level of erroneous payments – both overpayments and underpayments. The state will avoid an indeterminate level of costs through implementation of these review services.

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.)

CS by Policy and Steering Committee on Ways and Means on March 26, 2010:

- Requires the Division of State Group Insurance to establish a state employee health clinic pilot program for the 2011 plan year.
- Requires the Division of State Group Insurance to competitively procure post payment claims review services and dependent eligibility verification services.
- Requires subscribers participating in the State Group Insurance Program to provide documentation necessary to verify the eligibility of any dependents covered by the program

B. Amendments:

None.