

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 Committee on Appropriations

BILL: SPB 2506

INTRODUCER: For consideration by Appropriations Committee

SUBJECT: Ratification of Department of Management Services Rules

DATE: February 8, 2022

REVISED: _____

ANALYST

Shettle

STAFF DIRECTOR

Sadberry

REFERENCE

ACTION

Pre-meeting

I. Summary:

SPB 2506 ratifies rules of the Department of Management Services relating to the establishment of regions for the procurement of Health Maintenance Organization (HMO) plans.

The bill is effective upon becoming a law.

II. Present Situation:

State Group Insurance Program

Overview

The State Group Insurance Program (SGI Program) is created by s. 110.123, F.S., and is administered by the Division of State Group Insurance (DSGI) within the Department of Management Services (DMS). The SGI Program is an optional benefit for most state employees employed by executive branch agencies, state universities, the court system, and the Legislature and includes health, life, dental, vision, disability, and other supplemental insurance benefits. The SGI Program typically makes benefits changes on a plan year basis, January 1 through December 31.

Eligible Employees

The SGI Program is open to the following individuals:

- All state officers;
- All state employees paid from “salaries and benefits” appropriation categories, regardless of the number of hours worked;
- Retired state officers and state employees;
- Surviving spouses of deceased state officers and state employees;
- Certain terminated state officers and state employees; and
- Certain state employees paid from “other-personal-services” (OPS) appropriation categories.

For OPS employees hired after April 1, 2013, to be eligible to participate in the health insurance program, the employee must¹:

- Be reasonably expected to work an average of at least 30 hours per week; and
- Have worked an average of at least 30 hours per week during the person's measurement period (which is 12 consecutive months² of employment).

For OPS employees hired before April 1, 2013, the measurement period was the six-month period from April 1, 2013, through September 30, 2013.³

State Employee Health Insurance Program

Health Insurance Premiums and Revenues

Over 170,000 active and retired state employees and officers are expected to participate in the health insurance program during Fiscal Year 2021-2022. The health insurance benefit for active employees has premium rates for single, spouse program,⁴ or family coverage regardless of plan selection. These premiums cover both medical and pharmacy claims. The state will contribute approximately 93 percent toward the total annual premium for active employees and officers, or \$2.15 billion out of total premium of \$2.32 billion for active employees during Fiscal Year 2021-2022.⁵ Retirees and Consolidated Omnibus Budget Reconciliation Act (COBRA) participants will contribute an additional \$238.4 million in premiums, with \$288.8 million in other revenue for a total of \$2.85 billion in total revenues.⁶

State Employee Health Insurance (Medical Claims)

The DMS provides medical services to health plan members through a self-insured preferred provider organization (PPO), self-insured HMO plans, and a fully-insured HMO plan. Under current contracts, a single provider (Florida Blue) administers the statewide PPO plan. This contract expires December 2022. Three providers (Aetna, AvMed, and United Health Care) administer the self-insured HMO plans providing services in 60 counties combined. Capital Health Plan is a fully-insured HMO plan providing services in 7 counties. The current HMO contracts were awarded on a county-by-county basis with service based on the county in which the member works or resides.

Service Areas

Section 110.123(3)(h), F.S., gives the DMS the discretion to award its HMO contracts on a regional or statewide basis. In 2019, the Legislature required the DMS to adopt a rule to establish HMO regions throughout the state, which must be ratified by the Legislature prior to becoming

¹ Section 110.123(2)(c)2., F.S.

² Section 110.123(13)(d), F.S.

³ Section 110.123(13)(c), F.S.

⁴ The Spouse Program provides discounted rates for family coverage when both spouses work for the state.

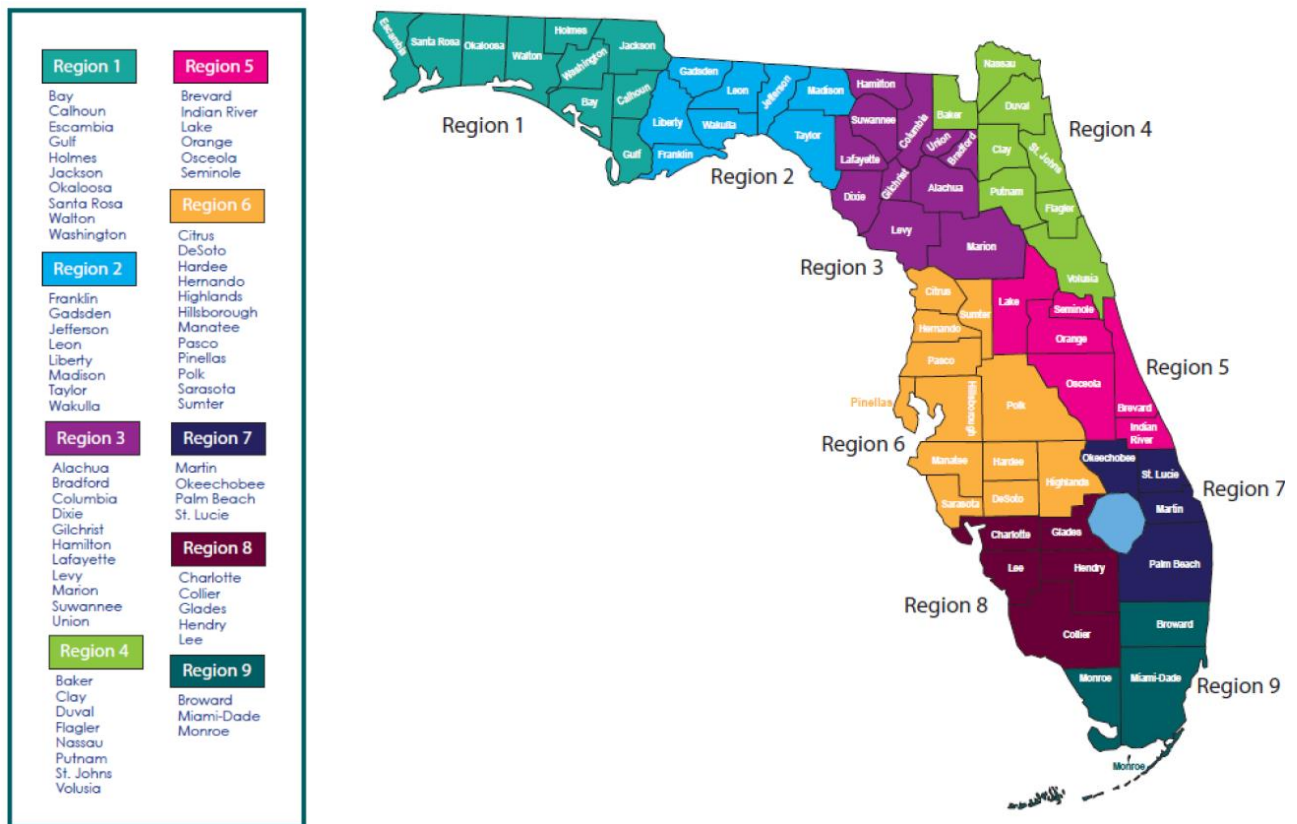
⁵ Florida Legislature, Office of Economic and Demographic Research, Self-Insurance Estimating Conference, *State Employees' Group Health Self-Insurance Trust Fund – Report on the Financial Outlook for Fiscal Years Ending June 30, 2022 through June 30, 2027*, adopted January 12, 2022, page 6, available at <http://edr.state.fl.us/Content/conferences/healthinsurance/HealthInsuranceOutlook.pdf>.

⁶ *Id.*

effective.⁷ To assist in the development of regions, the DMS contracted with Mercer Health Consulting who performed a referral pattern analysis of claims data. Mercer performed the analysis in the following manner:

- Claims and eligibility files were processed, adding relevant eligibility fields to the claims, based on their incurred date;
- Claims were analyzed based on the plan under which they were paid, or the plan that members were assigned;
- Plan types, regions, and various other derived fields were added during this process, to allow for consistency across reporting projects, as well as time periods;
- All geocoding and mapping was performed using the Quest Analytics platform. Distance calculations based on geocoded data were performed on various platforms, all of which were verified for accuracy; and
- Geocoding used in the mapping was ultimately based on the employee zip code and mapped at the employee level.⁸

Based upon the outcome of the referral pattern analysis, DMS published rules creating nine regions. The regions and their encompassing counties are illustrated in the figure below.⁹



⁷ Section 110.123(3)(h)2.d., F.S.

⁸ Mercer, *State of Florida HMO Region & Referral Patterns Review Final Report* (2019) (on file with the Senate Appropriations Committee).

⁹ DMS, *Stage Group Insurance Program Simultaneous Procurement Analysis* (2019), pg. 10 (on file with the Senate Appropriations Committee).

III. Effect of Proposed Changes:

This bill ratifies DMS' rules creating HMO regions across the state to comply with the requirements of s. 110.123(3)(h)2.d., F.S., which requires a DMS rule establishing HMO regions throughout the state to be ratified by the Legislature prior to becoming effective.

The bill is effective upon becoming a law.

IV. Constitutional Issues:**A. Municipality/County Mandates Restrictions:**

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None identified.

V. Fiscal Impact Statement:**A. Tax/Fee Issues:**

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill creates an undesignated section of Florida law.

IX. Additional Information:

A. Committee Substitute – Statement of Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
