

The Florida Senate  
**COMMITTEE MEETING EXPANDED AGENDA**  
 GOVERNMENTAL OVERSIGHT AND ACCOUNTABILITY  
 Senator Brandes, Chair  
 Senator Gruters, Vice Chair

**MEETING DATE:** Thursday, December 2, 2021  
**TIME:** 9:00—11:30 a.m.  
**PLACE:** Mallory Horne Committee Room, 37 Senate Building

**MEMBERS:** Senator Brandes, Chair; Senator Gruters, Vice Chair; Senators Farmer, Mayfield, Stargel, and Torres

TAB	BILL NO. and INTRODUCER	BILL DESCRIPTION and SENATE COMMITTEE ACTIONS	COMMITTEE ACTION
1	Presentation by Wheels, Inc., on Fleet Management		Presented
2	Presentation by Amy Baker, Coordinator, Florida Office of Economic and Demographic Research, on Opportunities to Encourage Participation in the High Deductible Health Plans of the State Group Health Insurance Program		Presented
Other Related Meeting Documents			



# Holistic Fleet Management

for the State of Florida

December 2, 2021

Confidential

# Wheels' Participants

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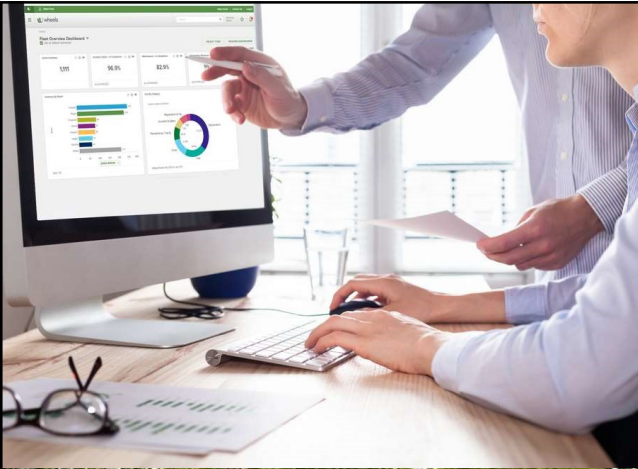
**Doug Becker**  
AVP, Strategic Sales



**Jack Leffler**  
AVP, Client Relations



**Peter Knott**  
Director, Strategic Sales



## Our Discussion Today

- > Current Assignment of Duties
- > A Holistic Approach to Fleet
  - Asset Management (Acquisition through Resale)
  - Operating Expense Management
  - Productivity and Compliance
  - Integrated Technology
- > Supporting DMS and its Customers
- > Wheels Experience
- > Michigan: A Playbook for Success
- > Next Steps



# Current Assignment of Duties

Distribution of Fleet functions across the State of Florida

## DMS-Fleet Management

Approve vehicle purchase  
Coordinate resale (or salvage)  
Establish system for data capture

## Agencies

- > Acquire funding, approval for vehicle purchases
- > Capture maintenance and fuel transactions
- > Select resale/salvage channel
- > Update IT system

## Field-Drivers

- > Operate assigned vehicle
- > Comply with State policy

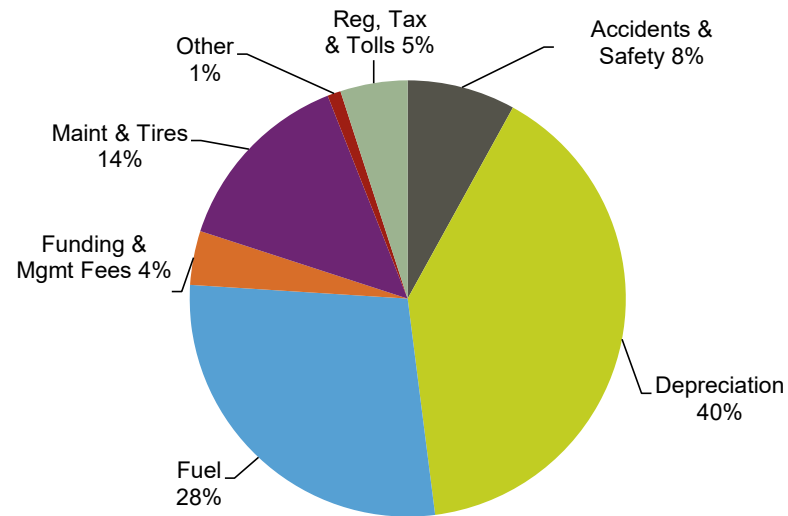
# Accountable for 3 Key Objectives

Together, ensuring optimal value to the State of Florida

## Productivity



## Efficiency



## Transparency



# Multiple stakeholders, critical functions

Each role is supported with process, tools and talent

## DMS-Fleet Management



- Administer transactional activities
- Ensure policy compliance
- Enable strategic focus
- Provide optimal performance benchmarking
- Support budget approval process

## Agencies



- Streamline operational processes
- Ensure performance to plan
- Partner in the fleet process
- Oversee compliance

## Field-Drivers



- Communicate policy guidance
- Support critical events
- Provide productivity-enabling tools



# Introducing Wheels

Driving Fleet Mobility innovation since 1939

## Recognized Leader

- > 80+ years experience
- > 525,000 vehicles under management
- > Comprehensive services supporting full lifecycle
- > Serving large, complex organizations
- > Full system integration

## Focused on Customer Results





# A Comprehensive Solution for Complex Fleets

Tailored to ensure the State of Florida's success

## FLEET STRATEGY

Consulting + Planning  
Reporting + Analytics  
Fleet Administration  
Driver + Branch Support



## VEHICLE OPTIMIZATION

Vehicle Selection  
Acquisition (Order-Delivery)  
Inventory Management  
Telematics  
Remarketing



## DATA MANAGEMENT

Asset Details  
Driver Assignments  
Operating Expenses  
Reporting + Analytics  
Cost Allocation + Billing



## ON THE ROAD ESSENTIALS

Fuel  
Maintenance  
Roadside Assistance  
Accident Management  
Mobile Apps



## RISK + SAFETY

Fleet Policy  
MVR Monitoring  
Telematics  
Driver Training



## TRUCKS + EQUIPMENT

Configuration + Upfitting  
CMV (DOT-IFTA-IRP) Compliance  
Maintenance + Repair  
Remarketing



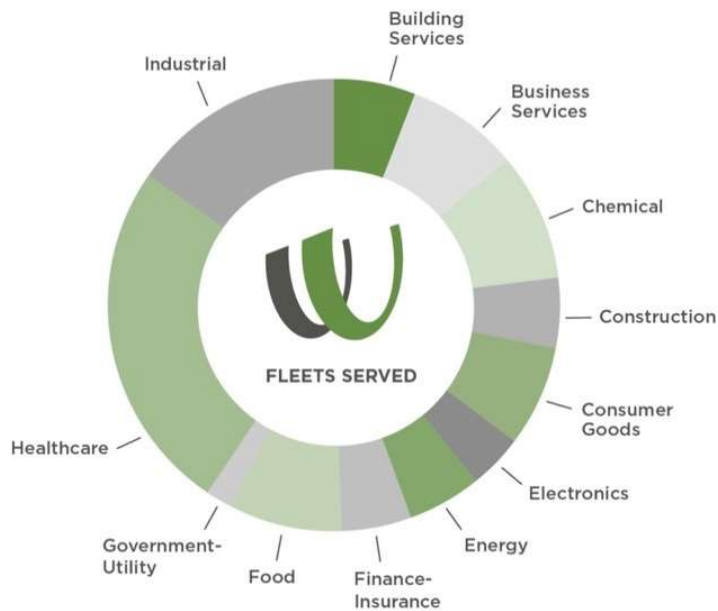
## MOBILITY SOLUTIONS

Lease Financing  
Sustainability  
Ride Hailing + Motor Pools  
Parking Reservations + Payment  
Reimbursement





BUSINESS MOVES BETTER WITH WHEELS



*Wheels manages over 17,000 vehicles across the State of Florida*



# The State of Michigan's Goals

Leveraging scale, data mining, and fleet expertise

## Cost Control

- > Full Visibility
  - Consolidated database enables dynamic asset monitoring
  - Ensures appropriate deployment and rightsized fleet
- > Predictable Budgets
  - Consistent annualized expense instead of lumpy capital acquisition
  - Allocation of costs based on Agency usage and possession (as vehicles continue to depreciate even while idle)
- > Reduced Cost
  - Replacement cycles based on predictive TCO service cycle rather than available capital
  - Reduced fuel and maintenance expenses, with newer, more efficient vehicles
  - Full reimbursement of vehicle costs for federally funded programs

## Safety and Productivity

- > Risk Avoidance
  - Newer vehicles equipped with enhanced safety features; reduces occurrence and severity of accidents
- > Administratively efficient
  - Leveraging Wheels' systems, scale and expertise for process-oriented tasks
  - Enabling FTM to focus on Strategic priorities



## Michigan's Outcomes

Success Story featured @ NCSFA

- > Each vehicle spec'd to Agency requirements (including upfitting)
- > Wheels purchases through in-state "selling" dealers
- > Wheels arranges road-ready delivery to State Agencies or Pool locations via local "delivering" dealers
- > Wheels provides lease financing at AA Corporate Bond rates
- > Wheels issues Fuel cards to each vehicle, secured by actively managed PINs
- > ASC and I-CAR certified technicians manage maintenance and repairs
- > Versatile systems support monthly or mileage-based billing
- > ~97% of annual fleet spend stays in State





## Topics to Explore Further

- > Funding
  - Lease vs. Ownership
- > Acquisition
  - Annual bidding
  - Courtesy deliveries
- > Operating Expenses
  - Supply chain management
- > Driver/Vehicle Support
  - Call center
  - Mobility tools
- > Data Management
  - Benchmarking
  - Predictive Analytics



# Next Steps

for the State of Florida

WELCOME  
TO  
FLORIDA  
THE SUNSHINE STATE

*Confidential*



Appendix



# Wheels Broad Supply Chain Streamlines Yours

## Vehicle Acquisition

- Vehicle Manufacturers
- Ordering Dealers
- Transport Companies
- Delivering Dealers
- Equipment Upfitters



## Electricity / Fuel

- Charging Stations
- Charge Card Pilot
- Local Gas Stations
- Major Oil Companies
- Fleet Card Issuer
- Fuel Data and Reporting



## Maintenance / Repairs

- Towing Service
- Local Shops
- Dealerships
- National Accounts
- Manufacturer Warranty



## Funding

- Investors
- Dealers
- Underwriters



## Used Vehicle Sales

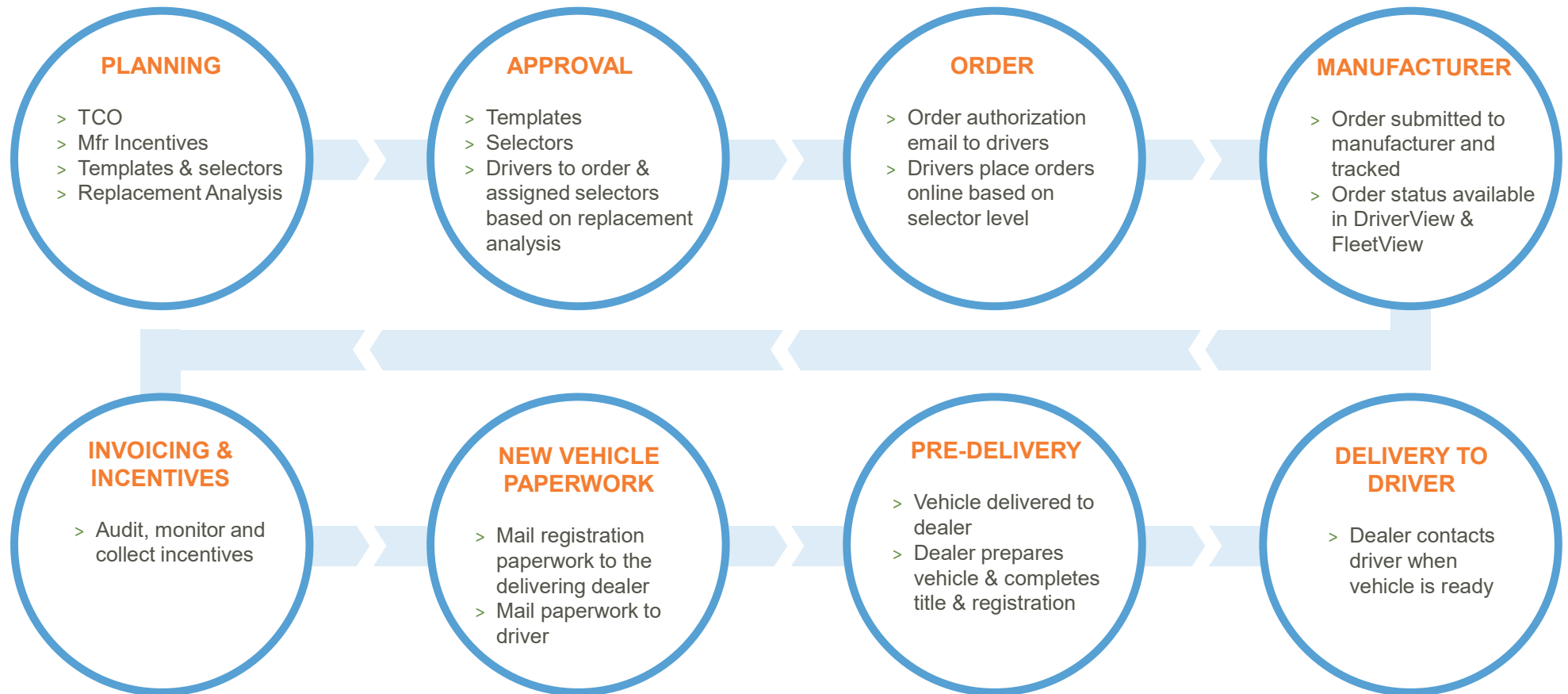
- Used Vehicle Buyers
- Auctions and Wholesalers
- Transport Companies
- Turn In Dealerships





# Order Management

Providing oversight from planning to delivery



# Right Vehicle

Wheels Selection Modeler™, offers easy, precise, and calculated vehicle selection within a few clicks

> Quantifiable Information

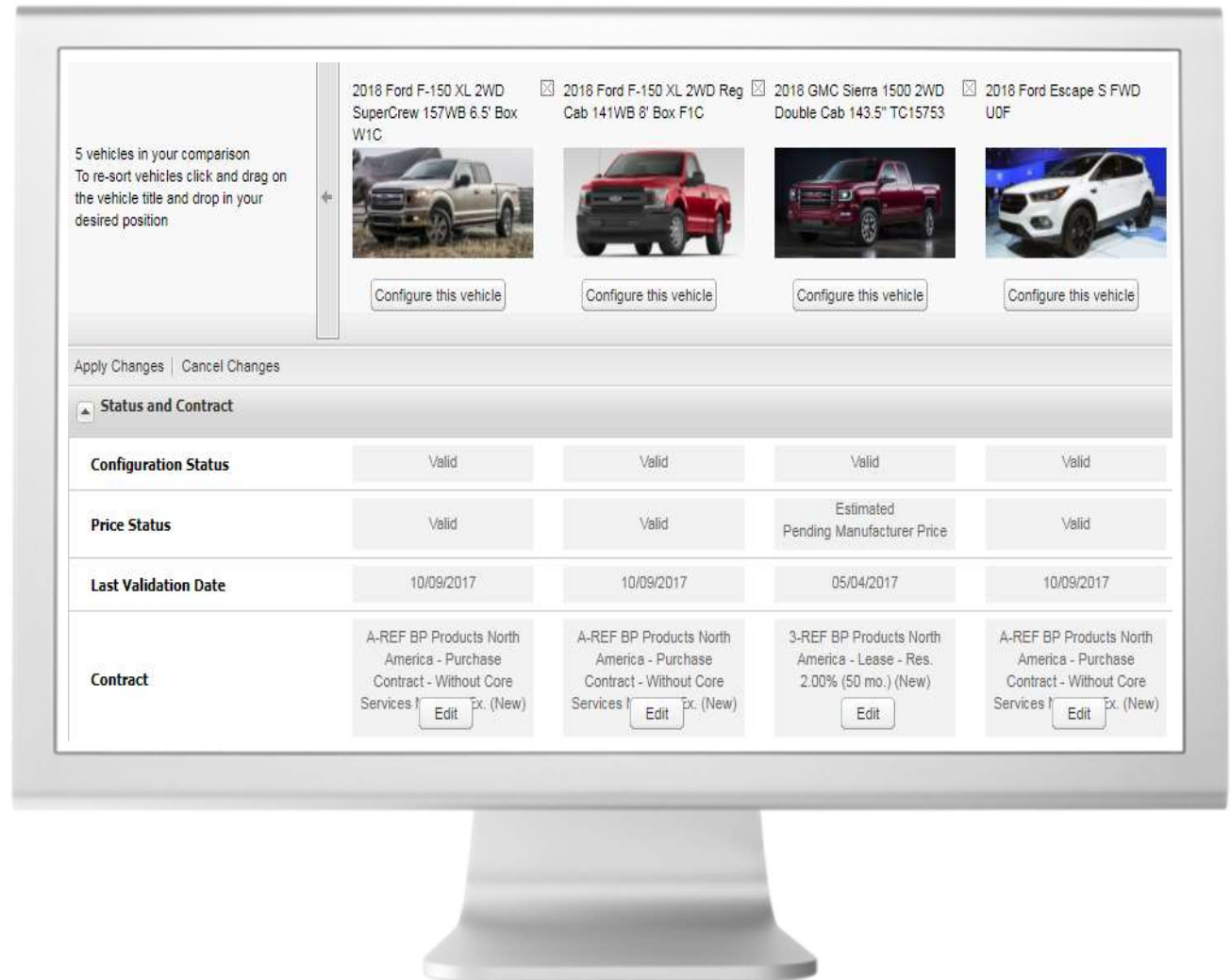
- 6,500+ vehicles
- Updates continually
- Houses full contract pricing

> Collaborative

- Discuss with multiple concurrent users
- Use as manufacturer negotiation tool

> Precise & Calculated Decisions

- Explore “what-if” scenarios
- Make side-by-side comparisons
- Customize to your fleet



# Flawless Execution

Strong relationships ensure vehicles are delivered with care and convenience

## 15 Major Manufacturers

- > Conduct presentations at Wheels
- > Work directly with our team of vehicle specialists
- > Consult with us on both tactical and strategic issues

## 6,500+ Courtesy Delivery Dealers *(including 908 in the State of Florida)*

- > Selected based on location and quality guidelines
- > Prepare each vehicle for delivery, including a walk through with driver
- > Process majority of initial title and registrations



# Acquisition Process Visibility

The entire process is captured in a consolidated platform

Zip: 14226

**Plate Expiration Date:**

**Previous Vehicle:**

**Next Vehicle:**

**Transfer**

---

**Drivers**

Current

[Keith Demo](#)

Assigned: 07/11/2018

---

[Customize](#)

Full Name: Keith Demo  
 Status: Active  
 City/State/Zip: Buffalo, NY 14217  
 Mobile Phone:  
 Email:  
 Division: DEM2:Zone 6:Buffalo:B31665  
 Division Name: Demo Two Division  
 101219185  
 Driver ID: 806176

Add or Assign another Contact/Driver

**Order to Delivery**

An upfitter is a supplier that modifies vehicles from their original state, adding items such as decals, ladder racks, bins, or other equipment.

- 07/11/2018 Received by Manufacturer
- 08/27/2018 Scheduled to be Built
- 08/28/2018 Built
- 09/04/2018 Received by Upfitter
- 09/28/2018 Released for Shipment by Upfitter
- 10/09/2018 Shipped
- 10/11/2018 Arrived at Dealer or Final Destination

**Current Status**

Target Production Date 08/27/2018

Requested Delivery Date

Delivered

Factory Order WGTGZH

Upfit Process Ship Thru

---

**Vendor Information**

Vendor [Fred Beans Chev/Wheels PC, LLC](#) Gurnee, IL

Dealer [KELLER CHEVROLET](#) Buffalo, NY

Upfitter [Adrian Equipment](#) Wentzville, MO

Plant A EXPRESS/COLORADO WENTZVILLE, MO

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**Document Images**

07/21/2019 [Wheels NVI](#)

07/21/2019 [Memo of Delivery](#)

**Status History**

Order Status	Manufacturer Status	Body Status
New Car Papers Cut	Received At Dealer	Body Co Shipped Unit
Assigned	Arrived At Ramp	Body Upfit Complete
Released to Par	Shipped	Body Co Est Completion
Factory Invoice Processed	Shipped to Body Company	Received At Body Co
Invoice Rejected	Built	Body Co Received PO
Mfg Invoice Received	Available for Shipment	
Body PO Cut	Sent To Production	
On Order	Target Production	
Transmit to MFG	Plant Received	
Exported From VLO	Sent To Plant	
Received	Preferred	
	Mfr Received Order	



## Maintenance and Repair Management

Everywhere you are, performing the right repairs at the right cost

**37,000** network shops in North America  
*(including 2,037 in the State of Florida)*

**95%** of network shops within 2 miles of driver location

- Repair shops and dealers convenient to pool sites

**95%** of drivers are satisfied with shop service

**100%** of repairs are guaranteed

**61** ASE certified technical advisors



\$2.5 Million MAP Network savings



# In-House Operational Excellence

## Transactional Management

### > Time of Repair

- ASE-certified experts
- Robust system of checks and balances accompany every approval
  - Necessity of the repair
  - Labor effort and pricing
  - Repair history
  - Client parameters
  - Alternative solutions

### > Repair Savings

- \$21.2 million documented cost avoidance
- \$2.7 million after-warranty dollars recovered



## Driver Support & Compliance

Easy for your drivers to take care of your customers

- > 24/7 Customer Service
  - Associates are available whenever your drivers need them
- > Mobile
  - Convenient tools at your driver's fingertips
- > Passport
  - Guide for both scheduled and unscheduled maintenance
- > Driver Reminders
  - Proactively notify drivers on preventive maintenance
- > Management Alerts
  - Monitor driver compliance



# Multilevel Support

Wheels partners with the best in the industry

## Program Administration – What we do for you

- > Manage/maintain client fuel accounts, profiles and card limits
- > Establish Product Type Controls to ensure accuracy of purchases
- > New and replacement cards, manage card renewals
- > Manage lost/stolen cards, open disputes with card vendors
- > Directly request cards and PINs in FleetView
- > Consolidated billing





# Multilevel Support

## Program Administration – Robust data capture

- > Purchase volume rebates
- > Level III data for reporting
  - Vehicle number, Odometer, Purchase description
- > Pre-authorization limits
  - \$/Transaction, \$/Period, Day of week/time limits
- > Real time dollar limits
  - Limit per transaction, per period, or # of transaction
- > Real time limits based on product category
  - Oil & fluids, general merchandise, etc.
- > Fuel Fraud Liability
  - Card processor takes on liability for counterfeit purchases



# Multilevel Support

## Driver Tools

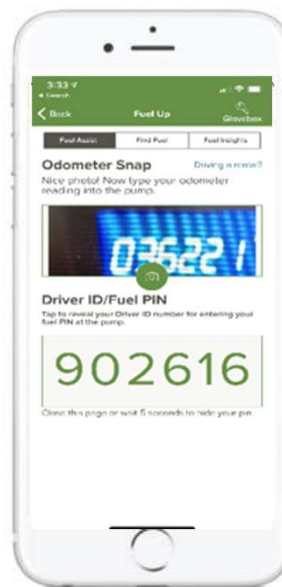
### Online, On the Phone, On the go

#### > Driver Tools - Wheels Mobile Assistant

- Fuel PIN access
- MPG insights
- Fuel station locator

#### > Driver Services

- 24x7 availability



#### Fuel Pin Access

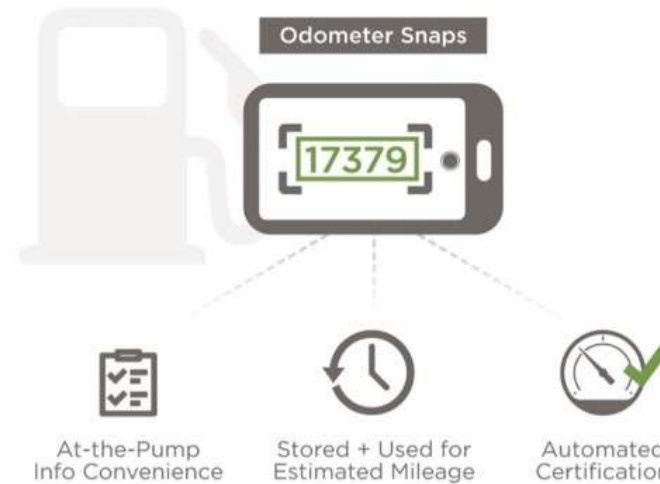
072979

#### Fuel Insights

30  
EPA Average

16.5 Gallons  
Shell  
7379 mi

#### Odometer Snaps



## Fuel Management – High level Overview

Fleet Office/Corporate Benefits	Wheels Fuel Program	Purchasing Card	Direct with Fuel Provider
<b>Consolidated Billing</b> Fuel Card consolidated with vehicle info; a P-card with T & E expense	X	X	
<b>Data Integration</b> Same situation as above	X	X	
<b>Level III Data</b> P-cards are improving, but not yet at the level of Fuel Cards	X		X (major providers)
<b>Eliminates “Fudge Factor”</b> Both cards eliminate the need to “estimate” due to lost receipts	X	X	X
<b>Eliminates Hidden Purchases</b> Line item detail highlights purchases outside of company policy	X		X
<b>Purchase Restrictions</b> Fuel card can limit purchases to fuel only; P-card can only limit by merchant	X		X
<b>Integrated Reporting</b> Fuel purchase data integrated with vehicle information (e.g. fuel tank size) to better monitor purchases	X		X
<b>Online Fuel Management</b> Manage fuel cards and PINs	X		X



# Wheels Mobile Assistant

All-in-one applications for modern field service productivity



## Maintenance



## Vehicle Support



# Fleet Administration

- Fleet Policy
- Driver Management
- Vehicle Management
- Decision Management



# Solutions

Different outsourcing options for different needs

## DRIVER SERVICES

- ✓ Dedicated toll-free number
- ✓ Client-specific greeting & customized prompts tailored to your specific services
- ✓ Great service and people

## DRIVER ASSISTANCE

- ✓ Driver Services features
- + Profile-driven service delivery with customized responses
- + All policy, service and vehicle-related questions & concerns

## FLEET ADMIN

- ✓ Driver Services features
- ✓ Driver Assistance features
- + Vehicle surplus management
- + Vehicle re-assignment decisions
- + Interim rental oversight
- + New hire and termination requests
- + Driver outreach / communications
- + Policy compliance & exception reporting



# Remarketing

Wheels maximizes returns through coordinated effort, resulting in 114% of BlackBook

## Expertise

- > Dedicated remarketing department structured by region
- > Specialists for trucks, equipment, highline, sedans and salvage
- > Each sales manager has an average of 21 years remarketing experience

## Relationship & Contracting

- > Track the entire sale process for all channels
- > Onsite and remote sale representation
- > Sell vehicles in U.S., Canada & PR
- > Wheels Brand of used vehicles makes a difference to dealers

## Admin Technical Systems

- > Proprietary remarketing system assigns vehicles to top performing outlets
- > Key performance metrics
- > System integration
  - Data exchange
  - Online payments
  - Status
- > Prompt payment processing

## Audit & Control

- > Jurisdictional and federal compliance
- > Policy compliance
- > Cost controls
- > Customer specific reporting



# A Multifaceted Approach to Sales

Continually remarketing throughout the cycle

## TARGET

## EXPECTATIONS

## BUYER

Upstream

- > Time advantage
- > Appeal to retail market
- > Avoid holding costs

Employees & Drivers

Midstream

- > Dealer appeal
- > No sales fee
- > Get paid faster

Delivering & Specialty Dealer

Downstream

- > Timing is key
- > Market changes require an expert

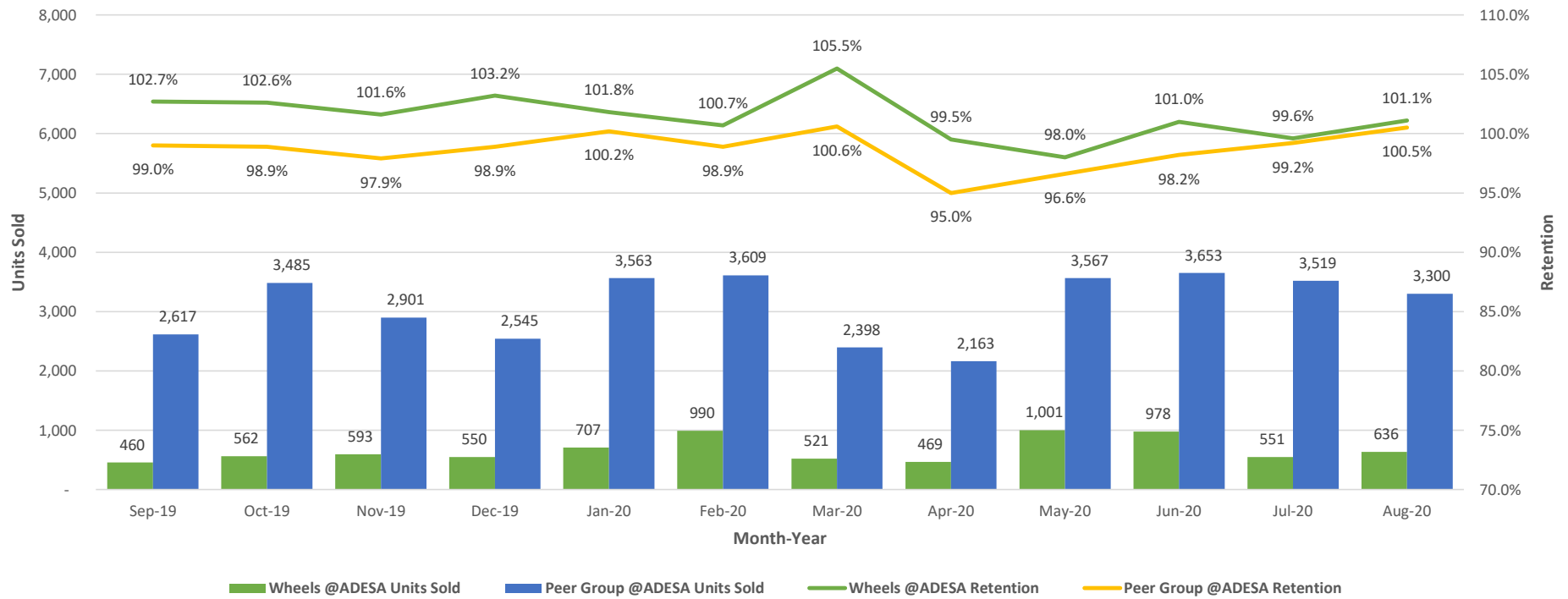
Auctions, Dealers & Internet



# Wheels Remarketing Delivers

## Market & Peer Group Benchmarking Analysis

Wheels vs. FMC Peer Group



# FleetView One Platform to House All Mobile Workforce Information

Through your desktop or  
in the palm of your hand

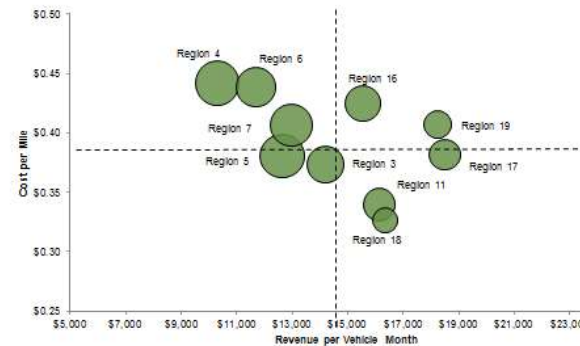
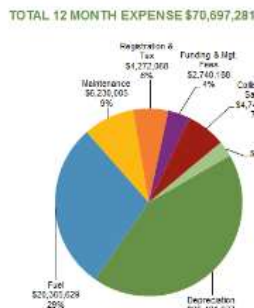


Mirror the State of  
Florida's Agency structure  
Customize content to the  
user

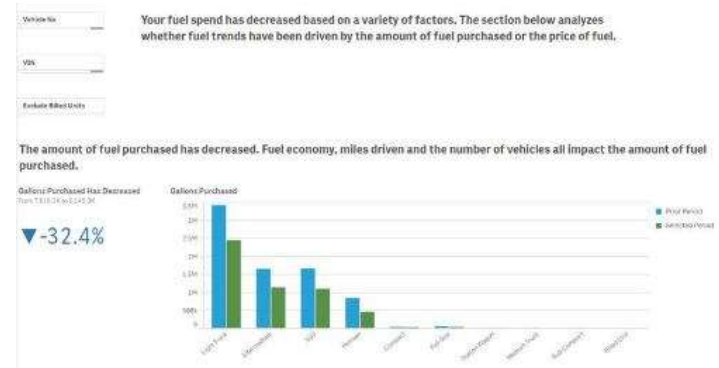
# Performance Measurements

Monitoring and enforcement ensures we're moving in the right direction

Annual Performance Reviews



Custom Analytics and client KPI dashboard



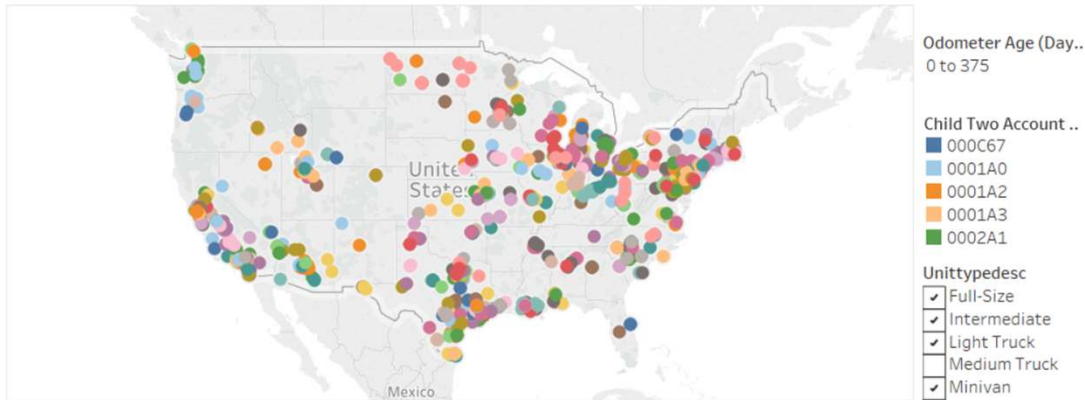
FleetView Reporting



# Asset Monitoring – Utilization

We will take a deep dive into your data to find opportunities and bring them to you

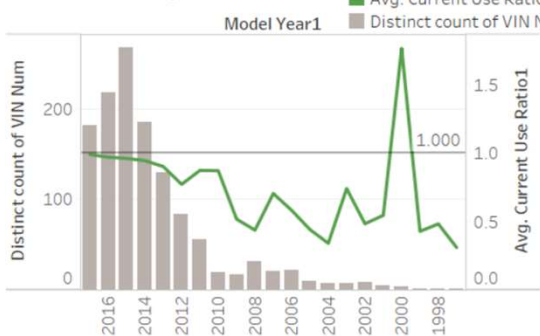
Map



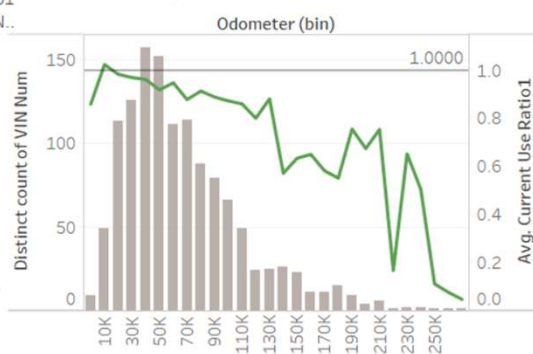
## Utilization Assessment

- > Data driven assessment to determine the utilization of the assets.
- > Find opportunities with underutilized assets

Utilization by Model Year



Utilization by Odometer Band



# Pool Management Technology

When employees have a business travel need, have a vehicle ready

## Optimize Vehicle Utilization

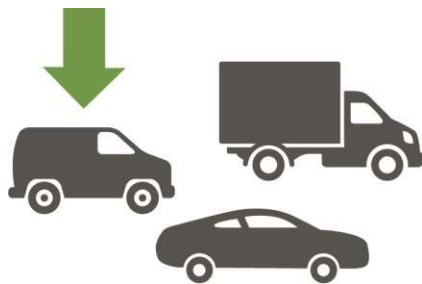
- > Offers variety – the right vehicles ready for the specific job need
- > Reduces fixed expense associated with underutilized vehicles

## Convenient Service

1. Drivers qualified through MVR check and risk monitoring
2. Drivers visit mobile app to view available inventory, reserve vehicle
3. Mobility office views utilization detail, actively manages vehicle availability vs. demand



**What vehicle do I need today?**



# Mobile Technology Enhancements

Continual developments to simplify tasks, foster State employee productivity



Tolling



Violation Payments



Uber for Business



GPS-Enabled Roadside Assistance



Reserved Parking



DriverDash Fueling



Shared Pool Vehicles



## Michigan's Example of Success – Maintenance

Reviewing the last 12 months of billing, Wheels delivered \$1.25 Million in total savings as part of our Maintenance Program

- > During the October 2019 thru September 2020 billing periods, maintenance transactions were 83% in network and **17%** out of network
- > **17.3 %** of all out of network transactions were deemed “avoidable,” in which an out of network fee was applied (equates to **~\$137K / year**)
- > We typically see 12% lower spend by using network shops versus out of network shops, therefore, an additional **\$180K+ / year** in cost savings opportunity by further utilization of shops within the Wheels network

VENDOR TYPE	NUMBER OF REPAIRS	TOTAL COST	% OF COST	OON FEES
National Account	13,038	\$1,508,401	17.4%	\$0
Network Shop	31,714	\$5,671,629	65.3%	\$0
Unavoidable	54	\$4,733	0.1%	\$0
Avoidable	7,738	\$1,503,055	17.3%	\$137,104
<b>Total</b>	<b>52,544</b>	<b>\$8,687,818</b>	<b>100.0%</b>	<b>\$137,104</b>

**MAP advantage from network usage = \$980,082**  
**Warranty recovery = \$143,471**  
**Glass rebate = \$132,168**



# Michigan's Example of Success – Remarketing

Wheels generates \$427 higher proceeds per vehicle for State of Michigan

## STATE SURPLUS SALES

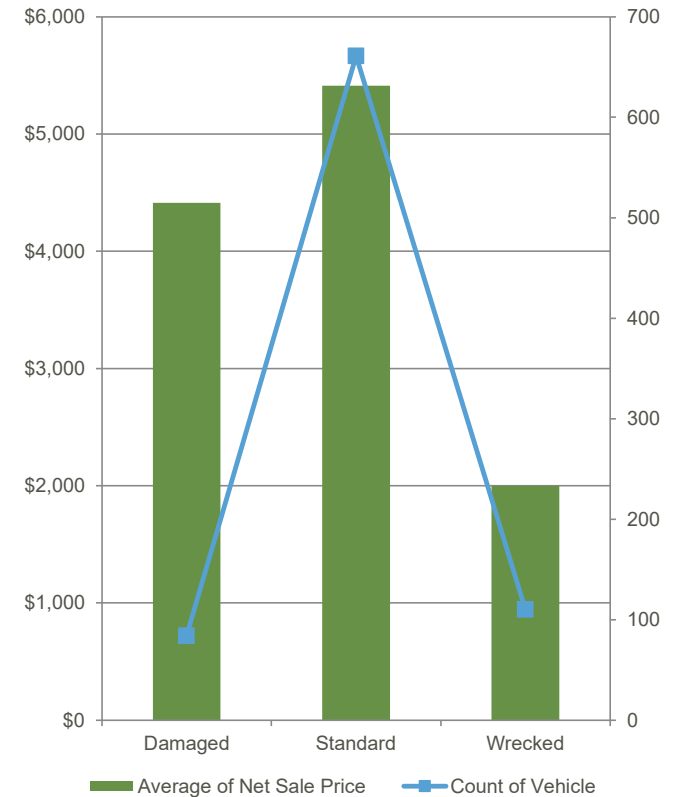
FISCAL YEAR	VEHICLES*	MONTHS	ODOMETER	EFFECTIVE DEPRECIATION	INITIAL COST	RESALE AMOUNT	CENT PER MILE
2015	802	85	100,000	0.92%	\$21,813	\$4,769	\$0.17
2016	815	95	87,000	0.90%	\$19,875	\$4,578	\$0.15
2017	809	90	94,000	0.90%	\$21,331	\$4,470	\$0.21
2018	795	87	100,000	0.91%	\$21,601	\$4,949	\$0.16
2019	711	85	100,000	0.90%	\$21,807	\$5,047	\$0.17
2020	315	90	103,000	0.89%	\$24,662	<b>\$5,188</b>	\$0.19

## WHEELS AUCTION\*

FISCAL YEAR	VEHICLES*	MONTHS	ODOMETER	EFFECTIVE DEPRECIATION	INITIAL COST	RESALE AMOUNT	CENT PER MILE
2015	88	84	107,000	0.89%	\$24,594	\$6,052	\$0.17
2016	77	102	96,000	0.83%	\$22,353	\$5,426	\$0.16
2017	118	98	97,000	0.84%	\$20,695	\$4,726	\$0.14
2018	144	90	101,000	0.87%	\$22,789	\$5,445	\$0.16
2019	173	84	97,000	0.88%	\$22,957	\$5,984	\$0.16
2020	346	93	104,000	0.79%	\$21,168	<b>\$5,615</b>	\$0.15

\*Standard (non-pursuit) vehicles only

\*Other, wreck and damage excluded





The Florida Senate

APPEARANCE RECORD

Deliver both copies of this form to Senate professional staff conducting the meeting

Fleet Management

Bill Number or Topic

12/2/21

Meeting Date

Committee

Amendment Barcode (if applicable)

Name

PETER KNOTT

Phone

847-697-1999

Address

6573 DOMINICA DR

Email

PKNOTT@WHEELS.COM

Street

NAPLES

FL

34113

City

State

Zip

Speaking:  For  Against  Information OR Waive Speaking:  In Support  Against

PLEASE CHECK ONE OF THE FOLLOWING:

I am appearing without compensation or sponsorship.

I am a registered lobbyist, representing:

I am not a lobbyist, but received something of value for my appearance (travel, meals, lodging, etc.), sponsored by:

While it is a tradition to encourage public testimony, time may not permit all persons wishing to speak to be heard at this hearing. Those who do speak may be asked to limit their remarks so that as many persons as possible can be heard. If you have questions about registering to lobby please see Fla. Stat. 511.045 and Joint Rule 1. [2020-2022 Joint Rules.pdf \(flsenate.gov\)](#)

This form is part of the public record for this meeting.

S-001 (08/10/2021)

The Florida Senate

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12/2/21

Meeting Date

GOA

Committee

Fleet Management

Bill Number or Topic

Amendment Barcode (if applicable)

Name

DOUG BECKER

Phone

Address

Street

Email

DBECKER@WHEELS.COM

City

NJ

State

Zip

Speaking:

For

Against

Information

**OR**

Waive Speaking:

In Support

Against

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Fleet Management

Bill Number or Topic

Amendment Barcode (if applicable)

Name

JACK LEFFLER

Phone

Address

Street

DES PLAINES

IL

City

State

Zip

Email

JLEFFLER@WHEELS.COM

Speaking:

For

Against

Information

**OR**

Waive Speaking:

In Support

Against

**PLEASE CHECK ONE OF THE FOLLOWING:**

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S-001 (08/10/2021)

# State Group Health Insurance Program:

## Options for Encouraging Participation in High Deductible Health Plans & Health Savings Accounts

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December 2, 2021

Presented by:



The Florida Legislature  
Office of Economic and  
Demographic Research  
850.487.1402  
<http://edr.state.fl.us>

# Why High Deductible Health Plans Exist...

- High Deductible Health Plans (HDHPs) are part of the broader class of products under the rubric of consumer-driven health care.
- The overall goal of high deductible health plans (especially when coupled with health savings accounts) is to optimize service utilization, by giving employees “more skin in the game” to seek less costly care or eliminate any unnecessary care.
- The idea is to change the incentives individual enrollees face in making their decisions to use health care services, leading to more efficient consumption of care.
- To the extent this produces a less costly bundle of health-related goods and services, the cost of health care will flatten or go down over time, potentially benefiting both the employer and the employee.

# Coupling with Health Savings Accounts...

- Health Savings Accounts (HSAs) are portable, meaning that all funds in the HSA—including any employer contributions—belong to the employee even when the term of employment ends.
- The funds contributed to a HSA are not subject to federal income tax so long as the account is associated with a qualifying high-deductible health plan (HDHP).
- Expenditures from the account balance (including interest and/or investment earnings) are also tax-free if they are made for qualifying medical expenses.
  - A special case occurs at age 65+; HSA dollars may then be spent on anything without the typical 20% penalty, but the amount withdrawn for ineligible purchases is taxable as income.
- The U.S. Department of the Treasury calculates both the annual contribution limit for the HSA and the required annual deductible for qualification as a HDHP.
  - The 2021 annual HSA contribution limits for an individual is \$3,600 and for family coverage is \$7,200, regardless of the source of the contribution.
  - For calendar year 2021, a “high deductible health plan” is defined as a health plan with an annual deductible that is not less than \$1,400 for individual coverage or \$2,800 for family coverage, with total annual out-of-pocket expenses (deductibles, co-payments, and other amounts, but not premiums) that do not exceed \$7,000 for an individual or \$14,000 for a family.

# Nationally Uneven Participation Rates...

- Participation has been uneven across income levels. The potential reasons are varied and range from a lesser ability to take advantage of tax savings at lower income levels to overall discomfort with processing somewhat complicated tax questions or choosing between financial options.
- Tax filers who reported HSA activity had higher incomes on average than other tax filers. These income differences existed across all age groups. [2008 GAO Report]
- By the time a 2015 study was released by U.S. Department of Treasury staff, high-income and older tax filers both established HSAs and fully funded their HSAs at least four times as often as did low-income and younger filers. [Note: there is a correlation between income and age.]
- Segal Consulting's *2017 State Employee Health Benefits Study* observed that as HDHPs and HSAs grow in popularity: "...they become less affordable for some segments of the workforce...to meet that challenge, a greater investment in participant health consumer educational programs may be required."
- "Both the favorable tax treatment of HSAs (which varies positively with marginal tax rates) and the tax-free savings component of these plans make them inherently more attractive to higher-paid employees." [Glied, Ly and Brown]
- "HDHP enrollees have a higher level of education than traditional plan enrollees, consider themselves to be in very good health, and receive a higher level of income." [Paul Fronstin, Director of Health Education, Employee Benefits Research Institute]

# State Governments See Even Less Participation...

- As of June 2021, at least 30 state governments had a HDHP option, with a slim majority of these (18) both offering and contributing to HSAs. Another 5 (on top of the 18) offered HSAs, but did not contribute to them.
- Across the country, state administrators report that employee take up of HDHPs has been particularly low where the state does not contribute to the HSA. [Corlette, Kona and Houston]
- However, take up is even low in those locations where the state makes a contribution. Twenty of the thirty states that offer HDHP options to their employees had less than 10 percent of their insured population enrolled in them, even though over half (11) contribute to their employees' HSAs. [Corlette, Kona and Houston]



# Same Experience in Florida...

- For FY 2020-21, Florida had an average enrollment of 4,857 in its High Deductible Plans (PPO and HMO). While virtually all participants were active employees (4,744), some enrollees were associated with COBRA (12), Early Retiree (35) and Medicare (66) accounts.
- HDHPs were the choice of approximately 2.7% of active employees in FY 2020-21, with this share only expected to rise to 2.9% in FY 2025-26. The number of employees making this selection is expected to stay fairly flat as the total enrollees in all of the state's plan options decline over the same period.
- On August 31, 2021, DSGI had information on 7,342 HSA accounts (including former and current employees who are no longer contributing). These accounts had a combined balance totaling \$16,222,429 after beginning the calendar year with \$13,489,929. Of the total, 150 accounts had balances in excess of \$20,000. At the opposite extreme, 1,118 accounts had zero balances, and 3,006 had balances of \$500 or less.

# Although an Effort Has Been Made...

- While the administrative burden of HSAs is frequently mentioned—and the 2008 GAO study indicates a failure to follow through on the creation of a HSA even after a HDHP is selected—Florida has eased some of this burden for its employees.
  - ✓ The State of Florida uses Chard Snyder to automatically open an HSA Advantage account for enrollees in HDHPs with HSA selections.
  - ✓ The state then makes its contributions on a monthly basis (up to \$500 per year for single coverage and up to \$1000 per year for family coverage).
  - ✓ Any additional contributions by the enrollee are typically made through payroll reductions.
  - ✓ A Benny® prepaid debit card is provided for the employee to cover eligible expenses, up to the current amount in the account.
  - ✓ Chard Snyder provides assistance to enrollees through a website, mobile app and customer service department, as well as a monthly account statement.
  - ✓ The IRS Form 1099-SA provides enrollees with a summary of the distributions (withdrawals) from the HSA and the IRS Form 5498-SA provides them with a summary of the contributions (deposits) that have been made.

# Options to Consider...

- One state reported that it had launched an online education program to walk employees through the risks and benefits of HDHPs, which they say has “helped a lot” of employees better assess their options. The agency is also planning to implement a benefits warehouse system to help enrollees review their personal claims histories to enable a more informed plan choice. [Corlette, Kona and Houston]
- Florida could consider contracting with one or more nationally recognized tax or financial advisors to offer state employees a limited number of hours (two to four hours) of free tax or financial advice on retirement and health planning as an elective state benefit. The State would assume no risk for the individualized advice since it would only be responsible for paying the bill; the company would continue to bear its normal risk for advice given to a client. [EDR—needs further research]

# More Options to Consider...

- Florida could consider creating a state-backed, short-term loan program for state employees to bridge the expense of a costly medical procedure prior to the deductible being met. The loan proceeds could be deposited in the HSA, and loan repayment could be accomplished through payroll deductions—or leave payouts upon separation. [EDR—needs further research]
- Florida could consider increasing the employer contribution to employees with lower levels of compensation by placing larger amounts in their HSAs. Because the employer monthly HSA contribution of \$41.66/single (\$500 annually) and \$83.33/family (\$1,000 annually) is included in the listed employer rates, this would increase the de facto premium listed for these employees—in some cases above the comparable standard plans. [EDR based on Glied, Ly and Brown—needs further research]
- IRS Publication 969 (2020), Health Savings Accounts and Other Tax-Favored Health Plans, appears to allow this differential treatment: “For purposes of making contributions to HSAs of non-highly compensated employees, highly compensated employees shall not be treated as comparable participating employees.”



## THE FLORIDA SENATE

Tallahassee, Florida 32399-1100

**COMMITTEES:**  
Appropriations, *Chair*  
Banking and Insurance  
Governmental Oversight and Accountability  
Reapportionment  
Rules

**SELECT SUBCOMMITTEE:**  
Select Subcommittee on Legislative  
Reapportionment

**JOINT COMMITTEE:**  
Joint Legislative Budget Commission,  
*Alternating Chair*

**SENATOR KELLI STARGEL**

22nd District

November 29, 2021

The Honorable Jeff Brandes  
Senate Government Oversight Accountability, Chair  
414 Senate Office Building  
404 South Monroe Street  
Tallahassee, FL 32399

Dear Chair Brandes:

I respectfully request to be excused from the December 2<sup>nd</sup> committee meeting for Government Oversight Accountability.

Sincerely,

A handwritten signature in blue ink that reads "Kelli Stargel".

Kelli Stargel

cc: Joe McVaney/Staff Director  
Tamra Redig/ CAA

REPLY TO:

- 2033 East Edgewood Drive, Suite 1, Lakeland, Florida 33803 (863) 668-3028
- 420 Senate Building, 404 South Monroe Street, Tallahassee, Florida 32399-1100 (850) 487-5022

Senate's Website: [www.flsenate.gov](http://www.flsenate.gov)

**WILTON SIMPSON**  
President of the Senate

**AARON BEAN**  
President Pro Tempore



## THE FLORIDA SENATE

Tallahassee, Florida 32399-1100

### COMMITTEES:

Appropriations Subcommittee on Health and  
Human Services  
Community Affairs  
Governmental Oversight and Accountability  
Rules

**SENATOR GARY M. FARMER, JR.**

34th District

December 2, 2021

Chair Brandes,

I hope that this letter finds you well. I woke up this morning feeling unwell, and will subsequently be unable to attend today's Government Oversight and Accountability Committee meeting. I respectfully request an excusal from the meeting scheduled for 9:00am on December 12, 2021.

Thank you for your understanding,

A handwritten signature in black ink, appearing to read "Gary M. Farmer Jr.", written in a cursive style.

State Senator Gary M. Farmer Jr.

REPLY TO:

- Broward College Campus, 111 East Las Olas Boulevard, Suite 913, Fort Lauderdale, Florida 33301 (954) 467-4227
- 224 Senate Building, 404 South Monroe Street, Tallahassee, Florida 32399-1100 (850) 487-5034

Senate's Website: [www.flsenate.gov](http://www.flsenate.gov)

**WILTON SIMPSON**  
President of the Senate

**AARON BEAN**  
President Pro Tempore

# CourtSmart Tag Report

**Room:** SB 37

**Case No.:**

**Type:**

**Caption:** Senate Committee on Governmental Oversight and Accountability

**Judge:**

**Started:** 12/2/2021 9:02:29 AM

**Ends:** 12/2/2021 10:11:31 AM

**Length:** 01:09:03

**9:02:31 AM** Meeting called to order by Chair Brandes  
**9:02:37 AM** Roll call by Committee Administrative Assistant; Quorum is present  
**9:02:43 AM** Comments from Chair  
**9:03:48 AM** Tab 1 - Presentation by Wheels Inc  
**9:04:14 AM** Speaker Peter Knott  
**9:18:14 AM** Speaker Jack Leffler  
**9:27:20 AM** Speaker Peter Knott  
**9:28:52 AM** Question from the Chair  
**9:29:04 AM** Response of Peter Knott  
**9:30:23 AM** Response of Doug Becker  
**9:32:12 AM** Question from Chair  
**9:32:20 AM** Response of Jack Leffler  
**9:34:33 AM** Question from Senator Gruters  
**9:34:42 AM** Response of Jack Leffler  
**9:35:36 AM** Comments from Sen Gruters  
**9:35:50 AM** Question from Sen Mayfield  
**9:36:51 AM** Response of Peter Knott  
**9:37:00 AM** Response of Doug Becker  
**9:39:06 AM** Question from Sen Torres  
**9:39:28 AM** Response of Jack Leffler  
**9:40:25 AM** Question from Sen Torres  
**9:40:38 AM** Response of Chair  
**9:41:15 AM** Question from Chair  
**9:41:22 AM** Response of Peter Knott  
**9:43:51 AM** Response of Jack Leffler  
**9:45:28 AM** Comments from Chair  
**9:45:35 AM** Tab 2 - Presentation from Florida of Economic and Demographic Research  
**9:46:27 AM** Speaker Amy Baker  
**10:05:43 AM** Questions from Chair  
**10:06:15 AM** Response of Speaker  
**10:07:48 AM** Final comments from Chair  
**10:11:17 AM** Meeting is adjourned