

By the Committee on Governmental Reform and Oversight and
Senator Bankhead

302-2094B-98

1 A bill to be entitled
2 An act relating to long-term care; requiring
3 the Department of Elderly Affairs and the
4 Division of State Group Insurance to design a
5 long-term-care plan for public employees and
6 their families; requiring the division to
7 coordinate marketing of the plan; providing for
8 use of plan funds for marketing expenses;
9 authorizing the division to contract with the
10 State Board of Administration to invest certain
11 funds; providing limitations; creating a
12 Florida Employee Long-Term-Care Plan Board of
13 Directors; providing for board membership,
14 terms, and duties; requiring an annual report;
15 providing for expenses of the board;
16 prohibiting use of state funds for certain
17 costs; providing for expiration of the act;
18 providing an effective date.

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20 Be It Enacted by the Legislature of the State of Florida:

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22 Section 1. Florida Employee Long-Term-Care Plan Act.--
23 (1) The Legislature finds that state expenditures for
24 long-term-care services continue to increase at a rapid rate
25 and that the state faces increasing pressure in its efforts to
26 meet the long-term-care needs of the public.
27 (a) It is the intent of the Legislature that the
28 Division of State Group Insurance and the Department of
29 Elderly Affairs implement a self-funded or fully insured,
30 voluntary, long-term-care plan for public employees and their
31 families.

1 (b) The Department of Elderly Affairs and the Division
2 of State Group Insurance shall jointly design the plan to
3 provide long-term-care coverage for public employees and
4 family members of public employees. The Division of State
5 Group Insurance and the Department of Elderly Affairs shall
6 enter into an interagency agreement defining their roles with
7 regard to plan development and design. Joint planning expenses
8 shall be shared to the extent that funded planning activities
9 are consistent with the goals of the department and the
10 division. Eligible plan participants must include active and
11 retired officers and employees of all branches and agencies of
12 state and local government and their spouses, children,
13 stepchildren, parents, and parents-in-law; active and retired
14 federal employees residing in the state and their spouses,
15 children, stepchildren, parents, and parents-in-law residing
16 in the state; and the surviving spouses, children,
17 stepchildren, parents, and parents-in-law of such deceased
18 officers and employees, whether active or retired at the time
19 of death.

20 (c) This act in no way affects the Division of State
21 Group Insurance's authority pursuant to s. 110.123.

22 (2) As used in this section, the term:

23 (a) "Department" means the Department of Elderly
24 Affairs.

25 (b) "Division" means the Division of State Group
26 Insurance.

27 (c) "Self-funded" means that plan benefits and costs
28 are funded from contributions made by or on behalf of
29 participants and trust fund investment revenue.

30 (d) "Plan" means the Florida Employee Long-Term-Care
31 Plan.

1 (3) The division and the department shall, in
2 consultation with public employers and employees and
3 representatives from unions and associations representing
4 state, university, local government, and other public
5 employees, establish and supervise the implementation and
6 administration of a self-funded, long-term-care plan entitled
7 "Florida Employee Long-Term-Care Plan."

8 (a) The division shall, in consultation with the
9 department, the Department of Management Services, and the
10 Department of Insurance, contract for actuarial,
11 professional-administrator, and other services for the Florida
12 Employee Long-Term-Care Plan.

13 (b) When contracting for a professional administrator,
14 the division shall consider, at a minimum, the entity's
15 previous experience and expertise in administering group
16 long-term-care self-funded plans or long-term-care insurance
17 programs; the entity's demonstrated ability to perform its
18 contractual obligations in the state and in other
19 jurisdictions; the entity's projected administrative costs;
20 the entity's capability to adequately provide service
21 coverage, including a sufficient number of experienced and
22 qualified personnel in the areas of marketing, claims
23 processing, recordkeeping, and underwriting; the entity's
24 accessibility to public employees and other qualified
25 participants; and the entity's financial soundness and
26 solvency.

27 (c) Any contract with a professional administrator
28 entered into by the division must require that the state be
29 held harmless and indemnified for any financial loss caused by
30 the failure of the professional administrator to comply with
31 the terms of the contract.

1 (d) The division shall explore innovations in
2 long-term-care financing and service delivery with regard to
3 possible future inclusion in the plan. Such innovative
4 financing and service-delivery mechanisms may include managed
5 long-term care and plans that set aside assets with regard to
6 eligibility for Medicaid-funded long-term-care services in the
7 same proportion that private long-term-care insurance benefits
8 are used to pay for long-term care.

9 (4) The division and the department shall coordinate,
10 directly or through contract, marketing of the plan. Expenses
11 related to such marketing shall be reimbursed from funds of
12 the plan.

13 (5) The division shall contract with the State Board
14 of Administration for the investment of funds in the Florida
15 Employee Long-Term-Care Plan reserve fund. Plan funds are not
16 state funds. The moneys shall be held by the State Board of
17 Administration on behalf of enrollees and invested and
18 disbursed in accordance with a trust agreement approved by the
19 division and the State Board of Administration and in
20 accordance with the provisions of sections 215.44-215.53,
21 Florida Statutes. Moneys in the trust fund may be used only
22 for the purposes specified in the trust agreement.

23 (6) A Florida Employee Long-term Care Plan Board of
24 Directors is created, composed of seven members who shall
25 serve 2-year terms, to be appointed as follows:

26 (a) The Secretary of the Department of Elderly Affairs
27 shall appoint a member who is a plan participant.

28 (b) The Insurance Commissioner shall appoint an
29 actuary.

30 (c) The Attorney General shall appoint an attorney
31 licensed to practice law in this state.

1 (d) The Governor shall appoint three members from a
2 broad cross-section of the residents of this state.

3 (e) The division shall appoint a member.

4 (7) The board of directors of the Florida Long-term
5 Care Plan shall:

6 (a) Prepare an annual report of the plan, with the
7 assistance of an actuarial consultant, to be submitted to the
8 Speaker of the House of Representatives, the President of the
9 Senate, the Governor, and the Minority Leaders of the Senate
10 and the House of Representatives.

11 (b) Approve the appointment of an executive director
12 jointly recommended by the division and the department to
13 serve as the chief administrative and operational officer of
14 the Florida Employee Long-term Care Plan.

15 (c) Approve the terms of the division's third-party
16 administrator contract.

17 (d) Implement such other policies and procedures as
18 necessary to assure the soundness and efficient operation of
19 the plan.

20 (8) Members of the board may not receive a salary, but
21 may be reimbursed for travel, per diem, and administrative
22 expenses related to their duties. Board expenses and costs for
23 the annual report and other administrative expenses must be
24 borne by the plan. State funds may not be contributed toward
25 costs associated with board members or their activities
26 conducted on behalf of and for the benefit of plan
27 beneficiaries.

28 (9) This section expires July 1, 1999.

29 Section 2. This act shall take effect July 1, 1998;
30 however, no action to award a contract or implement any plan
31 of care shall occur prior to July 1, 1999.

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STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN
COMMITTEE SUBSTITUTE FOR
Senate Bill 2342

The Committee Substitute provides that the Division of State Group Insurance shall cooperate with the Department of Elderly Affairs in the development of a long-term care plan which may include both self-insured and fully insured components. No such plan may be contracted prior to July 1, 1999, the date at which the authorization contained in the bill is repealed. The exemption contained in the original bill from the Florida Insurance Code is removed.