

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

BILL: SB 1400

SPONSOR: Senator Burt

SUBJECT: Insurance/Public Employees

DATE: March 8, 1999 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Wilson</u>	<u>Wilson</u>	<u>GO</u>	<u>Favorable</u>
2.	_____	_____	<u>FP</u>	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

I. Summary:

The bill revises the legislative intent provided in s. 110.1227, F.S., on the joint duties of the Department of Elder Affairs and the Division of State Group Insurance in the development of a voluntary, long-term care proposal for state employees. The two agencies will work on a review of long-term care products rather than proceed toward implementation of a program.

This bill substantially amends section 110.1227, Florida Statutes.

II. Present Situation:

Long-term care insurance is defined by s. 627.9404, F.S., as an insurance policy or rider

. . . advertised, marketed, offered, or designed to provide coverage on an expense-incurred, indemnity, prepaid, or other basis for one or more necessary or medically necessary diagnostic, preventable, therapeutic, curing, treating, mitigating, rehabilitative, maintenance, or personal care services provided in a setting other than in an acute care unit of a hospital.

The 1994 Legislature created a Commission to study long-term care and undertake a needs assessment for Florida. In the three reports issued on the subject, the Commission identified eleven guiding principles for long-term care policy development and five strategic organizing actions necessary for implementation. The Commission also proposed a definition of care different and more encompassing from that contained in ch. 627, F.S. Five different financial impact scenarios were presented by the Commission in 1995 ranging from a low of \$1.7 billion that year to a high of \$12.7 billion by the year 2010.

Section 110.1227, F.S., as created by ch. 98-400, L.O.F., provided for the joint agency development of a fully insured and self-insured long-term care insurance for active or retired state or federal public employees and their family members. A Florida Long-Term Care Board

of Directors was created in the statute to provide policy development and reporting requirements to the Governor and the Legislature's presiding officers.

The two state agencies entered into a memorandum of understanding in which each entity agreed to undertake a different part of the preparatory and operational responsibilities. The department made the sum of \$50,000 available for the initial consultant procurement. The consulting and actuarial firm of Towers Perrin was retained on January 7, 1999 to develop a recommended implementation strategy. Of thirty-one firms expressing an interest in participating in the program, fourteen submitted applications for both self-insured and fully insured products.

These responses have remained sealed pending the first meeting of the Board of Directors and the establishment of evaluative criteria. No further action has occurred since February 25, 1999.

III. Effect of Proposed Changes:

The bill provides a restatement of legislative intent on the development of long-term care insurance for public employees. Senate Bill 1400 deletes all of the current organizational duties and product delivery requirements of s. 110.1227, F.S., and replaces them with a joint state agency review of long-term care offerings available in the insurance market. The bill states that subsequent decisions made on any such product will be governed by what provides the best value for the public employee in a voluntary, payroll-deduction choice environment.

The bill takes effect upon becoming law.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

The department and the division have chosen the Invitation to Negotiate provisions of ch. 287, F.S., as the method of querying market interest in this proposal. This would limit the

expense associated with a Request for Proposal in a competitive procurement since that preference indicates that the agency has a well-defined understanding of the product it wishes delivered in either the self-insured or fully insured option.

C. Government Sector Impact:

The Governor's Recommended Budget for FY 1999-2000 provides \$422,318 and 3 FTEs for the selection and implementation of long-term care proposals. Without this appropriation the Department of Elder Affairs advises no further actions could be undertaken.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.
