

1 A bill to be entitled
2 An act relating to the state group health
3 insurance program and the state employees'
4 prescription drug program; providing
5 legislative intent; authorizing the Department
6 of Management Services to contract for an
7 actuarial study for certain purposes; providing
8 criteria; requiring the department to request a
9 private letter ruling from the Internal Revenue
10 Service; providing definitions; amending s.
11 110.123, F.S.; requiring solicitations or
12 contracts for a state group dental program to
13 include a comprehensive indemnity dental plan
14 providing unrestricted enrollee access to
15 dentists; providing effective dates.

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

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19 Section 1. (1) It is the intent of the Legislature to
20 consider legislation at the 2001 Regular Session to expand the
21 eligibility of the state group health insurance program and
22 the state employees' prescription drug coverage program to
23 include small municipalities, small counties, and district
24 school boards of small counties. It is the intent of the
25 Legislature that any costs or savings to the state group
26 health insurance program or the state employees' prescription
27 drug coverage program resulting from such expansion shall be
28 passed on to the local government participants and their
29 employees.

30 (2) The Department of Management Services shall
31 contract with a third party to conduct an actuarial study to

1 determine the cost of allowing small counties, small
2 municipalities, or eligible district school boards to
3 participate in the state group health insurance program and
4 the state employees' prescription drug program offering such
5 coverage to officers, employees, dependents, and retirees of
6 such entities. Such costs shall be delineated based on the
7 impact to the state, state officers and employees, and local
8 government employers and their employees. The department
9 shall issue its report to the Governor, the President of the
10 Senate, and the Speaker of the House of Representatives by
11 December 1, 2000.

12 (3) For purposes of conducting the actuarial study,
13 criteria to be considered for eligibility to enroll include,
14 but are not limited to:

15 (a) A minimum enrollment or contractual period of 3
16 years.

17 (b) A requirement that written notice to withdraw from
18 the program must be given at least 12 months prior to the
19 termination date.

20 (4) The Department of Management Services shall
21 request from the Internal Revenue Service, by October 1, 2000,
22 a written determination letter and a favorable private letter
23 ruling, stating that the State Group Self-Insurance Program is
24 a facially qualified plan. The department shall notify the
25 President of the Senate and the Speaker of the House of
26 Representatives within 30 days after the receipt of the
27 favorable or unfavorable letters.

28 (5) For the purposes of this section "small county"
29 means any county that has a population of 100,000 or less
30 according to the most recent decennial census and "small city"
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1 means any incorporated municipality that has a population of
2 12,500 or less according to the most recent decennial census.

3 Section 2. Paragraph (g) of subsection (3) of section
4 110.123, Florida Statutes, is amended to read:

5 110.123 State group insurance program.--

6 (3) STATE GROUP INSURANCE PROGRAM.--

7 (g)1. A person eligible to participate in the state
8 group insurance program may be authorized by rules adopted by
9 the department, in lieu of participating in the state group
10 health insurance plan, to exercise an option to elect
11 membership in a health maintenance organization plan which is
12 under contract with the state in accordance with criteria
13 established by this section and by said rules. The offer of
14 optional membership in a health maintenance organization plan
15 permitted by this paragraph may be limited or conditioned by
16 rule as may be necessary to meet the requirements of state and
17 federal laws.

18 2. The department shall contract with health
19 maintenance organizations seeking to participate in the state
20 group insurance program through a request for proposal or
21 other procurement process, as developed by the Department of
22 Management Services and determined to be appropriate.

23 a. The department shall establish a schedule of
24 minimum benefits for health maintenance organization coverage,
25 and that schedule shall include: physician services; inpatient
26 and outpatient hospital services; emergency medical services,
27 including out-of-area emergency coverage; diagnostic
28 laboratory and diagnostic and therapeutic radiologic services;
29 mental health, alcohol, and chemical dependency treatment
30 services meeting the minimum requirements of state and federal
31 law; skilled nursing facilities and services; prescription

1 drugs; and other benefits as may be required by the
2 department. Additional services may be provided subject to
3 the contract between the department and the HMO.

4 b. The department may establish uniform deductibles,
5 copayments, or coinsurance schedules for all participating HMO
6 plans.

7 c. The department may require detailed information
8 from each health maintenance organization participating in the
9 procurement process, including information pertaining to
10 organizational status, experience in providing prepaid health
11 benefits, accessibility of services, financial stability of
12 the plan, quality of management services, accreditation
13 status, quality of medical services, network access and
14 adequacy, performance measurement, ability to meet the
15 department's reporting requirements, and the actuarial basis
16 of the proposed rates and other data determined by the
17 director to be necessary for the evaluation and selection of
18 health maintenance organization plans and negotiation of
19 appropriate rates for these plans. Upon receipt of proposals
20 by health maintenance organization plans and the evaluation of
21 those proposals, the department may enter into negotiations
22 with all of the plans or a subset of the plans, as the
23 department determines appropriate. Nothing shall preclude the
24 department from negotiating regional or statewide contracts
25 with health maintenance organization plans when this is
26 cost-effective and when the department determines that the
27 plan offers high value to enrollees.

28 d. The department may limit the number of HMOs that it
29 contracts with in each service area based on the nature of the
30 bids the department receives, the number of state employees in
31 the service area, or any unique geographical characteristics

1 of the service area. The department shall establish by rule
2 service areas throughout the state.

3 e. All persons participating in the state group
4 insurance program who are required to contribute towards a
5 total state group health premium shall be subject to the same
6 dollar contribution regardless of whether the enrollee enrolls
7 in the state group health insurance plan or in an HMO plan.

8 3. The division is authorized to negotiate and to
9 contract with specialty psychiatric hospitals for mental
10 health benefits, on a regional basis, for alcohol, drug abuse,
11 and mental and nervous disorders. The division may establish,
12 subject to the approval of the Legislature pursuant to
13 subsection (5), any such regional plan upon completion of an
14 actuarial study to determine any impact on plan benefits and
15 premiums.

16 4. In addition to contracting pursuant to subparagraph
17 2., the department shall enter into contract with any HMO to
18 participate in the state group insurance program which:

19 a. Serves greater than 5,000 recipients on a prepaid
20 basis under the Medicaid program;

21 b. Does not currently meet the 25 percent
22 non-Medicare/non-Medicaid enrollment composition requirement
23 established by the Department of Health excluding participants
24 enrolled in the state group insurance program;

25 c. Meets the minimum benefit package and copayments
26 and deductibles contained in sub-subparagraphs 2.a. and b.;

27 d. Is willing to participate in the state group
28 insurance program at a cost of premiums that is not greater
29 than 95 percent of the cost of HMO premiums accepted by the
30 department in each service area; and

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1 e. Meets the minimum surplus requirements of s.
2 641.225.

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4 The department is authorized to contract with HMOs that meet
5 the requirements of sub-subparagraphs a. through d. prior to
6 the open enrollment period for state employees. The
7 department is not required to renew the contract with the HMOs
8 as set forth in this paragraph more than twice. Thereafter,
9 the HMOs shall be eligible to participate in the state group
10 insurance program only through the request for proposal
11 process described in subparagraph 2.

12 5. All enrollees in the state group health insurance
13 plan or any health maintenance organization plan shall have
14 the option of changing to any other health plan which is
15 offered by the state within any open enrollment period
16 designated by the department. Open enrollment shall be held at
17 least once each calendar year.

18 6. When a contract between a treating provider and the
19 state-contracted health maintenance organization is terminated
20 for any reason other than for cause, each party shall allow
21 any enrollee for whom treatment was active to continue
22 coverage and care when medically necessary, through completion
23 of treatment of a condition for which the enrollee was
24 receiving care at the time of the termination, until the
25 enrollee selects another treating provider, or until the next
26 open enrollment period offered, whichever is longer, but no
27 longer than 6 months after termination of the contract. Each
28 party to the terminated contract shall allow an enrollee who
29 has initiated a course of prenatal care, regardless of the
30 trimester in which care was initiated, to continue care and
31 coverage until completion of postpartum care. This does not

1 prevent a provider from refusing to continue to provide care
2 to an enrollee who is abusive, noncompliant, or in arrears in
3 payments for services provided. For care continued under this
4 subparagraph, the program and the provider shall continue to
5 be bound by the terms of the terminated contract. Changes made
6 within 30 days before termination of a contract are effective
7 only if agreed to by both parties.

8 7. Any HMO participating in the state group insurance
9 program shall submit health care utilization and cost data to
10 the department, in such form and in such manner as the
11 division shall require, as a condition of participating in the
12 program. The department shall enter into negotiations with
13 its contracting HMOs to determine the nature and scope of the
14 data submission and the final requirements, format, penalties
15 associated with noncompliance, and timetables for submission.
16 These determinations shall be adopted by rule.

17 8. The department may establish and direct, with
18 respect to collective bargaining issues, a comprehensive
19 package of insurance benefits that may include supplemental
20 health and life coverage, dental care, long-term care, vision
21 care, and other benefits it determines necessary to enable
22 state employees to select from among benefit options that best
23 suit their individual and family needs.

24 a. Based upon a desired benefit package, the
25 department shall issue a request for proposal for health
26 insurance providers interested in participating in the state
27 group insurance program, and the division shall issue a
28 request for proposal for insurance providers interested in
29 participating in the non-health-related components of the
30 state group insurance program. Upon receipt of all proposals,
31 the department may enter into contract negotiations with

1 insurance providers submitting bids or negotiate a specially
2 designed benefit package. Insurance providers offering or
3 providing supplemental coverage as of May 30, 1991, which
4 qualify for pretax benefit treatment pursuant to s. 125 of the
5 Internal Revenue Code of 1986, with 5,500 or more state
6 employees currently enrolled may be included by the department
7 in the supplemental insurance benefit plan established by the
8 department without participating in a request for proposal,
9 submitting bids, negotiating contracts, or negotiating a
10 specially designed benefit package. These contracts shall
11 provide state employees with the most cost-effective and
12 comprehensive coverage available; however, no state or agency
13 funds shall be contributed toward the cost of any part of the
14 premium of such supplemental benefit plans. With respect to
15 dental coverage, the division shall include in any
16 solicitation or contract for any state group dental program
17 made after July 1, 2001, a comprehensive indemnity dental plan
18 option which offers enrollees a completely unrestricted choice
19 of dentists. If a dental plan is endorsed, or in some manner
20 recognized as the preferred product, such plan shall include a
21 comprehensive indemnity dental plan option which provides
22 enrollees with a completely unrestricted choice of dentists.

23 b. Pursuant to the applicable provisions of s.
24 110.161, and s. 125 of the Internal Revenue Code of 1986, the
25 department shall enroll in the pretax benefit program those
26 state employees who voluntarily elect coverage in any of the
27 supplemental insurance benefit plans as provided by
28 sub-subparagraph a.

29 c. Nothing herein contained shall be construed to
30 prohibit insurance providers from continuing to provide or
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1 offer supplemental benefit coverage to state employees as
2 provided under existing agency plans.

3 Section 3. This act shall take effect upon becoming a
4 law except that section 1 shall take effect July 1, 2001.

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