

By the Committee on Insurance and Representatives Spratt, Kilmer, Melvin, Kendrick, Bense, Stansel, Macheck, Bean, Miller, Russell, Pickens, Attkisson, Richardson, Harrington, Brown, Gibson and Bowen

1 A bill to be entitled
 2 An act relating to the state group health
 3 insurance and prescription drug programs;
 4 creating s. 110.1228, F.S.; authorizing
 5 specified local governmental entities to apply
 6 for participation; providing eligibility
 7 requirements for enrollment; exempting the
 8 program from ss. 624.436-624.446, F.S.,
 9 relating to multiple-employer welfare
 10 arrangements; authorizing the Department of
 11 Management Services to adopt rules; providing a
 12 declaration that the act fulfills important
 13 state interest; providing an effective date.

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

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 17 Section 1. Section 110.1228, Florida Statutes, is
 18 created to read:

19 110.1228 Participation by small counties, small
 20 municipalities, and district school boards located in small
 21 counties.--

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

23 (a) "District school board" means a district school
 24 board located in a small county or a district school board
 25 that receives funding pursuant to s. 236.081(6).

26 (b) "Small municipality" means an incorporated
 27 municipality that has a population of 12,500 or fewer
 28 according to the most recent decennial census.

29 (c) "Small county" means a county that has a
 30 population of 100,000 or fewer according to the most recent
 31 decennial census.

1 (2) The governing body of a small county or small
2 municipality or a district school board may apply for
3 participation in the state group health insurance program
4 authorized in s. 110.123 and the prescription drug coverage
5 program authorized by s. 110.12315 by submitting an
6 application along with a \$500 nonrefundable fee to the
7 department.

8 (3) Any costs or savings to the self-insured state
9 group health insurance program or the self-insured
10 prescription drug coverage program resulting from such
11 participation shall be passed on to the local government
12 participants and their employees. Such costs or savings shall
13 be delineated based on the impact to the state, state officers
14 and employees, and local government employers and their
15 employees.

16 (4) As a prerequisite to the adoption of an ordinance
17 or resolution for participation in the state group health
18 insurance program and prescription drug coverage program, a
19 small county, small municipality, or district school board
20 shall issue a request for proposals to provide health
21 insurance and prescription drug coverage. Such request for
22 proposals shall seek coverages equivalent to those offered
23 currently by the small county, small municipality, or district
24 school board and coverages equivalent to the state group
25 health insurance program and prescription drug coverage
26 program. Such request for proposals must provide an
27 opportunity for the receipt of competitive proposals from all
28 interested parties without restriction. The small county,
29 small municipality, and district school board shall review and
30 consider all responsive proposals prior to the adoption of any
31 ordinance or resolution for participation in the state group

1 health insurance program and prescription drug coverage
2 program.
3 (5) If the department determines that a small county,
4 small municipality, or district school board is eligible to
5 enroll, the small county, small municipality, or district
6 school board must agree to the following terms and conditions:
7 (a) The minimum enrollment or contractual period will
8 be 3 years.
9 (b) The small county, small municipality, or district
10 school board must pay to the department an initial
11 administrative fee of not less than \$2.61 per enrollee per
12 month, or such other amount established annually to fully
13 reimburse the department for its costs.
14 (c) Termination of participation of a small county,
15 small municipality, or district school board requires written
16 notice 1 year before the termination date.
17 (d) If participation is terminated, a small county,
18 small municipality, or district school board may not reapply
19 for participation for a period of 2 years.
20 (e) Small counties, small municipalities, and district
21 school boards shall reimburse the state for 100 percent of its
22 costs, including administrative costs.
23 (f) If a small county, small municipality, or district
24 school board employer fails to make the payments required by
25 this section to fully reimburse the state, the Department of
26 Revenue or the Department of Banking and Finance shall, upon
27 the request of the Department of Management Services, deduct
28 the amount owed by the employer from any funds not pledged to
29 bond debt service satisfaction that are to be distributed by
30 it to the small county, small municipality, or district school
31 board. The amounts so deducted shall be transferred to the

1 Department of Management Services for further distribution to
2 the trust funds in accordance with this chapter.

3 (g) The small county, small municipality, or district
4 school board shall furnish the department any information
5 requested by the department which the department considers
6 necessary to administer the state group health insurance
7 program and the prescription drug coverage program.

8 (h) The small county, small municipality, or district
9 school board shall adopt the state's eligibility rules.

10 (i) The small county, small municipality, or district
11 school board may not participate in the state's cafeteria plan
12 that allows for pretax treatment of premium contributions. If
13 pretax treatment is desirable for employees of these
14 participating employers, each employee of a participating
15 employer shall execute a salary reduction agreement with that
16 employer, and each participating employer shall establish its
17 own cafeteria plan.

18 (j) The small county, small municipality, or district
19 school board shall pay monthly premiums in amounts sufficient
20 to cover claims costs, department administrative costs, and
21 third-party administrative costs and provide for adequate
22 reserves and cash flow by contributing three months premiums
23 and costs in advance of the coverage effective date.

24 (6) The provisions of ss. 624.436-624.446 do not apply
25 to the State Group Insurance Program or to this section.

26 (7) The Department of Management Services may adopt
27 rules necessary to administer this section.

28 Section 2. The Legislature finds that a proper and
29 legitimate state purpose is served when public employers, and
30 their employees and dependents, in small counties, small
31 municipalities, and district school boards are given

1 additional choices for the basic protections afforded by group
2 health and prescription drug coverage programs that also
3 permit the continued operation of a competitive marketplace
4 and assure that affordable and available coverage is extended
5 to all interested parties. Therefore, the Legislature
6 determines and declares that this act fulfills an important
7 state interest.

8 Section 3. This act shall take effect upon becoming a
9 law and shall apply to eligible local government plan
10 participants effective with the January 1, 2003, plan year.

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