

By the Committee on Governmental Oversight and Productivity

302-2159-03

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A bill to be entitled  
An act relating to state employee health insurance; amending s. 110.123, F.S.; revising the terms of coverage and payment for officers and employees participating in state employee group health insurance; amending s. 110.161, F.S.; providing eligibility for state universities in the pretax benefits program; amending s. 1001.74, F.S.; providing eligibility for universities in the pretax benefits program; providing an effective date.

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

Section 1. Paragraphs (e), (i), and (k) of subsection (2), paragraphs (b), (c), (f), (g), and (h) of subsection (3), paragraphs (c), (d), and (e) of subsection (4), paragraph (d) of subsection (5), and paragraph (b) of subsection (8) of section 110.123, Florida Statutes, are amended to read:

110.123 State group insurance program.--

(2) DEFINITIONS.--As used in this section, the term:

(e) "Health plan member" means any person participating in a ~~the~~ state group health insurance plan or in a health maintenance organization plan under the state group insurance program, including enrollees and covered dependents thereof.

(i) "State group health insurance plans ~~plan~~" or "state plans ~~plan~~" mean ~~means~~ the state self-insured health insurance plans ~~plan~~ offered to state officers and employees, retired state officers and employees, and surviving spouses of

1 deceased state officers and employees as provided by law  
2 ~~pursuant to this section.~~

3 (k) "State group insurance program" or "programs"  
4 means the package of insurance plans offered to state officers  
5 and employees, retired state officers and employees, and  
6 surviving spouses of deceased state officers and employees  
7 pursuant to this section, including the state group health  
8 insurance plan, health maintenance organization plans, and  
9 other plans required or authorized by law ~~this section.~~

10 (3) STATE GROUP INSURANCE PROGRAM.--

11 (b) It is the intent of the Legislature to offer a  
12 comprehensive package of health insurance and retirement  
13 benefits and a personnel system for state employees which are  
14 provided in a cost-efficient and prudent manner, and to allow  
15 state employees the option to choose benefit plans which best  
16 suit their individual needs. Therefore, the state group  
17 insurance program is established which may include the state  
18 group health insurance plans ~~plan~~, health maintenance  
19 organization plans, group life insurance plans, group  
20 accidental death and dismemberment plans, and group disability  
21 insurance plans. Furthermore, the department is additionally  
22 authorized to establish and provide as part of the state group  
23 insurance program any other group insurance plans or coverage  
24 choices that ~~which~~ are consistent with benefit plans offered  
25 in the open market ~~the provisions of this section.~~

26 (c) Notwithstanding any provision in this section to  
27 the contrary, it is the intent of the Legislature that the  
28 department shall be responsible for all aspects of the  
29 purchase of health care for state employees under the state  
30 group health insurance plan and the health maintenance  
31 organization plans. Responsibilities shall include, but not be

1 limited to, the development of requests for proposals or  
2 invitations to negotiate for state employee health services,  
3 the determination of health care benefits to be provided, and  
4 the negotiation of contracts for health care and health care  
5 administrative services. Prior to the negotiation of  
6 contracts for health care services, the Legislature intends  
7 that the department shall develop, with respect to state  
8 collective bargaining issues, the health benefits and terms to  
9 be included in the state group health insurance program. The  
10 department shall adopt rules necessary to perform its  
11 responsibilities pursuant to this section. It is the intent  
12 of the Legislature that the department shall be responsible  
13 for the contract management and day-to-day management of the  
14 state employee health insurance program, including, but not  
15 limited to, employee enrollment, premium collection, payment  
16 to health care providers, and other administrative functions  
17 related to the program.

18 (f) Except as provided for in subparagraph (h)2., the  
19 amount ~~percentage~~ of state contribution toward the cost of any  
20 plan in the state group insurance program shall be uniform  
21 with respect to all state employees in state collective  
22 bargaining units participating in the same plan option ~~or any~~  
23 ~~similar plan~~. Nothing contained within this section prohibits  
24 the development of separate benefit plans for officers and  
25 employees exempt from collective bargaining or the development  
26 of separate benefit plans for each collective bargaining unit.

27 (g) Participation by individuals in the program shall  
28 be available to all state officers, full-time state employees,  
29 and part-time state employees; and such participation in the  
30 program or any plan thereof shall be voluntary. Participation  
31 in the program shall also be available to retired state

1 officers and employees, as defined in paragraph (2)(g), who  
2 elect at the time of retirement to continue coverage under the  
3 program, but they may elect to continue all or only part of  
4 the coverage they had at the time of retirement. A surviving  
5 spouse may elect to continue coverage only under a ~~the~~ state  
6 group health insurance plan or a health maintenance  
7 organization plan.

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

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

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

1 law; skilled nursing facilities and services; prescription  
2 drugs; age-based and gender-based wellness benefit; and other  
3 benefits as may be required by the department. Additional  
4 services may be provided subject to the contract between the  
5 department and the HMO.

6 b. The department may establish uniform deductibles,  
7 copayments, coverage tiers, or coinsurance schedules for all  
8 participating HMO plans.

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

30 d. The department may limit the number of HMOs that it  
31 contracts with in each service area based on the nature of the

1 bids the department receives, the number of state employees in  
2 the service area, or any unique geographical characteristics  
3 of the service area. The department shall establish by rule  
4 service areas throughout the state.

5 e. All persons participating in the state group  
6 insurance program who are required to contribute towards a  
7 total state group health premium shall be subject to a  
8 specific the same dollar contribution that may vary depending  
9 upon the plan option selected regardless of whether the  
10 enrollee enrolls in a ~~the~~ state group health insurance plan or  
11 in an HMO plan.

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

20 4. In addition to contracting pursuant to subparagraph  
21 2., the department may ~~shall~~ enter into contract with any HMO  
22 to participate in the state group insurance program which:

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

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

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

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

5           e. Meets the minimum surplus requirements of s.  
6 641.225.

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

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

22           6. When a contract between a treating provider and the  
23 state-contracted health maintenance organization is terminated  
24 for any reason other than for cause, each party shall allow  
25 any enrollee for whom treatment was active to continue  
26 coverage and care when medically necessary, through completion  
27 of treatment of a condition for which the enrollee was  
28 receiving care at the time of the termination, until the  
29 enrollee selects another treating provider, or until the next  
30 open enrollment period offered, whichever is longer, but no  
31 longer than 6 months after termination of the contract. Each

1 party to the terminated contract shall allow an enrollee who  
2 has initiated a course of prenatal care, regardless of the  
3 trimester in which care was initiated, to continue care and  
4 coverage until completion of postpartum care. This does not  
5 prevent a provider from refusing to continue to provide care  
6 to an enrollee who is abusive, noncompliant, or in arrears in  
7 payments for services provided. For care continued under this  
8 subparagraph, the program and the provider shall continue to  
9 be bound by the terms of the terminated contract. Changes made  
10 within 30 days before termination of a contract are effective  
11 only if agreed to by both parties.

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

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

28           a. Based upon a desired benefit package, the  
29 department shall issue a request for proposal or invitation to  
30 negotiate for health insurance providers interested in  
31 participating in the state group insurance program, and the



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

28         b. Pursuant to the applicable provisions of s.  
29 110.161, and s. 125 of the Internal Revenue Code of 1986, the  
30 department shall enroll in the pretax benefit program those  
31 state employees who voluntarily elect coverage in any of the

1 supplemental insurance benefit plans as provided by  
2 sub-subparagraph a.

3 c. Nothing herein contained shall be construed to  
4 prohibit insurance providers from continuing to provide or  
5 offer supplemental benefit coverage to state employees as  
6 provided under existing agency plans.

7 (4) PAYMENT OF PREMIUMS; CONTRIBUTION BY STATE;  
8 LIMITATION ON ACTIONS TO PAY AND COLLECT PREMIUMS.--

9 (c) During each policy or budget year, no state agency  
10 shall contribute a greater dollar amount ~~percentage~~ of the  
11 premium cost for its officers or employees for any plan option  
12 ~~type of coverage~~ under the state group insurance program than  
13 any other agency, nor shall any greater dollar amount  
14 ~~percentage contribution~~ of premium cost be made for employees  
15 in one state collective bargaining unit than for those in any  
16 other state collective bargaining unit.

17 (d) The state contribution for a part-time permanent  
18 state employee who elects to participate in the program shall  
19 be prorated so that the amount ~~percentage~~ of the cost  
20 contributed for the part-time permanent employee bears that  
21 relation to the amount ~~percentage~~ of cost contributed for a  
22 similar full-time employee that the part-time employee's  
23 normal workday bears to a full-time employee's normal workday.

24 (e) No state contribution for the cost of any part of  
25 the premium shall be made for retirees or surviving spouses  
26 for any type of coverage under the state group insurance  
27 program. However, any state agency that employs a full-time  
28 law enforcement officer, correctional officer, or correctional  
29 probation officer who is killed or suffers catastrophic injury  
30 in the line of duty as provided in s. 112.19, or a full-time  
31 firefighter who is killed or suffers catastrophic injury in

1 the line of duty as provided in s. 112.191, shall pay the  
2 entire premium of the state group health insurance plan  
3 selected for the employee's surviving spouse until remarried,  
4 and for each dependent child of the employee, subject to the  
5 conditions and limitations set forth in s. 112.19 or s.  
6 112.191, as applicable.

7 (5) DEPARTMENT POWERS AND DUTIES.--The department is  
8 responsible for the administration of the state group  
9 insurance program. The department shall initiate and  
10 supervise the program as established by this section and shall  
11 adopt such rules as are necessary to perform its  
12 responsibilities. To implement this program, the department  
13 shall, with prior approval by the Legislature:

14 (d) With respect to the state group health insurance  
15 plans ~~plan~~, be authorized to require copayments with respect  
16 to all providers under the plan.

17 (8) COVERAGE FOR LEGISLATIVE MEMBERS AND EMPLOYEES.--

18 (b) Effective July 1, 1999, any legislative member who  
19 terminates his or her elected service after July 1, 1999,  
20 after having vested in the state retirement system, may  
21 purchase coverage in a ~~the~~ state group health insurance plan  
22 at the same premium cost as that for retirees and surviving  
23 spouses. Such legislators may also elect to continue coverage  
24 under the group term life insurance program prevailing for  
25 current members at the premium cost in effect for that plan.

26 Section 2. Subsection (2) of section 110.161, Florida  
27 Statutes, is amended to read:

28 110.161 State employees; pretax benefits program.--

29 (2) As used in this section, "employee" means any  
30 individual filling an authorized and established position in  
31 the executive, legislative, or judicial branch of the state,

1 including the employees of the State Board of Administration  
2 and the state universities.

3 Section 3. Subsection (19) of section 1001.74, Florida  
4 Statutes, is amended to read:

5 1001.74 Powers and duties of university boards of  
6 trustees.--

7 (19) Each board of trustees shall establish the  
8 personnel program for all employees of the university,  
9 including the president, pursuant to the provisions of chapter  
10 1012 and, in accordance with rules and guidelines of the State  
11 Board of Education, including: compensation and other  
12 conditions of employment, recruitment and selection,  
13 nonreappointment, standards for performance and conduct,  
14 evaluation, benefits and hours of work, leave policies,  
15 recognition and awards, inventions and works, travel, learning  
16 opportunities, exchange programs, academic freedom and  
17 responsibility, promotion, assignment, demotion, transfer,  
18 tenure and permanent status, ethical obligations and conflicts  
19 of interest, restrictive covenants, disciplinary actions,  
20 complaints, appeals and grievance procedures, and separation  
21 and termination from employment. The Department of Management  
22 Services shall retain authority over state university  
23 employees for programs established in ss. 110.123, 110.161,  
24 110.1232, 110.1234, and 110.1238 and in chapters 121, 122, and  
25 238.

26 Section 4. This act shall take effect July 1, 2003.  
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STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN  
COMMITTEE SUBSTITUTE FOR  
SB 1006

The Committee Substitute amends s. 110.123, F.S., to permit the setting of a funding policy for state employee group health insurance in a location other than in that chapter; provides for age- and gender-based wellness benefits and coverage tiers for future plan changes; permits continued eligibility for insurance coverage by the state universities; authorizes the use of the Invitation to Negotiate process for future procurements; shifts cost sharing arrangements from a percentage to a fixed dollar amount; and permits the development of more than one indemnity plan offering.