

By the Committees on Appropriations; and Governmental Oversight and Productivity

309-2547-03

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

12
 13 Be It Enacted by the Legislature of the State of Florida:

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

20 110.123 State group insurance program.--
 21 (2) DEFINITIONS.--As used in this section, the term:
 22 (e) "Health plan member" means any person
 23 participating in a ~~the~~ state group health insurance plan or in
 24 a health maintenance organization plan under the state group
 25 insurance program, including enrollees and covered dependents
 26 thereof.

27 (i) "State group health insurance plan or plans" or
 28 "state plan or plans" mean ~~means~~ the state self-insured health
 29 insurance plan or plans offered to state officers and
 30 employees, retired state officers and employees, and surviving
 31

1 spouses of deceased state officers and employees pursuant to
2 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 or plans, health maintenance organization
9 plans, and other plans required or authorized by law ~~this~~
10 ~~section~~.

11 (3) STATE GROUP INSURANCE PROGRAM.--

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

27 (c) Notwithstanding any provision in this section to
28 the contrary, it is the intent of the Legislature that the
29 department shall be responsible for all aspects of the
30 purchase of health care for state employees under the state
31 group health insurance plan or plans and the health

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

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

29 (g) Participation by individuals in the program shall
30 be available to all state officers, full-time state employees,
31 and part-time state employees; and such participation in the

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

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

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

26 a. The department shall establish a schedule of
27 minimum benefits for health maintenance organization coverage,
28 and that schedule shall include: physician services; inpatient
29 and outpatient hospital services; emergency medical services,
30 including out-of-area emergency coverage; diagnostic
31 laboratory and diagnostic and therapeutic radiologic services;

1 mental health, alcohol, and chemical dependency treatment
2 services meeting the minimum requirements of state and federal
3 law; skilled nursing facilities and services; prescription
4 drugs; age-based and gender-based wellness benefits; and other
5 benefits as may be required by the department. Additional
6 services may be provided subject to the contract between the
7 department and the HMO.

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

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

1 d. The department may limit the number of HMOs that it
2 contracts with in each service area based on the nature of the
3 bids the department receives, the number of state employees in
4 the service area, or any unique geographical characteristics
5 of the service area. The department shall establish by rule
6 service areas throughout the state.

7 e. All persons participating in the state group
8 insurance program may be ~~who are~~ required to contribute
9 towards a total state group health premium that may vary
10 depending upon the plan and coverage tier selected by the
11 enrollee and the level of state contribution authorized by the
12 Legislature ~~shall be subject to the same dollar contribution~~
13 ~~regardless of whether the enrollee enrolls in the state group~~
14 ~~health insurance plan or in an HMO plan.~~

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

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

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

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

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

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

7 e. Meets the minimum surplus requirements of s.
8 641.225.

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

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

24 6. When a contract between a treating provider and the
25 state-contracted health maintenance organization is terminated
26 for any reason other than for cause, each party shall allow
27 any enrollee for whom treatment was active to continue
28 coverage and care when medically necessary, through completion
29 of treatment of a condition for which the enrollee was
30 receiving care at the time of the termination, until the
31 enrollee selects another treating provider, or until the next

1 open enrollment period offered, whichever is longer, but no
2 longer than 6 months after termination of the contract. Each
3 party to the terminated contract shall allow an enrollee who
4 has initiated a course of prenatal care, regardless of the
5 trimester in which care was initiated, to continue care and
6 coverage until completion of postpartum care. This does not
7 prevent a provider from refusing to continue to provide care
8 to an enrollee who is abusive, noncompliant, or in arrears in
9 payments for services provided. For care continued under this
10 subparagraph, the program and the provider shall continue to
11 be bound by the terms of the terminated contract. Changes made
12 within 30 days before termination of a contract are effective
13 only if agreed to by both parties.

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

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

30 a. Based upon a desired benefit package, the
31 department shall issue a request for proposal or invitation to

1 negotiate for health insurance providers interested in
2 participating in the state group insurance program, and the
3 department shall issue a request for proposal or invitation to
4 negotiate for insurance providers interested in participating
5 in the non-health-related components of the state group
6 insurance program. Upon receipt of all proposals, the
7 department may enter into contract negotiations with insurance
8 providers submitting bids or negotiate a specially designed
9 benefit package. Insurance providers offering or providing
10 supplemental coverage as of May 30, 1991, which qualify for
11 pretax benefit treatment pursuant to s. 125 of the Internal
12 Revenue Code of 1986, with 5,500 or more state employees
13 currently enrolled may be included by the department in the
14 supplemental insurance benefit plan established by the
15 department without participating in a request for proposal,
16 submitting bids, negotiating contracts, or negotiating a
17 specially designed benefit package. These contracts shall
18 provide state employees with the most cost-effective and
19 comprehensive coverage available; however, no state or agency
20 funds shall be contributed toward the cost of any part of the
21 premium of such supplemental benefit plans. With respect to
22 dental coverage, the division shall include in any
23 solicitation or contract for any state group dental program
24 made after July 1, 2001, a comprehensive indemnity dental plan
25 option which offers enrollees a completely unrestricted choice
26 of dentists. If a dental plan is endorsed, or in some manner
27 recognized as the preferred product, such plan shall include a
28 comprehensive indemnity dental plan option which provides
29 enrollees with a completely unrestricted choice of dentists.
30 b. Pursuant to the applicable provisions of s.
31 110.161, and s. 125 of the Internal Revenue Code of 1986, the

1 department shall enroll in the pretax benefit program those
2 state employees who voluntarily elect coverage in any of the
3 supplemental insurance benefit plans as provided by
4 sub-subparagraph a.

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

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

11 (c) During each policy or budget year, no state agency
12 shall contribute a greater dollar amount ~~percentage~~ of the
13 premium cost for its officers or employees for any plan option
14 ~~type of coverage~~ under the state group insurance program than
15 any other agency for similar officers and employees, nor shall
16 any greater dollar amount ~~percentage contribution~~ of premium
17 cost be made for employees in one state collective bargaining
18 unit than for those in any other state collective bargaining
19 unit. Nothing in this section prohibits the use of different
20 levels of state contributions for positions exempt from career
21 service.

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

29 (e) No state contribution for the cost of any part of
30 the premium shall be made for retirees or surviving spouses
31 for any type of coverage under the state group insurance

1 program. However, any state agency that employs a full-time
2 law enforcement officer, correctional officer, or correctional
3 probation officer who is killed or suffers catastrophic injury
4 in the line of duty as provided in s. 112.19, or a full-time
5 firefighter who is killed or suffers catastrophic injury in
6 the line of duty as provided in s. 112.191, shall pay the
7 entire premium of the state group health insurance plan
8 selected for the employee's surviving spouse until remarried,
9 and for each dependent child of the employee, subject to the
10 conditions and limitations set forth in s. 112.19 or s.
11 112.191, as applicable.

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

19 (d) With respect to a ~~the~~ state group health insurance
20 plan, be authorized to require copayments with respect to all
21 providers under the plan.

22
23 Final decisions concerning enrollment, the existence of
24 coverage, or covered benefits under the state group insurance
25 program shall not be delegated or deemed to have been
26 delegated by the department.

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

28 (b) Effective July 1, 1999, any legislative member who
29 terminates his or her elected service after July 1, 1999,
30 after having vested in the state retirement system, may
31 purchase coverage in a ~~the~~ state group health insurance plan

1 at the same premium cost as that for retirees and surviving
2 spouses. Such legislators may also elect to continue coverage
3 under the group term life insurance program prevailing for
4 current members at the premium cost in effect for that plan.

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

7 110.161 State employees; pretax benefits program.--

8 (2) As used in this section, "employee" means any
9 individual filling an authorized and established position in
10 the executive, legislative, or judicial branch of the state,
11 including the employees of the State Board of Administration
12 and the state universities.

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

15 1001.74 Powers and duties of university boards of
16 trustees.--

17 (19) Each board of trustees shall establish the
18 personnel program for all employees of the university,
19 including the president, pursuant to the provisions of chapter
20 1012 and, in accordance with rules and guidelines of the State
21 Board of Education, including: compensation and other
22 conditions of employment, recruitment and selection,
23 nonreappointment, standards for performance and conduct,
24 evaluation, benefits and hours of work, leave policies,
25 recognition and awards, inventions and works, travel, learning
26 opportunities, exchange programs, academic freedom and
27 responsibility, promotion, assignment, demotion, transfer,
28 tenure and permanent status, ethical obligations and conflicts
29 of interest, restrictive covenants, disciplinary actions,
30 complaints, appeals and grievance procedures, and separation
31 and termination from employment. The Department of Management

1 Services shall retain authority over state university
2 employees for programs established in ss. 110.123, 110.161,
3 110.1232, 110.1234, and 110.1238 and in chapters 121, 122, and
4 238.

5 Section 4. This act shall take effect July 1, 2003.

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7 STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN
8 COMMITTEE SUBSTITUTE FOR
9 Senate Bill CS/SB 1006

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10 The committee substitute allows the state employees' group
11 health insurance program to offer one or more preferred
12 provider organization options.

12 The committee substitute updates the state employees' group
13 health insurance program to recognize that some positions in
14 the Selected Exempt Service are permitted to collectively
15 bargain and allows the state to provide different benefit
16 plans for officers and employees exempt from career service.

15 The committee substitute allows the state to set differential
16 employee contributions for insurance premiums based on the
17 plan and coverage tier selected by the enrollee.

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