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1 A bill to be entitled

2 An act relating to state employee health insurance;
3 providing a popular name; amending s. 110.123, F.S.;
4 revising the terms of coverage and payment for officers
5 and employees participating in state employee group health
6 insurance; amending s. 110.161, F.S., specifying that
7 employees of state universities are state employees
8 eligible participating in the state pretax benefits
9 programs; amending s. 1001.74, F.S., adding a cross
10 reference to specify that state university system
11 employees are eligible to participate in the state pretax
12 benefits program; providing an effective date.

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

15
16 Section 1. Paragraphs (e), (i), and (k) of subsection (2),
17 paragraphs (b), (c), (f), (g), and (h) of subsection (3),
18 paragraphs (c), (d), and (e) of subsection (4), paragraph (d) of
19 subsection (5), and paragraph (b) of subsection (8) of section
20 110.123, Florida Statutes, are amended to read:

21 110.123 State group insurance program.--

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

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

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



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30 employees, and surviving spouses of deceased state officers and
31 employees as provided by law ~~pursuant to this section.~~

32 (k) "State group insurance program" or "programs" means
33 the package of insurance plans offered to state officers and
34 employees, retired state officers and employees, and surviving
35 spouses of deceased state officers and employees pursuant to
36 this section, including the state group health insurance plan,
37 health maintenance organization plans, and other plans required
38 or authorized by law ~~this section.~~

39 (3) STATE GROUP INSURANCE PROGRAM.--

40 (b) It is the intent of the Legislature to offer a
41 comprehensive package of health insurance and retirement
42 benefits and a personnel system for state employees which are
43 provided in a cost-efficient and prudent manner, and to allow
44 state employees the option to choose benefit plans which best
45 suit their individual needs. Therefore, the state group
46 insurance program is established which may include any ~~the~~ state
47 group health insurance plan, health maintenance organization
48 plans, group life insurance plans, group accidental death and
49 dismemberment plans, and group disability insurance plans.
50 Furthermore, the department is additionally authorized to
51 establish and provide as part of the state group insurance
52 program any other group insurance plans or coverage choices
53 which are consistent with benefit plans offered in the open
54 market ~~the provisions of this section.~~

55 (c) Notwithstanding any provision in this section to the
56 contrary, it is the intent of the Legislature that the
57 department shall be responsible for all aspects of the purchase
58 of health care for state employees under the state group health
59 insurance plan and the health maintenance organization plans.



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60 Responsibilities shall include, but not be limited to, the
61 development of requests for proposals or invitations to
62 negotiate for state employee health services, the determination
63 of health care benefits to be provided, and the negotiation of
64 contracts for health care and health care administrative
65 services. Prior to the negotiation of contracts for health care
66 services, the Legislature intends that the department shall
67 develop, with respect to state collective bargaining issues, the
68 health benefits and terms to be included in the state group
69 health insurance program. The department shall adopt rules
70 necessary to perform its responsibilities pursuant to this
71 section. It is the intent of the Legislature that the department
72 shall be responsible for the contract management and day-to-day
73 management of the state employee health insurance program,
74 including, but not limited to, employee enrollment, premium
75 collection, payment to health care providers, and other
76 administrative functions related to the program.

77 (f) Except as provided for in subparagraph (h)2., the
78 amount ~~percentage~~ of state contribution toward the cost of any
79 plan in the state group insurance program shall be uniform with
80 respect to all state employees in state collective bargaining
81 units participating in the same plan option ~~or any similar plan~~.
82 Nothing contained within this section prohibits the development
83 of separate benefit plans for officers and employees exempt from
84 collective bargaining or the development of separate benefit
85 plans for each collective bargaining unit.

86 (g) Participation by individuals in the program shall be
87 available to all state officers, full-time state employees, and
88 part-time state employees; and such participation in the program
89 or any plan thereof shall be voluntary. Participation in the



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90 program shall also be available to retired state officers and
 91 employees, as defined in paragraph (2)(g), who elect at the time
 92 of retirement to continue coverage under the program, but they
 93 may elect to continue all or only part of the coverage they had
 94 at the time of retirement. A surviving spouse may elect to
 95 continue coverage only under a ~~the~~ state group health insurance
 96 plan or a health maintenance organization plan.

97 (h)1. A person eligible to participate in the state group
 98 insurance program may be authorized by rules adopted by the
 99 department, in lieu of participating in a ~~the~~ state group health
 100 insurance plan, to exercise an option to elect membership in a
 101 health maintenance organization plan which is under contract
 102 with the state in accordance with criteria established by this
 103 section and by said rules. The offer of optional membership in a
 104 health maintenance organization plan permitted by this paragraph
 105 may be limited or conditioned by rule as may be necessary to
 106 meet the requirements of state and federal laws.

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

112 a. The department shall establish a schedule of minimum
 113 benefits for health maintenance organization coverage, and that
 114 schedule shall include: physician services; inpatient and
 115 outpatient hospital services; emergency medical services,
 116 including out-of-area emergency coverage; diagnostic laboratory
 117 and diagnostic and therapeutic radiologic services; mental
 118 health, alcohol, and chemical dependency treatment services
 119 meeting the minimum requirements of state and federal law;



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120 skilled nursing facilities and services; prescription drugs;
121 age-based and gender-based wellness benefits and other benefits
122 as may be required by the department. Additional services may be
123 provided subject to the contract between the department and the
124 HMO.

125 b. The department may establish uniform deductibles,
126 copayments, coverage tiers, or coinsurance schedules for all
127 participating HMO plans.

128 c. The department may require detailed information from
129 each health maintenance organization participating in the
130 procurement process, including information pertaining to
131 organizational status, experience in providing prepaid health
132 benefits, accessibility of services, financial stability of the
133 plan, quality of management services, accreditation status,
134 quality of medical services, network access and adequacy,
135 performance measurement, ability to meet the department's
136 reporting requirements, and the actuarial basis of the proposed
137 rates and other data determined by the director to be necessary
138 for the evaluation and selection of health maintenance
139 organization plans and negotiation of appropriate rates for
140 these plans. Upon receipt of proposals by health maintenance
141 organization plans and the evaluation of those proposals, the
142 department may enter into negotiations with all of the plans or
143 a subset of the plans, as the department determines appropriate.
144 Nothing shall preclude the department from negotiating regional
145 or statewide contracts with health maintenance organization
146 plans when this is cost-effective and when the department
147 determines that the plan offers high value to enrollees.

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



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150 bids the department receives, the number of state employees in
151 the service area, or any unique geographical characteristics of
152 the service area. The department shall establish by rule service
153 areas throughout the state.

154 e. All persons participating in the state group insurance
155 program who are required to contribute towards a total state
156 group health premium shall be subject to a specific ~~the same~~
157 dollar contribution which may vary depending upon the plan
158 option selected regardless of whether the enrollee enrolls in
159 the state group health insurance plan or in an HMO plan.

160 3. The department is authorized to negotiate and to
161 contract with specialty psychiatric hospitals for mental health
162 benefits, on a regional basis, for alcohol, drug abuse, and
163 mental and nervous disorders. The department may establish,
164 subject to the approval of the Legislature pursuant to
165 subsection (5), any such regional plan upon completion of an
166 actuarial study to determine any impact on plan benefits and
167 premiums.

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

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

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

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



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

183 e. Meets the minimum surplus requirements of s. 641.225.
 184

185 The department is authorized to contract with HMOs that meet the
 186 requirements of sub-subparagraphs a.-d. prior to the open
 187 enrollment period for state employees. The department is not
 188 required to renew the contract with the HMOs as set forth in
 189 this paragraph more than twice. Thereafter, the HMOs shall be
 190 eligible to participate in the state group insurance program
 191 only through the request for proposal or invitation to negotiate
 192 process described in subparagraph 2.

193 5. All enrollees in any ~~the~~ state group health insurance
 194 plan or any health maintenance organization plan shall have the
 195 option of changing to any other health plan which is offered by
 196 the state within any open enrollment period designated by the
 197 department. Open enrollment shall be held at least once each
 198 calendar year.

199 6. When a contract between a treating provider and the
 200 state-contracted health maintenance organization is terminated
 201 for any reason other than for cause, each party shall allow any
 202 enrollee for whom treatment was active to continue coverage and
 203 care when medically necessary, through completion of treatment
 204 of a condition for which the enrollee was receiving care at the
 205 time of the termination, until the enrollee selects another
 206 treating provider, or until the next open enrollment period
 207 offered, whichever is longer, but no longer than 6 months after
 208 termination of the contract. Each party to the terminated



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209 contract shall allow an enrollee who has initiated a course of
210 prenatal care, regardless of the trimester in which care was
211 initiated, to continue care and coverage until completion of
212 postpartum care. This does not prevent a provider from refusing
213 to continue to provide care to an enrollee who is abusive,
214 noncompliant, or in arrears in payments for services provided.
215 For care continued under this subparagraph, the program and the
216 provider shall continue to be bound by the terms of the
217 terminated contract. Changes made within 30 days before
218 termination of a contract are effective only if agreed to by
219 both parties.

220 7. Any HMO participating in the state group insurance
221 program shall submit health care utilization and cost data to
222 the department, in such form and in such manner as the
223 department shall require, as a condition of participating in the
224 program. The department shall enter into negotiations with its
225 contracting HMOs to determine the nature and scope of the data
226 submission and the final requirements, format, penalties
227 associated with noncompliance, and timetables for submission.
228 These determinations shall be adopted by rule.

229 8. The department may establish and direct, with respect
230 to collective bargaining issues, a comprehensive package of
231 insurance benefits that may include supplemental health and life
232 coverage, dental care, long-term care, vision care, and other
233 benefits it determines necessary to enable state employees to
234 select from among benefit options that best suit their
235 individual and family needs.

236 a. Based upon a desired benefit package, the department
237 shall issue a request for proposal or invitation to negotiate
238 for health insurance providers interested in participating in



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239 the state group insurance program, and the department shall
240 issue a request for proposal or invitation to negotiate for
241 insurance providers interested in participating in the non-
242 health-related components of the state group insurance program.
243 Upon receipt of all proposals, the department may enter into
244 contract negotiations with insurance providers submitting bids
245 or negotiate a specially designed benefit package. Insurance
246 providers offering or providing supplemental coverage as of May
247 30, 1991, which qualify for pretax benefit treatment pursuant to
248 s. 125 of the Internal Revenue Code of 1986, with 5,500 or more
249 state employees currently enrolled may be included by the
250 department in the supplemental insurance benefit plan
251 established by the department without participating in a request
252 for proposal, submitting bids, negotiating contracts, or
253 negotiating a specially designed benefit package. These
254 contracts shall provide state employees with the most cost-
255 effective and comprehensive coverage available; however, no
256 state or agency funds shall be contributed toward the cost of
257 any part of the premium of such supplemental benefit plans. With
258 respect to dental coverage, the division shall include in any
259 solicitation or contract for any state group dental program made
260 after July 1, 2001, a comprehensive indemnity dental plan option
261 which offers enrollees a completely unrestricted choice of
262 dentists. If a dental plan is endorsed, or in some manner
263 recognized as the preferred product, such plan shall include a
264 comprehensive indemnity dental plan option which provides
265 enrollees with a completely unrestricted choice of dentists.

266 b. Pursuant to the applicable provisions of s. 110.161,
267 and s. 125 of the Internal Revenue Code of 1986, the department
268 shall enroll in the pretax benefit program those state employees



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269 who voluntarily elect coverage in any of the supplemental
270 insurance benefit plans as provided by sub-subparagraph a.

271 c. Nothing herein contained shall be construed to prohibit
272 insurance providers from continuing to provide or offer
273 supplemental benefit coverage to state employees as provided
274 under existing agency plans.

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

277 (c) During each policy or budget year, no state agency
278 shall contribute a greater dollar amount ~~percentage~~ of the
279 premium cost for its officers or employees for any plan option
280 ~~type of coverage~~ under the state group insurance program than
281 any other agency, nor shall any greater dollar amount ~~percentage~~
282 ~~contribution~~ of premium cost be made for employees in one state
283 collective bargaining unit than for those in any other state
284 collective bargaining unit.

285 (d) The state contribution for a part-time permanent state
286 employee who elects to participate in the program shall be
287 prorated so that the amount ~~percentage~~ of the cost contributed
288 for the part-time permanent employee bears that relation to the
289 amount ~~percentage~~ of cost contributed for a similar full-time
290 employee that the part-time employee's normal workday bears to a
291 full-time employee's normal workday.

292 (e) No state contribution for the cost of any part of the
293 premium shall be made for retirees or surviving spouses for any
294 type of coverage under the state group insurance program.
295 However, any state agency that employs a full-time law
296 enforcement officer, correctional officer, or correctional
297 probation officer who is killed or suffers catastrophic injury
298 in the line of duty as provided in s. 112.19, or a full-time



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299 firefighter who is killed or suffers catastrophic injury in the
 300 line of duty as provided in s. 112.191, shall pay the entire
 301 premium of the state group health insurance plan selected for
 302 the employee's surviving spouse until remarried, and for each
 303 dependent child of the employee, subject to the conditions and
 304 limitations set forth in s. 112.19 or s. 112.191, as applicable.

305 (5) DEPARTMENT POWERS AND DUTIES.--The department is
 306 responsible for the administration of the state group insurance
 307 program. The department shall initiate and supervise the program
 308 as established by this section and shall adopt such rules as are
 309 necessary to perform its responsibilities. To implement this
 310 program, the department shall, with prior approval by the
 311 Legislature:

312 (d) With respect to any ~~the~~ state group health insurance
 313 plan, be authorized to require copayments with respect to all
 314 providers under the plan.

315
 316 Final decisions concerning enrollment, the existence of
 317 coverage, or covered benefits under the state group insurance
 318 program shall not be delegated or deemed to have been delegated
 319 by the department.

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

321 (b) Effective July 1, 1999, any legislative member who
 322 terminates his or her elected service after July 1, 1999, after
 323 having vested in the state retirement system, may purchase
 324 coverage in a ~~the~~ state group health insurance plan at the same
 325 premium cost as that for retirees and surviving spouses. Such
 326 legislators may also elect to continue coverage under the group
 327 term life insurance program prevailing for current members at
 328 the premium cost in effect for that plan.



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

331 110.161 State employees; pretax benefits program.--

332 (2) As used in this section, "employee" means any
 333 individual filling an authorized and established position in the
 334 executive, legislative, or judicial branch of the state,
 335 including the employees of the State Board of Administration and
 336 the state universities.

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

339 1001.74 Powers and duties of university boards of
 340 trustees.--

341 (19) Each board of trustees shall establish the personnel
 342 program for all employees of the university, including the
 343 president, pursuant to the provisions of chapter 1012 and, in
 344 accordance with rules and guidelines of the State Board of
 345 Education, including: compensation and other conditions of
 346 employment, recruitment and selection, nonreappointment,
 347 standards for performance and conduct, evaluation, benefits and
 348 hours of work, leave policies, recognition and awards,
 349 inventions and works, travel, learning opportunities, exchange
 350 programs, academic freedom and responsibility, promotion,
 351 assignment, demotion, transfer, tenure and permanent status,
 352 ethical obligations and conflicts of interest, restrictive
 353 covenants, disciplinary actions, complaints, appeals and
 354 grievance procedures, and separation and termination from
 355 employment. The Department of Management Services shall retain
 356 authority over state university employees for programs
 357 established in ss. 110.123, 110.1232, 110.1234, ~~and~~ 110.1238,
 358 and 110.161 and in chapters 121, 122, and 238.



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