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A bill to be entitled
 An act relating to state employee health insurance;
 providing a popular name; 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., specifying that
 employees of state universities are state employees
 eligible participating in the state pretax benefits
 programs; amending s. 1001.74, F.S., adding a cross
 reference to specify that state university system
 employees are eligible to participate in the state 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 plan" or "state plan"
 means any ~~the~~ state self-insured health insurance plan offered
 to state officers and employees, retired state officers and



HB 1881, Engrossed 1

2003

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.



HB 1881, Engrossed 1

2003

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 ~~percentage of~~ state contribution toward the cost of any plan in
79 the state group insurance program shall be uniform with respect
80 to all state employees in a state collective bargaining unit
81 ~~units~~ participating in the same coverage tier in the same plan
82 ~~or any similar plan~~. Nothing contained within this section
83 prohibits the development of separate benefit plans for officers
84 and employees exempt from the career service collective
85 ~~bargaining~~ or the development of separate benefit plans for each
86 collective bargaining unit.

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



HB 1881, Engrossed 1

2003

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

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

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

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



HB 1881, Engrossed 1

2003

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

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

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

149 d. The department may limit the number of HMOs that it



HB 1881, Engrossed 1

2003

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

155 e. All persons participating in the state group insurance
156 program may be ~~who are~~ required to contribute towards a total
157 state group health premium that may vary depending upon the plan
158 and coverage tier selected by the enrollee and the level of
159 state contribution authorized by the Legislature ~~shall be~~
160 ~~subject to the same dollar contribution regardless of whether~~
161 ~~the enrollee enrolls in the state group health insurance plan or~~
162 ~~in an HMO plan.~~

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

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

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

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



HB 1881, Engrossed 1

2003

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

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

186 e. Meets the minimum surplus requirements of s. 641.225.

187

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

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

202 6. When a contract between a treating provider and the
203 state-contracted health maintenance organization is terminated
204 for any reason other than for cause, each party shall allow any
205 enrollee for whom treatment was active to continue coverage and
206 care when medically necessary, through completion of treatment
207 of a condition for which the enrollee was receiving care at the
208 time of the termination, until the enrollee selects another
209 treating provider, or until the next open enrollment period



HB 1881, Engrossed 1

2003

210 offered, whichever is longer, but no longer than 6 months after
211 termination of the contract. Each party to the terminated
212 contract shall allow an enrollee who has initiated a course of
213 prenatal care, regardless of the trimester in which care was
214 initiated, to continue care and coverage until completion of
215 postpartum care. This does not prevent a provider from refusing
216 to continue to provide care to an enrollee who is abusive,
217 noncompliant, or in arrears in payments for services provided.
218 For care continued under this subparagraph, the program and the
219 provider shall continue to be bound by the terms of the
220 terminated contract. Changes made within 30 days before
221 termination of a contract are effective only if agreed to by
222 both parties.

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

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

239 a. Based upon a desired benefit package, the department



HB 1881, Engrossed 1

2003

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

269 b. Pursuant to the applicable provisions of s. 110.161,



HB 1881, Engrossed 1

2003

270 and s. 125 of the Internal Revenue Code of 1986, the department
271 shall enroll in the pretax benefit program those state employees
272 who voluntarily elect coverage in any of the supplemental
273 insurance benefit plans as provided by sub-subparagraph a.

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

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

280 (c) During each policy or budget year, no state agency
281 shall contribute a greater dollar amount ~~percentage~~ of the
282 premium cost for its officers or employees for any plan option
283 ~~type of coverage~~ under the state group insurance program than
284 any other agency for similar officers and employees, nor shall
285 any greater dollar amount ~~percentage contribution~~ of premium
286 cost be made for employees in one state collective bargaining
287 unit than for those in any other state collective bargaining
288 unit. Nothing in this section prohibits the use of different
289 levels of state contributions for positions exempt from career
290 service.

291 (d) The state contribution for a part-time permanent state
292 employee who elects to participate in the program shall be
293 prorated so that the amount ~~percentage~~ of the cost contributed
294 for the part-time permanent employee bears that relation to the
295 amount ~~percentage~~ of cost contributed for a similar full-time
296 employee that the part-time employee's normal workday bears to a
297 full-time employee's normal workday.

298 (e) No state contribution for the cost of any part of the
299 premium shall be made for retirees or surviving spouses for any



HB 1881, Engrossed 1

2003

300 type of coverage under the state group insurance program.
 301 However, any state agency that employs a full-time law
 302 enforcement officer, correctional officer, or correctional
 303 probation officer who is killed or suffers catastrophic injury
 304 in the line of duty as provided in s. 112.19, or a full-time
 305 firefighter who is killed or suffers catastrophic injury in the
 306 line of duty as provided in s. 112.191, shall pay the entire
 307 premium of the state group health insurance plan selected for
 308 the employee's surviving spouse until remarried, and for each
 309 dependent child of the employee, subject to the conditions and
 310 limitations set forth in s. 112.19 or s. 112.191, as applicable.

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

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

321
 322 Final decisions concerning enrollment, the existence of
 323 coverage, or covered benefits under the state group insurance
 324 program shall not be delegated or deemed to have been delegated
 325 by the department.

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

327 (b) Effective July 1, 1999, any legislative member who
 328 terminates his or her elected service after July 1, 1999, after
 329 having vested in the state retirement system, may purchase



HB 1881, Engrossed 1

2003

330 coverage in a ~~the~~ state group health insurance plan at the same
 331 premium cost as that for retirees and surviving spouses. Such
 332 legislators may also elect to continue coverage under the group
 333 term life insurance program prevailing for current members at
 334 the premium cost in effect for that plan.

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

337 110.161 State employees; pretax benefits program.--

338 (2) As used in this section, "employee" means any
 339 individual filling an authorized and established position in the
 340 executive, legislative, or judicial branch of the state,
 341 including the employees of the State Board of Administration and
 342 the state universities.

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

345 1001.74 Powers and duties of university boards of
 346 trustees.--

347 (19) Each board of trustees shall establish the personnel
 348 program for all employees of the university, including the
 349 president, pursuant to the provisions of chapter 1012 and, in
 350 accordance with rules and guidelines of the State Board of
 351 Education, including: compensation and other conditions of
 352 employment, recruitment and selection, nonreappointment,
 353 standards for performance and conduct, evaluation, benefits and
 354 hours of work, leave policies, recognition and awards,
 355 inventions and works, travel, learning opportunities, exchange
 356 programs, academic freedom and responsibility, promotion,
 357 assignment, demotion, transfer, tenure and permanent status,
 358 ethical obligations and conflicts of interest, restrictive
 359 covenants, disciplinary actions, complaints, appeals and



HB 1881, Engrossed 1

2003

360 grievance procedures, and separation and termination from
361 employment. The Department of Management Services shall retain
362 authority over state university employees for programs
363 established in ss. 110.123, 110.1232, 110.1234, ~~and~~ 110.1238,
364 and 110.161 and in chapters 121, 122, and 238.

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