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2 An act relating to the state group insurance
3 program; amending s. 110.123, F.S.; revising
4 the terms "state group insurance program" and
5 "surviving spouse" and defining the term
6 "TRICARE supplemental insurance plan";
7 including the TRICARE supplemental insurance
8 plan within the state group insurance program;
9 requiring the Department of Management Services
10 to purchase health care for employees under the
11 TRICARE supplemental insurance plan;
12 authorizing a surviving spouse to elect to
13 continue coverage under the TRICARE
14 supplemental insurance plan; providing that an
15 enrollee in the TRICARE supplemental insurance
16 plan may change to any other state health plan
17 during open enrollment; providing an effective
18 date.

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

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22 Section 1. Subsections (2) and (3) of section 110.123,
23 Florida Statutes, are amended to read:

24 110.123 State group insurance program.--

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

26 (a) "Department" means the Department of Management
27 Services.

28 (b) "Enrollee" means all state officers and employees,
29 retired state officers and employees, surviving spouses of
30 deceased state officers and employees, and terminated
31 employees or individuals with continuation coverage who are

1 enrolled in an insurance plan offered by the state group
2 insurance program. "Enrollee" includes all state university
3 officers and employees, retired state university officers and
4 employees, surviving spouses of deceased state university
5 officers and employees, and terminated state university
6 employees or individuals with continuation coverage who are
7 enrolled in an insurance plan offered by the state group
8 insurance program.

9 (c) "Full-time state employees" includes all full-time
10 employees of all branches or agencies of state government
11 holding salaried positions and paid by state warrant or from
12 agency funds, and employees paid from regular salary
13 appropriations for 8 months' employment, including university
14 personnel on academic contracts, but in no case shall "state
15 employee" or "salaried position" include persons paid from
16 other-personal-services (OPS) funds. "Full-time employees"
17 includes all full-time employees of the state universities.

18 (d) "Health maintenance organization" or "HMO" means
19 an entity certified under part I of chapter 641.

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

25 (f) "Part-time state employee" means any employee of
26 any branch or agency of state government paid by state warrant
27 from salary appropriations or from agency funds, and who is
28 employed for less than the normal full-time workweek
29 established by the department or, if on academic contract or
30 seasonal or other type of employment which is less than
31 year-round, is employed for less than 8 months during any

1 12-month period, but in no case shall "part-time" employee
2 include a person paid from other-personal-services (OPS)
3 funds. "Part-time state employee" includes any part-time
4 employee of the state universities.

5 (g) "Retired state officer or employee" or "retiree"
6 means any state or state university officer or employee who
7 retires under a state retirement system or a state optional
8 annuity or retirement program or is placed on disability
9 retirement, and who was insured under the state group
10 insurance program at the time of retirement, and who begins
11 receiving retirement benefits immediately after retirement
12 from state or state university office or employment. In
13 addition to these requirements, any state officer or state
14 employee who retires under the Public Employee Optional
15 Retirement Program established under part II of chapter 121
16 shall be considered a "retired state officer or employee" or
17 "retiree" as used in this section if he or she:

- 18 1. Meets the age and service requirements to qualify
19 for normal retirement as set forth in s. 121.021(29); or
- 20 2. Has attained the age specified by s. 72(t)(2)(A)(i)
21 of the Internal Revenue Code and has 6 years of creditable
22 service.

23 (h) "State agency" or "agency" means any branch,
24 department, or agency of state government. "State agency" or
25 "agency" includes any state university for purposes of this
26 section only.

27 (i) "State group health insurance plan or plans" or
28 "state plan or plans" mean the state self-insured health
29 insurance plan or plans offered to state officers and
30 employees, retired state officers and employees, and surviving
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1 spouses of deceased state officers and employees pursuant to
2 this section.

3 (j) "State-contracted HMO" means any health
4 maintenance organization under contract with the department to
5 participate in the state group insurance program.

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

14 (l) "State officer" means any constitutional state
15 officer, any elected state officer paid by state warrant, or
16 any appointed state officer who is commissioned by the
17 Governor and who is paid by state warrant.

18 (m) "Surviving spouse" means the widow or widower of a
19 deceased state officer, full-time state employee, part-time
20 state employee, or retiree if such widow or widower was
21 covered as a dependent under the state group health insurance
22 plan, a TRICARE supplemental insurance plan, or a health
23 maintenance organization plan established pursuant to this
24 section at the time of the death of the deceased officer,
25 employee, or retiree. "Surviving spouse" also means any widow
26 or widower who is receiving or eligible to receive a monthly
27 state warrant from a state retirement system as the
28 beneficiary of a state officer, full-time state employee, or
29 retiree who died prior to July 1, 1979. For the purposes of
30 this section, any such widow or widower shall cease to be a
31 surviving spouse upon his or her remarriage.

1 (n) "TRICARE supplemental insurance plan" means the
2 Department of Defense Health Insurance Program for eligible
3 members of the uniformed services authorized by Title 10
4 U.S.C. s. 1097.

5 (3) STATE GROUP INSURANCE PROGRAM.--

6 (a) The Division of State Group Insurance is created
7 within the Department of Management Services.

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

23 (c) Notwithstanding any provision in this section to
24 the contrary, it is the intent of the Legislature that the
25 department shall be responsible for all aspects of the
26 purchase of health care for state employees under the state
27 group health insurance plan or plans, TRICARE supplemental
28 insurance plans, and the health maintenance organization
29 plans. Responsibilities shall include, but not be limited to,
30 the development of requests for proposals or invitations to
31 negotiate for state employee health services, the

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

16 (d)1. Notwithstanding the provisions of chapter 287
17 and the authority of the department, for the purpose of
18 protecting the health of, and providing medical services to,
19 state employees participating in the state group insurance
20 program, the department may contract to retain the services of
21 professional administrators for the state group insurance
22 program. The agency shall follow good purchasing practices of
23 state procurement to the extent practicable under the
24 circumstances.

25 2. Each vendor in a major procurement, and any other
26 vendor if the department deems it necessary to protect the
27 state's financial interests, shall, at the time of executing
28 any contract with the department, post an appropriate bond
29 with the department in an amount determined by the department
30 to be adequate to protect the state's interests but not higher
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1 | than the full amount estimated to be paid annually to the
2 | vendor under the contract.

3 | 3. Each major contract entered into by the department
4 | pursuant to this section shall contain a provision for payment
5 | of liquidated damages to the department for material
6 | noncompliance by a vendor with a contract provision. The
7 | department may require a liquidated damages provision in any
8 | contract if the department deems it necessary to protect the
9 | state's financial interests.

10 | 4. The provisions of s. 120.57(3) apply to the
11 | department's contracting process, except:

12 | a. A formal written protest of any decision, intended
13 | decision, or other action subject to protest shall be filed
14 | within 72 hours after receipt of notice of the decision,
15 | intended decision, or other action.

16 | b. As an alternative to any provision of s. 120.57(3),
17 | the department may proceed with the bid selection or contract
18 | award process if the director of the department sets forth, in
19 | writing, particular facts and circumstances which demonstrate
20 | the necessity of continuing the procurement process or the
21 | contract award process in order to avoid a substantial
22 | disruption to the provision of any scheduled insurance
23 | services.

24 | (e) The Department of Management Services and the
25 | Division of State Group Insurance may ~~shall~~ not prohibit or
26 | limit any properly licensed insurer, health maintenance
27 | organization, prepaid limited health services organization, or
28 | insurance agent from competing for any insurance product or
29 | plan purchased, provided, or endorsed by the department or the
30 | division on the basis of the compensation arrangement used by
31 | the insurer or organization for its agents.

1 (f) Except as provided for in subparagraph (h)2., the
2 state contribution toward the cost of any plan in the state
3 group insurance program shall be uniform with respect to all
4 state employees in a state collective bargaining unit
5 participating in the same coverage tier in the same plan.
6 ~~Nothing contained within~~ This section does not prohibit
7 ~~prohibits~~ the development of separate benefit plans for
8 officers and employees exempt from the career service or the
9 development of separate benefit plans for each collective
10 bargaining unit.

11 (g) Participation by individuals in the program is
12 ~~shall be~~ available to all state officers, full-time state
13 employees, and part-time state employees; and such
14 participation in the program or any plan is ~~thereof shall be~~
15 voluntary. Participation in the program is ~~shall~~ also ~~be~~
16 available to retired state officers and employees, as defined
17 in paragraph (2)(g), who elect at the time of retirement to
18 continue coverage under the program, but they may elect to
19 continue all or only part of the coverage they had at the time
20 of retirement. A surviving spouse may elect to continue
21 coverage only under a state group health insurance plan, a
22 TRICARE supplemental insurance plan, or a health maintenance
23 organization plan.

24 (h)1. A person eligible to participate in the state
25 group insurance program may be authorized by rules adopted by
26 the department, in lieu of participating in the state group
27 health insurance plan, to exercise an option to elect
28 membership in a health maintenance organization plan which is
29 under contract with the state in accordance with criteria
30 established by this section and by said rules. The offer of
31 optional membership in a health maintenance organization plan

1 | permitted by this paragraph may be limited or conditioned by
2 | rule as may be necessary to meet the requirements of state and
3 | federal laws.

4 | 2. The department shall contract with health
5 | maintenance organizations seeking to participate in the state
6 | group insurance program through a request for proposal or
7 | other procurement process, as developed by the Department of
8 | Management Services and determined to be appropriate.

9 | a. The department shall establish a schedule of
10 | minimum benefits for health maintenance organization coverage,
11 | and that schedule shall include: physician services; inpatient
12 | and outpatient hospital services; emergency medical services,
13 | including out-of-area emergency coverage; diagnostic
14 | laboratory and diagnostic and therapeutic radiologic services;
15 | mental health, alcohol, and chemical dependency treatment
16 | services meeting the minimum requirements of state and federal
17 | law; skilled nursing facilities and services; prescription
18 | drugs; age-based and gender-based wellness benefits; and other
19 | benefits as may be required by the department. Additional
20 | services may be provided subject to the contract between the
21 | department and the HMO.

22 | b. The department may establish uniform deductibles,
23 | copayments, coverage tiers, or coinsurance schedules for all
24 | participating HMO plans.

25 | c. The department may require detailed information
26 | from each health maintenance organization participating in the
27 | procurement process, including information pertaining to
28 | organizational status, experience in providing prepaid health
29 | benefits, accessibility of services, financial stability of
30 | the plan, quality of management services, accreditation
31 | status, quality of medical services, network access and

1 adequacy, performance measurement, ability to meet the
2 department's reporting requirements, and the actuarial basis
3 of the proposed rates and other data determined by the
4 director to be necessary for the evaluation and selection of
5 health maintenance organization plans and negotiation of
6 appropriate rates for these plans. Upon receipt of proposals
7 by health maintenance organization plans and the evaluation of
8 those proposals, the department may enter into negotiations
9 with all of the plans or a subset of the plans, as the
10 department determines appropriate. Nothing shall preclude the
11 department from negotiating regional or statewide contracts
12 with health maintenance organization plans when this is
13 cost-effective and when the department determines that the
14 plan offers high value to enrollees.

15 d. The department may limit the number of HMOs that it
16 contracts with in each service area based on the nature of the
17 bids the department receives, the number of state employees in
18 the service area, or any unique geographical characteristics
19 of the service area. The department shall establish by rule
20 service areas throughout the state.

21 e. All persons participating in the state group
22 insurance program may be required to contribute towards a
23 total state group health premium that may vary depending upon
24 the plan and coverage tier selected by the enrollee and the
25 level of state contribution authorized by the Legislature.

26 3. The department is authorized to negotiate and to
27 contract with specialty psychiatric hospitals for mental
28 health benefits, on a regional basis, for alcohol, drug abuse,
29 and mental and nervous disorders. The department may
30 establish, subject to the approval of the Legislature pursuant
31 to subsection (5), any such regional plan upon completion of

1 an actuarial study to determine any impact on plan benefits
2 and premiums.

3 4. In addition to contracting pursuant to subparagraph
4 2., the department may enter into contract with any HMO to
5 participate in the state group insurance program which:

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

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

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

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

18 e. Meets the minimum surplus requirements of s.
19 641.225.

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21 The department is authorized to contract with HMOs that meet
22 the requirements of sub-subparagraphs a.-d. prior to the open
23 enrollment period for state employees. The department is not
24 required to renew the contract with the HMOs as set forth in
25 this paragraph more than twice. Thereafter, the HMOs shall be
26 eligible to participate in the state group insurance program
27 only through the request for proposal or invitation to
28 negotiate process described in subparagraph 2.

29 5. All enrollees in a state group health insurance
30 plan, a TRICARE supplemental insurance plan, or any health
31 maintenance organization plan ~~shall~~ have the option of

1 changing to any other health plan ~~that~~ which is offered by the
2 state within any open enrollment period designated by the
3 department. Open enrollment shall be held at least once each
4 calendar year.

5 6. When a contract between a treating provider and the
6 state-contracted health maintenance organization is terminated
7 for any reason other than for cause, each party shall allow
8 any enrollee for whom treatment was active to continue
9 coverage and care when medically necessary, through completion
10 of treatment of a condition for which the enrollee was
11 receiving care at the time of the termination, until the
12 enrollee selects another treating provider, or until the next
13 open enrollment period offered, whichever is longer, but no
14 longer than 6 months after termination of the contract. Each
15 party to the terminated contract shall allow an enrollee who
16 has initiated a course of prenatal care, regardless of the
17 trimester in which care was initiated, to continue care and
18 coverage until completion of postpartum care. This does not
19 prevent a provider from refusing to continue to provide care
20 to an enrollee who is abusive, noncompliant, or in arrears in
21 payments for services provided. For care continued under this
22 subparagraph, the program and the provider shall continue to
23 be bound by the terms of the terminated contract. Changes made
24 within 30 days before termination of a contract are effective
25 only if agreed to by both parties.

26 7. Any HMO participating in the state group insurance
27 program shall submit health care utilization and cost data to
28 the department, in such form and in such manner as the
29 department shall require, as a condition of participating in
30 the program. The department shall enter into negotiations
31 with its contracting HMOs to determine the nature and scope of

1 the data submission and the final requirements, format,
2 penalties associated with noncompliance, and timetables for
3 submission. These determinations shall be adopted by rule.

4 8. The department may establish and direct, with
5 respect to collective bargaining issues, a comprehensive
6 package of insurance benefits that may include supplemental
7 health and life coverage, dental care, long-term care, vision
8 care, and other benefits it determines necessary to enable
9 state employees to select from among benefit options that best
10 suit their individual and family needs.

11 a. Based upon a desired benefit package, the
12 department shall issue a request for proposal or invitation to
13 negotiate for health insurance providers interested in
14 participating in the state group insurance program, and the
15 department shall issue a request for proposal or invitation to
16 negotiate for insurance providers interested in participating
17 in the non-health-related components of the state group
18 insurance program. Upon receipt of all proposals, the
19 department may enter into contract negotiations with insurance
20 providers submitting bids or negotiate a specially designed
21 benefit package. Insurance providers offering or providing
22 supplemental coverage as of May 30, 1991, which qualify for
23 pretax benefit treatment pursuant to s. 125 of the Internal
24 Revenue Code of 1986, with 5,500 or more state employees
25 currently enrolled may be included by the department in the
26 supplemental insurance benefit plan established by the
27 department without participating in a request for proposal,
28 submitting bids, negotiating contracts, or negotiating a
29 specially designed benefit package. These contracts shall
30 provide state employees with the most cost-effective and
31 comprehensive coverage available; however, no state or agency

1 funds shall be contributed toward the cost of any part of the
2 premium of such supplemental benefit plans. With respect to
3 dental coverage, the division shall include in any
4 solicitation or contract for any state group dental program
5 made after July 1, 2001, a comprehensive indemnity dental plan
6 option which offers enrollees a completely unrestricted choice
7 of dentists. If a dental plan is endorsed, or in some manner
8 recognized as the preferred product, such plan shall include a
9 comprehensive indemnity dental plan option which provides
10 enrollees with a completely unrestricted choice of dentists.

11 b. Pursuant to the applicable provisions of s.
12 110.161, and s. 125 of the Internal Revenue Code of 1986, the
13 department shall enroll in the pretax benefit program those
14 state employees who voluntarily elect coverage in any of the
15 supplemental insurance benefit plans as provided by
16 sub-subparagraph a.

17 c. Nothing herein contained shall be construed to
18 prohibit insurance providers from continuing to provide or
19 offer supplemental benefit coverage to state employees as
20 provided under existing agency plans.

21 (i) The benefits of the insurance authorized by this
22 section shall not be in lieu of any benefits payable under
23 chapter 440, the Workers' Compensation Law. The insurance
24 authorized by this law shall not be deemed to constitute
25 insurance to secure workers' compensation benefits as required
26 by chapter 440.

27 Section 2. This act shall take effect upon becoming a
28 law.

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