HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 581 Public Benefits
SPONSOR(S): Cretul and others
TIED BILLS: **IDEN./SIM. BILLS:** SB 1796

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Governmental Operations Committee	6 Y, 0 N	Brown	Williamson
2) Fiscal Council			
3) State Administration Council			
4)			
5)			

SUMMARY ANALYSIS

The bill prohibits the use of state funds, under the state employee benefit program, for any program providing benefits for any individuals other than enrollees and the spouses and dependent children of enrollees. The bill repeats the prohibition as it applies to the community college board of trustees and the state university board of trustees.

The bill does not appear to have a fiscal impact on state or local government.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Provide Limited Government – The bill creates a prohibition on certain state insurance premium contributions from state employers.

B. EFFECT OF PROPOSED CHANGES:

Background: State Employee Health Care

Chapter 110, F.S., provides the statutory authority for the implementation of health insurance and prescription drug coverage for all enrollees. Enrollees include all state officers and employees, retired state officers and employees, surviving spouses of deceased state officers and employees, as well as all state university officers and employees, retired state university officers and employees, and surviving spouses of deceased state university officers and employees.[1]

Enrollees may choose between a self-insured indemnity plan called a preferred provider organization (PPO) or an approved health management organization (HMO). Sections 110.123 and 110.12315, F.S., describe the coverage available and specify the minimum complement of benefits each approved provider must offer. An enrollee may select health insurance coverage from a number of approved provider organizations. The state-sponsored preferred provider organization provides universal access in all of Florida's 67 counties. As an alternative, the enrollee may choose to enroll in one of several managed care plans offered by participating HMOs pre-approved by the Division of State Group Insurance in the Department of Management Services. In counties not served by an HMO, this option is unavailable to enrollees.

The Department of Management Services has authority to establish a comprehensive package of insurance benefits that may include supplemental insurance products. Supplemental insurance is designed to provide coverage for certain treatments that are not included in a health insurance policy, or to provide additional benefits to those already offered in a health insurance policy. The State currently offers active employees the opportunity to purchase from private insurers various supplemental insurance plans and to have the premium payments for such plans deducted from the employee's pay on a pre-tax basis. Unlike the State sponsored PPO or HMO plans, the State does not contribute to any portion of the premium for supplemental insurance. Some of the various supplemental insurance products available to enrollees include vision insurance, dental insurance, supplemental hospitalization insurance, cancer and cancer/intensive care insurance, and accident and accident disability insurance.

Effect of Proposed Legislation

The bill addresses the state's participation in funding benefits programs under the state's insurance programs. The bill prohibits the use of state funds when a benefit is provided "for any individuals other than enrollees and the spouses and dependent children of enrollees." According to the Division of State Group Insurance, the bill "has no impact on Department of Management Services or the State Group Insurance Program as currently administered by the Division of State Group Insurance in accordance with *Florida Statutes* and *Florida Administrative Code*."[2]

If a benefits program were offered by a private provider and that program offered benefits to anyone other than the enrollee or the enrollee's spouse and children, the enrollee would be required to cover

[1] Sec. 110.123(2)(b), F.S.

[2] Department of Management Services, 2006 Substantive Bill Analysis HB 581, February 7, 2006.

the entire contribution. The state would not be permitted to contribute to the premium as a benefit to the employee. There are currently no such programs.[3]

C. SECTION DIRECTORY:

Section 1 amends s. 110.123, F.S., to prohibit the use of state funds to provide a benefit for anyone other than an enrollee or the spouse or dependent of an enrollee.

Section 2 amends s. 1001.64, F.S., to repeat the prohibition as applied to the community college board of trustees.

Section 3 amends s. 1001.74, F.S., to repeat the prohibition as applied to the state university board of trustees.

Section 4 provides an effective date of July 1, 2006.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

   The bill does not create, modify, amend, or eliminate a state revenue source.

2. Expenditures:

   The bill does not create, modify, amend, or eliminate a state expenditure. The bill reduces potential expenditures related to employee benefits; however the Division of State Group Insurance has advised that there are currently no programs that would be affected by this legislation.[4]

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

   The bill does not create, modify, amend, or eliminate a local revenue source.

2. Expenditures:

   The bill reduces potential expenditures related to employee benefits. It is unknown whether or not any local governments currently maintain benefits programs that would be impacted by this legislation.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

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[3] *Id.*
[4] *Id.*

1. Applicability of Municipality/County Mandates Provision:

This bill does not appear to require counties or municipalities to take an action requiring the expenditure of funds, reduce the authority that counties or municipalities have to raise revenue in the aggregate, nor reduce the percentage of state tax shared with counties or municipalities.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES

None.