

**HOUSE OF REPRESENTATIVES STAFF ANALYSIS**

**BILL #:** HB 783 CS  
**SPONSOR(S):** Henriquez  
**TIED BILLS:**

Wellness Programs for State Employees  
**IDEN./SIM. BILLS:** CS/SB 382

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<b>REFERENCE</b>	<b>ACTION</b>	<b>ANALYST</b>	<b>STAFF DIRECTOR</b>
1) <u>Governmental Operations Committee</u>	<u>7 Y, 0 N, w/CS</u>	<u>Brown</u>	<u>Williamson</u>
2) <u>Health Care General Committee</u>	<u>8 Y, 0 N</u>	<u>Ciccione</u>	<u>Brown-Barrios</u>
3) <u>Fiscal Council</u>	<u></u>	<u></u>	<u></u>
4) <u>State Administration Council</u>	<u></u>	<u></u>	<u></u>
5) <u></u>	<u></u>	<u></u>	<u></u>

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**SUMMARY ANALYSIS**

The bill defines specific elements to be included in age-based and gender-based services provided by health maintenance organizations under contract to the state employee health insurance program. It also creates within the Department of Management Services the Florida State Employee Wellness Council, made up of nine members appointed by the Governor.

The council is created to provide health education information to employees and to help develop minimum benefits for health care providers when providing age-based and gender-based wellness benefits. The council has three specific duties:

- Work to encourage participation in wellness programs by state employees.
- Develop standards and criteria for age-based and gender-based wellness programs.
- Recommend a “healthy food and beverage” menu for food-service establishments in buildings owned, operated, or leased by the state.

The fiscal impact of the council is nominal. Certain aspects of the newly-defined health benefits may have an indeterminate effect on healthcare premiums paid by the state.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. HOUSE PRINCIPLES ANALYSIS:

**Provide Limited Government** – The bill creates a nine-member advisory council.

**Promote personal responsibility** – The bill defines certain benefits included in the health maintenance organization program that are intended to foster healthier behaviors in state employees.

#### B. EFFECT OF PROPOSED CHANGES:

##### Health Coverage - Background

The State of Florida provides a comprehensive array of workplace benefits to its employees and their spouses and dependents.<sup>1</sup> Full-time and part-time employees and retirees may choose between a preferred provider organization (PPO) or from one of several health maintenance organizations (HMOs) for their health insurance needs.<sup>2</sup> Employees who are eligible retired members from one of the branches of the United States Armed Services may choose a health care supplement (TRICARE) to complement their federal retiree benefits. The Department of Management Services, through its Division of State Group Insurance, negotiates all contracts with these providers.<sup>3</sup> The providers, however, own their respective networks or are the direct contractors for service delivery.

“Wellness” is a term used in s. 110.123, F.S., but it is not otherwise defined. In a wider sense wellness has come to mean an array of health care services that focus on chronic disease management or lifestyle changes that have direct or indirect health outcomes. Some of these services may be workplace based, as with blood pressure monitoring; home-based, as with changes to personal nutrition and portion control practices; or a combination of the two in which the employer provides subsidies or discounts with plan-affiliated vendors to achieve the same objectives. In this latter sense “wellness” is not part of the insurance contract per se but does serve the complementary objectives of provider and patient in promoting preventive techniques that stabilize employer compensation expenses, including direct benefit costs and compensated absences, and add to the quality of employee lives.

The PPO plan contains a feature called “Blue Complements” that provides access to the following discounted wellness services:<sup>4</sup>

- Alternative therapies;
- Discounted vision care;
- Discounted hearing care and appliances;
- Laser correction of vision impairments;
- Discounted fitness or athletic club membership;<sup>5</sup>
- Discounted bicycle helmets; and
- Discounted weight-loss management club memberships.

Each HMO decides individually how it will approach the concept of wellness. Wellness services provided by participating HMOs include:<sup>6</sup>

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<sup>1</sup> See generally s. 110.123, F.S.

<sup>2</sup> Section 110.123(3), F.S.

<sup>3</sup> Specific authority is granted in s. 110.123(5)(c), F.S.

<sup>4</sup> <http://www.bcbsfl.com>. The “Blue Complements” materials are directly available at <http://www.bcbsfl.com/index.cfm?fuseaction=BlueComplements.Home>

<sup>5</sup> Limited geographic accessibility.

<sup>6</sup> Accessible through [www.myflorida.com/dsgi](http://www.myflorida.com/dsgi).

- AVMED: smoking cessation; weight management; live/recorded access to a health information service; and chronic disease management.
- CAPITAL HEALTH PLAN: chronic disease management specifically targeting diabetes and asthma; smoking cessation; weight loss; cholesterol/heart disease; newborn health care; nutrition; and cardio-pulmonary resuscitation (CPR).
- FLORIDA HEALTH CARE PLANS: automated links to sponsored health information web sites; smoking cessation; osteoporosis management; diabetes management; weight management; nutrition management; asthma management; bariatrics and sponsored exercise.
- TRICARE: weight loss; hearing; health screening.
- UNITED HEALTH CARE: on-line/live health assessments and information; chronic disease management; nutrition; and discounted vision, dental, alternative, smoking cessation, long-term care, fitness, and weight management.
- VISTA HEALTH PLANS: registration required; none listed.

Wellness benefits are broadly recognized as valuable adjuncts to health insurance plans and can stabilize the costs of an employer's direct benefits costs by reducing compensated absences, increasing productivity, and limiting the out-of-pocket expenses incurred by employees for health events that can be minimized by lifestyle changes. Current law provides premium rebates for insurance plans that can demonstrate a majority of enrollees participate in organized wellness programs.<sup>7</sup> The nominal indicators of measurement are smoking cessation, weight reduction, and body mass index.

A principal feature of the recently enacted Medicaid Choice program is the development of preventive care programs for eligible low-income individuals.<sup>8</sup> For enrollees who take advantage of these services and alter their lifestyles under physician guidance, there can be tangible financial effects through additional choices they will have in the selection of health benefits.

### Health Coverage – Effect of Bill

The bill amends s. 110.123, F.S., to require that HMOs under contract to the state employee health insurance program provide enumerated age- and gender-based services. The named services include:

- Aerobic exercise;
- Education in alcohol and substance abuse prevention;
- Blood cholesterol screening;
- Health risk appraisals;
- Blood pressure screening and education;
- Nutrition education;
- Program planning;
- Safety belt education;
- Smoking cessation;
- Stress management;
- Weight management; and
- Women's health education.

### Councils - Background

Section 20.03(7), F.S. defines a "council" or "advisory council" as an "advisory body created... to function on a continuing basis for the study of the problems arising in a specified... area... and to provide recommendations and policy alternatives." Councils must be established and maintained according to certain provisions, including:<sup>9</sup>

- A statutorily defined purpose;

<sup>7</sup> Section 627.65626, F.S.

<sup>8</sup> Section 409.91211, F.S.; Senate Bill 2-B; Chapter 2005-358, Laws of Florida.

<sup>9</sup> Section 20.052(4), F.S., *et seq.*

- The appointment of members to 4-year staggered terms;
- Appointment of members by the governor, the head of a department, or a Cabinet officer; and
- Compliance with public meeting and public records requirements.

### Councils – Effect of Bill

The bill adds a new subsection (13) to s. 110.123, F.S., to create the Florida State Employee Wellness Council. The council is composed of nine members appointed by the Governor for staggered 4-year terms. Its members must be state residents and must be active in the health and medical field. One member must be a state employee.

The council has three specific duties:

- Encourage state employee participation in wellness programs and prepare informational actions on this topic;
- Develop standards for age-based and gender-based programs; and
- Recommend a “healthy food and beverage menu” for food outlets in buildings owned, operated or leased by the State of Florida.

The council is directed to meet within 60 days after appointments are complete, and to meet at least quarterly thereafter. The Department of Management Services is directed to provide administrative support for the activities of the council.

#### C. SECTION DIRECTORY:

Section 1 amends s. 110.123, F.S., to include a detailed definition of “age-based and gender-based benefits,” and to create a wellness council.

Section 2 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 Florida State Employee Wellness Council is directed to meet at least once per calendar quarter. Travel and per diem for these meetings at \$500 per member equals \$18,000 annually. The Department of Management Services is directed to provide staff support. Absent any specific appropriation, the meeting costs will have to be assumed by the agency out of appropriated funds or, alternatively, assumed by the employers of the appointed members.

#### 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 does not create, modify, amend, or eliminate a local expenditure.

#### C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

There is no direct impact to the contract vendors that operate food service establishments in state agency occupied buildings as the recommendations of the council on a model healthy menu are not binding. This element could be a consideration in later negotiations of leases or subleases of such spaces where the State of Florida is the building owner.

The bill is nominally directed at HMOs, not the PPO. Many of these service elements are contained in current practices of these providers and are available directly or by referral. As wellness programs, under current law, are not necessarily part of the insurance coverage arrangements, a provider may make arrangements for their provision at the expense of the insured outside of the contract reimbursements. Employees enrolled in one of several pre-tax medical reimbursements or health savings accounts authorized under federal law may reduce their taxable expense for eligible services by paying for these items with pre-tax dollars.

#### D. FISCAL COMMENTS:

It is not entirely clear whether the enumerated benefits would result in an increased premium to be paid by state employers. The Division of State Group Insurance has stated that the additional definition “would have the effect of mandating benefits not currently a part of the benefit plan for State members.”<sup>10</sup> However, virtually all of the “wellness” components are already part of the HMO providers’ plans, as the components presumably lead to lower healthcare costs incurred by the providers.

Additionally, the complex negotiation involved in entering into HMO contracts means that the state may be able to leverage its enrollee size in order to receive these mandates at no increase in premium. These are “bargaining chips” that cannot be accounted for in great detail, in advance of the solicitation and negotiation of new benefits plans.

Wellness programs can have front-loaded effects but back-loaded benefits. Lifestyle changes require the passage of time for their effects to be fully realized. The changes also may not necessarily be linear. A person may adopt an alternative, healthier lifestyle for which the tangible benefits may accrue principally to the employer, such as in reduced absenteeism and increased productivity.

### III. COMMENTS

#### A. CONSTITUTIONAL ISSUES:

##### 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:

##### Other Comments – HMOs

As drafted, the bill applies only to the HMOs but not the PPO. The Department of Management Services negotiates multi-year contracts with its provider HMOs. Passage of a statute will not

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<sup>10</sup> *Department of Management Services’ HB 783 Bill Analysis*, Director, Division of State Group Insurance, February 7, 2006.  
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necessarily cause the contracts to be amended prior to their normal expiration unless both contracting parties consent to the specification of different services and the incidence of payment.

#### **IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES**

On March 15, 2006, the Governmental Operations Committee adopted a strike-all amendment and reported the bill favorably with committee substitute (CS). The CS made the following changes:

- Amended the definition of “age-based and gender-based wellness benefits” to change the term “weight loss” to “weight management.”
- Modified the membership of the Florida State Employee Wellness Council to ensure that at least one member is a current state employee.
- Included all health care providers, in addition to HMOs, within the council’s scope.
- Made grammatical changes.