

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

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Prepared By: The Professional Staff of the Education Pre-K - 12 Committee

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BILL: SB 366

INTRODUCER: Senator Gaetz

SUBJECT: Group Insurance for Public Employees

DATE: October 28, 2011      REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Brown	Matthews	ED	<b>Favorable</b>
2.	_____	_____	GO	_____
3.	_____	_____	BC	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

**I. Summary:**

This bill establishes the School District Insurance Consortium (Consortium). Health, accident, and hospitalization insurance would be procured through the Consortium for school district officers and employees, and their dependents.

The Consortium would be organized by a nine-member board of directors with representation from school board members, superintendents, public school teachers or support personnel, and an individual with expertise in employee benefit systems. Directors serve two-year terms. The board of directors is authorized to hire staff, contract for services, and request technical support from the Department of Management Services (Department).

This bill requires competitive bid participation. Multiple providers are authorized, and insurance coverage may be statewide or regionally-based. For regional coverage, the Consortium must include school districts of varying size.

This bill clarifies that collective bargaining is required, and specifies included subjects, consistent with current law.

An opt-out provision is available to any school district provided that the school board holds a properly noticed public meeting, and finds that less expensive insurance is available elsewhere.

This bill substantially amends section 112.08 of the Florida Statutes.

## II. Present Situation:

### Health Insurance for School District Employees

Chapter 112, F.S., addresses various conditions of employment, including retirement and group insurance for local governmental units, defined to include school boards.<sup>1</sup> Section 112.08, F.S., authorizes local governmental units to contract with private companies for the provision of all types of insurance, including life, health, accident, hospitalization, legal expense, and annuity insurance.<sup>2</sup> The local governmental unit is required to participate in the competitive bid process in procuring group insurance.<sup>3</sup>

If the local governmental unit intends to self-insure, approval by the Office of Insurance Regulation is required, with approval to be based upon the actuarial soundness of the plan.<sup>4</sup>

Currently the 67 school districts purchase as individual school districts, health, accident, and hospitalization insurance for officers, employees and dependents.

### Florida Law on Collective Bargaining

Chapter 447, F.S., addresses labor organizations. The district school board is considered the public employer for all employees of the district.<sup>5</sup> A public employee is generally defined as a person employed by a public employer.<sup>6</sup> Collective bargaining is required between the public employer and the bargaining agent of public employees in the following areas: wages, hours, and terms and conditions of employment.<sup>7</sup>

## III. Effect of Proposed Changes:

This bill requires school districts to enter into interlocal agreements to establish the School District Insurance Consortium (Consortium) for the provision of health, accident, and hospitalization insurance.

The Consortium is organized as a nine-member board of directors, with representation as follows:

- Three members who are elected school board members appointed by the Florida School Boards Association;
- Three members who are elected or appointed school superintendents appointed by the Florida Association of District School Superintendents;
- Two members who are public school teachers or support personnel appointed by the Florida Education Association; and
- One member who has experience operating employee benefit systems.

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<sup>1</sup> s. 112.08(1), F.S.

<sup>2</sup> s. 112.08(2)(a), F.S.

<sup>3</sup> *Id.*

<sup>4</sup> s. 112.08(2)(a) and (b), F.S.

<sup>5</sup> s. 447.203(2), F.S.

<sup>6</sup> s. 447.203(3), F.S.

<sup>7</sup> s. 447.309(1), F.S.

Members serve two-year terms. It appears that reappointments are authorized. The board of directors is authorized to hire staff or contract for staffing services.

This bill requires that Consortium-purchased insurance be competitively bid. Insurance may be purchased for statewide or regional use, and if regional, the Consortium must include districts of different sizes. Multiple providers are authorized.

School districts are required to collectively bargain for all units of employees who will be provided insurance, consistent with current law.

The Department of Management Services must provide technical services to the Consortium, as requested.

To opt-out, a school board must hold a properly noticed public meeting and find that it is less expensive to purchase insurance elsewhere. Therefore, some school districts may continue to purchase insurance independently, provided that they comply with the process required in current law.

This bill takes effect upon the latter of July 1, 2013, or upon expiration or renewal date of any existing contract. Therefore, this legislation would not alter the terms of existing contracts.

#### **IV. Constitutional Issues:**

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

#### **V. Fiscal Impact Statement:**

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

With a greater volume of participants in the pool, better benefits may be offered, resulting in cost savings for claimants.

**C. Government Sector Impact:**

The Department of Education indicates that economies of scale through joint purchases of group insurance will likely result in a cost savings to school districts, with the amount indeterminate at this time. The DOE expresses that it is uncertain if the competitive bid process required in the bill triggers that which is required under current law, or if it establishes a separate process, that would operate outside of State Board of Education Rule 6A-1.012, F.A.C., which governs school district purchasing requirements.

The requirement that the Department of Management Services provide technical services upon request may result in a fiscal impact, but it is likely to be insignificant.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Additional Information:****A. Committee Substitute – Statement of Substantial Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

**B. Amendments:**

None.