

By Senator Gaetz

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1 A bill to be entitled
2 An act relating to group insurance for public
3 employees; amending s. 112.08, F.S.; requiring that
4 school districts procure certain types of insurance
5 for their officers and employees through interlocal
6 agreements; providing an exception; requiring each
7 school district to enter into an interlocal agreement
8 and establish the School District Insurance Consortium
9 governed by a board of directors; providing for
10 membership and specifying terms of office for board
11 members; authorizing the board to employ staff or
12 contract for staffing services to be provided to the
13 consortium; requiring the Department of Management
14 Services to provide technical services to the
15 consortium; requiring the consortium to advertise for
16 competitive bids for insurance; authorizing the
17 awarding of bids on a statewide or regional basis and
18 the selection of multiple insurance providers;
19 requiring that school districts engage in collective
20 bargaining with certified bargaining agents; providing
21 an effective date.

22
23 Be It Enacted by the Legislature of the State of Florida:

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25 Section 1. Subsection (2) of section 112.08, Florida
26 Statutes, is amended to read:

27 112.08 Group insurance for public officers, employees, and
28 certain volunteers; physical examinations.-

29 (2) ~~(a)~~ Notwithstanding any general law or special act to

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30 the contrary and except as provided under paragraph (c), every
31 local governmental unit may ~~is authorized to~~ provide and pay out
32 of its available funds for all or part of the premium for life,
33 health, accident, hospitalization, legal expense, or annuity
34 insurance, or all or any kinds of such insurance, for the
35 officers and employees of the local governmental unit and for
36 health, accident, hospitalization, and legal expense insurance
37 for the dependents of such officers and employees upon a group
38 insurance plan and, to that end, to enter into contracts with
39 insurance companies or professional administrators to provide
40 such insurance.

41 (a) Before entering any contract for insurance, the local
42 governmental unit shall advertise for competitive bids, † and
43 such contract shall be let upon the basis of such bids. If a
44 contracting health insurance provider becomes financially
45 impaired as determined by the Office of Insurance Regulation of
46 the Financial Services Commission or otherwise fails or refuses
47 to provide the contracted-for coverage or coverages, the local
48 government may purchase insurance, enter into risk management
49 programs, or contract with third-party administrators and may
50 make such acquisitions by advertising for competitive bids or by
51 direct negotiations and contract. The local governmental unit
52 may undertake simultaneous negotiations with those companies
53 that ~~which~~ have submitted reasonable and timely bids and are
54 found by the local governmental unit to be fully qualified and
55 capable of meeting all servicing requirements. Each local
56 governmental unit may self-insure any plan for health, accident,
57 and hospitalization coverage or enter into a risk management
58 consortium to provide such coverage, subject to approval based

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59 on actuarial soundness by the Office of Insurance Regulation;
60 and each shall contract with an insurance company or
61 professional administrator qualified and approved by the office
62 to administer such a plan.

63 (b) In order to obtain approval from the Office of
64 Insurance Regulation of any self-insured plan for health,
65 accident, and hospitalization coverage, each local governmental
66 unit or consortium shall submit its plan along with a
67 certification as to the actuarial soundness of the plan, which
68 certification is prepared by an actuary who is a member of the
69 Society of Actuaries or the American Academy of Actuaries. The
70 Office of Insurance Regulation may ~~shall~~ not approve the plan
71 unless it determines that the plan is designed to provide
72 sufficient revenues to pay current and future liabilities, as
73 determined according to generally accepted actuarial principles.
74 After implementation of an approved plan, each local
75 governmental unit or consortium shall annually submit to the
76 Office of Insurance Regulation a report that ~~which~~ includes a
77 statement prepared by an actuary who is a member of the Society
78 of Actuaries or the American Academy of Actuaries as to the
79 actuarial soundness of the plan. The report is due 90 days after
80 the close of the fiscal year of the plan. The report must
81 include ~~shall consist of~~, but need ~~is~~ not be limited to:

82 1. The adequacy of contribution rates in meeting the level
83 of benefits provided and the changes, if any, needed in the
84 contribution rates to achieve or preserve a level of funding
85 deemed adequate to enable payment of the benefit amounts
86 provided under the plan and a valuation of present assets, based
87 on statement value, and prospective assets and liabilities of

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88 the plan and the extent of any unfunded accrued liabilities.

89 2. A plan to amortize any unfunded liabilities and a
90 description of actions taken to reduce unfunded liabilities.

91 3. A description and explanation of actuarial assumptions.

92 4. A schedule illustrating the amortization of any unfunded
93 liabilities.

94 5. A comparative review illustrating the level of funds
95 available to the plan from rates, investment income, and other
96 sources realized over the period covered by the report with the
97 assumptions used.

98 6. A statement by the actuary that the report is complete
99 and accurate and that in the actuary's opinion the techniques
100 and assumptions used are reasonable and meet the requirements
101 and intent of this subsection.

102 7. Other factors or statements as required by the office in
103 order to determine the actuarial soundness of the plan.

104
105 All assumptions used in the report must ~~shall~~ be based on
106 recognized actuarial principles acceptable to the Office of
107 Insurance Regulation. The office shall review the report and
108 ~~shall~~ notify the administrator of the plan and each entity
109 participating in the plan, as identified by the administrator,
110 of any actuarial deficiencies. Each local governmental unit is
111 responsible for payment of valid claims of its employees which
112 ~~that~~ are not paid within 60 days after receipt by the plan
113 administrator or consortium.

114 (c) Beginning July 1, 2013, or upon the expiration or
115 renewal date of any existing contract, whichever occurs later,
116 school districts shall procure health, accident, and

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117 hospitalization insurance through a purchasing interlocal
118 agreement unless the school board at a duly noticed public
119 meeting determines that purchasing insurance outside the plan
120 procured through the interlocal agreement, as provided under
121 paragraphs (a) and (b), is financially advantageous to the
122 school district.

123 1. Each school district shall enter into an interlocal
124 agreement as provided in s. 163.01 in order to establish the
125 School District Insurance Consortium through which such
126 insurance shall be procured for officers and employees of the
127 school district and their dependents.

128 2. The consortium shall be governed by a board of directors
129 comprised of nine members, three of whom shall be elected school
130 board members appointed by the Florida School Boards
131 Association, Inc., three of whom shall be elected or appointed
132 superintendents of schools appointed by the Florida Association
133 of District School Superintendents, Inc., two of whom shall be
134 public school teachers or support personnel appointed by the
135 Florida Education Association, and one of whom shall have
136 experience in running employee-benefit systems, to be appointed
137 by the other members of the consortium. Consortium board members
138 shall be appointed to 2-year terms. The board may employ staff
139 or contract for staffing services to be provided to the
140 consortium. The Department of Management Services shall provide
141 technical services to the consortium as requested by the board.

142 3. Notwithstanding any other provision of law, the
143 consortium shall advertise for competitive bids for such
144 insurance, and the contracts for such insurance shall be let
145 upon the basis of such bids. The consortium shall advertise for

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146 proposals for a statewide insurance plan as well as plans
147 providing coverage on a regional basis. In determining
148 appropriate regions, the consortium shall group school districts
149 geographically in a manner that includes school districts of
150 varying sizes for the purpose of ensuring the availability of
151 coverage for all districts in the region. Contracts may be
152 awarded on a statewide or regional basis, and more than one
153 provider may be selected to provide insurance. School districts
154 shall engage in collective bargaining with the certified
155 bargaining agent for any unit of employees for which health,
156 accident, or hospitalization insurance is provided, as required
157 by part II of chapter 447, with regard to coverage offered, cost
158 for dependent coverage, deductibles, optional coverage, and
159 other matters that are subject to collective bargaining as
160 required by state law.

161 (d) ~~(e)~~ Every local governmental unit may ~~is authorized to~~
162 expend funds for preemployment physical examinations and
163 postemployment physical examinations.

164 Section 2. This act shall take effect July 1, 2012.