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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; amending
21 s. 373.605, F.S.; authorizing a water management
22 district to provide group insurance for the employees
23 of another water management district as well as its
24 own employees; providing an effective date.

25
26 Be It Enacted by the Legislature of the State of Florida:
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28 Section 1. Subsection (2) of section 112.08, Florida
29 Statutes, is amended to read:

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30 112.08 Group insurance for public officers, employees, and
31 certain volunteers; physical examinations.-

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

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

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59 governmental unit may self-insure any plan for health, accident,
60 and hospitalization coverage or enter into a risk management
61 consortium to provide such coverage, subject to approval based
62 on actuarial soundness by the Office of Insurance Regulation;
63 and each shall contract with an insurance company or
64 professional administrator qualified and approved by the office
65 to administer such a plan.

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

85 1. The adequacy of contribution rates in meeting the level
86 of benefits provided and the changes, if any, needed in the
87 contribution rates to achieve or preserve a level of funding

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88 deemed adequate to enable payment of the benefit amounts
89 provided under the plan and a valuation of present assets, based
90 on statement value, and prospective assets and liabilities of
91 the plan and the extent of any unfunded accrued liabilities.

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

94 3. A description and explanation of actuarial assumptions.

95 4. A schedule illustrating the amortization of any unfunded
96 liabilities.

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

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

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

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

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117 (c) Beginning July 1, 2013, or upon the expiration or
118 renewal date of any existing contract, whichever occurs later,
119 school districts shall procure health, accident, and
120 hospitalization insurance through a purchasing interlocal
121 agreement unless the school board at a duly noticed public
122 meeting determines that purchasing insurance outside the plan
123 procured through the interlocal agreement, as provided under
124 paragraphs (a) and (b), is financially advantageous to the
125 school district.

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

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

145 3. Notwithstanding any other provision of law, the

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

164 (d)~~(e)~~ Every local governmental unit may ~~is authorized to~~
165 expend funds for preemployment physical examinations and
166 postemployment physical examinations.

167 Section 2. Section 373.605, Florida Statutes, is amended to
168 read:

169 373.605 Group insurance for water management districts.—

170 ~~(1)~~ The governing board of a any water management district
171 ~~may is hereby authorized and empowered to~~ provide group
172 insurance for its employees, or for its employees and the
173 employees of another water management district, in the same
174 manner and with the same provisions and limitations authorized

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175 for other public employees under by ss. 112.08, 112.09, 112.10,
176 112.11, and 112.14.

177 ~~(2) Any and all insurance agreements in effect as of~~
178 ~~October 1, 1974, which conform to the provisions of this section~~
179 ~~are hereby ratified.~~

180 Section 3. This act shall take effect July 1, 2012.