

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  
 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,

HB 453

2012

57 | and hospitalization coverage or enter into a risk management  
58 | consortium to provide such coverage, subject to approval based  
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

HB 453

2012

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  
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  
93 unfunded 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  
103 in 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

HB 453

2012

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

HB 453

2012

141 provide technical services to the consortium as requested by the  
142 board.

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

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

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