

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/HB 1443 Dependent Eligibility Verification Services

SPONSOR(S): State Administration & Technology Appropriations Subcommittee, Giallombardo

TIED BILLS: CS/HB 1445 **IDEN./SIM. BILLS:** SB 1660

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Finance & Facilities Subcommittee	15 Y, 0 N	Poche	Lloyd
2) State Administration & Technology Appropriations Subcommittee	12 Y, 0 N, As CS	Helpling	Topp
3) Health & Human Services Committee			

SUMMARY ANALYSIS

The State Group Insurance Program (SGI Program) is administered by the Division of State Group Insurance (DSGI) within the Department of Management Services (DMS). The SGI Program is an optional benefit for state employees employed by state agencies, state universities, the court system, and the Legislature. The SGI Program administers health, life, dental, vision, disability, and other supplemental insurance benefits.

The SGI Program covers employees and retirees of state agencies and their eligible dependents. Dependents include, for example, a current spouse, a biological child, child with a qualified medical support order, legally adopted child, or child placed in the home for the purpose of adoption, and a stepchild. Dependents may be added as covered dependents during the open enrollment period each year or in the event of a qualifying status change. Minimal information is collected by the DMS to determine eligibility.

During the 2017 Legislative Session, the Division of State Group Insurance (DSGI) within DMS was directed to contract with a vendor to verify the eligibility of all dependents participating in the SGI Program. On July 1, 2020, DMS began requesting subscribers to provide documents as part of the dependent eligibility verification process. The documents include tax transcripts from the Internal Revenue Service, marriage licenses, birth certificates, adoption documents, and other documents. At the beginning of FY 2020-21, DMS received funding to continue the statewide dependent eligibility audit for newly added dependents on an on-going basis. The on-going audit began on July 1, 2020, and continues today. Additionally, DMS conducted a gap audit that began in August 2021 and includes all covered dependents that were added after the original dependent eligibility audit in 2018. The gap audit is scheduled to conclude in May 2022.

HB 1443 permits DMS, instead of DSGI, to provide or contract for dependent eligibility verification services for the SGI Program on an ongoing basis. The bill makes conforming changes to convert the former audit project into an ongoing audit program for DMS. Also, all documentation submitted by subscribers for the ongoing audit must be retained according to the applicable records retention schedule, which is five fiscal years from the date of the audit report.

In FY 2020-2021, DMS was appropriated \$175,000 in recurring funds for dependent eligibility verification services. The bill may have a positive, indeterminate, fiscal impact on DMS due to avoided coverage costs of ineligible dependents. See Fiscal Analysis & Economic Impact Statement.

The bill provides an effective date of July 1, 2022.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Background

State Group Insurance Program

Overview

The State Group Insurance Program (SGI Program)¹ is administered by the Division of State Group Insurance (DSGI) within the Department of Management Services (DMS). The SGI Program is an optional benefit for state employees employed by state agencies, state universities, the court system, and the Legislature. The SGI Program administers health, life, dental, vision, disability, and other supplemental insurance benefits.

State Health Insurance Plans

The SGI Program provides four options for employees and retirees to choose as their health plan:

- The standard Preferred Provider Organization (PPO) plan, administered by Florida Blue.
- The high deductible PPO plan, administered by Florida Blue.
- The standard health maintenance organization (HMO) services.²
- The high deductible HMO.

Pharmacy Benefit

The SGI Program also has a pharmacy benefit for members of the plan. The SGI Program covers all federal legend drugs (open formulary) for covered medical conditions and employs very limited utilization review and clinical review for traditional or specialty prescription drugs. The DMS contracts with CVS/Caremark, a pharmacy benefits manager, to administer the Prescription Drug Plan.³

Eligible Employees

The SGI Program is open to the following individuals:

- All state officers;
- All state employees paid from “salaries and benefits” appropriation categories, regardless of the number of hours worked;
- Retired state officers and state employees;
- Surviving spouses of deceased state officers and state employees;
- Certain terminated state officers and state employees; and
- Certain state employees paid from “other-personal-services” (OPS) appropriation categories.

For OPS employees to be eligible to participate in the health insurance program, the employee must:

- Be reasonably expected to work an average of at least 30 hours per week; and

¹ S. 110.123, F.S.

² These are provided by Aetna, AvMed, Capital Health Plan, and UnitedHealthcare. At least one of these HMO plans is offered in each county in the State of Florida.

³ myBenefits, *Prescription Drug Plan*, https://www.mybenefits.myflorida.com/health/health_insurance_plans/prescription_drug_plan

- Have worked an average of at least 30 hours per week during the person's measurement period (which is 12 consecutive months⁴ of employment).⁵

Dependent Eligibility

The SGI Program covers employees and retirees of state agencies and their eligible dependents.

An eligible dependent is defined as:

- A current spouse to whom the member is legally married.
- A biological child, child with a qualified medical support order, legally adopted child, or child placed in the home for the purpose of adoption in accordance with applicable state and federal laws, through the end of the calendar year in which he/she turns age 26.
- A stepchild, for as long as the member remains legally married to the child's parent, through the end of the calendar year in which he/she turns age 26.
- A foster child placed in the member's home by the Department of Children and Families Foster Care Program or the foster care program of a licensed private agency, through the end of the calendar year in which he/she turns age 26.
- A child for whom the member has legal guardianship through the end of the calendar year in which he/she turns age 26.
- An over-age dependent, after the end of the calendar year in which he/she turns 26, through the end of the calendar year in which he/she turns 30 – if he/she is unmarried, has no dependents of his/her own, is a resident of Florida or a full- or part-time student, and has no other health insurance.
- An over-age dependent with a disability.
- A newborn dependent of a member's covered child for up to 18 months of age as long as the newborn's parent remains covered.
- A child of law enforcement, probation, or correctional officers who were killed in the line of duty, who are attending a college or university beyond their 18th birthday.
- A surviving spouse and dependents.

Dependents may be added as covered dependents during the open enrollment period each year or in the event of a qualifying status change. Minimal information is collected by the DMS to determine eligibility.

Dependent Eligibility Verification

During the 2017 Legislative Session, the DSGI was directed to contract with a vendor to verify the eligibility of all dependents participating in the SGI Plan. The DSGI provided notice to all subscribers and on July 1, 2020, via the People First Service Center, began requesting subscribers to provide documents as part of the dependent eligibility verification process. The documents include tax transcripts from the Internal Revenue Service, marriage licenses, birth certificates, adoption documents, and other documents.⁶

At the beginning of FY 2020-21, DMS received \$175,000 to continue the statewide dependent eligibility audit for newly added dependents on an on-going basis.⁷ The on-going audit began on July 1, 2020, and continues today. Additionally, DMS conducted a gap audit that began in August 2021 and includes all covered dependents that were added after the original dependent eligibility audit in 2018, and prior to the on-going audit in July 2020.⁸ The gap audit is scheduled to conclude in May 2022.⁹

⁴ S. 110.123(13)(d), F.S.

⁵ S. 110.123(2)(c)2., F.S.

⁶ S. 110.12301(2)(b), F.S.

⁷ Department of Management Services, *2022 Agency Legislative Bill Analysis – HB 1443*, pg. 2 (2022).

⁸ Id.

⁹ Id.

Enrollment

For FY 2020-21, the final SGI Program enrollment reflected 175,046 subscribers and 187,244 dependents, totaling 362,290 covered lives.¹⁰ Approximately 47.1% of subscribers are enrolled in PPO plans, 52.3% are enrolled in HMO plans, and 0.6% are enrolled in a Medicare Advantage Prescription Drug plan.¹¹ Subscriber enrollment in individual coverage was 47.8%, and 52.2% were enrolled in family coverage, which had an average size of 3.05 members.¹²

Effect of Proposed Changes

HB 1443 permits DMS, instead of DSGI, to provide or contract for dependent eligibility verification services for the SGI Program on an ongoing basis.

Current law gives the contractor providing dependent eligibility verification services the authority to request certain documents from subscribers to the SGI Program to conduct such verification. The bill instead requires subscribers to submit the documents currently listed in s. 110.12301(2)(b), F.S., to DMS or its contractor for dependent eligibility verification.

The bill repeals obsolete language from 2017 requiring DMS to competitively procure a contract for dependent eligibility verification services for the SGI Program. The contract was procured, and the audit was completed.¹³

Lastly, the bill stipulates that all documentation submitted by subscribers for purposes of dependent eligibility verification services for the SGI program must be retained according to the applicable records retention schedule.¹⁴ It removes reference to maintaining such records through June 30, 2019.

The bill provides an effective of July 1, 2022.

B. SECTION DIRECTORY:

Section 1: Amends s. 110.12301, F.S., relating to competitive procurement of postpayment claims review services and dependent eligibility verification services; public records exemption.

Section 2: Provides an effective date of July 1, 2022.

¹⁰ State Employee's Group Health Self-Insurance Trust Fund, *Report on Financial Outlook, For the Fiscal Years Ending June 30, 2021 through June 30, 2026*, <http://edr.state.fl.us/content/conferences/healthinsurance/HealthInsuranceOutlook.pdf>.

¹¹ Id. at p. 1.

¹² Id.

¹³ Supra, FN 7.

¹⁴ According to the state's General Records Schedule, documents and information received in conjunction with an internal audit must be kept for five fiscal years following the audit report release date. Florida Department of State, Division of Library and Information Services, *General Records Schedule GS1-SL for State and Local Government Agencies*, August 2020 (authorized by Rule 1B-24.003(1)(a), F.A.C.).

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

The Legislature appropriated DMS \$175,000 in recurring budget authority in the FY 2020-2021 General Appropriations Act for dependent eligibility verification services. DMS should have sufficient budget authority for the purposes of performing eligibility verification audits. The bill may have a positive fiscal impact on DMS and the DSGI by identifying dependents who do not qualify for participation in SGI Program, excluding them from the Program, and avoiding costs associated with covering ineligible dependents.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. The bill does not impact county or municipal governments.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

The bill does not require additional rule-making authority to implement its provisions.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

On February 15, 2022, the State Administration & Technology Appropriations Subcommittee adopted one amendment and reported the bill favorably as a committee substitute. The amendment modified the effective date from upon the bill becoming law to July 1, 2022.

The staff analysis is drafted to the committee substitute as passed by the State Administration & Technology Appropriations Subcommittee.