

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.)

Prepared By: The Professional Staff of the Committee on Appropriations

BILL: HB 5015

INTRODUCER: Budget Committee and Representative Lopez

SUBJECT: State Group Insurance

DATE: April 16, 2025

REVISED: _____

ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1. Davis	Sadberry	AP	Pre-meeting

I. Summary:

HB 5015 removes prescription copayments from law and requires copayments to be established in the General Appropriations Act; requires the Department of Management Services (DMS) to implement formulary management for prescription drugs; and codifies the Administrative Health Insurance Assessment.

The bill has an indeterminate fiscal impact on state expenditures. **See Section V., Fiscal Impact Statement.**

The bill provides an effective date of July 1, 2025.

II. Present Situation:

The State Group Insurance Program (SGI Program)

The SGI Program is created by s. 110.123, F.S., and 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 most state employees employed by executive branch agencies, state universities, the Florida College System, the court system, and the Legislature and includes health, life, dental, vision, disability, and other supplemental insurance benefits.

The SGI Program typically makes benefits changes on a plan year basis, January 1 through December 31. For plan year 2025, SGI Program enrollment is estimated at 196,217 members. In Fiscal Year 2024-25, the cost of the SGI program was \$3.9 billion. The Revenue Estimating Conference forecasts the SGI Program to cost \$4.5 billion in Fiscal Year 2025-26.5

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 hired after April 1, 2013, 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
- Have worked an average of at least 30 hours per week during the employee’s measurement period (which is 12 consecutive months of employment).

Employees enrolled in the SGI Program who separate from covered-employment are no longer covered by the benefits of the SGI Program. An exception would be continuation of SGI Program benefits under the federal COBRA (Consolidated Omnibus Reconciliation Act) law, which generally allows individuals who separate from employment to extend health care coverage for up to 18 months. Under COBRA, former employees must pay the full cost of insurance premiums, plus an administrative fee of two percent.

State Employee Prescription Drug Program

As part of the SGI Program, DMS is required to maintain the State Employee Prescription Drug Program (Prescription Drug Plan). Since July 1, 2017, copay pricing requirements for the Prescription Drug Plan have been provided in statute.

Formulary

A formulary is a list of prescription drugs covered by a health plan’s pharmacy benefit design. It dictates which drugs a health plan predetermines will be covered, and at what level, for reimbursement under the terms of its pharmacy benefit plan. Formularies distinguish between preferred or discouraged prescription drugs by dividing products into different tiers, designating different levels of patient out of pocket costs. A formulary may cover both generic and brand name prescription drugs. Formulary selection involves an assessment of both the clinical and financial elements of a prescription medication.

In 2019, the Legislature directed DMS to modify the State Group Insurance Program to use formulary management techniques to administer the Prescription Drug Plan beginning with the 2020 plan year. Prescription drugs are to be subject to formulary inclusion or exclusion but may not restrict access to the most clinically appropriate, clinically effective, and lowest net-cost prescriptions drugs and supplies. Section 110.12315(9)(a), F.S., authorizes excluded drugs to be made available for inclusion if a physician, advanced practice registered nurse, or physician assistant prescribing a pharmaceutical clearly states on the prescription that the excluded drug is medically necessary.

Administrative Health Insurance Assessment

Beginning July 1, 2023, the DMS is required to assess an administrative health insurance assessment to each state agency.¹ The assessment is equal to the employer's cost of individual employee health care coverage for each vacant position within such agency eligible for coverage through the Division of State Group Insurance. State agencies are defined to mean an agency within the State Personnel System, the Department of the Lottery, the Justice Administrative Commission, and all entities administratively housed in the Justice Administrative Commission, and the state courts system. Vacant positions that are fully or partially funded by state funds are subject to the assessment. For vacant positions that are partially funded with state funds, the assessment is equal to the percentage share of state funds provided for such vacancies.

For positions that are fully funded with federal funds, the assessment does not apply. For positions that are fully or partially funded with federal funds, agencies are required to take steps to include the administrative health insurance assessment in its indirect cost plan for the 2025-2026 fiscal year and each fiscal year thereafter. Agencies must notify DMS, the Executive Office of the Governor, the chair of the Senate Committee on Appropriations and the chair of the House of Representatives Appropriations Committee, upon approval of the updated indirect cost plan. If the agency is not able to obtain approval for the positions from the federal awarding agency, the agency must notify DMS, the Executive Office of the Governor, and the appropriations chairs no later than January 15, 2025.²

III. Effect of Proposed Changes:

Section 1 amends s. 110.12315, F.S., to remove the copayment requirement for the Employee Prescription Drug Program from statute. The bill specifies that copayments must be established annually in the General Appropriations Act.

Section 2 amends s. 110.12315(9)(a), F.S., to require DMS to implement formulary management for prescription drugs and supplies beginning with the 2026 plan year. The bill removes the requirement for drugs excluded from the formulary to be available for inclusion if a physician, advanced practice registered nurse, or physician assistant prescribing a pharmaceutical clearly states on the prescription that the excluded drug is medically necessary.

Section 3 creates s. 110.12316, F.S., to codify the Administrative Health Insurance Assessment that was included in the Fiscal Year 2024-2025 and Fiscal Year 2023-2024 Implementing Bills.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

¹ Chapter 2023-240, s. 73, Laws of Fla.

² Chapter 2024-228, s. 88, Laws of Fla.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None.

V. Fiscal Impact Statement:**A. Tax/Fee Issues:**

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

The Administrative Health Insurance Assessment (Assessment) is currently contemplated by the Revenue Estimating Conference as part of the revenues into the State Group Health Trust Fund. For the Fiscal Year 2024-2025, the Assessment will transfer an estimated \$76.9 million to the Trust Fund. For Fiscal Year 2025-2026, the estimated Assessment is \$75.6 million, and for Fiscal Year 2026-2027 the estimated Assessment is \$75.2 million.

Any savings related to the formulary management required in the bill will depend on how such measures are implemented by DMS and therefore, such savings are indeterminate.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends section 110.12315 of the Florida Statutes.

This bill creates section 110.12316 of the Florida Statutes.

IX. Additional Information:

- A. Committee Substitute – Statement of Changes:
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.
- B. Amendments:

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
