

FLORIDA HOUSE OF REPRESENTATIVES BILL ANALYSIS

This bill analysis was prepared by nonpartisan committee staff and does not constitute an official statement of legislative intent.

BILL #: [HB 5015](#) [PCB BUC 25-08](#)

TITLE: State Group Insurance

SPONSOR(S): Lopez, V.

COMPANION BILL: None

LINKED BILLS: None

RELATED BILLS: None

Committee References

[Orig. Comm.: Budget](#)

28 Y, 0 N

SUMMARY

Effect of the Bill:

The bill conforms law to the to the House of Representatives' proposed General Appropriations Act (GAA) for Fiscal Year 2025-2026. Specifically, the bill removes prescription copayments from statute and specifies that copayments 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.

Fiscal or Economic Impact:

The bill will provide savings to the State Group Insurance Program by providing dedicated revenue in statute related to an Administrative Health Insurance Assessment, requiring DMS to implement formulary management for prescription drugs, and allowing the Legislature to adjust copayments for prescription drugs in the General Appropriations Act.

[JUMP TO](#)

[SUMMARY](#)

[ANALYSIS](#)

[RELEVANT INFORMATION](#)

[BILL HISTORY](#)

ANALYSIS

EFFECT OF THE BILL:

[State Employee Prescription Drug Program](#)

The bill modifies [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.

[Formulary](#)

The bill modifies [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.

[Administrative Health Insurance Assessment](#)

The bill creates [s. 110.12316, F.S.](#), to codify the Administrative Health Insurance Assessment that was included in the Fiscal Year 2024-25 Implementing Bill.

STORAGE NAME: h5015.BUC

DATE: 4/3/2025

FISCAL OR ECONOMIC IMPACT:

STATE GOVERNMENT:

The March 5, 2025, Revenue Estimating Conference estimated a deficit in the State Employees' Group Health Self-Insurance Trust Fund (Trust Fund) of \$237.2 million for Fiscal Year 2025-26. For Fiscal Year 2026-27, the deficit is estimated at \$803.8 million, and for Fiscal Year 2027-28, the estimate is a deficit of \$1.1 billion.

The Administrative Health Insurance Assessment (Assessment) is currently contemplated by the Revenue Estimating Conference as part of the revenues into the Trust Fund. For the Fiscal Year 2024-25, the Assessment will transfer an estimated \$76.9 million to the Trust Fund. For Fiscal Year 2025-26, the estimated Assessment is \$75.6 million, and for Fiscal Year 2026-27 the estimated Assessment is \$75.2 million.¹

The bill requires DMS to implement formulary management for prescription drugs which will provide savings to the State Group Insurance Program (SGI Program). A cost containment analysis study provided to DMS in 2023, estimated that a formulary may save an estimated \$126 million per year.² Savings related to the formulary management required in the bill will depend on how such measures are implemented by DMS.

RELEVANT INFORMATION

SUBJECT OVERVIEW:

The State Group Insurance 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.³ In Fiscal Year 2024-25, the cost of the SGI program was \$3.9 billion.⁴ 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 must⁶:

¹ Florida Office of Economic and Demographic Research, <https://edr.state.fl.us/content/conferences/healthinsurance/HealthInsuranceOutlook.pdf>, at p.6 (last visited Mar. 25, 2025).

² Cost Containment Analysis Study, State of Florida Department of Management Services, Division of State Group Insurance, January 9, 2023. On file with the State Administration Budget Subcommittee.

³ Florida Office of Economic and Demographic Research, <https://edr.state.fl.us/content/conferences/healthinsurance/HealthInsuranceOutlook.pdf>, at p.4 (last visited Mar. 25, 2025).

⁴ *Id.* at p. 5

⁵ *Id.*

- 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 months⁷ 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 2 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).⁸ Since July 1, 2017, copay pricing requirements for the Prescription Drug Plan have been provided in statute.⁹

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.¹⁰

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.¹¹ 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.

To date, DMS has not implemented formulary to manage the Prescription Drug Plan as required in by law.

Administrative Health Insurance Assessment

The Fiscal Year 2024-2025 Implementing Bill¹² requires, effective July 1, 2025, and on the first day of each month thereafter, DMS to make an administrative health insurance assessment to each state agency. 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.

⁶ S. 110.123(2)(c)2., F.S.

⁷ S. [110.123\(13\)\(d\), F.S.](#)

⁸ S. [110.12315, F.S.](#)

⁹ S. [110.12315\(8\), F.S.](#)

¹⁰ Health Affairs, Formularies <https://www.healthaffairs.org/content/briefs/formularies> (last visited Mar. 25, 2025).

¹¹ Chapter 2019-100, Laws of Fla.

¹² Chapter 2024-228, Laws of Fla.

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.

BILL HISTORY

COMMITTEE REFERENCE	ACTION	DATE	STAFF DIRECTOR/ POLICY CHIEF	ANALYSIS PREPARED BY
Orig. Comm.: Budget Committee	28 Y, 0 N	4/2/2025	Pridgeon	Helping