A bill to be entitled

An act relating to the state group insurance program; amending s. 110.123, F.S.; providing application of definitions; revising definitions; deleting legislative intent; enumerating the group insurance plans that may be included in the state group insurance program; revising duties of the Department of Management Services relating to the group insurance program; providing the state contribution toward cost of health insurance plans in the state group insurance program for specified plan years; revising authorized benefits; directing the department to contract with a certain number of health maintenance organizations under certain circumstances; requiring certain data to be reported to the department by health maintenance organizations under specified circumstances; providing for specified benefit levels for specified plan years; repealing certain duties of the department on a specified future date; repealing the Florida State Employee Wellness Council; amending s. 110.12302, F.S.; requiring the department to contract with health maintenance organizations with a self-insured plan design beginning with a specified plan year; creating s. 110.12303, F.S.; directing the department to contract with an independent benefits manager; providing vendor qualifications for the independent benefits manager; providing duties of the independent benefits manager; providing contract management duties for the department; providing duties of the department relating to the state

group insurance program; creating s. 110.12304, F.S.; providing requirements for state and employee contributions toward health plan premium costs for a specified plan year; providing for adjustments to employee salary under certain circumstances; creating s. 110.12305, F.S.; requiring the department to establish a single health insurance risk pool beginning with a specified plan year; requiring the department to contract with multiple health maintenance organizations under specified circumstances beginning with a specified plan year; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Subsections (1), (2), and (3), paragraph (b) of subsection (4), and subsections (5) and (13) of section 110.123, Florida Statutes, are amended to read:

110.123 State group insurance program.—

(1) TITLE.—Sections 110.123-110.1239 ~~This section~~ may be cited as the "State Group Insurance Program Law."

(2) DEFINITIONS.—As used in ss. 110.123-110.1239 ~~this section~~, the term:

(a) "Department" means the Department of Management Services.

(b) "Enrollee" means all state officers and employees, retired state officers and employees, surviving spouses of deceased state officers and employees, and terminated employees or individuals with continuation coverage who are enrolled in an

insurance plan offered by the state group insurance program. "Enrollee" includes all state university officers and employees, retired state university officers and employees, surviving spouses of deceased state university officers and employees, and terminated state university employees or individuals with continuation coverage who are enrolled in an insurance plan offered by the state group insurance program.

(c) "Full-time state employees" includes all full-time employees of all branches or agencies of state government holding salaried positions and paid by state warrant or from agency funds, and employees paid from regular salary appropriations for 8 months' employment, including university personnel on academic contracts, but in no case shall "state employee" or "salaried position" include persons paid from other-personal-services (OPS) funds. "Full-time employees" includes all full-time employees of the state universities.

(d) "Health maintenance organization" or "HMO" means an entity certified under part I of chapter 641.

(e) "Health plan member" means any person participating in a state group health insurance plan~~, a TRICARE supplemental insurance plan,~~ or a health maintenance organization plan under the state group insurance program, including enrollees and covered dependents thereof.

(f) "Part-time state employee" means any employee of any branch or agency of state government paid by state warrant from salary appropriations or from agency funds, and who is employed for less than the normal full-time workweek established by the department or, if on academic contract or seasonal or other type

of employment which is less than year-round, is employed for less than 8 months during any 12-month period, but in no case shall "part-time" employee include a person paid from other-personal-services (OPS) funds. "Part-time state employee" includes any part-time employee of the state universities.

(g) "Plan year" means a calendar year.

(h) ~~(g)~~ "Retired state officer or employee" or "retiree" means any state or state university officer or employee who retires under a state retirement system or a state optional annuity or retirement program or is placed on disability retirement, and who was insured under the state group insurance program at the time of retirement, and who begins receiving retirement benefits immediately after retirement from state or state university office or employment. In addition to these requirements, any state officer or state employee who retires under the Public Employee Optional Retirement Program established under part II of chapter 121 shall be considered a "retired state officer or employee" or "retiree" as used in this section if he or she:

1. Meets the age and service requirements to qualify for normal retirement as set forth in s. 121.021(29); or

2. Has attained the age specified by s. 72(t)(2)(A)(i) of the Internal Revenue Code and has 6 years of creditable service.

(i) ~~(h)~~ "State agency" or "agency" means any branch, department, or agency of state government. "State agency" or "agency" includes any state university for purposes of this section only.

(j) ~~(i)~~ "State group health insurance plan or plans" or

"state plan or plans" mean the state self-insured health insurance plan or plans, including self-insured health maintenance organization plans, offered to state officers and employees, retired state officers and employees, and surviving spouses of deceased state officers and employees pursuant to this section.

~~(j) "State-contracted HMO" means any health maintenance organization under contract with the department to participate in the state group insurance program.~~

(k) "State group insurance program" or "programs" means the package of insurance plans offered to state officers and employees, retired state officers and employees, and surviving spouses of deceased state officers and employees pursuant to this section, including the state group health insurance plan or plans, health maintenance organization plans, ~~TRICARE supplemental insurance plans,~~ and other plans required or authorized by law.

(l) "State officer" means any constitutional state officer, any elected state officer paid by state warrant, or any appointed state officer who is commissioned by the Governor and who is paid by state warrant.

(m) "Surviving spouse" means the widow or widower of a deceased state officer, full-time state employee, part-time state employee, or retiree if such widow or widower was covered as a dependent under the state group health insurance plan~~, a TRICARE supplemental insurance plan,~~ or a health maintenance organization plan established pursuant to this section at the time of the death of the deceased officer, employee, or retiree.

"Surviving spouse" also means any widow or widower who is receiving or eligible to receive a monthly state warrant from a state retirement system as the beneficiary of a state officer, full-time state employee, or retiree who died prior to July 1, 1979. For the purposes of this section, any such widow or widower shall cease to be a surviving spouse upon his or her remarriage.

~~(n) "TRICARE supplemental insurance plan" means the Department of Defense Health Insurance Program for eligible members of the uniformed services authorized by 10 U.S.C. s. 1097.~~

(3) STATE GROUP INSURANCE PROGRAM.—

~~(a) The Division of State Group Insurance is created within the Department of Management Services.~~

~~(b) It is the intent of the Legislature to offer a comprehensive package of health insurance and retirement benefits and a personnel system for state employees which are provided in a cost-efficient and prudent manner, and to allow state employees the option to choose benefit plans which best suit their individual needs. Therefore,~~

(a) The state group insurance program is established, which may include the state group health insurance plan or plans, health maintenance organization plans, group life insurance plans, ~~TRICARE supplemental insurance plans,~~ group accidental death and dismemberment plans, ~~and~~ group disability insurance plans, and~~. Furthermore, the department is additionally authorized to establish and provide as part of the state group insurance program any~~ other group insurance plans or

coverage choices ~~that are consistent with the provisions of this section~~.

(b) ~~(c) Notwithstanding any provision in this section to the contrary, it is the intent of the Legislature that~~ The department shall be responsible for specific duties related to the state group insurance program, including the competitive procurement of such contracts as may be necessary to implement the state group insurance program ~~all aspects of the purchase of health care for state employees under the state group health insurance plan or plans, TRICARE supplemental insurance plans, and the health maintenance organization plans~~. ~~Responsibilities shall include, but not be limited to, the development of requests for proposals or invitations to negotiate for state employee health services, the determination of health care benefits to be provided, and the negotiation of contracts for health care and health care administrative services. Prior to the negotiation of contracts for health care services, the Legislature intends that the department shall develop, with respect to state collective bargaining issues, the health benefits and terms to be included in the state group health insurance program. The department shall adopt rules necessary to perform its responsibilities pursuant to this section. It is the intent of the Legislature that~~ The department shall be responsible for ~~the~~ contract management ~~and day-to-day management of the state employee health insurance program, including, but not limited to~~, employee enrollment, premium collection, payment to health care providers, and other administrative functions described in s. 110.12303(6) ~~related to~~

~~the program~~.

~~(d)1. Notwithstanding the provisions of chapter 287 and the authority of the department, for the purpose of protecting the health of, and providing medical services to, state employees participating in the state group insurance program, the department may contract to retain the services of professional administrators for the state group insurance program. The agency shall follow good purchasing practices of state procurement to the extent practicable under the circumstances.~~

(c)1.~~2.~~ Each vendor in a major procurement, and any other vendor if the department deems it necessary to protect the state's financial interests, shall, at the time of executing any contract with the department, post an appropriate bond with the department in an amount determined by the department to be adequate to protect the state's interests but not higher than the full amount estimated to be paid annually to the vendor under the contract.

2.~~3.~~ Each major contract entered into by the department pursuant to this section shall contain a provision for payment of liquidated damages to the department for material noncompliance by a vendor with a contract provision. The department may require a liquidated damages provision in any contract if the department deems it necessary to protect the state's financial interests.

3.~~4.~~ The provisions of s. 120.57(3) apply to the department's contracting process, except:

a. A formal written protest of any decision, intended

decision, or other action subject to protest shall be filed within 72 hours after receipt of notice of the decision, intended decision, or other action.

b. As an alternative to any provision of s. 120.57(3), the department may proceed with the bid selection or contract award process if the director of the department sets forth, in writing, particular facts and circumstances which demonstrate the necessity of continuing the procurement process or the contract award process in order to avoid a substantial disruption to the provision of any scheduled insurance services.

(d) ~~(e)~~ The Department of Management Services and the Division of State Group Insurance may not prohibit or limit any properly licensed insurer, health maintenance organization, prepaid limited health services organization, or insurance agent from competing for any insurance product or plan purchased, provided, or endorsed by the department or the division on the basis of the compensation arrangement used by the insurer or organization for its agents.

(e)1. ~~(f)~~ For plan years that begin before January 1, 2013 ~~Except as provided for in subparagraph (h)2.~~, the state contribution toward the cost of any plan in the state group insurance program shall be uniform with respect to all state employees in a state collective bargaining unit participating in the same coverage tier in the same plan. This section does not prohibit the development of separate benefit plans for officers and employees exempt from the career service or the development of separate benefit plans for each collective bargaining unit.

2. For the plan year that begins on January 1, 2013, the

state contribution toward the cost of any health insurance plan in the state group insurance program shall be as provided in s. 110.12304. This section does not prohibit the development of separate benefit plans for officers and employees exempt from the career service or the development of separate benefit plans for each collective bargaining unit.

(f) ~~(g)~~ Participation by individuals in the program is available to all state officers, full-time state employees, and part-time state employees; and such participation in the program or any plan is voluntary. Participation in the program is also available to retired state officers and employees, as defined in paragraph (2)(h) ~~(g)~~, who elect at the time of retirement to continue coverage under the program, but they may elect to continue all or only part of the coverage they had at the time of retirement. A surviving spouse may elect to continue coverage only under a state group health insurance plan~~, a TRICARE supplemental insurance plan,~~ or a health maintenance organization plan.

(g) ~~(h)~~1. A person eligible to participate in the state group insurance program may be authorized by rules adopted by the department to select any benefits and coverage that may be offered to qualified persons as authorized by the Legislature and approved in accordance with applicable federal regulations~~, in lieu of participating in the state group health insurance plan, to exercise an option to elect membership in a health maintenance organization plan which is under contract with the state in accordance with criteria established by this section and by said rules~~. ~~The offer of optional membership in a health~~

~~maintenance organization plan permitted by this paragraph may be limited or conditioned by rule as may be necessary to meet the requirements of state and federal laws.~~

2. For the plan years beginning in January 2012 and January 2013, the department shall contract with health maintenance organizations seeking to participate in the state group insurance program through a competitive ~~request for proposal or other~~ procurement process consistent with s. 110.12302~~, as developed by the Department of Management Services and determined to be appropriate~~.

a. For the 2012 plan year, the department shall establish a schedule of minimum benefits for health maintenance organization coverage, and that schedule shall include all services covered by participating health maintenance organizations in the 2011 plan year. For the 2013 plan year, subject to legislative approval, the department shall, in consultation with the independent benefits manager, establish a schedule of minimum benefits for health maintenance organization coverage, and that schedule shall be consistent with the benefit levels described in paragraph (j)~~: physician services; inpatient and outpatient hospital services; emergency medical services, including out-of-area emergency coverage; diagnostic laboratory and diagnostic and therapeutic radiologic services; mental health, alcohol, and chemical dependency treatment services meeting the minimum requirements of state and federal law; skilled nursing facilities and services; prescription drugs; age-based and gender-based wellness benefits; and other benefits as may be required by the department~~. ~~Additional services may be~~

~~provided subject to the contract between the department and the HMO. As used in this paragraph, the term "age-based and gender-based wellness benefits" includes aerobic exercise, education in alcohol and substance abuse prevention, blood cholesterol screening, health risk appraisals, blood pressure screening and education, nutrition education, program planning, safety belt education, smoking cessation, stress management, weight management, and women's health education.~~

b. For the plan year beginning January 2012, the department may establish uniform deductibles, copayments, coverage tiers, or coinsurance schedules for all participating HMO plans.

c. The department may require detailed information from each health maintenance organization participating in the procurement process, including information pertaining to organizational status, experience in providing prepaid health benefits, accessibility of services, financial stability of the plan, quality of management services, accreditation status, quality of medical services, network access and adequacy, performance measurement, ability to meet the department's reporting requirements, and the actuarial basis of the proposed rates and other data determined by the director to be necessary for the evaluation and selection of health maintenance organization plans and negotiation of appropriate rates for these plans. Upon receipt of proposals by health maintenance organization plans and the evaluation of those proposals, the department may negotiate ~~enter into negotiations~~ with all of the plans or a subset of the plans, as the department determines

appropriate. ~~Nothing shall preclude~~ The department may negotiate ~~from negotiating~~ regional or statewide contracts with health maintenance organization plans ~~when this is cost-effective and when the department determines that the plan offers high value to enrollees~~.

d. The department may limit the number of HMOs that it contracts with in each service area based on the nature of the bids the department receives, the number of state employees in the service area, or any unique geographical characteristics of the service area. The department shall establish by rule service areas throughout the state. For the 2012 and 2013 plan years, the department shall contract in each defined service area with no fewer than the same number of HMOs as it contracted with at the beginning of the 2011 plan year.

e. All persons participating in the state group insurance program may be required to contribute towards a total state group health premium that may vary depending upon the plan and coverage tier selected by the enrollee and the level of state contribution authorized by the Legislature.

~~3. The department is authorized to negotiate and to contract with specialty psychiatric hospitals for mental health benefits, on a regional basis, for alcohol, drug abuse, and mental and nervous disorders. The department may establish, subject to the approval of the Legislature pursuant to subsection (5), any such regional plan upon completion of an actuarial study to determine any impact on plan benefits and premiums.~~

~~4. In addition to contracting pursuant to subparagraph 2.,~~

~~the department may enter into contract with any HMO to participate in the state group insurance program which:~~

~~a. Serves greater than 5,000 recipients on a prepaid basis under the Medicaid program;~~

~~b. Does not currently meet the 25-percent non-Medicare/non-Medicaid enrollment composition requirement established by the Department of Health excluding participants enrolled in the state group insurance program;~~

~~c. Meets the minimum benefit package and copayments and deductibles contained in sub-subparagraphs 2.a. and b.;~~

~~d. Is willing to participate in the state group insurance program at a cost of premiums that is not greater than 95 percent of the cost of HMO premiums accepted by the department in each service area; and~~

~~e. Meets the minimum surplus requirements of s. 641.225.~~

~~The department is authorized to contract with HMOs that meet the requirements of sub-subparagraphs a.-d. prior to the open enrollment period for state employees. The department is not required to renew the contract with the HMOs as set forth in this paragraph more than twice. Thereafter, the HMOs shall be eligible to participate in the state group insurance program only through the request for proposal or invitation to negotiate process described in subparagraph 2.~~

3.~~5.~~ All enrollees in a state group health insurance plan~~,~~ ~~a TRICARE supplemental insurance plan,~~ or any health maintenance organization plan have the option of changing to any other health plan that is offered by the state within any open

enrollment period designated by the department. Open enrollment shall be held at least once each calendar year.

4.~~6.~~ When a contract between a treating provider and the state-contracted health maintenance organization is terminated for any reason other than for cause, each party shall allow any enrollee for whom treatment was active to continue coverage and care when medically necessary, through completion of treatment of a condition for which the enrollee was receiving care at the time of the termination, until the enrollee selects another treating provider, or until the next open enrollment period offered, whichever is longer, but no longer than 6 months after termination of the contract. Each party to the terminated contract shall allow an enrollee who has initiated a course of prenatal care, regardless of the trimester in which care was initiated, to continue care and coverage until completion of postpartum care. This does not prevent a provider from refusing to continue to provide care to an enrollee who is abusive, noncompliant, or in arrears in payments for services provided. For care continued under this subparagraph, the program and the provider shall continue to be bound by the terms of the terminated contract. Changes made within 30 days before termination of a contract are effective only if agreed to by both parties.

5.~~7.~~ Any HMO participating in the state group insurance program shall submit health care utilization and cost data to the department, in such form and in such manner as the department shall require, as a condition of participating in the program. For any HMO that participated in the program prior to

January 2012 and is selected to participate in the 2012 or 2013 plan year, health care utilization and cost data for at least the last contract period shall be submitted to the department before a contract is entered into for the 2012 or 2013 plan year. ~~The department shall enter into negotiations with its contracting HMOs to determine the nature and scope of the data submission and the final requirements, format, penalties associated with noncompliance, and timetables for submission. These determinations shall be adopted by rule.~~

6.~~8.~~ The department may establish and direct, with respect to collective bargaining issues, a comprehensive package of insurance benefits that may include supplemental health and life coverage, dental care, long-term care, vision care, and other benefits it determines necessary to enable state employees to select from among benefit options that best suit their individual and family needs.

a. Based upon a desired benefit package, the department shall issue a request for proposal or invitation to negotiate for health insurance providers interested in participating in the state group insurance program, and the department shall issue a request for proposal or invitation to negotiate for insurance providers interested in participating in the non-health-related components of the state group insurance program. Upon receipt of all proposals, the department may enter into contract negotiations with insurance providers submitting bids or negotiate a specially designed benefit package. Insurance providers offering or providing supplemental coverage as of May 30, 1991, which qualify for pretax benefit treatment pursuant to

s. 125 of the Internal Revenue Code of 1986, with 5,500 or more state employees currently enrolled may be included by the department in the supplemental insurance benefit plan established by the department without participating in a request for proposal, submitting bids, negotiating contracts, or negotiating a specially designed benefit package. These contracts shall provide state employees with the most cost-effective and comprehensive coverage available; however, ~~no~~ state or agency funds may not ~~shall~~ be contributed toward the cost of any part of the premium of such supplemental benefit plans. With respect to dental coverage, the division shall include in any solicitation or contract for any state group dental program made after July 1, 2001, a comprehensive indemnity dental plan option which offers enrollees a completely unrestricted choice of dentists. If a dental plan is endorsed, or in some manner recognized as the preferred product, such plan shall include a comprehensive indemnity dental plan option which provides enrollees with a completely unrestricted choice of dentists.

b. Pursuant to the applicable provisions of s. 110.161, and s. 125 of the Internal Revenue Code of 1986, the department shall enroll in the pretax benefit program those state employees who voluntarily elect coverage in any of the supplemental insurance benefit plans as provided by sub-subparagraph a.

c. This section may not ~~Nothing herein contained shall~~ be construed to prohibit insurance providers from continuing to provide or offer supplemental benefit coverage to state employees as provided under existing agency plans.

(h) ~~(i)~~ The benefits of the insurance authorized by this section are ~~shall~~ not ~~be~~ in lieu of any benefits payable under chapter 440, the Workers' Compensation Law, and~~.~~ the insurance authorized by this section does ~~law shall~~ not ~~be deemed to~~ constitute insurance to secure workers' compensation benefits as required by chapter 440.

(i) ~~(j)~~ Notwithstanding the provisions of paragraph (e) ~~(f)~~ requiring uniform contributions, and for the 2011-2012 ~~2010-2011~~ fiscal year only, the state contribution toward the cost of any plan in the state group insurance plan shall be the difference between the overall premium and the employee contribution. This subsection expires June 30, 2012 ~~2011~~.

(j) Beginning with the 2013 plan year, benefits offered in the state group health insurance program shall be the following:

1. Platinum Level benefits, which are actuarially equivalent to 90 percent of the benefits covered in the 2012 plan year.

2. Gold Level benefits, which are actuarially equivalent to 80 percent of the benefits covered in the 2012 plan year.

3. Silver Level benefits, which are actuarially equivalent to 70 percent of the benefits covered in the 2012 plan year.

4. Bronze Level benefits, which are actuarially equivalent to 60 percent of the benefits covered in the 2012 plan year.

(4) PAYMENT OF PREMIUMS; CONTRIBUTION BY STATE; LIMITATION ON ACTIONS TO PAY AND COLLECT PREMIUMS.—

(b) If a state officer or full-time state employee selects membership in a health maintenance organization as authorized by paragraph (3)(g) ~~(h)~~, the officer or employee is entitled to a

state contribution toward individual and dependent membership as provided by the Legislature through the appropriations act.

(5) DEPARTMENT POWERS AND DUTIES.—The department is responsible for the administration of the state group insurance program. The department shall initiate and supervise the program as established by this section and shall adopt such rules as are necessary to perform its responsibilities. To implement this program, the department shall, with prior approval by the Legislature:

(a) Determine the benefits to be provided and the contributions to be required for the state group insurance program. Such determinations~~, whether for a contracted plan or a self-insurance plan pursuant to paragraph (c),~~ do not constitute rules within the meaning of s. 120.52 or final orders within the meaning of s. 120.52. Any physician's fee schedule used in the health and accident plan shall not be available for inspection or copying by medical providers or other persons not involved in the administration of the program. However, in the determination of the design of the program, the department shall consider existing and complementary benefits provided by the Florida Retirement System and the Social Security System.

(b) Prepare, in cooperation with the Office of Insurance Regulation of the Financial Services Commission, the specifications necessary to implement the program.

(c) Competitively procure a contract ~~on a competitive proposal basis~~ with an insurance carrier or carriers, or professional administrator, determined by the Office of Insurance Regulation of the Financial Services Commission to be

fully qualified, financially sound, and capable of meeting all servicing requirements. ~~Alternatively, the department may self-insure any plan or plans contained in the state group insurance program subject to approval based on actuarial soundness by the Office of Insurance Regulation. The department may contract with an insurance company or professional administrator qualified and approved by the Office of Insurance Regulation to administer such plan. Before entering into any contract, the department shall advertise for competitive proposals, and such contract shall be let upon the consideration of the benefits provided in relationship to the cost of such benefits.~~ In the selection of a third-party administrator ~~determining which entity to contract with~~, the department shall, at a minimum, consider: the entity's previous experience and expertise in administering group insurance programs of the type it proposes to administer; the entity's ability to specifically perform its contractual obligations in this state and other governmental jurisdictions; the entity's anticipated administrative costs and claims experience; the entity's capability to adequately provide service coverage and sufficient number of experienced and qualified personnel in the areas of claims processing, recordkeeping, and underwriting, as determined by the department; the entity's accessibility to state employees and providers; the financial solvency of the entity, using accepted business sector measures of financial performance. ~~The department may contract for medical services which will improve the health or reduce medical costs for employees who participate in the state group insurance plan.~~

(d) With respect to a state group health insurance plan, be authorized to require copayments with respect to all providers under the plan.

(e) Have authority to establish a voluntary program for comprehensive health maintenance, which may include health educational components and health appraisals.

(f) With respect to any contract with an insurance carrier or carriers or professional administrator entered into by the department, require that the state and the enrollees be held harmless and indemnified for any financial loss caused by the failure of the insurance carrier or professional administrator to comply with the terms of the contract.

(g) With respect to any contract with an insurance carrier or carriers, or professional administrator entered into by the department, require that the carrier or professional administrator provide written notice to individual enrollees if any payment due to any health care provider of the enrollee remains unpaid beyond a period of time as specified in the contract.

(h) Have authority to establish other voluntary programs to be funded on a pretax contribution basis or on a posttax contribution basis, as the department determines.

(i) Contract with a single custodian to provide services necessary to implement and administer the health savings accounts authorized in subsection (12).

Final decisions concerning enrollment, the existence of coverage, or covered benefits under the state group insurance

program may ~~shall~~ not be delegated or deemed to have been delegated by the department. This subsection expires January 1, 2014.

~~(13) FLORIDA STATE EMPLOYEE WELLNESS COUNCIL.~~

~~(a) There is created within the department the Florida State Employee Wellness Council.~~

~~(b) The council shall be an advisory body to the department to provide health education information to employees and to assist the department in developing minimum benefits for all health care providers when providing age-based and gender-based wellness benefits.~~

~~(c) The council shall be composed of nine members appointed by the Governor. When making appointments to the council, the Governor shall appoint persons who are residents of the state and who are highly knowledgeable concerning, active in, and recognized leaders in the health and medical field, at least one of whom must be an employee of the state. Council members shall equitably represent the broadest spectrum of the health industry and the geographic areas of the state. Not more than one member of the council may be from any one company, organization, or association.~~

~~(d)1. Council members shall be appointed to 4-year terms, except that the initial terms shall be staggered. The Governor shall appoint three members to 2-year terms, three members to 3-year terms, and three members to 4-year terms.~~

~~2. A member's absence from three consecutive meetings shall result in his or her automatic removal from the council. A vacancy on the council shall be filled for the remainder of the~~

~~unexpired term.~~

~~(e) The council shall annually elect from its membership one member to serve as chair of the council and one member to serve as vice chair.~~

~~(f) The first meeting of the council shall be called by the chair not more than 60 days after the council members are appointed by the Governor. The council shall thereafter meet at least once quarterly and may meet more often as necessary. The department shall provide staff assistance to the council which shall include, but not be limited to, keeping records of the proceedings of the council and serving as custodian of all books, documents, and papers filed with the council.~~

~~(g) A majority of the members of the council constitutes a quorum.~~

~~(h) Members of the council shall serve without compensation, but are entitled to reimbursement for per diem and travel expenses as provided in s. 112.061 while performing their duties.~~

~~(i) The council shall:~~

~~1. Work to encourage participation in wellness programs by state employees. The council may prepare informational programs and brochures for state agencies and employees.~~

~~2. In consultation with the department, develop standards and criteria for age-based and gender-based wellness programs.~~

Section 2. Section 110.12302, Florida Statutes, is amended to read:

110.12302 Costing options for plan designs required for contract solicitation; best value recommendations; required plan

design.—

(1) For the state group insurance program, the Department of Management Services shall require costing options for both fully insured and self-insured plan designs, or some combination thereof, as part of the department's solicitation for health maintenance organization contracts. Prior to contracting, the department shall recommend to the Legislature, no later than February 1, 2011, the best value to the State group insurance program relating to health maintenance organizations.

(2) Beginning with the 2012 plan year, the department may only contract with health maintenance organizations for a self-insured plan design. In implementing this subsection, the department shall ensure that no fewer health maintenance organizations participate in the state group insurance program than participated in each service area in the 2011 plan year.

Section 3. Section 110.12303, Florida Statutes, is created to read:

110.12303 Independent benefits manager.—

(1) The department shall competitively procure an independent benefits manager. The department shall initiate the procurement no later than August 1, 2011.

(2) The independent benefits manager may not:

(a) Be owned or controlled by any HMO or insurer.

(b) Have an ownership interest in any HMO or insurer.

(c) Have any direct or indirect financial interest in any HMO or insurer.

(3) The independent benefits manager must have substantial experience in the design and administration of employee benefit

programs for large employers and public employers, including experience administering plans that qualify as cafeteria plans pursuant to s. 125 of the Internal Revenue Code.

(4) The independent benefits manager shall:

(a) Provide an ongoing assessment of trends in benefits and employer-sponsored insurance that affect the state group insurance program.

(b) Conduct comprehensive analysis of the state group insurance program, including available benefits, coverage options, and claims experience.

(c) Evaluate designs for the state group insurance program, including a full cafeteria plan, an employer-sponsored multicarrier exchange plan, and alternatives to and variations of these designs.

(d) Identify and establish appropriate adjustment procedures necessary to respond to any risk segmentation that may occur when increased choices are offered to employees.

(e) Submit recommendations for any modifications to the state group insurance program no later than January 1 of each year.

(f) Establish a transition plan for assuming the responsibilities described in subsection (5).

(g) Develop a plan to convert the state group insurance program to a defined contribution plan. The plan shall be submitted to the Legislature by January 1, 2013, and include recommendations for:

1. An implementation timeline for conversion as of the 2014 plan year or an explanation of the factors that prevent

implementation by 2014 and a timeline for conversion in the 2015 plan year.

2. Employer and employee contribution policies, including provisions that reward and incentivize nonsmoking and other healthy lifestyle choices.

3. Steps necessary for maintaining or improving total employee compensation levels when a transition to a defined contribution plan is initiated.

4. Establishing an employment-based benefits exchange or implementing a full cafeteria plan to provide a variety of plan and benefit options.

5. Securing the appropriate federal approval for plan revisions.

(h) Subject to approval by the Legislature, direct and implement the plan described in paragraph (g).

(5) Notwithstanding s. 110.123 and beginning no later than the 2013 plan year, the independent benefits manager shall:

(a) Manage the state group insurance program, including negotiation and supervision of contracts and other administrative functions as may be necessary.

(b) If the Legislature authorizes the creation of a state employee benefits exchange, certify health insurance plans, health maintenance organizations, and other providers eligible to participate.

(c) If the Legislature authorizes the implementation of a full cafeteria plan, supervise the procurement process and conduct the contract negotiations with providers that are necessary for their participation in defined service areas.

(d) Develop and implement wellness initiatives for enrollees.

(e) Provide enrollee education and decision support tools, including an online interface, to assist enrollees in choosing benefit plans that best suit their individual needs.

(f) Ensure compliance with applicable federal and state regulations.

(6) The department shall manage the contract with the independent benefits manager and shall provide financial management of the program, including financial and budget oversight of program operations, management of vendor payments and premium administration, analyzing and forecasting of program revenues and expenditures, monitoring of financial compliance of contractors, and auditing.

Section 4. Section 110.12304, Florida Statutes, is created to read:

110.12304 State and employee contributions toward health plan premium cost.—

(1) For the 2013 plan year, the state's share of contribution toward the cost of the health plan shall be:

(a) Platinum Level: 90 percent for an individual plan and 86 percent for a family plan.

(b) Gold Level: 85 percent for an individual or a family plan.

(c) Silver Level: 80 percent for an individual or a family plan.

(d) Bronze Level: 75 percent for an individual or a family plan.

(2) The employee shall pay the remaining cost of the plan premium; however, if the employee chooses a Gold, Silver, or Bronze Level plan, the employee's salary shall be increased by 60 percent of the difference between the premium for the employee's selected plan and the premium for a Platinum Level plan.

Section 5. Section 110.12305, Florida Statutes, is created to read:

110.12305 Health insurance risk pool.—

(1) For the 2012 plan year and for each plan year thereafter, the department shall establish a single health insurance risk pool for the state group insurance plans.

(2) For the 2012 plan year and for each plan year thereafter, the department shall continue to contract with multiple health maintenance organizations in each service area based on the nature of the bids the department receives, the number of state employees in the service area, or any unique geographical characteristics of the service area.

Section 6. This act shall take effect July 1, 2011.