HOUSE OF REPRESENTATIVES
FINAL BILL ANALYSIS

BILL #:	HB 5009	**FINAL HOUSE FLOOR ACTION:**	
SPONSOR(S):	Appropriations Committee and Grimsley	115 **Y's**	1 **N's**
COMPANION BILLS:	None	**GOVERNOR'S ACTION:**	Vetoed

SUMMARY ANALYSIS

House Bill 5009 passed the House and Senate on March 9, 2012. The State Group Health Insurance Program (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 program is an optional benefit for all state employees working for state agencies, state universities, the court system and the Legislature. Universities are required to participate.

The program provides several options for employees who choose health insurance coverage. The state offers Individual and Family Coverage in both a standard plan and a high-deductible plan with Preferred Provider Organization PPO and Health maintenance Organization HMO options. The high deductible plan includes a Health Savings Account (HSA). Every year since the high-deductible option has been offered, the state has contributed $500 and $1,000 into the HSA for employees with Individual or Family Health coverage, respectively. The employer contribution has annually been reinstated each year in the budget Implementing Bill. The budget implementing bill makes statutory changes that are only effective for one year. This bill establishes the HSA employer contribution in permanent law.

During the 2010 session, the Legislature implemented a policy whereby participants in the PPO plan were required to use mail order for certain maintenance drugs. Mail order prescriptions are for 90 days and cost the equivalent of two monthly copayments, saving both the participant and the state money. Retail outlets are limited to providing 30 day supplies. The bill provides that DMS may implement a 90-day supply limit program for certain maintenance drugs for retail pharmacies participating in the program if DMS finds it is in the best interest of the state.

The bill provides the Board of Trustees of the University of Florida with the option to create their own health insurance program separate from DSGI to cover its students, employees and retirees. If such a program is established, the bill directs the University to be provided funding as established for other entities in the General Appropriations Act adjusted on an annual basis by an actuarially determined implicit subsidy for retiree benefits.

The bill has an indeterminate fiscal impact as it is uncertain what level of savings can be achieved if DMS elects to implement the prescription program as provided in law, and savings or costs associated from the potential separation of the University of Florida from the State Insurance Health Program are indeterminate, but may be significant to the state and universities.

The bill was vetoed by the Governor on April 20, 2012.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Background

The State Group Health Insurance Program (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 program is an optional benefit for all state employees, including state agencies, state universities, the court system and the Legislature. Universities are currently required by law to participate. Employers pay the bulk of the premiums with most workers paying $600 a year for individual coverage and $2,160 for family coverage. Employers pay approximately $6,000 annually per employee for individual coverage and $12,700 for family coverage.

The program provides several options for employees who choose health insurance coverage. The state offers Individual and Family Coverage in both a standard plan and a high-deductible plan with PPO and HMO options. The high deductible plan includes a Health Savings Account (HSA).

HSA contributions: Currently, only about 1,504 people participate in the HSA out of over 172,000 enrollees in the plan. While offering a significantly higher premium than the standard plan, employee premiums are less and every year since the high-deductible option has been offered, the state has contributed $500 and $1,000 into the HSA for employees with Individual or Family Health coverage, respectively. The contribution has annually been reinstated each year in the budget Implementing Bill. The budget implementing bill makes statutory changes that are only effective for one year. The bill codifies the HSA employer contributions in permanent law.

Mail order maintenance drugs: The 2010 Legislature implemented a policy whereby participants in the PPO plan were required to use mail order for certain maintenance drugs on a list maintained by DMS. The participant is required to order a prescription by mail after the third time a prescription is filled at a retail pharmacy. . Mail order prescriptions are for 90 days and cost the participant the equivalent of two monthly copayments, saving both the participant and the state money through refill fees. Retail outlets are limited to providing a 30 day supply for all prescriptions. Some retirees have indicated that they are having difficulty paying for two month's worth of copayments at one time . Retirees have also objected to not being able to fill prescriptions at their local pharmacists. In addition, local pharmacists have noted concern with losing the business of long-time customers and have requested the ability tomatch the costs of the mail order drugs.

The bill provides that DMS may implement a 90-day supply limit program for certain maintenance drugs for retail pharmacies participating in the program if DMS finds it is in the best interest of the state.

University of Florida: The bill authorizes the Board of Trustees of the University of Florida to provide or arrange for the provision of health insurance, including the necessary administrative support structure, for its employees, current retirees (at their option), employees retiring after implementation of the program, and students. Current retirees apparently can remain in the State Group Insurance Program if they choose. The Board of Trustees is authorized to charge actuarially determined rates to all parties. Any program created under this act may not commence prior to January 1, 2013.

The bill is effective July 1, 2012.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

   Indeterminate

2. Expenditures:

   Indeterminate

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

   None

2. Expenditures:

   None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

If the 90-day prescription drug program is implemented by DMS there is likely to be some positive economic impact on retail pharmacies that participate in the state health insurance program.

D. FISCAL COMMENTS:

There is an indeterminate fiscal impact as it is uncertain whether DMS will elect to implement a 90-day prescription drug program that is in the best interest of the state and at what level potential savings would be. In addition, the fiscal impact of the University of Florida developing its own health insurance programs, and separating in part from the State Group Health Insurance Program, is indeterminate, but likely to be significant.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

   N/A

2. Other:

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS: