

# SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based only on the provisions contained in the legislation as of the latest date listed below.)

BILL: SB 1102

SPONSOR: Senator Sebesta

SUBJECT: Comprehensive Dental Indemnity Plan

DATE: March 19, 2000

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Wilson</u>	<u>Wilson</u>	<u>GO</u>	<u>Favorable</u>
2.	_____	_____	<u>FP</u>	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

## I. Summary:

The bill requires state employee insurance benefit programs to offer a dental insurance indemnity plan which features an unrestricted choice of providers.

This bill amends section 110.123, Florida Statutes.

## II. Present Situation:

The Department of Management Services, through its Division of State Group Insurance, is the lead state agency for the provision of state employee workplace benefits. Under the division's authority there exists an umbrella of benefit programs encompassing pre-tax medical and child care reimbursement accounts, health, dental, vision, specialty illness, supplemental hospital, and major medical and drug. State employees may choose from State of Florida self-insured indemnity or vendor managed care alternatives. An additional plan for long-term care is in the developmental stages. Individual state agencies are authorized to provide supplemental insurance programs and many of them do provide additional payroll deduction codes for a variety of health care institutional providers for the convenience of their employees. At retirement, state employees are offered a one-time guarantee of insurability and, along with other retiree members of the Florida Retirement System, a monthly premium subsidy of \$5 per year of service.

The 1999 Legislature amended ch. 110, F.S., to authorize the procurement of benefits packages for the best interest of the employer and employee. The division chose to reformat its dental care offerings later that same year and selected one dental provider as its preferred carrier. Responding to criticism from other carriers, the division recognized all qualified dental providers as eligible for employee selection. The present package of state employee benefits includes both managed, preferred provider, and indemnity dental care providers.

### III. Effect of Proposed Changes:

The bill amends s. 110.,123, F.S., to specify that the State Group Insurance Program shall issue a request for proposal for a comprehensive dental indemnity program that provides enrollees with a completely unrestricted choice of dentists. Any division recognition of a preferred dental provider must also include a similarly constituted comprehensive dental indemnity plan.

### IV. Constitutional Issues:

#### A. Municipality/County Mandates Restrictions:

None.

#### B. Public Records/Open Meetings Issues:

None.

#### C. Trust Funds Restrictions:

None.

### V. Economic Impact and Fiscal Note:

#### A. Tax/Fee Issues:

For most agencies a dental plan is part of an optional package of benefits. Employees bear the full cost of the group rate, although premiums are sheltered from federal taxes. A few agencies, such as the Legislative Branch, provide dental insurance coverage through a single indemnity provider, without any premium costs to the employee.

#### B. Private Sector Impact:

The bill would increase the ability of employees to select from a list of providers who may not be otherwise available through a managed care plan with a closed panel system, or those dentists participating in the preferred provider organization under current contract provisions. Employees in predominantly rural areas may derive some greater benefit than others as their reduced provider accessibility may make such an alternative more attractive to them.

#### C. Government Sector Impact:

Expanded employee choice does have a consequence. If participating dentists in closed or preferred provider systems find there is no incentive to reduce fees, the division may find negotiating subsequent arrangements to be more difficult.

It is unclear whether the division is responsible for an immediate procurement through proposal of a new set of dental providers this benefit year or at some other unspecified time when it determines a new procurement is warranted.

**VI. Technical Deficiencies:**

Insertion of the word “with” on page 6, line 7, presents an awkward grammatical usage of a preposition. Its deletion is recommended.

**VII. Related Issues:**

The text of the new material on page 6 of the bill describing the circumstances of a division-endorsed product implies that there must be an endorsed indemnity provider *regardless* of the division’s recommendation.

**VIII. Amendments:**

None.

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This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.

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