

## HOUSE MESSAGE SUMMARY

BILL: CS/CS/CS 414 [S0414.HMS]  
SPONSOR: Fiscal Policy, Governmental Oversight & Productivity, Banking and Insurance and Senator Mitchell and others  
SUBJECT: Local Governments/State Group Health Insurance  
PREPARED BY: Senate Committee on Banking and Insurance  
DATE: May 5, 2000

---

### I. Amendments Contained in Message

**House Amendment 1-435613** (body with title)

### II. Summary of Amendments Contained in Message

**House Amendment 1- (435613)** (body with title) This is a delete everything after the enacting clause amendment. Section 1 provides that it is the Legislature's intent to expand the eligibility of state group health insurance and state employees' prescription drug coverage program to include small municipalities, small counties, and district school boards of small counties. A small county is defined to mean a county with a population of 100,000 or less and a small municipality is defined to mean a municipality with a population of 12,500 or less. Any costs or savings associated with the expansion of the state group health insurance program or the state employees' prescription drug coverage program would be passed on the local government participants.

The Department of Management Services is required to contract with a third party to conduct a study to evaluate the costs of allowing such local governments to participate in the state group health insurance program and the prescription drug coverage program. The study will identify the costs based on the impact to the state, state officers and employees, and local government participants. The department is required to submit a report to the President of the Senate, Speaker of the House of Representatives, and the Governor by December 1, 2000. For purposes of conducting the study, a minimum enrollment of 3 years and a minimum of 12 months notice prior to withdrawing from the program must be considered for the eligibility of local governments to enroll.

The Department of Management Services is also required to request from the Internal Revenue Service, by October 1, 2000, a written determination letter and a favorable private letter ruling stating that the State Group Self-Insurance Program is a facially qualified plan. The department is required to notify the President of the Senate and the Speaker of the House within 30 days of receipt of a favorable or unfavorable ruling letter from the Internal Revenue Service. (CS/CS/CS 414, as passed out of the Senate, provided for the eligibility requirements and actual implementation for the participation eligible local governments in the state group health insurance program and prescription drug program, effective July 1, 2001, if the department received the favorable letter prior to that date.)

Section 2 of the amendment revises the provisions relating to the state group health insurance dental program, to provide that any solicitation or contract made after July 1, 2001, shall include a comprehensive indemnity dental plan option which offers enrollees an unrestricted choice of dentists. (This section of the amendment is similar to the language contained in SB 1102, which was passed out of Governmental Oversight Committee; however, Senate Bill 1102 provides that the act would take effect when becoming law.)

Section 3 provides that the act will take effect upon becoming a law, except that section 1 will take effect July 1, 2001.