

STORAGE NAME: h0707.go
DATE: March 7, 2000

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
GOVERNMENTAL OPERATIONS
ANALYSIS**

BILL #: HB 707

RELATING TO: State Group Insurance Program

SPONSOR(S): Representative Trovillion

TIED BILL(S):

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

- (1) GOVERNMENTAL OPERATIONS
 - (2) INSURANCE
 - (3) GENERAL APPROPRIATIONS
 - (4)
 - (5)
-

I. SUMMARY:

This bill provides that there shall be a one-time period of 90 days, commencing on July 1, 2000, during which retired state officers and employees who did not elect at the time of retirement to continue coverage under the state group insurance program may elect to participate in the program with all or part of the coverage they had at the time of retirement.

Retired state officers and employees who take advantage of this open enrollment period will be required to pay the full premium contribution structure that is in effect at the time they enroll in the state health insurance plan. The current premium for Individual Coverage is \$223.82 monthly. The current premium for Family Coverage is \$507.80 monthly. Additionally, retirees who enroll will be subject to the current co-payments for health maintenance organizations (HMOs) physician office visits of \$10 and the prescription drugs co-payments of \$7 for generic drugs with a card and \$20 for brand name drugs with a card. The current co-payments for generic and brand name mail-order drugs are the same \$7 and \$20 respectively.

Retired individuals who enroll during the open enrollment period will be eligible for the retiree health insurance subsidy equal to \$5.00 per month for each year of creditable service up to a maximum of 30 years or \$150.00.

To the extent that the claims experience is covered by the current premium structure, there will be no additional costs to the State Employees' Group Health Insurance Trust Fund.

This bill shall take effect upon becoming a law.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- | | | | |
|-----------------------------------|---|-----------------------------|---|
| 1. <u>Less Government</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. <u>Lower Taxes</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. <u>Individual Freedom</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 5. <u>Family Empowerment</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

B. PRESENT SITUATION:

"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, health maintenance organization (HMO) plans, and other plans required or authorized by s. 110.123, F.S.

"State group health insurance plan" or "state plan" means the state self-insured health insurance plan offered to state officers and employees, retired state officers and employees, and surviving spouses of deceased state officers and employees pursuant to this section.

"State-contracted HMO" means any health maintenance organization under contract with the Department of Management Services to participate in the state group insurance program.

"Retired state officer or employee" or "retiree" means any state 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 office or employment.

Section 110.123(3)(f), F.S., provides that participation by individuals in the program shall be available to all state officers, full-time state employees, and part-time state employees; and such participation in the program or any plan thereof shall be voluntary. Participation in the program shall also be available to retired state officers and employees 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 the state group health insurance plan or a health maintenance organization plan. Section 110.123(4)(f), F.S., provides that state employees may participate in the state group health insurance plan at the time of receiving their state retirement benefits.

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Sections 110.12312, and 110.1232, F.S., refer to prior open enrollment periods for retirees to obtain health insurance coverage under state-administered retirement systems for persons who retired before, on, or after specific dates specified in these sections.

C. EFFECT OF PROPOSED CHANGES:

Section 1. Amends s. 110.123(3)(f), F.S., providing that commencing on July 1, 2000, there shall be a one-time period of 90 days during which retired state officers and employees who did not elect at the time of retirement to continue coverage under the program (State Group Insurance Program) may elect to participate in the program with all or part of the coverage they had at the time of retirement.

Section 2. Provides an effective date of upon becoming a law.

D. SECTION-BY-SECTION ANALYSIS:

Please see Section II. C. above "Effect of Proposed Changes."

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

To the extent that the claims experience of the retirees that take advantage of this open enrollment period is commingled with the claims experience of other members covered under s. 110.123, F.S., as expected, and to the extent that this claims experience is covered by the current premium contribution structure in force, there will be no additional cost to the State Employees' Group Health Insurance Trust Fund.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

N/A

2. Expenditures:

N/A

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Retirees allowed to enroll in the state group health insurance program during this open enrollment period will not be purchasing health insurance coverage from other private sector providers.

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D. FISCAL COMMENTS:

None.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to expend funds or to take an action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority of counties or municipalities to raise revenue in the aggregate.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill does not reduce the amount of a state tax shared with counties or municipalities.

V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

N/A

B. RULE-MAKING AUTHORITY:

N/A

C. OTHER COMMENTS:

N/A

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

VII. SIGNATURES:

COMMITTEE ON GOVERNMENTAL OPERATIONS:

Prepared by:

Staff Director:

Jimmy O. Helms

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