

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

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

Prepared By: The Professional Staff of the Budget Committee

BILL: SPB 7096

INTRODUCER: For consideration by the Budget Committee

SUBJECT: State Employee Health Insurance

DATE: March 28, 2011

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Leadbeater	Meyer, C.		Pre-meeting
2.				
3.				
4.				
5.				
6.				

I. Summary:

This bill includes the following provisions.

- Sets the level of employer contributions into a participant's health savings account for those employees participating in the high deductible plans in the State Employee Health Insurance Program at \$500 for individual coverage and \$1000 for family coverage, through the end of 2011; HSA contributions for both individual and family plans will be \$1000 yearly in 2012.
- Gives the Department of Management Services (department) the authority to create incentive and compliance programs, and the authority to charge different contributions based on participation in such programs;
- Requires the department to self-insure, beginning in January 2012, and gives the department the authority to do so.
- Sets employee contribution rates for July through December, 2011.
- Caps the state's contribution towards annual premiums at \$6000, beginning with the 2012 plan year, and establishes the employee contribution as the difference between the cost of the plan and the state's contribution.
- Requires the department to charge actuarially indicated rates for retiree plans starting in the 2012 plan year.

This bill substantially amends the following sections of the Florida Statutes: 110.123, 110.12315, and 112.0801.

This bill repeals section 110.12302, Florida Statutes.

II. Present Situation:

State Employee Health Insurance Program and Health Savings Accounts

Section 110.123, F.S., creates the State Employee Health Insurance Program. As implemented by the department, the program offers four types of health plans: a standard statewide Preferred Provider Organization (PPO) Plan, a Health Investor PPO Plan, a standard Health Maintenance Organization (HMO) Plan, or a Health Investor HMO Plan.

The State Employees' PPO plan, consisting of the standard PPO Plan and the Health Investor PPO Plan, is a self-insured health plan administered by Blue Cross Blue Shield of Florida. The administrator is responsible for processing health claims, providing access to a Preferred Provider Care Network, and managing customer service, utilization review, and case management functions.

Each HMO is a self-administered, pre-paid health plan that provides health services to people who live or work within the HMO's service area. Five HMOs provide coverage in various geographic regions. The standard HMO plan providers are VISTA, Capital Health Plan, AvMed, United Health Care, and Florida Health Care Plan. The Health Investor HMO plan providers are VISTA, AvMed, and United.

A state employee participating in either Health Investor plan is eligible to receive contributions into the employee's health savings account. The participant may draw upon these funds to meet the out-of-pocket medical and pharmacy expenses.

The annual contribution from the State Employee Health Insurance Trust Fund is currently \$500 for single coverage and \$1000 for family coverage. These contributions are made in equal monthly installments throughout the plan year. These contributions are funded as part of the employer paid premium for health insurance coverage.

III. Effect of Proposed Changes:

Section 1 amends s. 110.123, F.S., as follows.

- Amends definitions consistent with other changes in the bill.
- Deletes references to TRICARE supplemental insurance plans, which are no longer offered.
- Deletes unused provisions relating to Medicare/Medicaid HMO's.
- Gives the department the authority for incentive and compliance programs, and the authority to charge different contributions based on participation in such programs.
- Provides the level of the monthly employer contribution into a participant's health savings account. Through the end of 2011, it will remain at the current level of \$41.66 for individual coverage (\$500 annually) and \$83.33 for family coverage (\$1000 annually). Beginning January 1, 2012, both individual and family coverage will get \$1000 annually.

Section 2 repeals s. 110.12302, F.S., which required the department to consider and report on self-insured options in its procurement for HMO contracts by February 1, 2011.¹

Section 3 creates s. 110.12303, F.S., which requires the department to self-insure, beginning in January 2012, and gives it the authority to do so.

Section 4 amends s. 110.12315, F.S., to allow the department flexibility in negotiating prescription drug provisions, allow for 90 days of supply at a retail pharmacy, and allow the department to require use of generics or formulary brands before dispensing alternatives.

Section 5 amends s. 112.0801, F.S., to remove state agencies from the list of entities which must give retirees benefits at the same cost as to active employees.

Section 6 creates an unnumbered section that:

- Requires the department to offer the same plans as currently provided.
- Requires the health insurance to be self-insured for active and non Medicare-eligible employees, starting in 2012.
- Permits the health insurance to be self-insured for Medicare-eligible employees, starting in 2012.
- Requires high-deductible plans to include an integrated health savings account.
- Caps the state’s contribution towards annual premiums at \$6000, beginning with the 2012 plan year.

Section 7 establishes the premiums to be paid for health insurance as follows:

State Contribution	July-Dec 2011	January-Dec 2012
individual coverage	\$499.80/month	max \$500/month
family coverage	\$1013.34/month	max \$500/month
family coverage, spouse plan	\$506.67/month	max \$500/month
Employee Contribution		
individual coverage, standard	\$50/month	Cost of plan – state contribution
family coverage, standard	\$230/month	Cost of plan – state contribution
individual coverage, high deductible	\$15/month	Cost of plan – state contribution
family coverage, high deductible	\$64.30/month	Cost of plan – state contribution
family coverage, spouse plan	\$115/month	Cost of plan – state contribution
family coverage, spouse plan, high deductible	\$32.15/month	Cost of plan – state contribution

¹ Section 3, Chapter 2010-150, L.O.F.

The bill sets premium rates for state retirees eligible and ineligible for Medicare, and provides that starting in plan year 2012, all such rates must be established at the actuarially indicated rate.

The bill also sets the COBRA rate at 102 percent of the total premium charged.

Section 8 provides that this act shall take effect July 1, 2011.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Indeterminate.

C. Government Sector Impact:

Total savings for FY 2011-12 to the state resulting from these changes are estimated to be \$351,462,419, consisting of \$235,111,821 General Revenue and \$116,350,598 Trust Funds.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:

- A. **Committee Substitute – Statement of Substantial Changes:**
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

- B. **Amendments:**

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
