

Florida State University College of Law

Scholarship Repository

Staff Analyses & Legislative Documents

Florida Legislative Documents

1997

Session Law 97-092

Florida Senate & House of Representatives

Follow this and additional works at: <https://ir.law.fsu.edu/staff-analysis>



Part of the Law Commons

Recommended Citation

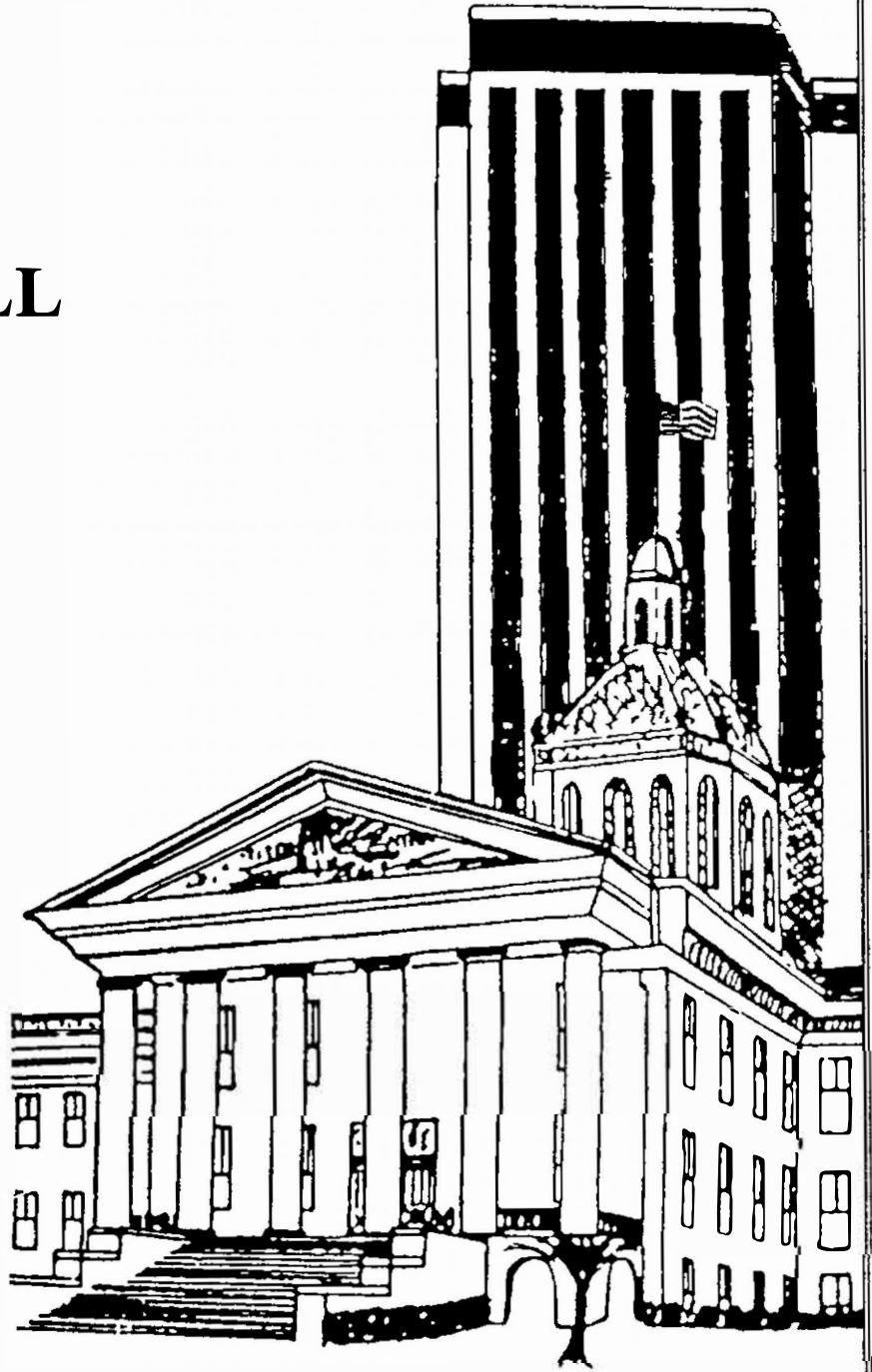
.

This Article is brought to you for free and open access by the Florida Legislative Documents at Scholarship Repository. It has been accepted for inclusion in Staff Analyses & Legislative Documents by an authorized administrator of Scholarship Repository. For more information, please contact efarrell@law.fsu.edu.

FLORIDA LEGISLATURE

FINAL LEGISLATIVE BILL INFORMATION

1997 Regular Session



prepared by:

**JOINT LEGISLATIVE MANAGEMENT COMMITTEE
LEGISLATIVE INFORMATION DIVISION
Claude Pepper Building, Room 704
111 West Madison Street
Tallahassee, Florida 32399-1400
Telephone (904) 488-4371**

HISTORY OF SENATE BILLS

- S 275 GENERAL BILL/CS/CS/1ST ENG by Ways and Means; Criminal Justice; Children, Families and Seniors; Burt; (CO-SPONSORS) Rossin; Gutman (Identical CS/H 1031, Compare H 0565, S 0202, S 1190) Juvenile,** authorizes court to direct HSMV to withhold issuance of, or suspend, child's driver's license if child is held in contempt, revises limitations on placing child adjudicated in need of services in shelter, clarifies that child's parent or legal custodian may make complaint alleging that family is in need of services, specifies circumstances under which child may be placed into staff-secure shelter for extended period, etc Amends Ch 39 Effective Date 07/01/1997
- 01/24/97 SENATE Prefiled
- 02/06/97 SENATE Referred to Children, Families and Seniors, Criminal Justice, Ways and Means
- 02/10/97 SENATE On Committee agenda—Children, Families and Seniors, 02/19/97, 2 00 pm, Room-A(LL-37)—Temporarily postponed
- 03/04/97 SENATE Introduced, referred to Children, Families and Seniors; Criminal Justice, Ways and Means -SJ 00045, On Committee agenda—Children, Families and Seniors, 02/19/97, 2 00 pm, Room-A(LL-37)—Temporarily postponed, On Committee agenda—Children, Families and Seniors, 03/04/97, 3 30 pm, Room-A(LL-37), Comm Action CS by Children, Families and Seniors -SJ 00125, CS read first time on 03/06/97 -SJ 00125
- 03/06/97 SENATE Now in Criminal Justice -SJ 00125
- 03/07/97 SENATE On Committee agenda—Criminal Justice, 03/11/97, 9 00 am, Room-A(LL-37)
- 03/11/97 SENATE Comm Action CS/CS by Criminal Justice -SJ 00200, CS read first time on 03/13/97 -SJ 00205
- 03/13/97 SENATE Now in Ways and Means -SJ 00200
- 03/18/97 SENATE On Committee agenda—Ways and Means, 03/20/97, 1 00 pm, Room-EL
- 03/20/97 SENATE Comm Action -CS/CS/CS by Ways and Means -SJ 00277, CS read first time on 03/26/97 -SJ 00282
- 03/24/97 SENATE Placed on Calendar -SJ 00277
- 03/26/97 SENATE Placed on Special Order Calendar -SJ 00276, Read second time -SJ 00272
- 03/27/97 SENATE Read third time -SJ 00304, CS passed, YEAS 39 NAYS 0 -SJ 00305, Immediately certified -SJ 00305
- 03/27/97 HOUSE In Messages
- 04/21/97 HOUSE Received -HJ 00659, Placed on Justice Council Calendar -HJ 00659
- 04/24/97 HOUSE Substituted for CS/HB 1031 -HJ 00837, Temporarily postponed, on Second Reading -HJ 00837, Read second time -HJ 00867, Amendment(s) adopted—Bill temporarily postponed -HJ 00873
- 04/25/97 HOUSE Was taken up -HJ 01052
- 04/28/97 HOUSE Read third time -HJ 01118, CS passed as amended, YEAS 102 NAYS 13 -HJ 01118
- 04/28/97 SENATE In returning messages
- 05/02/97 SENATE Was taken up -SJ 01424, Concurred -SJ 01430, CS passed as amended, YEAS 36 NAYS 0 -SJ 01430, Ordered engrossed, then enrolled -SJ 01430
- 05/15/97 Signed by Officers and presented to Governor
- 05/31/97 Became Law without Governor's Signature, Chapter No 97-281
- S 280 GENERAL BILL by Burt**
Homeowner's Ins/Special Purpose, authorizes exemption from regular assessments by Residential Property & Casualty Joint Underwriting Association or Fla Windstorm Underwriting Association for special purpose homeowner insurance company, authorizes use of Residential Property & Casualty Joint Underwriting Association's forms & rate manuals by special purpose homeowner insurance company without approval by Insurance Dept, prescribes rate for each risk, etc Amends 624 4071 Effective Date Upon becoming law
- 01/24/97 SENATE Prefiled
- 02/06/97 SENATE Referred to Banking and Insurance, Ways and Means
- 03/04/97 SENATE Introduced, referred to Banking and Insurance, Ways and Means -SJ 00046
- 05/02/97 SENATE Died in Committee on Banking and Insurance
- S 282 GENERAL BILL by Forman (Identical H 1533)**
Cruelty to Animals makes certain types of animal exhibitions a crime Amends 828 12 Effective Date 10/01/1997
- 01/24/97 SENATE Prefiled
- 02/06/97 SENATE Referred to Agriculture
- 03/04/97 SENATE Introduced, referred to Agriculture -SJ 00046
- 04/24/97 SENATE Withdrawn from Agriculture -SJ 00535, Withdrawn from further consideration -SJ 00535
- S 284 GENERAL BILL/CS by Governmental Reform and Oversight; Thomas; (CO-SPONSORS) Childers; Brown-Waite; Williams (Similar H 0257)**
Govt Employees Deferred Comp TF, creates Government Employees Deferred Compensation Trust Fund in State Treasury & provides for its assets & purpose Amends 112 215 Effective Date 04/17/1997
- 01/24/97 SENATE Prefiled
- S 284 (CONTINUED)**
- 02/06/97 SENATE Referred to Governmental Reform and Oversight, Ways and Means
- 02/10/97 SENATE On Committee agenda—Governmental Reform and Oversight, 02/19/97, 9 00 am, Room-1C(309)
- 02/19/97 SENATE Comm Action CS by Governmental Reform and Oversight
- 02/21/97 SENATE Now in Ways and Means
- 03/04/97 SENATE Introduced, referred to Governmental Reform and Oversight, Ways and Means -SJ 00046, On Committee agenda—Governmental Reform and Oversight, 02/19/97, 9 00 am, Room-1C(309), Comm Action CS by Governmental Reform and Oversight -SJ 00031, CS read first time on 03/04/97 -SJ 00096, Now in Ways and Means -SJ 00031
- 03/05/97 SENATE Withdrawn from Ways and Means -SJ 00108, Placed on Calendar
- 03/12/97 SENATE Placed on Special Order Calendar -SJ 00139
- 03/19/97 SENATE Placed on Special Order Calendar -SJ 00235
- 03/20/97 SENATE Placed on Special Order Calendar -SJ 00212
- 03/26/97 SENATE Placed on Special Order Calendar -SJ 00276, Read second time -SJ 00270
- 03/27/97 SENATE Read third time -SJ 00302, CS passed, YEAS 39 NAYS 0 -SJ 00303, Immediately certified -SJ 00303
- 03/27/97 HOUSE In Messages
- 04/01/97 HOUSE Received, placed on Calendar -HJ 00344, Substituted for HB 257 -HJ 00345, Read second and third times -HJ 00345, -HJ 00359, CS passed, YEAS 117 NAYS 0 -HJ 00360
- 04/02/97 SENATE Ordered enrolled -SJ 00383
- 04/10/97 Signed by Officers and presented to Governor -SJ 00470
- 04/17/97 Approved by Governor, Chapter No 97-8 -SJ 00527
- S 286 GENERAL BILL/CS/CS/2ND ENG by Banking and Insurance; Governmental Reform and Oversight; Thomas; (CO-SPONSORS) Childers; Forman; Williams (Similar H 0459)**
State Group Insurance/AHCA/DMS, renames State Employees' Insurance Division within DMS as State Group Insurance Division, creates Fla State Group Health Insurance Council within said dept, eliminates duties of State Health Purchasing Division of AHCA re state employee health insurance, creates State Group Insurance Division within DMS & requires dept to provide administrative support & service to division, etc Amends Chs 20, 110 Effective Date 05/24/1997
- 01/24/97 SENATE Prefiled
- 02/06/97 SENATE Referred to Governmental Reform and Oversight, Ways and Means
- 02/10/97 SENATE On Committee agenda—Governmental Reform and Oversight, 02/19/97, 9 00 am, Room-1C(309)
- 02/19/97 SENATE Comm Action CS by Governmental Reform and Oversight
- 02/21/97 SENATE Now in Ways and Means
- 03/04/97 SENATE Introduced, referred to Governmental Reform and Oversight, Ways and Means -SJ 00046, On Committee agenda—Governmental Reform and Oversight, 02/19/97, 9 00 am, Room-1C(309), Comm Action CS by Governmental Reform and Oversight -SJ 00031, CS read first time on 03/04/97 -SJ 00096, Now in Ways and Means -SJ 00031
- 03/05/97 SENATE Withdrawn from Ways and Means -SJ 00108, Referred to Banking and Insurance, Ways and Means -SJ 00108
- 03/07/97 SENATE On Committee agenda—Banking and Insurance, 03/11/97, 9 00 am, Room-EL
- 03/11/97 SENATE Comm Action CS/CS by Banking and Insurance -SJ 00200, CS read first time on 03/13/97 -SJ 00206
- 03/13/97 SENATE Now in Ways and Means -SJ 00200, Withdrawn from Ways and Means -SJ 00197, Placed on Calendar
- 03/26/97 SENATE Placed on Special Order Calendar -SJ 00276, Read second time -SJ 00275, Amendment(s) adopted -SJ 00275, Ordered engrossed -SJ 00276
- 03/27/97 SENATE Read third time -SJ 00306, CS passed as amended, YEAS 38 NAYS 0 -SJ 00306, Immediately certified -SJ 00306
- 03/27/97 HOUSE In Messages
- 04/16/97 HOUSE Received, referred to Select Committee on State Employee Health Benefits -HJ 00562, On Committee agenda—Select Committee on State Employee Health Benefits, 04/18/97, 3 00 pm, Reed Hall
- 04/18/97 HOUSE Comm Action -Unanimously Favorable with 1 amendment(s) by Select Committee on State Employee Health Benefits -HJ 00700
- 04/23/97 HOUSE Pending Consent Calendar -HJ 00700
- 04/25/97 HOUSE Available for Consent Calendar
- 04/29/97 HOUSE Fiscal Responsibility Council in Daily Folder, Read second time -HJ 01191, Amendment(s) adopted -HJ 01191, Read third time -HJ 01198, CS passed as amended, YEAS 110 NAYS 0 -HJ 01198
- 04/29/97 SENATE In returning messages

HISTORY OF SENATE BILLS

S 286 (CONTINUED)

- 05/02/97 SENATE Was taken up -SJ 01430, Concurred -SJ 01436, CS passed as amended, YEAS 36 NAYS 0 -SJ 01436, Ordered engrossed, then enrolled -SJ 01436
- 05/08/97 Signed by Officers and presented to Governor
- 05/24/97 Became Law without Governor's Signature, Chapter No 97-92
- S 288 GENERAL BILL/CS/1ST ENG by Banking and Insurance; Bronson (Similar H 0383)**
Money Transmitters/Affiliated Party redefines terms, provides that violations of certain statutes of other jurisdictions by money transmitters & money transmitter-affiliated parties are unlawful in this state, provides penalties; prescribes additional grounds for disciplinary action against persons registered as money transmitters or money transmitter-affiliated parties, etc Amends 560 103, 111, 114, 118, 128, 205 Effective Date 10/01/1997
- 01/24/97 SENATE Prefiled
- 02/06/97 SENATE Referred to Banking and Insurance, Ways and Means
- 02/10/97 SENATE On Committee agenda—Banking and Insurance, 02/18/97, 2 00 pm, Room-EL
- 02/18/97 SENATE Comm Action CS by Banking and Insurance
- 02/21/97 SENATE Now in Ways and Means
- 03/04/97 SENATE Introduced, referred to Banking and Insurance, Ways and Means -SJ 00046, On Committee agenda—Banking and Insurance, 02/18/97, 2 00 pm, Room-EL, Comm Action CS by Banking and Insurance -SJ 00031, CS read first time on 03/04/97 -SJ 00096, Now in Ways and Means -SJ 00031
- 03/05/97 SENATE Withdrawn from Ways and Means -SJ 00108, Placed on Calendar
- 03/12/97 SENATE Placed on Special Order Calendar -SJ 00139, Read second time -SJ 00128, Amendment(s) adopted -SJ 00128, Amendment pending -SJ 00128, Pending amendment withdrawn -SJ 00130, Ordered engrossed -SJ 00130
- 03/13/97 SENATE Read third time -SJ 00198, CS passed as amended, YEAS 38 NAYS 0 -SJ 00198, Immediately certified -SJ 00198
- 03/13/97 HOUSE In Messages
- 04/16/97 HOUSE Received -HJ 00563, Placed on Consent Calendar -HJ 00563
- 04/17/97 HOUSE Substituted for HB 383 -HJ 00606, Read second and third times -HJ 00606, CS passed, YEAS 119 NAYS 0 -HJ 00606
- 04/23/97 SENATE Ordered enrolled -SJ 00603
- 04/29/97 Signed by Officers and presented to Governor -SJ 00956
- 05/15/97 Became Law without Governor's Signature, Chapter No 97-59

- S 290 GENERAL BILL/CS by Executive Business, Ethics and Elections; Scott; (CO-SPONSORS) Crist; Jenne; Dudley (Similar H 0777)**
Lobbyists/Regulation extends regulation of lobbying to lobbyists before Constitution Revision Commission Amends 112 3215 Effective Date 04/18/1997
- 01/24/97 SENATE Prefiled
- 02/06/97 SENATE Referred to Executive Business, Ethics and Elections
- 03/04/97 SENATE Introduced, referred to Executive Business, Ethics and Elections -SJ 00046, On Committee agenda—Executive Business, Ethics and Elections, 03/04/97, 3 30 pm, Room-1C(309), Comm Action -CS by Executive Business, Ethics and Elections -SJ 00125, CS read first time on 03/06/97 -SJ 00125
- 03/06/97 SENATE Placed on Calendar -SJ 00125
- 03/19/97 SENATE Placed on Special Order Calendar -SJ 00235
- 03/20/97 SENATE Placed on Special Order Calendar -SJ 00212
- 03/26/97 SENATE Placed on Special Order Calendar -SJ 00276, Read second time -SJ 00271
- 03/27/97 SENATE Read third time -SJ 00303, CS passed, YEAS 39 NAYS 0 -SJ 00303, Immediately certified -SJ 00303
- 03/27/97 HOUSE In Messages
- 04/01/97 HOUSE Received, placed on Calendar -HJ 00344, Substituted for HB 777 -HJ 00348, Read second time -HJ 00348
- 04/02/97 HOUSE Read third time -HJ 00380, CS passed, YEAS 114 NAYS 0 -HJ 00380
- 04/03/97 SENATE Ordered enrolled -SJ 00383
- 04/10/97 Signed by Officers and presented to Governor -SJ 00470
- 04/18/97 Became Law without Governor's Signature, Chapter No 97-12 -SJ 00599

S 292 GENERAL BILL/1ST ENG by Klein (Similar H 0675, Compare CS/S 0412)

- Artificial Reefs provides requirements re artificial reef program within DEP, directs dept to establish criteria for determining eligibility of nonprofit organizations to apply for & receive available reef development funds, establishes office to act as coordinating authority for artificial reef construction, provides that certain acts are unlawful, provides penalties, provides that certain persons are deemed responsible for violations, etc Amends 370 25 Effective Date 05/30/1997
- 01/24/97 SENATE Prefiled

S 292 (CONTINUED)

- 02/06/97 SENATE Referred to Natural Resources, Ways and Means
- 03/04/97 SENATE Introduced, referred to Natural Resources, Ways and Means -SJ 00046
- 03/10/97 SENATE On Committee agenda—Natural Resources, 03/12/97, 2 00 pm, Room-A(LL-37)
- 03/12/97 SENATE Comm Action Favorable with 1 amendment(s) by Natural Resources -SJ 00200
- 03/13/97 SENATE Now in Ways and Means -SJ 00200
- 03/19/97 SENATE Withdrawn from Ways and Means -SJ 00212, Placed on Calendar
- 04/03/97 SENATE Placed on Special Order Calendar -SJ 00361, Read second time -SJ 00342, Amendment(s) adopted -SJ 00342, Ordered engrossed -SJ 00342
- 04/07/97 SENATE Read third time -SJ 00389, Passed as amended, YEAS 39 NAYS 0 -SJ 00389, Immediately certified -SJ 00389
- 04/07/97 HOUSE In Messages
- 04/24/97 HOUSE Received -HJ 00874, Placed on Governmental Responsibility Council Calendar -HJ 00874
- 04/29/97 HOUSE Read second and third times -HJ 01202, Passed, YEAS 116 NAYS 0 -HJ 01202
- 04/29/97 SENATE Ordered enrolled -SJ 00956
- 05/14/97 Signed by Officers and presented to Governor
- 05/30/97 Became Law without Governor's Signature, Chapter No 97-172

S 294 JOINT RESOLUTION/CS by Education; Klein (Similar CS/H 0061)

- Schools/Divided Districts, constitutional amendment to allow counties with 45,000 or more students to be divided into two or more school districts pursuant to law, subject to court approval & local voter referendum approval; provides for a commission to draw district boundary lines, allocate district assets, & make provisions for district obligations, provides that school district funding be calculated countywide & allocated as provided by general law Amends a 4, Art IX
- 01/24/97 SENATE Prefiled
- 02/06/97 SENATE Referred to Education, Ways and Means, Rules and Calendar
- 03/04/97 SENATE Introduced, referred to Education, Ways and Means, Rules and Calendar -SJ 00046
- 03/07/97 SENATE On Committee agenda—Education, 03/11/97, 2 00 pm, Room-A(LL-37)
- 03/11/97 SENATE Comm Action CS by Education -SJ 00200, CS read first time on 03/13/97 -SJ 00206
- 03/13/97 SENATE Now in Ways and Means -SJ 00200
- 05/02/97 SENATE Died in Committee on Ways and Means

S 296 GENERAL BILL by Klein (Similar CS/H 0575)

- Inhumane Treatment of Exotic Mammals, prohibits killing or wounding, or allowing killing or wounding, of exotic mammal that is tied, staked out, or otherwise enclosed within specified area for purpose of gain, amusement, or sport, prohibits sale or purchase of such mammal used in violation of act, specifies certain actions that do not constitute violation of act, provides penalties, provides for recovery of costs incurred in investigating & prosecuting violation of act Effective Date 10/01/1997
- 01/24/97 SENATE Prefiled
- 02/06/97 SENATE Referred to Natural Resources, Ways and Means
- 03/04/97 SENATE Introduced, referred to Natural Resources, Ways and Means -SJ 00046
- 05/02/97 SENATE Died in Committee on Natural Resources

S 298 JOINT RESOLUTION/CS by Judiciary; Harris (Similar 1ST ENG/H 0125)

- Recording of Instruments/County Seat, constitutional amendment to authorize recording of instruments by filing at branch office of county seat. Amends a 1, Art VIII
- 01/28/97 SENATE Prefiled
- 02/06/97 SENATE Referred to Judiciary, Community Affairs, Rules and Calendar
- 03/04/97 SENATE Introduced, referred to Judiciary, Community Affairs, Rules and Calendar -SJ 00047, On Committee agenda—Judiciary, 03/06/97, 9 00 am, Room-1C(309)
- 03/06/97 SENATE Comm Action CS by Judiciary -SJ 00140, CS read first time on 03/12/97 -SJ 00193
- 03/07/97 SENATE Now in Community Affairs -SJ 00140
- 03/21/97 SENATE On Committee agenda—Community Affairs, 03/25/97, 9 00 am, Room-A(LL-37)—Not considered
- 03/28/97 SENATE On Committee agenda—Community Affairs, 04/01/97, 9 00 am, Room-1C(309)
- 04/01/97 SENATE Comm Action Favorable by Community Affairs -SJ 00362
- 04/02/97 SENATE Now in Rules and Calendar -SJ 00362
- 05/02/97 SENATE Died in Committee on Rules and Calendar

S 300 GENERAL BILL/CS/1ST ENG by Banking and Insurance; Harris (Similar H 0441)

- Comptroller, authorizes deduction of certain fees & expenses from property

(CONTINUED ON NEXT PAGE)

HISTORY OF HOUSE BILLS

H 453 (CONTINUED)

Arnall; Goode; Littlefield; Geller; Sandler; Bloom; D. Prewitt; Lynn; Crist (Similar H 0781, CS/1ST ENG/S 0530, Compare H 0573, H 0689, S 0848, CS/S 0916, S 1150)

Mastectomies/Insurance Coverage. (THIS BILL COMBINES H453,573,689,781) requires certain health insurance policies & certain HMO contracts to provide certain coverage for hospital stays for mastectomies, requires such coverage to provide postsurgical care, requires coverage for reconstructive breast surgery for certain purposes, provides requirements & prohibitions for insurers & HMOs re breast cancer coverage, provides description of state interest Amends Chs 627, 641 Effective Date 10/01/1997

02/06/97 HOUSE Prefiled
02/17/97 HOUSE Referred to Health Care Services (GSC)
03/04/97 HOUSE Introduced, referred to Health Care Services (GSC) -HJ 00072
03/11/97 HOUSE On Committee agenda—Health Care Services (GSC), 03/17/97, 2 15 pm, Morris Hall—Discussed
03/12/97 HOUSE On Committee agenda—Health Care Services (GSC), 03/18/97, 4 00 pm, Morris Hall—Amendments adopted, bill temporarily deferred
03/18/97 HOUSE On Committee agenda—Health Care Services (GSC), 03/24/97, 1 00 pm, Morris Hall—Amendments adopted, bill temporarily deferred
03/27/97 HOUSE On Committee agenda—Health Care Services (GSC), 04/02/97, 8 00 am, 317C
04/02/97 HOUSE CS combines this bill with 573, 689 & 781, Combined CS additional reference(s) General Government Appropriations, Comm Action Unanimously CS by Health Care Services (GSC) -HJ 00496
04/09/97 HOUSE CS read first time on 04/09/97 -HJ 00486, Now in General Government Appropriations -HJ 00496, On Committee agenda—General Government Appropriations, 04/15/97, 1 00 pm, 214C
04/15/97 HOUSE Comm Action -Unanimously Favorable by General Government Appropriations -HJ 00596
04/17/97 HOUSE Pending Consent Calendar -HJ 00596
04/21/97 HOUSE Available for Consent Calendar
04/24/97 HOUSE Placed on Consent Calendar
04/25/97 HOUSE Senate Bill substituted, Laid on Table, Iden/Sim/Compare Bill(s) passed, refer to CS/SB 530 (Ch 97-48) -HJ 00901

H 455 GENERAL BILL by Warner; (CO-SPONSORS) Feeney; Argenziano; Culp; Fasano, Harrington (Similar CS/S 1282)

Children/Adult Sanctions. revises specified provisions re community control or commitment of children prosecuted as adults to remove requirement that decision by court to impose adult sanctions upon certain offenders must be in writing; provides for presumption that sentence imposing adult sanctions is appropriate, reenacts provision re transfer of child for prosecution as adult, to incorporate said amendment in references Amends 39 059, reenacts 39 052(3)(a) Effective Date 10/01/1997

02/06/97 HOUSE Prefiled
03/06/97 HOUSE Introduced -HJ 00072
04/04/97 HOUSE Referred to Juvenile Justice (JC) -HJ 00484, On Committee agenda—Juvenile Justice (JC), 04/10/97, 2 45 pm, 314-HOB
04/10/97 HOUSE Comm Action -Unanimously Favorable with 4 amendment(s) by Juvenile Justice (JC) -HJ 00594
04/16/97 HOUSE Pending Consent Calendar -HJ 00594
04/17/97 HOUSE Placed on Justice Council Calendar -HJ 00657
04/24/97 HOUSE Senate Bill substituted, Laid on Table, Iden/Sim/Compare Bill(s) passed, refer to CS/SB 1282 (Ch 97-69) -HJ 00858

H 457 GENERAL BILL by Morroni (Identical S 0390, Similar S 1596, Compare 1ST ENG/H 1815, CS/3RD ENG/S 0794)

Residential Insurance/Cooperatives. includes insurance policies for cooperative unit owners & cooperative associations within certain residential insurance coverage provisions Amends 627 4025 Effective Date 10/01/1997

02/06/97 HOUSE Prefiled
02/17/97 HOUSE Referred to Financial Services (EIC)
03/04/97 HOUSE Introduced, referred to Financial Services (EIC) -HJ 00072
04/14/97 HOUSE Withdrawn from Financial Services (EIC), Withdrawn from further cons. Iden/Sim/Compare Bill(s) passed, refer to CS/SB 794 (Ch 97-55) -HJ 00535

H 459 GENERAL BILL by Turnbull; (CO-SPONSORS) Lawson; K. Pruitt; Horan (Similar CS/CS/2ND ENG/S 0286)

State Group Insurance Div/DMS. creates Division of State Group Insurance in DMS, requires dept to provide administrative support & service to division, excludes division from control, supervision, or direction by dept, provides criteria for division contracts with insuring entities, provides for liquidated damages under certain circumstances, creates State Employee Health Benefit Council within division for certain purposes, etc Amends 110 123 Effective Date 10/01/1997

(PAGE NUMBERS REFLECT DAILY SENATE AND HOUSE JOURNALS
- PLACEMENT IN FINAL BOUND JOURNALS MAY VARY)

H 459 (CONTINUED)

02/06/97 HOUSE Prefiled
03/06/97 HOUSE Introduced -HJ 00072
04/14/97 HOUSE Referred to Select Committee on State Employee Health Benefits -HJ 00588
04/16/97 HOUSE On Committee agenda—Select Committee on State Employee Health Benefits, 04/18/97, 3 00 pm, Reed Hall—Temporarily deferred
05/02/97 HOUSE Carried over to 1998 Session pursuant to House Rule 96, In House Committee on Select Committee on State Employee Health Benefits
05/29/97 HOUSE Withdrawn from Select Committee on State Employee Health Benefits, Laid on Table, Iden/Sim/Compare Bill(s) passed, refer to CS/CS/SB 286 (Ch 97-92)

H 461 GENERAL BILL/CS/1ST ENG by Election Reform (GRC); Thrasher; Carlton; Diaz de la Portilla; Crow; (CO-SPONSORS) Feeney; Bainter; Constantine; Lynn; Saunders; Ziebarth; K. Pruitt; Peadar (Similar CS/S 0568, Compare H 0075, CS/H 0183, H 0281, H 0293, CS/H 0463, H 0681, H 0993, H 1313, H 1341, H 2009, CS/S 0120, S 0492, S 0522, S 1406, S 1706, S 1902)

Elections/Contributions. (THIS BILL COMBINES H461,281,75) prescribes elements of willful violation of campaign financing law, revises restrictions on contributions by & prohibits certain contributions to political party, revises notice requirements for certain independent expenditures; modifies reporting requirements for campaign finance reports, increases fine for late filing of campaign financing reports by specified persons, etc Amends FS Effective Date 01/01/1998 except as otherwise provided

02/06/97 HOUSE Prefiled
02/17/97 HOUSE Referred to Election Reform (GRC), On Committee agenda—Election Reform (GRC), 02/26/97, upon adjournment of Council, 102-HOB
02/26/97 HOUSE CS combines this bill with 281 & 75, Comm Action -CS by Election Reform (GRC)
02/28/97 HOUSE In Governmental Responsibility Council, pending ranking
02/27/97 HOUSE Closed Bill, Placed on Governmental Responsibility Council Calendar
03/04/97 HOUSE Introduced, referred to Election Reform (GRC) -HJ 00073, On Committee agenda—Election Reform (GRC), 02/26/97, upon adjournment of Council, 102-HOB, CS combines this bill with 281 & 75, Comm Action -CS by Election Reform (GRC) -HJ 00112, CS read first time on 03/04/97 -HJ 00109, In Governmental Responsibility Council, pending ranking -HJ 00112, Closed Bill, Placed on Governmental Responsibility Council Calendar -HJ 00110
03/05/97 HOUSE Read second time -HJ 00116
03/06/97 HOUSE Read third time -HJ 00126, CS passed, YEAS 115 NAYS 2 -HJ 00129
03/13/97 SENATE In Messages
03/19/97 SENATE Received, referred to Executive Business, Ethics and Elections, Ways and Means -SJ 00246, Withdrawn from Executive Business, Ethics and Elections, Ways and Means -SJ 00212, Substituted for CS/SB 568 -SJ 00213, Read second time -SJ 00213, Amendment(s) adopted -SJ 00213, -SJ 00235
03/20/97 SENATE Read third time -SJ 00250, Amendment adopted as further amended -SJ 00251, CS passed as amended, YEAS 37 NAYS 2 -SJ 00251, Immediately certified -SJ 00251
03/20/97 HOUSE In returning messages
03/21/97 HOUSE Was taken up -HJ 00261, Refused to concur, requests Senate recede/appoint Conference Comm -HJ 00283
03/21/97 SENATE In returning messages
03/27/97 SENATE Was taken up -SJ 00301, Refused to recede -SJ 00302, Conference Committee appointed Senators Latvala, Chair, Burt & Dyer, Alternate Dantzler -SJ 00302
03/27/97 HOUSE In returning messages, Conference Committee appointed Reps Carlton, Chair, Geller, Thrasher, Alternate Peadar -HJ 00366
04/03/97 HOUSE Conference Committee Report received -HJ 00401, Conference Committee Report adopted -HJ 00421, Passed as amended by Conference Committee Report, YEAS 114 NAYS 2 -HJ 00421, Immediately certified -HJ 00422
04/03/97 SENATE In returning messages, Conference Committee Report received -SJ 00343, Conference Committee Report adopted -SJ 00361, Passed as amended by Conference Committee Report, YEAS 40 NAYS 0 -SJ 00361
04/03/97 HOUSE Ordered engrossed, then enrolled -HJ 00428
04/14/97 Signed by Officers and presented to Governor -HJ 00561
04/18/97 Approved by Governor, Chapter No 97-13 -HJ 00701

H 463 GENERAL BILL/CS by Election Reform (GRC), Miller (Compare CS/H 0183, CS/1ST ENG/H 0461, H 1313, CS/S 0568, S 1406, S 1902)

Elections. redefines term "independent expenditure", revises provisions re lim-

(CONTINUED ON NEXT PAGE)

Florida House of Representatives - 1997

By Representatives Turnbull, Lawson, K. Pruitt and Horan

1 A bill to be entitled
2 An act relating to state group insurance;
3 amending s. 110.123, F.S.; providing a
4 definition; creating the Division of State
5 Group Insurance in the Department of Management
6 Services; requiring the department to provide
7 administrative support and service to the
8 division; excluding the division from control,
9 supervision, or direction by the department;
10 providing for a director of the division;
11 providing requirements; providing for
12 administration of the state group insurance
13 program by the division; providing criteria for
14 division contracts with insuring entities;
15 requiring a bond under certain circumstances;
16 providing for liquidated damages under certain
17 circumstances; providing for application of
18 certain administrative procedures provisions;
19 providing exceptions; authorizing the division
20 to adopt rules; creating the State Employee
21 Health Benefit Council within the division for
22 certain purposes; providing for membership;
23 providing for meetings of the council;
24 providing duties of the council; providing for
25 per diem and travel expenses; requiring
26 division to assist the council; providing an
27 effective date.

28
29 Be It Enacted by the Legislature of the State of Florida:
30
31

1 Section 1. Section 110.123, Florida Statutes, 1996
2 Supplement, is amended to read:

3 110.123 State group insurance program.--

4 (1) TITLE.--This section may be cited as the "State
5 Group Insurance Program Law."

6 (2) DEFINITIONS.--As used in this section, the term:

7 (a) "Department" means the Department of Management
8 Services.

9 (b) "Division" means the Division of State Group
10 Insurance in the department.

11 (c)(b) "Enrollee" means all state officers and
12 employees, retired state officers and employees, and surviving
13 spouses of deceased state officers and employees enrolled in
14 an insurance plan offered by the state group insurance
15 program.

16 (d)(c) "Full-time state employees" includes all
17 full-time employees of all branches or agencies of state
18 government holding salaried positions and paid by state
19 warrant or from agency funds, and employees paid from regular
20 salary appropriations for 8 months' employment, including
21 university personnel on academic contracts, but in no case
22 shall "state employee" or "salaried position" include persons
23 paid from other-personal-services (OPS) funds.

24 (e)(d) "Health maintenance organization" or "HMO"
25 means an entity certified under part I of chapter 641.

26 (f)(e) "Part-time state employee" means any employee
27 of any branch or agency of state government paid by state
28 warrant from salary appropriations or from agency funds, and
29 who is employed for less than the normal full-time workweek
30 established by the department or, if on academic contract or
31 seasonal or other type of employment which is less than

558-126C-97

1 year-round, is employed for less than 8 months during any
2 12-month period, but in no case shall "part-time" employee
3 include a person paid from other-personal-services (OPS)
4 funds.

5 (g)(f) "Retired state officer or employee" or
6 "retiree" means any state officer or state employee who
7 retires under a state retirement system or a state optional
8 annuity or retirement program or is placed on disability
9 retirement, and who was insured under the state group
10 insurance program at the time of retirement, and who begins
11 receiving retirement benefits immediately after retirement
12 from state office or employment.

13 (h)(g) "State agency" or "agency" means any branch,
14 department, or agency of state government.

15 (i)(h) "State group health insurance plan" means the
16 state self-insured health insurance plan offered to state
17 officers and employees, retired state officers and employees,
18 and surviving spouses of deceased state officers and employees
19 pursuant to this section.

20 (j)(i) "State group insurance program" or "programs"
21 means the package of insurance plans offered to state officers
22 and employees, retired state officers and employees, and
23 surviving spouses of deceased state officers and employees
24 pursuant to this section, including the state group health
25 insurance plan, health maintenance organization plans, and
26 other plans required or authorized by this section.

27 (k)(j) "State officer" means any constitutional state
28 officer, any elected state officer paid by state warrant, or
29 any appointed state officer who is commissioned by the
30 Governor and who is paid by state warrant.

31

1 (1)(k) "Surviving spouse" means the widow or widower
2 of a deceased state officer, full-time state employee,
3 part-time state employee, or retiree if such widow or widower
4 was covered as a dependent under the state group health
5 insurance plan or a health maintenance organization plan
6 established pursuant to this section at the time of the death
7 of the deceased officer, employee, or retiree. "Surviving
8 spouse" also means any widow or widower who is receiving or
9 eligible to receive a monthly state warrant from a state
10 retirement system as the beneficiary of a state officer,
11 full-time state employee, or retiree who died prior to July 1,
12 1979. For the purposes of this section, any such widow or
13 widower shall cease to be a surviving spouse upon his or her
14 remarriage.

15 (3) STATE GROUP INSURANCE PROGRAM.--

16 (a) The Division of State Group Insurance is created
17 within the Department of Management Services, to be headed by
18 a director who shall be appointed by the Governor and
19 confirmed by the Senate. The division shall be a separate
20 budget entity, and the director shall be its agency head for
21 all purposes. The Department of Management Services shall
22 provide administrative support and service to the division to
23 the extent requested by the director. The division shall not
24 be subject to control, supervision, or direction by the
25 Department of Management Services in any manner, including,
26 but not limited to, personnel, purchasing, transactions
27 involving real or personal property, and budgetary matters,
28 except to the extent as provided in chapters 110, 216, 255,
29 282, and 287 for agencies of the executive branch.

30 (b) The director shall be a person qualified by
31 training and experience to understand the problems and needs

558-126C-97

1 of state employees in the area of health care coverage and
2 insurance issues. The director shall have training and
3 experience in the field of health care reimbursement,
4 insurance or self-insurance programs and the administration of
5 programs in the public or private sector.

6 (c)(a) It is the intent of the Legislature to offer a
7 comprehensive package of health insurance benefits for state
8 employees which are provided in a cost-efficient and prudent
9 manner, and to allow state employees the option to choose
10 benefit plans which best suit their individual needs.
11 Therefore, the state group insurance program is established
12 which may include the state group health insurance plan,
13 health maintenance organization plans, group life insurance
14 plans, group accidental death and dismemberment plans, and
15 group disability insurance plans. Furthermore, the division
16 department is additionally authorized to establish and provide
17 as part of the state group insurance program any other group
18 insurance plans which are consistent with the provisions of
19 this section.

20 (d)(b) Notwithstanding any provision in this section
21 to the contrary, it is the intent of the Legislature that the
22 division Agency-for-Health-Care-Administration shall be
23 responsible for all aspects of the purchase of health care for
24 state employees under the state group health insurance plan
25 and the health maintenance organizations plans.
26 Responsibilities shall include, but not be limited to, the
27 development of requests for proposals for state employee
28 health services, the determination of health care benefits to
29 be provided, and the negotiation of contracts for health care
30 and health care administrative services. Prior to the
31 negotiation of contracts for health care services, the

1 Legislature intends that the division Agency-for-Health-Care
2 Administration shall develop, in consultation with the
3 Department of Management Services with respect to state
4 collective bargaining issues, the health benefits and terms to
5 be included in the state group health insurance program. The
6 division Agency-for-Health-Care-Administration shall adopt
7 rules necessary to perform its responsibilities pursuant to
8 this section. It is the intent of the Legislature that the
9 division Department-of-Management-Services shall be
10 responsible for the contract management and day-to-day
11 management of the state employee health insurance program,
12 including, but not limited to, employee enrollment, premium
13 collection, payment to health care providers, and other
14 administrative functions related to the program.

15 (e)1. For purposes of purchasing medical care
16 services, third-party administrative services, or health
17 insurance, the division may perform any functions of the
18 department, and grant any approvals, provided under chapter
19 287 and rules adopted pursuant to such chapter. If the
20 division finds that compliance with chapter 287 would impair
21 or impede the effective or efficient operation of the state
22 group insurance program, the division may adopt any rule
23 providing for alternative procurement procedures.

24 2. Each vendor in a major procurement in excess of
25 \$25,000, and any other vendor if the division deems it
26 necessary to protect the state's financial interests, shall,
27 at the time of executing any contract with the division, post
28 an appropriate bond with the division in an amount determined
29 by the division to be adequate to protect the state's
30 interests but not higher than the full amount estimated to be
31 paid annually to the vendor under the contract.

558-126C-97

1 3. Each contract in excess of \$25,000 entered into by
2 the division pursuant to this section shall contain a
3 provision for payment of liquidated damages to the division
4 for material noncompliance by a vendor with a contract
5 provision. The division may require a liquidated damages
6 provision in any contract if the division deems it necessary
7 to protect the state's financial interests.

8 4. The provisions of s. 120.57(3) apply to the
9 division's contracting process, except:

10 a. A formal written protest of any decision, intended
11 decision, or other action subject to protest shall be filed
12 within 72 hours after receipt of notice of the decision,
13 intended decision, or other action.

14 b. As an alternative to any provision of s. 120.57(3),
15 the division may proceed with the bid selection or contract
16 award process if the director of the department sets forth, in
17 writing, particular facts and circumstances which demonstrate
18 the necessity of continuing the procurement process or the
19 contract award process in order to avoid a substantial
20 disruption to the provision of any scheduled insurance
21 services.

22 (f)(c) Except as provided for in subparagraph
23 (h)(e)2., the percentage of state contribution toward the cost
24 of any plan in the state group insurance program shall be
25 uniform with respect to all state employees in state
26 collective bargaining units participating in the same plan or
27 any similar plan. Nothing contained within this section
28 prohibits the development of separate benefit plans for
29 officers and employees exempt from collective bargaining or
30 the development of separate benefit plans for each collective
31 bargaining unit.

558-126C-97

1 (g)(d) Participation by individuals in the program
2 shall be available to all state officers, full-time state
3 employees, and part-time state employees; and such
4 participation in the program or any plan thereof shall be
5 voluntary. Participation in the program shall also be
6 available to retired state officers and employees who elect at
7 the time of retirement to continue coverage under the program,
8 but they may elect to continue all or only part of the
9 coverage they had at the time of retirement. A surviving
10 spouse may elect to continue coverage only under the state
11 group health insurance plan or a health maintenance
12 organization plan.

13 (h)(e)1. A person eligible to participate in the state
14 group health insurance plan may be authorized by rules
15 ~~approved by the Agency for Health Care Administration and~~
16 ~~adopted by the division department, in lieu of participating~~
17 ~~in the state group health insurance plan, to exercise an~~
18 ~~option to elect membership in a health maintenance~~
19 ~~organization plan which is under contract with the state in~~
20 ~~accordance with criteria established by this section and by~~
21 ~~said rules. The offer of optional membership in a health~~
22 ~~maintenance organization plan permitted by this paragraph may~~
23 ~~be limited or conditioned by rule as may be necessary to meet~~
24 ~~the requirements of state and federal laws.~~

25 2. ~~Subject to the approval of and supervision by the~~
26 ~~Agency for Health Care Administration; The division department~~
27 ~~shall contract with health maintenance organizations to~~
28 ~~participate in the state group insurance program through a~~
29 ~~request for proposal based upon a premium and a minimum~~
30 ~~benefit package as follows:~~

31

1 a. A minimum benefit package to be provided by a
2 participating HMO shall include: physician services; inpatient
3 and outpatient hospital services; emergency medical services,
4 including out-of-area emergency coverage; diagnostic
5 laboratory and diagnostic and therapeutic radiologic services;
6 mental health, alcohol, and chemical dependency treatment
7 services meeting the minimum requirements of state and federal
8 law; skilled nursing facilities and services; prescription
9 drugs; and other benefits as may be required by the division
10 department. Additional services may be provided subject to
11 the contract between the division department and the HMO.

12 b. A uniform schedule for deductibles and copayments
13 may be established for all participating HMOs.

14 c. Based upon the minimum benefit package and
15 copayments and deductibles contained in sub-subparagraphs a
16 and b., the division Agency-for-Health-Care-Administration
17 shall issue a request for proposal for all HMOs which are
18 interested in participating in the state group insurance
19 program. Upon receipt of all proposals, the division Agency
20 for-Health-Care-Administration may, as it deems appropriate,
21 enter into contract negotiations with HMOs submitting bids. As
22 part of the request for proposal process, the division Agency
23 fer-Health-Care-Administration may require detailed financial
24 data from each HMO which participates in the bidding process
25 for the purpose of determining the financial stability of the
26 HMO.

27 d. In determining which HMOs to contract with, the
28 division Agency-for-Health-Care-Administration shall, at a
29 minimum, consider: each proposed contractor's previous
30 experience and expertise in providing prepaid health benefits;
31 each proposed contractor's historical experience in enrolling

1 and providing health care services to participants in the
2 state group insurance program; the cost of the premiums; the
3 plan's ability to adequately provide service coverage and
4 administrative support services as determined by the division
5 Agency-for-Health-Care-Administration; plan benefits in
6 addition to the minimum benefit package; accessibility to
7 providers; and the financial solvency of the plan. Nothing
8 shall preclude the division Agency-for-Health-Care
9 Administration from negotiating regional or statewide
10 contracts with health maintenance organization plans when this
11 is cost-effective and when the division Agency-for-Health-Care
12 Administration determines the plan has the best overall
13 benefit package for the service areas involved. However, no
14 HMO shall be eligible for a contract if the HMO's retiree
15 Medicare premium exceeds the retiree rate as set by the
16 division department for the state group health insurance plan.

17 e. The division department; ~~subject to the review and~~
18 ~~approval of the Agency for Health Care Administration~~; may
19 limit the number of HMOs that it contracts with in each
20 service area based on the nature of the bids the division
21 Agency-for-Health-Care-Administration receives, the number of
22 state employees in the service area, and any unique
23 geographical characteristics of the service area. The division
24 ~~department; subject to the review and approval of the Agency~~
25 ~~for Health Care Administration~~; shall establish by rule
26 service areas throughout the state.

27 f. All persons participating in the state group
28 insurance program who are required to contribute towards a
29 total state group health premium shall be subject to the same
30 dollar contribution regardless of whether the enrollee enrolls
31 in the state group health insurance plan or in an HMO plan.

1 3. The division Agency-for-Health-Care-Administration
2 is authorized to negotiate and the-department-is-authorized to
3 contract with specialty psychiatric hospitals for mental
4 health benefits, on a regional basis, for alcohol, drug abuse,
5 and mental and nervous disorders. The division department may
6 establish, subject to the approval of the-Agency-for-Health
7 Care-Administration-and the Legislature pursuant to subsection
8 (5), any such regional plan upon completion of an actuarial
9 study to determine any impact on plan benefits and premiums.

10 4. In addition to contracting pursuant to subparagraph
11 2., the division department shall enter into contract with any
12 HMO to participate in the state group insurance program which:

13 a. Serves greater than 5,000 recipients on a prepaid
14 basis under the Medicaid program;

15 b. Does not currently meet the 25 percent
16 non-Medicare/non-Medicaid enrollment composition requirement
17 established by the Department of Health and Human Services
18 excluding participants enrolled in the state group insurance
19 program;

20 c. Meets the minimum benefit package and copayments
21 and deductibles contained in sub-subparagraphs 2.a. and b.;

22 d. Is willing to participate in the state group
23 insurance program at a cost of premiums that is not greater
24 than 95 percent of the cost of HMO premiums accepted by the
25 division department in each service area; and

26 e. Meets the minimum surplus requirements of s.
27 641.225.

28
29 The division department is authorized to contract with HMOs
30 that meet the requirements of sub-subparagraphs a. through d.
31 prior to the open enrollment period for state employees. The

1 department is not required to renew the contract with the HMOs
2 as set forth in this paragraph more than twice. Thereafter,
3 the HMOs shall be eligible to participate in the state group
4 insurance program only through the request for proposal
5 process described in subparagraph 2.

6 5. All enrollees in the state group health insurance
7 plan or any health maintenance organization plan shall have
8 the option of changing to any other health plan which is
9 offered by the state within any open enrollment period
10 designated by the division department. Open enrollment shall
11 be held at least once each calendar year.

12 6. Any HMO participating in the state group insurance
13 program shall, upon the request of the division Agency-for
14 Health-Care-Administration, submit to the division Agency-for
15 Health-Care-Administration standardized data for the purpose
16 of comparison of the appropriateness, quality, and efficiency
17 of care provided by the HMO. Such standardized data shall
18 include membership profiles; inpatient and outpatient
19 utilization by age and sex, type of service, provider type,
20 and facility; and emergency care experience. Requirements and
21 timetables for submission of such standardized data and such
22 other data as the division Agency-for-Health-Care
23 Administration deems necessary to evaluate the performance of
24 participating HMOs shall be adopted promulgated by rule.

25 7. The division department shall, after consultation
26 with the-Agency-for-Health-Care-Administration-and
27 representatives from each of the unions representing state and
28 university employees, establish a comprehensive package of
29 insurance benefits including, but not limited to, supplemental
30 health and life coverage, dental care, and vision care to
31

558-126C-97

1 allow state employees the option to choose the benefit plans
2 which best suit their individual needs.

3 a. Based upon a desired benefit package, the division
4 Agency-for-Health-Care-Administration shall issue a request
5 for proposal for health insurance providers interested in
6 participating in the state group insurance program, and the
7 department shall issue a request for proposal for insurance
8 providers interested in participating in the
9 non-health-related components of the state group insurance
10 program. Upon receipt of all proposals, the division
11 ~~department-or-the-Agency-for-Health-Care-Administration~~ may;
12 ~~as-either-deems-appropriate~~; enter into contract negotiations
13 with insurance providers submitting bids or negotiate a
14 specially designed benefit package Insurance providers
15 offering or providing supplemental coverage as of May 30,
16 1991, which qualify for pretax benefit treatment pursuant to
17 s. 125 of the Internal Revenue Code of 1986, with 5,500 or
18 more state employees currently enrolled may be included by the
19 division department in the supplemental insurance benefit plan
20 established by the division ~~department-or-the-Agency-for~~
21 Health-Care-Administration without participating in a request
22 for proposal, submitting bids, negotiating contracts, or
23 negotiating a specially designed benefit package. These
24 contracts shall provide state employees with the most
25 cost-effective and comprehensive coverage available; however,
26 no state or agency funds shall be contributed toward the cost
27 of any part of the premium of such supplemental benefit plans.

28 b. Pursuant to the applicable provisions of s.
29 110.161, and s. 125 of the Internal Revenue Code of 1986, the
30 division department shall enroll in the pretax benefit program
31 those state employees who voluntarily elect coverage in any of

558-126C-97

1 the supplemental insurance benefit plans as provided by
2 sub-subparagraph a.

3 c. Nothing herein contained shall be construed to
4 prohibit insurance providers from continuing to provide or
5 offer supplemental benefit coverage to state employees as
6 provided under existing agency plans.

7 (i)(f) The benefits of the insurance authorized by
8 this section shall not be in lieu of any benefits payable
9 under chapter 440, the Workers' Compensation Law. The
10 insurance authorized by this law shall not be deemed to
11 constitute insurance to secure workers' compensation benefits
12 as required by chapter 440.

13 (4) PAYMENT OF PREMIUMS; CONTRIBUTION BY STATE;
14 LIMITATION ON ACTIONS TO PAY AND COLLECT PREMIUMS.--

15 (a) Except as provided in paragraph (e) with respect
16 to law enforcement, correctional, and correctional probation
17 officers, legislative authorization through the appropriations
18 act is required for payment by a state agency of any part of
19 the premium cost of participation in any group insurance plan.
20 However, the state contribution for full-time employees or
21 part-time permanent employees shall continue in the respective
22 proportions for up to 6 months for any such officer or
23 employee who has been granted an approved parental or medical
24 leave of absence without pay.

25 (b) If a state officer or full-time state employee
26 selects membership in a health maintenance organization as
27 authorized by paragraph (3)(h)(e), the officer or employee is
28 entitled to a state contribution toward individual and
29 dependent membership as provided by the Legislature through
30 the appropriations act.

31

1 (c) During each policy or budget year, no state agency
2 shall contribute a greater percentage of the premium cost for
3 its officers or employees for any type of coverage under the
4 state group insurance program than any other agency, nor shall
5 any greater percentage contribution of premium cost be made
6 for employees in one state collective bargaining unit than for
7 those in any other state collective bargaining unit.

8 (d) The state contribution for a part-time permanent
9 state employee who elects to participate in the program shall
10 be prorated so that the percentage of the cost contributed for
11 the part-time permanent employee bears that relation to the
12 percentage of cost contributed for a similar full-time
13 employee that the part-time employee's normal workday bears to
14 a full-time employee's normal workday.

15 (e) No state contribution for the cost of any part of
16 the premium shall be made for retirees or surviving spouses
17 for any type of coverage under the state group insurance
18 program. However, any state agency that employs a full-time
19 law enforcement officer, correctional officer, or correctional
20 probation officer who is killed in the line of duty on or
21 after July 1, 1980, as a result of an act of violence
22 inflicted by another person while the officer is engaged in
23 the performance of law enforcement duties or as a result of an
24 assault against the officer under riot conditions shall pay
25 the entire premium of the state group health insurance plan
26 for the employee's surviving spouse until remarried, and for
27 each dependent child of the employee until the child reaches
28 the age of majority or until the end of the calendar year in
29 which the child reaches the age of 25 if:

30 1. At the time of the employee's death, the child is
31 dependent upon the employee for support; and

558-126C-97

1 2. The surviving child continues to be a dependent for
2 support, or the surviving child is a full-time or part-time
3 student and is dependent for support.

4 (f) Pursuant to the request of each state officer,
5 full-time or part-time state employee, or retiree
6 participating in the state group insurance program, and upon
7 certification of the employing agency approved by the
8 Secretary of Management Services, the Comptroller shall deduct
9 from the salary or retirement warrant payable to each
10 participant the amount so certified and shall handle such
11 deductions in accordance with rules established by the
12 department.

13 (g) No administrative or civil proceeding shall be
14 commenced to collect an underpayment or refund an overpayment
15 of premiums collected pursuant to this subsection unless such
16 claim is filed with the Division of State Employees' Insurance
17 within 2 years after the alleged underpayment or overpayment
18 was made. For purposes of this paragraph, a payroll
19 deduction, salary reduction, or contribution by an agency is
20 deemed to be made on the date the salary warrant is issued.

21 (5) DIVISION OF STATE GROUP INSURANCE DEPARTMENT-OF
22 MANAGEMENT-SERVICES; POWERS AND DUTIES.--The division
23 Department-of-Management-Services is responsible for the
24 administration of the state group insurance program. The
25 division department shall initiate and supervise the program
26 as established by this section and shall adopt such rules as
27 are necessary to perform its responsibilities. To implement
28 this program, the division department shall, with prior
29 approval by the Legislature and; -for-state-employee-health
30 insurance; -by-the-Agency-for-Health-Care-Administration:

31

1 (a) Determine the benefits to be provided and the
2 contributions to be required for the state group insurance
3 program. Such determinations, whether for a contracted plan or
4 a self-insurance plan pursuant to paragraph (c), do not
5 constitute rules within the meaning of s. 120.52 or final
6 orders within the meaning of s. 120.52. Any physician's fee
7 schedule used in the health and accident plan shall not be
8 available for inspection or copying by medical providers or
9 other persons not involved in the administration of the
10 program. However, in the determination of the design of the
11 program, the division ~~department-or-the-Agency-for-Health-Care~~
12 ~~Administration~~ shall consider existing and complementary
13 benefits provided by the Florida Retirement System and the
14 Social Security System.

15 (b) Prepare, in cooperation with the Department of
16 Insurance and ~~the-Agency-for-Health-Care-Administration~~, the
17 specifications necessary to implement the program.

18 (c) Contract on a competitive proposal basis with an
19 insurance carrier or carriers, or professional administrator,
20 determined by the Department of Insurance to be fully
21 qualified, financially sound, and capable of meeting all
22 servicing requirements. Alternatively, the division
23 ~~Department-of-Management-Services~~ may self-insure any plan or
24 plans contained in the state group insurance program subject
25 to approval based on actuarial soundness by the Department of
26 Insurance. The division department may contract with an
27 insurance company or professional administrator qualified and
28 approved by the Department of Insurance to administer such
29 plan. Before entering into any contract, the division
30 ~~Department-of-Management-Services-or;-for-state-employee~~
31 ~~health-insurance;-the-Agency-for-Health-Care-Administration~~

1 shall advertise for competitive proposals, and such contract
2 shall be let upon the consideration of the benefits provided
3 in relationship to the cost of such benefits. In determining
4 which entity to contract with, the division shall, at a
5 minimum, consider: the quality of the product; the entity's
6 previous experience and expertise in administering group
7 insurance programs; the timely performance of the vendor, the
8 entity's anticipated administrative costs and claims
9 experience; the entity's ability to adequately provide service
10 coverage and administrative support services, as determined by
11 the division; the entity's accessibility to state employees
12 and providers; the financial solvency of the entity, and
13 additional benefits provided to state employees and providers
14 by the entity. The division department; ~~subject to the review~~
15 ~~and approval of the Agency for Health Care Administration;~~ may
16 contract for medical services which will improve the health or
17 reduce medical costs for employees who participate in the
18 state group insurance plan.

19 (d) With respect to the state group health insurance
20 plan, be authorized; ~~subject to the review and approval of the~~
21 ~~Agency for Health Care Administration;~~ to require copayments
22 with respect to all providers under the plan.

23 (e) Have authority to establish; ~~subject to the review~~
24 ~~and approval of the Agency for Health Care Administration;~~ a
25 voluntary program for comprehensive health maintenance, which
26 may include health educational components and health
27 appraisals.

28
29 Final decisions concerning the existence of coverage or
30 benefits under the state group health insurance plan shall not
31 be delegated or deemed to have been delegated by the division

1 ~~department;--except-that-such-decisions-shall-be-subject-to-the~~
2 ~~review-and-approval-of-the-Agency-for-Health-Care~~
3 ~~Administration.~~

4 (6) DEPOSIT OF PREMIUMS AND REFUNDS.--Premium dollars
5 collected and not required to pay the costs of the program,
6 prior to being paid to the carrier insurance company, shall be
7 invested, and the earnings from such investment shall be
8 deposited in a trust fund to be designated in the State
9 Treasury and utilized for increased benefits or reduced
10 premiums for the participants or may be used to pay for the
11 administration of the state group insurance program. Any
12 refunds paid the state by the insurance carrier from premium
13 dollar reserves held by the carrier and earned on such refunds
14 shall be deposited in the trust fund and used for such
15 purposes.

16 (7) CONTINUATION OF AGENCY INSURANCE PLANS.--Nothing
17 contained in this section shall require the discontinuation of
18 any insurance plan provided by any state agency; however, no
19 state or agency funds shall be contributed toward the cost of
20 any part of the premium of such agency plans. Such agency
21 plans shall not be deemed to be included in the state group
22 insurance program

23 (8) COVERAGE FOR LEGISLATIVE MEMBERS AND
24 EMPLOYEES.--The Legislature may provide coverage for its
25 members and employees under all or any part of the state group
26 insurance program; may provide coverage for its members and
27 employees under a legislative group insurance program in lieu
28 of all or any part of the state group insurance program; and,
29 notwithstanding the provisions of paragraph (4)(c), may assume
30 the cost of any group insurance coverage provided to its
31 members and employees.

1 (9) PUBLIC RECORDS LAW; EXEMPTION.--Patient medical
2 records and medical claims records of state employees, former
3 employees, and eligible dependents in the custody or control
4 of the state group insurance program are confidential and
5 exempt from the provisions of s. 119.07(1). Such records
6 shall not be furnished to any person other than the employee
7 or the employee's legal representative, except upon written
8 authorization of the employee, but may be furnished in any
9 civil or criminal action, unless otherwise prohibited by law,
10 upon the issuance of a subpoena from a court of competent
11 jurisdiction and proper notice to the employee or the
12 employee's legal representative by the party seeking such
13 records.

14 (10) STATEMENTS OF PURPOSE AND INTENT AND OTHER
15 PROVISIONS REQUIRED FOR QUALIFICATION UNDER THE INTERNAL
16 REVENUE CODE OF THE UNITED STATES.--Any other provisions in
17 this chapter to the contrary notwithstanding:

18 (a) Any provision in this chapter relating to a state
19 group insurance program shall be construed and administered to
20 qualify such program to be a qualified and nondiscriminatory
21 employee benefit plan under existing or hereafter-enacted
22 provisions of the Internal Revenue Code of the United States.

23 (b) The division department may adopt any rule
24 necessary to accomplish the purposes of this subsection not
25 inconsistent with this chapter.

26 (c) This subsection is declaratory of the legislative
27 intent upon the original enactment of this section and is
28 deemed to have been in effect since that date.

29 (11) STATE EMPLOYEE HEALTH BENEFIT COUNCIL.--

30 (a) The State Employee Health Benefit Council is
31 created within the division for the purpose of providing joint

558-126C-97

1 and coordinated oversight of the operation and administration
2 of the state group insurance program. The group shall be
3 comprised of seven members, including representatives of
4 providers and consumers, who shall be appointed by the
5 Governor and confirmed by the Senate. Members shall be
6 appointed for 6-year terms, however, of the initial members of
7 the council, two shall be appointed for terms of 2 years, two
8 shall be appointed for terms of 4 years, and three shall be
9 appointed for terms of 6 years. Each member shall serve until
10 a successor is appointed and confirmed and a member may be
11 appointed to succeed himself or herself. Any vacancy shall be
12 filled by appointment by the Governor for the unexpired period
13 of the term. No person who holds an elective public office of
14 the state or any political subdivision of the state or holds
15 any office in, or serves as an agent for, a political party
16 shall serve as a member of the council. The Governor may
17 suspend a member only for cause. The council shall elect a
18 chair and such other officers as the council deems necessary.
19 The council shall meet at least twice each year and shall meet
20 prior to the division contracting with an administrator of the
21 state group health insurance plan. The division shall furnish
22 administrative and secretarial assistance to the council and
23 shall provide a place for the council to hold meetings.
24 Members of the council shall receive no compensation but shall
25 be reimbursed by the division for per diem and travel expenses
26 pursuant to s. 112.061 when engaged in performing duties of
27 the council.

28 (b) Responsibilities of the council include, but are
29 not limited to:

30 1. Providing accountability measures.
31

1 2. Reviewing procedures and criteria for contract
 2 selection prior to any contract solicitation.

3 3. Reviewing benefit packages.

4 4. Reviewing external audit reports, service
 5 organization reports, compliance reviews, or other
 6 contractually required management reports relating to
 7 third-party administrator activities to determine potential
 8 areas which may require division action.

9 5. Reviewing third-party administrator management
 10 reports leading to conclusions regarding report completion,
 11 accuracy, validity, and reasonableness.

12 6. Reviewing third-party administrator overpayment and
 13 refund collection activities to provide assurance that health
 14 plan assets are safeguarded.

15 7. Reviewing utilization of detailed
 16 provider/subscriber surveys designed to detect potential
 17 problem areas with the state group insurance program.

18 Section 2. This act shall take effect October 1, 1997.

19 *****

20 HOUSE SUMMARY

21
 22 Creates the Division of State Group Insurance in the
 23 Department of Management Services and requires the
 24 division, independent of the department and the Agency
 25 for Health Care Administration, to administer the state
 26 group insurance program. Creates the State Employee
 27 Health Benefit Council within the division to provide
 28 oversight of the operation and administration of the
 29 state group insurance program and specifies
 30 responsibilities. See bill for details.
 31

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31

This publication was produced at an average cost of 1.12 cents per single page in compliance with the Rules and for the information of members of the Legislature and the public.

By the Committees on Banking and Insurance, Governmental Reform and Oversight and Senators Thomas, Childers, Forman and Williams

311-1575-97

A bill to be entitled

An act relating to state group insurance; amending s. 20.22, F.S.; renaming the Division of State Employees' Insurance within the Department of Insurance as the Division of State Group Insurance; creating the Florida State Group Health Insurance Council within the department; providing its membership; providing its powers and duties; providing for meetings; providing travel and per diem; amending s. 20.42, F.S.; eliminating duties of the Division of State Health Purchasing of the Agency for Health Care Administration with respect to state employee health insurance; amending s. 110.123, F.S.; defining the term "division"; creating the Division of State Group Insurance within the Department of Management Services and requiring that department to provide administrative support and service to the division; excluding the division from control, supervision, or direction by the department; providing for a director of the division; providing requirements; providing for administration of the state group insurance program by the division; providing criteria for division contracts with insuring entities; requiring notice by certain health care providers; authorizing the division to adopt rules; amending s. 110.12315, F.S.; assigning the Division of State Group Insurance duties relating to the prescription drug program;

1 amending s. 110.1232, F.S.; assigning the
2 Division of State Group Insurance duties
3 relating to health insurance coverage for
4 persons retired under state-administered
5 retirement before a specified date; amending s.
6 110.1234, F.S.; assigning the Division of State
7 Group Insurance duties relating to health
8 insurance for retirees under the Florida
9 Retirement System or Medicare Supplement;
10 amending s. 110.161, F.S.; assigning the
11 Division of State Group Insurance duties
12 relating to the pretax benefits program;
13 providing an effective date.
14

15 Be It Enacted by the Legislature of the State of Florida:
16

17 Section 1. Paragraph (j) of subsection (2) of section
18 20.22, Florida Statutes, is amended and subsection (5) is
19 added to read:

20 20.22 Department of Management Services.--There is
21 created a Department of Management Services.

22 (2) The following divisions and bureaus within the
23 Department of Management Services are established:

- 24 (a) Division of Administration.
25 (b) Division of Building Construction.
26 (c) Division of Communications.
27 (d) Division of Facilities Management.
28 (e) Division of Information Services.
29 (f) Division of Motor Pool.
30 1. Bureau of Aircraft.
31 2. Bureau of Motor Vehicles.

1 (g) Division of Personnel Management Services.

2 1. Office of Labor Relations.

3 (h) Division of Purchasing.

4 1. Bureau of Federal Property Assistance.

5 (i) Division of Retirement.

6 (j) Division of State Group Employees⁴ Insurance.

7 (k) Division of Administrative Hearings.

8 (l) Division of Capitol Police.

9 (5)(a) The Florida State Group Health Insurance

10 Council is created within the Department of Management
11 Services, consisting of nine members. The council shall
12 consist of a representative of the Governor's Office,
13 appointed by the Governor; a member of the Senate, appointed
14 by the President of the Senate; a member of the House of
15 Representatives, appointed by the Speaker of the House of
16 Representatives; the Director of the Agency for Health Care
17 Administration; the Secretary of the Department of Management
18 Services; the Insurance Commissioner; and three
19 representatives of employees and retirees, appointed by the
20 Governor. Members of the council appointed by the Governor
21 shall be appointed to serve terms of 4 years each.

22 (b) Of the three members representing employees, one
23 member must be appointed in such a manner as to represent
24 state-employee bargaining units, one member must be a
25 full-time career service employee, and one member must be a
26 retired employee. Each member must be a resident of the state.

27 (c) The council is assigned to the Office of the
28 Secretary of the Department of Management Services for
29 administrative and fiscal accountability purposes, but it
30 shall otherwise function independently of the control and
31 direction of the department.

1 (d) The council shall have the primary functions to:

2 1. Provide accountability measures and review the
3 implementation of performance-based program budgeting measures
4 under which the Division of State Group Insurance operates.

5 2. Review procedures and criteria for contract
6 selection before any contract solicitation.

7 3. Review benefit packages.

8 4. Review external audit reports, service organization
9 reports, compliance reviews, or other contractually required
10 management reports relating to third-party administrator
11 activities to determine areas that potentially may require
12 division action.

13 5. Review third-party administrator management reports
14 leading to conclusions regarding report completion, accuracy,
15 validity, and reasonableness.

16 6. Review third-party administrator overpayment and
17 refund collection activities to provide assurance that health
18 plan assets are safeguarded.

19 7. Review use of detailed provider/subscriber surveys
20 designed to detect potential problem areas with the state
21 group insurance program.

22 (e) The council or a member thereof may not enter into
23 the day-to-day operation of the division and is specifically
24 prohibited from taking part in:

25 1. The awarding of contracts.

26 2. The selection of a consultant or contractor or the
27 prequalification of any individual consultant or contractor.
28 However, the council may recommend to the director standards
29 and policies governing the procedure for selection and
30 prequalification of consultants and contractors.

1 3. The employment, promotion, demotion, suspension,
2 transfer, or discharge of any division personnel.

3 4. The granting, denial, suspension, or revocation of
4 any license or permit issued by the division.

5 (f)1. The chair of the council shall be selected by
6 the council members for a 1-year term.

7 2. The council shall hold a minimum of four regular
8 meetings annually, and other meetings may be called by the
9 chair upon giving at least 1 week's notice to all members and
10 the public pursuant to chapter 120. Other meetings may also be
11 held upon the written request of at least four other members
12 of the council, with at least 1 week's notice of such meeting
13 being given to all members and the public by the chair
14 pursuant to chapter 120. Emergency meetings may be held
15 without notice upon the request of all members of the council.

16 3. A majority of the membership of the council
17 constitutes a quorum at any meeting of the council. An action
18 of the council is not considered adopted unless the action is
19 taken pursuant to the affirmative vote of a majority of the
20 members present, but not fewer than four members of the
21 council at a meeting held pursuant to subparagraph 2., and the
22 vote is recorded in the minutes of that meeting.

23 4. The chair shall cause to be made a complete record
24 of the proceedings of the council, which record shall be open
25 for public inspection.

26 (g) The meetings of the council shall be held in the
27 central office of the department in Tallahassee unless the
28 chair determines that special circumstances warrant meeting at
29 another location.

30 (h) Members of the council are entitled to per diem
31 and travel expenses pursuant to s. 112.061.

1 Section 2. Paragraph (c) of subsection (2) of section
2 20.42, Florida Statutes, 1996 Supplement, is amended to read:

3 20.42 Agency for Health Care Administration.--There is
4 created the Agency for Health Care Administration within the
5 Department of Business and Professional Regulation. The agency
6 shall be a separate budget entity, and the director of the
7 agency shall be the agency head for all purposes. The agency
8 shall not be subject to control, supervision, or direction by
9 the Department of Business and Professional Regulation in any
10 manner, including, but not limited to, personnel, purchasing,
11 transactions involving real or personal property, and
12 budgetary matters.

13 (2) ORGANIZATION OF THE AGENCY.--The agency shall be
14 organized as follows:

15 (c) The Division of State Health Purchasing, which
16 shall be responsible for the Medicaid program and the state
17 ~~employee health insurance program functions related to the~~
18 ~~procurement of the administrator of the state employee health~~
19 ~~insurance plan, the development of the plan's benefit design,~~
20 ~~the establishment of the plan's cost sharing and cost~~
21 ~~containment requirements, the creation and maintenance of~~
22 ~~administrative cost controls, the collection and analysis of~~
23 ~~data, and the monitoring and evaluation of the administrator~~
24 ~~and provider network performance.~~ The division shall also
25 administer the contracts with the Florida Health Access
26 Corporation program and the Florida Health Care Purchasing
27 Cooperative and the Florida Healthy Kids Corporation.

28 Section 3. Section 110.123, Florida Statutes, 1996
29 Supplement, is amended to read:

30 110.123 State group insurance program.--
31

1 (1) TITLE.--This section may be cited as the "State
2 Group Insurance Program Law."

3 (2) DEFINITIONS.--As used in this section, the term:

4 (a) "Department" means the Department of Management
5 Services.

6 (b) "Division" means the Division of State Group
7 Insurance in the department.

8 (c)(b) "Enrollee" means all state officers and
9 employees, retired state officers and employees, and surviving
10 spouses of deceased state officers and employees enrolled in
11 an insurance plan offered by the state group insurance
12 program.

13 (d)(e) "Full-time state employees" includes all
14 full-time employees of all branches or agencies of state
15 government holding salaried positions and paid by state
16 warrant or from agency funds, and employees paid from regular
17 salary appropriations for 8 months' employment, including
18 university personnel on academic contracts, but in no case
19 shall "state employee" or "salaried position" include persons
20 paid from other-personal-services (OPS) funds.

21 (e)(d) "Health maintenance organization" or "HMO"
22 means an entity certified under part I of chapter 641.

23 (f)(e) "Part-time state employee" means any employee
24 of any branch or agency of state government paid by state
25 warrant from salary appropriations or from agency funds, and
26 who is employed for less than the normal full-time workweek
27 established by the department or, if on academic contract or
28 seasonal or other type of employment which is less than
29 year-round, is employed for less than 8 months during any
30 12-month period, but in no case shall "part-time" employee
31

1 include a person paid from other-personal-services (OPS)
2 funds.

3 ~~(g)~~ "Retired state officer or employee" or
4 "retiree" means any state officer or state employee who
5 retires under a state retirement system or a state optional
6 annuity or retirement program or is placed on disability
7 retirement, and who was insured under the state group
8 insurance program at the time of retirement, and who begins
9 receiving retirement benefits immediately after retirement
10 from state office or employment.

11 ~~(h)~~ "State agency" or "agency" means any branch,
12 department, or agency of state government.

13 ~~(i)~~ "State group health insurance plan" means the
14 state self-insured health insurance plan offered to state
15 officers and employees, retired state officers and employees,
16 and surviving spouses of deceased state officers and employees
17 pursuant to this section.

18 ~~(j)~~ "State group insurance program" or "programs"
19 means the package of insurance plans offered to state officers
20 and employees, retired state officers and employees, and
21 surviving spouses of deceased state officers and employees
22 pursuant to this section, including the state group health
23 insurance plan, health maintenance organization plans, and
24 other plans required or authorized by this section.

25 ~~(k)~~ "State officer" means any constitutional state
26 officer, any elected state officer paid by state warrant, or
27 any appointed state officer who is commissioned by the
28 Governor and who is paid by state warrant.

29 ~~(l)~~ "Surviving spouse" means the widow or widower
30 of a deceased state officer, full-time state employee,
31 part-time state employee, or retiree if such widow or widower

1 was covered as a dependent under the state group health
2 insurance plan or a health maintenance organization plan
3 established pursuant to this section at the time of the death
4 of the deceased officer, employee, or retiree. "Surviving
5 spouse" also means any widow or widower who is receiving or
6 eligible to receive a monthly state warrant from a state
7 retirement system as the beneficiary of a state officer,
8 full-time state employee, or retiree who died prior to July 1,
9 1979. For the purposes of this section, any such widow or
10 widower shall cease to be a surviving spouse upon his or her
11 remarriage.

12 (3) STATE GROUP INSURANCE PROGRAM.--

13 (a) The Division of State Group Insurance is created
14 within the Department of Management Services, to be headed by
15 a director who shall be appointed by the Governor and
16 confirmed by the Senate. The division shall be a separate
17 budget entity, and the director shall be its agency head for
18 all purposes. The Department of Management Services shall
19 provide administrative support and service to the division to
20 the extent requested by the director. The division shall not
21 be subject to control, supervision, or direction by the
22 Department of Management Services in any manner, including,
23 but not limited to, personnel, purchasing, transactions
24 involving real or personal property, and budgetary matters,
25 except to the extent as provided in chapters 110, 216, 255,
26 282, and 287 for agencies of the executive branch.

27 (b) The director shall have training and experience in
28 the field of health care reimbursement, insurance or
29 self-insurance programs, and the administration of such
30 programs in the public or private sector.

31

1 (c)(a) It is the intent of the Legislature to offer a
2 comprehensive package of health insurance benefits for state
3 employees which are provided in a cost-efficient and prudent
4 manner, and to allow state employees the option to choose
5 benefit plans which best suit their individual needs.
6 Therefore, the state group insurance program is established
7 which may include the state group health insurance plan,
8 health maintenance organization plans, group life insurance
9 plans, group accidental death and dismemberment plans, and
10 group disability insurance plans. Furthermore, the division
11 department is additionally authorized to establish and provide
12 as part of the state group insurance program any other group
13 insurance plans which are consistent with the provisions of
14 this section.

15 (d)(b) Notwithstanding any provision in this section
16 to the contrary, it is the intent of the Legislature that the
17 division Agency-for-Health-Care-Administration shall be
18 responsible for all aspects of the purchase of health care for
19 state employees under the state group health insurance plan
20 and the health maintenance organizations plans.
21 Responsibilities shall include, but not be limited to, the
22 development of requests for proposals for state employee
23 health services, the determination of health care benefits to
24 be provided, and the negotiation of contracts for health care
25 and health care administrative services. Prior to the
26 negotiation of contracts for health care services, the
27 Legislature intends that the division Agency-for-Health-Care
28 Administration shall develop, in consultation with the
29 Department of Management Services with respect to state
30 collective bargaining issues, the health benefits and terms to
31 be included in the state group health insurance program. The

1 ~~division~~ Agency for Health Care Administration shall adopt
2 rules necessary to perform its responsibilities pursuant to
3 this section. It is the intent of the Legislature that the
4 ~~division~~ Department of Management Services shall be
5 responsible for the contract management and day-to-day
6 management of the state employee health insurance program,
7 including, but not limited to, employee enrollment, premium
8 collection, payment to health care providers, and other
9 administrative functions related to the program.

10 ~~(e)(e)~~ Except as provided for in subparagraph
11 ~~(g)(e)2.~~, the percentage of state contribution toward the cost
12 of any plan in the state group insurance program shall be
13 uniform with respect to all state employees in state
14 collective bargaining units participating in the same plan or
15 any similar plan. Nothing contained within this section
16 prohibits the development of separate benefit plans for
17 officers and employees exempt from collective bargaining or
18 the development of separate benefit plans for each collective
19 bargaining unit.

20 ~~(f)(d)~~ Participation by individuals in the program
21 shall be available to all state officers, full-time state
22 employees, and part-time state employees; and such
23 participation in the program or any plan thereof shall be
24 voluntary. Participation in the program shall also be
25 available to retired state officers and employees who elect at
26 the time of retirement to continue coverage under the program,
27 but they may elect to continue all or only part of the
28 coverage they had at the time of retirement. A surviving
29 spouse may elect to continue coverage only under the state
30 group health insurance plan or a health maintenance
31 organization plan.

1 ~~(q)(e)~~1. A person eligible to participate in the state
2 group health insurance plan may be authorized by rules
3 ~~approved by the Agency for Health Care Administration and~~
4 adopted by the division department, in lieu of participating
5 in the state group health insurance plan, to exercise an
6 option to elect membership in a health maintenance
7 organization plan which is under contract with the state in
8 accordance with criteria established by this section and by
9 said rules. The offer of optional membership in a health
10 maintenance organization plan permitted by this paragraph may
11 be limited or conditioned by rule as may be necessary to meet
12 the requirements of state and federal laws.

13 2. ~~Subject to the approval of and supervision by the~~
14 ~~Agency for Health Care Administration,~~ The division department
15 shall contract with health maintenance organizations to
16 participate in the state group insurance program through a
17 request for proposal based upon a premium and a minimum
18 benefit package as follows:

19 a. A minimum benefit package to be provided by a
20 participating HMO shall include: physician services; inpatient
21 and outpatient hospital services; emergency medical services,
22 including out-of-area emergency coverage; diagnostic
23 laboratory and diagnostic and therapeutic radiologic services;
24 mental health, alcohol, and chemical dependency treatment
25 services meeting the minimum requirements of state and federal
26 law; skilled nursing facilities and services; prescription
27 drugs; and other benefits as may be required by the division
28 department. Additional services may be provided subject to
29 the contract between the division department and the HMO.

30 b. A uniform schedule for deductibles and copayments
31 may be established for all participating HMOs.

1 c. Based upon the minimum benefit package and
2 copayments and deductibles contained in sub-subparagraphs a.
3 and b., the division Agency-for-Health-Care-Administration
4 shall issue a request for proposal for all HMOs which are
5 interested in participating in the state group insurance
6 program. Upon receipt of all proposals, the division Agency
7 ~~for-Health-Care-Administration~~ may, as it deems appropriate,
8 enter into contract negotiations with HMOs submitting bids. As
9 part of the request for proposal process, the division Agency
10 ~~for-Health-Care-Administration~~ may require detailed financial
11 data from each HMO which participates in the bidding process
12 for the purpose of determining the financial stability of the
13 HMO.

14 d. In determining which HMOs to contract with, the
15 division Agency-for-Health-Care-Administration shall, at a
16 minimum, consider: each proposed contractor's previous
17 experience and expertise in providing prepaid health benefits;
18 each proposed contractor's historical experience in enrolling
19 and providing health care services to participants in the
20 state group insurance program; the cost of the premiums; the
21 plan's ability to adequately provide service coverage and
22 administrative support services as determined by the division
23 ~~Agency-for-Health-Care-Administration~~; plan benefits in
24 addition to the minimum benefit package; accessibility to
25 providers; and the financial solvency of the plan. Nothing
26 shall preclude the division Agency-for-Health-Care
27 ~~Administration~~ from negotiating regional or statewide
28 contracts with health maintenance organization plans when this
29 is cost-effective and when the division Agency-for-Health-Care
30 ~~Administration~~ determines the plan has the best overall
31 benefit package for the service areas involved. However, no

1 HMO shall be eligible for a contract if the HMO's retiree
2 Medicare premium exceeds the retiree rate as set by the
3 division department for the state group health insurance plan.

4 e. The division department, ~~subject to the review and~~
5 ~~approval of the Agency for Health Care Administration,~~ may
6 limit the number of HMOs that it contracts with in each
7 service area based on the nature of the bids the division
8 ~~Agency for Health Care Administration~~ receives, the number of
9 state employees in the service area, and any unique
10 geographical characteristics of the service area. The division
11 ~~department, subject to the review and approval of the Agency~~
12 ~~for Health Care Administration,~~ shall establish by rule
13 service areas throughout the state.

14 f. All persons participating in the state group
15 insurance program who are required to contribute towards a
16 total state group health premium shall be subject to the same
17 dollar contribution regardless of whether the enrollee enrolls
18 in the state group health insurance plan or in an HMO plan.

19 3. The division ~~Agency for Health Care Administration~~
20 is authorized to negotiate and ~~the department is authorized to~~
21 contract with specialty psychiatric hospitals for mental
22 health benefits, on a regional basis, for alcohol, drug abuse,
23 and mental and nervous disorders. The division department may
24 establish, subject to the approval of ~~the Agency for Health~~
25 ~~Care Administration and~~ the Legislature pursuant to subsection
26 (5), any such regional plan upon completion of an actuarial
27 study to determine any impact on plan benefits and premiums.

28 4. In addition to contracting pursuant to subparagraph
29 2., the division department shall enter into contract with any
30 HMO to participate in the state group insurance program which:
31

1 a. Serves greater than 5,000 recipients on a prepaid
2 basis under the Medicaid program;

3 b. Does not currently meet the 25 percent
4 non-Medicare/non-Medicaid enrollment composition requirement
5 established by the Department of Health and Human Services
6 excluding participants enrolled in the state group insurance
7 program;

8 c. Meets the minimum benefit package and copayments
9 and deductibles contained in sub-subparagraphs 2.a. and b.;

10 d. Is willing to participate in the state group
11 insurance program at a cost of premiums that is not greater
12 than 95 percent of the cost of HMO premiums accepted by the
13 division department in each service area; and

14 e. Meets the minimum surplus requirements of s.
15 641.225.

16
17 The division department is authorized to contract with HMOs
18 that meet the requirements of sub-subparagraphs a. through d.
19 prior to the open enrollment period for state employees. The
20 division department is not required to renew the contract with
21 the HMOs as set forth in this paragraph more than twice.
22 Thereafter, the HMOs shall be eligible to participate in the
23 state group insurance program only through the request for
24 proposal process described in subparagraph 2.

25 5. All enrollees in the state group health insurance
26 plan or any health maintenance organization plan shall have
27 the option of changing to any other health plan which is
28 offered by the state within any open enrollment period
29 designated by the division department. Open enrollment shall
30 be held at least once each calendar year.

31

1 6. Any HMO participating in the state group insurance
2 program shall, upon the request of the division Agency-for
3 ~~Health-Care-Administration~~, submit to the division Agency-for
4 ~~Health-Care-Administration~~ standardized data for the purpose
5 of comparison of the appropriateness, quality, and efficiency
6 of care provided by the HMO. Such standardized data shall
7 include: membership profiles; inpatient and outpatient
8 utilization by age and sex, type of service, provider type,
9 and facility; and emergency care experience. Requirements and
10 timetables for submission of such standardized data and such
11 other data as the division Agency-for-Health-Care
12 Administration deems necessary to evaluate the performance of
13 participating HMOs shall be adopted promulgated by rule.

14 7. The division department shall, after consultation
15 with ~~the Agency-for-Health-Care-Administration-and~~
16 representatives from each of the unions representing state and
17 university employees, establish a comprehensive package of
18 insurance benefits including, but not limited to, supplemental
19 health and life coverage, dental care, and vision care to
20 allow state employees the option to choose the benefit plans
21 which best suit their individual needs.

22 a. Based upon a desired benefit package, the division
23 ~~Agency-for-Health-Care-Administration~~ shall issue a request
24 for proposal for health insurance providers interested in
25 participating in the state group insurance program, and the
26 department shall issue a request for proposal for insurance
27 providers interested in participating in the
28 non-health-related components of the state group insurance
29 program. Upon receipt of all proposals, the division
30 ~~department-or-the Agency-for-Health-Care-Administration~~ may
31 ~~as-either-deems-appropriate,~~ enter into contract negotiations

1 with insurance providers submitting bids or negotiate a
2 specially designed benefit package. Insurance providers
3 offering or providing supplemental coverage as of May 30,
4 1991, which qualify for pretax benefit treatment pursuant to
5 s. 125 of the Internal Revenue Code of 1986, with 5,500 or
6 more state employees currently enrolled may be included by the
7 division department in the supplemental insurance benefit plan
8 established by the division department-or-the-Agency-for
9 Health-Care-Administration without participating in a request
10 for proposal, submitting bids, negotiating contracts, or
11 negotiating a specially designed benefit package. These
12 contracts shall provide state employees with the most
13 cost-effective and comprehensive coverage available; however,
14 no state or agency funds shall be contributed toward the cost
15 of any part of the premium of such supplemental benefit plans.

16 b. Pursuant to the applicable provisions of s.
17 110.161, and s. 125 of the Internal Revenue Code of 1986, the
18 division department shall enroll in the pretax benefit program
19 those state employees who voluntarily elect coverage in any of
20 the supplemental insurance benefit plans as provided by
21 sub-subparagraph a.

22 c. Nothing herein contained shall be construed to
23 prohibit insurance providers from continuing to provide or
24 offer supplemental benefit coverage to state employees as
25 provided under existing agency plans.

26 ~~(h)~~(f) The benefits of the insurance authorized by
27 this section shall not be in lieu of any benefits payable
28 under chapter 440, the Workers' Compensation Law. The
29 insurance authorized by this law shall not be deemed to
30 constitute insurance to secure workers' compensation benefits
31 as required by chapter 440.

1 (4) PAYMENT OF PREMIUMS; CONTRIBUTION BY STATE;
2 LIMITATION ON ACTIONS TO PAY AND COLLECT PREMIUMS.--

3 (a) Except as provided in paragraph (e) with respect
4 to law enforcement, correctional, and correctional probation
5 officers, legislative authorization through the appropriations
6 act is required for payment by a state agency of any part of
7 the premium cost of participation in any group insurance plan.
8 However, the state contribution for full-time employees or
9 part-time permanent employees shall continue in the respective
10 proportions for up to 6 months for any such officer or
11 employee who has been granted an approved parental or medical
12 leave of absence without pay.

13 (b) If a state officer or full-time state employee
14 selects membership in a health maintenance organization as
15 authorized by paragraph (3)(g)(~~e~~), the officer or employee is
16 entitled to a state contribution toward individual and
17 dependent membership as provided by the Legislature through
18 the appropriations act.

19 (c) During each policy or budget year, no state agency
20 shall contribute a greater percentage of the premium cost for
21 its officers or employees for any type of coverage under the
22 state group insurance program than any other agency, nor shall
23 any greater percentage contribution of premium cost be made
24 for employees in one state collective bargaining unit than for
25 those in any other state collective bargaining unit.

26 (d) The state contribution for a part-time permanent
27 state employee who elects to participate in the program shall
28 be prorated so that the percentage of the cost contributed for
29 the part-time permanent employee bears that relation to the
30 percentage of cost contributed for a similar full-time
31

1 employee that the part-time employee's normal workday bears to
2 a full-time employee's normal workday.

3 (e) No state contribution for the cost of any part of
4 the premium shall be made for retirees or surviving spouses
5 for any type of coverage under the state group insurance
6 program. However, any state agency that employs a full-time
7 law enforcement officer, correctional officer, or correctional
8 probation officer who is killed in the line of duty on or
9 after July 1, 1980, as a result of an act of violence
10 inflicted by another person while the officer is engaged in
11 the performance of law enforcement duties or as a result of an
12 assault against the officer under riot conditions shall pay
13 the entire premium of the state group health insurance plan
14 for the employee's surviving spouse until remarried, and for
15 each dependent child of the employee until the child reaches
16 the age of majority or until the end of the calendar year in
17 which the child reaches the age of 25 if:

18 1. At the time of the employee's death, the child is
19 dependent upon the employee for support; and

20 2. The surviving child continues to be a dependent for
21 support, or the surviving child is a full-time or part-time
22 student and is dependent for support.

23 (f) Pursuant to the request of each state officer,
24 full-time or part-time state employee, or retiree
25 participating in the state group insurance program, and upon
26 certification of the employing agency approved by the Division
27 of State Group Insurance Secretary-of-Management-Services, the
28 Comptroller shall deduct from the salary or retirement warrant
29 payable to each participant the amount so certified and shall
30 handle such deductions in accordance with rules established by
31 the division department.

1 (g) No administrative or civil proceeding shall be
2 commenced to collect an underpayment or refund an overpayment
3 of premiums collected pursuant to this subsection unless such
4 claim is filed with the Division of State Group Employees⁺
5 Insurance within 2 years after the alleged underpayment or
6 overpayment was made. For purposes of this paragraph, a
7 payroll deduction, salary reduction, or contribution by an
8 agency is deemed to be made on the date the salary warrant is
9 issued.

10 (5) DIVISION OF STATE GROUP INSURANCE DEPARTMENT OF
11 MANAGEMENT-SERVICES; POWERS AND DUTIES.--The division
12 Department of Management Services is responsible for the
13 administration of the state group insurance program. The
14 division department shall initiate and supervise the program
15 as established by this section and shall adopt such rules as
16 are necessary to perform its responsibilities. To implement
17 this program, the division department shall, with prior
18 approval by the Legislature and, ~~for state employee health~~
19 ~~insurance, by the Agency for Health Care Administration:~~

20 (a) Determine the benefits to be provided and the
21 contributions to be required for the state group insurance
22 program. Such determinations, whether for a contracted plan or
23 a self-insurance plan pursuant to paragraph (c), do not
24 constitute rules within the meaning of s. 120.52 or final
25 orders within the meaning of s. 120.52. Any physician's fee
26 schedule used in the health and accident plan shall not be
27 available for inspection or copying by medical providers or
28 other persons not involved in the administration of the
29 program. However, in the determination of the design of the
30 program, the division department ~~or the Agency for Health Care~~
31 ~~Administration~~ shall consider existing and complementary

1 benefits provided by the Florida Retirement System and the
2 Social Security System.

3 (b) Prepare, in cooperation with the Department of
4 Insurance ~~and the Agency for Health Care Administration~~, the
5 specifications necessary to implement the program.

6 (c) Contract on a competitive proposal basis with an
7 insurance carrier or carriers, or professional administrator,
8 determined by the Department of Insurance to be fully
9 qualified, financially sound, and capable of meeting all
10 servicing requirements. Alternatively, the division
11 ~~Department of Management Services~~ may self-insure any plan or
12 plans contained in the state group insurance program subject
13 to approval based on actuarial soundness by the Department of
14 Insurance. The division department may contract with an
15 insurance company or professional administrator qualified and
16 approved by the Department of Insurance to administer such
17 plan. Before entering into any contract, the division
18 ~~Department of Management Services or, for state employee~~
19 ~~health insurance, the Agency for Health Care Administration~~
20 shall advertise for competitive proposals, and such contract
21 shall be let upon the consideration of the benefits provided
22 in relationship to the cost of such benefits. In determining
23 which entity to contract with, the division shall, at a
24 minimum, consider: the entity's previous experience and
25 expertise in administering group insurance programs; the
26 entity's ability to specifically perform its contractual
27 obligations in this state and other governmental
28 jurisdictions; the entity's anticipated administrative costs
29 and claims experience; the entity's capability to adequately
30 provide service coverage and sufficient number of experienced
31 and qualified personnel in the areas of claims processing.

1 recordkeeping, and underwriting, as determined by the
2 division; the entity's accessibility to state employees and
3 providers; the financial solvency of the entity, and using
4 accepted business-sector measures of financial performance.

5 ~~The division department, subject to the review and approval of~~
6 ~~the Agency for Health Care Administration,~~ may contract for
7 medical services which will improve the health or reduce
8 medical costs for employees who participate in the state group
9 insurance plan.

10 (d) With respect to the state group health insurance
11 plan, be authorized ~~subject to the review and approval of the~~
12 ~~Agency for Health Care Administration,~~ to require copayments
13 with respect to all providers under the plan.

14 (e) Have authority to establish ~~subject to the review~~
15 ~~and approval of the Agency for Health Care Administration,~~ a
16 voluntary program for comprehensive health maintenance, which
17 may include health educational components and health
18 appraisals.

19 (f) With respect to any contract with an insurance
20 carrier or carriers or professional administrator entered into
21 by the division, require that the state and the enrollees be
22 held harmless and indemnified for any financial loss caused by
23 the failure of the insurance carrier or professional
24 administrator to comply with the terms of the contract.

25 (g) With respect to any contract with an insurance
26 carrier or carriers, or professional administrator entered
27 into by the division, require that the carrier or professional
28 administrator provide written notice to individual enrollees
29 if any payment due to any health care provider of the enrollee
30 remains unpaid beyond a period of time as specified in the
31 contract.

1
2 Final decisions concerning the existence of coverage or
3 benefits under the state group health insurance plan shall not
4 be delegated or deemed to have been delegated by the division
5 ~~department;--except-that-such-decisions-shall-be-subject-to-the~~
6 ~~review-and-approval-of-the-Agency-for-Health-Care~~
7 ~~Administration.~~

8 (6) DEPOSIT OF PREMIUMS AND REFUNDS.--Premium dollars
9 collected and not required to pay the costs of the program,
10 prior to being paid to the carrier insurance company, shall be
11 invested, and the earnings from such investment shall be
12 deposited in a trust fund to be designated in the State
13 Treasury and utilized for increased benefits or reduced
14 premiums for the participants or may be used to pay for the
15 administration of the state group insurance program. Any
16 refunds paid the state by the insurance carrier from premium
17 dollar reserves held by the carrier and earned on such refunds
18 shall be deposited in the trust fund and used for such
19 purposes.

20 (7) CONTINUATION OF AGENCY INSURANCE PLANS.--Nothing
21 contained in this section shall require the discontinuation of
22 any insurance plan provided by any state agency; however, no
23 state or agency funds shall be contributed toward the cost of
24 any part of the premium of such agency plans. Such agency
25 plans shall not be deemed to be included in the state group
26 insurance program.

27 (8) COVERAGE FOR LEGISLATIVE MEMBERS AND
28 EMPLOYEES.--The Legislature may provide coverage for its
29 members and employees under all or any part of the state group
30 insurance program; may provide coverage for its members and
31 employees under a legislative group insurance program in lieu

1 of all or any part of the state group insurance program; and,
2 notwithstanding the provisions of paragraph (4)(c), may assume
3 the cost of any group insurance coverage provided to its
4 members and employees.

5 (9) PUBLIC RECORDS LAW; EXEMPTION.--Patient medical
6 records and medical claims records of state employees, former
7 employees, and eligible dependents in the custody or control
8 of the state group insurance program are confidential and
9 exempt from the provisions of s. 119.07(1). Such records
10 shall not be furnished to any person other than the employee
11 or the employee's legal representative, except upon written
12 authorization of the employee, but may be furnished in any
13 civil or criminal action, unless otherwise prohibited by law,
14 upon the issuance of a subpoena from a court of competent
15 jurisdiction and proper notice to the employee or the
16 employee's legal representative by the party seeking such
17 records.

18 (10) STATEMENTS OF PURPOSE AND INTENT AND OTHER
19 PROVISIONS REQUIRED FOR QUALIFICATION UNDER THE INTERNAL
20 REVENUE CODE OF THE UNITED STATES.--Any other provisions in
21 this chapter to the contrary notwithstanding:

22 (a) Any provision in this chapter relating to a state
23 group insurance program shall be construed and administered to
24 qualify such program to be a qualified and nondiscriminatory
25 employee benefit plan under existing or hereafter-enacted
26 provisions of the Internal Revenue Code of the United States.

27 (b) The division department may adopt any rule
28 necessary to accomplish the purposes of this subsection not
29 inconsistent with this chapter.

30
31

1 (c) This subsection is declaratory of the legislative
2 intent upon the original enactment of this section and is
3 deemed to have been in effect since that date.

4 (11) NOTICE BY HEALTH CARE PROVIDERS.--Any health care
5 provider that has entered into a contract with a carrier or
6 professional administrator that has contracted with the
7 division to administer the self-insurance program under this
8 section shall provide written notification to the enrollee and
9 the carrier or administrator at least 10 days before assigning
10 or transferring the responsibility for collecting any payment
11 or debt related to the plan to a collection agency or to any
12 other third party.

13 Section 4. Subsections (2) and (3) of section
14 110.12315, Florida Statutes, are amended to read:

15 110.12315 Prescription drug program.--

16 (2)(a) Notwithstanding provisions of statute or agency
17 administrative rules that may have been enacted or adopted
18 prior to April 8, 1992, the Division of State Group Insurance
19 Department-of-Management-Services, in making provision for
20 reimbursement for prescription medicines dispensed to members
21 of the State Group Health Insurance Plan and their dependents,
22 shall allow prescriptions written by health care providers
23 under the plan to be filled by any licensed pharmacy pursuant
24 to contractual claims-processing provisions. Retail
25 pharmacies participating in this program shall be reimbursed
26 at a uniform rate and subject to uniform conditions, according
27 to the terms and conditions of the plan established by the
28 Division of State Group Insurance Department-of-Management
29 Services and relevant provisions of the annual General
30 Appropriations Act and implementing legislation. Nothing in
31 this section shall be construed as prohibiting a mail order

1 prescription drug program distinct from the service provided
2 by retail pharmacies.

3 (b) The reimbursement schedule developed by the
4 Division of State Group Insurance ~~Department-of-Management~~
5 ~~Services~~ for a prescription pharmaceutical shall be based on
6 the cost of the generic equivalent drug if a generic
7 equivalent exists, unless the physician prescribing the
8 pharmaceutical clearly states on the prescription that the
9 brand name drug is medically necessary or that the drug
10 product is included on the formulary of drug products that may
11 not be interchanged as provided in chapter 465. In cases in
12 which the physician indicates that a brand name drug is
13 medically necessary, reimbursement shall be based on the cost
14 of the brand name drug as specified in the reimbursement plan
15 adopted by the Division of State Group Insurance ~~Department-of~~
16 ~~Management-Services~~.

17 (c) Not later than October 1, 1992, the Department of
18 ~~Management Services~~ shall implement a prescription utilization
19 review program. All pharmacies dispensing medicines to
20 members of the State Group Health Insurance Plan and their
21 dependents shall be required to make records available for
22 this review as a condition of participation in the State Group
23 Health Insurance Plan.

24 (d) The Department of Management Services shall assure
25 the prompt implementation of this section and may reject all
26 existing contract bids, rebid a pharmaceutical contract, or
27 amend any existing pharmaceutical contract, and exercise any
28 option for terminating any contract that conflicts with these
29 provisions. The Division of State Group Insurance ~~Department~~
30 ~~of-Management-Services~~ shall incorporate additional cost
31 savings and adjustments required to balance within

1 appropriations provided, including, but not limited to, a
2 trial or starter dose program and dispensing of long-term
3 maintenance medication in lieu of acute therapy medication.
4 This section does not authorize a reduction in the existing
5 benefit configuration or allow premiums, deductions, or
6 copayments to be raised above the levels specified in the
7 1992-1993 General Appropriations Act.

8 (3) The current pharmacy dispensing fee shall remain
9 in effect. Additionally, participating pharmacies are required
10 to use a point-of-sale device or an on-line computer system to
11 verify a participant's coverage. The state is not responsible
12 or liable for payment for the prescription of a person whose
13 eligibility has not been verified by the state's contracted
14 administrator or the Division of State Group Employee
15 Insurance.

16 Section 5. Section 110.1232, Florida Statutes, is
17 amended to read:

18 110.1232 Health insurance coverage for persons retired
19 under state-administered retirement systems before January 1,
20 1976, and for spouses.--Notwithstanding any provisions of law
21 to the contrary, the Division of State Group Insurance
22 ~~Department-of-Management-Services~~ shall provide health
23 insurance coverage in the State Group Health Insurance Plan
24 for persons who retired prior to January 1, 1976, under any of
25 the state-administered retirement systems and who are not
26 covered by social security and for the spouses and surviving
27 spouses of such retirees who are also not covered by social
28 security. Such health insurance coverage shall provide the
29 same benefits as provided to other retirees who are entitled
30 to participate under s. 110.123. The claims experience of this
31

1 Contributions Act tax. There is hereby created the Pretax
2 Benefits Trust Fund in the Division of State Group Insurance
3 ~~Department-of-Management-Services~~. Each agency shall transfer
4 to the Pretax Benefits Trust Fund the employer FICA
5 contributions saved by the state as a result of the
6 implementation of the pretax benefits program authorized
7 pursuant to this section. Any moneys forfeited pursuant to
8 employees' salary reduction agreements to participate in phase
9 one or phase two of the program must also be deposited in the
10 Pretax Benefits Trust Fund. Moneys in the Pretax Benefits
11 Trust Fund shall be used for the pretax benefits program,
12 including its administration by the Department of Management
13 Services or a third-party administrator.

14 Section 8. All powers, duties, and functions of the
15 Division of State Health Purchasing in the Agency for Health
16 Care Administration relating to its duties described in
17 section 110.123, Florida Statutes, including a proportional
18 allocation of indirect costs and overhead, are transferred by
19 a type two transfer, as defined in section 20.06, Florida
20 Statutes, to the Department of Management Services and shall
21 be assigned to the Division of State Group Insurance.

22 Section 9. This act shall take effect upon becoming a
23 law.

1 STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN
2 COMMITTEE SUBSTITUTE FOR
3 CS/SB 286

4 Requires the division to hold the state and enrollees harmless
5 for financial loss in the event a contractor fails to comply
6 with the terms of the contract. Requires any carrier or
7 professional administrator contracting with the state to
8 provide written notice to an enrollee if any payment due to
9 any enrollee remains unpaid beyond a period of time as
10 specified by contract.

11 Requires any health care provider that has entered into a
12 contract with a carrier or administrator, which has contracted
13 with the division to administer the state self-insurance plan,
14 to provide 10 days written notice to the enrollee and
15 administrator or carrier before assigning or transferring the
16 responsibility for collecting any payment or debt related to
17 the plan to a collection agency or to any other third party.

18 Adds two employee representatives (one active employee and one
19 retiree) to the Florida Group Health Insurance Council.

20 Reassigns responsibilities from the Department of Management
21 Services to the division relating to the state employees'
22 prescription drug program, health insurance program for
23 retirees, and pretax benefit program. Provides numerous
24 technical and conforming changes to clarify that the division,
25 not the department, is responsible for administering the state
26 employees' insurance program.

27 Renames the Florida State Group Health Insurance Commission as
28 the Florida Group Health Insurance Council.
29
30
31

By Senators Thomas, Childers, Forman and Williams

3-510-97

A bill to be entitled

An act relating to state group insurance; amending s. 110.123, F.S.; providing a definition; creating the Division of State Group Insurance in the Department of Management Services; requiring the department to provide administrative support and service to the division; excluding the division from control, supervision, or direction by the department; providing for a director of the division; providing requirements; providing for administration of the state group insurance program by the division; providing criteria for division contracts with insuring entities; authorizing the division to adopt rules; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Section 110.123, Florida Statutes, 1996 Supplement, is amended to read:

110.123 State group insurance program.--

(1) TITLE.--This section may be cited as the "State Group Insurance Program Law."

(2) DEFINITIONS.--As used in this section, the term:

(a) "Department" means the Department of Management Services.

(b) "Division" means the Division of State Group Insurance in the department.

(c)~~(b)~~ "Enrollee" means all state officers and employees, retired state officers and employees, and surviving

3-510-97

1 spouses of deceased state officers and employees enrolled in
2 an insurance plan offered by the state group insurance
3 program.

4 ~~(d)~~(e) "Full-time state employees" includes all
5 full-time employees of all branches or agencies of state
6 government holding salaried positions and paid by state
7 warrant or from agency funds, and employees paid from regular
8 salary appropriations for 8 months' employment, including
9 university personnel on academic contracts, but in no case
10 shall "state employee" or "salaried position" include persons
11 paid from other-personal-services (OPS) funds.

12 ~~(e)~~(f) "Health maintenance organization" or "HMO"
13 means an entity certified under part I of chapter 641.

14 ~~(f)~~(g) "Part-time state employee" means any employee
15 of any branch or agency of state government paid by state
16 warrant from salary appropriations or from agency funds, and
17 who is employed for less than the normal full-time workweek
18 established by the department or, if on academic contract or
19 seasonal or other type of employment which is less than
20 year-round, is employed for less than 8 months during any
21 12-month period, but in no case shall "part-time" employee
22 include a person paid from other-personal-services (OPS)
23 funds.

24 ~~(g)~~(h) "Retired state officer or employee" or
25 "retiree" means any state officer or state employee who
26 retires under a state retirement system or a state optional
27 annuity or retirement program or is placed on disability
28 retirement, and who was insured under the state group
29 insurance program at the time of retirement, and who begins
30 receiving retirement benefits immediately after retirement
31 from state office or employment.

1 (h)+g) "State agency" or "agency" means any branch,
2 department, or agency of state government.

3 (i)+h) "State group health insurance plan" means the
4 state self-insured health insurance plan offered to state
5 officers and employees, retired state officers and employees,
6 and surviving spouses of deceased state officers and employees
7 pursuant to this section.

8 (j)+i) "State group insurance program" or "programs"
9 means the package of insurance plans offered to state officers
10 and employees, retired state officers and employees, and
11 surviving spouses of deceased state officers and employees
12 pursuant to this section, including the state group health
13 insurance plan, health maintenance organization plans, and
14 other plans required or authorized by this section.

15 (k)+j) "State officer" means any constitutional state
16 officer, any elected state officer paid by state warrant, or
17 any appointed state officer who is commissioned by the
18 Governor and who is paid by state warrant.

19 (l)+k) "Surviving spouse" means the widow or widower
20 of a deceased state officer, full-time state employee,
21 part-time state employee, or retiree if such widow or widower
22 was covered as a dependent under the state group health
23 insurance plan or a health maintenance organization plan
24 established pursuant to this section at the time of the death
25 of the deceased officer, employee, or retiree. "Surviving
26 spouse" also means any widow or widower who is receiving or
27 eligible to receive a monthly state warrant from a state
28 retirement system as the beneficiary of a state officer,
29 full-time state employee, or retiree who died prior to July 1,
30 1979. For the purposes of this section, any such widow or
31

3-510-97

1 widower shall cease to be a surviving spouse upon his or her
2 remarriage.

3 (3) STATE GROUP INSURANCE PROGRAM.--

4 (a) The Division of State Group Insurance is created
5 within the Department of Management Services, to be headed by
6 a director who shall be appointed by the Governor and
7 confirmed by the Senate. The division shall be a separate
8 budget entity, and the director shall be its agency head for
9 all purposes. The Department of Management Services shall
10 provide administrative support and service to the division to
11 the extent requested by the director. The division shall not
12 be subject to control, supervision, or direction by the
13 Department of Management Services in any manner, including,
14 but not limited to, personnel, purchasing, transactions
15 involving real or personal property, and budgetary matters,
16 except to the extent as provided in chapters 110, 216, 255,
17 282, and 287 for agencies of the executive branch.

18 (b) The director shall be a person qualified by
19 training and experience to understand the problems and needs
20 of state employees in the area of health care coverage and
21 insurance issues. The director shall have training and
22 experience in the field of health care reimbursement,
23 insurance or self-insurance programs, and the administration
24 of programs in the public or private sector.

25 ~~(c)(a)~~ It is the intent of the Legislature to offer a
26 comprehensive package of health insurance benefits for state
27 employees which are provided in a cost-efficient and prudent
28 manner, and to allow state employees the option to choose
29 benefit plans which best suit their individual needs.
30 Therefore, the state group insurance program is established
31 which may include the state group health insurance plan,

1 health maintenance organization plans, group life insurance
2 plans, group accidental death and dismemberment plans, and
3 group disability insurance plans. Furthermore, the division
4 ~~department~~ is additionally authorized to establish and provide
5 as part of the state group insurance program any other group
6 insurance plans which are consistent with the provisions of
7 this section.

8 ~~(d)(b)~~ Notwithstanding any provision in this section
9 to the contrary, it is the intent of the Legislature that the
10 ~~division Agency-for-Health-Care-Administration~~ shall be
11 responsible for all aspects of the purchase of health care for
12 state employees under the state group health insurance plan
13 and the health maintenance organizations plans.
14 Responsibilities shall include, but not be limited to, the
15 development of requests for proposals for state employee
16 health services, the determination of health care benefits to
17 be provided, and the negotiation of contracts for health care
18 and health care administrative services. Prior to the
19 negotiation of contracts for health care services, the
20 Legislature intends that the division Agency-for-Health-Care
21 ~~Administration~~ shall develop, in consultation with the
22 Department of Management Services with respect to state
23 collective bargaining issues, the health benefits and terms to
24 be included in the state group health insurance program. The
25 ~~division Agency-for-Health-Care-Administration~~ shall adopt
26 rules necessary to perform its responsibilities pursuant to
27 this section. It is the intent of the Legislature that the
28 ~~division Department-of-Management-Services~~ shall be
29 responsible for the contract management and day-to-day
30 management of the state employee health insurance program,
31 including, but not limited to, employee enrollment, premium

1 collection, payment to health care providers, and other
2 administrative functions related to the program.

3 ~~(e)~~ Except as provided for in subparagraph
4 ~~(g)~~2., the percentage of state contribution toward the cost
5 of any plan in the state group insurance program shall be
6 uniform with respect to all state employees in state
7 collective bargaining units participating in the same plan or
8 any similar plan. Nothing contained within this section
9 prohibits the development of separate benefit plans for
10 officers and employees exempt from collective bargaining or
11 the development of separate benefit plans for each collective
12 bargaining unit.

13 ~~(f)~~ Participation by individuals in the program
14 shall be available to all state officers, full-time state
15 employees, and part-time state employees; and such
16 participation in the program or any plan thereof shall be
17 voluntary. Participation in the program shall also be
18 available to retired state officers and employees who elect at
19 the time of retirement to continue coverage under the program,
20 but they may elect to continue all or only part of the
21 coverage they had at the time of retirement. A surviving
22 spouse may elect to continue coverage only under the state
23 group health insurance plan or a health maintenance
24 organization plan.

25 ~~(q)~~1. A person eligible to participate in the state
26 group health insurance plan may be authorized by rules
27 ~~approved by the Agency for Health Care Administration and~~
28 adopted by the division department, in lieu of participating
29 in the state group health insurance plan, to exercise an
30 option to elect membership in a health maintenance
31 organization plan which is under contract with the state in

1 accordance with criteria established by this section and by
2 said rules. The offer of optional membership in a health
3 maintenance organization plan permitted by this paragraph may
4 be limited or conditioned by rule as may be necessary to meet
5 the requirements of state and federal laws.

6 ~~2. Subject to the approval of and supervision by the~~
7 ~~Agency for Health Care Administration,~~ The division department
8 shall contract with health maintenance organizations to
9 participate in the state group insurance program through a
10 request for proposal based upon a premium and a minimum
11 benefit package as follows:

12 a. A minimum benefit package to be provided by a
13 participating HMO shall include: physician services; inpatient
14 and outpatient hospital services; emergency medical services,
15 including out-of-area emergency coverage; diagnostic
16 laboratory and diagnostic and therapeutic radiologic services;
17 mental health, alcohol, and chemical dependency treatment
18 services meeting the minimum requirements of state and federal
19 law; skilled nursing facilities and services; prescription
20 drugs; and other benefits as may be required by the division
21 department. Additional services may be provided subject to
22 the contract between the division department and the HMO.

23 b. A uniform schedule for deductibles and copayments
24 may be established for all participating HMOs.

25 c. Based upon the minimum benefit package and
26 copayments and deductibles contained in sub-subparagraphs a.
27 and b., the division ~~Agency for Health Care Administration~~
28 shall issue a request for proposal for all HMOs which are
29 interested in participating in the state group insurance
30 program. Upon receipt of all proposals, the division ~~Agency~~
31 ~~for Health Care Administration~~ may, as it deems appropriate,

1 enter into contract negotiations with HMOs submitting bids. As
2 part of the request for proposal process, the division Agency
3 ~~for-Health-Care-Administration~~ may require detailed financial
4 data from each HMO which participates in the bidding process
5 for the purpose of determining the financial stability of the
6 HMO.

7 d. In determining which HMOs to contract with, the
8 division Agency~~-for-Health-Care-Administration~~ shall, at a
9 minimum, consider: each proposed contractor's previous
10 experience and expertise in providing prepaid health benefits;
11 each proposed contractor's historical experience in enrolling
12 and providing health care services to participants in the
13 state group insurance program; the cost of the premiums; the
14 plan's ability to adequately provide service coverage and
15 administrative support services as determined by the division
16 ~~Agency-for-Health-Care-Administration~~; plan benefits in
17 addition to the minimum benefit package; accessibility to
18 providers; and the financial solvency of the plan. Nothing
19 shall preclude the division Agency~~-for-Health-Care~~
20 ~~Administration~~ from negotiating regional or statewide
21 contracts with health maintenance organization plans when this
22 is cost-effective and when the division Agency~~-for-Health-Care~~
23 ~~Admini:stration~~ determines the plan has the best overall
24 benefit package for the service areas involved. However, no
25 HMO shall be eligible for a contract if the HMO's retiree
26 Medicare premium exceeds the retiree rate as set by the
27 division department for the state group health insurance plan.

28 e. The division department~~,-subject-to-the-review-and~~
29 ~~approval-of-the-Agency-for-Health-Care-Administration,~~ may
30 limit the number of HMOs that it contracts with in each
31 service area based on the nature of the bids the division

1 ~~Agency for Health Care Administration~~ receives, the number of
2 state employees in the service area, and any unique
3 geographical characteristics of the service area. The division
4 ~~department, subject to the review and approval of the Agency~~
5 ~~for Health Care Administration,~~ shall establish by rule
6 service areas throughout the state.

7 f. All persons participating in the state group
8 insurance program who are required to contribute towards a
9 total state group health premium shall be subject to the same
10 dollar contribution regardless of whether the enrollee enrolls
11 in the state group health insurance plan or in an HMO plan.

12 3. The division ~~Agency for Health Care Administration~~
13 is authorized to negotiate and ~~the department is authorized~~ to
14 contract with specialty psychiatric hospitals for mental
15 health benefits, on a regional basis, for alcohol, drug abuse,
16 and mental and nervous disorders. The division ~~department~~ may
17 establish, subject to the approval of ~~the Agency for Health~~
18 ~~Care Administration and~~ the Legislature pursuant to subsection
19 (5), any such regional plan upon completion of an actuarial
20 study to determine any impact on plan benefits and premiums.

21 4. In addition to contracting pursuant to subparagraph
22 2., the division ~~department~~ shall enter into contract with any
23 HMO to participate in the state group insurance program which:

24 a. Serves greater than 5,000 recipients on a prepaid
25 basis under the Medicaid program;

26 b. Does not currently meet the 25 percent
27 non-Medicare/non-Medicaid enrollment composition requirement
28 established by the Department of Health and Human Services
29 excluding participants enrolled in the state group insurance
30 program;

1 c. Meets the minimum benefit package and copayments
2 and deductibles contained in sub-subparagraphs 2.a. and b.;

3 d. Is willing to participate in the state group
4 insurance program at a cost of premiums that is not greater
5 than 95 percent of the cost of HMO premiums accepted by the
6 division department in each service area; and

7 e. Meets the minimum surplus requirements of s.
8 641.225.

9

10 The division department is authorized to contract with HMOs
11 that meet the requirements of sub-subparagraphs a. through d.
12 prior to the open enrollment period for state employees. The
13 department is not required to renew the contract with the HMOs
14 as set forth in this paragraph more than twice. Thereafter,
15 the HMOs shall be eligible to participate in the state group
16 insurance program only through the request for proposal
17 process described in subparagraph 2.

18 5. All enrollees in the state group health insurance
19 plan or any health maintenance organization plan shall have
20 the option of changing to any other health plan which is
21 offered by the state within any open enrollment period
22 designated by the division department. Open enrollment shall
23 be held at least once each calendar year.

24 6. Any HMO participating in the state group insurance
25 program shall, upon the request of the division Agency-for
26 ~~Health-Care-Administration~~, submit to the division Agency-for
27 ~~Health-Care-Administration~~ standardized data for the purpose
28 of comparison of the appropriateness, quality, and efficiency
29 of care provided by the HMO. Such standardized data shall
30 include: membership profiles; inpatient and outpatient
31 utilization by age and sex, type of service, provider type,

1 and facility; and emergency care experience. Requirements and
2 timetables for submission of such standardized data and such
3 other data as the division ~~Agency-for-Health-Care~~
4 ~~Administration~~ deems necessary to evaluate the performance of
5 participating HMOs shall be adopted ~~promulgated~~ by rule.

6 7. The division ~~department~~ shall, after consultation
7 with ~~the-Agency-for-Health-Care-Administration-and~~
8 representatives from each of the unions representing state and
9 university employees, establish a comprehensive package of
10 insurance benefits including, but not limited to, supplemental
11 health and life coverage, dental care, and vision care to
12 allow state employees the option to choose the benefit plans
13 which best suit their individual needs.

14 a. Based upon a desired benefit package, the division
15 ~~Agency-for-Health-Care-Administration~~ shall issue a request
16 for proposal for health insurance providers interested in
17 participating in the state group insurance program, and the
18 department shall issue a request for proposal for insurance
19 providers interested in participating in the
20 non-health-related components of the state group insurance
21 program. Upon receipt of all proposals, the division
22 ~~department-or-the-Agency-for-Health-Care-Administration~~ may,
23 ~~as-either-deems-appropriate,~~ enter into contract negotiations
24 with insurance providers submitting bids or negotiate a
25 specially designed benefit package. Insurance providers
26 offering or providing supplemental coverage as of May 30,
27 1991, which qualify for pretax benefit treatment pursuant to
28 s. 125 of the Internal Revenue Code of 1986, with 5,500 or
29 more state employees currently enrolled may be included by the
30 division ~~department~~ in the supplemental insurance benefit plan
31 established by the division ~~department-or-the-Agency-for~~

1 ~~Health-Care-Administration~~ without participating in a request
2 for proposal, submitting bids, negotiating contracts, or
3 negotiating a specially designed benefit package. These
4 contracts shall provide state employees with the most
5 cost-effective and comprehensive coverage available; however,
6 no state or agency funds shall be contributed toward the cost
7 of any part of the premium of such supplemental benefit plans.

8 b. Pursuant to the applicable provisions of s.
9 110.161, and s. 125 of the Internal Revenue Code of 1986, the
10 division department shall enroll in the pretax benefit program
11 those state employees who voluntarily elect coverage in any of
12 the supplemental insurance benefit plans as provided by
13 sub-subparagraph a.

14 c. Nothing herein contained shall be construed to
15 prohibit insurance providers from continuing to provide or
16 offer supplemental benefit coverage to state employees as
17 provided under existing agency plans.

18 ~~(h)~~ The benefits of the insurance authorized by
19 this section shall not be in lieu of any benefits payable
20 under chapter 440, the Workers' Compensation Law. The
21 insurance authorized by this law shall not be deemed to
22 constitute insurance to secure workers' compensation benefits
23 as required by chapter 440.

24 (4) PAYMENT OF PREMIUMS; CONTRIBUTION BY STATE;
25 LIMITATION ON ACTIONS TO PAY AND COLLECT PREMIUMS.--

26 (a) Except as provided in paragraph (e) with respect
27 to law enforcement, correctional, and correctional probation
28 officers, legislative authorization through the appropriations
29 act is required for payment by a state agency of any part of
30 the premium cost of participation in any group insurance plan.
31 However, the state contribution for full-time employees or

1 part-time permanent employees shall continue in the respective
2 proportions for up to 6 months for any such officer or
3 employee who has been granted an approved parental or medical
4 leave of absence without pay.

5 (b) If a state officer or full-time state employee
6 selects membership in a health maintenance organization as
7 authorized by paragraph (3)~~(q)(e)~~, the officer or employee is
8 entitled to a state contribution toward individual and
9 dependent membership as provided by the Legislature through
10 the appropriations act.

11 (c) During each policy or budget year, no state agency
12 shall contribute a greater percentage of the premium cost for
13 its officers or employees for any type of coverage under the
14 state group insurance program than any other agency, nor shall
15 any greater percentage contribution of premium cost be made
16 for employees in one state collective bargaining unit than for
17 those in any other state collective bargaining unit.

18 (d) The state contribution for a part-time permanent
19 state employee who elects to participate in the program shall
20 be prorated so that the percentage of the cost contributed for
21 the part-time permanent employee bears that relation to the
22 percentage of cost contributed for a similar full-time
23 employee that the part-time employee's normal workday bears to
24 a full-time employee's normal workday.

25 (e) No state contribution for the cost of any part of
26 the premium shall be made for retirees or surviving spouses
27 for any type of coverage under the state group insurance
28 program. However, any state agency that employs a full-time
29 law enforcement officer, correctional officer, or correctional
30 probation officer who is killed in the line of duty on or
31 after July 1, 1980, as a result of an act of violence

1 inflicted by another person while the officer is engaged in
2 the performance of law enforcement duties or as a result of an
3 assault against the officer under riot conditions shall pay
4 the entire premium of the state group health insurance plan
5 for the employee's surviving spouse until remarried, and for
6 each dependent child of the employee until the child reaches
7 the age of majority or until the end of the calendar year in
8 which the child reaches the age of 25 if:

9 1. At the time of the employee's death, the child is
10 dependent upon the employee for support; and

11 2. The surviving child continues to be a dependent for
12 support, or the surviving child is a full-time or part-time
13 student and is dependent for support.

14 (f) Pursuant to the request of each state officer,
15 full-time or part-time state employee, or retiree
16 participating in the state group insurance program, and upon
17 certification of the employing agency approved by the
18 Secretary of Management Services, the Comptroller shall deduct
19 from the salary or retirement warrant payable to each
20 participant the amount so certified and shall handle such
21 deductions in accordance with rules established by the
22 department.

23 (g) No administrative or civil proceeding shall be
24 commenced to collect an underpayment or refund an overpayment
25 of premiums collected pursuant to this subsection unless such
26 claim is filed with the Division of State Employees' Insurance
27 within 2 years after the alleged underpayment or overpayment
28 was made. For purposes of this paragraph, a payroll
29 deduction, salary reduction, or contribution by an agency is
30 deemed to be made on the date the salary warrant is issued.

31

1 (5) DIVISION OF STATE GROUP INSURANCE ~~DEPARTMENT-OF~~
2 ~~MANAGEMENT-SERVICES; POWERS AND DUTIES.--The~~ division
3 ~~Department-of-Management-Services~~ is responsible for the
4 administration of the state group insurance program. The
5 division ~~department~~ shall initiate and supervise the program
6 as established by this section and shall adopt such rules as
7 are necessary to perform its responsibilities. To implement
8 this program, the division ~~department~~ shall, with prior
9 approval by the Legislature ~~and-for-state-employee-health~~
10 ~~insurance,by-the-Agency-for-Health-Care-Administration:~~

11 (a) Determine the benefits to be provided and the
12 contributions to be required for the state group insurance
13 program. Such determinations, whether for a contracted plan or
14 a self-insurance plan pursuant to paragraph (c), do not
15 constitute rules within the meaning of s. 120.52 or final
16 orders within the meaning of s. 120.52. Any physician's fee
17 schedule used in the health and accident plan shall not be
18 available for inspection or copying by medical providers or
19 other persons not involved in the administration of the
20 program. However, in the determination of the design of the
21 program, the division ~~department-or-the-Agency-for-Health-Care~~
22 ~~Administration~~ shall consider existing and complementary
23 benefits provided by the Florida Retirement System and the
24 Social Security System.

25 (b) Prepare, in cooperation with the Department of
26 Insurance and the Department of Management Services ~~Agency-for~~
27 ~~Health-Care-Administration~~, the specifications necessary to
28 implement the program.

29 (c) Contract on a competitive proposal basis with an
30 insurance carrier or carriers, or professional administrator,
31 determined by the Department of Insurance to be fully

1 qualified, financially sound, and capable of meeting all
2 servicing requirements. Alternatively, the division
3 ~~Department-of-Management-Services~~ may self-insure any plan or
4 plans contained in the state group insurance program subject
5 to approval based on actuarial soundness by the Department of
6 Insurance. The division department may contract with an
7 insurance company or professional administrator qualified and
8 approved by the Department of Insurance to administer such
9 plan. Before entering into any contract, the division
10 ~~Department-of-Management-Services-or,-for-state-employee~~
11 ~~health-insurance,-the-Agency-for-Health-Care-Administration~~
12 shall advertise for competitive proposals, and such contract
13 shall be let upon the consideration of the benefits provided
14 in relationship to the cost of such benefits. In determining
15 which entity to contract with, the division shall, at a
16 minimum, consider: the entity's previous experience and
17 expertise in administering group insurance programs; the
18 entity's anticipated administrative costs and claims
19 experience; the entity's ability to adequately provide service
20 coverage and administrative support services, as determined by
21 the division; the entity's accessibility to state employees
22 and providers; the financial solvency of the entity; and
23 additional benefits provided to state employees and providers
24 by the entity. The division department, ~~subject-to-the-review~~
25 ~~and-approval-of-the-Agency-for-Health-Care-Administration,~~ may
26 contract for medical services which will improve the health or
27 reduce medical costs for employees who participate in the
28 state group insurance plan.

29 (d) With respect to the state group health insurance
30 plan, be authorized, ~~subject-to-the-review-and-approval-of-the~~
31

1 ~~Agency for Health Care Administration~~; to require copayments
2 with respect to all providers under the plan.

3 (e) Have authority to establish ~~subject to the review~~
4 ~~and approval of the Agency for Health Care Administration~~, a
5 voluntary program for comprehensive health maintenance, which
6 may include health educational components and health
7 appraisals.

8
9 Final decisions concerning the existence of coverage or
10 benefits under the state group health insurance plan shall not
11 be delegated or deemed to have been delegated by the
12 department, except that such decisions shall be subject to the
13 review and approval of the Agency for Health Care
14 Administration.

15 (6) DEPOSIT OF PREMIUMS AND REFUNDS.--Premium dollars
16 collected and not required to pay the costs of the program,
17 prior to being paid to the carrier insurance company, shall be
18 invested, and the earnings from such investment shall be
19 deposited in a trust fund to be designated in the State
20 Treasury and utilized for increased benefits or reduced
21 premiums for the participants or may be used to pay for the
22 administration of the state group insurance program. Any
23 refunds paid the state by the insurance carrier from premium
24 dollar reserves held by the carrier and earned on such refunds
25 shall be deposited in the trust fund and used for such
26 purposes.

27 (7) CONTINUATION OF AGENCY INSURANCE PLANS.--Nothing
28 contained in this section shall require the discontinuation of
29 any insurance plan provided by any state agency; however, no
30 state or agency funds shall be contributed toward the cost of
31 any part of the premium of such agency plans. Such agency

1 plans shall not be deemed to be included in the state group
2 insurance program.

3 (8) COVERAGE FOR LEGISLATIVE MEMBERS AND
4 EMPLOYEES.--The Legislature may provide coverage for its
5 members and employees under all or any part of the state group
6 insurance program; may provide coverage for its members and
7 employees under a legislative group insurance program in lieu
8 of all or any part of the state group insurance program; and,
9 notwithstanding the provisions of paragraph (4)(c), may assume
0 the cost of any group insurance coverage provided to its
1 members and employees.

2 (9) PUBLIC RECORDS LAW; EXEMPTION.--Patient medical
3 records and medical claims records of state employees, former
4 employees, and eligible dependents in the custody or control
5 of the state group insurance program are confidential and
6 exempt from the provisions of s. 119.07(1). Such records
7 shall not be furnished to any person other than the employee
8 or the employee's legal representative, except upon written
9 authorization of the employee, but may be furnished in any
0 civil or criminal action, unless otherwise prohibited by law,
1 upon the issuance of a subpoena from a court of competent
2 jurisdiction and proper notice to the employee or the
3 employee's legal representative by the party seeking such
4 records.

5 (10) STATEMENTS OF PURPOSE AND INTENT AND OTHER
6 PROVISIONS REQUIRED FOR QUALIFICATION UNDER THE INTERNAL
7 REVENUE CODE OF THE UNITED STATES.--Any other provisions in
8 this chapter to the contrary notwithstanding:

9 (a) Any provision in this chapter relating to a state
0 group insurance program shall be construed and administered to
1 qualify such program to be a qualified and nondiscriminatory

1 employee benefit plan under existing or hereafter-enacted
2 provisions of the Internal Revenue Code of the United States.

3 (b) The division department may adopt any rule
4 necessary to accomplish the purposes of this subsection not
5 inconsistent with this chapter.

6 (c) This subsection is declaratory of the legislative
7 intent upon the original enactment of this section and is
8 deemed to have been in effect since that date.

9 Section 2. This act shall take effect October 1, 1997.

10 *****

11 LEGISLATIVE SUMMARY

12
13 Creates the Division of State Group Insurance in the
14 Department of Management Services and requires the
15 division, independent of the department and the Agency
for Health Care Administration, to administer the state
group insurance program. (See bill for details.)

By the Committee on Governmental Reform and Oversight and
Senators Thomas, Childers, Forman and Williams

302-1026-97

A bill to be entitled

An act relating to state group insurance;
amending s. 20.42, F.S.; deleting duties of the
Division of State Health Purchasing of the
Agency for Health Care Administration with
respect to state employee health insurance;
amending s. 110.123, F.S.; providing a
definition; creating the Division of State
Group Insurance in the Department of Management
Services; requiring the department to provide
administrative support and service to the
division; excluding the division from control,
supervision, or direction by the department;
providing for a director of the division;
providing requirements; providing for
administration of the state group insurance
program by the division; providing criteria for
division contracts with insuring entities;
authorizing the division to adopt rules;
amending s. 626.9641, F.S.; prescribing
applicability of the policyholders' bill of
rights to certain state health insurance
contracts; requiring insureds in such plans to
be notified of certain actions; amending s.
20.22, F.S.; renaming the Division of State
Employees' Insurance within the department as
the Division of State Group Insurance; creating
the Florida State Group Health Insurance
Commission within the department; providing its
membership; providing its powers and duties;
providing for meetings; providing travel and

1 per diem; requiring notification by certain
2 service providers; transferring powers, duties,
3 and functions of the Division of State Health
4 Purchasing in the Agency for Health Care
5 Administration; providing an effective date.
6

7 Be It Enacted by the Legislature of the State of Florida:
8

9 Section 1. Paragraph (c) of subsection (2) of section
10 20.42, Florida Statutes, 1996 Supplement, is amended to read:

11 20.42 Agency for Health Care Administration.--There is
12 created the Agency for Health Care Administration within the
13 Department of Business and Professional Regulation. The agency
14 shall be a separate budget entity, and the director of the
15 agency shall be the agency head for all purposes. The agency
16 shall not be subject to control, supervision, or direction by
17 the Department of Business and Professional Regulation in any
18 manner, including, but not limited to, personnel, purchasing,
19 transactions involving real or personal property, and
20 budgetary matters.

21 (2) ORGANIZATION OF THE AGENCY.--The agency shall be
22 organized as follows:

23 (c) The Division of State Health Purchasing, which
24 shall be responsible for the Medicaid program and the state
25 ~~employee health insurance program functions related to: the~~
26 ~~procurement of the administrator of the state employee health~~
27 ~~insurance plan; the development of the plan's benefit design;~~
28 ~~the establishment of the plan's cost sharing and cost~~
29 ~~containment requirements; the creation and maintenance of~~
30 ~~administrative cost controls; the collection and analysis of~~
31 ~~data; and the monitoring and evaluation of the administrator~~

1 ~~and-provider-network-performance~~. The division shall also
2 administer the contracts with the Florida Health Access
3 Corporation program and the Florida Health Care Purchasing
4 Cooperative and the Florida Healthy Kids Corporation.

5 Section 2. Section 110.123, Florida Statutes, 1996
6 Supplement, is amended to read:

7 110.123 State group insurance program.--

8 (1) TITLE.--This section may be cited as the "State
9 Group Insurance Program Law."

10 (2) DEFINITIONS.--As used in this section, the term:

11 (a) "Department" means the Department of Management
12 Services.

13 (b) "Division" means the Division of State Group
14 Insurance in the department.

15 (c)(b) "Enrollee" means all state officers and
16 employees, retired state officers and employees, and surviving
17 spouses of deceased state officers and employees enrolled in
18 an insurance plan offered by the state group insurance
19 program.

20 (d)(c) "Full-time state employees" includes all
21 full-time employees of all branches or agencies of state
22 government holding salaried positions and paid by state
23 warrant or from agency funds, and employees paid from regular
24 salary appropriations for 8 months' employment, including
25 university personnel on academic contracts, but in no case
26 shall "state employee" or "salaried position" include persons
27 paid from other-personal-services (OPS) funds.

28 (e)(d) "Health maintenance organization" or "HMO"
29 means an entity certified under part I of chapter 641.

30 (f)(e) "Part-time state employee" means any employee
31 of any branch or agency of state government paid by state

1 warrant from salary appropriations or from agency funds, and
2 who is employed for less than the normal full-time workweek
3 established by the department or, if on academic contract or
4 seasonal or other type of employment which is less than
5 year-round, is employed for less than 8 months during any
6 12-month period, but in no case shall "part-time" employee
7 include a person paid from other-personal-services (OPS)
8 funds.

9 ~~(g)~~(f) "Retired state officer or employee" or
10 "retiree" means any state officer or state employee who
11 retires under a state retirement system or a state optional
12 annuity or retirement program or is placed on disability
13 retirement, and who was insured under the state group
14 insurance program at the time of retirement, and who begins
15 receiving retirement benefits immediately after retirement
16 from state office or employment.

17 ~~(h)~~(g) "State agency" or "agency" means any branch,
18 department, or agency of state government.

19 ~~(i)~~(h) "State group health insurance plan" means the
20 state self-insured health insurance plan offered to state
21 officers and employees, retired state officers and employees,
22 and surviving spouses of deceased state officers and employees
23 pursuant to this section.

24 ~~(j)~~(i) "State group insurance program" or "programs"
25 means the package of insurance plans offered to state officers
26 and employees, retired state officers and employees, and
27 surviving spouses of deceased state officers and employees
28 pursuant to this section, including the state group health
29 insurance plan, health maintenance organization plans, and
30 other plans required or authorized by this section.

31

1 ~~(k)(j)~~ "State officer" means any constitutional state
2 officer, any elected state officer paid by state warrant, or
3 any appointed state officer who is commissioned by the
4 Governor and who is paid by state warrant.

5 ~~(l)(*)~~ "Surviving spouse" means the widow or widower
6 of a deceased state officer, full-time state employee,
7 part-time state employee, or retiree if such widow or widower
8 was covered as a dependent under the state group health
9 insurance plan or a health maintenance organization plan
10 established pursuant to this section at the time of the death
11 of the deceased officer, employee, or retiree. "Surviving
12 spouse" also means any widow or widower who is receiving or
13 eligible to receive a monthly state warrant from a state
14 retirement system as the beneficiary of a state officer,
15 full-time state employee, or retiree who died prior to July 1,
16 1979. For the purposes of this section, any such widow or
17 widower shall cease to be a surviving spouse upon his or her
18 remarriage.

19 (3) STATE GROUP INSURANCE PROGRAM.--

20 ~~(a) The Division of State Group Insurance is created~~
21 ~~within the Department of Management Services, to be headed by~~
22 ~~a director who shall be appointed by the Governor and~~
23 ~~confirmed by the Senate. The division shall be a separate~~
24 ~~budget entity, and the director shall be its agency head for~~
25 ~~all purposes. The Department of Management Services shall~~
26 ~~provide administrative support and service to the division to~~
27 ~~the extent requested by the director. The division shall not~~
28 ~~be subject to control, supervision, or direction by the~~
29 ~~Department of Management Services in any manner, including,~~
30 ~~but not limited to, personnel, purchasing, transactions~~
31 ~~involving real or personal property, and budgetary matters,~~

1 except to the extent as provided in chapters 110, 216, 255,
2 282, and 287 for agencies of the executive branch.

3 (b) The director shall have training and experience in
4 the field of health care reimbursement, insurance or
5 self-insurance programs, and the administration of such
6 programs in the public or private sector.

7 (c)(a) It is the intent of the Legislature to offer a
8 comprehensive package of health insurance benefits for state
9 employees which are provided in a cost-efficient and prudent
10 manner, and to allow state employees the option to choose
11 benefit plans which best suit their individual needs.
12 Therefore, the state group insurance program is established
13 which may include the state group health insurance plan,
14 health maintenance organization plans, group life insurance
15 plans, group accidental death and dismemberment plans, and
16 group disability insurance plans. Furthermore, the division
17 department is additionally authorized to establish and provide
18 as part of the state group insurance program any other group
19 insurance plans which are consistent with the provisions of
20 this section.

21 (d)(b) Notwithstanding any provision in this section
22 to the contrary, it is the intent of the Legislature that the
23 division Agency for Health Care Administration shall be
24 responsible for all aspects of the purchase of health care for
25 state employees under the state group health insurance plan
26 and the health maintenance organizations plans.
27 Responsibilities shall include, but not be limited to, the
28 development of requests for proposals for state employee
29 health services, the determination of health care benefits to
30 be provided, and the negotiation of contracts for health care
31 and health care administrative services. Prior to the

1 negotiation of contracts for health care services, the
2 Legislature intends that the division Agency-for-Health-Care
3 ~~Administration~~ shall develop, in consultation with the
4 Department of Management Services with respect to state
5 collective bargaining issues, the health benefits and terms to
6 be included in the state group health insurance program. The
7 division Agency-for-Health-Care-Administration shall adopt
8 rules necessary to perform its responsibilities pursuant to
9 this section. It is the intent of the Legislature that the
10 division Department-of-Management-Services shall be
11 responsible for the contract management and day-to-day
12 management of the state employee health insurance program,
13 including, but not limited to, employee enrollment, premium
14 collection, payment to health care providers, and other
15 administrative functions related to the program.

16 ~~(e)(e)~~ Except as provided for in subparagraph
17 ~~(q)(e)2.~~, the percentage of state contribution toward the cost
18 of any plan in the state group insurance program shall be
19 uniform with respect to all state employees in state
20 collective bargaining units participating in the same plan or
21 any similar plan. Nothing contained within this section
22 prohibits the development of separate benefit plans for
23 officers and employees exempt from collective bargaining or
24 the development of separate benefit plans for each collective
25 bargaining unit.

26 ~~(f)(d)~~ Participation by individuals in the program
27 shall be available to all state officers, full-time state
28 employees, and part-time state employees; and such
29 participation in the program or any plan thereof shall be
30 voluntary. Participation in the program shall also be
31 available to retired state officers and employees who elect at

1 the time of retirement to continue coverage under the program,
2 but they may elect to continue all or only part of the
3 coverage they had at the time of retirement. A surviving
4 spouse may elect to continue coverage only under the state
5 group health insurance plan or a health maintenance
6 organization plan.

7 (g)(e)1. A person eligible to participate in the state
8 group health insurance plan may be authorized by rules
9 ~~approved by the Agency for Health Care Administration and~~
10 adopted by the division department, in lieu of participating
11 in the state group health insurance plan, to exercise an
12 option to elect membership in a health maintenance
13 organization plan which is under contract with the state in
14 accordance with criteria established by this section and by
15 said rules. The offer of optional membership in a health
16 maintenance organization plan permitted by this paragraph may
17 be limited or conditioned by rule as may be necessary to meet
18 the requirements of state and federal laws.

19 2. ~~Subject to the approval of and supervision by the~~
20 ~~Agency for Health Care Administration,~~ The division department
21 shall contract with health maintenance organizations to
22 participate in the state group insurance program through a
23 request for proposal based upon a premium and a minimum
24 benefit package as follows:

25 a. A minimum benefit package to be provided by a
26 participating HMO shall include: physician services; inpatient
27 and outpatient hospital services; emergency medical services,
28 including out-of-area emergency coverage; diagnostic
29 laboratory and diagnostic and therapeutic radiologic services;
30 mental health, alcohol, and chemical dependency treatment
31 services meeting the minimum requirements of state and federal

1 law; skilled nursing facilities and services; prescription
2 drugs; and other benefits as may be required by the division
3 department. Additional services may be provided subject to
4 the contract between the division department and the HMO.

5 b. A uniform schedule for deductibles and copayments
6 may be established for all participating HMOs.

7 c. Based upon the minimum benefit package and
8 copayments and deductibles contained in sub-subparagraphs a.
9 and b., the division ~~Agency for Health Care Administration~~
10 shall issue a request for proposal for all HMOs which are
11 interested in participating in the state group insurance
12 program. Upon receipt of all proposals, the division ~~Agency~~
13 ~~for Health Care Administration~~ may, as it deems appropriate,
14 enter into contract negotiations with HMOs submitting bids. As
15 part of the request for proposal process, the division ~~Agency~~
16 ~~for Health Care Administration~~ may require detailed financial
17 data from each HMO which participates in the bidding process
18 for the purpose of determining the financial stability of the
19 HMO.

20 d. In determining which HMOs to contract with, the
21 division ~~Agency for Health Care Administration~~ shall, at a
22 minimum, consider: each proposed contractor's previous
23 experience and expertise in providing prepaid health benefits;
24 each proposed contractor's historical experience in enrolling
25 and providing health care services to participants in the
26 state group insurance program; the cost of the premiums; the
27 plan's ability to adequately provide service coverage and
28 administrative support services as determined by the division
29 ~~Agency for Health Care Administration~~; plan benefits in
30 addition to the minimum benefit package; accessibility to
31 providers; and the financial solvency of the plan. Nothing

1 shall preclude the division Agency-for-Health-Care
2 Administration from negotiating regional or statewide
3 contracts with health maintenance organization plans when this
4 is cost-effective and when the division Agency-for-Health-Care
5 Administration determines the plan has the best overall
6 benefit package for the service areas involved. However, no
7 HMO shall be eligible for a contract if the HMO's retiree
8 Medicare premium exceeds the retiree rate as set by the
9 division department for the state group health insurance plan.

10 e. The division department, ~~subject to the review and~~
11 ~~approval of the Agency for Health Care Administration,~~ may
12 limit the number of HMOs that it contracts with in each
13 service area based on the nature of the bids the division
14 ~~Agency for Health Care Administration~~ receives, the number of
15 state employees in the service area, and any unique
16 geographical characteristics of the service area. The division
17 ~~department, subject to the review and approval of the Agency~~
18 ~~for Health Care Administration,~~ shall establish by rule
19 service areas throughout the state.

20 f. All persons participating in the state group
21 insurance program who are required to contribute towards a
22 total state group health premium shall be subject to the same
23 dollar contribution regardless of whether the enrollee enrolls
24 in the state group health insurance plan or in an HMO plan.

25 3. The division ~~Agency for Health Care Administration~~
26 is authorized to negotiate and ~~the department is authorized to~~
27 contract with specialty psychiatric hospitals for mental
28 health benefits, on a regional basis, for alcohol, drug abuse,
29 and mental and nervous disorders. The division department may
30 establish, subject to the approval of ~~the Agency for Health~~
31 ~~Care Administration and the Legislature pursuant to subsection~~

1 (5), any such regional plan upon completion of an actuarial
2 study to determine any impact on plan benefits and premiums.

3 4. In addition to contracting pursuant to subparagraph
4 2., the division department shall enter into contract with any
5 HMO to participate in the state group insurance program which:

6 a. Serves greater than 5,000 recipients on a prepaid
7 basis under the Medicaid program;

8 b. Does not currently meet the 25 percent
9 non-Medicare/non-Medicaid enrollment composition requirement
10 established by the Department of Health and Human Services
11 excluding participants enrolled in the state group insurance
12 program;

13 c. Meets the minimum benefit package and copayments
14 and deductibles contained in sub-subparagraphs 2.a. and b.;

15 d. Is willing to participate in the state group
16 insurance program at a cost of premiums that is not greater
17 than 95 percent of the cost of HMO premiums accepted by the
18 division department in each service area; and

19 e. Meets the minimum surplus requirements of s.
20 641.225.

21
22 The division department is authorized to contract with HMOs
23 that meet the requirements of sub-subparagraphs a. through d.
24 prior to the open enrollment period for state employees. The
25 department is not required to renew the contract with the HMOs
26 as set forth in this paragraph more than twice. Thereafter,
27 the HMOs shall be eligible to participate in the state group
28 insurance program only through the request for proposal
29 process described in subparagraph 2.

30 5. All enrollees in the state group health insurance
31 plan or any health maintenance organization plan shall have

1 the option of changing to any other health plan which is
2 offered by the state within any open enrollment period
3 designated by the division department. Open enrollment shall
4 be held at least once each calendar year.

5 6. Any HMO participating in the state group insurance
6 program shall, upon the request of the division Agency-for
7 Health-Care-Administration, submit to the division Agency-for
8 Health-Care-Administration standardized data for the purpose
9 of comparison of the appropriateness, quality, and efficiency
10 of care provided by the HMO. Such standardized data shall
11 include: membership profiles; inpatient and outpatient
12 utilization by age and sex, type of service, provider type,
13 and facility; and emergency care experience. Requirements and
14 timetables for submission of such standardized data and such
15 other data as the division Agency-for-Health-Care
16 Administration deems necessary to evaluate the performance of
17 participating HMOs shall be adopted promulgated by rule.

18 7. The division department shall, after consultation
19 with the Agency-for-Health-Care-Administration and
20 representatives from each of the unions representing state and
21 university employees, establish a comprehensive package of
22 insurance benefits including, but not limited to, supplemental
23 health and life coverage, dental care, and vision care to
24 allow state employees the option to choose the benefit plans
25 which best suit their individual needs.

26 a. Based upon a desired benefit package, the division
27 Agency-for-Health-Care-Administration shall issue a request
28 for proposal for health insurance providers interested in
29 participating in the state group insurance program, and the
30 department shall issue a request for proposal for insurance
31 providers interested in participating in the

1 non-health-related components of the state group insurance
2 program. Upon receipt of all proposals, the division
3 ~~department-or-the-Agency-for-Health-Care-Administration~~ may,
4 ~~as-either-deems-appropriate,~~ enter into contract negotiations
5 with insurance providers submitting bids or negotiate a
6 specially designed benefit package. Insurance providers
7 offering or providing supplemental coverage as of May 30,
8 1991, which qualify for pretax benefit treatment pursuant to
9 s. 125 of the Internal Revenue Code of 1986, with 5,500 or
10 more state employees currently enrolled may be included by the
11 division ~~department~~ in the supplemental insurance benefit plan
12 established by the division ~~department-or-the-Agency-for~~
13 ~~Health-Care-Administration~~ without participating in a request
14 for proposal, submitting bids, negotiating contracts, or
15 negotiating a specially designed benefit package. These
16 contracts shall provide state employees with the most
17 cost-effective and comprehensive coverage available; however,
18 no state or agency funds shall be contributed toward the cost
19 of any part of the premium of such supplemental benefit plans.

20 b. Pursuant to the applicable provisions of s.
21 110.161, and s. 125 of the Internal Revenue Code of 1986, the
22 division ~~department~~ shall enroll in the pretax benefit program
23 those state employees who voluntarily elect coverage in any of
24 the supplemental insurance benefit plans as provided by
25 sub-subparagraph a.

26 c. Nothing herein contained shall be construed to
27 prohibit insurance providers from continuing to provide or
28 offer supplemental benefit coverage to state employees as
29 provided under existing agency plans.

30 ~~(h)(f)~~ The benefits of the insurance authorized by
31 this section shall not be in lieu of any benefits payable

1 under chapter 440, the Workers' Compensation Law. The
2 insurance authorized by this law shall not be deemed to
3 constitute insurance to secure workers' compensation benefits
4 as required by chapter 440.

5 (4) PAYMENT OF PREMIUMS; CONTRIBUTION BY STATE;
6 LIMITATION ON ACTIONS TO PAY AND COLLECT PREMIUMS.--

7 (a) Except as provided in paragraph (e) with respect
8 to law enforcement, correctional, and correctional probation
9 officers, legislative authorization through the appropriations
10 act is required for payment by a state agency of any part of
11 the premium cost of participation in any group insurance plan.
12 However, the state contribution for full-time employees or
13 part-time permanent employees shall continue in the respective
14 proportions for up to 6 months for any such officer or
15 employee who has been granted an approved parental or medical
16 leave of absence without pay.

17 (b) If a state officer or full-time state employee
18 selects membership in a health maintenance organization as
19 authorized by paragraph (3)(g)(e), the officer or employee is
20 entitled to a state contribution toward individual and
21 dependent membership as provided by the Legislature through
22 the appropriations act.

23 (c) During each policy or budget year, no state agency
24 shall contribute a greater percentage of the premium cost for
25 its officers or employees for any type of coverage under the
26 state group insurance program than any other agency, nor shall
27 any greater percentage contribution of premium cost be made
28 for employees in one state collective bargaining unit than for
29 those in any other state collective bargaining unit.

30 (d) The state contribution for a part-time permanent
31 state employee who elects to participate in the program shall

1 be prorated so that the percentage of the cost contributed for
2 the part-time permanent employee bears that relation to the
3 percentage of cost contributed for a similar full-time
4 employee that the part-time employee's normal workday bears to
5 a full-time employee's normal workday.

6 (e) No state contribution for the cost of any part of
7 the premium shall be made for retirees or surviving spouses
8 for any type of coverage under the state group insurance
9 program. However, any state agency that employs a full-time
10 law enforcement officer, correctional officer, or correctional
11 probation officer who is killed in the line of duty on or
12 after July 1, 1980, as a result of an act of violence
13 inflicted by another person while the officer is engaged in
14 the performance of law enforcement duties or as a result of an
15 assault against the officer under riot conditions shall pay
16 the entire premium of the state group health insurance plan
17 for the employee's surviving spouse until remarried, and for
18 each dependent child of the employee until the child reaches
19 the age of majority or until the end of the calendar year in
20 which the child reaches the age of 25 if:

21 1. At the time of the employee's death, the child is
22 dependent upon the employee for support; and

23 2. The surviving child continues to be a dependent for
24 support, or the surviving child is a full-time or part-time
25 student and is dependent for support.

26 (f) Pursuant to the request of each state officer,
27 full-time or part-time state employee, or retiree
28 participating in the state group insurance program, and upon
29 certification of the employing agency approved by the
30 Secretary of Management Services, the Comptroller shall deduct
31 from the salary or retirement warrant payable to each

1 participant the amount so certified and shall handle such
2 deductions in accordance with rules established by the
3 department.

4 (g) No administrative or civil proceeding shall be
5 commenced to collect an underpayment or refund an overpayment
6 of premiums collected pursuant to this subsection unless such
7 claim is filed with the Division of State Employees' Insurance
8 within 2 years after the alleged underpayment or overpayment
9 was made. For purposes of this paragraph, a payroll
10 deduction, salary reduction, or contribution by an agency is
11 deemed to be made on the date the salary warrant is issued.

12 (5) DIVISION OF STATE GROUP INSURANCE DEPARTMENT-OF
13 MANAGEMENT-SERVICES; POWERS AND DUTIES.--The division
14 Department-of-Management-Services is responsible for the
15 administration of the state group insurance program. The
16 division department shall initiate and supervise the program
17 as established by this section and shall adopt such rules as
18 are necessary to perform its responsibilities. To implement
19 this program, the division department shall, with prior
20 approval by the Legislature and~~7-for-state-employee-health~~
21 ~~insurance7-by-the-Agency-for-Health-Care-Administration:~~

22 (a) Determine the benefits to be provided and the
23 contributions to be required for the state group insurance
24 program. Such determinations, whether for a contracted plan or
25 a self-insurance plan pursuant to paragraph (c), do not
26 constitute rules within the meaning of s. 120.52 or final
27 orders within the meaning of s. 120.52. Any physician's fee
28 schedule used in the health and accident plan shall not be
29 available for inspection or copying by medical providers or
30 other persons not involved in the administration of the
31 program. However, in the determination of the design of the

1 program, the division ~~department or the Agency for Health Care~~
2 ~~Administration~~ shall consider existing and complementary
3 benefits provided by the Florida Retirement System and the
4 Social Security System.

5 (b) Prepare, in cooperation with the Department of
6 Insurance and the Department of Management Services ~~Agency for~~
7 ~~Health Care Administration~~, the specifications necessary to
8 implement the program.

9 (c) Contract on a competitive proposal basis with an
10 insurance carrier or carriers, or professional administrator,
11 determined by the Department of Insurance to be fully
12 qualified, financially sound, and capable of meeting all
13 servicing requirements. Alternatively, the division
14 ~~Department of Management Services~~ may self-insure any plan or
15 plans contained in the state group insurance program subject
16 to approval based on actuarial soundness by the Department of
17 Insurance. The division ~~department~~ may contract with an
18 insurance company or professional administrator qualified and
19 approved by the Department of Insurance to administer such
20 plan. Before entering into any contract, the division
21 ~~Department of Management Services or, for state employee~~
22 ~~health insurance, the Agency for Health Care Administration~~
23 shall advertise for competitive proposals, and such contract
24 shall be let upon the consideration of the benefits provided
25 in relationship to the cost of such benefits. In determining
26 which entity to contract with, the division shall, at a
27 minimum, consider: the entity's previous experience and
28 expertise in administering group insurance programs; the
29 entity's ability to specifically perform its contractual
30 obligations in this state and other governmental
31 jurisdictions; the entity's anticipated administrative costs

1 and claims experience; the entity's ability to adequately
2 provide service coverage and administrative support services,
3 as determined by the division; the entity's accessibility to
4 state employees and providers; the financial solvency of the
5 entity, using accepted business-sector measures of financial
6 performance; and additional benefits provided to state
7 employees and providers by the entity. The division
8 ~~department;~~~~subject to the review and approval of the Agency~~
9 ~~for Health Care Administration;~~ may contract for medical
0 services which will improve the health or reduce medical costs
11 for employees who participate in the state group insurance
12 plan.

13 (d) With respect to the state group health insurance
14 plan, be authorized~~;~~~~subject to the review and approval of the~~
15 ~~Agency for Health Care Administration;~~ to require copayments
16 with respect to all providers under the plan.

17 (e) Have authority to establish~~;~~~~subject to the review~~
18 ~~and approval of the Agency for Health Care Administration;~~ a
19 voluntary program for comprehensive health maintenance, which
20 may include health educational components and health
21 appraisals.

22
23 Final decisions concerning the existence of coverage or
24 benefits under the state group health insurance plan shall not
25 be delegated or deemed to have been delegated by the
26 department, except that such decisions shall be subject to the
27 review and approval of the Agency for Health Care
28 Administration.

29 (6) DEPOSIT OF PREMIUMS AND REFUNDS.--Premium dollars
30 collected and not required to pay the costs of the program,
31 prior to being paid to the carrier insurance company, shall be

1 invested, and the earnings from such investment shall be
2 deposited in a trust fund to be designated in the State
3 Treasury and utilized for increased benefits or reduced
4 premiums for the participants or may be used to pay for the
5 administration of the state group insurance program. Any
6 refunds paid the state by the insurance carrier from premium
7 dollar reserves held by the carrier and earned on such refunds
8 shall be deposited in the trust fund and used for such
9 purposes.

10 (7) CONTINUATION OF AGENCY INSURANCE PLANS.--Nothing
11 contained in this section shall require the discontinuation of
12 any insurance plan provided by any state agency; however, no
13 state or agency funds shall be contributed toward the cost of
14 any part of the premium of such agency plans. Such agency
15 plans shall not be deemed to be included in the state group
16 insurance program.

17 (8) COVERAGE FOR LEGISLATIVE MEMBERS AND
18 EMPLOYEES.--The Legislature may provide coverage for its
19 members and employees under all or any part of the state group
20 insurance program; may provide coverage for its members and
21 employees under a legislative group insurance program in lieu
22 of all or any part of the state group insurance program; and,
23 notwithstanding the provisions of paragraph (4)(c), may assume
24 the cost of any group insurance coverage provided to its
25 members and employees.

26 (9) PUBLIC RECORDS LAW; EXEMPTION.--Patient medical
27 records and medical claims records of state employees, former
28 employees, and eligible dependents in the custody or control
29 of the state group insurance program are confidential and
30 exempt from the provisions of s. 119.07(1). Such records
31 shall not be furnished to any person other than the employee

1 or the employee's legal representative, except upon written
2 authorization of the employee, but may be furnished in any
3 civil or criminal action, unless otherwise prohibited by law,
4 upon the issuance of a subpoena from a court of competent
5 jurisdiction and proper notice to the employee or the
6 employee's legal representative by the party seeking such
7 records.

8 (10) STATEMENTS OF PURPOSE AND INTENT AND OTHER
9 PROVISIONS REQUIRED FOR QUALIFICATION UNDER THE INTERNAL
10 REVENUE CODE OF THE UNITED STATES.--Any other provisions in
11 this chapter to the contrary notwithstanding:

12 (a) Any provision in this chapter relating to a state
13 group insurance program shall be construed and administered to
14 qualify such program to be a qualified and nondiscriminatory
15 employee benefit plan under existing or hereafter-enacted
16 provisions of the Internal Revenue Code of the United States.

17 (b) The division department may adopt any rule
18 necessary to accomplish the purposes of this subsection not
19 inconsistent with this chapter.

20 (c) This subsection is declaratory of the legislative
21 intent upon the original enactment of this section and is
22 deemed to have been in effect since that date.

23 Section 3. Section 626.9641, Florida Statutes, is
24 amended to read:

25 626.9641 Policyholders, bill of rights.--

26 (1) The principles expressed in the following
27 statements shall serve as standards to be followed by the
28 department in exercising its powers and duties, in exercising
29 administrative discretion, in dispensing administrative
30 interpretations of the law, and in promulgating rules:

1 (a) Policyholders shall have the right to competitive
2 pricing practices and marketing methods that enable them to
3 determine the best value among comparable policies.

4 (b) Policyholders shall have the right to obtain
5 comprehensive coverage.

6 (c) Policyholders shall have the right to insurance
7 advertising and other selling approaches that provide accurate
8 and balanced information on the benefits and limitations of a
9 policy.

10 (d) Policyholders shall have a right to an insurance
11 company that is financially stable.

12 (e) Policyholders shall have the right to be serviced
13 by a competent, honest insurance agent or broker.

14 (f) Policyholders shall have the right to a readable
15 policy.

16 (g) Policyholders shall have the right to an insurance
17 company that provides an economic delivery of coverage and
18 that tries to prevent losses.

19 (h) Policyholders shall have the right to a balanced
20 and positive regulation by the department.

21 (2) This section applies to indemnity health insurance
22 contracts executed under s. 110.123. Enrollees participating
23 in group health insurance plans under s. 110.123 shall be
24 individually notified of any action taken by a third-party
25 administrator or plan administrator which will result in
26 adverse changes to an enrollee's credit worthiness.

27 ~~(3)(2)~~ This section shall not be construed as creating
28 a civil cause of action by any individual policyholder against
29 any individual insurer.

30 Section 4. Paragraph (j) of subsection (2) of section
31 20.22, Florida Statutes, is amended to read:

1 20.22 Department of Management Services.--There is
2 created a Department of Management Services.

3 (2) The following divisions and bureaus within the
4 Department of Management Services are established:

5 (j) Division of State Group Employees⁴ Insurance.

6 Section 5. (1)(a) The Florida State Group Health
7 Insurance Commission is created in the Department of
8 Management Services and shall consist of seven members. The
9 commission shall consist of a representative of the Governor's
10 Office, appointed by the Governor; a member of the Senate,
11 appointed by the President of the Senate; a member of the
12 House of Representatives, appointed by the Speaker of the
13 House of Representatives; the Director of Health Care
14 Administration; the Secretary of Management Services; the
15 Insurance Commissioner; and a representative of employees,
16 appointed by the Governor. Members of the commission appointed
17 by the Governor shall serve terms of 4 years each.

18 (b) Members shall be appointed in such a manner as to
19 represent state employee bargaining units. Each member must
20 be a registered voter and a citizen of the state.

21 (c) The commission is assigned to the Office of the
22 Secretary of the Department of Management Services for
23 administrative and fiscal accountability purposes, but it
24 shall otherwise function independently of the control and
25 direction of the department.

26 (2) The commission shall have the primary functions
27 to:

28 (a) Provide accountability measures and review the
29 implementation of performance-based program budgeting measures
30 under which the Division of State Group Insurance operates.
31

1 (b) Review procedures and criteria for contract
2 selection before any contract solicitation.

3 (c) Review benefit packages.

4 (d) Review external audit reports, service
5 organization reports, compliance reviews, or other
6 contractually required management reports relating to
7 third-party administrator activities to determine areas that
8 potentially may require division action.

9 (e) Review third-party administrator management
10 reports leading to conclusions regarding report completion,
11 accuracy, validity, and reasonableness.

12 (f) Review third-party administrator overpayment and
13 refund collection activities to provide assurance that health
14 plan assets are safeguarded.

15 (g) Review use of detailed provider/subscriber surveys
16 designed to detect potential problem areas with the state
17 group insurance program.

18 (3) The commission or a member thereof may not enter
19 into the day-to-day operation of the department and is
20 specifically prohibited from taking part in:

21 (a) The awarding of contracts.

22 (b) The selection of a consultant or contractor or the
23 prequalification of any individual consultant or contractor.
24 However, the commission may recommend to the director
25 standards and policies governing the procedure for selection
26 and prequalification of consultants and contractors.

27 (c) The employment, promotion, demotion, suspension,
28 transfer, or discharge of any department personnel.

29 (d) The granting, denial, suspension, or revocation of
30 any license or permit issued by the department.

1 (4)(a) The chair of the commission shall be selected
2 by the commission members and shall serve a 1-year term.

3 (b) The commission shall hold a minimum of 4 regular
4 meetings annually, and other meetings may be called by the
5 chair upon giving at least 1 week's notice to all members and
6 the public pursuant to chapter 120, Florida Statutes. Other
7 meetings may also be held upon the written request of at least
8 four other members of the commission, with at least 1 week's
9 notice of such meeting being given to all members and the
10 public by the chair pursuant to chapter 120, Florida Statutes.
11 Emergency meetings may be held without notice upon the request
12 of all members of the commission.

13 (c) A majority of the membership of the commission
14 constitutes a quorum at any meeting of the commission. An
15 action of the commission is not binding unless the action is
16 taken pursuant to an affirmative vote of a majority of the
17 members present, but not fewer than four members of the
18 commission at a meeting held pursuant to paragraph (b), and
19 the vote is recorded in the minutes of that meeting.

20 (d) The chair shall cause to be made a complete record
21 of the proceedings of the commission, which record shall be
22 open for public inspection.

23 (5) The meetings of the commission shall be held in
24 the central office of the department in Tallahassee unless the
25 chair determines that special circumstances warrant meeting at
26 another location.

27 (6) Members of the commission are entitled to per diem
28 and travel expenses pursuant to section 112.051, Florida
29 Statutes.

30 Section 6. An individual or institutional provider of
31 services eligible for participation in the indemnity group

1 health insurance plan provided in section 110.123, Florida
2 Statutes, shall provide prior, written notification to the
3 enrollee and the third-party administrator or plan
4 administrator at least 10 days before taking any action that
5 could impair the enrollee's credit worthiness.

6 Section 7. All powers, duties, and functions of the
7 Division of State Health Purchasing in the Agency for Health
8 Care Administration relating to its duties described in
9 section 110.123, Florida Statutes, including a proportional
10 allocation of indirect costs and overhead, are transferred by
11 a type two transfer, as defined in section 20.06, Florida
12 Statutes, to the Department of Management Services and shall
13 be assigned to the Division of State Group Insurance.

14 Section 8. This act shall take effect upon becoming a
15 law.

16 STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN
17 COMMITTEE SUBSTITUTE FOR
18 Senate Bill 286
19

20 The committee substitute makes the following changes:

- 21 1. Powers, duties, and positions that are now within the
22 Agency for Health Care Administration dealing with state
23 employee group health insurance are transferred to the
Department of Management Services.
- 24 2. A health insurance commission is created and given
25 oversight authority on the conduct of group health plans
26 administered by the State of Florida on behalf of its
27 indemnity plan enrollees. The commission has executive
and legislative branch appointees and is barred from
28 involvement in the operational activities of the
29 Department of Management Services.
- 30 3. Two separate provisions are added requiring that notice
31 be given to plan enrollees and providers of care when
actions of the plan administrator could impair the
credit-worthiness of the enrollees.

Journals
of the
Florida
House of Representatives

Volume II



Continuation of Regular Session, 1997

April 29 - May 2, 1997

Fischer	Kosmas	Murman	Sindler
Flanagan	Lacasa	Ogles	Smith
Frankel	Laurent	Peaden	Spratt
Fuiler	Lawson	Posey	Stabins
Futch	Lippman	Prewitt, D	Stafford
Gay	Littlefield	Pruitt, K	Starks
Geller	Livingston	Putnam	Sublette
Goode	Logan	Rayson	Tobin
Greene	Lynn	Reddick	Turnbull
Hafner	Mackenzie	Rutchie	Valdes
Harrington	Mackey	Ritter	Wallace
Healey	Martinez	Roberts-Burke	Wasserman Schultz
Heyman	Maygarden	Rodriguez-Chomat	Westbrook
Hill	Meek	Rojas	Wiles
Horan	Melvin	Safley	Wise
Jacobs	Merchant	Sanderson	Ziebarth
Jones	Minton	Saunders	
Kelly	Morrison	Semler	
King	Morse	Silver	

Nays—1

Villalobos

So the bill passed, as amended, and was immediately certified to the Senate

CS for CS for SB 286—A bill to be entitled An act relating to state group insurance, amending s 20 22, F S , renaming the Division of State Employees' Insurance within the Department of Insurance as the Division of State Group Insurance, creating the Florida State Group Health Insurance Council within the department, providing its membership, providing its powers and duties, providing for meetings, providing travel and per diem, amending s 20 42, F S , eliminating duties of the Division of State Health Purchasing of the Agency for Health Care Administration with respect to state employee health insurance, amending s 110 123, F S , defining the term "division", creating the Division of State Group Insurance within the Department of Management Services and requiring that department to provide administrative support and service to the division, excluding the division from control, supervision, or direction by the department, providing for a director of the division, providing requirements, providing for administration of the state group insurance program by the division, providing criteria for division contracts with insuring entities, requiring notice by certain health care providers, authorizing the division to adopt rules, amending s 110 12315, F S , assigning the Division of State Group Insurance duties relating to the prescription drug program, amending s 110 1232, F S , assigning the Division of State Group Insurance duties relating to health insurance coverage for persons retired under state-administered retirement before a specified date, amending s. 110 1234, F S , assigning the Division of State Group Insurance duties relating to health insurance for retirees under the Florida Retirement System or Medicare Supplement, amending s 110 161, F S ; assigning the Division of State Group Insurance duties relating to the pretax benefits program, providing an effective date

—was read the second time by title

The Committee on State Employee Health Benefits, Select, offered the following

Amendment 1 (with title amendment)—

Remove from the bill Everything after the enacting clause and insert in lieu thereof

Section 1 Paragraph (j) of subsection (2) of section 20 22, Florida Statutes, is amended and subsection (5) is added to read

20 22 Department of Management Services—There is created a Department of Management Services

(2) The following divisions and bureaus within the Department of Management Services are established

- (a) Division of Administration
- (b) Division of Building Construction
- (c) Division of Communications
- (d) Division of Facilities Management
- (e) Division of Information Services
- (f) Division of Motor Pool
 - 1 Bureau of Aircraft
 - 2 Bureau of Motor Vehicles
- (g) Division of Personnel Management Services
 - 1 Office of Labor Relations
- (h) Division of Purchasing
 - 1 Bureau of Federal Property Assistance
- (i) Division of Retirement
- (j) Division of State Group Employees' Insurance
- (k) Division of Administrative Hearings
- (l) Division of Capitol Police

(5)(a) *The Florida State Group Insurance Council is created within the division for the purpose of providing joint and coordinated oversight of the operation and administration of the state group insurance program. The council shall consist of the state budget director, an individual from the private sector with an extensive health administration background, appointed by the Governor, a member of the Florida Senate, appointed by the President of the Senate, a member of the Florida House of Representatives, appointed by the Speaker of the House of Representatives, a representative of the State University System, appointed by the Board of Regents, the State Insurance Commissioner or his designee, the director of the Division of Retirement, and two representatives of employees and retirees, appointed by the Governor. Members of the council appointed by the Governor shall be appointed to serve terms of 4 years each. Each member of the council shall serve until a successor is appointed. Additionally, the director of the Division of State Employee Insurance shall be a nonvoting member of the council.*

(b) *Of the two members representing employees, one member must be appointed in such a manner as to represent state-employee bargaining units, and one member must be a retired employee. Each member must be a resident of the state.*

(c) *The council is assigned to the Division of State Group Insurance for administrative and fiscal accountability purposes, but the council and its staff shall otherwise function independently of the control and direction of the division. The Division of State Group Insurance shall furnish dedicated administrative and secretarial assistance to the council, and other assistance to the council as requested.*

(d) *The council shall have the primary functions to*

1 *Recommend accountability measures and review the implementation of performance-based program budgeting measures under which the Division of State Group Insurance operates*

2 *Review and recommend procedures and criteria for contract selection before any contract solicitation.*

3 *Review and make recommendations regarding insurance benefit packages*

4 *Review external audit reports, service organization reports, compliance reviews, or other contractually required management reports relating to third-party administrator activities to determine areas that potentially may require division action.*

5 *Review third-party administrator management reports leading to conclusions regarding report completion, accuracy, validity, and reasonableness.*

6 Review third-party administrator overpayment and refund collection activities to provide assurances that health plan assets are safeguarded

7 Review use of detailed provider/subscriber surveys designed to detect potential problem areas with the state group insurance program and make recommendations to the director

8 Renew reports and make recommendations to safeguard the financial stability of the group insurance program

(e) The council or a member thereof may not enter into the day-to-day operation of the division and is specifically prohibited from taking part in

1 The awarding of contracts

2 The selection of a consultant or contractor or the prequalification of any individual consultant or contractor. However, the council may recommend to the director standards and policies governing the procedure for selection and prequalification of consultants and contractors

3 The employment, promotion, demotion, suspension, transfer, or discharge of any division personnel

4 The granting, denial, suspension, or revocation of any license or permit issued by the division

(f)1 The chair and any other officers of the council shall be selected by the council members for a 1-year term but may succeed themselves

2 The council shall hold a minimum of four regular meetings annually, and other meetings may be called by the chair upon giving at least 1 week's notice to all members and the public pursuant to chapter 120. Other meetings may also be held upon the written request of at least four other members of the council, with at least 1 week's notice of such meeting being given to all members and the public by the chair pursuant to chapter 120. Emergency meetings may be held without notice upon the request of all members of the council

3 A majority of the membership of the council constitutes a quorum at any meeting of the council. An action of the council is not considered adopted unless the action is taken pursuant to the affirmative vote of a majority of the members present, but not fewer than four members of the council at a meeting held pursuant to subparagraph 2, and the vote is recorded in the minutes of that meeting

4 The chair shall cause to be made a complete record of the proceedings of the council. The proceedings of the council shall be open to the public and the records shall be open for public inspection

(g) The meetings of the council shall be held in the central office of the department in Tallahassee unless the chair determines that special circumstances warrant meeting at another location

(h) Members of the council are entitled to per diem and travel expenses pursuant to s 112.061

Section 2 Paragraph (c) of subsection (2) of section 20.42, Florida Statutes, 1996 Supplement, is amended to read

20.42 Agency for Health Care Administration—There is created the Agency for Health Care Administration within the Department of Business and Professional Regulation. The agency shall be a separate budget entity, and the director of the agency shall be the agency head for all purposes. The agency shall not be subject to control, supervision, or direction by the Department of Business and Professional Regulation in any manner, including, but not limited to, personnel, purchasing, transactions involving real or personal property, and budgetary matters

(2) ORGANIZATION OF THE AGENCY—The agency shall be organized as follows

(c) The Division of State Health Purchasing, which shall be responsible for the Medicaid program and the state employee health

insurance program functions related to the procurement of the administrator of the state employee health insurance plan, the development of the plan's benefit design, the establishment of the plan's cost-sharing and cost-containment requirements, the creation and maintenance of administrative cost controls, the collection and analysis of data, and the monitoring and evaluation of the administrator and provider network performance. The division shall also administer the contracts with the Florida Health Access Corporation program and the Florida Health Care Purchasing Cooperative and the Florida Healthy Kids Corporation

Section 3 Section 110.123, Florida Statutes, 1996 Supplement, is amended to read

110.123 State group insurance program —

(1) TITLE—This section may be cited as the "State Group Insurance Program Law"

(2) DEFINITIONS—As used in this section, the term

(a) "Department" means the Department of Management Services

(b) "Division" means the Division of State Group Insurance in the department

(c)(b) "Enrollee" means all state officers and employees, retired state officers and employees, and surviving spouses of deceased state officers and employees enrolled in an insurance plan offered by the state group insurance program

(d)(e) "Full-time state employees" includes all full-time employees of all branches or agencies of state government holding salaried positions and paid by state warrant or from agency funds, and employees paid from regular salary appropriations for 8 months' employment, including university personnel on academic contracts, but in no case shall "state employee" or "salaried position" include persons paid from other-personal-services (OPS) funds

(e)(d) "Health maintenance organization" or "HMO" means an entity certified under part I of chapter 641

(f)(e) "Part-time state employee" means any employee of any branch or agency of state government paid by state warrant from salary appropriations or from agency funds, and who is employed for less than the normal full-time workweek established by the department or, if on academic contract or seasonal or other type of employment which is less than year-round, is employed for less than 8 months during any 12-month period, but in no case shall "part-time" employee include a person paid from other-personal-services (OPS) funds

(g)(f) "Retired state officer or employee" or "retiree" means any state officer or state 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

(h)(g) "State agency" or "agency" means any branch, department, or agency of state government

(i)(h) "State group health insurance 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

(j)(i) "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 plans, and other plans required or authorized by this section

(k)(j) "State officer" means any constitutional state officer, any elected state officer paid by state warrant, or any appointed state officer who is commissioned by the Governor and who is paid by state warrant

(1)(4) "Surviving spouse" means the widow or widower of a deceased state officer, full-time state employee, part-time state employee, or retiree if such widow or widower was covered as a dependent under the state group health insurance plan or a health maintenance organization plan established pursuant to this section at the time of the death of the deceased officer, employee, or retiree "Surviving spouse" also means any widow or widower who is receiving or eligible to receive a monthly state warrant from a state retirement system as the beneficiary of a state officer, full-time state employee, or retiree who died prior to July 1, 1979 For the purposes of this section, any such widow or widower shall cease to be a surviving spouse upon his or her remarriage

(3) STATE GROUP INSURANCE PROGRAM —

(a) The Division of State Group Insurance is created within the Department of Management Services, to be headed by a director who shall be appointed by the Governor and confirmed by the Senate The division shall be a separate budget entity, and the director shall be its agency head for all purposes The Department of Management Services shall provide administrative support and service to the division to the extent requested by the director The division shall not be subject to control, supervision, or direction by the Department of Management Services in any manner, including, but not limited to, personnel, purchasing, transactions involving real or personal property, and budgetary matters, except to the extent as provided in chapters 110, 216, 255, 282, and 287 for agencies of the executive branch

(b) The director shall be a person qualified by training and experience to understand the problems and needs of state employees in the area of health care coverage and insurance issues The director shall have training and experience in the field of health care reimbursement, insurance or self-insurance programs, and the administration of such programs in the public or private sector

(c)(a) It is the intent of the Legislature to offer a comprehensive package of health insurance benefits for state employees which are provided in a cost-efficient and prudent manner, and to allow state employees the option to choose benefit plans which best suit their individual needs Therefore, the state group insurance program is established which may include the state group health insurance plan, health maintenance organization plans, group life insurance plans, group accidental death and dismemberment plans, and group disability insurance plans Furthermore, the ~~division department~~ is additionally authorized to establish and provide as part of the state group insurance program any other group insurance plans which are consistent with the provisions of this section

(d)(b) Notwithstanding any provision in this section to the contrary, it is the intent of the Legislature that the ~~division Agency for Health Care Administration~~ shall be responsible for all aspects of the purchase of health care for state employees under the state group health insurance plan and the health maintenance organizations plans Responsibilities shall include, but not be limited to, the development of requests for proposals for state employee health services, the determination of health care benefits to be provided, and the negotiation of contracts for health care and health care administrative services Prior to the negotiation of contracts for health care services, the Legislature intends that the ~~division Agency for Health Care Administration~~ shall develop, in consultation with the Department of Management Services with respect to state collective bargaining issues, the health benefits and terms to be included in the state group health insurance program The ~~division Agency for Health Care Administration~~ shall adopt rules necessary to perform its responsibilities pursuant to this section It is the intent of the Legislature that the ~~division Department of Management Services~~ shall be responsible for the contract management and day-to-day management of the state employee health insurance program, including, but not limited to, employee enrollment, premium collection, payment to health care providers, and other administrative functions related to the program

(e)1 Notwithstanding the provisions of Chapter 287, Florida Statutes, and the authority of the Division of Purchasing, for the purpose of protecting the health of, and providing medical services to, state

employees participating in the State Employees' Health Self-Insurance Plan, the Division of State Group Insurance may contract to retain the services of professional administrators for the State Employees' Health Self-Insurance Plan The agency shall follow good purchasing practices of state procurement to the extent practicable under the circumstances

2 Each vendor in a major procurement, and any other vendor if the division deems it necessary to protect the state's financial interests, shall, at the time of executing any contract with the division, post an appropriate bond with the division in an amount determined by the division to be adequate to protect the state's interests but not higher than the full amount estimated to be paid annually to the vendor under the contract

3 Each major contract entered into by the division pursuant to this section shall contain a provision for payment of liquidated damages to the division for material noncompliance by a vendor with a contract provision The division may require a liquidated damages provision in any contract if the division deems it necessary to protect the state's financial interests

4 The provisions of s 120 57(3) apply to the division's contracting process, except

a A formal written protest of any decision, intended decision, or other action subject to protest shall be filed within 72 hours after receipt of notice of the decision, intended decision, or other action

b As an alternative to any provision of s 120 57(3), the division may proceed with the bid selection or contract award process if the director of the department sets forth, in writing, particular facts and circumstances which demonstrate the necessity of continuing the procurement process or the contract award process in order to avoid a substantial disruption to the provision of any scheduled insurance services

(f)(e) Except as provided for in subparagraph (h)(e)2, the percentage of state contribution toward the cost of any plan in the state group insurance program shall be uniform with respect to all state employees in state collective bargaining units participating in the same plan or any similar plan Nothing contained within this section prohibits the development of separate benefit plans for officers and employees exempt from collective bargaining or the development of separate benefit plans for each collective bargaining unit

(g)(d) 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

(h)(e)1 A person eligible to participate in the state group health insurance plan may be authorized by rules ~~approved by the Agency for Health Care Administration~~ and adopted by the ~~division department~~, in lieu of participating in the state group health insurance plan, to exercise an option to elect membership in a health maintenance organization plan which is under contract with the state in accordance with criteria established by this section and by said rules The offer of optional membership in a health maintenance organization plan permitted by this paragraph may be limited or conditioned by rule as may be necessary to meet the requirements of state and federal laws

2 Subject to the approval of and supervision by the Agency for Health Care Administration, The ~~division department~~ shall contract with health maintenance organizations to participate in the state group insurance program through a request for proposal based upon a premium and a minimum benefit package as follows

a A minimum benefit package to be provided by a participating HMO shall include physician services, inpatient and outpatient hospital services emergency medical services, including out-of-area

emergency coverage, diagnostic laboratory and diagnostic and therapeutic radiologic services, mental health, alcohol and chemical dependency treatment services meeting the minimum requirements of state and federal law, skilled nursing facilities and services, prescription drugs, and other benefits as may be required by the *division department*. Additional services may be provided subject to the contract between the *division department* and the HMO

b A uniform schedule for deductibles and copayments may be established for all participating HMOs

c Based upon the minimum benefit package and copayments and deductibles contained in sub-subparagraphs a and b, the *division Agency for Health Care Administration* shall issue a request for proposal for all HMOs which are interested in participating in the state group insurance program. Upon receipt of all proposals, the *division Agency for Health Care Administration* may, as it deems appropriate, enter into contract negotiations with HMOs submitting bids. As part of the request for proposal process, the *division Agency for Health Care Administration* may require detailed financial data from each HMO which participates in the bidding process for the purpose of determining the financial stability of the HMO

d In determining which HMOs to contract with, the *division Agency for Health Care Administration* shall, at a minimum, consider each proposed contractor's previous experience and expertise in providing prepaid health benefits, each proposed contractor's historical experience in enrolling and providing health care services to participants in the state group insurance program, the cost of the premiums, the plan's ability to adequately provide service coverage and administrative support services as determined by the *division Agency for Health Care Administration*, plan benefits in addition to the minimum benefit package, accessibility to providers, and the financial solvency of the plan. Nothing shall preclude the *division Agency for Health Care Administration* from negotiating regional or statewide contracts with health maintenance organization plans when this is cost-effective and when the *division Agency for Health Care Administration* determines the plan has the best overall benefit package for the service areas involved. However, no HMO shall be eligible for a contract if the HMO's retiree Medicare premium exceeds the retiree rate as set by the *division department* for the state group health insurance plan

e The *division department*, subject to the review and approval of the *Agency for Health Care Administration*, may limit the number of HMOs that it contracts with in each service area based on the nature of the bids the *division Agency for Health Care Administration* receives, the number of state employees in the service area, and any unique geographical characteristics of the service area. The *division department*, subject to the review and approval of the *Agency for Health Care Administration*, shall establish by rule service areas throughout the state

f All persons participating in the state group insurance program who are required to contribute towards a total state group health premium shall be subject to the same dollar contribution regardless of whether the enrollee enrolls in the state group health insurance plan or in an HMO plan

3 The *division Agency for Health Care Administration* is authorized to negotiate and the *department* is authorized to contract with specialty psychiatric hospitals for mental health benefits, on a regional basis, for alcohol, drug abuse, and mental and nervous disorders. The *division department* may establish, subject to the approval of the *Agency for Health Care Administration* and the Legislature pursuant to subsection (5), any such regional plan upon completion of an actuarial study to determine any impact on plan benefits and premiums

4 In addition to contracting pursuant to subparagraph 2, the *division department* shall enter into contract with any HMO to participate in the state group insurance program which

a Serves greater than 5,000 recipients on a prepaid basis under the Medicaid program,

b Does not currently meet the 25 percent non-Medicare/non-Medicaid enrollment composition requirement established by the Department of Health and Human Services excluding participants enrolled in the state group insurance program,

c Meets the minimum benefit package and copayments and deductibles contained in sub-subparagraphs 2 a and b,

d Is willing to participate in the state group insurance program at a cost of premiums that is not greater than 95 percent of the cost of HMO premiums accepted by the *division department* in each service area, and

e Meets the minimum surplus requirements of s 641 225

The *division department* is authorized to contract with HMOs that meet the requirements of sub-subparagraphs a through d prior to the open enrollment period for state employees. The *division department* is not required to renew the contract with the HMOs as set forth in this paragraph more than twice. Thereafter, the HMOs shall be eligible to participate in the state group insurance program only through the request for proposal process described in subparagraph 2

5 All enrollees in the state group health insurance plan or any health maintenance organization plan shall have the option of changing to any other health plan which is offered by the state within any open enrollment period designated by the *division department*. Open enrollment shall be held at least once each calendar year

6 Any HMO participating in the state group insurance program shall, upon the request of the *division Agency for Health Care Administration*, submit to the *division Agency for Health Care Administration* standardized data for the purpose of comparison of the appropriateness, quality, and efficiency of care provided by the HMO. Such standardized data shall include membership profiles, inpatient and outpatient utilization by age and sex, type of service, provider type, and facility, and emergency care experience. Requirements and timetables for submission of such standardized data and such other data as the *division Agency for Health Care Administration* deems necessary to evaluate the performance of participating HMOs shall be adopted promulgated by rule

7 The *division department* shall, after consultation with the *Agency for Health Care Administration* and representatives from each of the unions representing state and university employees, establish a comprehensive package of insurance benefits including, but not limited to, supplemental health and life coverage, dental care, long-term care, and vision care to allow state employees the option to choose the benefit plans which best suit their individual needs

a Based upon a desired benefit package, the *division Agency for Health Care Administration* shall issue a request for proposal for health insurance providers interested in participating in the state group insurance program, and the *division department* shall issue a request for proposal for insurance providers interested in participating in the non-health-related components of the state group insurance program. Upon receipt of all proposals, the *division department* or the *Agency for Health Care Administration* may, as either deems appropriate, enter into contract negotiations with insurance providers submitting bids or negotiate a specially designed benefit package. Insurance providers offering or providing supplemental coverage as of May 30, 1991, which qualify for pretax benefit treatment pursuant to s 125 of the Internal Revenue Code of 1986, with 5,500 or more state employees currently enrolled may be included by the *division department* in the supplemental insurance benefit plan established by the *division department* or the *Agency for Health Care Administration* without participating in a request for proposal, submitting bids, negotiating contracts, or negotiating a specially designed benefit package. These contracts shall provide state employees with the most cost-effective and comprehensive coverage available, however, no state or agency funds shall be contributed toward the cost of any part of the premium of such supplemental benefit plans

b Pursuant to the applicable provisions of s 110 161, and s 125 of the Internal Revenue Code of 1986, the *division department* shall enroll in the pretax benefit program those state employees who voluntarily

elect coverage in any of the supplemental insurance benefit plans as provided by sub-subparagraph a

c Nothing herein contained shall be construed to prohibit insurance providers from continuing to provide or offer supplemental benefit coverage to state employees as provided under existing agency plans

(h)(4) The benefits of the insurance authorized by this section shall not be in lieu of any benefits payable under chapter 440, the Workers' Compensation Law. The insurance authorized by this law shall not be deemed to constitute insurance to secure workers' compensation benefits as required by chapter 440

(4) PAYMENT OF PREMIUMS, CONTRIBUTION BY STATE, LIMITATION ON ACTIONS TO PAY AND COLLECT PREMIUMS —

(a) Except as provided in paragraph (e) with respect to law enforcement, correctional and correctional probation officers, legislative authorization through the appropriations act is required for payment by a state agency of any part of the premium cost of participation in any group insurance plan. However, the state contribution for full-time employees or part-time permanent employees shall continue in the respective proportions for up to 6 months for any such officer or employee who has been granted an approved parental or medical leave of absence without pay

(b) If a state officer or full-time state employee selects membership in a health maintenance organization as authorized by paragraph (3)(g)(e), the officer or employee is entitled to a state contribution toward individual and dependent membership as provided by the Legislature through the appropriations act

(c) During each policy or budget year, no state agency shall contribute a greater percentage of the premium cost for its officers or employees for any type of coverage under the state group insurance program than any other agency, nor shall any greater percentage contribution of premium cost be made for employees in one state collective bargaining unit than for those in any other state collective bargaining unit

(d) The state contribution for a part-time permanent state employee who elects to participate in the program shall be prorated so that the percentage of the cost contributed for the part-time permanent employee bears that relation to the percentage of cost contributed for a similar full-time employee that the part-time employee's normal workday bears to a full-time employee's normal workday

(e) No state contribution for the cost of any part of the premium shall be made for retirees or surviving spouses for any type of coverage under the state group insurance program. However, any state agency that employs a full-time law enforcement officer, correctional officer, or correctional probation officer who is killed in the line of duty on or after July 1, 1980, as a result of an act of violence inflicted by another person while the officer is engaged in the performance of law enforcement duties or as a result of an assault against the officer under riot conditions shall pay the entire premium of the state group health insurance plan for the employee's surviving spouse until remarried, and for each dependent child of the employee until the child reaches the age of majority or until the end of the calendar year in which the child reaches the age of 25 if

1 At the time of the employee's death, the child is dependent upon the employee for support, and

2 The surviving child continues to be a dependent for support, or the surviving child is a full-time or part-time student and is dependent for support

(f) Pursuant to the request of each state officer, full-time or part-time state employee, or retiree participating in the state group insurance program, and upon certification of the employing agency approved by the *Division of State Group Insurance Secretary of Management Services*, the Comptroller shall deduct from the salary or retirement warrant payable to each participant the amount so certified and shall handle such deductions in accordance with rules established by the *division department*

(g) No administrative or civil proceeding shall be commenced to collect an underpayment or refund an overpayment of premiums collected pursuant to this subsection unless such claim is filed with the Division of State *Group Employees' Insurance* within 2 years after the alleged underpayment or overpayment was made. For purposes of this paragraph, a payroll deduction, salary reduction, or contribution by an agency is deemed to be made on the date the salary warrant is issued

(5) *DIVISION OF STATE GROUP INSURANCE DEPARTMENT OF MANAGEMENT SERVICES, POWERS AND DUTIES* — The *division Department of Management Services* is responsible for the administration of the state group insurance program. The *division department* shall initiate and supervise the program as established by this section and shall adopt such rules as are necessary to perform its responsibilities. To implement this program, the *division department* shall, with prior approval by the Legislature ~~and, for state employee health insurance, by the Agency for Health Care Administration~~

(a) Determine the benefits to be provided and the contributions to be required for the state group insurance program. Such determinations, whether for a contracted plan or a self-insurance plan pursuant to paragraph (c), do not constitute rules within the meaning of s. 120.52 or final orders within the meaning of s. 120.52. Any physician's fee schedule used in the health and accident plan shall not be available for inspection or copying by medical providers or other persons not involved in the administration of the program. However, in the determination of the design of the program, the *division department of the Agency for Health Care Administration* shall consider existing and complementary benefits provided by the Florida Retirement System and the Social Security System

(b) Prepare, in cooperation with the Department of Insurance ~~and the Agency for Health Care Administration~~, the specifications necessary to implement the program

(c) Contract on a competitive proposal basis with an insurance carrier or carriers, or professional administrator, determined by the Department of Insurance to be fully qualified, financially sound, and capable of meeting all servicing requirements. Alternatively, the *division Department of Management Services* may self-insure any plan or plans contained in the state group insurance program subject to approval based on actuarial soundness by the Department of Insurance. The *division department* may contract with an insurance company or professional administrator qualified and approved by the Department of Insurance to administer such plan. Before entering into any contract, the *division Department of Management Services* or, ~~for state employee health insurance, the Agency for Health Care Administration~~ shall advertise for competitive proposals, and such contract shall be let upon the consideration of the benefits provided in relationship to the cost of such benefits. *In determining which entity to contract with, the division shall, at a minimum, consider the entity's previous experience and expertise in administering group insurance programs of the type it proposes to administer, the entity's ability to specifically perform its contractual obligations in this state and other governmental jurisdictions, the entity's anticipated administrative costs and claims experience, the entity's capability to adequately provide service coverage and sufficient number of experienced and qualified personnel in the areas of claims processing, recordkeeping, and underwriting, as determined by the division, the entity's accessibility to state employees and providers, the financial solvency of the entity, and using accepted business-sector measures of financial performance.* The *division department, subject to the review and approval of the Agency for Health Care Administration*, may contract for medical services which will improve the health or reduce medical costs for employees who participate in the state group insurance plan

(d) With respect to the state group health insurance plan, be authorized, ~~subject to the review and approval of the Agency for Health Care Administration~~, to require copayments with respect to all providers under the plan

(e) Have authority to establish, ~~subject to the review and approval of the Agency for Health Care Administration~~, a voluntary program for

comprehensive health maintenance, which may include health educational components and health appraisals

(f) *With respect to any contract with an insurance carrier or carriers or professional administrator entered into by the division, require that the state and the enrollees be held harmless and indemnified for any financial loss caused by the failure of the insurance carrier or professional administrator to comply with the terms of the contract*

(g) *With respect to any contract with an insurance carrier or carriers, or professional administrator entered into by the division, require that the carrier or professional administrator provide written notice to individual enrollees if any payment due to any health care provider of the enrollee remains unpaid beyond a period of time as specified in the contract*

(h) *Have authority to establish a voluntary group long-term care program or other programs to be funded on a pre-tax contribution basis or on a post-tax contribution basis, as the division determines*

Final decisions concerning the existence of coverage or benefits under the state group health insurance plan shall not be delegated or deemed to have been delegated by the ~~division department, except that such decisions shall be subject to the review and approval of the Agency for Health Care Administration~~

(6) DEPOSIT OF PREMIUMS AND REFUNDS —Premium dollars collected and not required to pay the costs of the program, prior to being paid to the carrier insurance company, shall be invested, and the earnings from such investment shall be deposited in a trust fund to be designated in the State Treasury and utilized for increased benefits or reduced premiums for the participants or may be used to pay for the administration of the state group insurance program. Any refunds paid the state by the insurance carrier from premium dollar reserves held by the carrier and earned on such refunds shall be deposited in the trust fund and used for such purposes

(7) CONTINUATION OF AGENCY INSURANCE PLANS —Nothing contained in this section shall require the discontinuation of any insurance plan provided by any state agency, however, no state or agency funds shall be contributed toward the cost of any part of the premium of such agency plans. Such agency plans shall not be deemed to be included in the state group insurance program

(8) COVERAGE FOR LEGISLATIVE MEMBERS AND EMPLOYEES —The Legislature may provide coverage for its members and employees under all or any part of the state group insurance program, may provide coverage for its members and employees under a legislative group insurance program in lieu of all or any part of the state group insurance program, and, notwithstanding the provisions of paragraph (4)(c), may assume the cost of any group insurance coverage provided to its members and employees

(9) PUBLIC RECORDS LAW, EXEMPTION —Patient medical records and medical claims records of state employees, former employees, and eligible dependents in the custody or control of the state group insurance program are confidential and exempt from the provisions of s. 119.07(1). Such records shall not be furnished to any person other than the employee or the employee's legal representative, except upon written authorization of the employee, but may be furnished in any civil or criminal action, unless otherwise prohibited by law, upon the issuance of a subpoena from a court of competent jurisdiction and proper notice to the employee or the employee's legal representative by the party seeking such records

(10) STATEMENTS OF PURPOSE AND INTENT AND OTHER PROVISIONS REQUIRED FOR QUALIFICATION UNDER THE INTERNAL REVENUE CODE OF THE UNITED STATES —Any other provisions in this chapter to the contrary notwithstanding

(a) Any provision in this chapter relating to a state group insurance program shall be construed and administered to the extent possible to qualify such program to be a qualified and nondiscriminatory employee benefit plan under existing or hereafter-enacted provisions of the Internal Revenue Code of the United States

(b) The ~~division department~~ may adopt any rule necessary to accomplish the purposes of this subsection not inconsistent with this chapter

(c) This subsection is declaratory of the legislative intent upon the original enactment of this section and is deemed to have been in effect since that date

(11) NOTICE BY HEALTH CARE PROVIDERS —*Any health care provider that has entered into a contract with a carrier or professional administrator that has contracted with the division to administer the self-insurance program under this section shall provide written notification to the enrollee and the carrier or administrator at least 10 days before assigning or transferring the responsibility for collecting any payment or debt related to the plan to a collection agency or to any other third party*

Section 4 Subsections (2) and (3) of section 110.12315, Florida Statutes, are amended to read

110.12315 Prescription drug program —

(2)(a) Notwithstanding provisions of statute or agency administrative rules that may have been enacted or adopted prior to April 8, 1992, the ~~Division of State Group Insurance Department of Management Services~~, in making provision for reimbursement for prescription medicines dispensed to members of the State Group Health Insurance Plan and their dependents, shall allow prescriptions written by health care providers under the plan to be filled by any licensed pharmacy pursuant to contractual claims-processing provisions. Retail pharmacies participating in this program shall be reimbursed at a uniform rate and subject to uniform conditions, according to the terms and conditions of the plan established by the ~~Division of State Group Insurance Department of Management Services~~ and relevant provisions of the annual General Appropriations Act and implementing legislation. Nothing in this section shall be construed as prohibiting a mail order prescription drug program distinct from the service provided by retail pharmacies

(b) The reimbursement schedule developed by the ~~Division of State Group Insurance Department of Management Services~~ for a prescription pharmaceutical shall be based on the cost of the generic equivalent drug if a generic equivalent exists, unless the physician prescribing the pharmaceutical clearly states on the prescription that the brand name drug is medically necessary or that the drug product is included on the formulary of drug products that may not be interchanged as provided in chapter 465. In cases in which the physician indicates that a brand name drug is medically necessary, reimbursement shall be based on the cost of the brand name drug as specified in the reimbursement plan adopted by the ~~Division of State Group Insurance Department of Management Services~~

(c) Not later than October 1, 1992, the Department of Management Services shall implement a prescription utilization review program. All pharmacies dispensing medicines to members of the State Group Health Insurance Plan and their dependents shall be required to make records available for this review as a condition of participation in the State Group Health Insurance Plan

(d) The ~~Division of State Group Insurance Department of Management Services~~ shall assure the prompt implementation of this section and may reject all existing contract bids, rebid a pharmaceutical contract, or amend any existing pharmaceutical contract, and exercise any option for terminating any contract that conflicts with these provisions. The ~~Division of State Group Insurance Department of Management Services~~ shall incorporate additional cost savings and adjustments required to balance within appropriations provided, including, but not limited to, a trial or starter dose program and dispensing of long-term maintenance medication in lieu of acute therapy medication. This section does not authorize a reduction in the existing benefit configuration or allow premiums, deductions, or copayments to be raised above the levels specified in the 1992-1993 General Appropriations Act

(3) The current pharmacy dispensing fee shall remain in effect. Additionally, participating pharmacies are required to use a point-of-sale device or an on-line computer system to verify a participant's coverage. The state is not responsible or liable for payment for the prescription of a person whose eligibility has not been verified by the state's contracted administrator or the Division of State Group Employee Insurance.

Section 5 Section 110 1232, Florida Statutes, is amended to read

110 1232 Health insurance coverage for persons retired under state-administered retirement systems before January 1, 1976, and for spouses—Notwithstanding any provisions of law to the contrary, the Division of State Group Insurance Department of Management Services shall provide health insurance coverage in the State Group Health Insurance Plan for persons who retired prior to January 1, 1976, under any of the state-administered retirement systems and who are not covered by social security and for the spouses and surviving spouses of such retirees who are also not covered by social security. Such health insurance coverage shall provide the same benefits as provided to other retirees who are entitled to participate under s 110 123. The claims experience of this group shall be commingled with the claims experience of other members covered under s 110 123.

Section 6 Section 110 1234, Florida Statutes, is amended to read

110 1234 Health insurance for retirees under the Florida Retirement System, Medicare supplement and fully insured coverage—

(1) The Division of State Group Insurance Department of Management Services shall solicit competitive bids from state-licensed insurance companies to provide and administer a fully insured Medicare supplement policy for all eligible retirees of a state or local public employer. Such Medicare supplement policy shall meet the provisions of ss 627 671-627 675. For the purpose of this subsection, "eligible retiree" means any public employee who retired from a state or local public employer who is covered by Medicare, Parts A and B. The department shall authorize one company to offer the Medicare supplement coverage to all eligible retirees. All premiums shall be paid by the retiree.

(2) The Division of State Group Insurance Department of Management Services shall solicit competitive bids from state-licensed insurance companies to provide and administer fully insured health insurance coverage for all public employees who retired from a state or local public employer who are not covered by Medicare, Parts A and B. The division department may authorize one company to offer such coverage if the proposed benefits and premiums are reasonable. If such coverage is authorized, all premiums shall be paid for by the retiree.

Section 7 Subsections (5), (6), and (7) of section 110 161, Florida Statutes, are amended to read

110 161 State employees, pretax benefits program—

(5) The Division of State Group Insurance Department of Management Services shall develop rules for the pretax benefits program, which shall specify the benefits to be offered under the program, the continuing tax-exempt status of the program, and any other matters deemed necessary by the department to implement this section. The rules must be approved by a majority vote of the Administration Commission.

(6) The Division of State Group Insurance Department of Management Services is authorized to establish a pretax benefits program for all employees whereby employees would receive benefits which are not includable in gross income under the Internal Revenue Code of 1986. The pretax benefits program shall be implemented in phases. Phase one shall allow employee contributions to premiums for the state health program and state life insurance to be paid on a pretax basis unless an employee elects not to participate. Phase two shall allow employees to voluntarily establish expense reimbursement plans from their salaries on a pretax basis to pay for qualified medical and dependent care expenses, including premiums paid by employees for qualified supplemental insurance. Phase two may also provide for the payment of such premiums through a pretax payroll procedure as used

in phase one. The Administration Commission and the Division of State Group Insurance Department of Management Services are directed to take all actions necessary to preserve the tax-exempt status of the program.

(7) The Legislature recognizes that a substantial amount of the employer savings realized by the implementation of a pretax benefits program will be the result of diminutions in the state's employer contribution to the Federal Insurance Contributions Act tax. There is hereby created the Pretax Benefits Trust Fund in the Division of State Group Insurance Department of Management Services. Each agency shall transfer to the Pretax Benefits Trust Fund the employer FICA contributions saved by the state as a result of the implementation of the pretax benefits program authorized pursuant to this section. Any moneys forfeited pursuant to employees' salary reduction agreements to participate in phase one or phase two of the program must also be deposited in the Pretax Benefits Trust Fund. Moneys in the Pretax Benefits Trust Fund shall be used for the pretax benefits program, including its administration by the Department of Management Services or a third-party administrator.

Section 8 All powers, duties, and functions of the Division of State Health Purchasing in the Agency for Health Care Administration relating to its duties described in section 110 123, Florida Statutes, including a proportional allocation of indirect costs and overhead, are transferred by a type two transfer, as defined in section 20 06, Florida Statutes, to the Department of Management Services and shall be assigned to the Division of State Group Insurance.

Section 9 It is the Legislature's belief that the state's employees and retirees as well as their dependents are entitled to and deserving of a quality and reliable insurance program. The Legislature also acknowledges that the state has been experiencing performance problems with the present contractor administering the state employees' self insurance program.

It is the Legislature's intent that the present third party administrator should be meeting contract performance standards by June 30, 1997. It is also the intent of the Legislature that the third party administrator shall be capable of sustaining contract performance standards through the remainder of the contract period.

Additionally, it is the Legislature's intent that should the third party administrator fail to meet contract standards by June 30, 1997, or demonstrate inability to sustain contract performance standards, the contract should be terminated and a new, capable, professional administrator should be selected.

Section 10 This act shall take effect upon becoming a law.

And the title is amended as follows:

On page 1, line(s) 1 through 31, and

On page 2, line(s) 1 through 13, remove from the title of the bill all said lines

and insert in lieu thereof: An act relating to state group insurance, amending s 20 22, F.S., renaming the Division of State Employees' Insurance within the Department of Management Services as the Division of State Group Insurance, creating the Florida State Group Insurance Council within the department, providing its membership, providing its powers and duties, providing for meetings, providing travel and per diem, amending s 20 42, F.S., eliminating duties of the Division of State Health Purchasing of the Agency for Health Care Administration with respect to state employee health insurance, amending s 110 123, F.S., defining the term "division", creating the Division of State Group Insurance within the Department of Management Services and requiring that department to provide administrative support and service to the division, excluding the division from control, supervision, or direction by the department, providing for a director of the division, providing requirements, providing for administration of the state group insurance program by the division, providing criteria for division contracts with insuring entities, requiring notice by certain health care providers, authorizing

the division to adopt rules, amending s 110 12315 F S . assigning the Division of State Group Insurance duties relating to the prescription drug program, amending s 110 1232, F S , assigning the Division of State Group Insurance duties relating to health insurance coverage for persons retired under state-administered retirement before a specified date, amending s 110 1234, F S . assigning the Division of State Group Insurance duties relating to health insurance for retirees under the Florida Retirement System or Medicare Supplement, amending s 110 161, F S , assigning the Division of State Group Insurance duties relating to the pretax benefits program, providing an effective date

Rep Turnbull moved the adoption of the amendment, which was adopted

On motion by Rep Turnbull, the rules were suspended and CS for CS for SB 286, as amended, was read the third time by title On passage, the vote was

Yeas—110

The Chair	Crow	Lacasa	Ritter
Albright	Culp	Laurent	Roberts-Burke
Andrews	Dawson-White	Lawson	Rodriguez-Chomat
Argenziano	Dennis	Lippman	Rojas
Arnall	Diaz de la Portilla	Littlefield	Safley
Arnold	Dockery	Livingston	Sanderson
Bahter	Effman	Logan	Saunders
Ball	Eggelletion	Lynn	Sembler
Betancourt	Feeney	Mackenzie	Sindler
Bitner	Fischer	Mackey	Smith
Bloom	Flanagan	Martinez	Spratt
Boyd	Frankel	Maygarden	Stabins
Bradley	Fuller	Meek	Stafford
Brennan	Futch	Meivin	Sublette
Bronson	Garcia	Merchant	Thrasher
Brooks	Geller	Minton	Tobin
Brown	Goode	Morrone	Trovillion
Bullard	Hafner	Morse	Turnbull
Burroughs	Harrington	Murman	Valdes
Bush	Healey	Ogles	Villalobos
Byrd	Heyman	Peaden	Wallace
Carlton	Hill	Posey	Warner
Casey	Horan	Prewitt, D	Wasserman Schultz
Chestnut	Jacobs	Pruitt, K	Westbrook
Clemons	Jones	Putnam	Wiles
Cosgrove	Kelly	Rayson	Ziebarth
Crady	King	Reddick	
Crist	Kosmas	Ritche	

Nays—None

Votes after roll call

Yeas—Edwards

So the bill passed, as amended, and was immediately certified to the Senate

SB 656—A bill to be entitled An act relating to funding for criminal proceedings, amending ss 27 38, 27 60, F S , revising the budget transfer authority of state attorneys and public defenders, providing an effective date

—was read the second time by title On motion by Rep Meek, the rules were suspended and the bill was read the third time by title On passage, the vote was

Yeas—112

The Chair	Bahter	Boyd	Burroughs
Albright	Ball	Bradley	Bush
Andrews	Barreiro	Brennan	Byrd
Argenziano	Betancourt	Brooks	Carlton
Arnall	Bitner	Brown	Casey
Arnold	Bloom	Bullard	Chestnut

Clemons	Geller	Martinez	Sanderson
Constantine	Goode	Maygarden	Saunders
Cosgrove	Hafner	Meek	Sembler
Crady	Harrington	Melvin	Sindler
Crist	Healey	Merchant	Smith
Crow	Heyman	Morrone	Spratt
Culp	Hill	Morse	Stabins
Dawson-White	Horan	Murman	Stafford
Dennis	Jones	Ogles	Sublette
Diaz de la Portilla	Kelly	Peaden	Thrasher
Dockery	King	Posey	Tobin
Edwards	Kosmas	Prewitt, D	Trovillion
Effman	Lacasa	Pruitt, K	Turnbull
Eggelletion	Laurent	Putnam	Valdes
Fasano	Lawson	Rayson	Villalobos
Feeney	Lippman	Reddick	Wallace
Fischer	Littlefield	Ritche	Warner
Flanagan	Livingston	Ritter	Wasserman Schultz
Frankel	Logan	Roberts-Burke	Westbrook
Fuller	Lynn	Rodriguez-Chomat	Wiles
Futch	Mackenzie	Rojas	Wise
Gay	Mackey	Safley	Ziebarth

Nays—1

Jacobs

Votes after roll call

Yeas—Bronson, Greene, Minton, Starks

Nays to Yeas—Jacobs

So the bill passed and was immediately certified to the Senate

CS for SB 798—A bill to be entitled An act relating to instructional materials, amending s 229 512, F S , prescribing power of the Commissioner of Education, amending s 233 07, F S , deleting obsolete language relating to state instructional materials committee appointments, conforming provisions relating to committee meetings, providing a definition, amending s 233 09, F S , requiring state instructional materials committees to adhere to procedures prescribed by the commissioner, revising provisions relating to evaluation of instructional materials by state instructional materials committees, deleting obsolete provisions, amending s 233 11, F S , conforming language relating to committee procedures, amending s 233 16, F S , providing procedures for evaluating instructional materials, authorizing a publisher or manufacturer to provide a cash deposit in lieu of a bond, revising provisions relating to preservation of contracts, amending s 233 17, F S , providing for the commissioner to approve terms of adoption for instructional material, amending s 233 18, F S , revising requirements for specimen copies of instructional materials, amending s 233 25, F S , revising requirements for samples of nonprint instructional materials, revising requirements of publishers or manufacturers relating to description of instructional materials, conforming provisions, amending s 233 34, F S , providing for use of certain materials, providing for a school or school district to use certain funds to purchase science laboratory materials and supplies when authorized in the General Appropriations Act, amending s 233 46, F S , providing additional penalties for lost or damaged books, deleting obsolete provisions, amending s 233 061, F S , providing required instruction, providing an effective date

—was read the second time by title. On motion by Rep Livingston, the rules were suspended and the bill was read the third time by title On passage, the vote was

Yeas 113

The Chair	Bahter	Boyd	Bullard
Albright	Ball	Bradley	Burroughs
Andrews	Barreiro	Brennan	Byrd
Argenziano	Betancourt	Bronson	Carlton
Arnall	Bitner	Brooks	Casey
Arnold	Bloom	Brown	Chestnut



Journal of the Senate

Number 8—Regular Session

Wednesday, March 26, 1997

CONTENTS OF TODAY'S JOURNAL

Bills on Third Reading	270
Call to Order	268
Co-Sponsors	285
Committee Substitutes, First Reading	282
House Messages, First Reading	284
Introduction and Reference of Bills	277
Motions	269
Motions Relating to Committee Reference	269
Reports of Committees	276
Resolutions	268
Senate Pages	285
Special Guests	273
Special Order Calendar	270

[See end of Journal for Bill Action Summary]

CALL TO ORDER

The Senate was called to order by the President at 9 30 a m A quorum present—40

Madam President	Crist	Holzendorf	Meadows
Bankhead	Dantzler	Horne	Myers
Bronson	Diaz-Balart	Jenne	Ostalkiewicz
Brown-Waite	Dudley	Jones	Rossin
Burt	Dyer	Kirkpatrick	Scott
Campbell	Forman	Klein	Silver
Casas	Grant	Kurth	Sullivan
Childers	Gutman	Latvala	Thomas
Clary	Hargrett	Lee	Turner
Cowin	Harris	McKay	Williams

PRAYER

The following prayer was offered by James C Vaughn, Jr, Pastor, Providence Missionary Baptist Church, Thomasville, Georgia

Shema Yisrael Adona Elohanu echod Hear, O Israel, our Lord our God is one in presence and purpose

Omnipotent God, as the men and women of this august body prepare to tackle the issues before them this day, we pause now to beg you to cleanse our hearts and minds by the inspiration of your Holy Spirit. Please come now, O Holy One, upon these noble servants—come as holy light and lead them, come as holy truth and teach them, come as holy forgiveness and free them; come as holy love and engulf and engross them, come as holy power and enable them, convict them, convert them and consecrate them unto thy self and service

In the strong and imperturbable spirit of grace and mercy, Shalom

PLEDGE

Senate Pages, Carolyn Barringer of Lake Wales and Bayard Bavetta of Leesburg, led the Senate in the pledge of allegiance to the flag of the United States of America

ADOPTION OF RESOLUTIONS

At the request of Senator Forman—

By Senator Forman—

SR 846—A resolution commending the osteopathic physicians of this state and recognizing March 26, 1997, as Osteopathic Medicine Day

WHEREAS, osteopathic physicians offer health care services to more than 10 percent of the population, primarily in the area of primary care, and

WHEREAS, osteopathic physicians provide primary care services to their patients in more than 84 million patient visits in this country each year, and

WHEREAS, this state has 10 accredited osteopathic hospitals, two osteopathic medical colleges, and the fourth largest osteopathic physician population in the United States, and

WHEREAS, osteopathic manipulation of the musculoskeletal system is a viable and proven technique for many diagnoses and treatments and provides an alternative to many drug therapies, and

WHEREAS, osteopathic physicians provide comprehensive medical care, including preventive medicine, diagnoses, and the appropriate use of drugs, surgery, manipulation, and hospital referrals, NOW, THEREFORE,

Be It Resolved by the Senate of the State of Florida

That the Florida Senate commends osteopathic physicians of this state for their contributions to the health and welfare of the residents of this state and recognizes March 26, 1997, as Osteopathic Medicine Day

—SR 846 was introduced, read and adopted by publication

At the request of Senator Grant—

By Senator Grant—

SR 2326—A resolution commending Phoebe Irby, recipient of the 1996 Outstanding Teacher Award

WHEREAS, Phoebe Irby, a special education teacher at Dover Exceptional Center in Hillsborough County, has been named Outstanding Teacher of 1996 by McDonald's and Walt Disney Co, and

WHEREAS, Phoebe Irby has also received recognition as the Outstanding Early Childhood Teacher of 1996 after being named Hillsborough County's Teacher of the Year in 1995 and becoming a finalist for the Florida Teacher of the Year award, and

WHEREAS, in being selected as the nation's top educator, Phoebe Irby defeated 11 other finalists who were selected from 1,500 applicants nationwide, and

WHEREAS, Phoebe Irby, who works with children who are hearing and sight impaired, was chosen for her commitment to teaching real-life skills and challenging her students to become more independent through field trips into the community, and

WHEREAS, Phoebe Irby receives praise for keeping parents closely informed of their children's progress through individual journals that go home with each child, and

WHEREAS, it is only fitting that Phoebe Irby, a special-needs teacher for 19 years, be recognized for her outstanding accomplishments NOW, THEREFORE,

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.)

Date: March 11, 1997 Revised: _____

Subject: State Group Insurance

	<u>Analyst</u>	<u>Staff Director</u>	<u>Reference</u>	<u>Action</u>
1.	<u>Wilson</u>	<u>Wilson</u>	<u>GO</u>	<u>Favorable/CS</u>
2.	<u>Johnson</u>	<u>Deffenbaugh</u>	<u>BI</u>	<u>Favorable/CS</u>
3.	<u> </u>	<u> </u>	<u>WM</u>	<u>Withdrawn</u>
4.	<u> </u>	<u> </u>	<u> </u>	<u> </u>
5.	<u> </u>	<u> </u>	<u> </u>	<u> </u>

I. Summary:

The CS/CS/SB 286 transfers responsibility for the procurement of state employees' insurance from the Agency for Health Care Administration (AHCA) to a newly created Division of State Group Health Insurance within the Department of Management Services. The Division of State Employees Insurance is renamed the Division of State Group Health Insurance and is established as a separate budget entity in the Department of Management Services.

The division is required to include a provision in the contract for the state employee's self-insurance plan to hold the state and enrollees harmless for financial loss in the event a contractor fails to comply with the terms of the contract. Any carrier or professional administrator contracting with the state is required to provide written notice to an enrollee if any payment due to any enrollee remains unpaid beyond a period of time as specified by contract

Any health care provider that has entered into a contract with a carrier or administrator which has contracted with the division to administer the state self-insurance plan is required to provide 10 days written notice to the enrollee and administrator or carrier before assigning or transferring the responsibility for collecting any payment or debt related to the plan to a collection agency or to any other third party.

The Florida State Group Health Insurance Council is created within the Department of Management Services to serve in an advisory and oversight capacity to the division. The nine member council includes state and employee representatives.

The bill provides additional factors for the division to consider in evaluating the capabilities of an insurance carrier or carriers, or professional administrator in administering the plan.

Numerous technical and conforming changes are made to clarify that the division, not the department, is responsible for administering the state employees' insurance program.

This bill substantially amends the following sections of the Florida Statutes: 20 22, 20 42, 110.123, 110.12315, 110.1232, 110.1234, and 110 161.

II. Present Situation:

In 1993, responsibility for the procurement of state employees insurance was transferred to the AHCA. These duties included the procurement of the administrator, the development of the plan's benefit design, the establishment of the plan's cost sharing and cost containment requirements, the collection and analysis of data, and evaluating and monitoring the administrator and the provider network performance. The state employees insurance program includes the group plan and the health maintenance organization plan.

The Department of Management Services was assigned the responsibility for the contract management and day-to-day management of the state employee insurance program including, but not limited to, employee enrollment, premium collection, payment to health care providers, and other administrative functions related to the program.

Pursuant to the provisions of s. 110.123(3)(a), F.S., it is the intent of the Legislature to offer a health insurance benefit package for state employees, and to provide the coverage in the most cost-efficient manner. Employees have a choice of joining the self-insurance plan or a health maintenance organization. Approximately 150,000 active state employees and an estimated 155,000 dependents are members of the self-insurance plan.

Effective January 1, 1996, AHCA awarded the contract for the group self-insurance plan (plan) to UNISYS. Blue Cross Blue Shield of Florida was the prior administrator of the plan for many years. Although UNISYS has been active as a service provider for government plans like Medicaid, this contract appeared to represent the first time the corporation had acted as a service provider for an employer-employee plan.

UNISYS, as a third-party administrator, is responsible for the providing claims processing and other administrative services for the program. In addition, UNISYS is charged with the responsibility of developing and maintaining a network of health care providers for the provision of health care services to enrollees.

Since the implementation of the contract in January 1996, health care providers and enrollees have reported numerous problems related to the quality of service provided by UNISYS, as a third party administrator. Initial start-up glitches or problems can be expected to occur on a temporary basis during any major conversion from one administrator to another. Anecdotal information suggests that such a transition period also occurred when Blue Cross Blue Shield of Florida initially assumed responsibility as the third party administrator for the plan.

However, as UNISYS approaches 16 months into the contract, the processing and payment of claims in an accurate and timely manner continues to be a major concern. Enrollees and providers continue to experience significant delays and problems in their attempts to have claims processed and paid in an accurate and timely fashion. Due to the nonpayment or inaccurate processing of claims, some providers have turned claims over to collection agencies for resolution. As a result, the credit rating of many enrollees is being compromised.

As a result of UNISYS' failure to meet contractual requirements relating to the processing and payment of claims and the submission of monthly reports, UNISYS has been assessed penalties on an almost monthly basis. Approximately \$3 million has been assessed by the Department of Management Services. From January 1, 1996 through June 30, 1997, DMS has incurred costs of approximately \$800,000 paid out of the health insurance trust fund, for consultant services in support of the UNISYS management contract. It has estimated that it has incurred additional opportunity costs of some \$408,000 due to the assignment of excess staff workload to UNISYS compliance activities.

As part of the request for proposal, which was incorporated into the contract for the state employees' health insurance program, the contractor, UNISYS, agreed to indemnify and save harmless the state and its employees from any claims or losses to any person or firm injured or damaged by the erroneous, negligent, or willful acts of the contractor, its officers, directors, employees, or subcontractors in the performance of the contract. At least one enrollee has filed a lawsuit against the Department of Management Services seeking payment of medical claims and attorney fees associated with the lawsuit.

Third party administrators are regulated by the Department of Insurance under part VII of chapter 626, F.S. Administrators are persons or firms that solicit or effect coverage of, collect premiums or charges from, or adjust or settle claims in connection with authorized self-insurance funds or with insured or self-insured programs that provide life or health insurance coverage. Administrators are required to obtain a certificate of authority from the department.

Section 626 891, F.S., relating to grounds for suspension or revocation of the certificate of authority, authorizes the department to take an action against an administrator if the administrator has, without just cause, refused to pay proper claims or perform services arising under its contracts or has, without just cause, compelled insured persons to accept less than the amount due them or to employ attorneys or bring suit against the administrator to secure full payment or settlement of such claims.

III. Effect of Proposed Changes:

Section 1. Section 20 22, F.S., relating to the Department of Management Services, is amended to rename the Division of State Employees Insurance the Division of State Group Insurance.

The Florida State Group Health Insurance Council is created in the Department of Management Services. The nine-member Florida State Group Health Insurance Council will consist of

One member from the Governor's Office, appointed by the Governor;

One Senator, appointed by the President of the Senate;

One Representative, appointed by the Speaker of the House of Representatives;

The Director of Health Care Administration;

The Secretary of the Department of Management Services;

The State Insurance Commissioner;

A representative of an employee collective bargaining unit, appointed by the Governor;

A full-time, career service state employee, appointed by the Governor; and

A retired state employee, appointed by the Governor.

Gubernatorial appointees shall serve four-year terms and must be residents of Florida. The Council has as its primary functions: the provision of accountability measures including implementation of performance-based program budgeting measures under which the division operates; the review of procedures for contract selection prior to solicitation; the review of the content of benefit packages; the review of all compliance or audit reports assessing the performance of third-party administrator duties; third-party administrator management reports for completion and accuracy; the review of overpayment and other collections activities to assure the safeguarding of assets; and the review of survey instruments designed to gauge potential problem areas.

The section disclaims any involvement of the Council in the awarding of contracts; the approval of consultants or contractors, other than the rendering of advice, any personnel actions affecting the DMS, or the granting or revoking of any license or privilege granted by DMS

The Council selects a chair from its members and is authorized to meet at least four times annually. Meetings must be noticed pursuant to chapter 120, F.S. (Administrative Procedures Act) and both its records and meetings are in the public domain. Members are entitled to reimbursement for travel and expenses only.

Section 2. Section 20.42, F.S., relating to the organizational structure of AHCA, is amended to eliminate any duties or responsibilities of AHCA relating to the state employee health insurance program.

Section 3. Section 110.123, F.S., relating to the state group insurance program, is amended to rename the Division of State Employees' Insurance the Division of State Group Insurance and establish the division as a separate budget entity. The division is not subject to the control,

supervision, or direction of the department. The Director of the Division of State Group Insurance is appointed by the Governor and confirmed by the Senate. The Department of Management Services is required to provide administrative support and services to the division to the extent requested by the director. The training and experience requirements for the director are specified.

Conforming changes are made in the section to delete AHCA responsibilities and assign the new division responsibilities relating to the state employees insurance program.

As part of the process of selecting an insurance carrier or carriers, or administrator to administer the plan, the division is required to consider the entity's previous experience and expertise, anticipated administrative costs and claims experience, and the capability to adequately provide service coverage and sufficient number of experienced and qualified personnel in the areas of claims processing, record keeping, and underwriting.

As part of any contract entered into with an insurance carrier or carriers, or professional administrator, the state is held harmless and indemnified for any financial loss incurred in the event the insurance carrier or carriers, or professional administrator, fails to comply with the terms of the contract.

Any contract for the administration of the self-insurance plan with an insurance carrier or carriers, or professional administrator, is required to include a notification provision. The carrier or administrator is required to provide written notice to an individual if any payments due to any health care provider of the enrollee remain unpaid beyond a period of time specified in the contract. Likewise, health care providers are required to provide written notification to the enrollee and the carrier or administrator at least 10 days before assigning or transferring the responsibility for collecting any payment or debt related to the self-insurance plan to a collection agency or to any other third party.

Section 4. Section 110.12315, F.S., relating to the state prescription drug program, is amended to reassign responsibility for the program from the Department of Management Services to the newly created Division of State Group Insurance.

Section 5. Section 110.1232, F.S., relating to health insurance coverage for persons retired under the state-administered retirement system prior to January 1, 1976, is amended to reassign responsibility for the program from the Department of Management Services to the newly created Division of State Group Insurance.

Section 6. Section 110.1234, F.S., relating to health insurance for retirees under the Florida Retirement System and Medicare supplement and fully insured coverage, is amended to reassign responsibility for the program from the Department of Management Services to the newly created Division of State Group Insurance.

Section 7. Section 110 161, F.S., relating to the state employees' pretax benefits program, is amended to reassign responsibility for the program from the Department of Management Services to the newly created Division of State Group Insurance.

Section 8. All powers, duties and functions of the Division of State Health Purchasing in AHCA, relating to the duties under s. 110.123, F.S., are transferred to DMS and assigned to the Division of State Group Insurance.

Section 9. The bill becomes effective upon becoming law

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:

None

B. Private Sector Impact.

In the event an enrollee incurs financial costs relating to the failure of the insurance carrier or carriers, or professional administrator to comply with the terms of the contract, the enrollee will be able to seek recourse.

C. Government Sector Impact:

The Commission provided in the bill is patterned after the Transportation Commission in s 20.23, F.S. Unlike that Commission, however, this entity has no full-time staff and, consequently, no salary and benefit obligations. Using the standard of \$500 per member for each of the four quarterly meetings would yield a minimum expense budget of \$14,000 for travel and per diem. Additional printing expenses and public meeting notice line charges of

\$.79 would add somewhat to this estimated amount. The employee health insurance trust fund likely would be obligated for these amounts.

The Department of Insurance was unable to determine the fiscal impact of enforcing the written notification requirements for third-party administrators.

Some additional costs are expected to be incurred by the Division of State Group Insurance and AHCA as a result of the transfer of responsibilities. The type two transfer of positions from AHCA to the Division of State Group Insurance would continue to fund the positions out of the state employees health insurance trust fund. According to the Agency for Health Care Administration, the type two transfer to the Division of State Group Insurance would have the following recurring fiscal impact on the agency for fiscal years 1997-98 and 1998-99:

Full-time equivalent staff	(13.0)
Salaries and Benefits	(\$573,666)
Expenses	(92,408)
Total	(\$666,074)

VI. Technical Deficiencies:

None.

VII. Related Issues:

None

VIII. Amendments:

None

STORAGE NAME: s286s2z.sehb
DATE: May 29, 1997

****AS PASSED BY THE LEGISLATURE****
CHAPTER #: 97-092, Laws of Florida

**HOUSE OF REPRESENTATIVES
SELECT COMMITTEE ON
GOVERNMENTAL OPERATIONS
FINAL BILL RESEARCH & ECONOMIC IMPACT STATEMENT**

BILL #: CS/CS/SB 286
RELATING TO: State Group Insurance/DMS
SPONSOR(S): Committees on Banking & Insurance, Governmental Reform & Oversight, Senator Thomas & others

STATUTE(S) AFFECTED: Chapters 20 & 110, F.S.

COMPANION BILL(S): HB 459(s)

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

- (1) STATE EMPLOYEE HEALTH BENEFITS, SELECT YEAS 4 NAYS 0
- (2)
- (3)
- (4)
- (5)

I. SUMMARY:

The CS/CS/SB 286 transfers responsibility for the procurement of state employees' insurance from the Agency for Health Care Administration (AHCA) to a newly created Division of State Group Insurance within the Department of Management Services. The Division of State Employees' Insurance is renamed the Division of State Group Insurance and is established as a separate budget entity in the Department of Management Services.

The division is required to include a provision in the contract for the state employees' self-insurance plan to hold the state and enrollees harmless for financial loss in the event a contractor fails to comply with the terms of the contract. Any carrier or professional administrator contracting with the state is required to provide written notice to an enrollee if any payment due to any enrollee remains unpaid beyond a period of time as specified by contract.

Any health care provider that has entered into a contract with a carrier or administrator, which has contracted with the division to administer the state self-insurance plan, is required to provide 10 days written notice to the enrollee, administrator, or carrier before assigning or transferring the responsibility for collecting any payment or debt, related to the plan, to a collection agency or to any other third party.

The Florida State Group Insurance Council is created within the Department of Management Services to serve in an advisory and oversight capacity to the division. The nine member council includes private, state, and employee representatives.

The bill provides additional factors for the division to consider in evaluating the capabilities of an insurance carrier or carriers, or professional administrator in administering the plan.

Numerous technical and conforming changes are made to clarify that the division, not the department, is responsible for administering the state employees' insurance program.

This bill substantially amends the following sections of the Florida Statutes: 20.22, 20 42, 110.123, 110 12315, 110 1232, 110 1234, and 110 161.

The transfer of powers, duties, and functions of the Division of State Health Purchasing in the Agency for Health Care Administration (AHCA) to the Division of State Group Insurance will continue to be funded out of the state employees' health insurance trust fund.

STORAGE NAME s286s2z.sehb

DATE. May 29, 1997

PAGE 2

II. SUBSTANTIVE RESEARCH.

A. PRESENT SITUATION:

In 1993, responsibility for the procurement of state employees' insurance was transferred to the AHCA. These duties included the procurement of the administrator, the development of the plan's benefit design, the establishment of the plan's cost sharing and cost containment requirements, the collection and analysis of data, and evaluating and monitoring the performance of the administrator and the provider network. The state employees' insurance program includes the group plan and the health maintenance organization plan.

The Department of Management Services was assigned the responsibility for the contract management and day-to-day management of the state employees' insurance program including, but not limited to, employee enrollment, premium collection, payment to health care providers, and other administrative functions related to the program.

Pursuant to the provisions of s. 110.123(3)(a), F.S., it is the intent of the Legislature to offer a health insurance benefit package for state employees, and to provide the coverage in the most cost-efficient manner. Employees have a choice of joining the self-insurance plan or a health maintenance organization. Approximately 150,000 active state employees and an estimated 155,000 dependents are members of the self-insurance plan.

Effective January 1, 1996, AHCA awarded the contract for the group self-insurance plan (plan) to UNISYS. Blue Cross Blue Shield of Florida was the prior administrator of the plan for many years. Although UNISYS has been active as a service provider for government plans like Medicaid, this contract appeared to represent the first time the corporation had acted as a service provider for an employer-employee plan.

UNISYS, as a third-party administrator, is responsible for providing claims processing and other administrative services for the program. In addition, UNISYS is charged with the responsibility of developing and maintaining a network of health care providers for the provision of health care services to enrollees.

Since the implementation of the contract in January 1996, health care providers and enrollees have reported numerous problems related to the quality of service provided by UNISYS, as a third party administrator. Initial start-up glitches or problems can be expected to occur on a temporary basis during any major conversion from one administrator to another. Anecdotal information suggests that such a transition period also occurred when Blue Cross Blue Shield of Florida initially assumed responsibility as the third party administrator for the plan.

However, as UNISYS approaches 16 months into the contract, the processing and payment of claims in an accurate and timely manner continues to be a major concern. Enrollees and providers continue to experience significant delays and problems in their attempts to have claims processed and paid in an accurate and timely fashion. Due to the nonpayment or inaccurate processing of claims, some providers have turned claims over to collection agencies for resolution. As a result, the credit rating of many enrollees is being compromised.

As a result of UNISYS' failure to meet contractual requirements relating to the processing and payment of claims and the submission of monthly reports, UNISYS has been assessed penalties on an almost monthly basis. Approximately \$3 million has been assessed by the Department of Management Services. From January 1, 1996 through June 30, 1997, DMS has incurred costs of

approximately \$800,000 paid out of the health insurance trust fund, for consultant services in support of the UNISYS management contract. It has estimated that it has incurred additional opportunity costs of some \$408,000 due to the assignment of excess staff workload to UNISYS compliance activities.

As part of the request for proposal, which was incorporated into the contract for the state employees' health insurance program, the contractor, UNISYS, agreed to indemnify and save harmless the state and its employees from any claims or losses to any person or firm injured or damaged by the erroneous, negligent, or willful acts of the contractor, its officers, directors, employees, or subcontractors in the performance of the contract. At least one enrollee has filed a lawsuit against the Department of Management Services seeking payment of medical claims and attorney fees associated with the lawsuit.

Third party administrators are regulated by the Department of Insurance under part VII of chapter 626, F.S. Administrators are persons or firms that solicit or effect coverage of, collect premiums or charges from, or adjust or settle claims in connection with authorized self-insurance funds or with insured or self-insured programs that provide life or health insurance coverage. Administrators are required to obtain a certificate of authority from the department.

Section 626.891, F.S., relating to grounds for suspension or revocation of the certificate of authority, authorizes the department to take an action against an administrator if the administrator has, without just cause, refused to pay proper claims or perform services arising under its contracts or has, without just cause, compelled insured persons to accept less than the amount due them or to employ attorneys or bring suit against the administrator to secure full payment or settlement of such claims

B. EFFECT OF PROPOSED CHANGES.

Section 1. Section 20.22, F.S., relating to the Department of Management Services, is amended to rename the Division of State Employees Insurance the Division of State Group Insurance. The Florida State Group Health Insurance Council is created in the Department of Management Services. The nine-member Florida State Group Health Insurance Council will consist of:

The State Budget Director, appointed by the Governor;

One Senator, appointed by the President of the Senate;

One Representative, appointed by the Speaker of the House of Representatives;

An individual from the private sector with an extensive health administration background, appointed by the Governor,

A representative of the State University System, appointed by the Board of Regents;

The State Insurance Commissioner or his designee;

The Director of the Division of Retirement;

A representative of an employee collective bargaining unit, appointed by the Governor; and,

A retired state employee, appointed by the Governor.

Gubernatorial appointees shall serve four-year terms and must be residents of Florida.

The council has as its primary functions: the provision of accountability measures including implementation of performance-based program budgeting measures under which the division operates; the review and recommendation of procedures for contract selection prior to solicitation; the review and recommendation of the content of benefit packages; the review of all compliance or audit reports assessing the performance of third-party administrator duties; third-party administrator management reports for completion and accuracy; the review of overpayment and other collections activities to assure the safeguarding of assets; and the review of survey instruments designed to gauge potential problem areas and make recommendations to the director.

The council is assigned to the Division of State Group Insurance for administrative and fiscal accountability purposes, but the council and its staff shall otherwise function independently of the control and direction of the division. The Division of State Group Insurance shall furnish dedicated administrative and secretarial assistance to the council, and other assistance as requested.

The section disclaims any involvement of the council in the awarding of contracts; the approval of consultants or contractors, other than the rendering of advice; any personnel actions affecting the DMS; or the granting or revoking of any license or privilege granted by DMS.

The council selects a chair from its members and is authorized to meet at least four times annually. Meetings must be noticed pursuant to chapter 120, F.S. (Administrative Procedures Act) and both its records and meetings are in the public domain. Members are entitled to reimbursement for travel and expenses only.

Section 2. Section 20.42, F.S., relating to the organizational structure of AHCA, is amended to eliminate any duties or responsibilities of AHCA relating to the state employee health insurance program.

Section 3. Section 110.123, F.S., relating to the state group insurance program, is amended to rename the Division of State Employees' Insurance the Division of State Group Insurance and establish the division as a separate budget entity. The division is not subject to the control, supervision, or direction of the department. The Director of the Division of State Group Insurance is appointed by the Governor and confirmed by the Senate. The Department of Management Services is required to provide administrative support and services to the division to the extent requested by the director. The training and experience requirements for the director are specified

Conforming changes are made in the section to delete AHCA responsibilities and assign the new division responsibilities relating to the state employees' insurance program.

As part of the process of selecting an insurance carrier or carriers, or administrator to administer the plan, the division is required to consider the entity's previous experience and expertise, anticipated administrative costs and claims experience, and the capability

to adequately provide service coverage and a sufficient number of experienced and qualified personnel in the areas of claims processing, record keeping, and underwriting.

As part of any contract entered into with an insurance carrier or carriers, or professional administrator, the state is held harmless and indemnified for any financial loss incurred in the event the insurance carrier or carriers, or professional administrator, fails to comply with the terms of the contract.

Any contract for the administration of the self-insurance plan with an insurance carrier or carriers, or professional administrator, is required to include a notification provision. The carrier or administrator is required to provide written notice to an individual if any payments due to any health care provider of the enrollee remain unpaid beyond a period of time specified in the contract. Likewise, health care providers are required to provide written notification to the enrollee and the carrier or administrator at least 10 days before assigning or transferring the responsibility for collecting any payment or debt related to the self-insurance plan to a collection agency or to any other third party.

Section 4. Section 110.12315, F.S., relating to the state prescription drug program, is amended to reassign responsibility for the program from the Department of Management Services to the newly created Division of State Group Insurance.

Section 5. Section 110.1232, F.S., relating to health insurance coverage for persons retired under the state-administered retirement system prior to January 1, 1976, is amended to reassign responsibility for the program from the Department of Management Services to the newly created Division of State Group Insurance.

Section 6. Section 110.1234, F.S., relating to health insurance for retirees under the Florida Retirement System and Medicare supplement and fully insured coverage, is amended to reassign responsibility for the program from the Department of Management Services to the newly created Division of State Group Insurance.

Section 7. Section 110.161, F.S., relating to the state employees' pretax benefits program, is amended to reassign responsibility for the program from the Department of Management Services to the newly created Division of State Group Insurance.

Section 8. All powers, duties and functions of the Division of State Health Purchasing in AHCA, relating to the duties under s. 110.123, F.S., are transferred to DMS and assigned to the Division of State Group Insurance.

Section 9. Establishes the intent of the Legislature that the state's employees, retirees, and their dependents are entitled to, and deserving of, a quality and reliable insurance program. The Legislature acknowledges the performance problems being experienced with the present contractor. Additionally, it establishes the Legislature's intent that should the third party administrator fail to meet contract standards by June 30, 1997, or demonstrate inability to sustain contract performance standards through the remainder of the contract period, the contract should be terminated and a new professional administrator should be selected.

Section 10. The bill becomes effective upon becoming law.

C. APPLICATION OF PRINCIPLES:

1. Less Government:

a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

No.

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

All powers, duties, and functions of the Division of State Health Purchasing in AHCA, relating to its duties described in s. 110 123, F.S., are transferred to the Department of Management Services and shall be assigned to the Division of State Group Insurance.

(3) any entitlement to a government service or benefit?

No.

b. If an agency or program is eliminated or reduced:

(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

The responsibility for procuring professional administrators for the state employees' group insurance plans is being transferred from AHCA to the Division of State Group Insurance in DMS. The costs of this responsibility will continue to be born by the trust fund.

(2) what is the cost of such responsibility at the new level/agency?

The type two transfer of positions from AHCA to the Division of State Group Insurance would continue to fund the positions out of the state employees' health insurance trust fund. According to the AHCA, the type two transfer to the Division of State Group Insurance would have the following recurring fiscal impact on the agency for fiscal years 1997-98 and 1998-99:

Full-time equivalent staff	(13.0)
Salaries and Benefits	(\$573,666)
Expenses	(\$92,408)
Total	(\$666,074)

(3) how is the new agency accountable to the people governed?

Through a division director, appointed by the Governor and confirmed by the Senate, and through an advisory council consisting of private, state, and employee representatives.

2 Lower Taxes:

a. Does the bill increase anyone's taxes?

No.

b. Does the bill require or authorize an increase in any fees?

No.

c. Does the bill reduce total taxes, both rates and revenues?

No.

d. Does the bill reduce total fees, both rates and revenues?

No.

e. Does the bill authorize any fee or tax increase by any local government?

No.

3. Personal Responsibility:

a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

No.

b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

N/A

4 Individual Freedom:

- a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

N/A

- b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

No

5. Family Empowerment:

- a. If the bill purports to provide services to families or children:

This bill does not purport to provide services to families or children.

- (1) Who evaluates the family's needs?

N/A

- (2) Who makes the decisions?

N/A

- (3) Are private alternatives permitted?

N/A

- (4) Are families required to participate in a program?

N/A

- (5) Are families penalized for not participating in a program?

N/A

- b. Does the bill directly affect the legal rights and obligations between family members?

No.

- c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

This bill does not create or change a program providing services to families or children.

(1) parents and guardians?

N/A

(2) service providers?

N/A

(3) government employees/agencies?

N/A

D. SECTION-BY-SECTION RESEARCH:

Please see section-by-section research at II. B, Effect of Proposed Changes.

III. FISCAL RESEARCH & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

None.

2. Recurring Effects:

Using the standard of \$500 per member for each of the four quarterly meetings would yield a minimum expense budget of \$18,000 for travel and per diem. Additional printing expenses and public meeting notice line charges of \$.79 would add to this estimated amount. The employee health insurance trust fund would likely be obligated for these amounts. The fiscal impact of enforcing the written notification requirements for third party administrators is indeterminate.

According to the Senate staff analysis, some additional costs are expected to be incurred by the Division of State Group Insurance and AHCA as a result of the transfer of responsibilities. The type two transfer of positions from AHCA to the Division of State Group Insurance would continue to fund the positions out of the state employees' health insurance trust fund. According to AHCA, as reported in the Senate analysis, the type two transfer to the Division of State Group Insurance would have the following recurring fiscal impact on the agency for fiscal years 1997-98 and 1998-99:

Full-time equivalent staff	(13.0)
Salaries and Benefits	(\$573,666)
Expenses	(\$92,408)
Total	(\$666,074)

3. Long Run Effects Other Than Normal Growth:

Indeterminate.

4. Total Revenues and Expenditures.

See 2. above.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

None.

2. Recurring Effects:

None.

3 Long Run Effects Other Than Normal Growth:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1 Direct Private Sector Costs:

In the event an enrollee incurs financial costs relating to the failure of the insurance carrier or carriers, or professional administrator to comply with the terms of the contract, the enrollee will be able to seek recourse.

2. Direct Private Sector Benefits:

Indeterminate. However, if a professional administrator was selected and performed satisfactorily under the contract, the professional administrator would be entitled to the financial returns specified in the contract.

3 Effects on Competition, Private Enterprise and Employment Markets:

Indeterminate.

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 spend funds or take an action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate.

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

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

V. COMMENTS:

None.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

At its April 18, 1997, committee meeting, the House Select Committee on State Employee Health Benefits, consisting of members of the Committee on Governmental Operations, adopted a remove everything after the enacting clause amendment to CS/CS/SB 286 which added the following.

1. Adds a purpose for the Florida State Group Insurance Council of providing joint and coordinated oversight of the operation and administration of the state group insurance program.
2. Slightly revises the make-up of the council to include: the state budget director, an individual from the private sector with an extensive health administration background; a member of the Florida Senate; a member of the Florida House of Representatives; a representative of the State University System; the State Insurance Commissioner or his designee; the director of the Division of Retirement; and two representatives of employees and retirees. Of the two members representing employees, one member must be appointed in such a manner as to represent state-employee bargaining units, and one member must be a retired employee. Additionally, the director of the Division of State Employee Insurance shall be a nonvoting member of the council.
3. The making of recommendations was added to the review responsibilities listed in the bill as functions for the council. Also, function number eight was added to "review reports and make recommendations to safeguard the financial stability of the group insurance program."
4. Provision is made for following good purchasing practices, but some flexibility is provided in negotiating for and procuring the services of professional administrators for

the State Employees' Health Self-Insurance Plan. This will enable the division to issue requests for qualifications, requests for information, to negotiate in the best interests of the state and not necessarily be required to select the lowest bidder.

- 5. Language was included from HB 459 that sets a time limit on filing protests of a decision, intended decision, or other action. It allows for proceeding with an action, under certain circumstances, to avoid a substantial disruption in scheduled insurance services. Provisions are also made for requiring the posting of an appropriate bond on major procurement of a vendor and for the payment of liquidated damages to the division for material noncompliance on a major contract.
- 6. The following legislative intent was included:
 - a. The Legislature's belief that the state's employees, retirees, and their dependents are entitled to, and deserving of, a quality and reliable insurance program.
 - b. There is acknowledgement of performance problems the state is experiencing with the present administrator.
 - c. The third party administrator should meet contract performance standards by June 30, 1997, and be capable of sustaining contract performance standards through the remainder of the contract period.
 - d. Finally, in the event there is failure on the part of the administrator to meet contract performance standards by the date cited or should there be a demonstrated inability to sustain this performance, the contract should be terminated and a new professional administrator selected.

VII. SIGNATURES:

SELECT COMMITTEE ON STATE EMPLOYEE HEALTH BENEFITS:

Prepared by:

Legislative Research Director:

Jimmy O. Helms

Jimmy O. Helms

FINAL RESEARCH PREPARED BY COMMITTEE ON GOVERNMENTAL OPERATIONS:

Prepared by:

Legislative Research Director:

Jimmy O. Helms

Jimmy O. Helms

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.)

Date: February 19, 1997 Revised: _____

Subject: State Employee Health Insurance

	<u>Analyst</u>	<u>Staff Director</u>	<u>Reference</u>	<u>Action</u>
1	<u>Wilson</u>	<u>Wilson</u>	<u>GO</u>	<u>Fav/CS</u>
2	_____	_____	<u>WM</u>	_____
3	_____	_____	_____	_____
4	_____	_____	_____	_____
5	_____	_____	_____	_____

I. Summary:

The bill removes joint involvement of the Agency for Health Care Administration [AHCA] from state employee health insurance matters and creates within the Department of Management Services [DMS] a separate management advisory and performance review unit. Positions associated with the duties now performed by AHCA are transferred to DMS.

This bill substantially amends sections 20 42, 110.123; 626.9641; and 20.22 of the Florida Statutes

II. Present Situation:

The 1993 Legislature created s. 110.123, F S., and provided for the joint involvement of two separate state agencies in group health insurance for state officers and employees, their spouses and dependents, and retirees. AHCA was assigned the responsibility for the development of requests for proposals and benefits packages for a group health program. Upon contract execution operational administration of the program was given to DMS.

In order to more clearly depict the organizational and programmatic issues which this bill addresses, the following outline is provided:

A. History

For some years prior to the award of the present contract the State of Florida had a contract with Blue Cross/Blue Shield of Florida, Inc. [BCBS] for the provision of third-party contract administration duties. Under this arrangement, continued with the current vendor, Unisys, Inc. [UIS], the State maintained a self-insurance fund of some five months' premium reserves

while engaging the services of an outside party to process claims and review appropriateness of utilization established under the program of benefits. Prior to that time the State acted as its own intermediary and assumed the expenses of claims payment through its own funded positions. In order to equalize payment levels and not establish an employer preference for choice, the law recognizes that agency percentage contributions toward premium costs shall remain the same for both indemnity and managed care plans offered state officers and employees.

As a result of the 1993 changes to Chapter 110, F S , AHCA prepared a Request for Proposal [RFP] which solicited new proposals for the third-party administration of the self-insurance fund. In addition to the group health contract, the State also maintains supplemental insurance offerings at the option of the individual employee for catastrophic illness, child care expense, disability, prescription drug and dental insurance in a pre-tax benefits arrangement which shields the employee cost portion from federal tax deductions.

B. Decision-Making Structure and Organizational Environment [Public Sector]

1. **AHCA** - A newly organized state agency spun off from the Department of Business and Professional Regulation and the Department of Health and Rehabilitative Services [Children and Families]. The agency administers medical insurance for the economically needy [Medicaid] and sets the benefit levels in group insurance contracts affecting state employees. The agency head reports to the Governor.
2. **DMS** - the State central administrative services agency responsible for personnel, automation support, maintenance, employee benefits, and multi-employer retirement administration. The agency head reports to the Governor. The responsibilities of DMS under s. 110.123, F.S., deal with the administration of the contract and the processing of claims and payments.
3. **Department of Insurance [DOI]** - the state agency charged with the regulation of commercial insurance carriers and their agents and the solvency of firms licensed to do business in the state. The DOI has no official role in the management of this contract. The agency head is the State Treasurer and Insurance Commissioner, a constitutional officer and member of the Cabinet.
4. **Executive Office of the Governor [EOG]** - Overall executive management of the state budget and the execution of the laws is the responsibility of the Governor's Office. Its operational unit in this contract has been the Office of Planning and Budgeting [OPB], whose head reports to the Governor.

C. Decision-Making Structure and Organizational Environment [Private Sector]

1. **BCBS** - The Florida-based, non-profit health insurance carrier which previously acted as third-party administrator for the state group health insurance plan. It also manages its

own network of managed care organizations and provides individual and group insurance contracts for businesses, governments and Medicare enrollees

2. **Unisys** - The successful low bidder on the state group health contract and the present third-party plan administrator. UIS is a Pennsylvania-based integrated technology company formerly known as Burroughs. The company provides information services to banks, insurance companies, and regulated utilities and has recently expanded its service base to government clients as a third-party administrator in Medicaid in this and other states. Its related business lines provide its own family of mainframe and distributed computer systems and maintenance services for its clients. Its three business units operate worldwide with 39% of revenues derived from North American operations. UIS has been engaged in a sustained reformatting of its business operations since 1994 when it sold its defense operations; in 1994 it also initiated a world-wide reduction in force of some 8,000 employees as it restructured its business into three product and service lines. The company anticipates a \$600 million savings in 1997 through the restructuring of its corporate operations previously mentioned. UIS has filed documents with the Securities and Exchange Commission indicating that it has sustained losses in fixed price contracts in its information service business in other jurisdictions, in part due to its inability to perform contracted services.
3. **Beech Street, Health Advantage Network and Cost Care** - these separate firms are subcontractors to Unisys and provide network management and utilization review services to the third party administrator.
4. **Other Subcontracting Entities** - Additional organizations have been placed under contract by UIS. These include the Utah-based **SIS** firm [data entry from scanned imaging separately performed by **Image API**], Texas-based **Pace Group** [on-site management and consulting services], **Northshore International**, **CSRG** [on-site claims adjudication], **TeleTek** in Colorado [in-coming telephone call response], **Direct Marketing** of Tallahassee [direct bulk mailing services], and **Image API** of Tallahassee [image-scanning of claims], and other vendors identified separately in this report. DMS requires approval of all subcontractors as part of its contract administration duties.

D. The Contracting Process and the Contract

In March 1995 AHCA issued two RFPs for the provision of group health insurance services. One RFP procured managed care options through HMO networks while the other solicited proposals for third-party administrative duties for the indemnity plan also offered state employees. A separate, third contract was executed with two other entities to provide prescription drug services. The HMO and prescription drug contracts are wholly removed from UIS management.

Ultimately AHCA awarded the indemnity plan management contract to UIS. BCBS protested the award before the Division of Administrative Hearings. In late summer 1995 a state

hearing officer upheld the award. In late December 1995 the contract was executed with UIS for a four-year term beginning January 1, 1996, with additional annual renewals for one year each.

E. Contract Performance

UIS has demonstrated a consistent and measurable departure from contractual service levels from the inception of the contract some fourteen months ago. In addition to systemic issues discussed in the several audit reports noted below affecting the company, AHCA and DMS, the company has been unable to meet minimum performance standards in four principal areas: timely completion of claims processing; handling of telephone inquiries; accurate completion of assigned claims processing activities, and organizational and technical capacity to undertake contractual requirements. On June 5, 1996 and August 15, 1996, UIS was served with notices of contract deficiencies which constituted grounds for termination. Corrective action plans were imposed upon UIS with periodic reporting requirements. As a further penalty for performance failures UIS has been assessed to date more than \$3 million in liquidated damages for its cumulative performance failures. The most recent fine of \$742,301 was imposed in November 1996. Also noteworthy is as late as November 19, 1996, almost one year into the UIS contract, DMS reported thirty-eight differences between the BCBS and UIS manuals and the January 1, 1996 benefit document

With the stabilization of performance at levels below minimum contract requirements, the Deputy Budget Director in OPB convened and chaired a working group [**Unisys Management Review Team**] of interagency staff in mid-September 1996 to conduct daily performance reviews of UIS. Attendance was fluid but involved the contracting parties as a matter of routine and other interested vendor and Legislative Branch staff. At its October 17, 1996 meeting, the working group isolated nearly twenty different systemic deficiencies with UIS which needed improvement. These affected providers, claims adjudication, customer service reporting, financial arrangements, and staffing and training issues. The Mercer reports, discussed below, have summarized the scope and significance of the deficiencies. By February 11, 1997 some closure was achieved on many of the deficient matters; at the same time, other new matters arose for which there has been neither a timely nor satisfactory outcome. The 103 issues identified in the October task list had been reduced to 91 by mid-February 1997. About twenty remedial tasks had yet to be started.

F. Outside Reviews

1. **Public Sector** - Three separate reports issued by the *Office of the Auditor General* during the ten-month period ending December 31, 1996, discuss management issues relating to state employee group health programs. In *Report 12653* [February 15, 1996] internal control deficiencies were identified in the management of health, life and prescription drug programs. Overall, however, the DMS was found to have generally complied with all relevant laws and rules. The report discussed agency operations *immediately prior* to a

change in third party administrators In *Report 12679* [April 3, 1996] AHCA was found to have been in general compliance with the use of effective procedures in the awarding of health services contracts but had not adopted rules to implement its activities. In *Report 12858* [December 11, 1996] the Auditor General noted the absence of written interagency agreements which would have prevented “ costly, untimely, and duplicative efforts which appear to have negatively impacted the program . . . ” [On February 14, 1997 AHCA and DMS executed a Memorandum of Interagency Agreement identifying the individual and joint responsibilities of each agency under s. 110.123, F.S.] The report further noted that DMS contracted with UIS in spite of its acknowledgment that as of the start date of January 1, 1996, there were significant unresolved issues affecting the company’s claims processing, customer services, provider network, eligibility, and benefit systems. Failure to address the multiple deficiencies in the report could result in adverse consequences for the trust fund which could result in premium cost increases or benefit curtailment.

On February 26, 1997 a Revenue Estimating Conference will convene to project estimated income and expenses for the self-insurance trust fund.

2. Private Sector

Nine days into contract operation DMS retained **Coopers & Lybrand, L.L.P** at a cost of \$310,000 to conduct an analysis of the internal systems assembled by UIS Its report of May 7, 1996 identified significant systems, operational and claims audit compromises which would affect UIS execution of its contractual responsibilities in a timely and accurate manner

UIS also retained at its expense the firm of **Deloitte & Touche** to examine the contract expenses expected to be incurred in subsequent years as a result of the change in third party administrators. That report was completed and submitted in October 1996. In an undated report attributed to the **William Mercer Company**, a benefits consulting firm hired by OPB at a cost of \$300,000, significant deficiencies in UIS computer hardware and software, claims processing procedures, and personnel and management competency deficiencies. The report was prepared for OPB as a preliminary document prior to the submission in February 1997 of a fuller report discussing operational activities of the third-party administrator. OPB had contracted with this firm to do a management review of the procedures required to bring the administrator into compliance with the contractual requirements.

On February 4, 1997, this same company provided OPB with another preliminary document entitled *Key Determinants of Successful Performance, Claims and Managed Care Network Administration*. The document discussed the additional necessary elements involved in assuring successful contractor and organizational performance under the UIS-managed plan.

On February 13, 1997 the Mercer Company issued its summary report on Unisys’ management of the health insurance contract and identified four organizational options for consideration by OPB. **Option 1:** continuing the *status quo*; **Option 2:** contracting with an experienced corporate turnaround firm to improve performance by the date certain of July 1,

1997, **Option 3**: negotiation with alternate contract vendors by the same date certain;
Option 4: expeditious contracting with independent vendors prepared to assume operations quickly Mercer recommended a combination of several of the single options, as follows: imposition of a hard deadline for compliance along with pursuit of independent contracting opportunities which may include extraordinary procurement requirements. The Report also observed that, in addition to deficient organizational capacity on the part of UIS, there were “. . . *multiple state organizations . . . involved in the process, which only complicate[d] implementation of effective, broad-based corrective measures.*” [Page 7]

III. Effect of Proposed Changes:

Section 1. Section 20.42, F.S., is amended to delete from the organizational structure of the AHCA any duties and responsibilities in state employee health insurance.

Section 2. The bill deletes references to AHCA from s. 110.123, F.S., and provides full benefit design and contract management authority to the DMS for group health insurance programs affecting state officers and employees. The Division of State Employees' Insurance is renamed the Division of State Group Insurance and is restructured to provide for gubernatorial designation of its direction and Senate confirmation of the appointment. The Division is made relatively autonomous from the DMS much like the status conferred upon the Division of Retirement by the 1995 Legislature. The Director must be qualified in health insurance administration matters.

Additional criteria are provided which will govern selection criteria for contract vendors selected by the Division. These include experience in similar program administration and claims adjudication, costs; the capacity to provide service, vendor ability at specifically performing its contractual obligations; claimant accessibility, and corporate financial solvency.

Section 3. Section 626.9641, F.S., is amended to extend to indemnity health insurance contracts established under s. 110.123, F.S., the provisions of the Policyholders' Bill of Rights. This section provides insurance policyholders with enumerated protections in competitive pricing and marketing practices; receipt of comprehensive coverage, balanced advertising of benefits and limitations, company financial stability; competent, honest sales personnel, a readable policy; an insurance company which delivers its products economically and efficiently; and a balanced regulatory environment.

Amendments to this section further provide that individuals enrolled in plans under s. 110.123, F.S., shall be notified of any actions taken by third parties which could result in adverse changes to an enrollee's credit worthiness.

Section 4. Section 20.22, F.S., is amended to rename the state employee health services division within the Department of Management Services.

Section 5. This section creates a Commission to render advice and assistance in health insurance matters coming under its authority. The seven-member **Florida State Group Health Insurance Commission** will consist of:

One member from the Governor's Office, appointed by the Governor;

One Senator, appointed by the President of the Senate;

One Representative, appointed by the Speaker of the House of Representatives,

The Director of Health Care Administration,

The Secretary of the Department of Management Services;

The State Insurance Commissioner; and

A representative of employees, appointed by the Governor.

Commission members must be registered voters and state citizens. Gubernatorial appointees shall serve four-year terms. The Commission has as its primary functions: the provision of accountability measures including implementation of performance-based program budgeting measures under which the division operates; the review of procedures for contract selection prior to solicitation; the review of the content of benefit packages; the review of all compliance or audit reports assessing the performance of third-party administrator duties; third-party administrator management reports for completion and accuracy; the review of overpayment and other collections activities to assure the safeguarding of assets; and the review of survey instruments designed to gauge potential problems areas.

The Section disclaims any involvement of the Commission in the awarding of contracts; the approval of consultants or contractors, other than the rendering of advice; any personnel actions affecting the DMS; or the granting or revoking of any license or privilege granted by DMS.

The Commission selects a Chair from its members and is authorized to meet at least four times annually. Meetings must be noticed pursuant to Chapter 120, F.S. [the Administrative Procedures Act] and both its records and meetings are in the public domain. Members are entitled to reimbursement for travel and expenses only.

Section 6. Individual and institutional providers of care under a state health insurance indemnity contract shall provide written notification to an enrollee and the plan management prior to taking any action which would impair the credit worthiness of the enrollee.

Section 7. All powers, duties and functions of the Division of State Health Purchasing in AHCA are transferred to DMS and assigned to the Division of State Group Insurance.

Section 8. The effective date is upon becoming a law.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. Other Constitutional Issues:

The bill contemplates a change in the organizational entities responsible for state employee health insurance contract planning. On April 11, 1996 AHCA formally relinquished its responsibilities in this contract to DMS and ceased being an operational entity in this area. Since the thrust of the bill does not affect the plan of benefits contained within the contract it would not appear that any potential impairment of contractual rights would be forthcoming as a result of the statutory change.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

The State of Florida participates in a federally-authorized pre-tax benefits program in which employee payroll deductions are shielded from federal taxes. The deadline for submission of claims from the prior calendar year is April 1 of the following year. The failure of UIS to transmit benefit statements in a timely manner to the employee could jeopardize the ability to draw down these amounts. The program is governed by a "use it or lose it" policy in which unused amounts are forfeited to the pre-tax account and then, ultimately, transferred to the health insurance trust fund at fiscal year end.

The credit impairment notifications provided in the bill will affect all management or provider parties only to the extent that the plan administrator cannot provide timely completion of assigned tasks. The large databases maintained by the principal credit reporting agencies,

such as TRW and Equifax, are used for a variety of consumer lending and rating activities. A policyholder's credit worthiness is a factor which insurance companies may use in determining a rate structure in automobile insurance. By mid-February 1997 DMS indicated that, to its knowledge, only one enrollee had a health insurance related account payable turned over to a collection agency

C. Government Sector Impact:

From January 1, 1996 through June 30, 1997, DMS incurred costs of \$786,292 paid out of the health insurance trust fund for consultant services in support of the UIS management contract. It has estimated that it has incurred additional opportunity costs of some \$408,000 due to the assignment of excess staff workload to UIS compliance activities

A total of seven positions and related costs are funded through a bureau in the Division of Health Quality Assurance in AHCA. These positions and funds would have to be transferred to DMS to eliminate the duplicate functions. A separate transfer clause to accomplish this change is required

The Commission provided in the bill is patterned after the Transportation Commission in s. 20.23, F.S. Unlike that Commission, however, this entity has no full-time staff and, consequently, no salary and benefit obligations. Using the standard of \$500 per member for each of the four quarterly meetings would yield a minimum expense budget of \$14,000 for travel and *per diem*. Additional printing expenses and public meeting notice line charges of \$.79 would add somewhat to this estimated amount. The employee health insurance trust fund likely would be obligated for these amounts.

VI. Technical Deficiencies:

None.

VII. Related Issues:

The bill provides specific rule-making authority to DMS to effect the changes provided in the bill

Section 20 057, F.S., provides that EOG shall provide to the Legislature an annual report on interagency agreements designed to reduce duplication of inspections. While the literal text of the statute operates at the borders of the joint agency contracting process described in s. 110.123, F.S., it is noteworthy that both AHA and DMS have attempted, unsuccessfully, since the RFP process began in 1995 to negotiate an interagency understanding as to what each agency's specific role would be in executing s. 110.123, F.S. The lack of such an agreement has continued to the present time.

On February 7, 1997 the actuarial consulting firm of Milliman & Robertson delivered to DMS a report which discussed several alternative methods of organizing and financing health care

benefits for State of Florida employees and their dependents. The report estimated as much as a \$100 million savings to the health insurance trust fund during the first biennium with a combination of high deductible, market-based, and controlled coverage arrangements in which employees would assume responsibility for greater out-of-pocket costs for covered services in exchange for lower plan expenses.

VIII. Amendments:

None.

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

STORAGE NAME: s0286s2.sehb
DATE: April 18, 1997

**HOUSE OF REPRESENTATIVES
SELECT COMMITTEE ON
STATE EMPLOYEE HEALTH BENEFITS
BILL RESEARCH & ECONOMIC IMPACT STATEMENT**

BILL #: CS/CS/SB 286 (First Engrossed)
RELATING TO: State Group Insurance/DMS
SPONSOR(S): Committees on Banking & Insurance, Governmental Reform & Oversight, Senator Thomas & others
STATUTE(S) AFFECTED: Chapters 20 & 110, F.S.
COMPANION BILL(S): HB 459(s)
ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:
(1) STATE EMPLOYEE HEALTH BENEFITS, SELECT YEAS 4 NAYS 0
(2)
(3)
(4)
(5)

I. SUMMARY:

The CS/CS/SB 286 transfers responsibility for the procurement of state employees' insurance from the Agency for Health Care Administration (AHCA) to a newly created Division of State Group Insurance within the Department of Management Services. The Division of State Employees' Insurance is renamed the Division of State Group Insurance and is established as a separate budget entity in the Department of Management Services.

The division is required to include a provision in the contract for the state employees' self-insurance plan to hold the state and enrollees harmless for financial loss in the event a contractor fails to comply with the terms of the contract. Any carrier or professional administrator contracting with the state is required to provide written notice to an enrollee if any payment due to any enrollee remains unpaid beyond a period of time as specified by contract.

Any health care provider that has entered into a contract with a carrier or administrator, which has contracted with the division to administer the state self-insurance plan, is required to provide 10 days written notice to the enrollee, administrator, or carrier before assigning or transferring the responsibility for collecting any payment or debt, related to the plan, to a collection agency or to any other third party.

The Florida State Group Insurance Council is created within the Department of Management Services to serve in an advisory and oversight capacity to the division. The nine member council includes private, state, and employee representatives.

The bill provides additional factors for the division to consider in evaluating the capabilities of an insurance carrier or carriers, or professional administrator in administering the plan.

Numerous technical and conforming changes are made to clarify that the division, not the department, is responsible for administering the state employees' insurance program.

This bill substantially amends the following sections of the Florida Statutes: 20.22, 20.42, 110.123, 110.12315, 110.1232, 110.1234, and 110.161.

The transfer of powers, duties, and functions of the Division of State Health Purchasing in the Agency for Health Care Administration (AHCA) to the Division of State Group Insurance will continue to be funded out of the state employees' health insurance trust fund.

II. SUBSTANTIVE RESEARCH:

A. PRESENT SITUATION:

In 1993, responsibility for the procurement of state employees' insurance was transferred to the AHCA. These duties included the procurement of the administrator, the development of the plan's benefit design, the establishment of the plan's cost sharing and cost containment requirements, the collection and analysis of data, and evaluating and monitoring the performance of the administrator and the provider network. The state employees' insurance program includes the group plan and the health maintenance organization plan.

The Department of Management Services was assigned the responsibility for the contract management and day-to-day management of the state employees' insurance program including, but not limited to, employee enrollment, premium collection, payment to health care providers, and other administrative functions related to the program.

Pursuant to the provisions of s 110.123(3)(a), F.S., it is the intent of the Legislature to offer a health insurance benefit package for state employees, and to provide the coverage in the most cost-efficient manner. Employees have a choice of joining the self-insurance plan or a health maintenance organization. Approximately 150,000 active state employees and an estimated 155,000 dependents are members of the self-insurance plan.

Effective January 1, 1996, AHCA awarded the contract for the group self-insurance plan (plan) to UNISYS. Blue Cross Blue Shield of Florida was the prior administrator of the plan for many years. Although UNISYS has been active as a service provider for government plans like Medicaid, this contract appeared to represent the first time the corporation had acted as a service provider for an employer-employee plan.

UNISYS, as a third-party administrator, is responsible for providing claims processing and other administrative services for the program. In addition, UNISYS is charged with the responsibility of developing and maintaining a network of health care providers for the provision of health care services to enrollees.

Since the implementation of the contract in January 1996, health care providers and enrollees have reported numerous problems related to the quality of service provided by UNISYS, as a third party administrator. Initial start-up glitches or problems can be expected to occur on a temporary basis during any major conversion from one administrator to another. Anecdotal information suggests that such a transition period also occurred when Blue Cross Blue Shield of Florida initially assumed responsibility as the third party administrator for the plan.

However, as UNISYS approaches 16 months into the contract, the processing and payment of claims in an accurate and timely manner continues to be a major concern. Enrollees and providers continue to experience significant delays and problems in their attempts to have claims processed and paid in an accurate and timely fashion. Due to the nonpayment or inaccurate processing of claims, some providers have turned claims over to collection agencies for resolution. As a result, the credit rating of many enrollees is being compromised.

As a result of UNISYS' failure to meet contractual requirements relating to the processing and payment of claims and the submission of monthly reports, UNISYS has been assessed penalties on an almost monthly basis. Approximately \$3 million has been assessed by the Department of Management Services. From January 1, 1996 through June 30, 1997, DMS has incurred costs of

approximately \$800,000 paid out of the health insurance trust fund, for consultant services in support of the UNISYS management contract. It has estimated that it has incurred additional opportunity costs of some \$408,000 due to the assignment of excess staff workload to UNISYS compliance activities.

As part of the request for proposal, which was incorporated into the contract for the state employees' health insurance program, the contractor, UNISYS, agreed to indemnify and save harmless the state and its employees from any claims or losses to any person or firm injured or damaged by the erroneous, negligent, or willful acts of the contractor, its officers, directors, employees, or subcontractors in the performance of the contract. At least one enrollee has filed a lawsuit against the Department of Management Services seeking payment of medical claims and attorney fees associated with the lawsuit.

Third party administrators are regulated by the Department of Insurance under part VII of chapter 626, F.S. Administrators are persons or firms that solicit or effect coverage of, collect premiums or charges from, or adjust or settle claims in connection with authorized self-insurance funds or with insured or self-insured programs that provide life or health insurance coverage. Administrators are required to obtain a certificate of authority from the department.

Section 626.891, F.S., relating to grounds for suspension or revocation of the certificate of authority, authorizes the department to take an action against an administrator if the administrator has, without just cause, refused to pay proper claims or perform services arising under its contracts or has, without just cause, compelled insured persons to accept less than the amount due them or to employ attorneys or bring suit against the administrator to secure full payment or settlement of such claims.

B. EFFECT OF PROPOSED CHANGES:

Section 1. Section 20.22, F.S., relating to the Department of Management Services, is amended to rename the Division of State Employees Insurance the Division of State Group Insurance. The Florida State Group Health Insurance Council is created in the Department of Management Services. The nine-member Florida State Group Health Insurance Council will consist of:

The State Budget Director, appointed by the Governor;

One Senator, appointed by the President of the Senate;

One Representative, appointed by the Speaker of the House of Representatives;

An individual from the private sector with an extensive health administration background, appointed by the Governor,

A representative of the State University System, appointed by the Board of Regents;

The State Insurance Commissioner or his designee;

The Director of the Division of Retirement;

A representative of an employee collective bargaining unit, appointed by the Governor; and,

A retired state employee, appointed by the Governor.

Gubernatorial appointees shall serve four-year terms and must be residents of Florida.

The council has as its primary functions: the provision of accountability measures including implementation of performance-based program budgeting measures under which the division operates; the review and recommendation of procedures for contract selection prior to solicitation; the review and recommendation of the content of benefit packages, the review of all compliance or audit reports assessing the performance of third-party administrator duties; third-party administrator management reports for completion and accuracy; the review of overpayment and other collections activities to assure the safeguarding of assets; and the review of survey instruments designed to gauge potential problem areas and make recommendations to the director.

The council is assigned to the Division of State Group Insurance for administrative and fiscal accountability purposes, but the council and its staff shall otherwise function independently of the control and direction of the division. The Division of State Group Insurance shall furnish dedicated administrative and secretarial assistance to the council, and other assistance as requested.

The section disclaims any involvement of the council in the awarding of contracts; the approval of consultants or contractors, other than the rendering of advice; any personnel actions affecting the DMS; or the granting or revoking of any license or privilege granted by DMS.

The council selects a chair from its members and is authorized to meet at least four times annually. Meetings must be noticed pursuant to chapter 120, F.S. (Administrative Procedures Act) and both its records and meetings are in the public domain. Members are entitled to reimbursement for travel and expenses only.

Section 2. Section 20 42, F.S., relating to the organizational structure of AHCA, is amended to eliminate any duties or responsibilities of AHCA relating to the state employee health insurance program.

Section 3. Section 110.123, F.S., relating to the state group insurance program, is amended to rename the Division of State Employees' Insurance the Division of State Group Insurance and establish the division as a separate budget entity. The division is not subject to the control, supervision, or direction of the department. The Director of the Division of State Group Insurance is appointed by the Governor and confirmed by the Senate. The Department of Management Services is required to provide administrative support and services to the division to the extent requested by the director. The training and experience requirements for the director are specified.

Conforming changes are made in the section to delete AHCA responsibilities and assign the new division responsibilities relating to the state employees' insurance program.

As part of the process of selecting an insurance carrier or carriers, or administrator to administer the plan, the division is required to consider the entity's previous experience and expertise, anticipated administrative costs and claims experience, and the capability

to adequately provide service coverage and a sufficient number of experienced and qualified personnel in the areas of claims processing, record keeping, and underwriting.

As part of any contract entered into with an insurance carrier or carriers, or professional administrator, the state is held harmless and indemnified for any financial loss incurred in the event the insurance carrier or carriers, or professional administrator, fails to comply with the terms of the contract.

Any contract for the administration of the self-insurance plan with an insurance carrier or carriers, or professional administrator, is required to include a notification provision. The carrier or administrator is required to provide written notice to an individual if any payments due to any health care provider of the enrollee remain unpaid beyond a period of time specified in the contract. Likewise, health care providers are required to provide written notification to the enrollee and the carrier or administrator at least 10 days before assigning or transferring the responsibility for collecting any payment or debt related to the self-insurance plan to a collection agency or to any other third party.

Section 4. Section 110.12315, F.S., relating to the state prescription drug program, is amended to reassign responsibility for the program from the Department of Management Services to the newly created Division of State Group Insurance.

Section 5. Section 110.1232, F.S., relating to health insurance coverage for persons retired under the state-administered retirement system prior to January 1, 1976, is amended to reassign responsibility for the program from the Department of Management Services to the newly created Division of State Group Insurance.

Section 6. Section 110.1234, F.S., relating to health insurance for retirees under the Florida Retirement System and Medicare supplement and fully insured coverage, is amended to reassign responsibility for the program from the Department of Management Services to the newly created Division of State Group Insurance.

Section 7. Section 110.161, F.S., relating to the state employees' pretax benefits program, is amended to reassign responsibility for the program from the Department of Management Services to the newly created Division of State Group Insurance.

Section 8. All powers, duties and functions of the Division of State Health Purchasing in AHCA, relating to the duties under s. 110.123, F.S., are transferred to DMS and assigned to the Division of State Group Insurance.

Section 9. Establishes the intent of the Legislature that the state's employees, retirees, and their dependents are entitled to, and deserving of, a quality and reliable insurance program. The Legislature acknowledges the performance problems being experienced with the present contractor. Additionally, it establishes the Legislature's intent that should the third party administrator fail to meet contract standards by June 30, 1997, or demonstrate inability to sustain contract performance standards through the remainder of the contract period, the contract should be terminated and a new professional administrator should be selected.

Section 10. The bill becomes effective upon becoming law.

C. APPLICATION OF PRINCIPLES:

1. Less Government.

a. Does the bill create, increase or reduce, either directly or indirectly

(1) any authority to make rules or adjudicate disputes?

No

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

All powers, duties, and functions of the Division of State Health Purchasing in AHCA, relating to its duties described in s. 110.123, F.S., are transferred to the Department of Management Services and shall be assigned to the Division of State Group Insurance.

(3) any entitlement to a government service or benefit?

No.

b. If an agency or program is eliminated or reduced:

(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

The responsibility for procuring professional administrators for the state employees' group insurance plans is being transferred from AHCA to the Division of State Group Insurance in DMS. The costs of this responsibility will continue to be born by the trust fund.

(2) what is the cost of such responsibility at the new level/agency?

The type two transfer of positions from AHCA to the Division of State Group Insurance would continue to fund the positions out of the state employees' health insurance trust fund. According to the AHCA, the type two transfer to the Division of State Group Insurance would have the following recurring fiscal impact on the agency for fiscal years 1997-98 and 1998-99:

Full-time equivalent staff	(13.0)
Salaries and Benefits	(\$573,666)
Expenses	(\$92,408)
Total	(\$666,074)

(3) how is the new agency accountable to the people governed?

Through a division director, appointed by the Governor and confirmed by the Senate, and through an advisory council consisting of private, state, and employee representatives.

2 Lower Taxes:

a. Does the bill increase anyone's taxes?

No.

b. Does the bill require or authorize an increase in any fees?

No.

c. Does the bill reduce total taxes, both rates and revenues?

No.

d. Does the bill reduce total fees, both rates and revenues?

No.

e. Does the bill authorize any fee or tax increase by any local government?

No.

3 Personal Responsibility:

a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

No.

b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

N/A

4. Individual Freedom:

- a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

N/A

- b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

No.

5. Family Empowerment:

- a. If the bill purports to provide services to families or children:

This bill does not purport to provide services to families or children.

- (1) Who evaluates the family's needs?

N/A

- (2) Who makes the decisions?

N/A

- (3) Are private alternatives permitted?

N/A

- (4) Are families required to participate in a program?

N/A

- (5) Are families penalized for not participating in a program?

N/A

- b. Does the bill directly affect the legal rights and obligations between family members?

No.

- c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

This bill does not create or change a program providing services to families or children.

(1) parents and guardians?

N/A

(2) service providers?

N/A

(3) government employees/agencies?

N/A

D. SECTION-BY-SECTION RESEARCH:

Please see section-by-section research at II. B, Effect of Proposed Changes.

III. FISCAL RESEARCH & ECONOMIC IMPACT STATEMENT.

A FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

None.

2. Recurring Effects:

Using the standard of \$500 per member for each of the four quarterly meetings would yield a minimum expense budget of \$18,000 for travel and per diem. Additional printing expenses and public meeting notice line charges of \$.79 would add to this estimated amount. The employee health insurance trust fund would likely be obligated for these amounts. The fiscal impact of enforcing the written notification requirements for third party administrators is indeterminate.

According to the Senate staff analysis, some additional costs are expected to be incurred by the Division of State Group Insurance and AHCA as a result of the transfer of responsibilities. The type two transfer of positions from AHCA to the Division of State Group Insurance would continue to fund the positions out of the state employees' health insurance trust fund. According to AHCA, as reported in the Senate analysis, the type two transfer to the Division of State Group Insurance would have the following recurring fiscal impact on the agency for fiscal years 1997-98 and 1998-99:

Full-time equivalent staff	(13.0)
Salaries and Benefits	(\$573,666)
Expenses	(\$92,408)
Total	(\$666,074)

3. Long Run Effects Other Than Normal Growth:

Indeterminate.

4. Total Revenues and Expenditures:

See 2. above.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

None.

2. Recurring Effects:

None.

3. Long Run Effects Other Than Normal Growth:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

In the event an enrollee incurs financial costs relating to the failure of the insurance carrier or carriers, or professional administrator to comply with the terms of the contract, the enrollee will be able to seek recourse.

2. Direct Private Sector Benefits:

Indeterminate. However, if a professional administrator was selected and performed satisfactorily under the contract, the professional administrator would be entitled to the financial returns specified in the contract.

3. Effects on Competition, Private Enterprise and Employment Markets:

Indeterminate.

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 spend funds or take an action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate.

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

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

V. COMMENTS:

None.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

At its April 18, 1997, committee meeting, the House Select Committee on State Employee Health Benefits, consisting of members of the Committee on Governmental Operations, adopted a remove everything after the enacting clause amendment to CS/CS/SB 286 which added the following:

1. Adds a purpose for the Florida State Group Insurance Council of providing joint and coordinated oversight of the operation and administration of the state group insurance program
2. Slightly revises the make-up of the council to include: the state budget director; an individual from the private sector with an extensive health administration background; a member of the Florida Senate; a member of the Florida House of Representatives; a representative of the State University System; the State Insurance Commissioner or his designee, the director of the Division of Retirement; and two representatives of employees and retirees. Of the two members representing employees, one member must be appointed in such a manner as to represent state-employee bargaining units, and one member must be a retired employee. Additionally, the director of the Division of State Employee Insurance shall be a nonvoting member of the council.
3. The making of recommendations was added to the review responsibilities listed in the bill as functions for the council. Also, function number eight was added to "review reports and make recommendations to safeguard the financial stability of the group insurance program."
4. Provision is made for following good purchasing practices, but some flexibility is provided in negotiating for and procuring the services of professional administrators for

the State Employees' Health Self-Insurance Plan. This will enable the division to issue requests for qualifications, requests for information, to negotiate in the best interests of the state and not necessarily be required to select the lowest bidder.

5. Language was included from HB 459 that sets a time limit on filing protests of a decision, intended decision, or other action. It allows for proceeding with an action, under certain circumstances, to avoid a substantial disruption in scheduled insurance services. Provisions are also made for requiring the posting of an appropriate bond on major procurement of a vendor and for the payment of liquidated damages to the division for material noncompliance on a major contract.
6. The following legislative intent was included.
 - a. The Legislature's belief that the state's employees, retirees, and their dependents are entitled to, and deserving of, a quality and reliable insurance program.
 - b. There is acknowledgement of performance problems the state is experiencing with the present administrator.
 - c. The third party administrator should meet contract performance standards by June 30, 1997, and be capable of sustaining contract performance standards through the remainder of the contract period.
 - d. Finally, in the event there is failure on the part of the administrator to meet contract performance standards by the date cited or should there be a demonstrated inability to sustain this performance, the contract should be terminated and a new professional administrator selected.

VII. SIGNATURES:

SELECT COMMITTEE ON STATE EMPLOYEE HEALTH BENEFITS:

Prepared by:

Legislative Research Director:

Jimmy O. Helms

Jimmy O. Helms