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With their Senate colleagues taking the week off for Passover and Easter, Florida House members did the heavy lifting last week, pushing through controversial measures pertaining to elections and growth management.

The House also made an offer to the Senate on total amounts that might be allocated toward the major components – education, health and human services and so on – of next year’s budget. But no agreement has been reached on even these broad categories, in spite of the considerable majority Republicans hold in both chambers. With just two full weeks until the scheduled end of the session, this stall in negotiations prompted the House Speaker to again warn lawmakers not to make plans for beyond May 6th.

In the meantime, there has been a whirlwind of activity to get last minute bills to the floor of each chamber. Consequently, lengthy sessions are scheduled this week for both the full House and Senate. In addition, a massive agenda has been released by the Senate Budget Committee for its meeting this afternoon, the penultimate day of the session for committee meetings.

In the rush to hear bills before committees shut down tomorrow, a measure to cut corporate income taxes, as requested by Gov. Scott, will show up as an amendment to a bill before the Senate Commerce and Tourism Committee today. Should it pass, it will then be heard tomorrow by the Senate Budget Committee, and its passage there will have major implications on budget negotiations.

Last Monday, while nearly every other lawmaker was back in their home district, members of the House Health and Human Services Committee introduced a bill to revamp state employee health benefits (see related story). That bill was passed in the HHS Committee when members of the House came back for a couple days last week.

You can catch all of the action during these concluding days live on the Florida Channel, local cable channel 4, or online at www.wfsu.org, which streams proceedings throughout each day.

As always, please feel free to contact me if you have questions or need additional information about bills, their analyses, or issues pertaining to the budget. I can be reached at (850) 644-4453 or kdaly@fsu.edu.

*Kathleen*

# State Employee Health Insurance

Last week, the House Health and Human Services Committee unveiled **HHSC 11-09, State Group Insurance Program**, which defines the House plan for changes to the state employee health insurance program. The bill makes sweeping changes to state health insurance benefits for state employees. The measure does not require state workers to pay more in the coming year, but will phase in over the next several years.

The biggest change to the program would come in 2013 when a tiered benefits program would take effect. The plan offers four levels of benefits as follows:

- Platinum Level benefits which are actuarially equivalent to 90 percent of the benefits covered in the 2012 plan year.
- Gold Level benefits which are actuarially equivalent to 80 percent of the benefits covered in the 2012 plan year.
- Silver Level benefits which are actuarially equivalent to 70 percent of the benefits covered in the 2012 plan year.
- Bronze Level benefits which are actuarially equivalent to 60 percent of the benefits covered in the 2012 plan year.

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# State employee health insurance... (continued from page 1)

If an employee chooses a Gold, Silver, or Bronze level plan, the employee's salary would be increased by 60 percent of the difference between the premium for the employee's selected plan and the premium for the Platinum Level Plan.

The bill also eliminates the "Florida State Employee Wellness Council" who was tasked with providing health education information to employees and to assist in developing minimum

benefits for all health care providers.

The bill also requires the state to create a single health insurance risk pool for 2012 and hire an independent benefits manager to evaluate the existing health insurance offerings. That manager – which cannot have a financial relationship with any HMO or insurer -- would take over control of the program sometime in 2013.

The other main change called for in the bill is switching over the

health insurance plan to a defined contribution plan in either 2014 or 2015 in which the state would pay a capped amount on behalf of each employee.

The Senate Budget Committee has already passed a bill this session that would place an overall spending cap on health insurance benefits that could force state officials to redesign benefits in order to comply with it. The Senate proposal would raise the cost of family coverage

\$240 a year.

The Senate proposal dramatically increases the cost for state workers with family coverage who either work for the Legislature or hold senior management or select exempt positions. Those employees pay very little now and the increased cost for those employees would be more than \$2,000 a year. A comparison chart of both bills is included below.

		Health Insurance Bill 22 APR 2011		
		Senate HR 2112		
		Beginning Plan Year 2012		Beginning Plan Year 2013
Issue	Current	Beginning Plan Year 2012	Beginning Plan Year 2013	Beginning Plan Year 2014
Private Non-competitive Plan	Recognized as a plan in the state health insurance program	No longer recognized as a plan in the state health insurance program	No longer recognized as a plan in the state health insurance program	No longer recognized as a plan in the state health insurance program
Division of State Group Insurance	Division of State Group Insurance in Department of Management Services responsible for oversight; allows for purchasing of all aspects of health care plans for state employees; negotiating of health care contracts and development, with respect to additive bargaining agreements, health benefits for state employees; responsible for adopting rules carry out these duties; and managing all day to day responsibilities for health insurance.	DMS will establish incentive programs that may include health lifestyle choices and participation in health promotion and compliance programs.	Establishes the DIVISION of STATE GROUP INSURANCE; DMS duties limited to competitive procurement of such contracts to implement the state group insurance program, managing those contracts, enrolling employees, premium collections, payment to healthcare providers, and other specified administrative functions; may no longer contract the services of professional administrators. By 8/1/11, begin search for an "independent benefits manager" not owned or controlled by, or have any financial interest in any HMO or insurer.	Independent Benefits Manager to assess, analyze and evaluate trends, current coverage, possible alternatives, and report findings by 1/1/12.
Overnight Changes				Changes allowing optional enrollment in a state sponsored HMO to allowing all qualified state employees to select any benefits and coverage that are offered. Changes HMO procurement process to be competitive; can only contract HMOs for a self-insured plan; may not have fewer HMOs than 2011 plan year
HMO	Allows contracting with HMOs serving limited service areas	Deletes provisions allowing for contracts with limited service area HMO plans	No Changes	Moves HMO coverage to self-insurance; makes HMO procurement process competitive; may not have fewer HMOs than 2011 plan year
Independent Benefits Manager Contract	Does not exist	No Changes		DMS shall competitively solicit and independent benefits manager to assess existing plans, evaluate strategies for alternative plans, negotiate-sponsored multi-carrier exchange plan, and alternatives to and variations of these plans; develop a plan to convert state group insurance plan to a defined contribution plan including design provision to incentivize nonsmoking and health lifestyle changes; establishing benefits exchange with implementation of full cafeteria plan, shall negotiate and supervise all contracts; supervise and implement any future changes by the legislature; develop and implement wellness initiatives for employees; DMS will manage contracts of independent benefits manager and provide budget oversight.
Florida State Wellness Council	Unitary that provides health education benefits to state employees	No Changes		Eliminates Florida State Employee Wellness Council
Health Insurance Risk Pool		No Changes	For 2013 plan year and subsequent years, three risk pools for each of the following groups: active employees, retirees not eligible for Medicare, and retirees eligible for Medicare.	DMS shall create a single health risk pool for the state group insurance plans
Pharmacy Benefits	Does not allow for mail order pharmacies that are not provided by retail pharmacies	DMS is authorized to allow for mail order pharmacies to be used for prescription purchases and allows DMS to implement a 90 days supply program at select retail pharmacies.		No Changes
Prescription substitution mandates	If 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 which case reimbursement must be based on the cost of the brand name drug as specified in the reimbursement schedule adopted by the Department of Management Services.	Allows DMS to require generic or formulary brand name prescription to be filled before dispensing an alternative.		No Changes
Insurance Plans Authorized	State group health insurance plan or plans, health maintenance organization plans, group life insurance plans, TRICARE supplemental insurance plans, group accidental death and dismemberment plans, and group disability insurance plans.	State group health insurance plan or plans, health maintenance organization plans, group life insurance plans, group accidental death and dismemberment plans, and group disability insurance plans.	Health insurance standard plan, state group health insurance high-deductible plan, state-contracted HMO plan, state-contracted HMO high deductible plan. All health insurance plans are to be self-insured	No Changes
State contribution	All persons participating in the state group insurance program may be required to contribute towards a total state group health premium that may vary depending upon the plan and coverage not selected by the enrollee and the level of state contribution authorized by the Legislature.	The state contribution of any plan in the state group health insurance program shall be, for individual coverage, the total actuarial cost for the lowest cost plan offered by the department for individual coverage and shall be, for family coverage, the total actuarial cost for the lowest cost plan offered by the department for family coverage, less the employee's contribution.		No Changes
Employee Contributions	Employee Contribution for all active employees (non spouse) plans	\$30 per month for individual coverage, and \$200 per month for family coverage, plus the difference between the cost of the lowest cost plan and the cost of the plan selected.		No Changes
	Employee Contribution for spouse plan	\$100 per month for family coverage, plus the difference between the cost of the lowest cost plan and the cost of the plan selected.		No Changes
	State Retiree plan contribution for those eligible for Medicare	A Medicare participant who participates in the state group insurance program shall pay a monthly premium set in the General Appropriations Act.		No Changes
	State Retiree plan contribution for those not eligible for Medicare	A Medicare participant who participates in the state group insurance program and is not eligible for Medicare shall pay a monthly premium set in the General Appropriations Act.		No Changes
				State contributions are based on the newly formed plan categories: Platinum level-state contributes 95% for individual and 84% for a family plan, Gold level- state contributes 87% for individual and family plans, Silver level- state contributes 80% for individual and family plans, and Bronze level- state contributes 75% for individual and family plans
				Employee pays remainder: Platinum-10% (14% family); Gold- 15% both; Silver 20% both; Bronze- 25% both. However, if employee chooses Gold level coverage or below the employee salary shall be increased by 60% on the difference between selected plan and the premium for platinum level
				Spouse pays the remaining cost of the active employee plan.
				Retiree pays the remaining cost of the plan.

# Spotlight on Bills

## **CS HB 7197, Digital Learning by Representative Kelli Stargel (R – Lakeland)**, was amended last week to:

- Revise the number of virtual instruction options that school district must provide. (Reduced from 9 to 3 to accommodate smaller districts).
- Authorize school districts to operate/create their own virtual instruction programs.
- Modify the eligibility criteria for participation in virtual instruction programs to allow kindergarten and 1st grade eligibility without the requirement for prior year enrollment in the public school system.
- Revise the date by which high school students entering grade 9 must complete at least one online course, from 2013-14 to 2011-2012.

Additionally, the amendment added the following provisions:

- Authorized virtual charter schools to provide full-time online instruction to kindergarten through grade 12 students in the district in which the student resides.
- Virtual charter schools must contract with the Florida Virtual School, an approved provider, or enter into an agreement with the school district to allow the charter school's students to participate in the district's VIP.

### **SESSION SCHEDULE**

#### **SENATE SESSION**

**Wednesday, April 27 – Friday, April 29**  
*10:00 a.m. to 12:00 noon  
and 1:50 p.m. to 5:50 p.m*

#### **HOUSE SESSION**

**Wednesday, April 27 – Friday, April 29**  
*11:00 a.m. to 8:00 p.m*

- Authorized school districts to offer blended learning courses that combine traditional classroom instruction and virtual instruction taught by a teacher that is not physically in the classroom.
- Enabled public school students to enroll in an online course offered by another district if:
  - the course is not offered by the student's district; or
  - the course is offered, but the student is unable to schedule the course.
- Authorized Florida Virtual School to provide full-time online instruction to students in kindergarten through grade 12, and expands part-time instruction to students in grades 4-5 for public school students taking grade 6 through 8 courses.
- Required public school students receiving full-time and part-time instruction from the Florida Virtual School to take statewide assessments – including FCAT and statewide end-of-course exams.
- Required Florida Virtual School to receive a school grade for students receiving full-time instruction.
- Required that all school districts provide at least three virtual instruction program options. The amendment provides flexibility for small rural counties so that they do not have to meet the same requirements as large school districts that have the capacity to serve more students in virtual instruction programs.

The bill reported favorable in the Education Committee last week and is waiting to be heard by the full House. A comparable bill in the Senate, **SB 1620 by Senator Anitere Flores (R – Miami)**, is on the Budget Committee agenda today.

## **Update on Bills**

**HB 7151, Postsecondary Education by Representative Kelli Stargel (R – Lakeland)**, was amended last week by a strike-all amendment that included the following new provisions:

- Authorized Florida College System boards of trustees to request from the Commissioner of Education an investigation of a college president by DOE's inspector general in specified circumstances. The inspector general must report findings, make recommendations, and refer any potential legal violation to the authorities.
- Removed obsolete references to the CLAST.
- Established the Articulation Coordinating Committee and provided responsibilities.
- Provided access to postsecondary education for individuals with intellectual disabilities by allowing reasonable substitutions for admission to a program of study and graduation requirements (does not constitute a fundamental alteration in the nature of the program).
- Required the SBE to specify by rule provisions for alternative remediation opportunities and retesting policies.
- Required that a student who has accumulated 12 college credit hours, but who has not yet demonstrated proficiency in the basic competency areas, must be advised in writing of the requirements for associate degree completion and state university admission, and the potential cost of accumulating excess college credit hours.
- Authorized DOE to approve community service hours for home education students to be eligible for the Bright Futures Academic Scholars award.

- Removed exemption from the state university summer enrollment requirement for students who have earned 9 or more credits through acceleration mechanisms.

The strike all amendment removed the requirement that 4-year doctor of medicine degree programs at state universities receive a uniform base level of state support, as determined annually in the General Appropriations Act.

The bill is waiting to be heard by the full House. A comparable bill in the Senate, **SB 1732 by Senator Evelyn Lynn (R Ormond Beach)**, is on the agenda in the Budget Committee today.

**HB 1359, Board of Governors/Student Body President by Representative Alan Williams (D – Tallahassee)**, proposes to amend the Florida Constitution to revise the membership of the BOG of the SUS, as follows:

- The FSA president is removed as a BOG member;
- The number of members appointed by the Governor is increased from 14 to 15; and
- One of the 15 members appointed by the Governor must be a state university student body president.

The state university student body president will serve a one-year term and is not subject to confirmation by the Florida Senate. A state university student body president is ineligible for appointment if the student body president appointed to the BOG in the previous year was from the same university. The joint resolution contains a ballot summary that notifies voters regarding the contents of the proposed amendment. The joint resolution, if adopted by three-fifths vote of the membership of each house of the Legislature, would place the proposed

amendment on the ballot of the next general election or an earlier special election if specifically authorized for that purpose. The proposed amendment must be approved by 60 percent of the voters in order to take effect. The bill is waiting to be heard by the full House. A comparable bill in the Senate, **SB 1706 by Senator Bill Montford (D – Tallahassee, FSU Alum)**, has been referred to Higher Education, Judiciary, Budget, and Rules committees.

**HB 599, Uniform Prudent Management of Institutional Funds by Representative Kathleen Passidomo (R – Naples)**, was amended last week to further define an institution as:

- A person organized and operated exclusively for charitable purposes, other than: An individual, or a trust subject to 518.11, Florida Statutes;
- or a government or governmental subdivision, agency, or instrumentality to the extent that it holds funds exclusively for a charitable purpose;
- or a trust that had both charitable and noncharitable interests after all noncharitable interests have been terminated, provided the trust is not subject to 518.11, Florida Statutes.

The bill was further amended to clarify that:

- an institution shall diversify the investments of an institutional fund unless the institution reasonably and prudently determines under this section that the purposes of the fund are better served without diversification
- an institution may release or modify, in whole or in part, a restriction contained in a gift instrument on the management, investment, or purpose of an institutional fund.
- repeal s. 1010.10, F.S., relating to the Florida

Uniform Management of Institutional Funds Act; creating s. 617.2105, F.S.

- provide authority to the Board of Trustees of the Internal Improvement Trust Fund to receive back certain property if a not-for-profit entity holding a deed subject to a reverter clause violates deed restrictions.

The bill reported favorably in the Economic Affairs Committee last week and will next be heard by the full House. A similar bill in the Senate, **SB 952 by Senator Garrett Richter (R – Naples)** is in the Budget Committee.



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