HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: PCB APC 12-05 State Employee Health Insurance
SPONSOR(S): Appropriations Committee
TIED BILLS: **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
Orig. Comm.: Appropriations Committee		Delaney	Leznoff

SUMMARY ANALYSIS

The State Group Health Insurance Program (program) is created by s. 110.123, F.S., and is administered by the Division of State Group Insurance (DSGI) within the Department of Management Services (DMS).

The program is an optional benefit for all state employees, including state agencies, state universities, the court system and the Legislature.

The program provides several options for employees who choose health insurance coverage. The state offers Individual and Family Coverage in both a standard plan and a high-deductible plan with Preferred Provider Organization PPO and Health maintenance Organization HMO options. The high deductible plan includes a Health Savings Account (HSA). Every year since the high-deductible option has been offered, the state has contributed $500 and $1,000 into the HSA for employees with Individual or Family Health coverage, respectively. The employer contribution has annually been reinstated each year in the budget Implementing Bill. The budget implementing bill makes statutory changes that are only effective for one year. This bill establishes the HSA employer contribution in permanent law.

During the 2010 session, the Legislature implemented a policy whereby participants in the PPO plan were required to use mail order for certain maintenance drugs. Mail order prescriptions are for 90 days and cost the equivalent of two monthly copayments, saving both the participant and the state money. Retail outlets are limited to providing 30 day supplies. The bill provides that DMS may implement a 90-day supply limit program for certain maintenance drugs for retail pharmacies participating in the program if DMS finds it is in the best interest of the state.

The bill has an indeterminate fiscal impact as it is uncertain what level of savings can be achieved if DMS elects to implement the program as provided in law.

The bill is effective July 1, 2012.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Background

The State Group Health Insurance Program (program) is created by s. 110.123, F.S., and is administered by the Division of State Group Insurance (DSGI) within the Department of Management Services (DMS).

The program is an optional benefit for all state employees, including state agencies, state universities, the court system and the Legislature. Employers pay the bulk of the premiums with most workers paying $600 a year for individual coverage and $2,160 for family coverage. Employers pay approximately $6,000 annually per employee for individual coverage and $12,700 for family coverage.

The program provides several options for employees who choose health insurance coverage. The state offers Individual and Family Coverage in both a standard plan and a high-deductible plan with PPO and HMO options. The high deductible plan includes a Health Savings Account (HSA).

HSA contributions: Currently, only about 1,504 people participate in the HSA out of over 172,000 enrollees in the plan. While offering a significantly higher premium than the standard plan, employee premiums are less and every year since the high-deductible option has been offered, the state has contributed $500 and $1,000 into the HSA for employees with Individual or Family Health coverage, respectively. The contribution has annually been reinstated each year in the budget Implementing Bill. The budget implementing bill makes statutory changes that are only effective for one year. The bill codifies the HSA employer contributions in permanent law.

Mail order maintenance drugs: The 2010 Legislature implemented a policy whereby participants in the PPO plan were required to use mail order for certain maintenance drugs on a list maintained by DMS. The participant is required to order a prescription by mail after the third time a prescription is filled at a retail pharmacy. . Mail order prescriptions are for 90 days and cost the participant the equivalent of two monthly copayments, saving both the participant and the state money through refill fees. Retail outlets are limited to providing a 30 day supply for all prescriptions. Some retirees have complained that they cannot afford to pay for two month's worth of copayments at one time . Retirees have also objected to notnot being able to fill prescriptions at their local pharmacists. In addition, local pharmacists have complained about losing the business of long-time customers and have requested the ability to offer match the costs of the mail order drugs.

The bill provides that DMS may implement a 90-day supply limit program for certain maintenance drugs for retail pharmacies participating in the program if DMS finds it is in the best interest of the state.
The bill is effective July 1, 2012.

B. SECTION DIRECTORY:

Section 1: Makes the state's contribution into the Health Savings Account permanent in law.

Section 2: Allows DMS to implement a 90-day supply limit for certain maintenance drugs if it is in the best interest of the state.

Section 3: Provides an effective date.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

   Indeterminate

2. Expenditures:

   Indeterminate

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

   None

2. Expenditures:

   None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

If the 90-day program is implemented by DMS there is likely to be some positive economic impact on local pharmacies that participate in the program.

D. FISCAL COMMENTS:

There is an indeterminate fiscal impact because it is uncertain whether DMS will be able to implement a plan that is in the best interest of the state and at what level potential savings would be.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

   N/A

2. Other:

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES