

Committee Substitute for Senate Bill No. 1172

An act relating to the state group health insurance and prescription drug programs; creating s. 110.1228, F.S.; authorizing specified local governmental entities to apply for participation; providing eligibility requirements for enrollment; exempting the program from ss. 624.436-624.446, F.S., relating to multiple-employer welfare arrangements; authorizing the Department of Management Services to adopt rules; providing a declaration that the act fulfills important state interest; providing an effective date.

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

Section 1. Section 110.1228, Florida Statutes, is created to read:

110.1228 Participation by small counties, small municipalities, and district school boards located in small counties.—

(1) As used in this section, the term:

(a) “District school board” means a district school board located in a small county or a district school board that receives funding pursuant to s. 236.081(6).

(b) “Small municipality” means an incorporated municipality that has a population of 12,500 or fewer according to the most recent decennial census.

(c) “Small county” means a county that has a population of 100,000 or fewer according to the most recent decennial census.

(2) The governing body of a small county or small municipality or a district school board may apply for participation in the state group health insurance program authorized in s. 110.123 and the prescription drug coverage program authorized by s. 110.12315 by submitting an application along with a \$500 nonrefundable fee to the department.

(3) Any costs or savings to the state group health insurance program or the prescription drug coverage program resulting from such participation shall be passed on to the local government participants and their employees. Such costs or savings shall be delineated based on the impact to the state, state officers and employees, and local government employers and their employees.

(4) As a prerequisite to the adoption of an ordinance or resolution for participation in the state group health insurance program and prescription drug coverage program, a small county, small municipality, or district school board shall issue a request for proposals to provide health insurance and prescription drug coverage. Such request for proposals shall seek coverages equivalent to those offered currently by the small county, small municipality, or district school board and coverages equivalent to the state group health insurance program and prescription drug coverage program. Such

request for proposals must provide an opportunity for the receipt of competitive proposals from all interested parties without restriction. The small county, small municipality, and district school board shall review and consider all responsive proposals prior to the adoption of any ordinance or resolution for participation in the state group health insurance program and prescription drug coverage program.

(5) If the department determines that a small county, small municipality, or district school board is eligible to enroll, the small county, small municipality, or district school board must agree to the following terms and conditions:

(a) The minimum enrollment or contractual period will be 3 years.

(b) The small county, small municipality, or district school board must pay to the department an initial administrative fee of not less than \$2.61 per enrollee per month, or such other amount established annually to fully reimburse the department for its costs.

(c) Termination of participation of a small county, small municipality, or district school board requires written notice 1 year before the termination date.

(d) If participation is terminated, a small county, small municipality, or district school board may not reapply for participation for a period of 2 years.

(e) Small counties, small municipalities, and district school boards shall reimburse the state for 100 percent of its costs, including administrative costs.

(f) If a small county, small municipality, or district school board employer fails to make the payments required by this section to fully reimburse the state, the Department of Revenue or the Department of Banking and Finance shall, upon the request of the Department of Management Services, deduct the amount owed by the employer from any funds not pledged to bond debt service satisfaction that are to be distributed by it to the small county, small municipality, or district school board. The amounts so deducted shall be transferred to the Department of Management Services for further distribution to the trust funds in accordance with this chapter.

(g) The small county, small municipality, or district school board shall furnish the department any information requested by the department which the department considers necessary to administer the state group health insurance program and the prescription drug coverage program.

(h) The small county, small municipality, or district school board shall adopt the state's eligibility rules.

(i) The small county, small municipality, or district school board may not participate in the state's cafeteria plan that allows for pretax treatment of premium contributions. If pretax treatment is desirable for employees of these participating employers, each employee of a participating employer shall execute a salary reduction agreement with that employer, and each participating employer shall establish its own cafeteria plan.

(j) The small county, small municipality, or district school board shall pay monthly premiums in amounts sufficient to cover claims costs, department administrative costs, and third-party administrative costs and provide for adequate reserves and cash flow by contributing three months premiums and costs in advance of the coverage effective date.

(6) The provisions of ss. 624.436-624.446 do not apply to the State Group Insurance Program or to this section.

(7) The Department of Management Services may adopt rules necessary to administer this section.

Section 2. The Legislature finds that a proper and legitimate state purpose is served when public employers, and their employees and dependents, in small counties, small municipalities, and district school boards are given additional choices for the basic protections afforded by group health and prescription drug coverage programs that also permit the continued operation of a competitive marketplace and assure that affordable and available coverage is extended to all interested parties. Therefore, the Legislature determines and declares that this act fulfills an important state interest.

Section 3. This act shall take effect upon becoming a law and shall apply to eligible local government plan participants effective with the January 1, 2003, plan year.

Approved by the Governor June 20, 2001.

Filed in Office Secretary of State June 20, 2001.