



**State Budget Conference Chairs
House Appropriations Committee /
Senate Budget**

SB 2126 – State Employee Health Insurance

Revised House Offer

**Thursday, May 5, 2011
412 Knott Building**

State Group Insurance Program

Proposed Changes

Goals

- Transition to a defined contribution program over the next three plan years.
- Increase health coverage choices for employees.
- Enable employees to choose less costly coverage and receive increased compensation.
- Provide tools for management of rising costs.

2012 plan year

- Direct DMS to contract with individual HMOs for a fully-insured or a self-insured plan design depending on which design is the best value to the state.
- Retain the PPO option and continue to include multiple HMOs in the program.

Independent Benefits Manager

- Procure an independent benefits manager (IBM) to analyze the program and assist DMS in developing a plan to convert the state group insurance program to a defined contribution program.
- Require the plan, including an implementation timeline, to be submitted to the Governor and the Legislature by January 1, 2013.
- Assist DMS in:
 - Recommending employer and employee contribution policies including provisions that reward and incentivize nonsmoking and other healthy lifestyle choices.
 - Recommending steps for maintaining or improving total employee compensation levels when a transition to a defined contribution program is initiated.
 - Recommending a new program design of either an employment-based benefits exchange or a full cafeteria plan which provides a variety of plan and benefit options.
- Assist DMS in making annual recommendations to the Governor and the Legislature for improvements to the program.

2013 plan year

- Offer four levels of benefits to employees: Platinum, Gold, Silver, and Bronze.
- Each level will offer a different benefit package and the premium will be priced accordingly.
- Employees who chose a lower cost level will share the savings with the state through a proportional pay increase.
- The IBM will begin assisting with administrative management of the state group insurance program including negotiation support and development of contracts.
- Permits University of Florida to opt out of the state employee plan based on a plan developed by the Board of Trustees and approved by the Legislative Budget Commission.

During the 2013 session, the Legislature will review the plan submitted by the DMS to convert the state group insurance program to a defined contribution program. The Legislature may approve or modify the plan.

2014 plan year and thereafter: Implement the defined contribution plan, if approved.