

Subcommittee on Health and Human Services
Government Efficiency Task Force

401 Senate Office Building

April 13, 2012

9:00 a.m. – 11:30 a.m.

- 1) Call to Order
- 2) Roll Call
- 3) Presentation on State Employee Health Insurance
Elisa Weber, Government Efficiency Task Force
- 4) Member discussion of State Employee Health Insurance
- 5) Adjourn



State Employee Health Insurance

Government Efficiency Task Force
April 13, 2012

Employee Premium Contributions

- Employee contributions are established in the General Appropriations Act each year.
- Employee contributions vary by employee category, coverage level, and plan selected.
- The state currently contributes approximately 90% toward the total annual premium for active employees, for a total of \$1.40 billion of the total premium of \$1.57 billion for FY 2011-12.



State Employee and Employer Contributions

Category	Coverage	Standard Plan PPO/HMO			Health Investor Health Plan PPO/HMO		
		Employer	Enrollee	Total	Employer	Enrollee	Total
Career Service (CS)	Single	499.80	50.00	549.80	499.80	15.00	514.80
	Family	1,063.34	180.00	1,243.34	1,063.34	64.30	1,127.64
	Spouse	1,243.32	30.00	1,273.32	1,097.64	30.00	1,127.64
SES/SMS/EOG/ LEG/Lottery	Single	541.46	8.34	549.80	506.46	8.34	514.80
	Family	1,213.34	30.00	1,243.34	1,097.64	30.00	1,127.64



Cost and Trends

- Employee contribution and benefit levels are fixed, and the state absorbs any differences in total cost.
- Projected total expenses under the State Employee Group Health Program are expected to increase by more than \$800 million over four years, from just over \$1.8 billion in FY 2011-12 to just over \$2.6 billion in FY 2014-15.
- Medical and pharmacy costs are projected to increase on average 9.2% per year through FY 2015-16.



Career Service Family Coverage Yearly Premium



Average Employer Contributions

- A 2010 study by The Segal Group found that over half of state plans are subsidized by the employer at 80% or higher.
- In 2011, the National Conference of State Legislatures found that states paid an average of 89% for individual coverage and 80% for family coverage.
 - Florida's employer contribution at the time of the survey:
 - Individual coverage – 91% standard premium and 97% health investor plan premium
 - Family coverage – 86% standard premium and 94% health investor plan premium



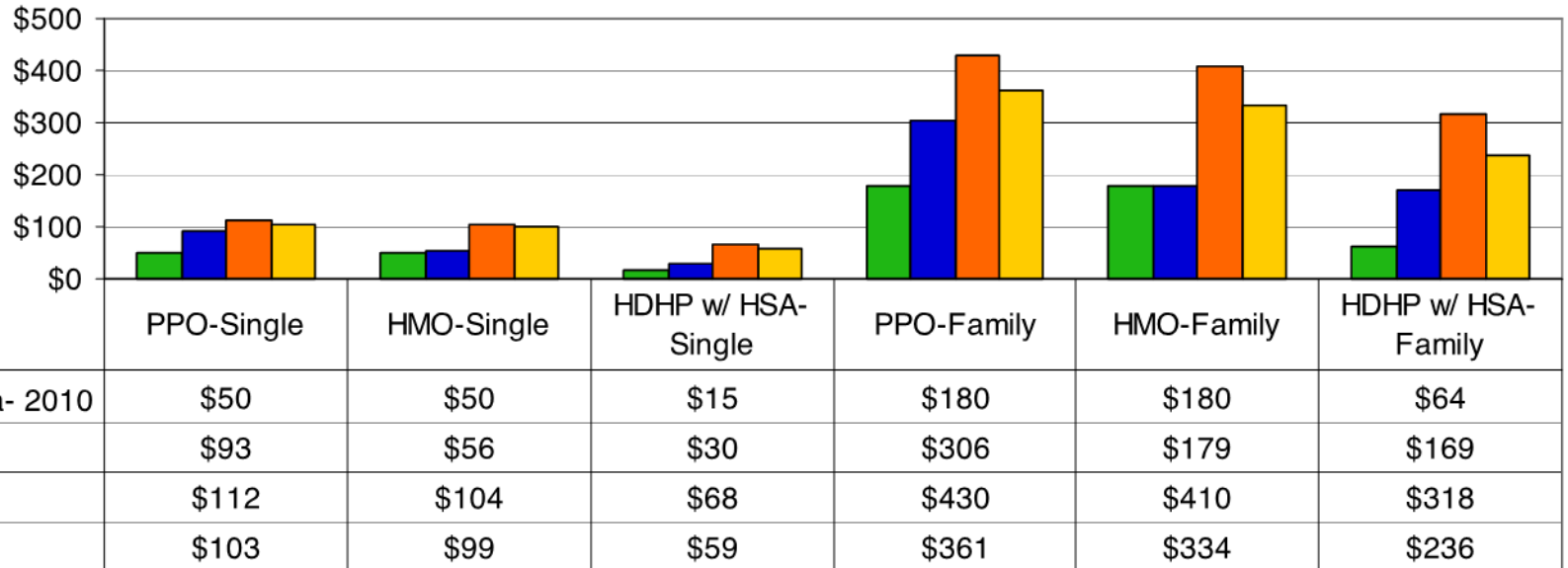
State of Florida Benchmarking Report

Mercer Consulting, 2011

- Comparing Florida's family PPO plan coverage to national large employers and Florida large employers:
- Employer contribution (percentage):
 - National average: 69%
 - Florida average: 68%
 - State of Florida contribution: 84%
- Employee contribution (dollars):
 - National average: \$361 per month
 - Florida average: \$430 per month
 - Florida state employees: \$180 per month (CS), \$30 per month (other)



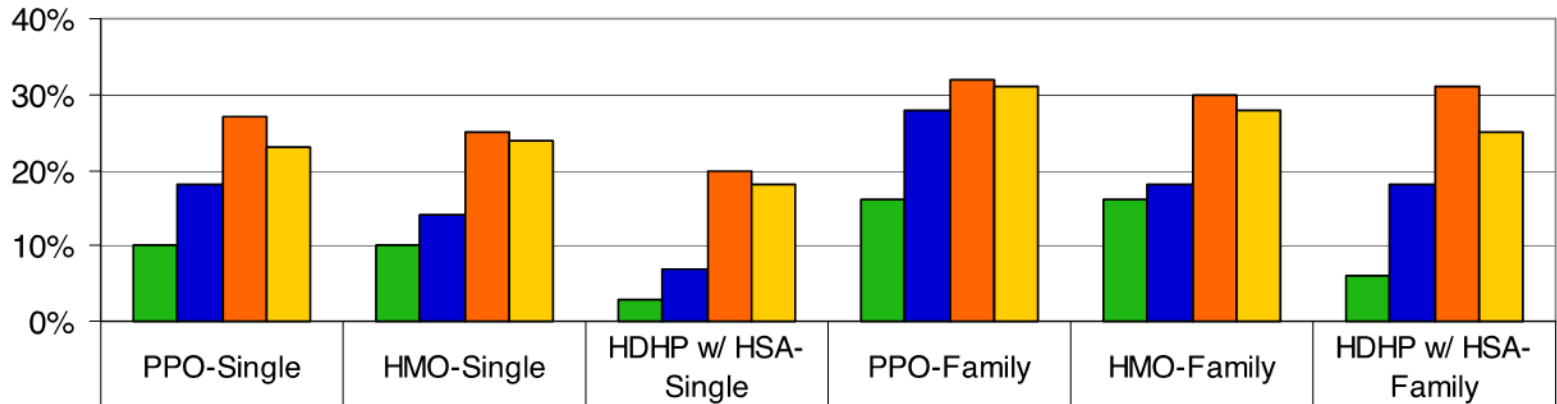
Monthly Employee Contribution Benchmarks (dollars)



Mercer Consulting, State of Florida Benchmarking Report, March 24, 2011



Monthly Employee Contribution Benchmarks (percentage)



	PPO-Single	HMO-Single	HDHP w/ HSA-Single	PPO-Family	HMO-Family	HDHP w/ HSA-Family
State of Florida- 2010	10%	10%	3%	16%	16%	6%
States 500+	18%	14%	7%	28%	18%	18%
Florida 500+	27%	25%	20%	32%	30%	31%
National 500+	23%	24%	18%	31%	28%	25%

Mercer Consulting, State of Florida Benchmarking Report, March 24, 2011



Defined Benefit vs. Defined Contribution

- Defined Benefit – Employer provides a specific benefit package
- Defined Contribution – Employer provides a specific contribution toward an employee's health coverage, allowing employee to choose from multiple plans



MEMORANDUM

To: Members of the Subcommittee on Health and Human Services
From: Bob Rohrlack, Chairman
Subject: Strategy and Scope
Date: April 9, 2012

Thank you for your excellent discussion of state employee health insurance during our last meeting. I appreciate the enthusiasm with which you all approached the topic and your innovative ideas for reducing health care costs.

The primary responsibility of our subcommittee is to examine, discuss, and make recommendations on the efficiency ideas brought before us. We may pursue additional ideas once we have taken action on the primary agenda items. Please remember that our subcommittee's role is to address the issues assigned to us, and we must achieve this within the remaining term of the Task Force.

To that end, when we have our next meeting, please focus our discussion on the subject referred to the subcommittee, state employee insurance premium contributions. Once that is completed we can discuss other related topics.