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**MEMORANDUM**

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**TO:** Consensus Estimating Conference Principals and Participants

**FROM:** Pam Johnson

**SUBJECT:** State Employees' Health Insurance Trust Fund, Post-Session Impact

**DATE:** September 4, 1992

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Attached for your information is the outlook for the State Employees' Health Insurance Trust Fund, adjusted for changes made during the 1992 Legislative Session. The outlook will be revisited at the next scheduled consensus estimating conference on October 22.

**Florida Consensus Estimating Conference  
State Employees' Health Insurance  
Executive Summary**

The attached tables contain the outlook for the State Employees' Health Insurance Trust Fund for 1992-93 and 1993-94, as well as the actual experience of the Fund during 1991-92. The projections reflect the changes made during the 1992 Legislative session, outlined below.

**Premiums**

		<u>Old</u>	<u>New</u>
Family	State	\$234.38	\$268.14
	Employee	\$ 85.46	\$ 93.58
	Total	\$319.84	\$361.72
Individual	State	\$116.60	\$133.40
	Employee	\$ 23.76	\$ 26.02
	Total	\$140.36	\$159.42

All premium increases were effective 7/1/92.

**Ancillary Services Annual Deductible**

Effective 1/1/93, the calendar year deductible for ancillary services will increase from \$50 per person, 2 per family, to \$150 per person, 2 per family. *for PPC, for non-PPC from \$200 to \$300.*

**Hospital Inpatient per admission Deductible**

Effective 8/1/92, the per admission deductible for hospital inpatient services was increased from ~~\$50 to \$100~~ *\$100 to \$150 for PPC and from \$200 to \$300 for non-PPC providers.*

**Non-PPC copayment for Physician and Outpatient Services**

Effective 8/1/92, the copayment for non-PPC physician and outpatient services was increased from 20% to 30%.

**Prescription Drug Copayments**

Effective 7/1/92, the copayment for brand name drugs purchased either by using the prescription drug card or through the mail order program was raised from \$11 to \$15. The copayment for generic drug purchases remains at \$5.

**ADJUSTMENTS TO BC/BS ADMINISTERED CLAIMS AS A RESULT OF BENEFITS CHANGES**  
**Percentages supplied by Blue Cross/Blue Shield**

<b>Plan Change:</b>	<b>1992-93 Partial Year % Adjustment</b>	<b>1993-94 Full Year % Adjustment</b>
Increase per admission deductibles from \$50 to \$100	-0.30%	-0.40%
Increase calendar year deductible from \$50 to \$150	-2.03%	-6.10%
Increase non-PPC copayment from 20% to 30%	-1.65%	-2.20%
Total	-3.98%	-8.70%
<b>Adjustments to Claims</b>		
Baseline forecast	\$357.6	\$426.7
Premium savings	(\$14.2)	(\$37.1)
Adjusted claims forecast	\$343.4	\$389.6

State Employees' Health Insurance Trust Fund  
 Analysis of Income and Expenses  
 1991 - 92

	Apr 1992 Estimate	Actual	Diff.
BEGINNING BALANCE	\$9.4	\$9.4	\$0.0
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INCOME			
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Retired Teachers Appropriation	\$3.9	\$3.9	\$0.0
Premiums--State	\$387.9	\$399.9	\$12.0
Premiums--Employees			\$0.0
Premiums--Medicare Patients			\$0.0
Premiums--Other Non-employees			\$0.0
Interest	\$0.5	\$0.6	\$0.1
Transfer from Pretax Trust Fund	\$7.1	\$6.0	(\$1.1)
Other (COB's, audits and overpayment returns)	\$6.9	\$7.8	\$0.9
Transfer from Life Trust Fund	\$14.0	\$14.0	\$0.0
Supplemental Appropriation	\$17.9	\$17.9	\$0.0
 TOTAL INCOME	 \$438.2	 \$450.1	 \$11.9
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EXPENDITURES			
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Blue Cross/Blue Shield Administered Claims	\$306.6	\$298.1	(\$8.5)
Prescription Drug Program Claims and Administration	\$45.5	\$45.3	(\$0.2)
HMO Payments	\$84.6	\$84.2	(\$0.4)
Blue Cross/Blue Shield Administration	\$7.6	\$7.6	\$0.0
Division of State Employees' Insurance Administration	\$3.3	\$3.5	\$0.2
 TOTAL EXPENDITURES	 \$447.6	 \$438.7	 (\$8.9)
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NET INCOME (INCOME LESS EXPENDITURES)	(\$9.4)	\$11.4	\$20.8
 ENDING BALANCE	 (\$0.0)	 \$20.8	 \$20.8
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State Employees' Health Insurance Trust Fund  
 Analysis of Income and Expenses  
 1992-93

	Apr 1992 Estimate	Post- Session Estimate	Diff.
BEGINNING BALANCE	(\$0.0)	\$20.8	\$20.8
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INCOME			
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Retired Teachers Appropriation	\$3.9	\$3.9	\$0.0
Premiums--State	\$302.2	\$345.1	\$42.9
Premiums--Employees	\$81.6	\$89.4	\$7.8
Premiums--Medicare Patients	\$16.6	\$18.9	\$2.3
Premiums--Other Non-employees	\$13.6	\$15.4	\$1.8
Interest	\$1.0	\$1.0	\$0.0
Transfer from Pretax Trust Fund	\$8.5	\$8.5	\$0.0
Other (COB's, audits and overpayment returns)	\$6.9	\$6.9	\$0.0
TOTAL INCOME	\$434.3	\$489.1	\$54.8
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EXPENDITURES			
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Blue Cross/Blue Shield Administered Claims	\$357.6	\$343.4	(\$14.2)
Prescription Drug Program Claims and Administration *	\$41.8	\$41.8	\$0.0
HMO Payments	\$99.6	\$99.6	\$0.0
Blue Cross/Blue Shield Administration	\$9.5	\$9.5	\$0.0
Division of State Employees' Insurance Administration	\$3.3	\$3.3	\$0.0
TOTAL EXPENDITURES	\$511.8	\$497.6	(\$14.2)
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NET INCOME (INCOME LESS EXPENDITURES)	(\$77.5)	(\$8.5)	\$69.0
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ENDING BALANCE	(\$77.5)	\$12.3	\$89.8
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\* The Prescription Drug program figures assume that the current contract discount of 18% for brand name drugs remains in place. Should the courts rule that a 12% discount must be observed, costs will increase by about \$250,000 per month. Plan savings associated with the increased brand name copayment were already reflected in the original April estimated.

State Employees' Health Insurance Trust Fund  
 Analysis of Income and Expenses  
 1993-94

	Apr 1992 Estimate	Post- Session Estimate	Diff.
BEGINNING BALANCE	(\$77.5)	\$12.3	\$89.8
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INCOME			
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Retired Teachers Appropriation	\$3.9	\$3.9	\$0.0
Premiums--State	\$309.8	\$353.7	\$43.9
Premiums--Employees	\$83.7	\$91.6	\$7.9
Premiums--Medicare Patients	\$18.3	\$20.8	\$2.5
Premiums--Other Non-employees	\$14.0	\$15.8	\$1.8
Interest	\$1.0	\$1.0	\$0.0
Transfer from Pretax Trust Fund	\$8.5	\$8.5	\$0.0
Other (COB's, audits and overpayment returns)	\$6.9	\$6.9	\$0.0
 TOTAL INCOME	 \$446.1	 \$502.2	 \$56.1
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EXPENDITURES			
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Blue Cross/Blue Shield Administered Claims	\$426.7	\$389.6	(\$37.1)
Prescription Drug Program Claims and Administration *	\$48.6	\$48.6	\$0.0
HMO Payments	\$117.6	\$117.6	\$0.0
Blue Cross/Blue Shield Administration	\$10.5	\$10.5	\$0.0
Division of State Employees' Insurance Administration	\$3.3	\$3.3	\$0.0
 TOTAL EXPENDITURES	 \$606.7	 \$569.6	 (\$37.1)
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NET INCOME (INCOME LESS EXPENDITURES)	(\$160.6)	(\$67.4)	\$93.2
 ENDING BALANCE	 (\$238.1)	 (\$55.1)	 \$183.0
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\* The Prescription Drug program figures assume that the current contract discount of 18% for brand name drugs remains in place. Should the courts rule that a 12% discount must be observed, costs will increase by about \$250,000 per month. Plan savings associated with the increased brand name copayment were already reflected in the original April estimated.