



Florida Police Benevolent Association, Inc.
CAPITOL REPORT

For the Week Ending February 12, 2010



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Senate focuses in on Health Insurance Costs

As reported previously, costs for State Employees Health Insurance are skyrocketing and a \$500 million hole is expected by 2011-2012. This projected shortage is arguably a gigantic sum even in a \$ 66 billion budget, but on Wednesday evening the Senate Ways & Means Committee members were more concerned with the \$1.7 billion and \$160 million figures, which constitute what the state and most state employees pay respectively for health coverage. Let's say it another way - the state pays over 90% of the costs to provide state employees with health insurance and it pays 100% of the costs for roughly 27,000 employees. Put this figure in perspective with 12% unemployment and countless more Floridians unable to afford even basic healthcare coverage, then you can begin to capture the beleaguered mood of the committee members.

Understanding the mood is vital to understanding this examination of the state's health insurance. Pressure is mounting from both the political and financial spheres. Neither can be ignored.

Financially the state cannot continue to pay for health insurance in the manner which it has been. The state's workforce is on average older, which means there are more employees making claims than there are employees paying the premiums without making substantial claims. This system is out of balance. Honestly, reform measures to fix this benefit will have to extend beyond just the area of health insurance in order to truly address the problem.

The state is not replenishing its workforce at an appropriate pace to keep the old insurance funding paradigm in place. This issue was spelled out rather clearly in January by Ray Wilson, Staff Director of the Senate Government Oversight & Accountability Committee. Mr. Wilson pointed out that because of hiring freezes, employee purges (my term not his), and outsourcing of personnel, that the state's employees have aged as an aggregate. Some of those practices will have to be revisited in order to correct the problem... especially if the Legislature continues with the current funding paradigm.

The other sphere is political. Florida's citizens are suffering under this recession. Many legislators represent districts that have unemployment levels above the statewide 12%. Those citizens are not as sympathetic to the costs associated with state employment as many of us would like. The state's financial situation does not insulate the Legislature like it used to in the more cash flush years. In the past, an increase to health insurance could be covered by the state without triggering a highly unpopular tax increase, but today, unless legislative reforms are made, a tax increase would be necessary to cover the costs. Please remember as discussed previously in the January Capitol Report, tax increases are not likely.

So there you have it. The Florida PBA is working with the Legislature in order to address this problem. We cannot guarantee any particular outcome, because at the moment no one is completely sure of what the Legislature is going to do to fix it. Speculation on the matter is that Select Exempt and Senior Management employees will have to pay a premium, but even that only provides for a savings of about \$45 million a year. There is also talk, backed up with a study by Buck Consultants, that the HMO option could possibly be eliminated. Obviously neither of these options will be popular and it is our opinion that neither option will adequately address the root causes of this issue. Our goal is to keep the health insurance plan affordable to the employees and maintain a high level of quality coverage. How we get there is the subject of much more discussion. We will keep you posted.

The Criminal Justice Budget

Nothing new was revealed this week in terms of the Criminal Justice Budget, however, we anticipate some major developments to occur next week and during the first week of session.

The issue we are most concerned with at the moment is how the Senate and the House are going to divvy up the allocations in General Revenue. More to the point, will each area receive an identical percentage reduction? The answer with the highest probability is yes, which means the Criminal Justice allocation could be somewhere in the range of \$300 million to \$550 million less than last year's allocation.

Potential ramifications from reductions at highest level of \$550 million are as follows: Prison closures, elimination of FDLE except for crime labs for rural locales, elimination of DJJ, increased privatization of correctional facilities and probation officer positions, early prisoner release, statewide court closures, and forced furloughs. Not a pretty picture. Also not a viable solution.

Yet these issues remain as options until the allocations are known. Our focus is to keep every sworn law enforcement, correctional, and correctional

probation officer currently employed with the state in his or her designated position performing the core functions of the profession.

Our intention in divulging this information is not to be alarmists. Yet this issue is potentially the most serious threat the bulk of our state employees face, and it is also influenced by those same spheres of influence discussed in the article about health insurance. However, it has another element that health insurance does not – privatization. This recession poses a golden opportunity for privateers to not only gain ground in correctional facilities, but to enter into other areas of law enforcement and probation. We believe preventing further privatization will be one of the biggest challenges we face this session.

PBA Communications



By now the Florida PBA, PBA Charters, and PBA Chapters have communicated with you about the specific issues facing your agency or department. Please read over everything you receive, because these communications will delve deeper into your respective area than most of the content included in the Capitol Report. In other words, if you are just staying up to date via the Capitol Report, you may not be getting all of the information you need.

Also, you can visit our [website](#) or become a fan of the PBA on [Facebook](#). If you have any questions or need more information, please contact our Tallahassee office at 1-800-733-3722.

As always, please be safe out there.