



DEPARTMENT OF MANAGEMENT
SERVICES

**"We serve those who
serve Florida"**

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HEALTH SAVINGS ACCOUNTS OFFER NEW OPTIONS FOR STATE EMPLOYEES

TALLAHASSEE – Governor Bush's budget recommendations for Fiscal Year 2005 – 2006 include the addition of low-cost, high deductible health plans with Health Savings Accounts to the State Group Health Insurance program. If passed by the Legislature, these recommendations would enable state employees to choose from an assortment of plans most suited to their needs. Employees selecting this option would receive a state contribution of \$500 for individual coverage and \$1,000 for family coverage per year.

"Rising health care costs are affecting everyone from individuals and small employers to large companies and the state's health insurance program, which covers 360,000 public employees/retirees and their dependents," said Department of Management Services Secretary Tom Lewis, Jr. "I applaud Governor Bush's efforts to provide our valued state employees with more access, choice and flexibility when it comes to their health care."

Health Savings Accounts combine a high-deductible health plan with a tax-free savings account. Similar to IRAs, people can save money in a tax-free account that earns interest. Employers, such as the State of Florida, may also choose to contribute to employees' accounts. Eligible health care expenses are paid – tax-free – out of the account. Unused funds remain in the account and continue to earn interest. The account is transferable between jobs and to different states. After age 65, the funds can be used, without penalty, for anything.

State employees selecting the option of a high-deductible health plan with a tax-free savings account will pay significantly lower premiums than those who choose the traditional HMO/PPO plan. While the deductible for the plan is higher (\$1,250 for individual and \$2,500 for family coverage), monthly premiums for Career Service employees would be \$15 for individual and \$64.31 for family coverage. This represents an annual savings of \$404.16 for individual and \$1,329.96 for family coverage to the state's employees. These savings are in addition to the state's contribution of \$500 for individual and \$1,000 for family coverage.

There are nearly 25,000 state employees in Leon and Gadsden Counties.

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