



## Government Cost Savings Task Force

### Potential Cost Savings Ideas

#### 1) Pension reform

- a. Tie automatic cost of living adjustment (COLA) increase for public pension recipients to inflation with a 3 percent ceiling
- b. Increase vesting period for FRS Pension Plan from six to 10 years
- c. Use only base salary earnings when calculating the average final compensation (AFC)
- d. Place a cap on the AFC so that the five highest earning years do not exceed a certain limit
- e. Increase the number of years used to calculate average final compensation (AFC) or use lifetime average salary
- f. Limit Special Risk class membership to law enforcement, firefighters, and corrections officers
- g. Reduce defined benefit contribution and offer optional matching defined contribution supplement
- h. Eliminate defined benefit plan and switch all FRS members to defined contribution plan
- i. Increase the normal retirement age/minimum required years of service accordingly for each employee class
- j. Reform the Deferred Retirement Option Program (DROP)
- k. Consolidate employee retirement classes into two classes
- l. Remove non-state employees from FRS

#### 2) Reform the justice system to reduce costs

- a. Require written justification for prison sentences given to individuals with sentencing scores of 44 or less
- b. Expand electronic monitoring as alternative to prison sentences
- c. Expand adult post-adjudicatory drug courts
- d. Institute adult post-incarceration drug courts

- e. Increase the maximum gain time accrual allowed
- f. Authorize the possibility of parole for certain offenders who were juveniles when sentenced
- g. Authorize the possibility of parole for certain elderly offenders
- h. Reclassify low level drug possession as a misdemeanor
- i. Expand work release programs
- j. Expand the (juvenile justice) Redirection program
- k. Expand Civil Citation program
- l. Expand programs that reduce recidivism to slow new prison construction
- m. Update value thresholds for felonies to reflect changes in inflation (such as the \$300 threshold for felony theft)
- n. Driving with a Suspended License should not be a felony if license suspension was due to inability/failure to pay court fines (for all offenders, even with felony records)
- o. Reverse the fiscal incentive of sending people to state prison and reward counties for keeping prisons locally (in jail or an alternative to incarceration)

### **3) Improve procurement process**

- a. Increase use of State Term Contracts and reform the system to increase the use of competitive bidding
- b. Limit statutory authority for service contract renewal by requiring the affected agency head and an independent authority to certify that contract renewal is in the best interest of the state due to extenuating circumstances (i.e., change law governing service contract renewal to promote more competitive pricing and service delivery)
- c. Adjust contract scoring and evaluating system to remove renewal cost from consideration

### **4) Reduce cost of health care**

- a. Reduce cost of Medicaid
  - i. Reduce Medicaid fraud
    - 1. Medicaid should be using an effective code editor application.
    - 2. Medicaid should also have a post adjudication software application that can identify areas for further investigation that might include up-coding,

coding anomalies, fraud, etc. Implement stricter applicant eligibility screening for Medicaid

3. Site Visit Verification as a mandated requirement for any type of new individual or group Florida Medicaid provider application.
  4. Restriction of licensed providers (physicians, ARNPs, Physician Assistants, etc. to not more than five (5) Medicaid Provider Groups.
  5. Progressive sanctions to licensed individual treating providers that do not notify AHCA when they have left a particular Medicaid Group Provider.
  6. Enroll Independent Diagnostic Treatment Facilities (IDTFs) as Medicaid provider type and un-enroll those same providers from the Medicaid Physician group provider type.
  7. Require IDTFs to include on HCFA 1500 billing form the physician identifier who is requesting the service and his preliminary diagnosis.
  8. For Evaluation and Management codes (E&M) require "By Report" requirement for claim adjudication for extended and comprehensive coding levels via separate batching and electronic submission.
  9. Require monthly inventory updates (for internal computer generated analysis) from providers billing supplies, durable medical equipment, or pharmaceuticals. Require a Medicaid participating physician's prescriptions, authorization, plan of care from Home Health Services, DME and other supplies.
  10. Increase criminal and administrative sanctions for fraudulent providers. Implement a lifetime ban on serving Medicaid as administrative punishment for fraud and abuse.
  11. Reinvest resources from the criminal strategies for dealing with fraud and abuse and to the administrative remedies, which although are not effective, are much more efficient, timely, and easier to establish and recover overpayments.
  12. Require face to face preconference meeting between AHCA officials and providers prior to the formal issuance of "A Final Agency Action/Order".
  13. As a condition of participation in the Florida Medicaid program, require each individual non-institutional Treating Provider to post a Surety Bond.
- ii. Implement a point-of-sale time and attendance verification system for child care providers
  - iii. Reduce cost of providing long-term care
  - iv. Eliminate optional health care subsidy for retirees
- b. Reduce state expenditures on health care

- i. Require all classes of employees to pay the same premiums for health insurance
- ii. Provide incentives based on controllable wellness indicators
- iii. Create a health insurance stipend for state employees
- iv. Expand enrollment in HSA

**5) Reduce cost of governance**

- a. Reduce bureaucracy by rightsizing administration (with report cards for each agency based on level of compliance)
  - i. Minimize the number of administrative positions in each agency (including Deputy and Assistant Directors and Communications and Legislative Affairs staffs)
  - ii. Implement reasonable ratio of managers to employees
  - iii. Implement reasonable ratio of administrative cost to revenue/direct service expenditures
  - iv. Implement a statewide integrated time and scheduling system
  - v. Consolidate call centers
  - vi. Reduce use of outside consultants when it is cheaper to perform task internally (e.g., DOT consultants)
- b. Standardize the business process
  - i. Standardize sick and annual leave accrual
  - ii. Standardize payroll cycle
  - iii. Standardize reporting of employment, expenditures, and purchasing information
  - iv. Standardize collective bargaining agreements
- c. Reduce cost of communications (with vendors or payees)
  - i. Further increase use of electronic payments and receipts
  - ii. Make electronic communications the default with an opt-in for paper communications (for state contractors and vendors)
  - iii. Create an eLearning-based Centralized Learning Academy
  - iv. Reduce printing and mailing costs by consolidating all state mailings

- d. Review practices of state boards
  - i. Reduce travel expenses
  - ii. Explore potential to consolidate boards or administrative support costs
- e. Reduce operating expenses for state agencies
  - i. Implement zero-based budgeting
  - ii. Adjust annual budget appropriations to reduce “fourth quarter dumping”
  - iii. Benchmark operating expenses for each state agency
  - iv. Transition to a four-day workweek
  - v. Expand telecommuting program
  - vi. Expand use of teleconferencing to reduce state travel expenditures
  - vii. Require 1% budget reduction for each state agency
- f. Improve management of state assets (owned and leased)
  - i. Restrict use of “stay in place” leasing
  - ii. Maximize use of leased space
  - iii. Consolidate management of small state vehicle fleets
  - iv. Improve oversight of state air fleet (and non-vehicular fleet)
  - v. Increase use of rental vehicles instead of purchased vehicles
  - vi. Increase use of owner controlled insurance programs (OICPs) for construction projects
  - vii. Maximize use of network printers and eliminate personal printers
- g. Implement a 401(a) FICA Alternative plan/401(a) Special Pay plan
- h. Require locals who hire SLEOs within two years of completion of training to reimburse the state for the cost
- i. Increase state employee parking fees to make the parking system self sufficient
- j. Use VoIP instead of phones
- k. Form compensation commission to determine actual competitiveness of state compensation with other states, local governments, and private sector (weighing each differently to determine an actual comparison)

**6) Improve revenue collection**

- a. Improve collection of sales tax on remote sales (SSUTA)
- b. Add Department of Revenue tax auditors to increase tax compliance
- c. Create a financial incentive to file tax returns electronically
- d. Implement a cigarette and tobacco audit compliance system
- e. Increase the size of the lottery retailer network
- f. Reestablish and enhance the Grants Clearinghouse Office within the Governor's Office
- g. Contingency contract to drawdown federal funds already earned by Florida
- h. Centralized oversight of indirect cost allocation plans
- i. Implement Medicaid provider assessments
- j. Eliminate the discount and subsidy for SunPass users (on tolls)
- k. Sell ads on DOT signs and other revenue-generating DOT ideas
- l. Reduce ability of lien holders to acquire legal vehicle titles in other states to avoid Florida's title fees (recently increased to \$85.25 as of Sept 1, 2009) for repossession

**7) Encourage and reward innovation and cost savings in state agencies**

- a. Modify perverse-incentives to allow individual bonuses and one-time pay raises for cost savings
- b. Statutorily require all agencies to participate in the Prudential – Davis Productivity Awards Program and increase replication efforts across state government

**8) Reduce "Revenue sharing" and "Aid to local governments"**