

(H. B. 1460)
(Conference)

(No. 13-2020)

(Approved January 3, 2020)

AN ACT

To amend subsection (b) of Section 3 and subsection (a) of Section 4 of Act No. 95 of June 29, 1963, as amended, better known as the “Public Employees Health Benefits Act”; add a subsection (aa) to Section 1.05 of Act No. 20-2017, as amended, known as the “Puerto Rico Department of Public Safety Act”; in order to authorize the Secretary of the Puerto Rico Department of Public Safety, in consultation with *bona fide* workers’ organizations and labor unions within the Department of Public Safety to negotiate and contract for health insurance plan for the employees and officials of the Department who voluntarily choose to avail themselves of a health insurance plan provided by a private insurer; and for other related purposes.

STATEMENT OF MOTIVES

Act No. 95 of June 29, 1963 as amended, established a medical-surgical, hospitalization, and supplemental benefits health insurance plan for the officials and employees of the Government of Puerto Rico. Said Act provides that the Puerto Rico Health Insurance Administration shall be the entity in charge of negotiating with health insurance companies the contracting of different health insurance plans for the employees of the various agencies of the Executive Branch. The purpose of said Act was to establish a centralized negotiation structure to obtain the best conditions in health insurance contracts.

Act No. 95, *supra*, initially excluded only the employees and officials of the University of Puerto Rico and public corporations. However, the Legislative Assembly has amended said statute on several occasions to include other entities and allow them to directly negotiate all that pertains to the health insurance benefits of their employees. Said statutes are:

- Act No. 324-2003, to exclude the Judicial Branch;
- Act No. 11-2010, to exclude the Legislative Assembly;
- Act No. 276-2011, to exclude the Office of the Comptroller;
- Act No. 280-2012, to exclude the Office of the Ombudsman;
- Act No. 16-2015, to exclude the Puerto Rico Police;
- Act No. 171-2015, to exclude the Department of Education; and
- Act No. 214-2015, to exclude the Municipal Revenues Collection Center (CRIM).

Thus, the officials and employees of the aforementioned institutions may benefit from more competitive coverages. The foregoing is the result of direct negotiations with contracting insurers, based on the principle of exclusive collective bargaining and on the sociodemographic profile of their employees.

Furthermore, Act No. 20-2017, as amended, was approved in 2017 to create the Department of Public Safety, a new department comprised of all public safety components of Puerto Rico, which allowed them to share personnel and administrative expenses to reduce spending. In addition, the Police Bureau, the Bureau of the Firefighters Corp, the Forensic Sciences Bureau, the 9-1-1 Emergency Systems Bureau, the Emergency Management and Disaster Administration Bureau, the Bureau of the Medical Emergency Corps, and the Special Investigations Bureau were consolidated under the command of the Secretary of Public Safety. In addition, it repealed the organic acts of the predecessor entities, including Act No. 53-1996, as amended, known as the “Puerto Rico Police Act.”

According to the information that we have gathered, unlike other entities which obtained better health insurance offers for their employees as a result of their exclusion from Act No. 95, *supra*, the members of the Puerto Rico Police have faced a different situation. The truth is that a significant number of police officers have

decided not to enroll in the health insurance plan negotiated directly between the Puerto Rico Police Bureau and the insurers.

To address this situation, we deem it necessary to allow the Secretary of the Department of Public Safety to directly negotiate with the insurers for the benefit of the seven (7) Bureaus within the Department. As a result, more officials and employees of the Bureaus, our police officers in particular, could benefit from more competitive coverages.

Therefore, this Legislative Assembly hereby includes all the employees of the Puerto Rico Public Safety Department among those exempted under Act No. 95, *supra*. Thus, the Secretary of Public Safety shall be empowered to directly negotiate and contract with health insurance companies. In this manner, the Secretary shall be able to negotiate more attractive coverage at a lower cost which would, in turn, result in better medical and hospital services for all beneficiaries.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF PUERTO RICO:

Section 1.- Subsection (b) of Section 3 of Act No. 95 of June 29, 1963, as amended, is hereby amended to read as follows:

“Section 3.- Definitions

When used in this Act, the following terms shall have the meaning stated below:

(a) Administration.- The Puerto Rico Health Insurance Administration created by virtue of Act No. 72 of September 7, 1993, as amended.

(b) Employee.- Every appointed or elected official or employee in active service in the Executive Branch of the Government or any pensioner of any branch of the Government of Puerto Rico and its agencies, departments, and municipalities, but excluding the officials and employees of public corporations, the Department of Public Safety, and the University of Puerto Rico, and the officials and employees of the Judicial Branch and the Legislative Branch of the Government of Puerto Rico,

the officials and employees of the Office of the Comptroller, the officials and employees of the Municipal Revenues Collection Center (CRIM, Spanish acronym), and the officials and employees of the Office of the Ombudsman who may avail themselves of the plans selected by the Administration, if they do so desire, and if the public corporation, the Judicial Branch, the Legislative Branch, the Office of the Comptroller, the Office of the Ombudsman, the Municipal Revenues Collection Center (CRIM), and such officials and employees that comply with the provisions of this Act. The term ‘employee’ also includes officials and employees in active duty outside of Puerto Rico.

(c) ...
...”

Section 2.- Subsection (a) of Section 4 of Act No. 95 of June 29, 1963, as amended, is hereby amended to read as follows:

“Section 4.- Contracting Authority

(a) The Administration is hereby authorized to enter into contracts, with or without the requirement of competitive bidding, but shall always have two (2) or more proposals from insurers that qualify according to law and the requirements to that effect, and offer any or all the plans described in Section 5 of this Act. Every such contract shall be entered into for a uniform period of not less than one (1) year, but may be renewed automatically from period to period in the absence of termination by any of the parties.

The Chief Justice of the Supreme Court or the person onto whom he/she delegates, shall negotiate and contract health insurance plans, and approve regulations to such effects for the employees and officials of the Judicial Branch, pursuant to the powers conferred upon the same under Act No. 64 of May 31, 1973, as amended. Furthermore, the Chief Justice may accept the negotiation and

contracting of health insurance plans made by the Administration for the employees of said Branch, pursuant to the provisions of this Act.

The President of the Senate and the Speaker of the House of Representatives, respectively, or the person designated by them, may negotiate and enter directly into contract, either jointly or separately, with health insurers on behalf and for the benefit of the employees and officials of their respective Body and the offices or entities under the corresponding Body, and if they should deem it necessary, they may approve regulations to such ends pursuant to the powers and authorities delegated to them under the Constitution of the Government of Puerto Rico to adopt the laws, rules, and regulations that shall govern the operations of each Body. Provided, that they may accept the negotiation and contracting for health insurance plans made by the Administration for the employees of the Legislative Branch, pursuant to the provisions of this Act.

The Comptroller of Puerto Rico or the person on whom he delegates, may directly negotiate and contract for health insurance plans for the employees and officials of the Office of the Comptroller pursuant to the powers conferred by Act No. 9 of July 24, 1952, as amended. Furthermore, they may accept the negotiation and contracting for health insurance plans made by the Administration for the employees of said Office, pursuant to the provisions of this Act.

The Ombudsman or his/her representative may negotiate and contract health insurance plans for the employees and officials of the Office of the Ombudsman pursuant to the powers conferred by Act No. 134 of January [sic] 30, 1977, as amended. Moreover, the Ombudsman may accept the negotiation and contracting for health insurance plans made by the Administration for the employees of said Office, pursuant to the provisions of this Act.

The Director of the Municipal Revenues Collection Center (CRIM, Spanish acronym) or the person designated by him, may negotiate and contract

health insurance plans for the employees and officials of the Municipal Revenues Collection Center (CRIM), in accordance with the powers conferred by Act No. 80-1991, as amended. Furthermore, the Director may accept the negotiation and contracting for health insurance plans made by the Administration for the employees of said Office, in accordance with the provisions of this Act.

The Secretary of the Department of Public Safety or the person onto whom he delegates, in conjunction with *bona fide* workers organizations within the Department of Public Safety, may directly negotiate and contract for health insurance plans on behalf and for the benefit of the employees and officials of the Department of Public Safety, who voluntarily choose to avail themselves of the health insurance provided by a private insurer, in accordance with the powers conferred by Act No. 20-2017, as amended. Furthermore, the Secretary may accept the negotiation and contracting for health insurance plans made by the Administration for the employees and officials of the Department of Public Safety, in accordance with the provisions of this Act.

The Secretary of the Department of Education of the Commonwealth of Puerto Rico or the person designated by him, in conjunction with *bona fide* employee organizations within the Department of Education, pursuant to the provisions of Act No. 45-1998, may directly negotiate and contract for health insurance plans on behalf and for the benefit of the employees and officials of the Department of Education, who voluntarily choose to avail themselves of the health insurance provided by a private insurer, in accordance with the powers conferred by Act No. 149-1999, as amended. Moreover, the Secretary may accept the negotiation and execution of contracts conducted by the Administration for health insurance plans for employees and officials of the Department of Education, in accordance with the provisions of this Act.

When the Chief Justice of the Supreme Court, the President of the Senate of Puerto Rico, the Speaker of the House of Representatives, the Comptroller of Puerto Rico, the Ombudsman of Puerto Rico, the Director of the Municipal Revenues Collection Center (CRIM), the Secretary of the Department of Public Safety, or the Secretary of the Department of Education negotiate a health insurance plan or choose one of the plans selected by the Administration, and both spouses are public service employees or pensioners of any Branch of the Government of Puerto Rico, its agencies, departments, municipalities, public corporations, or the University of Puerto Rico, then the former and their family members may avail themselves of their preferred plan. They shall be entitled to have their employers' contributions applied thereto up to the maximum amount of such contribution.

(b) ...

...”

Section 3.- A new subsection (aa) is hereby added to Section 1.05 of Act No. 20-2017, as amended, to read as follows:

“Section 1.05.- Duties and Powers of the Secretary.

The powers and duties of Secretary shall include, but shall not be limited to:

(a) ...

...

(aa) Directly negotiate, in conjunction with *bona fide* workers' organizations and labor unions within the Department of Public Safety, and contract for health insurance plans on behalf and for the benefit of the employees and officials of the Department of Public Safety, who voluntarily choose to avail themselves of the health insurance provided by a private insurer”.

Section 4.- This Act shall take effect immediately after its approval.