

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/HB 893 Blanket Health Insurance Eligibility

SPONSOR(S): Health Innovation Subcommittee; Ingoglia

TIED BILLS: **IDEN./SIM. BILLS:** SB 1134

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Health Innovation Subcommittee	11 Y, 0 N, As CS	Tuszynski	Poche
2) Insurance & Banking Subcommittee	12 Y, 0 N	Haston	Cooper
3) Health & Human Services Committee			

SUMMARY ANALYSIS

A blanket health insurance policy and contract is issued to a policyholder, such as a school, business, or an organization, to provide coverage to a group of individuals or participants for an activity or event. This is in contrast to group health insurance coverage, in which a contract exists between the insurer and a policyholder, such as an employer, for individual employees and their dependents as a benefit. Coverage under a blanket health insurance policy normally expires at the conclusion of the activity or event.

The bill adds specific groups that are eligible to purchase blanket health insurance policies and expands the categories of individuals who are eligible for coverage under such policies.

The bill does not appear to have a fiscal impact on state or local government.

The bill provides an effective date of July 1, 2015.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Present Situation

Office of Insurance Regulation

The Florida Legislature created the Office of Insurance Regulation (OIR) within the Department of Financial Services in 2003.¹ OIR is responsible for regulating all insurers and other risk bearing entities doing business in the state. OIR regulatory activities include:

- Licensing;
- Rate and form approval;
- Market conduct review;
- Issuing certificates of authority;
- Ensuring insurer solvency; and
- Administrative supervision.

The Insurance Commissioner (the Commissioner) is the agency head of OIR, and executes and enforces all regulatory responsibilities. The Commissioner oversees the review of company rate and form filings across regulated lines of insurance and takes appropriate action; monitors the financial strength, solvency and enterprise risk of insurance companies doing business in this state; and ensures that contract provisions keep up with changing legal and market conditions. The Commissioner also advises the Governor, Financial Services Commission, and Legislature on matters affecting the insurance marketplace, and implements applicable statutory and regulatory policies.²

Blanket Health Insurance

A blanket health insurance policy or contract is issued to a policyholder, such as a school, business, or organization, to provide coverage to a group of individuals or participants as a class who share a common activity or operation of the policyholder.³ Blanket health policies are for specific policyholders, covering specific people, for a specific event. This is in contrast to group health insurance coverage, in which a contract is issued to a policyholder, such as an employer, for individual employees and their dependents as a benefit.⁴ An individual application is not required from an individual covered under a blanket health insurance policy or contract.⁵ Generally, the insurer is not required to provide a written certificate of the insurance coverage to each insured person.⁶

Under current law, blanket health insurance covers certain groups of people under a policy or contract issued to the following groups:

- A common carrier – covering passengers;⁷
- An employer – covering employees defined by reference to exceptional hazards incident to employment;⁸

¹ Ch. 02-404, Laws of Fla.

² Florida Office of Insurance Regulation, *Annual Report 2014*, available at <http://www.floir.com/siteDocuments/2014AnnualReort.pdf> (last visited March 13, 2015).

³ s. 627.659, F.S.

⁴ s. 627.653, F.S.

⁵ s. 627.660(1), F.S.

⁶ *Id.* An insurer is required to furnish a written certificate disclosing the essential features of the coverage to each person covered under a policy issued pursuant to s. 627.659(3), F.S., relating to policies issued to a school, district school system, college, university, or other institution of learning. s. 627.660(6), F.S. These certificates are subject to the filing requirements of ss. 627.410 and 627.640, F.S.

⁷ s. 627.659(1), F.S.

⁸ s. 627.659(2), F.S.

- A school, school district, college, university, or other institution of learning – covering students and teachers; and may cover spouses and dependent children of students;⁹
- A volunteer fire department, first aid group, or other such volunteer group – covering the members of those groups;¹⁰
- An organization or branch of the Boys Scouts of America, Future Farmers of America, religious or educational organizations, or similar organizations – covering attendees, instructors, counselors, and administrators at meetings and camps;¹¹
- A newspaper – covering independent contractor delivery persons;¹²
- A health care provider – covering patients;¹³ and
- An HMO – covering subscribers.¹⁴

Effect of Proposed Changes

The bill expands the list of existing groups and individuals in statute that are eligible to purchase blanket health insurance coverage or eligible to be covered under a blanket health insurance policy. Specifically, the bill adds:

- Any operator, owner or lessee of a means of transportation.
- Coverage for dependents or guests of an employee; the bill removes the reference to coverage for “exceptional hazards incident to such employment” and replaces it with “activity or activities or operations of the policyholder,” which expands the types of activities for which blanket health coverage may be purchased by an employer.
- Coverage for employees, and dependents and spouses of teachers or employees of a school, college, and university.
- Emergency management groups and expands coverage to any group of participants defined by reference to activities or operations sponsored or supervised by a volunteer fire department, first aid group, or other such volunteer group.
- Instructive, charitable, recreational, and civic groups and expands coverage to any or all persons participating in the activities or operations sponsored or supervised by the policyholder.
- Other publishers as eligible policyholders and expands coverage to delivery persons employed by such publications.
- Other arrangers of health services as eligible policyholders and expands coverage to donors and surrogates.

The bill also adds the following eligible policyholder groups to statute:

- A sports team, camp, or sponsor of a team or camp – covering members, campers, participants, employees, officials or supervisors.¹⁵
- A travel agency or other organization that provides travel related services – covering any and all persons receiving travel-related services.
- An association that has a constitution and bylaws, comprised of at least 25 members and having been organized and maintained in good faith for at least 1 year for purposes other than obtaining insurance – covering all members of the association.
- A bank, association, financial or other institution, vendor, parent holding company, or the trustees or agents designated by such entities – covering accountholders, cardholders, debtors, guarantors, or purchasers.

The bill provides an effective date of July 1, 2015.

⁹ s. 627.659(3), F.S.

¹⁰ s. 627.659(4), F.S.

¹¹ s. 627.659(5), F.S.

¹² s. 627.659(6), F.S.

¹³ s. 627.659(7), F.S.

¹⁴ s. 627.659(8), F.S.

¹⁵ This provision emulates statutes in 26 other states (AL, AK, AZ, AR, CA, DE, GA, ID, IL, IN, KS, KY, LA, ME, MD, MA, MI, MN, MT, NV, NH, OK, OR, PA, UT, and WY).

B. SECTION DIRECTORY:

Section 1: Amends s. 627.659, F.S., relating to blanket health insurance; eligible groups.

Section 2: Provides an effective date of July 1, 2015.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The bill allows insurers to offer blanket health insurance plans covering more eligible policyholders for more risks or activities. The eligible policyholders can secure coverage for activities or events outlined in the bill, limiting the policyholder's exposure to risk of financial loss.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. This bill does not appear to affect county or municipal governments.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

On March 18, 2015, the Health Innovation Subcommittee adopted one amendment and reported the bill favorably as a committee substitute. The amendment removed discretionary authority of the Insurance Commissioner to determine, without further legislative action, additional groups who are eligible to

purchase blanket health insurance coverage and additional individuals who may be covered under such a policy.

The analysis is drafted to the committee substitute as passed by the Health Innovation Subcommittee.