

By the Committee on Banking and Insurance and Senator Forman

311-2060A-98

1 A bill to be entitled
 2 An act relating to health insurance; amending
 3 s. 627.6484, F.S.; providing limitations on
 4 applications for insurance under certain
 5 circumstances; amending s. 627.6486, F.S.;
 6 revising eligibility requirements; creating s.
 7 627.649, F.S.; authorizing the Department of
 8 Insurance to privatize the administration of
 9 the claims and the program; authorizing the
 10 department to assess and collect assessments;
 11 providing an effective date.

12
 13 Be It Enacted by the Legislature of the State of Florida:

14
 15 Section 1. Subsection (1) of section 627.6484, Florida
 16 Statutes, is amended to read:

17 627.6484 Termination of enrollment; availability of
 18 other coverage.--

19 (1) The association may ~~shall~~ accept applications for
 20 up to 500 insureds for a 1-year period beginning January 1,
 21 1999, exclusive of replacement insurance only until June 30,
 22 ~~1991, after which date no further applications may be~~
 23 ~~accepted.~~ Upon receipt of an application for insurance, the
 24 association shall issue coverage for an eligible applicant.
 25 Applications shall be processed on a first-come, first-served
 26 basis. All applications received on the same day at the same
 27 time shall be processed as a group; however, if processing the
 28 number of applications in such group would exceed the
 29 500-insureds limit for the year, such group shall be held for
 30 processing until processing such application would not cause
 31 the limit to be exceeded. The acceptance of the new insureds

1 provided in this section shall be subject to review by the
2 department at the end of the 1-year enrollment period. The
3 purpose of this review shall be to determine the impact, if
4 any, of the new enrollment on standard market rates and to
5 study the effectiveness of the association or other means of
6 providing access to health insurance to the medically
7 uninsurable in this state.~~When appropriate, the administrator~~
8 ~~shall forward a copy of the application to a market assistance~~
9 ~~plan created by the department, which shall conduct a diligent~~
10 ~~search of the private marketplace for a carrier willing to~~
11 ~~accept the application.~~

12 Section 2. Paragraph (f) of subsection (2) of section
13 627.6486, Florida Statutes, is amended to read:

14 627.6486 Eligibility.--

15 (2)

16 (f) No person is eligible for coverage under the plan
17 unless such person has been rejected by two insurers for
18 coverage substantially similar to the plan coverage and no
19 insurer has been found through the market assistance plan
20 pursuant to s. 627.6484 that is willing to accept the
21 application. As used in this paragraph, "rejection" includes
22 an offer of coverage with a material underwriting restriction
23 ~~or an offer of coverage at a rate greater than the association~~
24 ~~plan rate.~~

25 Section 3. Section 627.649, Florida Statutes, is
26 created to read:

27 627.649 Privatization of the program.--The Department
28 of Insurance shall develop and issue a request for proposal
29 and enter into a contract with an entity qualified to
30 administer claims to privatize the administration of the
31 existing claims of the Florida Comprehensive Health

1 Association or in the alternative is authorized to issue a
2 request for proposal and enter into a contract with an
3 authorized insurer to assume all risks in the Florida
4 Comprehensive Health Association. Premiums shall be
5 established pursuant to the provisions of s. 627.6498. The
6 Department of Insurance shall assess and collect from insurers
7 any deficits. The department shall reimburse such assessments
8 to the insurer administering the program. This section shall
9 take effect July 1, 1998, and must be implemented by July 1,
10 1999.

11 Section 4. Except as otherwise provided in this act,
12 this act shall take effect October 1, 1998.

13

14 STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN
15 COMMITTEE SUBSTITUTE FOR
16 Senate Bill 1116

17 Re-opens the Florida Comprehensive Health Association (FCHA)
18 for enrollment for health insurance coverage for up to 500
persons for a 1-year period.

19 Revises the eligibility criteria to deem a person eligible
20 only if the person has been rejected by two insurers for
similar coverage or has received an offer of coverage with a
21 material underwriting restriction.

22 Requires the Department of Insurance to review the impact of
the new enrollment on the standard market rates and to study
23 the effectiveness of the association or other means of
providing access to health insurance to the medically
24 uninsurable.

25 Requires the Department of Insurance to develop and issue a
request for proposal to privatize the administration of the
26 FCHA's claims or, as an alternative, issue a request for
proposal and enter into contract with an authorized insurer to
27 assume all the risks in the FCHA. Requires premiums to be
established pursuant to s. 627.6498, F.S., (the current law
28 that specifies how FCHA rates are determined). Requires the
department to assess and collect from insurers any deficits
29 and reimburse such assessments to the insurer administering
the program.

30 Deletes provisions of the bill providing an exemption from
assessments for insurer writing coverage for their
31 proportionate share of FCHA policyholders.