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DATE: March 21, 1997

HOUSE OF REPRESENTATIVES
COMMITTEE ON
HEALTH CARE STANDARDS & REGULATORY REFORM
BILL ANALYSIS & ECONOMIC IMPACT STATEMENT

BILL #: HB 1121 (PCB HCR 97-03)

RELATING TO: Community Health Purchasing Alliances

SPONSOR(S): Committee on Health Care Standards & Regulatory Reform

STATUTE(S) AFFECTED: Amends s. 408.702, 408.703, and repeals s. 408.705, Florida Statutes

COMPANION BILL(S):

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:
(1) HEALTH CARE STANDARDS & REGULATORY REFORM YEAS 6 NAYS 0
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I. SUMMARY:

PCB 3 provides for two basic changes to the Community Health Purchasing Alliances (CHPA) law. 1) It reinstates sovereign immunity for CHPA board members and staff; and 2) It allows employer groups which grow to more than 50 employees to renew their cover for one year after their business has reported an expansion to more than 50 employees.

The current CHPA law relating to sovereign immunity expired July 1, 1995. Reinstatement will provide limits on civil liability for CHPA board members and staff in the performance of their duties, consistent with statutory limitations provided to other non-profit organizations' board members and staff.

Current eligibility requirements provide that employer groups having more than 50 employees on 50% of the days in the quarter preceding renewal cannot renew their plan through CHPA due to the 50 or less employees limitation. The proposed change would permit those affected businesses a transitional period of one year in which to shop for affordable, quality health coverage for their employees, or provide continuity in coverage for their employees should the total number of covered employees drop back to 50 or fewer employees during the transitional year.

The proposed bill will have no fiscal impact on the state, local government, or the private sector.

II. SUBSTANTIVE ANALYSIS:

A. PRESENT SITUATION:

The Community Health Purchasing Alliance (CHPA) law in s. 408.702, F.S., provides for the creation of a CHPA in each of the 11 health service planning districts established under s. 408.032(5), F.S. Originally, each board was composed of 17 members (four appointed by the House Speaker, four by the Senate President, and nine by the Governor). All appointments were initially for three year periods which expired September 30, 1996. The CHPA articles of incorporation have been modified to provide for three-year, staggered terms. There is no limit on the number of terms a member may serve.

Each alliance must be operated as a state-chartered, nonprofit private organization pursuant to ch. 617, F.S. The law provides for two or more districts to merge. Currently, there are two groups of districts that have merged. Districts 1, 2, and 3 have merged and have a 17 member board. Districts 4 and 7 have merged and have a 34 member board. Districts 5, 6, 8, 9, 10, and 11 each currently have a 17 member board.

When the CHPA law was originally enacted it provided for sovereign immunity for board members and staff while performing board business. However, the current CHPA law on sovereign immunity expired July 1, 1995. According to the Agency for Health Care Administration, a number of districts have had difficulty in either obtaining or maintaining board members. Reinstatement would provide limits on civil liability for CHPA board members and staff in the performance of their duties. This would be consistent with statutory limitations provided to other non-profit organization's board members and staff.

Current eligibility requirements provide that employer groups having more than 50 employees on 50% of the days in the quarter preceding renewal cannot renew their plan through CHPA due to the 50 or less employees limitation. There is no flexibility in the current statute, as the over 50 employees may be a temporary situation, and the employer may drop below 50 during the next year. In addition, current law does not permit those affected businesses a transitional period in which to shop for affordable, quality health coverage for their employees, or provide continuity in coverage for their employees should the total number of covered employees drop back to 50 or fewer employees during the following year.

B. EFFECT OF PROPOSED CHANGES:

This proposed bill does two basic things:

It reinstates sovereign immunity for CHPA board members and staff.

It allows employer groups which grow to more than 50 employees to renew their coverage for one year after their business has reported an expansion to more than 50 employees. This proposed change would permit those affected businesses a transitional period of one year in which to shop for affordable, quality health coverage for their employees, or provide continuity in coverage for their employees should the total number of covered employees drop back to 50 or fewer employees during the transitional year.

C. APPLICATION OF PRINCIPLES:

1. Less Government:

a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

No.

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

No.

(3) any entitlement to a government service or benefit?

No.

b. If an agency or program is eliminated or reduced:

(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

Not Applicable.

(2) what is the cost of such responsibility at the new level/agency?

Not Applicable.

(3) how is the new agency accountable to the people governed?

Not Applicable.

2. Lower Taxes:

a. Does the bill increase anyone's taxes?

No.

b. Does the bill require or authorize an increase in any fees?

No.

c. Does the bill reduce total taxes, both rates and revenues?

No.

d. Does the bill reduce total fees, both rates and revenues?

No.

e. Does the bill authorize any fee or tax increase by any local government?

No.

3. Personal Responsibility:

a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

No.

b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

Not Applicable.

4. Individual Freedom:

a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

Yes. It reinstates sovereign immunity for CHPA board members and staff. This will enable the various CHPAs to obtain quality members to serve on their boards.

In addition, it allows employer groups which grow to more than 50 employees to renew their coverage for one year after their business has reported an expansion to more than 50 employees. This proposed change permits those affected businesses a transitional period of one year in which to shop for affordable, quality health coverage for their employees, or provide continuity in coverage for their employees should the total number of covered employees drop back to 50 or fewer employees during the transitional year.

b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

No.

5. <u>Family Empowerment:</u>

a. If the bill purports to provide services to families or children:

(1) Who evaluates the family's needs?

Not Applicable.

(2) Who makes the decisions?

Not Applicable.

(3) Are private alternatives permitted?

Not Applicable.

(4) Are families required to participate in a program?

Not Applicable.

(5) Are families penalized for not participating in a program?

Not Applicable.

b. Does the bill directly affect the legal rights and obligations between family members?

No.

c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

(1) parents and guardians?

Not Applicable.

(2) service providers?

Not Applicable.

(3) government employees/agencies?

Not Applicable.

D. SECTION-BY-SECTION ANALYSIS:

Section 1. Amends s. 408.702, F.S., to provide immunity from liability for members of the board of directors of a CHPA, and its employees and agents, in the performance of board duties (reinstates sovereign immunity).

Section 2. Amends s. 408.703, F.S., to allow employer groups which grow to more than 50 employees to renew their coverage for one year after their business has reported an expansion to more than 50 employees.

Section 3. Repeals s. 408.705, F.S., which contained the original provisions for CHPAs, including sovereign immunity. This section expired effective July 1, 1995.

Section 4. Provides an effective date of upon becoming law.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

None.

2. Recurring Effects:

None.

3. Long Run Effects Other Than Normal Growth:

None.

4. Total Revenues and Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

   None.

2. Recurring Effects:

   None.

3. Long Run Effects Other Than Normal Growth:

   None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

   None.

2. Direct Private Sector Benefits:

   No direct private sector benefits. However, it allows employer groups which grow to more than 50 employees to renew their coverage for one year after their business has reported an expansion to more than 50 employees. This proposed change permits those affected businesses a transitional period of one year in which to shop for affordable, quality health coverage for their employees, or provide continuity in coverage for their employees should the total number of covered employees drop back to 50 or fewer employees during the transitional year.

3. Effects on Competition, Private Enterprise and Employment Markets:

   None.

D. FISCAL COMMENTS:

None.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to spend funds or to take an action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill does not reduce the percentage of a state tax shared with counties or municipalities.

V. COMMENTS:

None.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

None.

VII. SIGNATURES:

COMMITTEE ON HEALTH CARE STANDARDS & REGULATORY REFORM:

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