

**STORAGE NAME:** h1701.hcs

**DATE:** April 3, 1997

**HOUSE OF REPRESENTATIVES  
COMMITTEE ON  
HEALTH CARE SERVICES  
BILL RESEARCH & ECONOMIC IMPACT STATEMENT**

**BILL #:** HB 1701

**RELATING TO:** Health Insurance

**SPONSOR(S):** Reps. Flanagan, Wise, Murman, Burroughs, Barriero, Feeney, Futch, Bronson, Fasano

**STATUTE(S) AFFECTED:** s. 627.6699, F.S.

**COMPANION BILL(S):** SB 2304 (Similar)

**ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:**

- (1) HEALTH CARE SERVICES
  - (2)
  - (3)
  - (4)
  - (5)
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**I. SUMMARY:**

The "Employee Health Care Access Act" (s. 627.6699, F.S.), was enacted by the Legislature in 1992 "to promote the availability of health insurance coverage to small employers regardless of their claims experience or their employees' health status...". This law requires all small employer carriers to offer and issue all small employer health benefit plans on a guaranteed issue basis to every eligible small employer, with 3 to 50 employees. Included in this law is a requirement that each small employer carrier issuing new health benefit plans shall offer to any small employer, upon request, a **standard health benefit plan** and a **basic health benefit plan**.

HB 1701 amends the "Employee Health Care Access Act" in two areas. First, the bill defines the term "medically necessary" to mean, for purposes of covering procedures related to termination of pregnancy, those procedures and accompanying services necessary to save the life of the mother. Second, the bill amends the standard and basic health benefit plans to limit coverage for inpatient and outpatient hospital care for induced abortions and related procedures to care that is required only when performed to save the life of the mother.

This bill has no fiscal impact on state or local government.

## II. SUBSTANTIVE RESEARCH

### A. PRESENT SITUATION:

Florida law requires that all small employer carriers must offer and issue all small employer health benefit plans, including the standard and basic health benefit plans, on a guaranteed-issue basis to every eligible small employer that elects to be covered under such plan. Small employer carriers must use a modified community rating methodology in which the premium for each small employer must be determined solely on the basis of the eligible employee's and eligible dependent's gender, age, family composition, tobacco use, or geographic area (see s. 627.6699, F.S.).

Also contained in this section of statute is a requirement that the Department of Insurance appoint a health benefit plan committee to develop changes to the standard and basic health benefit plans. This was done in 1993 and modified in 1995. The department adopted a policy document based upon the recommendations by the health benefit plan committee. This document contains exclusions and limitations which are to be applied to all standard and basic health benefit plans. One such exclusion is for abortion, and reads as follows:

*Abortion, including any service or supply related to an elective abortion. However, spontaneous abortions are not excluded. Also, abortions performed for reasons when Medically Necessary for the pregnant Covered Person or when the pregnancy would result in the birth of an infant with grave malformation, are not excluded.*

Other exclusions and limitations include: alcoholism or substance abuse; ambulance services; arch supports; autopsy; biofeedback; complications of non-covered services, contraceptive appliances, cosmetic surgery, and many others.

The policy document also included a definition for the term "medically necessary" as follows:

*MEDICALLY NECESSARY - A medical service or supply that is required for the identification, treatment, or management of a Condition is Medically Necessary if, in the opinion of the [Carrier], it is: (1) consistent with the symptom, diagnosis, and treatment of the Insured's Condition; (2) widely accepted by the practitioners' peer group as efficacious and reasonably safe based upon scientific evidence; (3) universally accepted in clinical use such that omission of the service or supply in these circumstances raises questions regarding the accuracy of diagnosis or the appropriateness of the treatment; (4) not Experimental, or Investigation; (5) not for cosmetic purposes; (6) not primarily for the convenience of the Insured, the Insured's family, the Physician, or other Provider, and (7) the most appropriate level of service, care or supply which can safely be provided to the insured. When applied to inpatient care, Medically Necessary further means that the services cannot be safely provided to the Insured in an alternative setting.*

According to the department, in 1996 approximately 130,000 lives were covered under small group standard and basic health insurance plans. During that same time period, approximately 1.4 million lives were covered under all small group health insurance plans.

The Florida Medicaid program will pay for an abortion, but only if the procedure is necessary to save the life of the mother or the pregnancy is the result of rape or incest. In the 12 months ending June 30, 1996, the Medicaid program paid \$10,460 for an estimated 45 abortions, or \$232 per abortion. This figure includes physician fees and outpatient hospital fees.

**B. EFFECT OF PROPOSED CHANGES:**

Procedures related to termination of pregnancy (for persons insured by a small group health insurance standard or a basic benefit plan) will only be covered if the procedures and accompanying services are necessary to save the life of the mother.

**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. The Department of Insurance would be required to revise its policy document on services covered under a standard or basic health insurance policy.

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

Maybe. Small group insurers would have to revise their insurance forms to reflect the limitations on coverage of abortion.

(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?

N/A

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

N/A

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

N/A

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?

N/A

4. Individual Freedom:

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

No.

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

No.

5. Family Empowerment:

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

- (1) Who evaluates the family's needs?

N/A

- (2) Who makes the decisions?

N/A

- (3) Are private alternatives permitted?

N/A

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

N/A

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

N/A

- 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?

N/A

(2) service providers?

N/A

(3) government employees/agencies?

N/A

**D. SECTION-BY-SECTION RESEARCH:**

**Section 1.** Amends s. 627.6699, F.S., relating to the "Employee Health Care Access Act", to provide a definition for "medically necessary" as it relates to the termination of a pregnancy; and to specify that for standard and basic health benefit plans, coverage for inpatient and outpatient services for induced abortions and related procedures is available only when such services are necessary to save the life of the mother.

**Section 2.** Provides an effective date of October 1, 1997.

**III. FISCAL RESEARCH & 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:

Persons who are covered under a standard or basic health benefit health insurance plan will experience additional limitations on coverage for induced abortions.

2. Direct Private Sector Benefits:

There may be a slight decrease in premiums for standard and basic health benefit plans.

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.

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.

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V. COMMENTS:

The Department of Insurance believes that the provisions of HB 1701 would apply to all policies issued in the small group market, not just to standard and basic health benefit policies. Therefore, according to the department, this legislation would impact all of the approximately 1.4 million persons insured under s. 627.6699, F.S.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

None.

VII. SIGNATURES:

COMMITTEE ON HEALTH CARE SERVICES:

Prepared by:

Legislative Research Director:

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Michael P. Hansen

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