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

BILL #: HB 1785

RELATING TO: Health Insurance Contract

SPONSOR(S): Rep. Peaden

STATUTE(S) AFFECTED: ss. 627.6416, 627.6579, and 641.31, F.S.

COMPANION BILL(S): SB 2346 (Identical)

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:
(1) HEALTH CARE SERVICES YEAS 10 NAYS 0
(2) HEALTH AND HUMAN SERVICES APPROPRIATIONS (W/D)
(3)
(4)
(5)

I. SUMMARY:

In 1986 the Legislature passed a bill requiring individual and group health insurance policies to provide coverage for child health supervision services from the moment of birth until the age of 16. Child health supervision services are defined to include 18 well-child visits which consist of a history, physical examination, a developmental assessment, immunizations, and lab tests. This bill amends this law to extend this coverage up to age 18 years, and to substitute the current standards contained in the American Academy of Pediatrics Periodicity schedule for physician well child visits in place of the 18 visits listed in the current law.

The bill also requires a health maintenance organization (HMO) to cover the newborn child of a covered family member from the moment of birth. The HMO may require the subscriber to notify the plan of the birth within a specified time period of not less than 30 days after the birth. If the subscriber gives the HMO timely notice, the HMO may not charge an additional premium for covering the newborn for the duration of the notice period. However, the HMO may charge an additional premium for the newborn if the subscriber fails to provide timely notice. Regardless of whether or not notice is given, the HMO may not deny coverage to the newborn. An HMO may prospectively charge an additional premium to cover the newborn as long as the subscriber is given 45 days' advanced notice. This law already applies to individual and group insurance plans.

Finally, the bill requires an HMO to continue to cover the dependent child of a subscriber beyond the limiting age for dependent children if the child is incapable of self-sustaining employment by reason of mental retardation or physical handicap, and if the child is chiefly dependent upon the subscriber for support and maintenance. This law already applies to individual and group insurance plans.

This bill has no impact on state government but may cause local government to expend funds to cover these additional services.

II. SUBSTANTIVE RESEARCH:

A. PRESENT SITUATION:

Child Health Supervision Services

Sections 627.6416 and 627.6579, F.S., require all individual, group, blanket, and franchise health insurance policies which provide coverage for a member of a family of the insured or subscriber to include coverage for child health supervision services from the moment of birth to age 16 years. Such services are exempt from any deductible provisions which may be in force in such policies or contracts.

The section defines "child health supervision services" to mean physician-delivered or physician-supervised services which include as the minimum benefit coverage for services delivered at the following intervals and scope: 18 visits at approximately the following age intervals: birth, 2 months, 4 months, 6 months, 9 months, 12 months, 15 months, 18 months, 2 years, 3 years, 4 years, 5 years, 6 years, 8 years, 10 years, 12 years, 14 years, and 16 years; and services to include at each visit a history, a physical examination, and a developmental assessment and anticipatory guidance and appropriate immunizations and laboratory tests, in keeping with prevailing medical standards. The law specifies that minimum benefits may be limited to one visit payable to one provider for all of the services provided at each visit.

The statutes do not expressly require that HMOs cover child health supervision services as specified above. However, the Department of Insurance requires, through policy, that HMOs adhere to these same requirements.

At the time ss. 627.6416 and 627.6579, F.S., were enacted, the periodicity schedule for physician visits was current. However, since that time the American Academy of Pediatrics has revised the recommended schedule to include additional visits as follows: birth or neonatal examination; two to four days for newborns discharged in less than 48 hours after delivery; by one month; two months; four months; six months; nine months; 12 months; 15 months; 18 months; once per year for two to six year olds; eight and ten years; once per year for 11 through 20 year olds.

Coverage for Newborn Children

Sections 627.641, and 627.6575, F.S., require an individual, group, blanket, or franchise health insurance policy that provides coverage for a member of the family of the insured, to provide with respect to the family member's coverage, health insurance benefits applicable for children with respect to a newborn child of the certificate holder, subscriber, or covered family member from the moment of birth. However, the coverage for a newborn child of a covered family member of the certificate holder or subscriber terminates 18 months after the birth of the newborn child.

The coverage for newborn children required by these sections consists of coverage for injury or sickness, including the necessary care or treatment of medically diagnosed congenital defects, birth abnormalities, or prematurity, and also includes transportation costs of the newborn to and from the nearest available facility appropriately staffed and equipped to treat the newborn's condition if the transportation is certified by the attending physician as necessary to protect the health and safety of the newborn child.

The coverage of transportation costs may not exceed the usual and customary charges, up to $1,000. A policy or contract may require the insured to notify the insurer of the birth of a child within a time period, as specified in the policy, of not less than 30 days after the birth. If timely notice is given, the insurer may not charge an additional premium for coverage of the newborn child for the duration of the notice period. If timely notice is not given, the insurer may charge an additional premium from the date of birth. The insurer may not deny coverage for a child due to the failure of the insured to timely notify the insurer of the birth of the child.

If the policy or contract does not require the insured to notify the insurer of the birth within a specified time period, the insurer may not deny coverage for such child or retroactively charge the insured an additional premium for the child. However, the insurer may prospectively charge the insured an additional premium for the child if the insurer provides at least 45 days' notice of the additional premium required.

Although s. 641.31(9), F.S., requires an HMO to cover the newborn of a covered family member of a subscriber, the additional requirements relating to charging an additional premium are not in the HMO statutes.

Coverage for Handicapped Children

Sections 627.6401 and 627.6615, F.S., apply to an individual or group health insurance policy or health care services plan contract that provides coverage of a dependent child of an employee or other member of the covered group which will terminate upon attainment of the limiting age for dependent children specified in the policy or contract. These sections require that attainment of the limiting age does not terminate the coverage of the child while the child continues to be both:

(1) Incapable of self-sustaining employment by reason of mental retardation or physical handicap; and

(2) Chiefly dependent upon the employee or member for support and maintenance.

If a claim is denied under a policy or contract for the stated reason that the child has attained the limiting age for dependent children specified in the policy or contract, the notice of denial must state that the certificate holder or subscriber has the burden of establishing that the child continues to meet the criteria specified in (1) and (2).

Here again, there is no corresponding statutory requirement in parts I or III of chapter 641, F.S., which provides for the regulation of HMOs.

B. EFFECT OF PROPOSED CHANGES:

Individual, group, blanket, and franchise health insurance policies will be required to cover child health supervision services up to age 18 instead of the current age 16 and to provide services which are consistent with prevailing medical standards for the periodicity schedule and services as recommended by the American Academy of Pediatrics instead of the current statutory schedule. HMOs will be required to cover the newborn child of a covered family member from the moment of birth regardless of whether the newborn is pre-enrolled. The HMO may charge an additional premium to

cover the newborn if the subscriber fails to pre-enroll the newborn or if the subscriber is given 45 days' notice of the additional charge. HMOs will be required to continue covering handicapped children beyond the contract limiting age if the child is both incapable of self-sustaining employment by reason of mental retardation or physical handicap, and is chiefly dependent upon the subscriber for support and maintenance.

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?

Yes, the bill gives the Department of Insurance additional authority to enforce rules on health insurers and HMOs.

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

Yes, health insurers and HMOs will be required to provide additional benefits to children.

(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?

      Health insurance and HMO premiums may increase slightly.

   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?

      Yes, beneficiaries pay through increased premiums.

4. Individual Freedom:

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

      No, the bill places additional regulations on health insurers and HMOs.

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

      Probably not. Most insurers and HMOs already follow the requirements of the bill, except for providing child health supervision services up to age 18.

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?

No.

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

No.

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. 627.6416, F.S., relating to coverage for child health supervision services for individual health insurance policies to require policies to cover child health supervision services up to age 18 instead of the current age 16 and to provide services which are consistent with prevailing medical standards for the periodicity schedule and services as recommended by the American Academy of Pediatrics instead of the current statutory schedule.

Section 2. Amends s. 627.6579, F.S., relating to coverage for child health supervision services for group, blanket, or franchise health insurance policies, to require policies to cover child health supervision services up to age 18 instead of the current age 16 and to provide services which are consistent with prevailing medical standards for the periodicity schedule and services as recommended by the American Academy of Pediatrics instead of the current statutory schedule.

Section 3. Amends s. 641.31, F.S., relating to HMO contracts, to require HMOs to cover the newborn child of a covered family member from the moment of birth regardless of whether the newborn is pre-enrolled. The HMO may charge an additional premium to cover the newborn if the subscriber fails to pre-enroll the newborn or if the subscriber is given 45 days' notice of the additional charge. This section also requires HMOs to continue covering handicapped children beyond the contract limiting age if the child is both incapable of self-sustaining employment by reason of mental retardation or physical handicap, and is chiefly dependent upon the subscriber for support and maintenance.

Section 4. Provides an effective date of July 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:

   Local governments may experience a slight increase in employee health benefit costs.

3. Long Run Effects Other Than Normal Growth:

   None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

   Since most health insurers and HMOs already follow the provisions of this bill, there should be little direct cost except to provide child health supervision services to 17 and 18 year olds.

2. Direct Private Sector Benefits:

   Covered 17 and 18 year olds will continue to have access to child health supervision services.

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 require counties and municipalities to spend funds or to take an action requiring the expenditure of funds related to the provision of employee health benefits. However, two constitutional exemptions may apply: all similarly situated persons are required to comply; and the amount of expenditures may not reach the threshold level.

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.

V. COMMENTS:

None.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

A strike everything amendment was adopted in the Health Care Services Committee on April 17, 1997, to address several technical problems with the bill. The strike everything amendment clarifies the wording in the bill relating to “Child Health Supervision Services” to resolve a possible unconstitutional delegation of authority problem, and to apply “Child Health Supervision Services” provisions to HMOs. The strike everything amendment also revises the provisions relating to “Coverage of Newborn Children” and “Coverage of Handicapped Children” so that there is consistency between the insurance code and the HMO statutes. The strike everything amendment was amended to do the following:

- Return the maxium age for a child to receive child health supervision services to age 16, which is current law.

- Amend s. 627.6699, F.S., the “Employee Health Care Access Act” to require that a small employer carrier which issues benefits pursuant to s. 381.0406, F.S., (relating to rural health networks) which do not include a preexisting condition exclusion may require as a condition of offering such benefits that the employer has had no health insurance coverage for its employees for a period of at least 6 months.

VII. SIGNATURES:

COMMITTEE ON HEALTH CARE SERVICES:

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