

By the Committee on Commerce and Economic Opportunities; and
 Senator Holzendorf

310-1815-99

1 A bill to be entitled
 2 An act relating to the "Employee Health Care
 3 Access Act"; amending s. 627.6699, F.S.;
 4 modifying definitions; requiring small employer
 5 carriers to begin to offer and issue all small
 6 employer benefit plans on a specified date;
 7 deleting the requirement that basic and
 8 standard small employer health benefit plans be
 9 issued; providing additional requirements for
 10 determining premium rates for benefit plans;
 11 providing for applicability of the act to plans
 12 provided by small employer carriers that are
 13 insurers or health maintenance organizations
 14 notwithstanding the provisions of certain other
 15 specified statutes under specified conditions;
 16 providing an effective date.

17
 18 Be It Enacted by the Legislature of the State of Florida:

19
 20 Section 1. Paragraphs (n) and (v) of subsection (3),
 21 paragraph (c) of subsection (5), and paragraphs (b) and (d) of
 22 subsection (6) of section 627.6699, Florida Statutes, 1998
 23 Supplement, are amended to read:

24 627.6699 Employee Health Care Access Act.--
 25 (3) DEFINITIONS.--As used in this section, the term:
 26 (n) "Modified community rating" means a method used to
 27 develop carrier premiums which spreads financial risk across a
 28 large population and allows adjustments for age, gender,
 29 family composition, tobacco usage, and geographic area as
 30 determined under paragraph (5)(j), claims experience, health
 31 status, or duration of coverage as permitted under

1 subparagraph (6)(b)5., and administrative and acquisition
2 expenses as permitted under subparagraph (6)(b)6.~~paragraph~~
3 ~~(5)(k).~~

4 (v) "Small employer" means, in connection with a
5 health benefit plan with respect to a calendar year and a plan
6 year, any person, ~~sole proprietor, self-employed individual,~~
7 independent contractor, firm, corporation, partnership, or
8 association that is actively engaged in business, has its
9 principal place of business in this state, employed an average
10 of at least 2 ~~±~~ but not more than 50 eligible employees on
11 business days during the preceding calendar year of which a
12 majority were employed within this state, ~~and~~ employs at least
13 2 employees ~~1 employee~~ on the first day of the plan year, and
14 is not formed primarily for purposes of buying health
15 insurance, if a bona fide employer-employee relationship
16 exists. For purposes of this section, a sole proprietor, an
17 independent contractor, or a self-employed individual that
18 employed an average of at least one but not two or more
19 eligible employees on business days during the preceding
20 calendar year is considered a small employer only for purposes
21 of renewal of coverage on or after July 1, 1999, if all of the
22 conditions and criteria established in this section are met.

23 (5) AVAILABILITY OF COVERAGE.--

24 (c) Every small employer carrier must, as a condition
25 of transacting business in this state:

26 1. Beginning July 1, 1999 ~~January 1, 1994~~, offer and
27 issue all small employer health benefit plans on a
28 guaranteed-issue basis to every eligible small employer, with
29 3 to 50 eligible employees, that elects to be covered under
30 such plan, agrees to make the required premium payments, and
31 satisfies the other provisions of the plan. A rider for

1 additional or increased benefits may be medically underwritten
2 and may only be added to the standard health benefit plan.
3 The increased rate charged for the additional or increased
4 benefit must be rated in accordance with this section.

5 ~~2. Beginning April 15, 1994, offer and issue basic and~~
6 ~~standard small employer health benefit plans on a~~
7 ~~guaranteed-issue basis to every eligible small employer, with~~
8 ~~one or two eligible employees, which elects to be covered~~
9 ~~under such plan, agrees to make the required premium payments,~~
10 ~~and satisfies the other provisions of the plan. A rider for~~
11 ~~additional or increased benefits may be medically underwritten~~
12 ~~and may only be added to the standard health benefit plan.~~
13 ~~The increased rate charged for the additional or increased~~
14 ~~benefit must be rated in accordance with this section.~~

15 2.3. Offer to eligible small employers the standard
16 and basic health benefit plans. This subparagraph does not
17 limit a carrier's ability to offer other health benefit plans
18 to small employers if the standard and basic health benefit
19 plans are offered and rejected.

20 (6) RESTRICTIONS RELATING TO PREMIUM RATES.--

21 (b) For all small employer health benefit plans that
22 are subject to this section and are issued by small employer
23 carriers on or after January 1, 1994, premium rates for health
24 benefit plans subject to this section are subject to the
25 following:

26 1. Small employer carriers must use a modified
27 community rating methodology in which the premium for each
28 small employer must be determined solely on the basis of the
29 eligible employee's and eligible dependent's gender, age,
30 family composition, tobacco use, or geographic area as
31 determined under paragraph (5)(j), and in which the premium

1 may be adjusted as permitted by subparagraphs 6. and 7
2 ~~paragraph (5)(k).~~

3 2. Rating factors related to age, gender, family
4 composition, tobacco use, or geographic location may be
5 developed by each carrier to reflect the carrier's experience.
6 The factors used by carriers are subject to department review
7 and approval.

8 3. Small employer carriers may not modify the rate for
9 a small employer for 12 months from the initial issue date or
10 renewal date, unless the composition of the group changes or
11 benefits are changed.

12 4. Carriers participating in the alliance program, in
13 accordance with ss. 408.700-408.707, may apply a different
14 community rate to business written in that program.

15 5. Any adjustments in rates for claims experience,
16 health status, and duration of coverage may not be charged to
17 individual employees or dependents. For a small employer's
18 policy, such adjustments may not result in a rate for the
19 small employer which deviates more than 25 percent from the
20 carrier's approved rate. Any such adjustment must be applied
21 uniformly to the rates charged for all employees and
22 dependents of the small employer. A small employer carrier may
23 make an adjustment to a small employer's renewal premium, not
24 to exceed 15 percent annually, due to the claims experience,
25 health status, or duration of coverage of the employees or
26 dependents of the small employer.

27 6. A small employer carrier may make an adjustment to
28 a small employer's premium based on administrative and
29 acquisition expense differences resulting from the size of the
30 group. Group size administrative and acquisition expense
31 factors may be developed by each carrier to reflect the

1 carrier's experience and are subject to department review and
2 approval.

3 7. A small employer carrier rating methodology may
4 include separate rating categories for one dependent child,
5 for two dependent children, and three or more dependent
6 children for family coverage of employees having a spouse and
7 dependent children or employees having dependent children
8 only.

9 8. Small employer carriers may not use a composite
10 rating methodology to rate a small employer with fewer than 10
11 employees.

12 (d) Notwithstanding s. 627.401(2), this section and
13 ss. 627.410 and 627.411 apply to any health benefit plan
14 provided by a small employer carrier that is an insurer, and
15 this section and s. 641.31 apply to any health benefit
16 provided by a small employer carrier that is a health
17 maintenance organization that provides coverage to one or more
18 employees of a small employer regardless of where the policy,
19 certificate, or contract is issued or delivered, if the health
20 benefit plan covers employees or their covered dependents who
21 are residents of this state.

22 Section 2. This act shall take effect July 1, 1999.

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24 STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN
25 COMMITTEE SUBSTITUTE FOR
26 Senate Bill 1294

27 The committee substitute differs from Senate Bill 1294 in two
28 ways: (1) it adds language specifying that small employer
29 small employers with fewer than 10 employees, and (2) it makes
30 technical corrections to two statutory cross references.
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