

hbd-22 Bill No. CS for SB's 1414 and 2520, 1st Eng.
Amendment No. ____ (for drafter's use only)

	<u>Senate</u>	CHAMBER ACTION	<u>House</u>
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ORIGINAL STAMP BELOW

11 Representative(s) Albright, Feeney, Arnall, and Boyd offered
12 the following:

14 **Amendment (with title amendment)**

15 On page 11, between lines 23 & 24

17 insert:

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

22 627.6699 Employee Health Care Access Act.--

23 (3) DEFINITIONS.--As used in this section, the term:

24 (n) "Modified community rating" means a method used to
25 develop carrier premiums which spreads financial risk across a
26 large population and allows adjustments for age, gender,
27 family composition, tobacco usage, ~~and~~ geographic area as
28 determined under paragraph(5)(j), claims experience, health
29 status, or duration of coverage as permitted under
30 subparagraph (6)(b)5. and administrative and acquisition
31 expenses as permitted under subparagraph (6)(b)6(5)(k).

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1 (5) AVAILABILITY OF COVERAGE.--

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

4 1. Beginning July ~~January~~ 1, 1999 ~~1994~~, offer and
5 issue all small employer health benefit plans on a
6 guaranteed-issue basis to every eligible small employer, with
7 2 ~~3~~ to 50 eligible employees, that elects to be covered under
8 such plan, agrees to make the required premium payments, and
9 satisfies the other provisions of the plan. A rider for
10 additional or increased benefits may be medically underwritten
11 and may only be added to the standard health benefit plan.
12 The increased rate charged for the additional or increased
13 benefit must be rated in accordance with this section.

14 2. Beginning August 1, 1999 ~~April 15, 1994~~, offer and
15 issue basic and standard small employer health benefit plans
16 on a guaranteed-issue basis, during a 31-day open enrollment
17 period of August 1 through August 31 of each year, to every
18 eligible small employer, with less than one or two eligible
19 employees, which small employer is not formed primarily for
20 the purposes of buying health insurance, which elects to be
21 covered under such plan, agrees to make the required premium
22 payments, and satisfies the other provisions of the plan.
23 Coverage provided pursuant to this subparagraph shall begin on
24 October 1 of the same year as the date of enrollment, unless
25 the small employer carrier and the small employer mutually
26 agree to a different date. A rider for additional or increased
27 benefits may be medically underwritten and may only be added
28 to the standard health benefit plan. The increased rate
29 charged for the additional or increased benefit must be rated
30 in accordance with this section. For purposes of this
31 subparagraph, a person, his or her spouse, and his or her

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1 dependent children shall constitute a single eligible employee
2 if such person and spouse are employed by the same small
3 employer.

4 ~~3. Offer to eligible small employers the standard and~~
5 ~~basic health benefit plans.~~

6
7 This paragraph ~~subparagraph~~ does not limit a carrier's ability
8 to offer other health benefit plans to small employers if the
9 standard and basic health benefit plans are offered and
10 rejected.

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

12 (b) For all small employer health benefit plans that
13 are subject to this section and are issued by small employer
14 carriers on or after January 1, 1994, premium rates for health
15 benefit plans subject to this section are subject to the
16 following:

17 1. Small employer carriers must use a modified
18 community rating methodology in which the premium for each
19 small employer must be determined solely on the basis of the
20 eligible employee's and eligible dependent's gender, age,
21 family composition, tobacco use, or geographic area as
22 determined under paragraph(5)(j) and in which the premium may
23 be adjusted as permittted by subparagraphs 6. and ~~7(5)(k)~~.

24 2. Rating factors related to age, gender, family
25 composition, tobacco use, or geographic location may be
26 developed by each carrier to reflect the carrier's experience.
27 The factors used by carriers are subject to department review
28 and approval.

29 3. Small employer carriers may not modify the rate for
30 a small employer for 12 months from the initial issue date or
31 renewal date, unless the composition of the group changes or

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1 benefits are changed.

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

5 5. Any adjustments in rates for claims experience,
6 health status, and duration of coverage may not be charged to
7 individual employees or dependents. For a small employer's
8 policy, such adjustments may not result in a rate for the
9 small employer which deviates more than 15 percent from the
10 carrier's approved rate. Any such adjustment must be applied
11 uniformly to the rates charged for all employees and
12 dependents of the small employer. A small employer carrier may
13 make an adjustment to a small employer's renewal premium, not
14 to exceed 10 percent annually, due to the claims experience,
15 health status, or duration of coverage of the employees or
16 dependents of the small employer. A small employer carrier may
17 not make an adjustment which exceeds 5 percent to a small
18 employer's renewal premium due to health status. Semiannually,
19 small group carriers shall report information on forms adopted
20 by rules by the department to enable the department to monitor
21 the relationship of aggregate adjusted premiums actually
22 charged policyholders by each carrier to the premiums that
23 would have been charged by application of the carrier's
24 approved modified community rates. If the aggregate premium
25 resulting from the application of such adjustment exceeds the
26 premium that would have been charged by application of the
27 approved modified community rate by 5 percent for the current
28 reporting period, the carrier shall limit the application of
29 such adjustments to only minus adjustments beginning not more
30 than 60 days after the report is sent to the department. For
31 any subsequent reporting period, if the total aggregate

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1 adjusted premium actually charged does not exceed by 5 percent
2 the premium that would have been charged by application of the
3 approved modified community rate, the carrier may apply both
4 plus and minus adjustments.

5 6. A small employer carrier may provide a credit to a
6 small employer's premium based on administrative and
7 acquisition expense differences resulting from the size of the
8 group. Group size administrative and acquisition expense
9 factors may be developed by each carrier to reflect the
10 carrier's experience and are subject to department review and
11 approval.

12 7. A small employer carrier rating methodology may
13 include separate rating categories for one dependent child,
14 for two dependent children, and three or more dependent
15 children for family coverage of employees having a spouse and
16 dependent children or employees having dependent children
17 only. A small employer carrier may have fewer, but not
18 greater, numbers of categories for dependent children than
19 those specified in this subparagraph.

20 8. Small employer carriers may not use a composite
21 rating methodology to rate a small employer with fewer than 10
22 employees. For the purposes of this subparagraph a "composite
23 rating methodology" means a rating methodology that averages
24 the impact of the rating factors for age and gender in the
25 premiums charged to all of the employees of a small employer.

26 (d) Notwithstanding s. 627.401(2), this section and
27 ss. 627.410 and 627.411 apply to any health benefit plan
28 provided by a small employer carrier that is an insurer, and
29 this section and s. 641.31 apply to any health benefit
30 provided by a small employer carrier that is a health
31 maintenance organization, that provides coverage to one or

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1 more employees of a small employer regardless of where the
2 policy, certificate, or contract is issued or delivered, if
3 the health benefit plan covers employees or their covered
4 dependents who are residents of this state.

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

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8 ===== T I T L E A M E N D M E N T =====

9 And the title is amended as follows:

10 On page 1, line 22,

11
12 after the semicolon insert:

13 to the Employee Health Care Access Act;
14 amending s. 627.6699, F.S.; revising a
15 definition; revising and updating provisions
16 requiring small employer carriers to offer and
17 issue certain health benefit plans; providing
18 additional restrictions on premium rates for
19 certain health benefit plans;

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