

By Representative Albright

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 revising certain definitions; revising and
 5 updating provisions requiring small employer
 6 carriers to offer and issue certain health
 7 benefit plans; providing additional
 8 restrictions on premium rates for certain
 9 health benefit plans; providing an effective
 10 date.

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 12 Be It Enacted by the Legislature of the State of Florida:

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 14 Section 1. Paragraphs (n) and (v) of subsection (3),
 15 paragraph (c) of subsection (5), and paragraphs (b) and (d) of
 16 subsection (6) of section 627.6699, Florida Statutes, 1998
 17 Supplement, are amended to read:

18 627.6699 Employee Health Care Access Act.--

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

20 (n) "Modified community rating" means a method used to
 21 develop carrier premiums which spreads financial risk across a
 22 large population and allows adjustments for age, gender,
 23 family composition, tobacco usage, ~~and~~ geographic area as
 24 determined under paragraph (5)(j), ~~(k)~~ claims experience,
 25 health status or duration of coverage as permitted under
 26 subparagraph (6)(b)6., and administrative and acquisition
 27 expenses as permitted under subparagraph (6)(b)7.

28 (v) "Small employer" means, in connection with a
 29 health benefit plan with respect to a calendar year and a plan
 30 year, any person, ~~sole proprietor, self-employed individual,~~
 31 independent contractor, firm, corporation, partnership, or

1 association that is actively engaged in business, has its
2 principal place of business in this state, employed an average
3 of at least 2 ± but not more than 50 eligible employees on
4 business days during the preceding calendar year in which a
5 majority of such employees were employed within this state,
6 ~~and~~ employs at least 2 employees ~~1 employee~~ on the first day
7 of the plan year, is not formed primarily for purposes of
8 buying health insurance, and a bona fide employer-employee
9 relationship exists. For purposes of this section, a sole
10 proprietor, an independent contractor, or a self-employed
11 individual that employed an average of at least 1 but not more
12 than 2 eligible employees on business days during the
13 preceding calendar year is considered a small employer only
14 for purposes of renewal of coverage on or after July 1, 1999,
15 if all of the conditions and criteria established in this
16 section are met.

17 (5) AVAILABILITY OF COVERAGE.--

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

20 1. Beginning July 1, 1999 ~~January 1, 1994~~, offer and
21 issue all small employer health benefit plans on a
22 guaranteed-issue basis to every eligible small employer, with
23 2 ~~3~~ to 50 eligible employees, that elects to be covered under
24 such plan, agrees to make the required premium payments, and
25 satisfies the other provisions of the plan. A rider for
26 additional or increased benefits may be medically underwritten
27 and may only be added to the standard health benefit plan.
28 The increased rate charged for the additional or increased
29 benefit must be rated in accordance with this section.

30 ~~2. Beginning April 15, 1994, offer and issue basic and~~
31 ~~standard small employer health benefit plans on a~~

1 ~~guaranteed issue basis to every eligible small employer, with~~
2 ~~one or two eligible employees, which elects to be covered~~
3 ~~under such plan, agrees to make the required premium payments,~~
4 ~~and satisfies the other provisions of the plan. A rider for~~
5 ~~additional or increased benefits may be medically underwritten~~
6 ~~and may only be added to the standard health benefit plan.~~
7 ~~The increased rate charged for the additional or increased~~
8 ~~benefit must be rated in accordance with this section.~~

9 ~~2.3.~~ Offer to eligible small employers the standard
10 and basic health benefit plans. This subparagraph does not
11 limit a carrier's ability to offer other health benefit plans
12 to small employers if the standard and basic health benefit
13 plans are offered and rejected.

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

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

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

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

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

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

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

21 6. A small employer carrier may make an adjustment to
22 a small employer's premium based on administrative and
23 acquisition expense differences resulting from the size of the
24 group. Group size administration and acquisition expense
25 factors may be developed by each carrier to reflect the
26 carrier's experience and are subject to department review and
27 approval.

28 7. A small employer carrier rating methodology may
29 include separate rating categories for one dependent child,
30 for two dependent children, or three or more dependent
31 children for family coverage of an employee with a spouse and

1 dependent children or an employee with dependent children
2 only.
3 (d) Notwithstanding s. 627.401(2), this section and
4 ss. 627.410 and 627.411 apply to any health benefit plan
5 provided by a small employer carrier which is an insurer, and
6 this section and s. 641.31 shall apply to any health benefit
7 provided by a small employer carrier which is a health
8 maintenance organization,that provides coverage to one or
9 more employees of a small employer regardless of where the
10 policy, certificate, or contract is issued or delivered, if
11 the health benefit plan covers employees or their covered
12 dependents who are residents of this state.

13 Section 2. This act shall take effect October 1, 1999.

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15 HOUSE SUMMARY

16 Revises criteria by which small employer carriers offer
17 and issue health benefit plans and provides additional
18 restrictions on premium rates for health benefit plans.
19 See bill for details.

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