

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

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

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

17           627.6699 Employee Health Care Access Act.--

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

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

27           (5) AVAILABILITY OF COVERAGE.--

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

30           1. Beginning July ~~January~~ 1, 1999 ~~1994~~, offer and  
31           issue all small employer health benefit plans on a

1 guaranteed-issue basis to every eligible small employer, with  
2 ~~2~~ 3 to 50 eligible employees, that elects to be covered under  
3 such plan, agrees to make the required premium payments, and  
4 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. Beginning August 1, 1999 ~~April 15, 1994~~, offer and  
10 issue basic and standard small employer health benefit plans  
11 on a guaranteed-issue basis, during a 31-day open enrollment  
12 period of August 1 through August 31 of each year, to every  
13 eligible small employer, with less than one or two eligible  
14 employees, which small employer is not formed primarily for  
15 the purposes of buying health insurance, which elects to be  
16 covered under such plan, agrees to make the required premium  
17 payments, and satisfies the other provisions of the plan.  
18 Coverage provided pursuant to this subparagraph shall begin on  
19 October 1 of the same year as the date of enrollment, unless  
20 the small employer carrier and the small employer mutually  
21 agree to a different date. A rider for additional or increased  
22 benefits may be medically underwritten and may only be added  
23 to the standard health benefit plan. The increased rate  
24 charged for the additional or increased benefit must be rated  
25 in accordance with this section. For purposes of this  
26 subparagraph, a person, his or her spouse, and his or her  
27 dependent children shall constitute a single eligible employee  
28 if such person and spouse are employed by the same small  
29 employer.

30       3. ~~Offer to eligible small employers the standard and~~  
31 ~~basic health benefit plans.~~

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2 This paragraph ~~subparagraph~~ does not limit a carrier's ability  
3 to offer other health benefit plans to small employers if the  
4 standard and basic health benefit plans are offered and  
5 rejected.

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

7 (b) For all small employer health benefit plans that  
8 are subject to this section and are issued by small employer  
9 carriers on or after January 1, 1994, premium rates for health  
10 benefit plans subject to this section are subject to the  
11 following:

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

19 2. Rating factors related to age, gender, family  
20 composition, tobacco use, or geographic location may be  
21 developed by each carrier to reflect the carrier's experience.  
22 The factors used by carriers are subject to department review  
23 and approval.

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

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

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

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

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

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

22           (d) Notwithstanding s. 627.401(2), this section and  
23 ss. 627.410 and 627.411 apply to any health benefit plan  
24 provided by a small employer carrier that is an insurer, and  
25 this section and s. 641.31 apply to any health benefit  
26 provided by a small employer carrier that is a health  
27 maintenance organization,that provides coverage to one or  
28 more employees of a small employer regardless of where the  
29 policy, certificate, or contract is issued or delivered, if  
30 the health benefit plan covers employees or their covered  
31 dependents who are residents of this state.

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