

By the Committee on Banking and Insurance; and Senator Holzendorf

311-1934-00

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 statues under specified conditions;
 16 providing an effective date.

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

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 20 Section 1. Paragraph (n) of subsection (3), paragraph
 21 (c) of subsection (5), and paragraphs (b) and (d) of
 22 subsection (6) of section 627.6699, Florida Statutes, are
 23 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.

3 (5) AVAILABILITY OF COVERAGE.--

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

6 1. Beginning July 1, 2000, ~~January 1, 1994~~, offer and
7 issue all small employer health benefit plans on a
8 guaranteed-issue basis to every eligible small employer, with
9 2 3 to 50 eligible employees, that elects to be covered under
10 such plan, agrees to make the required premium payments, and
11 satisfies the other provisions of the plan. A rider for
12 additional or increased benefits may be medically underwritten
13 and may only be added to the standard health benefit plan.
14 The increased rate charged for the additional or increased
15 benefit must be rated in accordance with this section.

16 2. Beginning August 1, 2000 ~~April 15, 1994~~, offer and
17 issue basic and standard small employer health benefit plans
18 on a guaranteed-issue basis, during a 31-day open enrollment
19 period of August 1 through August 31 of each year, to every
20 eligible small employer, with less than one or two eligible
21 employees, which small employer is not formed primarily for
22 the purpose of buying health insurance and which elects to be
23 covered under such plan, agrees to make the required premium
24 payments, and satisfies the other provisions of the plan.
25 Coverage provided under this subparagraph shall begin on
26 October 1 of the same year as the date of enrollment, unless
27 the small employer carrier and the small employer agree to a
28 different date. A rider for additional or increased benefits
29 may be medically underwritten and may only be added to the
30 standard health benefit plan. The increased rate charged for
31 the additional or increased benefit must be rated in

1 accordance with this section. For purposes of this
2 subparagraph, a person, his or her spouse, and his or her
3 dependent children constitute a single eligible employee if
4 that person and spouse are employed by the same small employer
5 and either that person or his or her spouse has a normal work
6 week of less than 25 hours.

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

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

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

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

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

30 3. Small employer carriers may not modify the rate for
31 a small employer for 12 months from the initial issue date or

1 renewal date, unless the composition of the group changes or
2 benefits are changed.

3 4. Carriers participating in the alliance program, in
4 accordance with ss. 408.70-408.706, may apply a different
5 community rate to business written in that program.

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

1 been charged by application of the approved modified community
2 rate by 5 percent, the carrier may apply both plus and minus
3 adjustments. A small employer carrier may provide a credit to
4 a small employer's premium based on administrative and
5 acquisition expense differences resulting from the size of the
6 group. Group size administrative and acquisition expense
7 factors may be developed by each carrier to reflect the
8 carrier's experience and are subject to department review and
9 approval.

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

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

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

1 benefit plan covers employees or their covered dependents who
2 are residents of this state.

3 Section 2. This act shall take effect July 1, 2000.

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5 STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN
6 COMMITTEE SUBSTITUTE FOR
7 Senate Bill 1300

7

8 Provides that if an individual hires his or her spouse and
9 dependent children as employees, the entire family unit would
10 be considered a one-person group, if the individual or his or
11 her spouse has a normal work week of less than 25 hours.

12 Corrects a cross-reference to the allowable factors that may
13 be used by a small employer carrier to adjust rates.

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