

By Senator King

8-1224A-00

See HB 1571

1 A bill to be entitled
2 An act relating to small employer health
3 alliances; amending s. 408.7056, F.S.;
4 providing additional definitions; amending s.
5 627.654, F.S.; providing for insuring small
6 employers under policies issued to small
7 employer health alliances; providing
8 requirements for participation; providing
9 limitations; providing for insuring spouses and
10 dependent children; amending s. 627.6571, F.S.;
11 including small employer health alliances
12 within policy nonrenewal or discontinuance,
13 coverage modification, and application
14 provisions; amending s. 627.6699, F.S.;
15 revising restrictions relating to premium rates
16 to authorize small employer carriers to modify
17 rates under certain circumstances and to
18 authorize carriers to issue group health
19 insurance policies to small employer health
20 alliances under certain circumstances; amending
21 ss. 240.2995, 240.2996, 240.512, 381.0406,
22 395.3035, and 627.4301, F.S.; conforming
23 cross-references; repealing ss. 408.70(3),
24 408.701, 408.702, 408.703, 408.704, 408.7041,
25 408.7042, 408.7045, 408.7055, and 408.706,
26 F.S., relating to community health purchasing
27 alliances; providing an effective date.

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

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1 Section 1. Subsection (1) of section 408.7056, Florida
2 Statutes, is amended to read:

3 408.7056 Statewide Provider and Subscriber Assistance
4 Program.--

5 (1) As used in this section, the term:

6 (a) "Agency" means the Agency for Health Care
7 Administration.

8 (b) "Consumer" means an individual user of health care
9 services.

10 (c) "Department" means the Department of Insurance.

11 (d) "Grievance procedure" means an established set of
12 rules that specify a process for appeal of an organizational
13 decision.

14 (e) "Health care provider" or "provider" means a
15 state-licensed or state-authorized facility, a facility
16 principally supported by a local government or by funds from a
17 charitable organization that holds a current exemption from
18 federal income tax under s. 501(c)(3) of the Internal Revenue
19 Code, a licensed practitioner, a county health department
20 established under part I of chapter 154, a prescribed
21 pediatric extended care center defined in s. 400.902, a
22 federally supported primary care program such as a migrant
23 health center or a community health center authorized under s.
24 329 or s. 330 of the United States Public Health Services Act
25 that delivers health care services to individuals, or a
26 community facility that receives funds from the state under
27 the Community Alcohol, Drug Abuse, and Mental Health Services
28 Act and provides mental health services to individuals.

29 (f) "Health plan" means any hospital or medical policy
30 or contract or certificate, hospital or medical service plan
31 contract, or health maintenance organization contract as

1 defined in the insurance code or Health Maintenance
2 Organization Act. The term does not include accident-only,
3 specific disease, individual hospital indemnity, credit,
4 dental-only, vision-only, Medicare supplement, long-term care,
5 or disability income insurance; coverage issued as a
6 supplement to liability insurance; workers' compensation or
7 similar insurance; or automobile medical-payment insurance.

8 (g)(a) "Managed care entity" means a health
9 maintenance organization or a prepaid health clinic certified
10 under chapter 641, a prepaid health plan authorized under s.
11 409.912, or an exclusive provider organization certified under
12 s. 627.6472.

13 (h)(b) "Panel" means a statewide provider and
14 subscriber assistance panel selected as provided in subsection
15 (11).

16 Section 2. Section 627.654, Florida Statutes, is
17 amended to read:

18 627.654 Labor union, ~~and~~ association, and small
19 employer health alliance groups.--

20 (1)(a) A group of individuals may be insured under a
21 policy issued to an association, including a labor union,
22 which association has a constitution and bylaws and not less
23 than 25 individual members and which has been organized and
24 has been maintained in good faith for a period of 1 year for
25 purposes other than that of obtaining insurance, or to the
26 trustees of a fund established by such an association, which
27 association or trustees shall be deemed the policyholder,
28 insuring at least 15 individual members of the association for
29 the benefit of persons other than the officers of the
30 association, the association or trustees.

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1 (b) A small employer, as defined in s. 627.6699 and
2 including the employer's eligible employees and the spouses
3 and dependents of such employees, may be insured under a
4 policy issued to a small employer health alliance by a carrier
5 as defined in s. 627.6699. A small employer health alliance
6 must be organized as a not-for-profit corporation under
7 chapter 617. A small employer health alliance shall establish
8 conditions of participation in the alliance by a small
9 employer, including, but not limited to:

10 1. Assurance that the small employer is not formed for
11 the purpose of securing health benefit coverage. Such
12 assurance shall include requirements for sole proprietors and
13 self-employed individuals and shall be based on a specified
14 requirement for the time that the sole proprietor or
15 self-employed individual has been in business, required
16 filings to verify employment status, and other requirements to
17 ensure that the individual is working.

18 2. Assurance that the employees of a small employer
19 have not been added for the purpose of securing health benefit
20 coverage.

21 (2) No such policy of insurance as defined in
22 subsection (1) may be issued to any such association or
23 alliance, unless all individual members of such association or
24 alliance, or all of any class or classes thereof, are declared
25 eligible and acceptable to the insurer at the time of issuance
26 of the policy.

27 (3) Any such policy may insure the spouse or dependent
28 children of a member of the association or the spouse or
29 dependent children of an employee of a small employer in a
30 small employer health alliance with or without the group
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1 association member or employee eligible for coverage in the
2 alliance being insured.

3 Section 3. Paragraph (f) of subsection (2), paragraph
4 (b) of subsection (4), and subsection (6) of section 627.6571,
5 Florida Statutes, are amended to read:

6 627.6571 Guaranteed renewability of coverage.--

7 (2) An insurer may nonrenew or discontinue a group
8 health insurance policy based only on one or more of the
9 following conditions:

10 (f) In the case of health insurance coverage that is
11 made available only through one or more bona fide associations
12 as defined in subsection (5) or through one or more small
13 employer health alliances as described in s. 627.654(1)(b),
14 the membership of an employer in the association or in the
15 small employer health alliance, on the basis of which the
16 coverage is provided, ceases, but only if such coverage is
17 terminated under this paragraph uniformly without regard to
18 any health-status-related factor that relates to any covered
19 individuals.

20 (4) At the time of coverage renewal, an insurer may
21 modify the health insurance coverage for a product offered:

22 (b) In the small-group market if, for coverage that is
23 available in such market other than only through one or more
24 bona fide associations as defined in subsection (5) or through
25 one or more small employer health alliances as described in s.
26 627.654(1)(b), such modification is consistent with s.
27 627.6699 and effective on a uniform basis among group health
28 plans with that product.

29 (6) In applying this section in the case of health
30 insurance coverage that is made available by an insurer in the
31 small-group market or large-group market to employers only

1 through one or more associations or through one or more small
2 employer health alliances as described in s. 627.654(1)(b), a
3 reference to "policyholder" is deemed, with respect to
4 coverage provided to an employer member of the association, to
5 include a reference to such employer.

6 Section 4. Paragraph (h) of subsection (5), paragraph
7 (b) of subsection (6), and paragraph (a) of subsection (12) of
8 section 627.6699, Florida Statutes, are amended to read:

9 627.6699 Employee Health Care Access Act.--

10 (5) AVAILABILITY OF COVERAGE.--

11 (h) All health benefit plans issued under this section
12 must comply with the following conditions:

13 1. For employers who have fewer than two employees, a
14 late enrollee may be excluded from coverage for no longer than
15 24 months if he or she was not covered by creditable coverage
16 continually to a date not more than 63 days before the
17 effective date of his or her new coverage.

18 2. Any requirement used by a small employer carrier in
19 determining whether to provide coverage to a small employer
20 group, including requirements for minimum participation of
21 eligible employees and minimum employer contributions, must be
22 applied uniformly among all small employer groups having the
23 same number of eligible employees applying for coverage or
24 receiving coverage from the small employer carrier, except
25 that a small employer carrier that participates in,
26 administers, or issues health benefits pursuant to s. 381.0406
27 which do not include a preexisting condition exclusion may
28 require as a condition of offering such benefits that the
29 employer has had no health insurance coverage for its
30 employees for a period of at least 6 months. A small employer
31 carrier may vary application of minimum participation

1 requirements and minimum employer contribution requirements
2 only by the size of the small employer group.

3 3. In applying minimum participation requirements with
4 respect to a small employer, a small employer carrier shall
5 not consider as an eligible employee employees or dependents
6 who have qualifying existing coverage in an employer-based
7 group insurance plan or an ERISA qualified self-insurance plan
8 in determining whether the applicable percentage of
9 participation is met. However, a small employer carrier may
10 count eligible employees and dependents who have coverage
11 under another health plan that is sponsored by that employer
12 ~~except if such plan is offered pursuant to s. 408.706.~~

13 4. A small employer carrier shall not increase any
14 requirement for minimum employee participation or any
15 requirement for minimum employer contribution applicable to a
16 small employer at any time after the small employer has been
17 accepted for coverage, unless the employer size has changed,
18 in which case the small employer carrier may apply the
19 requirements that are applicable to the new group size.

20 5. If a small employer carrier offers coverage to a
21 small employer, it must offer coverage to all the small
22 employer's eligible employees and their dependents. A small
23 employer carrier may not offer coverage limited to certain
24 persons in a group or to part of a group, except with respect
25 to late enrollees.

26 6. A small employer carrier may not modify any health
27 benefit plan issued to a small employer with respect to a
28 small employer or any eligible employee or dependent through
29 riders, endorsements, or otherwise to restrict or exclude
30 coverage for certain diseases or medical conditions otherwise
31 covered by the health benefit plan.

1 7. An initial enrollment period of at least 30 days
2 must be provided. An annual 30-day open enrollment period
3 must be offered to each small employer's eligible employees
4 and their dependents. A small employer carrier must provide
5 special enrollment periods as required by s. 627.65615.

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).

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

23 3. Small employer carriers may not modify the rate for
24 a small employer for 12 months from the initial issue date or
25 renewal date, unless the composition of the group changes or
26 benefits are changed. However, a small employer carrier may
27 modify the rate one time prior to 12 months after the initial
28 issue date for a small employer who enrolls under a previously
29 issued group policy that has a common anniversary date for all
30 employers covered under the policy if:

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1 a. The carrier discloses to the employer in a clear
2 and conspicuous manner the date of the first renewal and the
3 fact that the premium may increase on or after that date.

4 b. The insurer demonstrates to the department that
5 efficiencies in administration are achieved and reflected in
6 the rates charged to small employers covered under the policy.

7 4. A carrier may issue a group health insurance policy
8 to a small employer health alliance or other group association
9 with rates that reflect a premium credit for expense savings
10 attributable to administrative activities being performed by
11 the alliance or group association if such expense savings are
12 specifically documented in the insurer's rate filing and are
13 approved by the department. Any such credit may not be based
14 on different morbidity assumptions or on any other factor
15 related to the health status or claims experience of any
16 person covered under the policy.~~Carriers participating in the~~
17 ~~alliance program, in accordance with ss. 408.70-408.706, may~~
18 ~~apply a different community rate to business written in that~~
19 ~~program.~~

20 (12) STANDARD, BASIC, AND LIMITED HEALTH BENEFIT
21 PLANS.--

22 (a)1. By May 15, 1993, the commissioner shall appoint
23 a health benefit plan committee composed of four
24 representatives of carriers which shall include at least two
25 representatives of HMOs, at least one of which is a staff
26 model HMO, two representatives of agents, four representatives
27 of small employers, and one employee of a small employer. The
28 carrier members shall be selected from a list of individuals
29 recommended by the board. The commissioner may require the
30 board to submit additional recommendations of individuals for
31 appointment. ~~As alliances are established under s. 408.702,~~

1 ~~each alliance shall also appoint an additional member to the~~
2 ~~committee.~~

3 2. The committee shall develop changes to the form and
4 level of coverages for the standard health benefit plan and
5 the basic health benefit plan, and shall submit the forms, and
6 levels of coverages to the department by September 30, 1993.
7 The department must approve such forms and levels of coverages
8 by November 30, 1993, and may return the submissions to the
9 committee for modification on a schedule that allows the
10 department to grant final approval by November 30, 1993.

11 3. The plans shall comply with all of the requirements
12 of this subsection.

13 4. The plans must be filed with and approved by the
14 department prior to issuance or delivery by any small employer
15 carrier.

16 5. After approval of the revised health benefit plans,
17 if the department determines that modifications to a plan
18 might be appropriate, the commissioner shall appoint a new
19 health benefit plan committee in the manner provided in
20 subparagraph 1. to submit recommended modifications to the
21 department for approval.

22 Section 5. Subsection (1) of section 240.2995, Florida
23 Statutes, is amended to read:

24 240.2995 University health services support
25 organizations.--

26 (1) Each state university is authorized to establish
27 university health services support organizations which shall
28 have the ability to enter into, for the benefit of the
29 university academic health sciences center, and arrangements
30 with other entities as providers ~~for accountable health~~
31 ~~partnerships, as defined in s. 408.701, and providers in other~~

1 integrated health care systems or similar entities. To the
2 extent required by law or rule, university health services
3 support organizations shall become licensed as insurance
4 companies, pursuant to chapter 624, or be certified as health
5 maintenance organizations, pursuant to chapter 641.
6 University health services support organizations shall have
7 sole responsibility for the acts, debts, liabilities, and
8 obligations of the organization. In no case shall the state
9 or university have any responsibility for such acts, debts,
10 liabilities, and obligations incurred or assumed by university
11 health services support organizations.

12 Section 6. Paragraph (a) of subsection (2) of section
13 240.2996, Florida Statutes, is amended to read:

14 240.2996 University health services support
15 organization; confidentiality of information.--

16 (2) The following university health services support
17 organization's records and information are confidential and
18 exempt from the provisions of s. 119.07(1) and s. 24(a), Art.
19 I of the State Constitution:

20 (a) Contracts for managed care arrangements, ~~as~~
21 ~~managed care is defined in s. 408.701,~~ under which the
22 university health services support organization provides
23 health care services, including preferred provider
24 organization contracts, health maintenance organization
25 contracts, alliance network arrangements, and exclusive
26 provider organization contracts, and any documents directly
27 relating to the negotiation, performance, and implementation
28 of any such contracts for managed care arrangements or
29 alliance network arrangements.

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1 The exemptions in this subsection are subject to the Open
2 Government Sunset Review Act of 1995 in accordance with s.
3 119.15 and shall stand repealed on October 2, 2001, unless
4 reviewed and saved from repeal through reenactment by the
5 Legislature.

6 Section 7. Paragraph (b) of subsection (8) of section
7 240.512, Florida Statutes, is amended to read:

8 240.512 H. Lee Moffitt Cancer Center and Research
9 Institute.--There is established the H. Lee Moffitt Cancer
10 Center and Research Institute at the University of South
11 Florida.

12 (8)

13 (b) Proprietary confidential business information is
14 confidential and exempt from the provisions of s. 119.07(1)
15 and s. 24(a), Art. I of the State Constitution. However, the
16 Auditor General and Board of Regents, pursuant to their
17 oversight and auditing functions, must be given access to all
18 proprietary confidential business information upon request and
19 without subpoena and must maintain the confidentiality of
20 information so received. As used in this paragraph, the term
21 "proprietary confidential business information" means
22 information, regardless of its form or characteristics, which
23 is owned or controlled by the not-for-profit corporation or
24 its subsidiaries; is intended to be and is treated by the
25 not-for-profit corporation or its subsidiaries as private and
26 the disclosure of which would harm the business operations of
27 the not-for-profit corporation or its subsidiaries; has not
28 been intentionally disclosed by the corporation or its
29 subsidiaries unless pursuant to law, an order of a court or
30 administrative body, a legislative proceeding pursuant to s.
31 5, Art. III of the State Constitution, or a private agreement

1 that provides that the information may be released to the
2 public; and which is information concerning:
3 1. Internal auditing controls and reports of internal
4 auditors;
5 2. Matters reasonably encompassed in privileged
6 attorney-client communications;
7 3. Contracts for managed-care arrangements, ~~as managed~~
8 ~~care is defined in s. 408.701~~, including preferred provider
9 organization contracts, health maintenance organization
10 contracts, and exclusive provider organization contracts, and
11 any documents directly relating to the negotiation,
12 performance, and implementation of any such contracts for
13 managed-care arrangements;
14 4. Bids or other contractual data, banking records,
15 and credit agreements the disclosure of which would impair the
16 efforts of the not-for-profit corporation or its subsidiaries
17 to contract for goods or services on favorable terms;
18 5. Information relating to private contractual data,
19 the disclosure of which would impair the competitive interest
20 of the provider of the information;
21 6. Corporate officer and employee personnel
22 information;
23 7. Information relating to the proceedings and records
24 of credentialing panels and committees and of the governing
25 board of the not-for-profit corporation or its subsidiaries
26 relating to credentialing;
27 8. Minutes of meetings of the governing board of the
28 not-for-profit corporation and its subsidiaries, except
29 minutes of meetings open to the public pursuant to subsection
30 (9);
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1 9. Information that reveals plans for marketing
2 services that the corporation or its subsidiaries reasonably
3 expect to be provided by competitors;

4 10. Trade secrets as defined in s. 688.002, including
5 reimbursement methodologies or rates; or

6 11. The identity of donors or prospective donors of
7 property who wish to remain anonymous or any information
8 identifying such donors or prospective donors. The anonymity
9 of these donors or prospective donors must be maintained in
10 the auditor's report.

11 Section 8. Subsection (14) of section 381.0406,
12 Florida Statutes, is amended to read:

13 381.0406 Rural health networks.--

14 (14) NETWORK FINANCING.--Networks may use all sources
15 of public and private funds to support network activities.
16 Nothing in this section prohibits networks from becoming
17 managed care providers, ~~or accountable health partnerships,~~
18 ~~provided they meet the requirements for an accountable health~~
19 ~~partnership as specified in s. 408.706.~~

20 Section 9. Paragraph (a) of subsection (2) of section
21 395.3035, Florida Statutes, is amended to read:

22 395.3035 Confidentiality of hospital records and
23 meetings.--

24 (2) The following records and information of any
25 hospital that is subject to chapter 119 and s. 24(a), Art. I
26 of the State Constitution are confidential and exempt from the
27 provisions of s. 119.07(1) and s. 24(a), Art. I of the State
28 Constitution:

29 (a) Contracts for managed care arrangements, ~~as~~
30 ~~managed care is defined in s. 408.701,~~ under which the public
31 hospital provides health care services, including preferred

1 provider organization contracts, health maintenance
2 organization contracts, exclusive provider organization
3 contracts, and alliance network arrangements, and any
4 documents directly relating to the negotiation, performance,
5 and implementation of any such contracts for managed care or
6 alliance network arrangements.

7 Section 10. Paragraph (b) of subsection (1) of section
8 627.4301, Florida Statutes, is amended to read:

9 627.4301 Genetic information for insurance purposes.--

10 (1) DEFINITIONS.--As used in this section, the term:

11 (b) "Health insurer" means an authorized insurer
12 offering health insurance as defined in s. 624.603, a
13 self-insured plan as defined in s. 624.031, a
14 multiple-employer welfare arrangement as defined in s.
15 624.437, a prepaid limited health service organization as
16 defined in s. 636.003, a health maintenance organization as
17 defined in s. 641.19, a prepaid health clinic as defined in s.
18 641.402, a fraternal benefit society as defined in s. 632.601,
19 ~~an accountable health partnership as defined in s. 408.701,~~ or
20 any health care arrangement whereby risk is assumed.

21 Section 11. Subsection (3) of section 408.70, and
22 sections 408.701, 408.702, 408.703, 408.704, 408.7041,
23 408.7042, 408.7045, 408.7055, and 408.706, Florida Statutes,
24 are repealed.

25 Section 12. This act shall take effect October 1,
26 2000.

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HOUSE SUMMARY

Provides for insuring small employers under policies issued to small employer health alliances. Includes small employer health alliances within policy nonrenewal or discontinuance, coverage modification, and application provisions. Revises restrictions relating to premium rates to authorize small employer carriers to modify rates and to authorize carriers to issue group health insurance policies to small employer health alliances. Repeals provisions relating to community health purchasing alliances. See bill for details.