

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 a definition; requiring small employer
5 carriers to begin to offer and issue all small
6 employer benefit plans on a specified date;
7 deleting a requirement that basic and standard
8 small employer health benefit plans be issued;
9 providing additional requirements for
10 determining premium rates for benefit plans;
11 providing for application to plans provided by
12 certain small employer carriers under certain
13 circumstances; providing an effective date.

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

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

21 627.6699 Employee Health Care Access Act.--

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

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

31 (5) AVAILABILITY OF COVERAGE.--

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

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

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

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

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(6) RESTRICTIONS RELATING TO PREMIUM RATES.--

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

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

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

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

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

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

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1 rate by 5 percent, the carrier may apply both plus and minus
2 adjustments.

3 6. A small employer carrier may provide a credit to a
4 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 7. 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 8. 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
30 more employees of a small employer regardless of where the
31 policy, certificate, or contract is issued or delivered, if

1 the health benefit plan covers employees or their covered
2 dependents who are residents of this state.
3 Section 2. This act shall take effect July 1, 2000.
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6 HOUSE SUMMARY
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8 Requires small employer carriers to begin to offer and
9 issue small employer benefit plans on a specified date
10 and deletes a requirement that basic and standard small
11 employer health benefit plans be issued. Provides
12 additional requirements for determining premium rates for
13 benefit plans. Provides application to plans provided by
14 small employer carriers that are insurers or health
15 maintenance organizations. See bill for details.
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