

CHAMBER ACTION

1 The Committee on Insurance recommends the following:

2  
3 **Committee Substitute**

4 Remove the entire bill and insert:

5 A bill to be entitled

6 An act relating to affordable health insurance in rural  
7 counties; amending s. 112.08, F.S.; providing legislative  
8 findings; providing for a pilot self-insurance program;  
9 authorizing a rural health network in Monroe County to  
10 establish a self-insurance plan for certain purposes;  
11 providing program requirements; providing for approval by  
12 the Office of Insurance Regulation of the Financial  
13 Services Commission; requiring an evaluation and report to  
14 the Legislature by January 1, 2006; providing an effective  
15 date.

16  
17 Be It Enacted by the Legislature of the State of Florida:

18  
19 Section 1. Paragraph (b) of subsection (2) of section  
20 112.08, Florida Statutes, is amended, and paragraph (d) is added  
21 to said subsection, to read:

22 112.08 Group insurance for public officers, employees, and  
23 certain volunteers; physical examinations.--

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24 (2)

25 (b) In order to obtain approval from the Office of  
26 Insurance Regulation of any self-insured plan for health,  
27 accident, and hospitalization coverage, each local governmental  
28 unit or consortium shall submit its plan along with a  
29 certification as to the actuarial soundness of the plan, which  
30 certification is prepared by an actuary who is a member of the  
31 Society of Actuaries or the American Academy of Actuaries. The  
32 Office of Insurance Regulation shall not approve the plan unless  
33 it determines that the plan is designed to provide sufficient  
34 revenues to pay current and future liabilities, as determined  
35 according to generally accepted actuarial principles. After  
36 implementation of an approved plan, each local governmental unit  
37 or consortium shall annually submit to the Office of Insurance  
38 Regulation a report which includes a statement prepared by an  
39 actuary who is a member of the Society of Actuaries or the  
40 American Academy of Actuaries as to the actuarial soundness of  
41 the plan. The report is due 90 days after the close of the  
42 fiscal year of the plan. The report shall consist of, but is not  
43 limited to:

44 1. The adequacy of contribution rates in meeting the level  
45 of benefits provided and the changes, if any, needed in the  
46 contribution rates to achieve or preserve a level of funding  
47 deemed adequate to enable payment of the benefit amounts  
48 provided under the plan and a valuation of present assets, based  
49 on statement value, and prospective assets and liabilities of  
50 the plan and the extent of any unfunded accrued liabilities.

51           2. A plan to amortize any unfunded liabilities and a  
52 description of actions taken to reduce unfunded liabilities.

53           3. A description and explanation of actuarial assumptions.

54           4. A schedule illustrating the amortization of any  
55 unfunded liabilities.

56           5. A comparative review illustrating the level of funds  
57 available to the plan from rates, investment income, and other  
58 sources realized over the period covered by the report with the  
59 assumptions used.

60           6. A statement by the actuary that the report is complete  
61 and accurate and that in the actuary's opinion the techniques  
62 and assumptions used are reasonable and meet the requirements  
63 and intent of this subsection.

64           7. Other factors or statements as required by the office  
65 ~~Department of Insurance~~ in order to determine the actuarial  
66 soundness of the plan.

67  
68 All assumptions used in the report shall be based on recognized  
69 actuarial principles acceptable to the Office of Insurance  
70 Regulation. The office shall review the report and shall notify  
71 the administrator of the plan and each entity participating in  
72 the plan, as identified by the administrator, of any actuarial  
73 deficiencies. Each local governmental unit is responsible for  
74 payment of valid claims of its employees that are not paid  
75 within 60 days after receipt by the plan administrator or  
76 consortium.

77           (d) Pilot program; Monroe County.--

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78        1. The Legislature has determined that insurers and  
79 managed care organizations are unable to provide adequate or  
80 affordable health insurance coverage in rural counties and other  
81 isolated areas of the state. It is therefore necessary to  
82 explore alternatives for making affordable health insurance  
83 coverage available in rural counties and other similar areas of  
84 the state.

85        2. An entity in Monroe County, established pursuant to s.  
86 381.0406, may, through a nonprofit corporation, establish a  
87 self-insurance plan approved by the office in accordance with  
88 paragraph (b) to insure residents of a rural county or similar  
89 area if the residents are unable to obtain adequate or  
90 affordable health insurance coverage. Premiums charged by the  
91 self-insurance plan for participating residents or employers  
92 shall be actuarially sound. In reviewing such a self-insurance  
93 plan, the office shall consult with the Department of Health to  
94 confirm that the program is consistent with the purpose and  
95 scope of chapter 381.

96        3. The entity in Monroe County that establishes this  
97 program shall, in addition to the reporting requirements set  
98 forth in paragraph (b), prepare an evaluation of the pilot  
99 program, including recommendations for the future of the  
100 program, and submit the report to the Governor, the President of  
101 the Senate, the Speaker of the House of Representatives, the  
102 Department of Health, and the office no later than January 1,  
103 2006.

104        Section 2. This act shall take effect upon becoming a law.