

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

12  
 13 Be It Enacted by the Legislature of the State of Florida:  
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15           Section 1. Paragraph (b) of subsection (2) of section  
 16           112.08, Florida Statutes, is amended, and paragraph (d) is added  
 17           to said subsection, to read:

18           112.08 Group insurance for public officers, employees, and  
 19           certain volunteers; physical examinations.--

20           (2)

21           (b) In order to obtain approval from the Office of  
 22           Insurance Regulation of any self-insured plan for health,  
 23           accident, and hospitalization coverage, each local governmental  
 24           unit or consortium shall submit its plan along with a  
 25           certification as to the actuarial soundness of the plan, which  
 26           certification is prepared by an actuary who is a member of the  
 27           Society of Actuaries or the American Academy of Actuaries. The  
 28           Office of Insurance Regulation shall not approve the plan unless

29 | it determines that the plan is designed to provide sufficient  
30 | revenues to pay current and future liabilities, as determined  
31 | according to generally accepted actuarial principles. After  
32 | implementation of an approved plan, each local governmental unit  
33 | or consortium shall annually submit to the Office of Insurance  
34 | Regulation a report which includes a statement prepared by an  
35 | actuary who is a member of the Society of Actuaries or the  
36 | American Academy of Actuaries as to the actuarial soundness of  
37 | the plan. The report is due 90 days after the close of the  
38 | fiscal year of the plan. The report shall consist of, but is not  
39 | limited to:

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

47 |       2. A plan to amortize any unfunded liabilities and a  
48 | description of actions taken to reduce unfunded liabilities.

49 |       3. A description and explanation of actuarial assumptions.

50 |       4. A schedule illustrating the amortization of any  
51 | unfunded liabilities.

52 |       5. A comparative review illustrating the level of funds  
53 | available to the plan from rates, investment income, and other  
54 | sources realized over the period covered by the report with the  
55 | assumptions used.

56 |           6. A statement by the actuary that the report is complete  
 57 | and accurate and that in the actuary's opinion the techniques  
 58 | and assumptions used are reasonable and meet the requirements  
 59 | and intent of this subsection.

60 |           7. Other factors or statements as required by the office  
 61 | ~~Department of Insurance~~ in order to determine the actuarial  
 62 | soundness of the plan.

63 |  
 64 | All assumptions used in the report shall be based on recognized  
 65 | actuarial principles acceptable to the Office of Insurance  
 66 | Regulation. The office shall review the report and shall notify  
 67 | the administrator of the plan and each entity participating in  
 68 | the plan, as identified by the administrator, of any actuarial  
 69 | deficiencies. Each local governmental unit is responsible for  
 70 | payment of valid claims of its employees that are not paid  
 71 | within 60 days after receipt by the plan administrator or  
 72 | consortium.

73 |           (d) Pilot program; Monroe County.--

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

81 |           2. An entity in Monroe County, established pursuant to s.  
 82 | 381.0406, may, through a nonprofit corporation, establish a  
 83 | self-insurance plan approved by the office in accordance with

84 paragraph (b) to insure residents of a rural county or similar  
85 area if the residents are unable to obtain adequate or  
86 affordable health insurance coverage. Premiums charged by the  
87 self-insurance plan for participating residents or employers  
88 shall be actuarially sound. In reviewing such a self-insurance  
89 plan, the office shall consult with the Department of Health to  
90 confirm that the program is consistent with the purpose and  
91 scope of chapter 381.

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

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