

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: Governmental Oversight and Productivity Committee

BILL: CS/CS/SB 662

SPONSOR: Governmental Oversight and Productivity Committee, Community Affairs Committee and Senator Clary

SUBJECT: Hospitals

DATE: April 20, 2005

REVISED: _____

| | ANALYST | STAFF DIRECTOR | REFERENCE | ACTION |
|----|----------------|----------------|-----------|-------------------------|
| 1. | <u>Harkey</u> | <u>Wilson</u> | <u>HE</u> | <u>Fav/3 amendments</u> |
| 2. | <u>Vickers</u> | <u>Yeatman</u> | <u>CA</u> | <u>Fav/CS</u> |
| 3. | <u>Wilson</u> | <u>Wilson</u> | <u>GO</u> | <u>Fav/CS</u> |
| 4. | _____ | _____ | _____ | _____ |
| 5. | _____ | _____ | _____ | _____ |
| 6. | _____ | _____ | _____ | _____ |

I. Summary:

This committee substitute (CS) creates a study commission to study hospitals that serve indigent populations and that sustained significant damage to their facilities during the 2004 hurricane season. The CS establishes the composition of the commission and provides for reimbursement for per diem and travel expenses of its members. The commission must identify all licensed hospitals serving indigent populations that are not able to comply with the Florida Building Code (FBC), that are located within 10 miles of the coastline, and that are located within a designated flood zone. The commission must make recommendations that will allow these facilities to find alternative methods of complying with the FBC.

The bill also creates an eleven-member study group to review the use and appropriateness of high-deductible health insurance plans and health care reimbursement arrangements.

This CS creates one unnumbered section of law.

II. Present Situation:

The Hurricane Season of 2004

Every county in Florida was affected by a hurricane or tropical storm, or was under a declared state of emergency because of such a storm, in 2004. Counties in the South Central part of the state suffered direct hits from three hurricanes, and two coastal Panhandle counties received extensive damage from a direct hit from a powerful hurricane accompanied by surge.

A survey by the Florida Hospital Association (FHA) showed 70 hospitals experienced damages from the four hurricanes—Charley (August 13, 2004); Frances (September 5, 2004); Ivan (September 16, 2004); and Jeanne (September 25, 2004). Of these 70 hospitals, 23 had damage from two storms and 11 facilities were damaged by three of the storms.

Hospitals reported significant damages to roofs, buildings, windows, equipment, and damages from flooding. Damages to hospital roofs totaled approximately \$15 million. Damages to the building, excluding the roof, totaled \$8.8 million. Water damage, caused by flooding and water intrusion, was estimated to cost \$5.2 million. Damages to equipment, windows and other facility damages totaled \$5.4 million. Other damages totaled \$4.9 million, including debris removal, damage to signage, landscaping, fencing, screens, canopies and awnings, and damage to compressors.

At the time of the FHA survey, many hospitals were still negotiating with their insurance companies on the damages and the amounts that would be covered. Thus, accurate damage estimates and insurance reimbursements were not available at the time of the survey. Based on data from about half of the participating hospitals, FHA estimated that approximately 45 percent of the repair cost would be covered by insurance.

The Florida Building Code

Part IV of Chapter 553, F.S., creates the Florida Building Commission and requires the commission to adopt by rule the FBC. Under Section 553.73, F.S, the FBC must contain or incorporate by reference all laws and rules which pertain to and govern the design, construction, erection, alteration, modification, repair, and demolition of public and private buildings, structures, and facilities and enforcement of such laws and rules, except as otherwise provided in that section.

Existing hospitals are required, in Chapter 34, Section 3401.3.1 of the FBC, to comply with the building code under which they were constructed. Only new facilities and renovations or additions to existing facilities must meet the current requirements of the FBC.

III. Effect of Proposed Changes:

Section 1. Creates a study commission to address critical issues relating to licensed hospitals that serve indigent populations and that sustained significant damage to their facilities during the 2004 hurricane season.

The commission must identify:

- All hospitals that are currently not able to comply with the provisions of the FBC as defined in ch. 553, F. S., and any associated administrative rules;
- Hospitals that are located within 10 miles of the coastline; and
- Hospitals that are located in a designated flood zone.

The study commission must make recommendations for allowing these hospitals to find alternative methods of renovating their existing facility in order to meet the requirements of the

FBC. The commission is directed to review all alternatives that could be made available to those when renovation is not financially practicable or structurally feasible. In addition, the commission is required to review existing laws and agency rules and recommend needed changes.

The commission must meet by September 1, 2005, and shall submit recommendations, including recommendations for statutory changes, to the Governor, the President of the Senate, and the Speaker of the House of Representatives by January 1, 2006. Such recommendations shall also include an evaluation of whether grant funds should be made available to assist hospitals with the cost of reconstructing existing facilities.

The study commission must be staffed by the Department of Community Affairs and shall include:

- The Secretary of Community Affairs, or his or her designee;
- The Director of the Division of Emergency Management, or his or her designee;
- The Secretary of Health Care Administration, or his or her designee;
- Four representatives (two representatives appointed by the Senate President and two representatives appointed by the Speaker of the House) of hospitals from regions of the state that experienced significant hurricane damage during 2004;
- The Secretary of Health, or his or her designee; and
- A director of county emergency management, selected by the Florida Emergency Preparedness Association.

Members of the study commission will serve without remuneration, but are entitled to reimbursement in accordance with s. 112.061, F. S., for per diem and travel expenses incurred in performing their duties in accordance with this section.

Section 2. The bill further creates an eleven-member study group to study high-deductible health insurance plans and health reimbursement arrangements. The group includes:

- Three representatives of employers offering high-deductible health plans, one of whom is a small employer, appointed by the Florida Chamber of Commerce;
- Three representatives of commercial health plans, appointed by the Florida Insurance Council;
- Three representatives of hospitals, appointed by the Florida Hospital Association;
- The Secretary of the Agency for Health Care Administration, as co-chair; and
- The Director of the Office of Insurance Regulation, as co-chair.

The study group shall meet by August 1, 2005, and issue a report and recommendations to the Governor, President of the Senate and Speaker of the House of Representatives by January 1, 2006, on the impact of high-deductible health insurance on the access to and utilization of health care services; hospital ability to estimate charges and collect patient payments, including alternatives to traditional collection and payment methods; and the standardization of administrative practices relative to claims, assignment of benefits, and claims management.

Section 3. Provides that the CS will take effect upon becoming a law.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

The provisions of this CS have no impact on municipalities and the counties under the requirements of Article VII, Section 8 of the Florida Constitution.

B. Public Records/Open Meetings Issues:

The provisions of this CS have no impact on public records or open meetings issues under the requirements of Article I, s. 24(a) and (b) of the Florida Constitution.

C. Trust Funds Restrictions:

The provisions of this CS have no impact on the trust fund restrictions under the requirements of Article III, Subsection 9(f) of the Florida Constitution.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

No funding is appropriated in the CS for the study commission or the study group. Travel expenses and per diem for members appointed from the Department of Community Affairs, Agency for Health Care Administration, Division of Emergency Management, Department of Health, and Office of Insurance Regulation, and a director of county emergency management would have to come from their expense budgets.

AHCA estimates travel costs for the Secretary of Health Care Administration or his designee to take part in the study commission at \$3,105. This would include \$621 per meeting (\$21 meal allowance, \$100 hotel, and \$500 for travel) times an estimated five meetings. AHCA will handle the additional cost within existing resources.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.

VIII. Summary of Amendments:

None.

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