

1 qualifying small employers; specifying premium
2 rate calculation requirements; requiring small
3 group carriers to submit certain reports to the
4 Office of Insurance Regulation; creating s.
5 627.66992, F.S.; requiring the commissioner to
6 establish a fund for reimbursing small group
7 carriers for claims paid under qualifying small
8 group health insurance contracts; providing an
9 effective date.

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

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13 Section 1. Section 627.66991, Florida Statutes, is
14 created to read:

15 627.66991 Small employer health insurance contracts
16 for qualifying small employers and individuals.--

17 (1)(a) There is established a program for the purpose
18 of making small employer health insurance contracts available
19 to qualifying small employers and qualifying individuals as
20 defined in this section. The program is designed to encourage
21 small employers to offer health insurance coverage to their
22 employees and to make coverage available to uninsured
23 employees whose employers do not provide group health
24 insurance.

25 (b) Participation in the program established by this
26 section and s. 627.66992 is limited to small group carriers.
27 Participation by all small group carriers is mandatory. On and
28 after January 1, 2007, all small group carriers shall offer
29 qualifying small employer health insurance contracts and
30 qualifying individual health insurance contracts as defined in
31 this section.

1 (2) For the purposes of insurance contracts offered
2 under the program established by this section:

3 (a)1. The term "qualifying small employer" means:

4 a. An employer who is an individual proprietor who is
5 the only employee of the business and who:

6 (I) Has no health insurance that provides benefits on
7 an expense reimbursed or prepaid basis in effect during the
8 12-month period prior to application for a qualifying small
9 employer health insurance contract under the program
10 established by this section; however, this
11 sub-sub-subparagraph does not apply if the individual
12 proprietor had health insurance coverage during the previous
13 12 months and such coverage terminated due to one of the
14 reasons specified in subparagraph (c)2.; and

15 (II) Resides in a household having a net household
16 income at or below 250 percent of the nonfarm federal poverty
17 level, as defined and updated by the United States Department
18 of Health and Human Services, or the gross equivalent of such
19 net income; or

20 b. An employer having:

21 (I) Not more than 50 eligible employees;

22 (II) No group health insurance that provides benefits
23 on an expense reimbursed or prepaid basis covering employees
24 in effect during the 12-month period prior to application for
25 a qualifying small employer health insurance contract under
26 the program established by this section; and

27 (III) At least 30 percent of its eligible employees
28 receiving annual wages from the employer at a level equal to
29 or less than \$33,000. The \$33,000 amount shall be adjusted
30 periodically pursuant to subparagraph 2.

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1 2. The 12-month period set forth in
2 sub-sub-subparagraphs 1.a.(I) and b.(II) may be adjusted by
3 the Commissioner of Insurance Regulation from 12 months to 18
4 months if the commissioner determines that the 12-month period
5 is insufficient to prevent inappropriate substitution of other
6 health insurance contracts for qualifying small employer
7 health insurance contracts.

8 3. An individual proprietor or employer shall cease to
9 be a qualifying small employer if any health insurance that
10 provides benefits on an expense reimbursed or prepaid basis
11 covering the individual proprietor or an employer's employees,
12 other than qualifying small employer health insurance
13 purchased pursuant to this section, is purchased or otherwise
14 takes effect subsequent to purchase of qualifying small
15 employer health insurance under the program established by
16 this section.

17 4. The wage levels used in sub-sub-subparagraph
18 1.b.(III) shall be adjusted annually beginning in 2008. The
19 adjustment shall take effect on July 1 of each year. For July
20 1, 2008, the adjustment shall be a percentage of the annual
21 wage figure specified in sub-sub-subparagraph 1.b.(III). For
22 subsequent years, the adjustment shall be a percentage of the
23 annual wage figure that took effect on July 1 of the prior
24 year. The percentage adjustment shall be the same percentage
25 by which the current year's nonfarm federal poverty level, as
26 defined and updated by the United States Department of Health
27 and Human Services, for a family unit of four persons for the
28 48 contiguous states and Washington, D.C., changed from the
29 same level established for the prior year.

30 (b) The term "qualifying small employer health
31 insurance contract" means a small group contract purchased

1 from a small group carrier by a qualifying small employer
2 which provides the benefits set forth in subsection (3). The
3 contract must ensure that not less than 50 percent of the
4 employees are eligible for coverage.

5 (c)1. The term "qualifying individual" means an
6 employed person:

7 a. Who does not have and has not had health insurance
8 with benefits on an expense reimbursed or prepaid basis during
9 the 12-month period prior to the individual's application for
10 health insurance under the program established by this
11 section;

12 b. Whose employer does not provide group health
13 insurance and has not provided group health insurance with
14 benefits on an expense reimbursed or prepaid basis covering
15 employees in effect during the 12-month period prior to the
16 individual's application for health insurance under the
17 program established by this section;

18 c. Resides in a household having a net household
19 income at or below 250 percent of the nonfarm federal poverty
20 level, as defined and updated by the United States Department
21 of Health and Human Services, or the gross equivalent of such
22 net income; and

23 d. Is ineligible for Medicare.

24 2. The requirements specified in sub-sub-subparagraphs
25 (a)1.a.(I) and b.(II) do not apply when an individual had
26 health insurance coverage during the previous 12 months and
27 such coverage terminated due to:

28 a. Loss of employment due to factors other than
29 voluntary separation;

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1 b. The death of a family member which resulted in
2 termination of coverage under a health insurance contract
3 under which the individual is covered;

4 c. A change of employers to one who does not provide
5 group health insurance with benefits on an expense reimbursed
6 or prepaid basis;

7 d. A change of residence resulting in employer-based
8 health insurance with benefits on an expense reimbursed or
9 prepaid basis becoming unavailable;

10 e. A discontinuation of a small employer health
11 insurance contract with benefits on an expense reimbursed or
12 prepaid basis covering the qualifying individual as an
13 employee or dependent;

14 f. Expiration of the coverage periods established by
15 the continuation provisions of the Employee Retirement Income
16 Security Act, 29 U.S.C. ss. 1161 et seq., and the Public
17 Health Service Act, 42 U.S.C. ss. 300bb-1 et seq., established
18 by the Consolidated Omnibus Budget Reconciliation Act of 1985,
19 as amended, or the continuation provisions of s. 627.6692;

20 g. Legal separation, divorce, or annulment that
21 results in termination of coverage under a health insurance
22 contract under which the individual is covered; or

23 h. Loss of eligibility under a group health plan.

24 3. The 12-month period set forth in
25 sub-sub-subparagraphs (a)1.a.(I) and b.(II) may be adjusted by
26 the Commissioner of Insurance Regulation from 12 months to 18
27 months if the commissioner determines that the 12-month period
28 is insufficient to prevent inappropriate substitution of other
29 health insurance contracts for qualifying individual health
30 insurance contracts.

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1 (d) The term "qualifying individual health insurance
2 contract" means an individual contract issued directly to a
3 qualifying individual which provides the benefits set forth in
4 subsection (3). At the option of the qualifying individual,
5 such contract may include coverage for dependents of the
6 qualifying individual.

7 (3) The contracts issued pursuant to this section by
8 small group carriers shall be approved by the Commissioner of
9 Insurance Regulation and shall only include the following
10 benefits:

11 (a) Inpatient hospital services consisting of daily
12 room and board, general nursing care, special diets, and
13 miscellaneous hospital services and supplies.

14 (b) Outpatient hospital services consisting of
15 diagnostic and treatment services.

16 (c) Physician services consisting of diagnostic and
17 treatment services; consultant and referral services; surgical
18 services, including, but not limited to, breast reconstruction
19 surgery after a mastectomy; anesthesia services; second
20 surgical opinion; and a second opinion for cancer treatment.

21 (d) Outpatient surgical facility charges related to a
22 covered surgical procedure.

23 (e) Preadmission testing.

24 (f) Maternity care.

25 (g) Adult preventive health services consisting of
26 mammography screening, cervical cytology screening, periodic
27 physical examinations no more than once every 3 years, and
28 adult immunizations.

29 (h) Preventive and primary health care services for
30 dependent children, including, but not limited to, routine
31 well-child visits and necessary immunizations.

1 (i) Equipment, supplies, and self-management education
2 for the treatment of diabetes.

3 (j) Diagnostic X-ray and laboratory services.

4 (k) Emergency services.

5 (l) Therapeutic services consisting of radiologic
6 services, chemotherapy, and hemodialysis.

7 (m) Blood and blood products furnished in connection
8 with surgery or inpatient hospital services.

9 (n) Prescription drugs obtained at a participating
10 pharmacy. In addition to providing coverage at a participating
11 pharmacy, health maintenance organizations may use a mail
12 order prescription drug program. Small group carriers may
13 provide prescription drugs pursuant to a drug formulary;
14 however, small group carriers shall implement an appeals
15 process so that the use of nonformulary prescription drugs may
16 be requested by a physician.

17 (o) Any other benefits mandated by this section.

18 (4) The benefits provided in the contracts described
19 in subsection (3) are subject to the following requirements:

20 (a) Inpatient hospital services shall have a \$500
21 copayment for each continuous hospital confinement.

22 (b) Surgical services shall be subject to a copayment
23 of the lesser of 20 percent of the cost of such services or
24 \$200 per occurrence.

25 (c) Outpatient surgical facility charges shall be
26 subject to a facility copayment charge of \$75 per occurrence.

27 (d) Emergency services shall have a \$50 copayment that
28 shall be waived if hospital admission results from the
29 emergency room visit.

30 (e) Prescription drugs shall have a \$100
31 per-calendar-year deductible per individual. After the

1 deductible is satisfied, each 30-day supply of a prescription
2 drug shall be subject to a copayment. The copayment shall be
3 \$10 if the drug is a generic drug. The copayment for a brand
4 name drug shall be \$20 plus the difference in cost between the
5 brand name drug and the equivalent generic drug. If a mail
6 order drug program is used, a \$20 copayment shall be imposed
7 on a 90-day supply of generic prescription drugs. A \$40
8 copayment plus the difference in cost between the brand name
9 drug and the equivalent generic drug shall be imposed on a
10 90-day supply of brand name prescription drugs. In no event
11 shall the copayment exceed the cost of the prescribed drug.

12 (f) The maximum coverage for prescription drugs shall
13 be \$3,000 per individual in a calendar year.

14 (g) All other services shall have a \$20 copayment with
15 the exception of prenatal care, which shall have a \$10
16 copayment.

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18 By order, the Commissioner of Insurance may modify the
19 copayment and deductible amounts described in this subsection
20 if the commissioner determines such modifications are
21 necessary to facilitate implementation of this section. On or
22 after January 1, 2007, the commissioner, by order, may
23 establish one or more additional small employer health
24 insurance benefit packages if the commissioner determines
25 additional benefit packages with different levels of benefits
26 are necessary to meet the needs of the public.

27 (5) A small group carrier shall offer the benefit
28 package without change or additional benefits. Qualifying
29 small employers shall be issued the benefit package in a
30 qualifying small employer health insurance contract.

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1 Qualifying individuals shall be issued the benefit package in
2 a qualifying individual health insurance contract.

3 (6) A small group carrier shall obtain from the
4 employer or individual written certification at the time of
5 initial application and annually thereafter 90 days prior to
6 the contract renewal date that such employer or individual
7 meets the requirements of a qualifying small group employer or
8 a qualifying individual pursuant to this section. A small
9 group carrier may require the submission of appropriate
10 documentation in support of the certification.

11 (7) Applications for qualifying small employer health
12 insurance contracts and qualifying individual health insurance
13 contracts must be accepted from any qualifying individual and
14 any qualifying small employer at any time during the year. The
15 commissioner, by order, may require small group carriers to
16 give preference to qualifying small employers whose eligible
17 employees have the lowest average salaries.

18 (8) All coverage under a qualifying small employer
19 health insurance contract or a qualifying individual health
20 insurance contract is subject to a preexisting condition
21 limitation provision as set forth in s. 627.6561, including
22 the crediting requirements under that section. The
23 underwriting of such contracts may not involve more than the
24 imposition of a preexisting condition limitation.

25 (9) A qualifying small employer shall elect whether to
26 provide coverage under the qualifying small employer health
27 insurance contract to dependents of employees. Any employee or
28 dependent who is enrolled in Medicare is ineligible for such
29 coverage unless required by federal law. Dependents of an
30 employee who is enrolled in Medicare are eligible for
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1 dependent coverage provided the dependent is not also enrolled
2 in Medicare.

3 (10) A qualifying small employer shall pay at least 50
4 percent of the premium for employees covered under a
5 qualifying small employer health insurance contract and shall
6 offer coverage to all employees receiving annual wages at a
7 level of \$33,000 or less, and at least one such employee shall
8 accept such coverage. The \$33,000 wage level shall be adjusted
9 periodically in accordance with subparagraph (2)(a)2. The
10 employer premium contribution shall be the same percentage for
11 all covered employees.

12 (11) Premium rate calculations for qualifying small
13 employer health insurance contracts and qualifying individual
14 health insurance contracts shall be subject to the following:

15 (a) Rates must be in accordance with the modified
16 community rating provisions of s. 627.6699(6), excluding the
17 provisions of s. 627.6699(6)(b)5.

18 (b) Claims experience under contracts issued to
19 qualifying small employers and to qualifying individuals must
20 be pooled for rate-setting purposes. The premium rates for
21 qualifying small employer health insurance contracts and
22 qualifying individual health insurance contracts must be the
23 same.

24 (12) A small group carrier shall submit reports to the
25 office in such form and at times as may be reasonably required
26 in order to evaluate the operations and results of the small
27 employer health insurance program established by this section.

28 Section 2. Section 627.66992, Florida Statutes, is
29 created to read:

30 627.66992 Stop-loss funds for standardized health
31 insurance contracts issued to qualifying small employers and

1 qualifying individuals.--The Commissioner of Insurance
2 Regulation shall establish a fund from which a small group
3 carrier may receive reimbursement, to the extent of funds
4 available for such reimbursement, for claims paid by such
5 small group carrier for members covered under qualifying small
6 group health insurance contracts issued pursuant to s.
7 627.66991.

8 Section 3. This act shall take effect July 1, 2006.

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