

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 805 Policies, Contracts, and Programs for the Provision of Health Care Services
SPONSOR(S): Benson
TIED BILLS: **IDEN./SIM. BILLS:** SB 1274

| REFERENCE | ACTION | ANALYST | STAFF DIRECTOR |
|-------------------------------------|--------|---------|----------------|
| 1) Insurance Committee | | Tinney | Cooper |
| 2) Health Care Regulation Committee | | | |
| 3) Commerce Council | | | |
| 4) | | | |
| 5) | | | |

SUMMARY ANALYSIS

The bill requires individual and group health insurers and HMOs to provide an identification card to policyholders and subscribers. Although the bill amends various sections of law, the requirements for the information to be contained on the health insurance identification card is the same, whether the requirements specify an identification card for an individual or group health policy or an HMO. Under the bill, a health insurance ID card is required to include the following information:

1. name of organization issuing or administering the health policy;
2. name of person or family covered by the policy;
3. appropriate chapter of the Florida Statutes governing the health policy or self-insured plan;
4. member ID number, contract number, or group number;
5. telephone number or electronic address for use in receiving insurer authorization;
6. telephone number or electronic address for use in determining estimated co-payments, deductibles, co-insurance, or maximum out-of-pocket expenses for the insured and covered dependents; and
7. identification code for insurer, if available.

The bill also amends several other sections of law to correct cross-references.

State agencies report they will not incur costs to implement the bill. Insurers offering individual and group health policies, along with health maintenance organizations (HMOs), likely will incur costs to design, print, and distribute the health ID cards required by the bill. The cost to health insurers is not quantifiable, however, as it is dependent upon the number of policyholders and covered dependents of each health insurer.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Provide Limited Government; Empower Families; and Promote Personal Responsibility—Under the bill, health insurers and HMOs are required to provide an insurance ID card containing specified information to policyholders and subscribers and their respective covered dependents.

B. EFFECT OF PROPOSED CHANGES:

Insurance Regulation and General Provisions

In Florida, regulation of the insurance industry is shared by the Department of Financial Services (DFS) and the Office of Insurance Regulation (OIR). The state's Chief Financial Officer (CFO) heads DFS while the head of OIR is the Governor and Cabinet members sitting as the Financial Services Commission. Generally, OIR is responsible for granting a certificate of authority or license to an insurer; a domestic insurer, i.e., an insurer based in Florida, must possess a certificate of authority in order to conduct business in Florida.

Similarly, many insurers are required by law to seek OIR approval for their rates, or the prices they charge for coverage, and approval of the insurance forms they use for issuing policies. The Office of Insurance Regulation investigates allegations of fraud against insurers and administers state laws governing the financial reserve requirements imposed on insurers. The regulation and licensure of insurance agents and agencies is the purview of DFS. Staff of DFS also provides consumer information and assistance through the Division of Consumer Services.

Florida's Current Health Insurance Market

Various federal and state laws regulate Florida's health insurance market. The result of the various laws is that Florida's health insurance market is segmented into various groups, including self-insured groups or health plans, large groups of 51 or more participants, small groups ranging in size from 1 to 50 members, individual health policies, health maintenance organizations (HMOs), and out-of-state groups. Each segment of the market may be further divided into sub-groups, both in Florida, and in most other states, however, the Florida Insurance Code governs the activities, policies, and premiums of health insurance within the market segments serving policyholders in Florida.

Chapter 627, F.S., governs rates and contracts for all types of insurance available in Florida, including life, health, property, automobile, credit life and disability, workers' compensation, and title, among other types of policies. For example, part VI, chapter 627, F.S., governs health insurance policies for individuals, while part VII of ch. 627, F.S., governs group, blanket, and franchise health insurance policies. Part II of ch. 627, F.S., outlines the requirements insurers must include in their policies, i.e., contracts.

Chapter 641, F.S., governs health care service programs. This includes HMOs, prepaid health clinics, and other health care services.

Currently, laws governing health insurers and their policies (i.e., contracts) do not require insurers to provide an insurance card to policyholders and subscribers. The laws generally require health insurers to provide policyholders either with an outline of benefits and coverage or a member/policyholder

handbook, however.¹ Many health insurers currently issue insurance cards to their policyholders, however, each insurer determines the type of information to be printed on the card.

Auto Insurance: Proof of Coverage

Laws governing auto insurance in Florida require insurers to provide policyholders with proof of insurance.² Such proof generally is provided through an insurance card. Proof of auto insurance typically contains both the policyholder's and insurer's name; a telephone number for the insurer; the policy number; a brief description of the covered auto(s), including manufacturer, model, and vehicle identification number (VIN). The back of the proof of auto insurance also may contain information and phone numbers for use in reporting an accident to the insurer.

Under Florida law, the owner of a motor vehicle is required to register his or her vehicle annually.³ As part of the registration process, a vehicle owner is required to show proof of insurance coverage with minimum benefits for personal injury protection (PIP) and property damage.⁴

Health Insurance Policies: Changes Proposed by the Bill

The bill requires individual and group health insurers and HMOs to provide an identification card to policyholders and subscribers. Although the bill amends various sections of law, the requirements for the information to be contained on the health insurance identification card are the same, whether the requirements specify an identification card for an individual or group health policy or an HMO. For example, under the bill, a health insurance ID card is required to include the following information:

1. name of organization issuing or administering the health policy;
2. name of person or family covered by the policy;
3. appropriate chapter of the Florida Statutes governing the health policy or self-insured plan;
4. member ID number, contract number, or group number;
5. telephone number or electronic address for use in receiving insurer authorization;
6. telephone number or electronic address for use in determining estimated co-payments, deductibles, co-insurance, or maximum out-of-pocket expenses for the insured and covered dependents; and
7. identification code for insurer, if available.

Part VI of ch. 627, F.S., specifies the requirements for health insurance policies sold to individuals in Florida. Section 627.642, F.S., regarding the outline of coverage for individual policies, is amended to require insurers offering individual health insurance policies to issue an insurance ID card to their policyholders.

The bill also amends s. 627.657, F.S., regarding group health insurance policies to require group insurers to issue an ID card to their policyholders. Similarly, the bill amends s. 641.31, F.S., relating to HMO contracts, to require HMOs to issue an ID card to their respective members. Several other sections of law are amended by the bill to correct cross-references.

¹ See s. 627.642, F.S., (2005) relating to the outline of coverage for individual health insurance policies. Similarly, see s. 627.657, F.S., (2005) prescribing the provisions and form of group health insurance policies. See also ss. 627.64725 and 641.185, F.S., (2005) outlining the requirements for HMO plans to provide the conditions of their respective plans either on the policy or in a member handbook.

² See, e.g., ss. 320.02 and 627.936(9)(a), F.S., (2005) regarding proof of insurance coverage for motor vehicles and the requirement for auto insurers to provide notice to the Department of Highway Safety and Motor Vehicles regarding issuance, non-renewal, and cancellation of auto coverage.

³ Section 320.02, F.S., (2005).

⁴ See, e.g., s. 627.733(3) for requirements relating to PIP coverage and s. 324.022, F.S., (2005) for the law specifying auto insurance coverage for property damage.

C. SECTION DIRECTORY:

Section 1 amends s. 627.642, F.S., relating to health coverage provided under individual health insurance policies.

Section 2 amends s. 627.657, F.S., relating to health coverage provided by group, blanket, and franchise health insurance policies.

Section 3 amends s. 641.31, F.S., relating to health maintenance (i.e., HMOs) contracts and coverage.

Section 4 amends s. 383.145, F.S., relating to hearing screening for infants and newborns to correct a cross-reference.

Section 5 amends s. 641.185, F.S., relating to HMO subscriber protections, to correct a cross-reference.

Section 6 amends s. 641.2018, F.S., relating to coverage for home health care under an HMO contract, to correct a cross-reference.

Section 7 amends s. 641.3107, F.S., relating to the delivery of HMO contracts to subscribers, to correct a cross-reference.

Section 8 amends s. 641.3922, F.S., relating to HMO conversion policies, to correct a cross-reference.

Section 9 amends s. 641.513, F.S., relating to emergency services provided by HMOs, to correct a cross-reference.

Section 10 provides an effective date for the bill of July 1, 2006.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None. The Department of Financial Services and the Department of Health, the Agency for Health Care Administration, and OIR all indicate the bill will have no financial impact on the respective departments and agencies.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

If a health insurer does not currently provide a policyholder with an insurance card, the health insurer will incur costs to provide the insurance ID card required by the bill. It is not possible to estimate the costs for issuing such cards, however, as the cost depends on the number of policyholders and dependents under each health plan.

Many health insurers and HMOs currently provide their policyholders and members with an insurance card. Most current health insurer cards do not contain all of the information required by the bill, however. This likely will mean the existing health insurance cards will be replaced by the respective insurer or HMO in order to include the information required by the bill. In some cases, the requirements of the bill may necessitate the redesign of current insurance cards in order to include the information required by the bill.

D. FISCAL COMMENTS:

The requirements for health insurer ID cards under the bill become effective July 1, 2006. As a result, health insurers and HMOs will be required to provide their policyholders and dependents or HMO members with the required health insurer ID card by July 1, 2006. This could be a hardship for large insurers who may need extra time to design the card, order it to be printed, and mail it to their policyholders or HMO members and their covered dependents.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

None.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

Many laws imposing requirements on insurers also grant rulemaking authority to OIR and the Financial Services Commission, however this bill does not. This bill is specific in describing the information to be contained on the health insurance ID card. As a result, insurers should implement the provisions of the bill without additional direction from an administrative rule.

C. DRAFTING ISSUES OR OTHER COMMENTS:

In several places⁵, the bill requires health insurers to list on health insurance ID cards the appropriate chapter of the Florida Statutes under which the insurer and its policies are issued. There are several chapters of the Florida Statutes that regulate an insurers and its policies. For example, HMOs are governed by laws relating to group health policies under ch. 627, F.S. and ch. 641, F.S. An HMO also is governed by the solvency and reserve requirements, among other laws in ch. 624, F.S.

In the event an insurer and its policies are governed by multiple chapters in state law, the bill does not specify whether only one chapter or all applicable chapters should be listed on the ID card.

⁵ See lines 29 and 30, 54 and 55, and 81 and 82.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES

None.