

Amendment No.

CHAMBER ACTION

Senate

House

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1 Representative Troutman offered the following:

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3 **Amendment (with title amendment)**

4 Between lines 86 and 87, insert:

5 Section 2. Paragraph (b) of subsection (6) of section
6 627.6699, Florida Statutes, is amended to read:

7 627.6699 Employee Health Care Access Act.--

8 (6) RESTRICTIONS RELATING TO PREMIUM RATES.--

9 (b) For all small employer health benefit plans that are
10 subject to this section and are issued by small employer
11 carriers on or after January 1, 1994, premium rates for health
12 benefit plans subject to this section are subject to the
13 following:

14 1. Small employer carriers must use a modified community
15 rating methodology in which the premium for each small employer
16 must be determined solely on the basis of the eligible

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17 employee's and eligible dependent's gender, age, family
18 composition, tobacco use, or geographic area as determined under
19 paragraph (5)(j) and in which the premium may be adjusted as
20 permitted by this paragraph.

21 2. Rating factors related to age, gender, family
22 composition, tobacco use, or geographic location may be
23 developed by each carrier to reflect the carrier's experience.
24 The factors used by carriers are subject to office review and
25 approval.

26 3. Small employer carriers may not modify the rate for a
27 small employer for 12 months from the initial issue date or
28 renewal date, unless the composition of the group changes or
29 benefits are changed. However, a small employer carrier may
30 modify the rate one time prior to 12 months after the initial
31 issue date for a small employer who enrolls under a previously
32 issued group policy that has a common anniversary date for all
33 employers covered under the policy if:

34 a. The carrier discloses to the employer in a clear and
35 conspicuous manner the date of the first renewal and the fact
36 that the premium may increase on or after that date.

37 b. The insurer demonstrates to the office that
38 efficiencies in administration are achieved and reflected in the
39 rates charged to small employers covered under the policy.

40 4. A carrier may issue a group health insurance policy to
41 a small employer health alliance or other group association with
42 rates that reflect a premium credit for expense savings
43 attributable to administrative activities being performed by the
44 alliance or group association if such expense savings are

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45 specifically documented in the insurer's rate filing and are
46 approved by the office. Any such credit may not be based on
47 different morbidity assumptions or on any other factor related
48 to the health status or claims experience of any person covered
49 under the policy. Nothing in this subparagraph exempts an
50 alliance or group association from licensure for any activities
51 that require licensure under the insurance code. A carrier
52 issuing a group health insurance policy to a small employer
53 health alliance or other group association shall allow any
54 properly licensed and appointed agent of that carrier to market
55 and sell the small employer health alliance or other group
56 association policy. Such agent shall be paid the usual and
57 customary commission paid to any agent selling the policy.

58 5. Any adjustments in rates for claims experience, health
59 status, or duration of coverage may not be charged to individual
60 employees or dependents. For a small employer's policy, such
61 adjustments may not result in a rate for the small employer
62 which deviates more than 15 percent from the carrier's approved
63 rate. Any such adjustment must be applied uniformly to the rates
64 charged for all employees and dependents of the small employer.
65 A small employer carrier may make an adjustment to a small
66 employer's renewal premium, not to exceed 10 percent annually,
67 due to the claims experience, health status, or duration of
68 coverage of the employees or dependents of the small employer.
69 Semiannually, small group carriers shall report information on
70 forms adopted by rule by the commission, to enable the office to
71 monitor the relationship of aggregate adjusted premiums actually
72 charged policyholders by each carrier to the premiums that would

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73 have been charged by application of the carrier's approved
74 modified community rates. If the aggregate resulting from the
75 application of such adjustment exceeds the premium that would
76 have been charged by application of the approved modified
77 community rate by 4 percent for the current reporting period,
78 the carrier shall limit the application of such adjustments only
79 to minus adjustments beginning not more than 60 days after the
80 report is sent to the office. For any subsequent reporting
81 period, if the total aggregate adjusted premium actually charged
82 does not exceed the premium that would have been charged by
83 application of the approved modified community rate by 4
84 percent, the carrier may apply both plus and minus adjustments.
85 A small employer carrier may provide a credit to a small
86 employer's premium based on administrative and acquisition
87 expense differences resulting from the size of the group. Group
88 size administrative and acquisition expense factors may be
89 developed by each carrier to reflect the carrier's experience
90 and are subject to office review and approval. For the sole
91 purpose of determining the appropriate rate adjustment due to
92 health status for initial coverage of a small employer, a
93 carrier may utilize application forms to be completed by
94 employers that require health or experience information and
95 applications to be completed by employees that require health or
96 experience information, and a carrier may vary the use of the
97 application forms depending upon the number of the small
98 employer's eligible employees applying for coverage. The
99 application methodology must be applied uniformly per carrier

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100 among all the small employer groups having the same number of
101 eligible employees applying for coverage.

102 6. A small employer carrier rating methodology may include
103 separate rating categories for one dependent child, for two
104 dependent children, and for three or more dependent children for
105 family coverage of employees having a spouse and dependent
106 children or employees having dependent children only. A small
107 employer carrier may have fewer, but not greater, numbers of
108 categories for dependent children than those specified in this
109 subparagraph.

110 7. Small employer carriers may not use a composite rating
111 methodology to rate a small employer with fewer than 10
112 employees. For the purposes of this subparagraph, a "composite
113 rating methodology" means a rating methodology that averages the
114 impact of the rating factors for age and gender in the premiums
115 charged to all of the employees of a small employer.

116 8.a. A carrier may separate the experience of small
117 employer groups with less than 2 eligible employees from the
118 experience of small employer groups with 2-50 eligible employees
119 for purposes of determining an alternative modified community
120 rating.

121 b. If a carrier separates the experience of small employer
122 groups as provided in sub-subparagraph a., the rate to be
123 charged to small employer groups of less than 2 eligible
124 employees may not exceed 150 percent of the rate determined for
125 small employer groups of 2-50 eligible employees. However, the
126 carrier may charge excess losses of the experience pool
127 consisting of small employer groups with less than 2 eligible

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128 employees to the experience pool consisting of small employer
129 groups with 2-50 eligible employees so that all losses are
130 allocated and the 150-percent rate limit on the experience pool
131 consisting of small employer groups with less than 2 eligible
132 employees is maintained. Notwithstanding s. 627.411(1), the rate
133 to be charged to a small employer group of fewer than 2 eligible
134 employees, insured as of July 1, 2002, may be up to 125 percent
135 of the rate determined for small employer groups of 2-50
136 eligible employees for the first annual renewal and 150 percent
137 for subsequent annual renewals.

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T I T L E A M E N D M E N T

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Remove line 17 and insert:

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for the repayment of such advances; authorizing a carrier to

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utilize application forms for the purpose of determining the

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appropriate rate adjustment due to health status for initial

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coverage of a small employer; providing application methodology;

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amending s. 627.6699, F.S.; providing an effective