

By Senator Lawson

6-00601-10

20101002__

1 A bill to be entitled
2 An act relating to Medicaid; providing a purpose;
3 providing definitions; requiring each managed care
4 organization to certify to the Agency for Health Care
5 Administration its medical loss ratio and the medical
6 loss ratio for its subcontractors; providing
7 requirements for the reporting of the medical loss
8 ratios; requiring the managed care organization to pay
9 a certain amount to the agency if the certified
10 medical loss ratio is less than a specified ratio;
11 requiring the agency to adopt rules; requiring that
12 fines collected supplement the agency's Medicaid
13 budget; providing that the requirements and penalties
14 imposed are assigned in full to any parent
15 corporation, subsequent owner, or successor in
16 interest of the managed care organization; providing
17 an effective date.

18
19 Be It Enacted by the Legislature of the State of Florida:

20
21 Section 1. (1) The purpose of this section is to ensure
22 that a managed care organization that contracts to provide
23 services for Medicaid beneficiaries in this state expend at
24 least 85 percent of the total revenue it receives from monthly
25 premiums on direct health care benefits for its enrollees.

26 (2) As used in this section, the term:

27 (a) "Agency" means the Agency for Health Care
28 Administration.

29 (b) "Medical loss ratio" means the ratio of total revenue

6-00601-10

20101002

30 from monthly premium payments received from the agency by a
31 managed care organization and expended for direct health care
32 benefits to the total amount of such payments expended for any
33 other purpose. Costs and expenditures that are not related to
34 direct health care benefits include, but are not limited to,
35 profit, salaries, bonuses, and administration and operating
36 expenses, including expenses relating to prior authorization or
37 other utilization review regarding the provision of direct
38 health care benefits.

39 (c) "Managed care organization" means a health maintenance
40 organization or prepaid health plan providing goods and services
41 under s. 409.912, Florida Statutes.

42 (3) If a managed care organization enrolls Medicaid
43 beneficiaries under the pilot program established at s.
44 409.91211, Florida Statutes, the pilot program and nonpilot
45 program portions of the organization's health care financing and
46 delivery system shall be considered separate and distinct
47 managed care organizations for purposes of this section.

48 (4) Beginning December 15, 2010, and each quarter
49 thereafter, each managed care organization shall certify to the
50 agency its medical loss ratio and the medical loss ratio of each
51 of its subcontractors. The medical loss ratio for behavioral
52 health shall be reported separately by each managed care
53 organization.

54 (5) If any medical loss ratio certified to the agency under
55 subsection (4) is less than 85 to 15, the managed care
56 organization and its subcontractors shall immediately pay to the
57 agency an amount equal to the difference between 85 percent of
58 total revenue from their monthly premium payments and their

6-00601-10

20101002

59 corresponding expenditures for direct health care benefits for
60 the relevant quarter.

61 (6) The agency shall adopt rules to administer this
62 section, including, but not limited to, a schedule of sanctions
63 for any violation of the 85-to-15 requirements set forth in this
64 section. Any fines collected shall be used to supplement the
65 agency's Medicaid budget and do not revert to the General
66 Revenue Fund.

67 (7) All requirements of this section and penalties imposed
68 pursuant to this section against a managed care organization
69 shall be assigned in full to any parent corporation, subsequent
70 owner, or subsequent successor in interest of the managed care
71 organization.

72 Section 2. This act shall take effect July 1, 2010.