

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 loss
 6 ratio for its subcontractors; providing requirements for
 7 the reporting of the medical loss ratios; requiring the
 8 managed care organization to pay a certain amount to the
 9 agency if the certified medical loss ratio is less than a
 10 specified ratio; requiring the agency to adopt rules;
 11 requiring that fines collected supplement the agency's
 12 Medicaid budget; providing that the requirements and
 13 penalties imposed are assigned in full to any parent
 14 corporation, subsequent owner, or successor in interest of
 15 the managed care organization; providing an effective
 16 date.

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

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

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

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

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

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

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

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

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

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

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57 total revenue from their monthly premium payments and their
58 corresponding expenditures for direct health care benefits for
59 the relevant quarter.

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

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

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