

ASSOCIATED INDUSTRIES OF FLORIDA

LEGISLATIVE WEEKLY UPDATE



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FOR THE WEEK OF MARCH 27th-31st, 2000

Health Care Issues Still Top Focus of Legislators

There was certainly no break in the action during week 4 of the 2000 Legislative Session. The week started out with the continuation of the Senate Joint Committee Health Care Hearing between the [Banking and Insurance Committee](#) and the [Health, Aging and Long-term Care Committee](#) on Monday, March 27. At this meeting, both the hospitals and doctors gave presentations as to how harmful they think the current managed care system is. The entire focus of the hospitals' presentation was on Prompt Pay and how the cause of all the hospital's financial woes are that HMOs are slow in paying or just rejecting the payment of claims. The doctors discussed on everything; Prompt Pay, Practice of Medicine, Hospitalists, etc. The Joint Committee took no action as they just listened and discussed the various issues before them.

The next step for health care reform in the Senate is unknown, but AIF will continue to advocate its position to members of the legislature through the [HMO Patient Protection Act of 2000](#) which has been filed by [Sen. Jim Sebesta \(R-St. Petersburg\)](#), SB 2612.

Also this week, the [Senate Committee on Health, Aging, and Long-term Care](#) passed [SB 164 Insurance Autism Spectrum Disorder](#) by [Sen. Jim Scott \(R-Ft. Lauderdale\)](#). AIF used the opportunity to again seek to educate committee members on the effects mandates are having on the affordability and accessibility of health care. This constant message is starting to hit home, especially in the House where this and other mandate bills have not even started to move. While the Senate committee passed the measure, they raised serious concerns they still have with the bill.

The [House Insurance Committee](#) passed [HB 397 Health Insurance Policy Forms](#) by [Rep. Pat Patterson \(R-Deland\)](#) which modifies rate-filing requirements for approval of health insurance policy forms by the Department of Insurance (DOI). It also provides guidelines for determining when benefits are considered reasonable in relation to the premium charged for purposes of disapproval of such forms by DOI. This bill now is on the House Calendar. AIF is opposed to this legislation.

The [House Insurance Committee](#) also passed [HB 687, Small Employer Health Benefit Plans](#) by [Rep. Frank Farkas \(R-St. Petersburg\)](#). In 1992, the Legislature

enacted the Act for the purpose of promoting the availability of health insurance coverage to small employers regardless of their claims experience or their employee's health status. One of the primary components of this Act is the requirement that a small employer's premiums be determined through "modified community rating." Community rating in its purest form is a rating approach based on the medical and hospital costs in the community to be covered instead of on the individual characteristics of the persons insured. Florida's version is "modified" in that certain individual characteristics such as age, gender, family composition, tobacco usage, etc. may be used. This bill would revise the modified community rating method to allow small employer carriers to further adjust a small employer's premium based on the claims experience, health status, and duration of coverage of the small employer's employees, subject to certain limitations. AIF is supportive of this legislation, as it is a step in the right direction promoting the availability of health insurance coverage to small employers regardless of their claims experience or their employee's health status.

The [House Health Care Services Committee](#) passed [HB 1571 Small Employer Health Alliance](#) also by [Rep. Frank Farkas \(R-St. Petersburg\)](#) This bill repeals statutory provisions relating to Community Health Purchasing Alliances (CHPAs). It also authorizes an insurance carrier to issue a group policy to a small employer health alliance organized as a not-for-profit entity, for the purpose of obtaining insurance and enables such policies to insure a small employer, including sole proprietors and self-employed individuals and the spouses and the dependents of such employees. It permits small employer policy rates to reflect premium credits attributable to documentable administrative savings resulting from such pooling and the small employers and to be adjusted under specified circumstances relating to periods of renewal related to coverage transfer. AIF is supportive of this legislation.

The [House Health Care Services Committee](#) also passed [HB 2061 Mandated Health Benefits Commission](#) by [Rep. Stan Bainter \(R-Eustis\)](#), [Rep. Bill Sublette \(R-Orlando\)](#) offered a strike-everything amendment on behalf of the doctors and other provider groups. The most contentious part of this amendment was the gutting of the definition of a mandated benefit. This is very important because this definition will determine which mandate bills would be subject to review and actuarial analysis. Under his amendment, only eleven of the current fifty-one mandates would have been reviewed. AIF was instrumental in amending the Sublette amendment and expand the definition back to the original intent of the legislation. The remaining difference, is which panel conducts the review, one led by the Agency for Health Care Administration (AHCA), or a newly created Advisory Commission. AIF is working on a creative compromise which merges the two concepts together. The Sublette amendment was not rolled into the bill as a Committee Substitute meaning it will travel with the bill to the next stop, ([Governmental Operations Committee](#)), and be voted on separately by that Committee. This puts the business community in a much better position to be able to continue to keep the legislation as strong and meaningful as possible.

However, we believe that SB 2061 does not address all of the concerns of the business community. The AIF proposal for a creating an estimating conference to review the costs of health care mandate bills brought before the legislature has been filed in SB 2612, by [Sen Jim Sebesta \(R-St. Petersburg\)](#)

Sales Tax Exemption for Manufacturers

[SB 1894 Sales Tax on Machinery and Equipment](#) by [Sen. Jim Sebesta \(R-St. Petersburg\)](#) was amended and then temporarily passed by the [Senate Fiscal Resource Committee](#) this week. This bill reduces the \$50,000 tax threshold for new and expanding businesses to \$25,000 and provides a refund mechanism to refund the \$25,000 in tax if the expenditure is over the threshold, effectively exempting the entire purchase from sales tax.

The amendment, which was adopted by the committee, adds a section to the bill, which would provide for a sales tax exemption for molds and dies sold, produced, or used in Florida for the production of tangible personal property used by manufacturers. In the plastics industry alone, it is estimated that there is an economic loss of \$66 million per year in revenue, because of the tax that is imposed on molds and dies.

AIF and the business community must continue to point out the necessity that the legislature should continue to pass legislation that will remove the tariffs on manufacturing, encourage business expansion, and create capital formation of Florida's manufacturers so that they can compete with neighboring states.

While we have been successful in past years in convincing the legislature that certain adjustments or exemptions were necessary to correct a decline in manufacturing jobs in the state, the task is not completed. There are still impediments in our tax system that prevents us from fully being able to compete with other southeastern states for new business expansion.

Tax reform for the manufacturing sector of Florida's economy is absolutely necessary. Florida manufactured goods, under our current tax code, have sales taxes imbedded in their cost which makes the cost higher than identical goods produced in other states. This cost can't be altered or cut because it is a statutory levy that must be included in the cost of the product produced. Likewise, this cost element is not included in the cost of a competing product produced in another state, especially another southeastern state.

Workers Compensation – Child Support

The [Senate Committee on Children and Families](#) unanimously passed [SB 1032 Child Support / Workers' Compensation Claims](#) by [Sen. Daryl Jones \(D- Miami\)](#). This bill authorizes the Judges of Compensation Claims to continue the current practice of deducting child support arrearages from lump sum settlements in workers' compensation cases. The Judges of Compensation Claims are currently

operating under the statute that allows child support arrearages to be a lien against workers compensation payments.

Reports that lump sum settlements in workers' compensation amounted to approximately 31,061 settlements in the fiscal year 1998-99. The settlements were for approximately \$978.3 million. Further that 45.7 percent of child support due last year was not collected. Judge Alan Kuker- Judge of Compensation Claims – Miami, estimates that since this program has been put into effect that approximately \$6 million has been collected from lump sum settlements. This legislation will insure that every Judge of Compensation Claims shall consider the interest of the worker and the worker's family when approving the settlement and must consider and provide for the appropriate recovery of any child-support arrearages. At the present time, not all Judges of Compensation Claims have been reducing the settlement amount by any child support arrearages. Those that have, report successful results. The legislation will insure that all Judges of Compensation Claims consider and provide for the recovery of child support arrearages. The Florida Workers Advocates were successful in defining recovery to be "appropriate recovery". Only time will tell if this language effectively negates the intent. However, if Judges of Compensation Claims' intent is to insure that child support arrearages are recovered, this language should not render the efforts mute. AIF supports this legislation.

Clean Outdoor Air Act

The [House Environmental Protection Committee](#) passed [HB 819 Motor Vehicle Emissions Inspection](#) by [Rep. Jim Fuller \(R-Jacksonville\)](#) requiring air emissions tests to continue in Pinellas and Hillsborough counties and ending auto emissions testing in all other counties.

The bill was amended with a strike everything amendment combining HB 819 with [HB 473 Motor Vehicle Emission Testing](#) by [Rep. Curt Levine \(D-Boca Raton\)](#) and providing that the late Ed Healy is a co-sponsor with Rep. Fuller on the bill.

AIF continues to monitor this issue because the air emissions quality may impact Federal funding and may impact current air quality standards placed on other industry in this state.

Next Weeks Forecast

By way of forecast, the big issue for next week will be Prompt Pay to be addressed by the [Senate Committee on Banking and Insurance](#) Monday, April 3. There are two bills which the providers, (hospitals and doctors), are pushing which will probably be rolled into one. These are [SB 706 HMO's](#) by [Sen. John](#)

[Laurent \(R-Bartow\)](#) and [SB 2234 Health Care Services](#) by [Sen. Burt Saunders \(R-Naples\)](#).

The moderate bill which AHCA and the Administration is pushing, and AIF supports, is [SB 1508 HMO's](#) by [Sen. Ginny Brown-Waite \(R-Brooksville\)](#). This bill is the work product and recommendations of the Prompt Pay Task Force which met all last year chaired by AHCA Secretary Ruben King-Shaw

Stay tuned to our daily brief and to our web site at [www.fbnnet.com](#) as the legislature makes some very important decisions on the state's economy. These decisions will have a major impact on the business community and AIF will be reporting to you everything that happens.

This report was prepared by Curt Leonard, Manager – Governmental Affairs at Associated Industries of Florida (AIF). Please send your comments or suggestions to us at aif@aif.com or call the Governmental Affairs department at (850)224-7173.

- For more information on all of the important legislative information concerning the business community, go to our “members only” Florida Business Network web site at <http://fbnnet.com>
- Send us your E-mail address and we will begin to send this report to you automatically via E-mail.