



FROM MARCH 20, 2001

Workers' Compensation Reform

In the House Insurance Committee today, the issue of workers' compensation reform continued to be workshopped. When an issue is "workshopped," the committee discusses the more difficult issues related to a bill without taking a vote.

Workshopped today was the "controversial" draft bill. A committee bill has already been drafted containing the non-controversial issues – issues or provisions that do not have active opposition. The controversial bill, of course, contains those provisions that are essential to *real* reform of the system and they are also the most difficult politically and require some courage on the part of the committee members.

The draft controversial bill discussed today has many of the elements supported by AIF for reforming the workers' compensation system. The draft contains an elimination of the attorneys' hourly fees and provides for their compensation on a contingency basis. The draft also provides for making employers' participation in managed care under workers' compensation voluntary. Issues that AIF supports and remain to be added to the bill are privatization of mediation, the elimination of the construction exemptions and a new definition of permanent and total disability. Chairman Leslie Waters (R-Largo) asked that amendments to the draft bill be submitted by March 26th. AIF will draft amendments to address these outstanding issues.

The so-called "Workers' Advocates" organization that represents the attorneys that specialize in workers' compensation law, have been intransigent every step of the way during these workshops. They have effectively refused to negotiate on any significant issues and would prefer it best if the business community would go away while the whole system crashes down around employers and their employees. Their only notable position is that workers' benefits should be increased.

AIF would also like to see workers' benefits increased, but costs in the system must be decreased through significant reform. Simply increasing benefits would be like arranging the deck furniture on the Titanic.

Nursing Home Care Reform

The House Committee on Elder and Long-Term Care made little progress Tuesday toward enacting a bill to resolve the nursing home crisis. In the final 50 minutes of a two-hour meeting, the panel approved a series of amendments offered by the Agency for Health Care Administration to PCB ELT 01-01 to clarify the agency's role in enforcing regulations. Chair Carole Green (R-Fort Myers) said she, like others, was disappointed

the panel did not make more progress but the committee would try again next week to complete amendments to the bill. Thirty-eight amendments have been considered, and some of them are still pending.

Rep. Nancy Argenziano (R-Crystal River), Chair of the Healthy Communities Council, also expressed concern about the quality of information the committee was receiving in trying to develop a bill. She said she had been told that a number of assisted living facilities faced closure on May 1 because they lacked liability insurance required by law. However, Liz Dudek of AHCA said she knew of no such crisis. A review of notices since Dec. 5 found insurance companies reported ending insurance to 89 facilities, but 70 had found other insurance, 5 facilities appealed the finding, 4 fairly small ones closed, and AHCA was seeking information on the others. "If someone is playing chicken with the Legislature, I am appalled," said Chair Argenziano.

What Chair Argenziano and others skeptical of the reports need to remember is that the 70 who found other insurance are facing skyrocketing premiums, at this juncture. If nothing is done substantively, the insurance for assisted living facilities will get scarcer and the facilities' ability to afford the remaining insurance products will be increasingly limited.

Unless sanity is restored to the system, the costs of the providing nursing home care to Florida's citizens and to every business will continue to escalate. Next year we may not be looking at tax reductions, but rather tax increases due to a system that, under current law, is a bottomless pit.

Industrial Sales Tax Exemption

In the House Fiscal Policy and Resource Committee, HB 527 by Rep. Rob Wallace (R-Tampa) was passed. The bill changes s. 212.08(5)(b), F. S. to provide a full, rather than partial, sales tax exemption on industrial machinery and equipment used in expanding or existing spaceport and manufacturing facilities.

Under current law, the partial exemption only applies after the first \$50,000 in sales tax has been paid. The bill also originally removed the requirement that, in order to qualify for the exemption, the applicant must demonstrate the expansion of the facility will increase productive output by 10 percent. That requirement was reinstated in an amendment adopted today in the committee. With state revenues dropping this year, Chairman Wallace thought that the argument for the tax exemption would be more compelling if the 10 percent requirement remained in law. AIF agrees. The bill's next stop is the Fiscal Responsibility Council.

Southeastern states all provide such a tax exemption as proposed by Rep. Wallace's bill. As is the case with much of Florida's tax code, the tax under current law is a disincentive to smaller manufacturers who wish to grow and expand their operations. A full exemption will promote growth and jobs and at least place Florida on a more level playing field with other states when manufacturing operations are considering a move to the southeast.

Prescription Insurance and Contraceptives

In yet another example of a string of bills designed to drive up the costs of employer-provided health insurance, SB 168 by Sen. Debbie Wasserman-Schultz (D-Pembroke Pines) was heard and approved in the Senate Banking and Insurance Committee today. Basically, the bill requires any health insurer that provides prescription drug coverage must also provide coverage for oral contraceptives.

Currently, the State of Florida has 51 mandates or requirements placed on health insurers. These 51 mandates are a list of things that health carriers must insure or cover, by law. Seemingly lost on people such as Sen. Wasserman-Schultz is the fact that only 40% of Florida's population has private insurance at this time and the numbers are dropping as costs of the insurance continue to spiral.

Such a mandate as requiring oral contraceptive coverage is yet another, simple increase in the cost to the carrier and Florida's employers. We are disappointed the bill was passed by the committee and AIF will continue its opposition to this well-intentioned, but bad bill.

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.

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