

ASSOCIATED INDUSTRIES OF FLORIDA  
**LEGISLATIVE  
DAILY BRIEF**



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**FOR APRIL 24, 2001**

### **WORKERS' COMPENSATION REFORM**

The Senate Banking & Insurance Committee passed out CS/HB 1188 today. The bill, by *Chairman Jack Latvala (R-St. Petersburg)*, written to reform a sinking workers' compensation system, survived over thirty amendments that, if adopted, would have left the system worse off than when the committee started its work. Senator Latvala was completely conversant with the many complex and sometimes arcane legal aspects of the bill and managed the committee's debate like a chairman should. Assisting the Chairman with the many hostile amendments was *Senate Majority Leader Jim King (R-Jacksonville)*. Senator King has dealt with the workers' compensation issues over his many years in the legislature and demonstrated equal ease with the bill. Both are to be commended for their efforts.

The provision in the bill related to reducing the cost of attorneys' fees to the system is not as effective as it could be, we will be advocating that this provision be strengthened in the few remaining days of session.

It is important to remember that Florida's employers pay the highest rates in the nation. If the proposed amendments had been adopted, the warped bill would have increased costs substantially over what is being paid today while failing to fix any of the real problems with the system.

**The bill as drafted has the potential to reduce rates by as much as -.6% or increase rates by as much as +2.4%. The bill's provision to increase employee's impairment benefits is a 6.4% increase alone. However, AIF believes that the bill as drafted will actually decrease rates because the litigation reforms have not been adequately calculated by the National Council on Compensation Insurance (NCCI).**

*Sen. Debbie Wasserman-Schultz (D-Pembroke Pines)* did nothing to help the business community today. She pushed and got adopted an amendment related to *permanent total disability* that will drive up costs to Florida's employers. Florida is second highest in the nation at 20.2% for all wage replacement being paid on permanent total disability. Comparably, California and Texas are at 6.4% and 8.1%, respectively. But this did not concern Sen. Wasserman-Schultz. She also offered a succession of other amendments that would have wrecked the bill, but they were defeated in the end. Apparently it was completely lost on her that the purpose of the bill was to reform and restore balance to a system that is out of control. Somehow, it is her understanding that Florida's workers' compensation system should closely track some kind of North Korean model. On every conceivable issue, Sen. Wasserman-Schultz is at cross-purposes with the business community. Today was no exception.

The focus on workers' compensation reform now shifts to the House, where CS/HB 1927 is expected to be considered on the House floor very soon.

The biggest difference between the Senate and House products relates to how they handle exemptions under current law for the construction industry. AIF supports the Senate approach, which is to simply eliminate all exemptions. The exemptions, which were originally crafted to assist small construction companies, have been so completely and brazenly abused over the past several years it is estimated that over a billion dollars in premium is owed but not being paid into the system. The House addresses the problem by establishing corporate officer exemptions and requiring that sole proprietors and partnerships get coverage by 01-01-04.

**AIF supports substantive and effective reform of the workers' compensation system. Florida's employers pay the highest rates in the nation and no relief is in sight. The House and the Senate are on the cusp of passing a bill that reduces spiraling attorneys' fees, dramatically reduces waste and fraud, limits delays in the system while increasing benefits to the injured employee.**

## **NURSING HOME CARE REFORM**

Thanks to *Reps. Jerry Maygarden (R-Pensacola) and Allan Bense (R-Panama City)*, HB 1879, which reforms Florida's nursing home care system, is back on track. The House Fiscal Responsibility Council on Tuesday approved the nursing home bill after adopting amendments by Maygarden and Bense to undo the damaging amendments pushed through the Council for Healthy Communities on Monday by Council *Chairman Nancy Argenziano (R-Crystal River)*. The bill now goes to the House floor where council members promised more debate and amendments.

One amendment adopted Tuesday restored the retroactive application of the limit on punitive damages to three times compensatory damages unless the plaintiff can show beyond a reasonable doubt that the nursing home officials deliberately harmed the patient. This was necessary for nursing homes to work their way through \$1 billion in pending court claims. Other amendments would remove the moratorium on certificates of need for new nursing homes and remove the creation of separate classes for profit and not-for-profit nursing homes.

The House and Senate both now have bills that promise to effectively reform Florida's nursing home care system and to prevent the bankruptcy and abandonment of long term care in Florida. The bills provide both quality of care reform and critical lawsuit reform. Without both pieces, the reform effort would be incomplete and ineffective. AIF supports these bills and thanks the many legislators that have played key roles. We expect the Senate to consider their bill, SB 1202 by *Senator Ginny Brown-Waite (R-Brooksville)* on Thursday.

## **OTHER ISSUES**

The Senate Appropriations Committee approved CS/SB 1878 by *Sen. Jim Horne (R-Orange Park)* to merge seven taxes and fees into a single tax on all types of communications. The 2000 Legislature directed that a revenue-neutral merger be developed for consideration this year to keep up with changing communications technology.

The Senate Appropriations Committee also approved SB 2168 by *Sen. Alex Villalobos (R-Miami)* to give a sales tax rebate to Miami-Dade County for construction of a Florida Marlins stadium on a brownfield. The panel defeated by one vote an amendment by *Sen. Kendrick Meek (D-Miami)* to divert some of the money to failing schools in the county.

The Senate General Government Appropriations Subcommittee approved CS/SB 2224 by *Sen. Charlie Clary (R-Destin)* to abolish the Department of Labor and Employment Security effective Oct. 1, 2001 and transfer its remaining parts, the Division of Workers Compensation to the Department of Insurance and the judges of compensation claims to the Division of Administrative Hearings.

The Senate General Government Appropriations Subcommittee temporarily postponed for further study CS/CS/SB 1470 by *Sen. Anna Cowin (R-Leesburg)* to give the governor more authority in selection of members of Judicial Nominating Commissions.

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

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