

ASSOCIATED INDUSTRIES OF FLORIDA

LEGISLATIVE INTERIM BRIEF



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DAILY INTERIM LEGISLATIVE BRIEF FROM FEBRUARY 5, 2001
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Workers' Compensation Task Force Report to the House Insurance Committee

In a meeting of the House Insurance Committee today, a report of the Task Force on Workers' Compensation was reviewed and discussed. The Task Force was assembled last year and charged with the mission of finding out why, once again, Florida's workers' compensation rates are spiraling out of control.

The Insurance Committee heard from three expert panels. Mary Ann Stiles, Associated Industries of Florida General Counsel and lead advocate on workers' compensation issues, served on all three panels.

Each panel discussed one of the following topics; attorneys' fees/litigation, exemptions and managed care/medical care. Predictably, the attorneys' fees issue was extremely controversial with the attorneys claiming that workers' would somehow suffer if they were no longer able to collect their enormous hourly fees.

With regard to the construction exemptions issue, a tremendous cost-driver to the system, representatives of the homebuilders' industry did not issue a definitive "no" to altering the current law. Under current law, construction entities do not have to participate in the workers' compensation system if they have "three or less" employees. This accommodation is currently being abused by many in the industry by simply naming the three employees as officers in the company. Or, if the company has, for example, 12 employees, they simply divide the company up into four separate entities. The homebuilders did allow that maybe the exemption issue needs to be "studied further." Mary Ann Stiles pointed out to the committee that the issue has been studied since 1989. Regardless, the *lack* of an emphatic "no" from the industry is recognition that the abuses have gotten too outrageous to reasonably defend.

Dr. Tom Webb on the managed care panel argued that the insurance reimbursement for doctors was too low and that was why participation by the medical providers was suffering. This claim was made despite the fact that a recent study by the Workers' Compensation Research Institute in Cambridge, MA reveals that Florida's payout exceeds by 28% the reimbursement rate of eight other states with comparable programs. NCCI pointed out in the meeting that Mr. Webb's proposed increase in pay to the providers would drive up premiums by 20%. Rep. Leslie Waters (R-Largo), Committee Chairman, who did an excellent job chairing the meeting, asked for each of the panel members to indicate whether they preferred a mandatory managed care program, as provided for under current law, or if they preferred voluntary participation. Only 2 of the 9 preferred a mandatory program. While managed care has been a more than adequate arrangement for the provision of health care for Florida's employers, AIF believes that a voluntary arrangement is best within the workers' compensation system and is pleased with the vote of the panel.

Chairman Waters announced that a workshop of the non-controversial issues related to workers' compensation will be held tomorrow in room 306, House Office Building, the Capitol. Rep. Jerry Melvin (R-Ft. Walton) will chair this workshop. The purpose of the meeting is to come up with a list of issues that can be compiled into a bill absent the more contentious and controversial issues, such as attorneys' fees and exemptions.

Nursing Home Task Force Issues Report

By a 12 to 4 vote, the Long Term Care Task Force issued its statutorily required final report to the Governor and Legislature today. The Task Force, created by the Governor and Legislature last year, was assembled to analyze and recommend solutions regarding the quality and cost of long term care in Florida.

Unfortunately, the Task Force chose not to actually endorse a single set of recommendations. Under tremendous pressure from the trial attorneys who have made millions off of suing nursing homes in Florida, the Task Force voted to present a combination of recommendations in a side-by-side format. The recommendations will be presented as those from the long term care providers' perspective, the trial attorneys' perspective and, finally, a report from the Task Force' staff. Rep. Nancy Argenziano (R-Crystal River), the House member on the Task Force, was intransigent, arguing the perspective of the trial attorneys and unwilling to recognize any of the lawsuit abuses taking place under current law.

Lt. Governor Frank Brogan, who chaired the Task Force, provided yeoman's service on what has been a very difficult and politically charged issue from the start. Mr. Brogan has recognized from the outset that any bill without adequate limitations on tort, the trial attorneys' ability to sue nursing homes into oblivion, is not truly a reform bill. We applaud his efforts.

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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