

FOR FEBRUARY 25, 2002

Today was a light day, with the House conducting very little substantive committee work and the Senate only getting to heavy lifting on substantive bills this afternoon.

HEALTH CARE INSURANCE ACCESSIBILITY

Both the House and Senate have devoted a considerable amount of committee time to the consideration of legislation designed to reduce the number of uninsured in Florida. Florida's employers are the primary providers of health insurance coverage in the State. Unfortunately, as the cost of providing health insurance continues to increase, it is getting less and less practical for employers, small and large, to provide that benefit. This troublesome reality seems to little faze members of the Legislature who every year introduce legislation to throw open the check book of insurance carriers to the trial attorneys.

The Senate took a step today in the direction of some policy changes that may assist Florida's employers and citizens at large.

The Senate Banking and Insurance Committee took three bills related to this subject and cobbled them together into one bill. They are the following:

SB 1286 by Senator Jack Latvala (R-Palm Harbor) provides a pilot project, "health flex plan" insurance program. The bill specifies three pilot service areas where the highest number of uninsured citizens live, as identified in Florida Health Insurance Studies conducted by the Agency for Health Care Administration. To qualify for the pilot program, an insured must make less than 200% of the poverty level income and must not be covered by private insurance or public assistance. Carriers will be allowed to market an insurance product to these uninsureds and hopefully will be providing affordable health care coverage. There are approximately 1.2 million uninsured in Florida that would qualify for this type of health plan. These pilot project will sunset July 1, 2004, unless specifically reenacted by the legislature. The companion is HB 111 by Representative Sandra Murman (R-Tampa).

SB 1008 by Senator Durell Peaden (R-Crestview) is similarly crafted like SB 1286.

SB 1134 by Senator Jim King (R-Jacksonville), companion to HB 913 by Representative Frank Farkas (R-St. Petersburg), provides changes to the Employee Health Care Access Act. The Act was enacted in 1992 to promote the availability of health insurance coverage to small employers regardless of their claim experience or their employees' health status. The bill is an attempt to streamline law that is burdensome to both health insurance carriers and the insured. The bill attempts to provide a stripped-down health insurance product that provides health care insurance without the expensive, mandated bells and whistles that so many consumers do not want, need or can afford.

The Committee passed the newly created CS/SB 1286/1008/1134 by a vote of 10 yeas and 0 nays. The bill's next stop is Senate Health, Aging and Long Term Care Committee.

TAX REFORM UPDATE

Actually, there's not much to update, but a status report is in order. The Senate passed the tax reform plan, CS/SJR 938 and CS/CS/SB 1106, both by Senator Ken Pruitt (R- Port St. Lucie) almost a month ago. However, the Senate refused to actually release the plan to the House for consideration. After lingering over the issue for a month, during which the House took public testimony statewide and expert testimony at the Capitol, Speaker Tom Feeney (R-Oviedo) finally decided to force the issue of his own accord. The House met as a "Committee of the Whole" and considered the plan on its own. The plan was voted down by a vote of 99-0. Many of the House members probably would have stomped on the plan, too, if the opportunity had presented itself. In the mean time, Governor Jeb Bush released a lengthy letter explaining his formal, public opposition to the plan. The letter was devastating in its analysis, particularly as it relates to the mythical "\$4 billion hole" in the budget in the next three to four years that the Senate plan is ostensibly crafted to address. Showing how this \$4 billion shortfall was the stuff of shaky numbers, bad math and poor assumptions was completely lost on the press which chose to ignore the substantive analysis and simply report in a childlike manner that, "the Governor opposes the plan!" without publishing the rationale. The complete inability of the press to analyze this issue with even the remotest sophistication is a glimpse of how shallow and useless an open, lengthy "debate" on this issue would be if it ever found its way to the November ballot.

Everything is frozen in place and little, if any, legislation is passing between the two chambers. As Senate President, Senator John McKay (R-Bradenton), the chief architect of the plan, has the power and wherewithal to hold the Capitol hostage over this issue until such time other members of the Senate cry "uncle," or "enough" or maybe something unprintable. As it stands now, the ball is in the Senate's court. As a reminder to Senate proponents of the plan, Associated Industries of Florida is based in Tallahassee year-round. As such, we will be glad to oppose this plan seven days a week, until July. We're not going anywhere. And we're not running for re-election in the fall. *You are.*

AIF is opposed to the Senate's tax reform plan. It unnecessarily and injuriously amends the Florida Constitution as a vehicle for the reform. Any consideration of Florida's sales tax exemptions should remain under the direct purview and authority of the Executive Branch and Legislature. Also, the plan compromises any rational consideration of the sales tax exemptions under current law by establishing a predetermined end result. If adopted, the plan will require the repeal of \$4.2 billion in sales tax exemptions regardless of their merit or their ability to meet objective criteria or *any* criteria. Finally, the plan is based upon faulty or outright inaccurate assumptions regarding Florida's future tax revenues.

AIF would support a measure that provided for a methodical review, utilizing objective criteria, of all the current sales tax exemptions enjoyed by businesses, organizations and services. Florida's current business sales tax exemptions actually comprise only \$1.88 billion of the \$22 billion total in sales tax exemptions. We believe the vast majority of these business exemptions would withstand even the most severe scrutiny if the criteria embraced economic competitiveness, fairness and benefit to Florida's overall economic growth.

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.