

ASSOCIATED INDUSTRIES OF FLORIDA
**LEGISLATIVE
WEEKLY UPDATE**



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FROM THE WEEK OF JULY 9-11, 2003

The big news from day three of Special Session C was the announcement from Senate President Jim King (R-Jacksonville) that the Senate Judiciary Committee would hear testimony under oath at a meeting to be held on Monday at 1:00 p.m. The hearing will feature representatives of the insurance industry, the trial bar, and doctors' groups.

Please go to <http://www.fbnnet.com/2003-Articles/Judiciarycommittee.htm> to view a list of invited witnesses.

Senator King assured the members that he had no interest in engaging in a witch hunt, but was merely trying to help members gain a better understanding of the problems facing Florida's doctors. Nevertheless, the sworn testimony will be taken in a highly charged political atmosphere featuring questions from some of the Senate's most implacable critics of the insurance industry.

Please go to <http://www.fbnnet.com/multimedia.htm> to view a video clip of Senator King's comments.

While Monday's meeting is the only one on the docket so far, Senator King expects that more will follow.

Senator Tom Lee (R-Brandon) then informed members that negotiations with the House were going well, replacing the high and low-hanging fruit analogy with one involving a funnel, through which the heavier items were flowing. As expected, the specific outline of a cap on non-economic damages remains the sticking point.

Please go to <http://www.fbnnet.com/multimedia.htm> to view a video clip of Senator Lee's comments.

The Senate then engaged in a brief debate on a few amendments to SB 2C, its medical-liability-insurance-reform package. Senator King had asked members to pass out the bill in its current form because, with negotiations ongoing, any changes would be premature. The amendments to the bill were dispatched with rapidly and the Senate voted out its bill, unchanged, on a 27 to 8 margin.

In their current forms, both the Senate and House bills contain problematic sections, but the House bill is by far the superior product.

Please go to <http://www.fbnnet.com/2003-Articles/MedMalReformPackage.htm> to view a comparison of the major provisions of the two bills.

After passing its bill by an 81 to 22 margin on Thursday, the House departed from Tallahassee, leaving the negotiations in the capable hands of Representatives Dudley Goodlette (R-Naples) and Allan Bense (R-Panama City), and Senators Rod Smith (D-Gainesville) and Senator Lee.

Thursday's session brought expressions of hope from Governor Jeb Bush and House Speaker Johnnie Byrd (R-Plant City), which were echoed on Friday by Senator King.

Please go to <http://www.fbnnet.com/multimedia.htm> to view a video clip of Senator King's comments.

Senator King has approved travel expenses for any members who wish to attend Monday's Judiciary Committee meeting, which will also be televised by the Florida Channel.

Please go to http://www.wfsu.org/Florida_Channel/florida-channel.htm for information on the Florida channel.

One particularly troubling provision in both bills concerns plans for a state-sponsored provider of medical-liability insurance. Under the Senate bill, if carriers do not comply with the arbitrary rate-rollback provisions, the Florida Malpractice Insurance Fund will be triggered and liability-insurance coverage will be mandatory for all physicians. The fund is a state-run, taxpayer-backed insurance carrier, which means that the state will be competing against private companies in the insurance market or will supplant them altogether.

The House bill includes a provision for a so-called Health Care Professional Liability Insurance Facility, which would be created immediately (the House bill does not mandate a rate rollback). This new not-for-profit entity would offer high-deductible policies. Anyone purchasing a policy from it would be subject to an assessment when the entity ran out of money to pay claims.

Florida has tried this before and failed. A government-sponsored program has obvious competitive advantages over a private company that could undermine the private market and, perhaps, lead to its collapse. The purpose of reform legislation is to encourage a healthy, competitive insurance market, not to displace private insurers with a government-ordained competitor. If privately run insurance carriers have problems in Florida's market as it is now constituted, there's nothing to suggest that a new government entity could do any better.

For the first time since the beginning of this process, indications are that a breach is appearing in the impasse over the details of the reform package. Now that the major issues are being resolved, we believe that the time is ripe to excise unnecessary provisions calling for state-sponsored insurance entities.

Please go to <http://www.fbnnet.com/multimedia.htm> to view a video clip of comments by Art Simon, AIF's senior vice president for governmental affairs.

Developments are occurring rapidly, and we will endeavor to help you be among the first to know.

- 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.