

ASSOCIATED INDUSTRIES OF FLORIDA
**LEGISLATIVE
DAILY BRIEF**



P.O. Box 784 • Tallahassee, FL 32302 • Phone: (850) 224-7173 • Fax: (850) 224-6532 • Internet: <http://aif.com> • fbnnet.com

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Property Insurance was once again the topic of discussion during today's Senate Banking and Insurance Committee meeting. Committee members heard from the Wind Mitigation Study Committee on their first round of recommendations for the Legislature. In addition, many of the healthcare committees held meetings throughout the day.

Wednesday promises to be a busy day for AIF and the business community as several high priority bills will be taken up by the legislature, chief among them is HB 733 by Representative Mitch Needelman (R-Melbourne). This is the bill that would undermine the repeal of Joint and Several liability.

Property Insurance Reform

The Senate Banking and Insurance Committee heard a presentation from Garrett Walton, Chair of the Windstorm Mitigation Study Committee today. The Windstorm Mitigation Study Committee was commissioned by the Legislature during the recent 2007 Special Session on Property Insurance Reform. The study committee was asked to analyze short and long term solutions and programs that addressed Florida's need to harden homes throughout the state. The committee specifically looked at ways to improve the "My Safe Florida Home Program" (the state's mitigation grant program) and for ways to enhance funding for mitigation through public and private methods. Chief among the study committee's recommendations was for the Legislature to fund additional research on mitigation techniques. This additional research would help determine what techniques produce the most bang for the buck and it would help private insurance companies to apply the appropriate discount credits for homeowners that applied these techniques when hardening their homes. Currently, the data available is from a 2001 study and is now outdated since it does not include the loss data from the unprecedented 2004-2005 hurricane season.

Some of the other general recommendations included:

- Improve the My Safe Florida Home Program
 - DFS should streamline the process for applying for an inspection
 - Removing multi-family structures of up to four units as eligible for the mitigation grants
 - Consider allocating additional funds for manufactured/mobile housing

- consider adjusting the existing 50 percent match grant formula to a lower percentage or fixed amount to increase the number of homes hardened
- Prioritize grants to single-family, detached homes
- Regulatory Process
 - Consider directing the Office of Insurance Regulation to expedite the implementation of the final Home Rating Scale
- Provide Incentives
 - Legislature should allow the Department of Financial Services (DFS) to create incentives that leverage private/public partnerships to maximize mitigation objectives
 - Provide a year-round sales tax exemption for a defined list of construction materials specifically used for mitigation
- Secure and Grow Funding
 - State should leverage federal mitigation funding to enhance state program
- Support Research
 - Legislature should establish and fund Florida Catastrophic Storm Risk Management Center of Excellence to coordinate research and grant development among higher education institutions and the private sector
 - Legislature fund an updated windstorm loss relativity study

Following Mr. Walton’s presentation, Chairman Bill Posey (R-Rockledge) emphasized that the focus “needs to be on 'best bang for the buck' items.” Senator Posey will ask committee staff for recommendations, which can be moved quickly, and put into a proposed committee bill. Senator Posey also said the Committee should consider requiring Citizens Insurance Company to require homeowners to undertake certain mitigation additions, such as storm shutters, in order to be eligible for insurance coverage through Citizens. According to Senator Posey, the costs of mitigation will be recovered over time and he encouraged personal responsibility to harden one’s home.

Many of AIF’s and the Florida Hurricane Crisis Coalition’s (FHCC) recommendations on mitigation are found in the Windstorm Mitigation Study Committee’s report to the Legislature. We look forward to working with members of the Senate Banking & Insurance Committee on developing legislative language that addresses how best to go about hardening Florida’s homes and businesses.

Legal and Judicial

The Senate Transportation Committee reconsidered SB 320 by Senator Jim King (R-Jacksonville) relating to trespassing on railroad property. The committee heard this bill last week, but the vote was tied and held over for reconsideration at today's meeting. Under current law, a person who enters onto railroad property cannot be found guilty of trespassing unless they have been given prior verbal notice, the land is fenced or cultivated, or the owner of the railroad tracks has posted signs every 500 feet on each side of the tracks. Such strict signage requirements are onerous and burdensome on Florida's rail companies who privately own over 2,700 of Florida's 2,788 miles of railroad tracks.

This bill provides that a person can be convicted of misdemeanor trespassing on the railroad property, even if signs are not posted every 500 feet, the land is not fenced and the perpetrator has not been given prior verbal warnings.

Following some additional debate over the bill, the committee voted 4-3 in favor of the bill. The bill will next be heard in the Senate Criminal Justice Committee. Senators Cary Baker (R-Eustis, chairman), Lee Constantine (R-Altamonte Springs), Dan Webster (R-Winter Garden) and Paula Dockery (R-Lakeland) voted in favor of the bill. Senators Larcenia Bullard (D-Miami), Arthenia Joyner (D-Tampa) and Alex Villalobos (R-Miami) voted against the bill.

AIF supports SB 320 because it decreases unnecessary regulation and over-burdensome costs on Florida's businesses and promotes personal responsibility for individuals trespassing on private property.

Healthcare

SB 1172 Relating to Breast Cancer Treatment by Senator Arthenia Joyner (D-Tampa) was heard in the Senate Committee on Banking and Insurance. The bill requires that if an insurance policy or HMO contract provides coverage for breast cancer treatment, the length of stay for lymph node dissections and for follow-up care outside of the hospital must be for the time period determined to be medically necessary by the treating physician. This bill will be known as the Mary B. Hook Act. SB 1172 passed unanimously out of the committee and will now be sent to the Senate Health Policy Committee.

AIF consistently opposes additional mandated coverages because the resultant cost increases could force some insurers out of the market and price health care insurance out of the reach of many employers and businesses.

The House Health Innovation Committee held a workshop on HB 925 Relating to Healthcare/Small Businesses by Representative Dorothy Hukill (R-Daytona Beach Shores). The bill creates a small business health care insurance assistance pilot program in Pasco and Volusia counties. Specifically, the bill provides a one-time rebate to small businesses that employ more than one but fewer than six employees and that provide comprehensive major medical health insurance to employees. The amount of the rebate is \$1,000 per employee. Funding for the program shall be voluntarily provided by local government entities in Pasco and Volusia County

and the State shall provide matching fund. Chairman Rene Garcia (R-Miami) stated during the meeting that he expected the Committee to pass the bill next week.

AIF supports the concept of providing rebates for small employers that offer full health insurance to their employees. Oftentimes, small business owners would like to offer their employees some amount of health insurance coverage, but they can't because the price of health insurance is too high. This incentive-based proposal provides some relief for small business owners.

The House Health Quality Committee unanimously passed HB 1121 Relating to the Florida Health Information Network by Representative Denise Grimsley (R-Sebring). HB 1121 creates the Florida Health Information Network Corporation as a public/private partnership that will establish a secure, privacy-protected, and integrated statewide network for the communication of electronic health information. The not-for-profit corporation will be managed by a board of directors that will consist of 15 members.

One of the few concerns with this bill is the issue of privacy. Committee members want to be reassured that a patient's privacy is well protected. This bill is very important to the Speaker, as it is one of his 100 ideas. Full implementation of the network will likely reduce the cost, and increase the quality, of health care by promoting continuity of care among providers and potentially reducing unnecessary treatments. In addition, successful implementation of this proposal would encourage the adoption of electronic medical records throughout the state, thereby ensuring that a patient's medical history will remain safe in the event of a hurricane or other natural disaster.

HB 1121 will now be heard by the House Policy and Budget Council.

AIF supports the creation of Health Information Network, which will increase efficiency and reduce the number of unnecessary treatments. The creation of a statewide network for the exchange of electronic medical records may result in substantial savings, therefore reducing the cost of health insurance for employers and their employees.

Taxation

The House Committee on K-12 approved HB 215 by Representative Marti Coley (R-Marianna). This is the sales tax holiday bill for school clothing and supplies. For a 10 day period, books, clothing, footwear, wallets, and bags that costs \$50 or less, and school supplies that cost \$10 or less, will be exempted from sales tax. Items found in theme parks, entertainment complexes, public lodging establishments or airports do not qualify for the sales tax exemption. The original bill set the threshold for items at \$100 or less, but with state revenues projected to fall shorter than expected, an amendment was offered that set the threshold at \$50.

HB 215 will now be heard by the House Policy and Budget Council.

AIF has supported the sales tax holiday for school clothing and supplies since it was first enacted in 1998. This expansion from 9 days to 10 days (July 21-30, 2007) of the sales tax holiday will benefit individuals and businesses by helping increase business activity.

Information Technology

The House Healthy Families Committee held a workshop on the Department of Children and Families (DCF) Information Technology Projects.

Mr. Kim Brock, Chief Information Officer for DCF gave a presentation on six projects for which he was asking for additional money through the supplemental Legislative Budget Request process.

1. Support of Child Care System by the Department of Management Services – he asked for an additional \$200,000 which will be voted on in the Council meeting later this session.
2. Replace obsolete and unsupported equipment - \$3,336,660 requested. This issue is one of the AIF's Information Technology Council's legislative priorities for 2007. Mr. Brock gave good supporting information for refreshing desktop computers that are more than 4 years old. They are no longer supported by vendors, cannot receive security patches, and are unable to support adequate service delivery or disaster preparedness. He said they are spending \$333,000 per year on maintenance for the aged computers. He proposed a refresh cycle of 25% per year for technology. Representative Priscilla Taylor (D-Riviera Beach) asked if they were going to lease the new computers. Mr. Brock said no, because if they did not get recurring revenue when the lease ran out, they would be without computers. (This is not true of most leases because there is usually an extension provision and/or a purchase option at the end of the lease period.) Chairman Bill Galvano (R-Bradenton) commented that he believed there was a purchase option at the end of most leases for a very small amount.
3. Global Positioning System Cell Phones - \$1,485,565. Mr. Brock told the members this was a priority for the DCF Secretary. This technology would allow hotline staff receiving child abuse reports to verify the location of the child, and then facilitate dispatch of an investigator. Also the phones would be equipped with a camera so pictures could be taken on the spot.
4. Substance Abuse and Mental Health Information System - \$1,618,200. The money is for hardware, software customized operation, and support.
5. Substance Abuse Licensing Information System - \$329,616. The need is for software, training and curriculum operation and support.
6. Florida Safe Families Network (FSFN) - \$24,436,313. Mr. Brock had the project manager give this portion of the report. He did an excellent job of answering a number of questions by members who have grown tired of the cost of the previous system that never made it to completion. Mr. Joe Brigham, Director of the Technology Review Workgroup,

addressed the committee at the request of the Chair. Mr. Brigham gave the project his overall support with the caveat that there may be a two-month delay on the project's completion date.

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.