

## **FINAL BILL ANALYSIS**

**BILL #:** CS/SJR 2

**FINAL HOUSE FLOOR ACTION:**

80 Y's      37 N's

**SPONSOR:** Sen. Haridopolis (Rep. Plakon)

**GOVERNOR'S ACTION:** N/A

**COMPANION BILLS:** CS/CS/HJR 1

---

### **SUMMARY ANALYSIS**

CS/SJR 2 passed the House on May 4, 2011. The Resolution was signed by Officers and filed with the Secretary of State on June 13, 2011. If approved by 60 percent of the voters in the 2012 general election, the resolution provides the proposed amendment will take effect on January 8, 2013.

CS/SJR 2 proposes a ballot initiative to provide for the creation of Section 28 of Article I of the Florida Constitution relating to health care. Specifically, the constitutional amendment:

- Prohibits a law or rule from compelling, directly or indirectly, any person or employer to purchase, obtain, or otherwise provide health care coverage;
- Allows a person or employer to pay directly for lawful health care services and allows a health care provider to accept direct payment for lawful health care services;
- Prohibits the imposition of taxes or penalties on individuals and medical care providers who choose to participate in a direct payment system;
- Allows for the purchase or sale of health insurance in private health care systems to be free from prohibition by rule or law; and
- Exempts laws or rules in effect as of March 1, 2010.

The joint resolution provides definitions for certain terms and includes a ballot summary.

This joint resolution has a negative, non-recurring fiscal impact on state government. The Department of State, Division of Elections, estimates a cost of approximately \$96,693.54 for FY 11-12. The cost is a result of placing the joint resolution on the ballot and publishing two constitutionally required notices.

## I. SUBSTANTIVE INFORMATION

### A. EFFECT OF CHANGES:

#### Current Situation

##### **Patient Protection and Affordable Care Act**

On March 23, 2010, President Obama signed into law the Patient Protection and Affordable Care Act (“PPACA”)<sup>1</sup>, as amended by the Health Care and Education Reconciliation Act of 2010<sup>2</sup>. PPACA, as amended, consists of 2,562 pages of text and several hundred sections of law.<sup>3</sup> The law contains comprehensive reform of the entire health care system in the United States. Most of the PPACA provisions take effect in 2014; however, many changes are phased in, starting from the day the bill was signed on March 23, 2010 and continuing through 2019.

Effective for health plan years that begin after September 23, 2010:

- All new private health insurance plans are required to cover immunizations, preventive care for infants, children and adolescents, and additional preventive care and screenings for women.
- Health insurers are prohibited from rescinding insurance coverage from members of a health insurance plan, except in case of fraud or material misrepresentation.
- Denial of coverage by health insurers for children with pre-existing conditions is prohibited.
- No lifetime limits on the amount paid out by the health insurance plan.
- No copayments or deductibles for certain preventative services.
- Coverage is required for dependents up to 26 years of age.

In 2011, health insurance companies are required to spend at least 85 percent of premium dollars on medical services in large group policy markets and 80 percent of premium dollars on medical services in small group and individual policy markets. The failure of insurers to reach the new medical loss ratio targets will result in the issuing of rebates to policyholders.

Effective in 2014:

- Health insurance coverage will be mandatory for almost all U.S. citizens. Those who do not purchase health insurance will be fined by the U.S. government through enforcement by the Internal Revenue Service. The fine increases from \$95 in 2014 to \$750 in 2016, and is indexed for subsequent years.<sup>4</sup> Exemptions for mandatory health insurance

---

<sup>1</sup> P.L. 111-148, 124 Stat. 119 (2010)

<sup>2</sup> P.L. 111-152, 124 Stat. 1029 (2010)

<sup>3</sup> Michael D. Tanner, *Bad Medicine: A Guide to the Real Costs and Consequences of the New Health Care Law: Updated and Revised for 2011*, at page 49 (FN #3), February 14, 2011; available at <http://www.cato.org/pubs/wtpapers/BadMedicineWP.pdf>.

<sup>4</sup> The federal government expects to raise \$17 billion from penalties by 2019. See Letter from Douglas Elmendorf, director, Congressional Budget Office, to U.S. House of Representatives Speaker Nancy Pelosi, March 18, 2010, table 2. Roughly 4 million Americans will be hit by penalties in 2016, with the average penalty costing slightly more than \$1,000. See Congressional Budget Office and the staff of the Joint Committee on Taxation, “*Payments of Penalties for Being Uninsured under PPACA*”, April 22, 2010.

- coverage will be granted for American Indians, in cases of extreme financial hardship, for those objecting to the mandatory provision for religious reasons, individuals without health insurance for less than three months, and individuals in prison.<sup>5</sup>
- Health insurance exchanges will be established, from which citizens can purchase health insurance coverage that meets the minimum essential coverage provisions of PPACA.
  - Companies with 50 or more full time employees that do not provide health insurance coverage to its workers, resulting in at least one worker qualifying for a subsidy to purchase health insurance coverage through an exchange, must pay a tax penalty of \$2,000 for every full time employee, less 30 workers.<sup>6</sup>
  - An excise tax will be imposed on health care plans costing more than \$10,200 for individual coverage and \$27,500 for family coverage.
  - No denials of coverage to anyone with a pre-existing condition.
  - All plans must cover federally defined “essential benefits”.
  - Plan rating factors will be set by federal law, which limits the degree of pricing differential among differently situated people.

Other provisions of PPACA include:

- Medicaid eligibility is expanded to include those individuals with incomes up to 138 percent of the federal poverty level, resulting in coverage to 32 million previously uninsured Americans by 2019.
- Medicare payment rates for certain services will be permanently reduced.
- Various additional changes will be made to the federal tax code, Medicare, Medicaid, and other social programs necessary to fully implement the new law.

Today, nearly 1 in 4 Americans is receiving Medicaid benefits.<sup>7</sup> Over the next ten years, the federal government will spend \$4.4 trillion on the Medicaid program.<sup>8</sup> The CBO originally estimated new state spending on Medicaid, as a result of the provisions of PPACA, at \$20 billion between 2017 and 2019. More recently, the CBO has estimated a cost to the states of \$60 billion through 2021.<sup>9</sup> However, a report issued by the Senate Finance Committee conservatively estimates that PPACA will cost state taxpayers at least \$118.04 billion through 2023.<sup>10</sup>

---

<sup>5</sup> Hinda Chaikind, et al., *Private Health Insurance Provisions in Senate-Passed H.R. 3590, the Patient Protection and Affordable Care Act*, CRS Report R40942

<sup>6</sup> S. 4908H(a), PPACA, as amended by the Reconciliation Act, s. 1003 (2010). The Congressional Budget Office estimates that company penalties will cost businesses \$52 billion from 2014 through 2019. See Letter from Douglas Elmendorf, director, Congressional Budget Office, to U.S. House of Representatives Speaker Nancy Pelosi, March 18, 2010. At least 728 waivers have been issued to employers by the Obama administration as of February 2011, exempting the employers from the provisions of PPACA. The list is available at [http://www.hhs.gov/ociio/regulations/approved\\_applications\\_for\\_waiver.html](http://www.hhs.gov/ociio/regulations/approved_applications_for_waiver.html) (last viewed March 25, 2011).

<sup>7</sup> Congressional Budget Office, *Spending and Enrollment Detail for CBO's August 2010 Baseline: Medicaid*, August 2010; available at <http://www.cbo.gov/budget/factsheets/2010d/MedicaidAugust2010FactSheet.pdf>.

<sup>8</sup> Office of Management and Budget, *FY 2012 Budget of the U.S. Government*, February 2011; available at <http://www.whitehouse.gov/sites/default/files/omb/budget/fy2012/assets/budget.pdf>.

<sup>9</sup> *Medicaid Expansion in the New Health Law: Costs to the States*, Joint Congressional Report by Senate Finance Committee, U.S. Congress, March 1, 2011, at page 1; available at

<http://energycommerce.house.gov/media/file/PDFs/030111MedicaidReport.pdf>.

<sup>10</sup> *Id.* at pg. 2.

The Florida Agency for Health Care Administration has estimated the financial impact of added Medicaid costs to the state, under the provisions of PPACA, to be \$12.944 billion from FY 2013 through FY 2023.<sup>11</sup>

### **State Reaction to Federal Health Care Reform**

After PPACA was enacted, some members of 40 state legislatures proposed legislation to limit, alter, or oppose selected state or federal actions, including single-payer provisions and mandates that would require purchase of insurance.<sup>12</sup> In November 2010, Arizona, Colorado, and Oklahoma proposed constitutional ballot questions.<sup>13</sup> The ballot question was approved in Arizona and Oklahoma, but was rejected in Colorado.<sup>14</sup> Idaho called for the creation of the 28<sup>th</sup> Amendment to the U.S. Constitution to prohibit Congress from making law requiring citizens to enroll in, participate in, or secure health care insurance or to penalize any citizen who declines to purchase or participate in any health care insurance.<sup>15</sup> Florida also adopted a non-binding resolution referencing a federal constitutional amendment process.<sup>16</sup>

Sixteen states proposed legislation to amend state law rather than amend the state constitution. Virginia became the first state to enact such a law on March 10, 2010. The states of Georgia, Idaho, Louisiana, Missouri, Utah and Arizona have also enacted similar laws.

### **HJR 37**

On April 22, 2010, during the 2010 Regular Session of the Florida Legislature, both the House of Representatives and the Senate passed HJR 37, which contained similar language as that which appears in current CS/SJR 2, by a three-fifths vote in each chamber. HJR 37 proposed to create Section 28 of Article I of the Florida Constitution relating to health care services.

Following passage of HJR 37, it was signed by the Speaker of the House of Representatives and the President of the Senate and filed with the Department of State for inclusion on the statewide ballot for the 2010 General Election. The language contained in HJR 37 was designated as Amendment 9 by the Division of Elections. A group of Florida voters filed a complaint in the Second Judicial Circuit Court in Tallahassee asking the court to determine whether the ballot summary contained in Amendment 9 complied with the requirements of Florida Statutes related to proposed constitutional amendments and the numerous appellate court decisions interpreting the applicable Florida Statutes.<sup>17</sup>

---

<sup>11</sup> *Overview of Federal Affordable Care Act*, Florida Agency for Health Care Administration, January 4, 2011; available at [http://ahca.myflorida.com/Medicaid/Estimated\\_Projections/medicaid\\_projections.shtml](http://ahca.myflorida.com/Medicaid/Estimated_Projections/medicaid_projections.shtml).

<sup>12</sup> *State Legislation and Actions Challenging Certain Health Reforms, 2010-11*, National Conference of State Legislatures, <http://www.ncsl.org/IssuesResearch/Health/StateLegislationandActionsChallengingCertai/tabid/18906/Default.aspx?tabid=18906>, last accessed January 20, 2011.

<sup>13</sup> *See id.*

<sup>14</sup> *See id.*

<sup>15</sup> *See id.*

<sup>16</sup> *See id.*

<sup>17</sup> *See Fla. Dept. of State v. Mangat*, 43 So.3d 642, 646 (Fla. 2010); *see also* s. 101.161(1), F.S., states, "Whenever a constitutional amendment or other public measure is submitted to the vote of the people, the substance of such amendment or other public measure shall be printed in clear and unambiguous language on the ballot after the list of candidates, followed by the word 'yes' and also by the word 'no', and shall be styled in such a manner that a 'yes' vote will indicate approval of the proposal and a 'no' vote will indicate rejection. The wording of the substance of the amendment or other public measure and the ballot title to appear on the ballot shall be embodied in the joint resolution, constitutional revision commission proposal, constitutional convention proposal, taxation and budget reform commission proposal, or enabling resolution or ordinance. Except for amendments and ballot language proposed by joint resolution, the substance of the amendment or other public measure shall be an explanatory statement, not exceeding 75 words in length, of the chief purpose of the measure. In

The Second Circuit determined that the ballot summary for Amendment 9 was misleading and ordered it removed from the November 2010 ballot.<sup>18</sup> Specifically, the court found that the following three phrases found in the ballot summary were misleading:

- “...to ensure access to health care services without waiting lists...”
- “...protect the doctor-patient relationship...”
- “...guard against mandates that don’t work...”<sup>19</sup>

Each of these three phrases was determined to be an example of the kind of comments that the Florida Supreme Court has held may not be included in ballot summaries. As a result, the Second Circuit concluded that the ballot summary contained in Amendment 9 did not comply with the applicable Florida statute.<sup>20</sup>

The Secretary of State then asked the Second Circuit to substitute the text of Amendment 9 for the ballot summary, rather than strike the entire amendment from the ballot. The court ruled that its sole function was to determine if the ballot summary, ballot title and the amendment complied with Florida statutes. The court further stated, “...it was not empowered to correct the acts of the Legislature, even if its failure to do so resulted in the amendment being struck from the ballot.”<sup>21</sup>

The Department of State filed an appeal to the First District Court of Appeal in Tallahassee. In addition, the Department filed an unopposed suggestion of certification to the Florida Supreme Court. The First District certified that the judgment of the Second Circuit Court presented a matter of great public importance that required immediate resolution by the Florida Supreme Court, and the Court accepted the case on appeal. Following a detailed analysis of statutory law and the current case law on the constitutional requirement of amendments and ballot summaries, the Florida Supreme Court agreed that the ballot language contained in Amendment 9 was misleading and ambiguous.<sup>22</sup> The only option available to the Court to correct the misleading and ambiguous language was to strike Amendment 9 from the November 2010 ballot.<sup>23</sup>

CS/SJR 2 does not contain the phrases that the Second Circuit Court determined were misleading.

### **Florida Health Insurance Mandates**

Florida law does not require state residents to have health insurance coverage. However, Florida law does require drivers to carry Personal Injury Protection (“PIP”), which includes certain health care coverage, as a condition of receiving a state driver’s license.<sup>24</sup> Florida also

---

addition, for every amendment proposed by initiative, the ballot shall include, following the ballot summary, a separate financial impact statement concerning the measure prepared by the Financial Impact Estimating Conference in accordance with s. 100.371(5). The ballot title shall consist of a caption, not exceeding 15 words in length, by which the measure is commonly referred to or spoken of.”

<sup>18</sup> See *id.* at 647.

<sup>19</sup> See *id.*

<sup>20</sup> See *id.*

<sup>21</sup> See *id.*

<sup>22</sup> See *id.* at 651.

<sup>23</sup> See *id.*

<sup>24</sup> S. 627.736, F.S.

requires most employers to carry workers' compensation insurance, which includes certain health care provisions for injured workers.<sup>25</sup> While Florida does not require residents to have health insurance, the state does impose nearly 50 coverage mandates, including mandated offerings, on those who do have insurance.<sup>26</sup>

## Legal Challenges to PPACA

On the same day that PPACA was signed into law by President Obama, Florida's Attorney General Bill McCollum filed a federal lawsuit in Pensacola challenging the constitutionality of the new law.<sup>27</sup> At the time suit was filed, Florida was joined by twelve states, by and through their individual attorneys general. Currently, twenty six states, the National Federation of Independent Business, and two private individuals are plaintiffs in the federal action. In addition, Virginia filed its own federal lawsuit challenging the constitutionality of PPACA.<sup>28</sup>

In total, more than twenty five constitutional challenges to PPACA were filed in federal courts across the country.<sup>29</sup> The majority of lawsuits challenge the mandate that requires individuals to purchase health insurance.<sup>30</sup> Other constitutional issues raised in the federal lawsuits include the imposition of a fine for failing to purchase health insurance, whether or not the federal government has constitutional authority to institute health care reform, establishing financial disclosure rules for doctors, and changes made to Medicaid and Medicare.<sup>31</sup>

The Florida lawsuit argues that the federal government violates the Commerce Clause of the U.S. Constitution by forcing individuals to purchase health insurance or pay a penalty. In addition, the lawsuit targets the expansion of eligibility for Medicaid as an infringement on states' rights. The choice given the states by the new law, according to the lawsuit, is to fully shoulder the costs of health care or forfeit federal Medicaid funding by opting out of the system. Finally, the suit contends that the expansion of Medicaid eligibility to include individuals within 138 percent of the federal poverty level "commandeers" states and their resources to complete federal tasks and achieve federal goals, all in violation of the Tenth Amendment to the Constitution.<sup>32</sup> Most of the counts raised in the plaintiffs' Amended Complaint were dismissed through a pre-trial motion, but the claims alleging violation of the Commerce Clause, regarding the individual mandate, and alleging the Medicaid program under PPACA essentially "commandeers" state resources, were allowed to stand.<sup>33</sup>

On January 31, 2011, Judge Vinson of the District Court for the Northern District of Florida in Pensacola entered an Order granting the plaintiffs' Motion for Summary Judgment and declared the individual mandate provision of PPACA unconstitutional.<sup>34</sup> Judge Vinson also ruled that,

---

<sup>25</sup> Workers' compensation insurance provisions are found in Chapter 440, F.S.

<sup>26</sup> Victoria Craig Bunce and JP Wieske, *Health Insurance Mandates in the States 2010*, Council for Affordable Health Care; available at [http://www.cahi.org/cahi\\_contents/resources/pdf/MandatesintheStates2010.pdf](http://www.cahi.org/cahi_contents/resources/pdf/MandatesintheStates2010.pdf). For example, Florida mandates coverage for alcoholism and substance abuse, diabetic supplies, orthotics and/or prosthetics, and well child care.

<sup>27</sup> State of Florida v. U.S. Dept. of Health and Human Services, Case No.: 3:10-cv-91-RV/EMT (N.D. Fla.)

<sup>28</sup> State of Virginia v. Kathleen Sebelius, Case No.: 3:10-cv-188-HEH (E.D. Va.)

<sup>29</sup> A list of all cases that have been filed to challenge the constitutionality of PPACA can be found at <http://healthcarereform.procon.org/view.resource.php?resourceID=004134>, last accessed on March 27, 2011; see also ACA Litigation Snapshot Overview, <http://acalitigationblog.blogspot.com>, last accessed March 25, 2011.

<sup>30</sup> *Id.*

<sup>31</sup> *Id.*

<sup>32</sup> Kathleen S. Swendiman, *Health Care: Constitutional Rights and Legislative Powers*, CRS Report R40846, page 10, FN 66.

<sup>33</sup> Florida v. U.S. Dept. of HHS, Case No. 3:10-cv-91-RV/EMT (N.D. Fla.), *Order and Memorandum Opinion on Defendants' Motion to Dismiss*, October 14, 2010.

<sup>34</sup> Florida v. U.S. Dept. of HHS, ---F.Supp.2d---, 2011 WL 285683 (N.D. Fla.)

because the provisions of PPACA were rendered ineffective without the individual mandate and because the law lacked a severability clause, the entire Act was void.

Currently, the federal government has complied with certain terms established by Judge Vinson to stay his order. The terms included a provision that the federal government seek an expedited review of the order on summary judgment by the 11<sup>th</sup> Circuit Court of Appeals in Atlanta. The federal government filed an appeal and petitioned for expedited review on March 8, 2011. The 11<sup>th</sup> Circuit has scheduled the deadlines for filing briefs, beginning with the federal government's brief due on April 4, 2011. Oral argument has been scheduled to take place on June 8, 2011. An opinion is likely to be issued in late summer or early fall 2011.

### **Congressional Authority and Constitutionality**

The federal lawsuits filed by several states challenging the constitutionality of PPACA focus on one or more of the following four constitutional issues.

#### Commerce Clause (U.S. Const. Art. I, Sec. 8, Clause 3)

Congress has the power to regulate interstate commerce, including local matters and things that "substantially affect" interstate commerce. Proponents of reform assert that although health care delivery is local, the sale and purchase of medical supplies and health insurance occurs across state lines, thus regulation of health care is within Commerce Clause authority. Arguing in support of an individual mandate, proponents point to insurance market de-stabilization caused by the large uninsured population as reason enough to authorize Congressional action under the Commerce Clause.<sup>35</sup> Opponents suggest that the decision not to purchase health care coverage is not a commercial activity and cite to *United States v. Lopez*, which held that Congress is prohibited from "...unfettered use of the Commerce Clause authority to police individual behavior that does not constitute interstate commerce".<sup>36</sup>

#### Tax and Spend for the General Welfare (U.S. Const. Art. I, Sec. 8, Clause 1)

The Tax and Spend Clause of the U.S. Constitution provides Congress with taxation authority and also authorizes Congress to spend funds with the limitation that spending must be in pursuit of the general welfare of the population. To be held constitutional, Congressional action pursuant to this Clause must be reasonable.<sup>37</sup> With respect to the penalty or fine on individuals who do not have health insurance, proponents suggest that Congress' power to tax and spend for the general welfare authorizes the crafting of tax policy which in effect encourages and discourages behavior.<sup>38</sup> Opponents cite U.S. Supreme Court case law that prohibits "a tax to regulate conduct that is otherwise indisputably beyond [Congress'] regulatory power".<sup>39</sup>

---

<sup>35</sup> Jack Balkin, *The Constitutionality of the Individual Mandate for Health Insurance*, N. Eng. J. Med. 362:6, at 482 (February 11, 2010).

<sup>36</sup> Peter Urbanowicz and Dennis G. Smith, *Constitutional Implications of an 'Individual Mandate' in Health Care Reform*, The Federalist Society for Law and Public Policy, at 4 (July 10, 2009).

<sup>37</sup> *Helvering v. Davis*, 301 U.S. 619 (1937).

<sup>38</sup> Mark A. Hall, *The Constitutionality of Mandates to Purchase Health Insurance*, Legal Solutions in Health Reform project, O'Neill Institute, at 7.

<sup>39</sup> David Rivkin and Lee A. Casey, "Illegal Health Reform" Washington Post, August 22, 2009, at A15. Rivkin and Lee cite to *Bailey v. Drexel Furniture*, 259 U.S. 20 (1922), a Commerce Clause case which held that Congress has the authority to tax as a means of controlling conduct.

## The Tenth Amendment and the Anti-Commandeering Doctrine (U.S. Const. Amend. 10)

The Tenth Amendment reserves to the states all power that is not expressly reserved for the federal government in the U.S. Constitution. Opponents of federal reform assert that the individual mandate violates federalism principles because the U.S. Constitution does not authorize the federal government to regulate health care. They argue, "...state governments-unlike the federal government-have greater, plenary authority and police powers under their state constitutions to mandate the purchase of health insurance."<sup>40</sup> Further, opponents argue that the state health insurance exchange mandate may violate the anti-commandeering doctrine which prohibits the federal government from requiring state officials to carry out onerous federal regulations.<sup>41</sup> Proponents for reform suggest that Tenth Amendment jurisprudence only places wide and weak boundaries around Congressional regulatory authority to act under the Commerce Clause.<sup>42</sup>

## Supremacy Clause (U.S. Const. Art. 6, Clause 2)

Supremacy Clause jurisprudence establishes that the U.S. Constitution and federal law possess ultimate authority when in conflict with state law. The Supreme Court held "...the Supremacy Clause gives the Federal Government 'a decided advantage in the delicate balance' the Constitution strikes between state and federal power."<sup>43</sup> Proponents cite to the Supremacy Clause as a self-evident justification for passage of federal health reform. Opponents assert that the Supremacy Clause only protects congressional actions that are based on express authority in the Constitution and "where [the action] does not impermissibly tread upon state sovereignty."<sup>44</sup>

## Federal Preemption Doctrine

The federal preemption doctrine may be invoked in determining the impact of the joint resolution on the Legislature's potential obligations to ensure that the provisions of PPACA are made effective in Florida.

The federal preemption doctrine is derived from the Supremacy Clause of the U.S. Constitution<sup>45</sup>, which reads, in part, "...Constitution and the laws of the U.S. ... shall be the supreme law of the land...anything in the constitutions or laws of any State to the contrary notwithstanding." In other words, federal law, whether found in the Constitution or statute, will trump state law. Preemption may be express or implied, and is compelled whether Congress' command is explicitly stated within the language of the statute or is implicitly contained in its structure and purpose.<sup>46</sup> Preemption is implied when there is a conflict between a federal law and a state law.<sup>47</sup> There is a conflict between federal law and state law when the dictates of

---

<sup>40</sup> *Id.*

<sup>41</sup> Matthew D. Adler, *State Sovereignty and the Anti-Commandeering Cases*, *The Annals of the American Academy of Policy and Social Science*, 574, at 158 (March 2001).

<sup>42</sup> Hall, *supra* note 16, at 8-9.

<sup>43</sup> *New York v. United States*, 505 U.S. 144, 160 (1992).

<sup>44</sup> Clint Bolick, *The Health Care Freedom Act: Questions and Answers*, Goldwater Institute, at 3 (February 2, 2010).

<sup>45</sup> U.S. Const. art. VI.

<sup>46</sup> See *FMC Corp. v. Holliday*, 498 U.S. 52, 56-57, 111 S.Ct. 403, 112 L.Ed.2d 356 (1990).

<sup>47</sup> See *Talbott v. Am. Isuzu Motors, Inc.*, 934 So.2d 643, 645 (Fla. 2<sup>nd</sup> DCA 2006).

both laws cannot be complied with or where dual compliance with the laws may be technically possible but the state law creates an obstacle to fulfilling the federal policy and goals.<sup>48</sup>

### **Effect of Changes**

CS/SJR 2 proposes the creation of Section 28 of Article I of the Florida Constitution relating to health care. The resolution prohibits any rule or law that directly or indirectly compels any person or employer to purchase, obtain, or otherwise provide for health care coverage.

The resolution authorizes any person or employer to pay directly for health care services and provides that persons or employers shall not incur a penalty or tax for direct payment. The resolution authorizes a health care provider to accept direct payment and provides that such health care provider will not incur a penalty or tax for accepting direct payment.

The resolution prohibits any law or rule which abolishes the private market for health care coverage of any lawful health care service. This provision would allow the purchase or sale of private insurance to individuals regardless of a mandate requiring individuals to have health insurance coverage.

The resolution directs that its provisions do not affect:

- Required performance of services by a health care provider;
- Health care services permitted by law;
- Workers' compensation care as provided by general law;
- Laws or rules in effect as of March 1, 2010; and
- Any health care system terms and conditions that do not provide punitive measures against persons, employers, or health care providers for direct payment; except that the section does not prohibit any negotiated provision in an agreement that contractually limits copayments, coinsurance, deductibles, or other patient charges.
- Any general law passed by two-thirds vote of the membership of the House of Representatives and the Senate after the effective date of the resolution, if the law specifically states the public necessity that justifies the exception to the section.

The resolution provides definitions or usage for the following terms:

- "Compel" includes the imposition of penalties or taxes.
- "Direct payment" or "pay directly" means payment for health care services without the use of a public or third party, excluding any employers.
- "Health care system" means any public or private entity whose function or purpose is the management of, processing of, enrollment of individuals for, or payment, in full or in part, for health care services, health care data, or health care information for its participants.
- "Lawful health care services" means any health care service offered by legally authorized persons or businesses, provided that such services are permitted or not prohibited by law or regulation.
- "Penalties or taxes" mean any civil or criminal penalty or fine, tax, salary, or wage withholding or surcharge, or any named fee with a similar effect established by law or rule by an agency established, created, or controlled by the government which is used to punish or discourage the exercise of rights protected under this section.

---

<sup>48</sup> See *id.*

The resolution provides for a ballot summary which describes the provisions of the constitutional amendment in plain language.

The joint resolution does not contain a specific effective date. Therefore, if adopted by the voters at the 2012 General Election, the resolution would take effect on January 8, 2013.<sup>49</sup>

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

### A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

Non-recurring FY 2011-2012

According to information received from the Department of State, Division of Elections, the bill will cost approximately \$96,693.54 in non-recurring General Revenue costs for the cost of publication. See Fiscal Comments for further explanation.

### B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

### C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

### D. FISCAL COMMENTS:

Each constitutional amendment is required to be published in a newspaper of general circulation in each county, once in the sixth week and once in the tenth week preceding the General Election.<sup>50</sup> Costs for advertising vary depending upon the length of the amendment. According to the Department of State, Division of Elections, the average cost of publishing a constitutional amendment is \$106.14 per word. The word count for CS/SJR 1 is approximately 911 words, including both the text of the amendment and the ballot title and summary. 911 words X \$106.14 = \$96,693.54.

---

<sup>49</sup> Article XI, s. 5(e), Fla. Const.

<sup>50</sup> Art. XI, s. 5(d), Fla. Const.