

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based only on the provisions contained in the legislation as of the latest date listed below.)

BILL: SB 958

SPONSOR: Senator King

SUBJECT: Prepaid Limited Health Service Organizations

DATE: February 17, 2000 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Emrich</u>	<u>Deffenbaugh</u>	<u>BI</u>	<u>Favorable</u>
2.	_____	_____	<u>HC</u>	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

I. Summary:

This bill eliminates the requirement for *exclusive* provider contracts in the law regulating the operation of prepaid limited health service organizations (PLHSOs) to allow for the provision of limited health services through *nonpanel* providers. This would mean that a PLHSO would be authorized to offer contracts (policies) that allow the subscriber (policyholder) to choose *any provider* for limited health services, which may be subject to a fee schedule or dollar limitation on specified services.

This bill amends the following sections of the Florida Statutes: 636.003 and 636.016.

II. Present Situation:

Prepaid Limited Health Service Organizations

Background

Chapter 636, F.S., created by chapter 93-148, Laws of Florida, provides for the Department of Insurance to license and regulate prepaid limited health service organizations (PLHSOs). These organizations are similar to health maintenance organizations (HMOs), but are limited to the provision of one of the following services: ambulance, dental care, vision care, mental health, substance abuse, chiropractic care, podiatric care, and pharmaceutical. Prepaid limited health service organizations may not offer inpatient or surgical hospital services or emergency services, except as such services are incidental to a limited health service. Through a PLHSO, subscribers receive services from providers such as physicians, dentists, health facilities, or other persons or institutions which are licensed in Florida to deliver limited health services, as defined in subsection 636.003(7), F.S.

Prepaid limited health service organizations are required to provide each subscriber with a contract, certificate, membership card, or member handbook which must clearly state all of the

services to which a subscriber is entitled under the contract and must include a clear and provided (s. 636.016(2), F.S.). Under current law, a PLHSO contract, certificate of coverage, or application may not be delivered in Florida unless the forms and rates have been filed with the contract terms or any documents that are made part of the contract and provided to subscribers, a PLHSO must file a notice of the change with the department at least 30 days prior to its effective change in rates (s. 636.018(1)(a), F.S.).

Exclusive Provider Panels

limited health service to enrollees through an *exclusive* providers of health care that have entered into a written agreement with the PLHSO to provide benefits to subscribers for alternative or reduced rates of payment. According to representatives a large dental care PLHSO to utilize nonpanel providers. However, since that time the department has expressed concerns about the legality of allowing this practice and has considered

Financial Requirements

Present law expressly allocates financial liability to the PLHSO for services rendered to a PLHSO explicitly. Under this provision, a physician, dentist, health care institution, or other provider is prohibited from collecting or attempting to collect money for services covered by a PLHSO from (s. 636.035, F.S.). Each PLHSO must maintain minimum surplus requirements in an amount which is the greater of \$150,000 or 10 percent of total liabilities (s. 636.045, F.S.). Furthermore, securities which are equal to the market value of \$50,000 (s. 636.046, F.S.). Assets, liabilities and investments of PLHSOs are governed by the provisions applying to HMOs pursuant to

Last year legislation was enacted authorizing a HMO to offer as a rider to a contract for comprehensive health services a point-of-service benefit, whereby HMO subscribers could choose referral for such services), if certain solvency and other conditions were met (ch. 99-393, Laws of Florida (s. 641.31, F.S.). The conditions were: the HMO must be licensed in Florida for at least 3 must not exceed 15 percent of the HMOs total product premium. Subscribers in HMOs must pay a reasonable copayment per visit for services provided by a noncontract provider. Although services by noncontract providers, Department of Insurance officials do not believe it is necessary to require any specific, additional solvency conditions for PLHSOs offering such contracts. Under

HMOs, PLHSOs are much more limited in scope regarding the health services they provide. Additionally, the PLHSO contract may have a dollar limitation on specified services, which would limit its financial exposure.

III. Effect of Proposed Changes:

Section 1. Amends s. 636.003(9), F.S., relating to the definition of a PLHSO, to delete the term “exclusive” as it relates to a panel of providers. The effect of this amendment is permissive in that it would authorize PLHSOs to issue policies that allow subscribers to go to non-contract providers. Although the law is not specific on this point, representatives with the Department of Insurance state that subscribers could be reimbursed by the PLHSO according to a fee schedule or a dollar limitation on specified services.

Section 2. Amends s. 636.016, F.S., applying to PLHSO contracts, to provide that when PLHSOs provide subscribers with their contract, certificate, membership card or member handbook, such material must clearly state the limitations on services being received from a nonpanel provider. The bill further provides that nothing in this subsection is intended to otherwise prohibit the PLHSO from authorizing services from a nonpanel provider.

Section 3. Provides that the bill shall take effect October 1, 2000.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

This bill may increase the cost of premiums paid by PLHSO subscribers who choose to purchase contracts that cover limited health care services from nonpanel providers. It also may increase the subscribers’ out-of-pocket expenses for utilizing nonpanel providers

because these providers may charge more for their services than panel providers. The bill will benefit nonpanel PLHSO health care providers who now can offer services to subscribers.

C. Government Sector Impact:

The Department of Insurance will experience a nominal cost in approving forms and rates relative to PLHSO's which intend to offer health care services via nonpanel providers.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.
