

HOUSE OF REPRESENTATIVES ANALYSIS

BILL #: HB 109
SPONSOR(S): Gannon
TIED BILLS: None.

RELATING TO: Citizens' Health Care Working Group
IDEN./SIM. BILLS: None.

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
(1) <u>Health Services (Sub)</u>	_____	<u>Chavis</u>	<u>Collins</u>
(2) <u>Health Care</u>	_____	_____	_____
(3) <u>Health Access & Financing (Sub)</u>	_____	_____	_____
(4) <u>Insurance</u>	_____	_____	_____
(5) <u>Health Appropriations (Sub)</u>	_____	_____	_____
(6) <u>Appropriations</u>	_____	_____	_____

SUMMARY ANALYSIS

The bill creates a 27-member working group to study and provide a forum for a statewide public debate about improving the health care system in Florida. The bill requires the Secretary of the Agency for Health Care Administration and the Secretary of Health or their designees to serve on the working group. Two different methods are used to appoint the members of the working group. The first is for the Speaker of House of Representatives (with the majority and minority leaders) and the President of the Senate (with the majority and minority leaders) to appoint members who meet certain specified criteria, and the second method is for the Speaker of the House of Representatives and the President of the Senate (with their majority and minority leaders) to jointly appoint members who meet certain specified criteria. Furthermore, members of the Legislature, elected federal officials, other elected state officials, and elected local government officials are prohibited from being appointed.

The working group is required to hold public hearings to evaluate specified criteria relating to health care coverage and services. The group is required to hold a "sufficient number of community meetings" to receive information that reflects the "geographical differences throughout the state, diverse populations, and a balance among urban and rural populations." A report entitled "Health Report to the Citizens of Florida" containing information and recommendations related to specified criteria must be prepared by the group and submitted to the Governor, the President of the Senate, and the Speaker of the House within a specified time period. A final report detailing the expenses of the working group must also be submitted. The bill provides for the termination of the working group.

The bill requires a nonrecurring general revenue appropriation of \$200,000, jointly, to the Agency for Health Care Administration and the Department of Health for fiscal year 2003-2004.

The bill takes effect upon becoming law.

The study of the uninsured and insured people of Florida is a well documented area of research. The most recent and expansive state-funded study, entitled the "Florida Health Insurance Study," was conducted by the Agency for Health Care Administration and published in 2000. In addition, many private associations, universities, social policy organizations have conducted and continue to conduct research and publish reports on the various aspects related to health care coverage or the lack thereof. Such projects and reports include: The Alliance for Health Reform's "Florida, Profile on the Uninsured"; Florida KidCare Interagency Collaboration Project of the Lawton and Rhea Chiles Center; the Florida State University Research Laboratory's "Florida Annual Policy Survey"; the Institute for Child Health Policy's "Statewide Children's Health Insurance Survey"; The Florida Chamber Federation's "The State of Health Insurance in Florida"; and The Florida Insurance Council's "Florida Insurance FACT Book". In addition, the state Office of Health Professional Recruitment works with the federal Division of Shortage Designation to determine areas of the state that are considered underserved.

This document does not reflect the intent or official position of the bill sponsor or House of Representatives.

STORAGE NAME: h0109.hc.doc
DATE: February 11, 2003

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. DOES THE BILL:

- | | | | |
|--------------------------------------|------------------------------|--|---|
| 1. Reduce government? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | N/A <input type="checkbox"/> |
| 2. Lower taxes? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. Expand individual freedom? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. Increase personal responsibility? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. Empower families? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a “no” above, please explain:

HB 109 creates a 27-member workgroup to research and evaluate various aspects of the public and private health care systems, including issues of insurance and uninsurance.

B. EFFECT OF PROPOSED CHANGES:

HB 109 establishes the national and state significance of health care and the problems that the uninsured can experience. The bill creates a citizens’ health care working group consisting of 27 members and specifies the appointment of such members. Some members are appointed jointly by the President of the Senate and the minority and majority leaders of the Senate; other members are jointly appointed by the Speaker of the House of Representatives and the majority and minority leaders of the House of Representatives; while some are appointed jointly by the President of the Senate, the majority and minority leaders of the Senate, the Speaker of the House of Representatives, and the majority and minority leaders of the House of Representatives. In addition, both the Secretary of the Agency for Health Care Administration or a designee and the Secretary of Health or a designee are required to be members of the working group. While the bill calls for appointment of 27 members, only 26 members are specified.

The bill requires the appointees to meet specified criteria and prohibits certain individuals from being appointed. The appointees will serve a term of two years and replacements will be appointed in the same manner. The purpose of the workgroup is to “provide for a statewide public debate about improving the health care system to provide every Floridian with the ability to obtain quality, affordable health care coverage. The workgroup is required to hold public hearings, community meetings, and to prepare a report entitled, “Health Report to the Citizens of Florida.” The report is to be submitted to the Senate, the House of Representatives, and the Governor. The bill specifies the information the report must contain, including a “summary of ways to finance health care coverage.”

A “state health officer” is required to serve as a facilitator at each of the community meetings. The Agency for Health Care Administration and the Department of Health are directed to staff the working group and fund travel and related expenses for the members of the working group. The bill provides for the termination of the group upon submission of the report.

The bill provides for fiscal year 2003-2004, a nonrecurring appropriation from General Revenue of \$200,000 to the Agency for Health Care Administration and the Department of Health to cover the costs of the working group related to travel and related expenses of staff, consumer members, and members appointed by the agency or department. The Agency for Health Care Administration and the Department of Health are authorized to reimburse consultant expenses; however, the bill does not authorize the hiring of consultants. The bill becomes effective upon becoming law.

The Uninsured in Florida – Studies, Reports, Workgroups, and Surveys

Florida Health Insurance Study

In 1997, the Florida Legislature created the Florida Health Insurance Study (FHIS) as a multi-year, multi-project study to obtain information on coverage and safety-net access on both a statewide and a regional basis. The study was managed by the Agency for Health Care Administration (AHCA), Florida's consolidated state health agency, and survey research was contracted to the University of Florida. A distinguished advisory panel of national and state experts provided advice and consultation to the state team. The survey questions and sampling design were carefully developed.

The telephone survey counted more than 37,000 people in more than 14,000 households and conducted almost 1,000 interviews in Spanish. Its sampling design allowed accurate estimates in each of 17 districts. The groups that were likeliest to lack insurance were "over sampled," that is, surveyed in larger proportions. This had the effect of holding a magnifying glass over the area that most concerns policy makers. Statistical weights were then used to create estimates that match the proportions of each group in the total population.

The survey asked whether a person was covered under various programs, then probed whether those who were not covered under any of the programs named actually were uninsured and, if so, why. In addition to the phone survey, in-person interviews were conducted by a market research firm that specialized in "hard to reach" populations in settings in three telephone-poor Florida communities. Published in January 2001, key findings of this multi-year study included the following:

- While Florida's population has increased steadily throughout the 1990's the number of uninsured Floridians has fallen;
- The uninsured are heavily concentrated in certain regions of the state and in those regions they are putting significant stress on safety net providers;
- The uninsured are best defined by four characteristics: income, employment status, ethnicity, and region of the state;
- Florida's Medicaid program has begun the transition from a welfare program to a health care program;
- A majority of welfare leavers and their families have secured health care coverage; and
- It is estimated that a majority of welfare leavers will retain coverage, in the future, as they transition from welfare to work.

The study also found that there remained significant opportunities for improvement, including the need to:

- Create a clearer vision of the importance of health insurance for WAGES leavers;
- Improve the linking of welfare leavers and transitional benefits, including modification of data systems;
- Overcome obstacles to non-citizens and special populations;
- Simplify complex rules and policies; and
- Improve customer perspective.

As a response to the study AHCA developed a plan of action to:

- Expand the KidCare program in Medicaid to all eligible children;
- Include non-citizen children in the health insurance program;
- Held a statewide health care insurance summit funded by the Robert Wood Johnson Foundation, to bring together national researchers and the leaders in the affected areas to help solve the problem;
- Provide for additional AHCA research to focus on targeted areas of the state where the problem exists;
- Simplify the Medicaid application process for determining eligibility in the program;
- Expand and enhance AHCA outreach programs to make citizens aware of the availability of health care insurance; and
- Review the best practices in other states that have had success in obtaining insurance for their citizens.

Governor's Health Care Summit on Solutions for the Uninsured

On September 21-22, 2000, Governor Bush hosted the Florida Governor's Health Care Summit which was co-sponsored by the Agency for Health Care Administration (AHCA), the Robert Wood Johnson Foundation, and Florida International University's College of Health and Urban Affairs. The conference featured over 70 state and nationally known health care professionals who discussed the need for health care coverage among several target groups.

Governor Jeb Bush addressed in his presentation the problems related to legislative mandates which exacerbated consumers' problems in obtaining affordable health insurance.

Florida: Profile on the Uninsured

In November 29, 2000, the Alliance for Health Reform, a bipartisan, not-for-profit group, with the support of the Robert Wood Johnson Foundation, published "Florida, Profile on the Uninsured." According to the Profile, Florida was a "pacesetter in providing coverage to uninsured children" by redoubling efforts to enroll eligible children in Medicaid. The Profile pointed out that "the state faces challenges, however, notably a large uninsured immigrant population and hundreds of thousands of workers in industries that do not offer health care coverage."

Florida KidCare Interagency Collaboration Project of the Lawton and Rhea Chiles Center

On July 13, 2001, the KidCare Streamlined/Unified Program Work Group held a Work Group meeting to address issues related to examining processes for identifying, enrolling, determining eligibility and retaining children in the KidCare program and to develop focused strategies for streamlining the KidCare program. Included in the review was an examination of the information provided by the Florida Health Insurance Study, county level estimates derived from the US Census state level estimates (1999 and 2000), KidCare enrollment figures for May 2001, and University of Florida small area estimates. Among the recommendations, it was recommended that the Agency for Health Care Administration conduct a follow-up study on uninsured children.

Florida Annual Policy Survey

The Florida Annual Policy Survey (FAPS) is a survey of Florida residents' opinions on various policy related issues. Since 1979, this survey has been designed to monitor the policy interests and attitudes of Floridians on important issues facing state and local governments. The 2001 FAPS was a statewide, random-digit dialed, computer-assisted telephone survey of adult Florida residents living in households. Respondents were chosen through a two-stage random selection process. A random list of Florida households was generated and adults within each household were selected at random. Included in the

survey were questions related to issues about Floridians and their health insurance coverage. The 2001 survey found that among working age adults:

- Almost 1 in 5 respondents (18.2%) reported having no health insurance.
- Younger people were less likely to have health insurance than older people.
- Those with lower incomes were more likely to lack health insurance coverage.
- People with low levels of education were also less likely to have health insurance coverage.
- Married people held a distinct advantage over the unmarried in terms of health care coverage.
- Health insurance coverage did not vary much by gender, as the coverage rates for men and women were similar.
- Race mattered for health insurance coverage.

In addition, uninsured individuals were asked how long it had been since they were last insured. The data suggested that more than half (53%) of the uninsured had not been insured in the last 2 years. When asked why they were uninsured, respondents noted primarily economic reasons. Over 40% noted that they did not have health insurance because of changes in their employment. Another 40% simply claimed that health care coverage was too costly. Others claimed that they had become ineligible (8.9%) or that they did not need health insurance, had not gotten health insurance yet, or claimed that getting health insurance was not worth the hassle (8.3%).

Institute for Child Health Policy - The Statewide Children's Health Insurance Survey

On April 19, 2002, the Institute for Child Health Policy published "The Statewide Children's Health Insurance Survey." The purpose of the survey was to:

- Develop estimates of uninsured children in Florida at a state level;
- Develop estimates of Healthy Kids Program eligibility;
- Make comparisons to the percentage of uninsured children estimated from the 1998 survey; and
- Determine the sociodemographic and health characteristics of children.

According to the survey, reasons for uninsurance were:

- 58% can't afford it;
- 33% other reasons;
- 4% employer does not offer;
- 2% children healthy;
- 1% don't believe in insurance; and
- 1% have a pre-existing condition.

The survey found that:

- The percentage of uninsured children overall had increased;
- The number of uninsured children in most categories had increased;
- Progress had been made in some sectors;
- The Healthy Kids Program had good name recognition;
- There was a high percentage of children with special health care needs; and
- There was documented problems of poor access to care among uninsured.

The Florida Chamber Federation – The State of Health Insurance in Florida

For the past two and a half years, the Florida Chamber of Commerce and its partners in the Florida Chamber Federation have been conducting statewide surveys of Florida employers. The most recent survey was conducted in November and December 2002. Nearly 4,000 Florida employers responded

to the survey, from the Northwest to the Keys. Seventy-eight percent of the survey respondents had fewer than fifty employees. The survey was released on February 5, 2003. According to the survey, 86% of employers had an increase in health insurance premiums in the last 12 months. In addition, 75% of the 86% were subject to health insurance premiums of more than 10%, while 47% of the 86% had experienced an increase of more than 20%. Furthermore, 42% of the employers indicated that they were considering dropping health insurance if they experienced additional increases in premiums. The survey also found that the increase in premiums were forcing employers to consider drastic changes to their group health insurance program and that during the past three years, many employers have had to modify the health care service they provide.

The Florida Insurance Council

The Florida Insurance Council (Council) consists of the Florida Association of Domestic Insurance Companies (FADIC), the Florida Insurance News Service (FINS) and the Florida Insurance Council (FIC). The Council is now Florida's largest company trade association, representing 42 insurers groups - consisting of 225 companies - which write over \$20 billion a year in premium volume and provide all lines of coverage, including health insurance. The Council publishes the "Florida Insurance FACT Book" (book). The book contains key insurance statistics and analysis relating to various types of insurance, including health care insurance. The book is updated annually and is available on-line. The information provided in the most recent edition (updated on October 3, 2002), included the following:

- 12 million Floridians have health insurance, 3 million are uninsured;
- Carriers wrote \$12.5 billion in health insurance on 8.5 million Floridians;
- Large groups dominate market;
- 154,000 employers offer coverage in small group market;
- Individual market smallest segment in Florida health insurance system;
- Florida Comprehensive Health Association remains closed to new enrollment;
- 1.9 Million Floridians covered by Medicaid;
- 2.9 Million Floridians enrolled in Medicare; and
- Estimates vary: 17 to 19 percent of Florida's residents don't have health insurance.

Department of Health, Office of Health Professional Recruitment and U.S. Department of Health and Human Services, Bureau of Health Professionals, Federal Division of Shortage Designation

The state Office of Health Professional Recruitment works with the federal Division of Shortage Designation to determine areas of the state that are considered underserved. Currently, there are two types of designations – Health Professional Shortage Areas (HPSAs) and Medically Under-served Areas or Populations (MUAs/MUPs). Both designations consider primary care physician-to-population ratios, as well as other high-need indicators: poverty levels, the percentage of the population that is elderly, the infant death rate and rate of low birth weight, and barriers to accessing care. Annually, the Department of Health produces articles, papers, and reports, together and separately with the U.S. Department of Health and Human Services related to health care and health care workforce. [http://www9.myflorida.com/rw_webmaster/news/abstracts/index.html and <http://bhpr.hrsa.gov/shortage/>]

C. SECTION DIRECTORY:

Section 1. Establishes the "Health Care that Works for All Floridians Act."

Section 2. Provides a listing of the purposes of the act.

Section 3. Creates the 27-member "Citizens' Health Care Working Group" and:

- Specifies appointment of members;
- Precludes the appointment of elected officials;
- Provides term of appointment;
- Requires report of findings, recommendations, proposed legislative language, and specifies title;
- Authorizes the creation of subcommittees;
- Provides for appointment of chairman;
- Requires public hearings within specified timeframe;
- Specifies subject matter of hearings;
- Provides authority to expand subject matter of public hearings;
- Authorizes additional hearings;
- Specifies timeframe for report;
- Authorizes community health care meetings;
- Permits a state health officer to serve as facilitator at community meetings;
- Specifies minimum subjects to be discussed at community meetings;
- Specifies time for public comment on report;
- Requires submission of report to Governor, President of the Senate, and Speaker of the House of Representatives;
- Requires the Agency for Health Care Administration and the Department of Health to fund travel and related expenses of appointed members of the workgroup;
- Authorizes the work group to obtain information from state agencies and departments;
- Requires work group to provide the President of the Senate and the Speaker of the House of Representatives a public detailed description of the expenditures of the working group within a specified time frame;
- Requires termination of group at specified time;
- Provides for FY 2003-2004, a nonrecurring general revenue appropriation of \$200,000 to the Agency for Health Care Administration and the Department of Health to cover the costs of the working group related to travel and related expenses of staff, consumer members, and members appointed by the agency or department, including the hiring of consultants, if necessary, and the reproduction and dissemination of documents; and
- Provides that this act shall take effect upon becoming a law.

Section 4. Provides that the act takes effect upon becoming law.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

Subsection (17) provides for a nonrecurring general revenue appropriation to the Agency for Health Care Administration and the Department of Health to support staff assistance, travel expenses, and for hiring of a consultant. However, if the costs exceed \$200,000 or the amount provided to the agency or department then either AHCA or DOH would have to absorb the additional cost. According to DOH, there is insufficient information on the activities of the workgroup to provide a detailed expenditure breakout estimate.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

HB 109 does not delineate the roles and responsibilities of AHCA and DOH. Neither does the bill delineate how the \$200,000 should be split between the agencies.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision

This bill does not require counties or municipalities to spend funds or to take an action requiring the expenditure of funds. This bill does not reduce the percentage of a state tax shared with counties or municipalities. This bill does not reduce the authority that municipalities have to raise revenues.

2. Other

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

Subsection (1) requires the appointment of a 27-member working group, however only 26 members are specified.

Subsection (3) requires the Speaker, the Majority Leader and the Minority Leader of the House of Representatives and the President, the Majority Leader and the Minority Leader of the Senate to jointly appoint individuals to the working group from 8 different categories.

Subsection (13) provides that "sponsoring agencies" and "organizations" are required to fund travel and related expenses of their appointed members on the working group; however, the bill discourages the appointment of members from advocacy organizations. The bill contains no definition for a "sponsoring organizations."

Subsection (16) requires the working group to terminate upon the submission of the "report described in subsection (16) is submitted to the Speaker of the House of Representatives and the President of the Senate." No report is required by subsection (16). The bill calls for the submission of two reports – a

report with recommendations on health care coverage required in subsection (12) and an expense report required in subsection (15). This is undoubtedly a drafting error.

Subsection (17) provides for a \$200,000 nonrecurring general revenue appropriation to the Agency for Health Care Administration and the Department of Health. The bill is silent as to what amounts are to be given to each. This subsection also authorizes the use of this money to cover the expenses related to “the hiring of consultants”, however, the bill does not grant the working group authority to hire a consultant and does not direct the agency or department to do so.

The Sponsor of the bill will offer a “strike-everything” amendment which:

- Clarifies the appointment of the members of the working group; and
- Provides for the \$200,000 nonrecurring general revenue appropriation to be designated to the Department of Health.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES