

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

BILL: CS/SB 2020

SPONSOR: Health, Aging, and Long-Term Care Committee and Senator Peadar

SUBJECT: Health Flex Plans

DATE: April 9, 2003

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Knudson</u>	<u>Deffenbaugh</u>	<u>BI</u>	<u>Favorable</u>
2.	<u>Harkey</u>	<u>Wilson</u>	<u>HC</u>	<u>Favorable/CS</u>
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

The committee substitute changes the definition of “health flex plan” in s. 408.909, F.S., to permit health flex plans to be purchased via a small business purchasing arrangement sponsored by a local government and authorizes a plan purchased in this manner to require applicants for health flex coverage to be without insurance for the previous 12 months. The bill extends the health flex pilot program an additional 4 years, from the current termination date of July 1, 2004, to July 1, 2008.

This bill amends s. 408.909, F.S.

II. Present Situation:

Health Flex Plan Pilot Program

The Health Flex Plan pilot program was created by the Florida Legislature during the 2002 Session. The pilot program permits entities to develop alternative health care coverage plans, referred to as health flex plans, for uninsured persons who have a family income equal to or less than 200 percent of the federal poverty level. The goal of the program is to improve the affordability and availability of health care coverage for low-income Floridians who are unable to obtain health coverage, by encouraging the development of alternative approaches to traditional health insurance that still provide basic and preventative health care services.

A health flex plan is permitted to take measures that are impermissible for regular providers of health care coverage. The health flex plan may limit or exclude benefits that are otherwise required by law for insurers offering coverage in Florida (s. 408.909(3), F.S.). The plan may also

cap the total amount of claims paid per year per enrollee, and may limit the number of enrollees (s. 408.909(3), F.S.).

A health flex plan may be developed and implemented by health insurers, HMOs, health care provider-sponsored organizations, local governments, health care districts, or other community-based organizations (s. 408.909(2), F.S.). Current law specifies that the Agency for Health Care Administration must develop guidelines for reviewing health flex plan applications and must disapprove or withdraw approval of plans that do not meet minimum standards for quality of care and access to care. The Department of Insurance¹ must also develop guidelines for reviewing health flex plan applications and must disapprove or withdraw approval of plans that:

- Contain any ambiguous, inconsistent, or misleading provisions, or exceptions or conditions that deceptively affect or limit the benefits purported to be assumed in the general coverage provided by the plan;
- Provide benefits that are unreasonable in relation to the premium charged, contain provisions that are unfair or inequitable or contrary to the public policy of this state or that encourage misrepresentation, or result in unfair discrimination in sales practices; or
- Cannot demonstrate that the health flex plan is financially sound and that the applicant has the ability to underwrite or finance the benefits provided. (s. 408.909(3), F.S.)

The statute attempts to target the pilot programs in areas of the state that have the greatest number of the uninsured poor. The statute authorizes the Agency for Health Care Administration and the Department of Insurance to approve health flex plans in the three areas of the state having the highest number of uninsured persons (s. 408.909(3), F.S.). These areas are District 1 (Bay, Escambia, Gadsden, Leon, Okaloosa, and Santa Rosa Counties), District 16 (Broward County), and District 17 (Dade County). The statute also authorizes the issuance of health flex plans in Indian River County.

Eligibility to enroll in a health flex plan is limited to Florida residents who are under 65 years of age and have a family income equal to or less than 200 percent of the federal poverty level. (s. 408.909(5), F.S.). The enrollee must not be covered by a private insurance policy, must not be eligible for coverage through a public health insurance program such as Medicare, Medicaid, or Kidcare, and must not have been covered at any time during the past 6 months. The enrollee must also have applied for health care coverage through an approved plan and agree to make any payments required for participation, including periodic payments or payments due at the time health care services are provided.

The AHCA must evaluate the pilot program and its effects on the entities that seek approval as health flex plans, as well as the number of enrollees and the scope of the coverage afforded. (s. 408.909(9), F.S.). The AHCA and the Department of Insurance are mandated to assess the health flex plans and their potential applicability in other settings. By January 1, 2004, the AHCA and the department are to submit their findings in a report to the Governor, President of

¹ Legislation in 2002 (ch. 2004-404, L.O.F.), effective January 7, 2003, transferred the Department of Insurance to the Department of Financial Services and to the Financial Services Commission and its Office of Insurance Regulation. Conforming changes to the statutes have not yet been enacted, which are addressed in CS/SB 1712 by the Committee on Banking and Insurance.

the Senate, and the Speaker of the House of Representatives. Each approved health flex plan is required to maintain records of enrollment, finances, and claims experience to enable the agency and the department to monitor the plan (s. 408.909(7), F.S.). The statute authorizing the creating of the health flex pilot program expires on July 1, 2004.

The Agency for Health Care Administration reports that to date, only one health flex plan has been approved, in Dade County. The agency has received only one additional application from Dade County. No other applications have been received by the agency, and no health flex programs have been created other than the one currently in existence in Dade County.

III. Effect of Proposed Changes:

The bill amends the definition of health flex plan in s. 408.909, F.S., to make the plans available to an enrollee “who purchases the coverage directly from the plan or through a small business purchasing arrangement sponsored by a local government.” The modified definition clarifies the ways in which a person can purchase health flex plan benefits by explicitly stating that coverage can be purchased via a small business purchasing arrangement.

The bill clarifies that the term of coverage may be limited under a health flex plan. Health care insurance plans generally last for only a limited period of time, and the Agency for Health Care Administration states that it is currently permitting health flex plans to last for a limited term.

The bill provides an exception to the requirement that eligibility for flex plan coverage is limited to Florida residents who have not had any public or private health coverage for the past 6 months, and who are not eligible for coverage through a public health care program such as Medicare, Medicaid or KidCare. A plan purchased through a small business purchasing arrangement sponsored by a local government could limit enrollment to Florida residents who had been without coverage for 12 months, rather than 6 months.

The bill states that the health flex plan pilot project will expire June 1, 2008. This will extend the pilot project an additional 4 years.

The effective date of the bill is July 1, 2003.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

The provisions of this bill have no impact on municipalities and the counties under the requirements of Art. VII, s. 18 of the Florida Constitution.

B. Public Records/Open Meetings Issues:

The provisions of this bill have no impact on public records or open meetings issues under the requirements of Art. I, s. 24(a) and (b) of the Florida Constitution.

C. Trust Funds Restrictions:

The provisions of this bill have no impact on the trust fund restrictions under the requirements of Article III, Subsection 19(f) of the Florida Constitution.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

The bill has provisions that could expand the availability of health flex plan coverage. Allowing enrollees to purchase coverage through a small business purchasing arrangement sponsored by a local government creates another avenue by which qualified persons may join a health flex plan.

Approved health flex plan groups are potentially subject to profits or losses stemming from underwriting health flex plans. The financial ability of the entity to underwrite the health flex plan would be subject to approval of the Agency for Health Care Administration and the Department of Insurance, for which the bill provides no specific requirements.

To the extent that local community providers, hospitals and local government programs provide uncompensated care to low-income persons, such providers may see a decrease in demand for uncompensated care as a result of this pilot project. These same local providers may seek to become health flex provider entities. However, to this point in time, few applications have been submitted by groups desiring to form a health flex plan.

C. Government Sector Impact:

Any cost to the Agency for Health Care Administration or the Department of Insurance should be negligible. When the health flex pilot program was adopted, the agency and the department stated that implementation of the project could be accomplished with existing staff and resources within their respective agencies. With only one health flex plan in existence, and only one additional submitted application, the program does not appear to be creating a financial burden on the agency or the department.

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.
