

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

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

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Prepared By: The Professional Staff of the Children, Families, and Elder Affairs Committee

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BILL: SPB 7002

INTRODUCER: For consideration by Children, Families, and Elder Affairs Committee

SUBJECT: OGSR/Insurance Claim Data Exchange Information

DATE: January 13, 2009

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Ray	Walsh		<b>Pre-meeting</b>
2.				
3.				
4.				
5.				
6.				

**I. Summary:**

Section 409.25659, F.S., requires the Department of Revenue (DOR or “the department”) to develop and operate a data match system in which an insurer may voluntarily provide DOR with the name, address, and, if known, date of birth and social security number or other taxpayer identification number for each noncustodial parent who has a claim with the insurer and who owes past-due child support. Section 409.25661, F.S., provides that specified information regarding a noncustodial parent who owes past-due child support, collected by DOR pursuant to s. 409.25659, F.S., is confidential and exempt from public records. This exemption is subject to the Open Government Sunset Review Act. The paragraph stands repealed on October 2, 2009, unless reviewed and saved from repeal through reenactment by the Legislature. This bill reenacts the exemption.

This bill substantially amends s. 409.25661, F.S.

**II. Present Situation:**

**Florida Public Records Law**

Florida has a long history of providing public access to government records. The Legislature enacted the first public records law in 1892.<sup>1</sup> In 1992, Floridians adopted an amendment, article I, section 24, to the State Constitution that raised the statutory right of access to public records to a constitutional level.

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<sup>1</sup> Sections 1390, 1391, F.S. (Rev. 1892).

The Public Records Act<sup>2</sup> specifies conditions under which public access must be provided to records of the executive branch and other agencies. Unless specifically exempted, all agency<sup>3</sup> records are available for public inspection. Section 119.011(12), F.S., defines *public record* very broadly to include “all documents, ... tapes, photographs, films, sound recordings, ... made or received pursuant to law or ordinance or in connection with the transaction of official business by any agency.” Unless made exempt, all such materials are open for public inspection.<sup>4</sup>

Only the Legislature is authorized to create exemptions to open government requirements. Exemptions must be created by general law, and such law must specifically state the public necessity justifying the exemption.<sup>5</sup> Further, the exemption must be no broader than necessary to accomplish the stated purpose of the law.<sup>6</sup> A bill enacting an exemption or substantially amending an existing exemption may not contain other substantive provisions, although it may contain multiple exemptions that relate to one subject.<sup>7</sup>

### **Open Government Sunset Review Act**

The Open Government Sunset Review Act<sup>8</sup> provides for the systematic review of an exemption from the Public Records Act in the fifth year after its enactment. The act states that an exemption may be created, revised, or maintained only if it serves an identifiable public purpose and if the exemption is no broader than necessary to meet the public purpose it serves.<sup>9</sup> An identifiable public purpose is served if the exemption meets one of three specified criteria and if the Legislature finds that the purpose is sufficiently compelling to override the strong public policy of open government and cannot be accomplished without the exemption.<sup>10</sup> An exemption meets the statutory criteria if it:

- Allows the state or its political subdivisions to effectively and efficiently administer a governmental program, which administration would be significantly impaired without the exemption;
- Protects information of a sensitive personal nature concerning individuals, the release of which ... would be defamatory ... or cause unwarranted damage to the good name or reputation of such individuals or would jeopardize the safety of such individuals; or
- Protects information of a confidential nature concerning entities, including, but not limited to, a formula, pattern, device, combination of devices, or compilation of information which is used to protect or further a business advantage over those who do not know or use it, the disclosure of which ... would injure the affected entity in the marketplace.<sup>11</sup>

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<sup>2</sup> Chapter 119, F.S.

<sup>3</sup> Section 119.011(2), F.S., defines *agency* as “any state, county, ... or municipal officer, department, ... or other separate unit of government created or established by law ... and any other public or private agency, person, ... acting on behalf of any public agency.”

<sup>4</sup> *Tribune Co. v. Cannella*, 458 So. 2d 1075, 1077 (Fla. 1984).

<sup>5</sup> Art. 1, § 24(c), Fla. Const.

<sup>6</sup> *Id.*

<sup>7</sup> *Id.*

<sup>8</sup> Section 119.15, F.S.

<sup>9</sup> Section 119.15(6)(b), F.S.

<sup>10</sup> *Id.*

<sup>11</sup> *Id.*

The act also requires the Legislature to consider six questions that go to the scope, public purpose, and necessity of the exemption.<sup>12</sup>

### **Insurance Claim Data Exchange**

As of May 2008, there were 466,231 noncustodial parents in Florida who owed past-due child support.<sup>13</sup> Statewide, almost 59 percent of child support cases are being paid in arrears.<sup>14</sup> Section 409.25656, F.S., provides the Department of Revenue with the authority to levy any credit or personal property of an obligor for any past-due child support. This includes bank accounts, vehicles, and insurance claim payments. Section 409.25659, F.S., was established during the 2004 Legislative Session to provide for the identification of claims on liability insurance<sup>15</sup> which could potentially be applied to child support arrearages in Title IV-D cases.<sup>16</sup>

The department was directed by statute to develop and operate a data match system which would identify noncustodial parents who owe past-due child support and who also have a claim with an insurer. This process allows insurers to voluntarily provide DOR with the name, address, and if known, date of birth and social security number or other taxpayer identification number for each noncustodial parent identified as having a claim.<sup>17</sup> This data can only be used for purposes of child support enforcement.<sup>18</sup>

Within the data match system, an insurer may provide DOR with the needed information in one of three ways:<sup>19</sup>

- An insurer may provide the required data for each claim directly to DOR electronically so that the department can conduct a data match;
- An insurer may receive or access data from DOR and conduct a data match of all noncustodial parents who have a claim with the insurer and who owe past-due child support, and submit the match data regarding each noncustodial parent to DOR; or
- An insurer may authorize an insurance claim data collection organization to complete either of the two options mentioned above.

Due to the variety of data submission methods provided within the system, it would be possible for DOR to receive information on individuals having a claim with an insurer, who do not owe child support.

Section 409.25661, F.S., provides that information obtained by DOR pursuant to s. 409.25659, F.S., is confidential and exempt from s. 119.07(1), F.S., and s. 24(a), Article I of the State Constitution until the department determines whether a match exists. If a match does

<sup>12</sup> Section 119.15(6)(a), F.S.

<sup>13</sup> E-mail from Debbie Thomas, Analyst/Child Support Specialist, Department of Revenue, on file with the Committee on Children, Families, and Elder Affairs (August 6, 2008, 1:33 PM EDT).

<sup>14</sup> *Id.*

<sup>15</sup> Section 409.24659(1)(b), F.S., defines a claim as an open, unresolved bodily injury claim on liability coverage in excess of \$3,000 in an insurance contract payable to an individual, or to a third party for the benefit of the individual, who is a Florida resident or who had an accident or loss that occurred in Florida or who has an outstanding child support obligation in Florida.

<sup>16</sup> Chapter 2004-334, L.O.F.

<sup>17</sup> Section 409.25659(2), F.S.

<sup>18</sup> Section 409.25659(5), F.S.

<sup>19</sup> Section 409.25659(2)(a)-(c), F.S.

exist, the match data is no longer considered to be confidential and exempt, and becomes available for public disclosure.<sup>20</sup> If a match is not made, the nonmatch information must be destroyed.<sup>21</sup>

In 2004, the Legislature found that it is a public necessity that insurance claims information obtained by DOR pursuant to s. 409.25659, F.S., be made confidential and exempt until such time as the department determines whether a match is made with regards to a person who owes child support. Such information regarding those persons who do not receive a match is personal and of a private nature. Gathering and maintaining personal information on persons for purposes of child support enforcement, when such persons do not owe child support, could be considered an intrusion into the right of one's privacy, especially since those persons are unaware that a government agency has collected such information.<sup>22</sup>

The Legislative findings stated that if such information is not made confidential and exempt until the time specified, the effective and efficient administration of the insurance claim data exchange program could be jeopardized.<sup>23</sup>

The Legislative findings also noted that insurers might be less likely to provide the department with information regarding insurance claims if the insurer has concerns that such information will be made available for public disclosure.<sup>24</sup>

### **Implementation of the Insurance Claim Data Exchange**

The department reports that they currently do not match data files with insurance companies pursuant to s. 409.25659, F.S., which went into effect on October 1, 2004. According to DOR, they immediately began taking steps to implement the statute by making contact with most of the top 25 insurers in the state. During this time, insurers were responding to claims resulting from damage caused during the 2004 hurricane season. Therefore, DOR decided to postpone working on the insurance claim data exchange initiative. The department did not re-initiate contact with the insurers and attempt to resume implementation activities due to its resources being otherwise dedicated to the statewide implementation of Phase I of the Child Support Enforcement Automated Management System (CAMS).<sup>25</sup>

In February 2006, the Deficit Reduction Act of 2005 was enacted by Congress. The Act amended federal law to authorize the Federal Department of Health and Human Services (HHS) to compare information concerning individuals owing past-due child support with information maintained by insurers concerning insurance claims, settlements, awards, and payments. The Act further allows HHS to furnish information resulting from the data matches to state agencies responsible for child support enforcement.<sup>26</sup>

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<sup>20</sup> Section 409.25661(1), F.S.

<sup>21</sup> Section 409.25659(5), F.S.

<sup>22</sup> Chapter 2004-339, L.O.F.

<sup>23</sup> *Id.*

<sup>24</sup> *Id.*

<sup>25</sup> Letter from Bob McKee, Deputy Executive Director, Department of Revenue, to PK Jameson, Staff Director, Senate Committee on Children, Families, and Elder Affairs (Sept. 5, 2008)(on file with committee staff).

<sup>26</sup> *Id.*

Rather than re-engage insurers in the implementation of s. 409.25659, F.S., the department chose to monitor the results of a federal workgroup charged with implementing the nationwide insurance data match program in other states before implementing the federal program in Florida.<sup>27</sup>

The department submitted the participation form to the Federal Office of Child Support Enforcement on September 8, 2008 and began receiving matches on October 10. As of December 4, 2008, DOR had received 530 matches from the new program. Approximately 47 percent of these matches had already been received by the department through other means.<sup>28</sup>

The department plans to integrate the federal data into CAMS on or after the statewide implementation of CAMS Phase II in March 2011.<sup>29</sup>

### **III. Effect of Proposed Changes:**

The bill reenacts and saves from repeal s. 409.25661, F.S., allowing the information obtained through the Insurance Data Exchange System to remain confidential and exempt from public disclosure.

### **IV. Constitutional Issues:**

#### **A. Municipality/County Mandates Restrictions:**

None.

#### **B. Public Records/Open Meetings Issues:**

The proposed committee bill would retain the exemption specified in s. 409.25661, F.S., for specific information obtained by DOR through its Insurance Data Exchange System established pursuant to s. 409.25659, F.S., regarding an individual who has a claim against an insurance company

#### **C. Trust Funds Restrictions:**

None.

#### **D. Other Constitutional Issues:**

None.

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<sup>27</sup> *Id.*

<sup>28</sup> Email from Debbie Thomas, Department of Revenue, to the Senate Committee on Children, Families, and Elder Affairs, (December 4, 2008, 8:21 AM)(on file with the committee).

<sup>29</sup> *Id.*

**V. Fiscal Impact Statement:**

## A. Tax/Fee Issues:

None.

## B. Private Sector Impact:

None.

## C. Government Sector Impact:

None.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

The department stated its concern that due to the newness of the federal program, the repeal of the voluntary program established in s. 409.25659, F.S., would eliminate Florida's ability to implement a state program if the federal program failed to gain an abundance of insurance company participation. The department reports that they should be able to determine the success of the federal program by January 2010.

**VIII. Additional Information:**

## A. Committee Substitute – Statement of Substantial Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

## B. Amendments:

None.