



THE FLORIDA SENATE

SELECT COMMITTEE ON PATIENT PROTECTION AND AFFORDABLE CARE ACT

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March 18, 2013

The Honorable Don Gaetz
President of the Senate
404 S. Monroe Street
409, The Capitol
Tallahassee, FL 32399-1100

Dear Mr. President:

During the last four months, the Senate Select Committee on the Patient Protection and Affordable Care Act (PPACA), with your guidance, has conducted a comprehensive assessment of the impacts of the federal law on Florida and the policy options provided to the State. We have completed our review of the policy areas we determined required evaluation and I am informing you of the Select Committee's final two recommendations for your consideration.

First, the Select Committee held discussions regarding how to address the differences between current state insurance regulations and those in PPACA. As of January 2014, insurers are required to comply with new federal regulations on the scope of coverage and the methods used to set rates. Current state law requires prior review and approval of all health insurance sold in Florida. However, at the present time, Florida's Office of Insurance Regulation (OIR) is not authorized to review or enforce PPACA requirements.

PPACA authorizes numerous requirements for health insurance that will substantially change the products offered in Florida and the premiums necessary to purchase these products. The Select Committee recommends a targeted approach to authorize OIR to review policy forms for compliance with PPACA requirements and a temporary suspension of OIR's authority to approve rates for non-grandfathered plans. Further, the Select Committee recommends that Senator Simmons propose a committee bill originating in the Banking and Insurance Committee to implement the Select Committee's recommendation.

In addition to this recommendation, several Members of the Select Committee expressed their intent to continue working with Senator Simmons to ensure that the Florida Department of Financial Services' Division of Consumer Services establishes strong consumer advocacy, to continue reviewing model legislation proposed in other states, and to examine the costs associated with OIR continuing its review of rates.

The Select Committee's recommendation seeks to protect Florida's consumers while recognizing the significant role of the federal government in establishing new requirements for health insurers. At the same time, OIR should maintain consumer protections through the form review process, monitor the changes in rates during this transition period, and assist consumers to understand the factors impacting their insurance premiums.

The Select Committee also considered the impacts of PPACA on the State Group Health Insurance plan. Starting in 2014, employers with at least 50 full-time employees will face penalties for 1) not providing adequate coverage, or 2) not providing affordable coverage. The State of Florida employs more than 183,000 employees in state agencies and the state university system who are eligible to participate in the State Employee's Group Health Insurance program. Approximately 170,000 of those employees were enrolled in the plan as of January 2013.

Under current state law, Other Personal Services (OPS) employees may not participate in State Group Health Insurance. There are approximately 8,700 OPS employees employed by state agencies and the state university system, according to the February 2013 Self-Insurance Estimating Conference. Penalties for failing to offer affordable health insurance to these workers are estimated at \$321.8 million annually.

The Select Committee recommends extending the current State Group Health Insurance plan options to OPS employees with similar cost sharing as full-time employees.

In addition, it has come to our attention the federal law imposes a tax on plans that exceed certain cost levels. If the current State Group plan is not modified before 2018, Florida will be subject to the "Cadillac plan tax." For this reason, the Select Committee also recommends directing the Department of Management Services to begin a comprehensive evaluation of our current plan design in the coming year to identify ways to modernize the plan and avoid unnecessary costs.

Subject to your approval and continued direction, the work of the Select Committee is now complete. On behalf of the Members of the Select Committee, thank you for your trust and for the opportunity to serve on this important committee. Should any further issues arise that you believe require the review of the Select Committee, we remain committed to implementing your guiding principles for Florida's response to the Affordable Care Act: protecting individual choice; limiting the regulatory burdens on Florida's businesses; and promoting better value in health care purchasing.

Sincerely yours,



Joe Negron, Chair