



Florida Insurance Council
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An Insurance Industry
Backgrounder

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2008 Health Insurance Expansion Initiatives

Foreword

Expanding health care was the top priority of Governor Charlie Crist during the 2008 legislative session. The governor was successful in passing an ambitious package to provide health care for the uninsured as well as a requirement that large group insurers begin providing coverage for autism.

Cover Florida is Crist's proposal to lower the number of uninsured residents in the state and it was included in a comprehensive health insurance bill that creates other efforts to help Floridians get health coverage. The provisions in the bill take dead aim at an embarrassing statistic for Florida: an average 20.3 percent of the residents were uninsured between 2004 and 2006, according to the

United States Census, one of the highest uninsured rates in the nation.

Crist's plan was passed by the Legislature in SB 2534, which also included other options to lower the uninsured population - the House's *Healthy Choices* program, expansion of the *Health Flex* program, allowing certain adult children to stay on their parents' health insurance policies to an older age, and the elimination of income restrictions in the state's *KidCare* program. Passed in a separate bill was a major initiative to increase options for treatment of children with autism.

This Florida Insurance Council backgrounder contains a timeline with major implementation dates and other details that have emerged since passage of the various initiatives in late May.

Cover Florida

Some of the state's largest health insurance providers have been at the tables in the early rounds of *Cover Florida* discussions including Blue Cross and Blue Shield of Florida, Aetna, and United.

The Agency for Health Care Administration released its "Invitation to Negotiate" on July 2. The goal - according to the timeline

Please See
COVER FLORIDA, page 3

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**This report
includes:**

**Upcoming Health
Insurance/Health
Care Deadlines &
Effective Dates**

**Cover Florida:
Insurer Proposals
due August 12**

**Florida Health Flex
Extension and
Expansion**

**Autism Compact
or 2010 Mandate**

Florida Health Flex Extension & Expansion

Upcoming Health Insurance/ Health Care Deadlines & Effective Dates

August 12– Deadline for submission of Cover Florida proposals.

August 22– Office of Insurance Regulation meeting to begin development of the Autism Compact.

October 1– Effective date of expanded eligibility for adult children for coverage on their parents' health insurance policy.

October 1– AHCA announces which insurers have been selected to offer Cover Florida plans.

January 1, 2009– Cover Florida insurance programs take effect.

February 1, 2009– Florida KidCare reports to the Legislature on “full pay children.”

March 3, 2009 – Session begins and oversight of implementation of 2008 initiatives will be a key health insurance priority.

April 1, 2009 – Autism Compact due date.

April 1, 2010– Specific state mandate for autism kicks in.

The unsuccessful *Health Flex* program was set to expire this July but the Legislature reenacted it for another five years and, moreover, expanded the number of eligible Floridians by increasing the income limits.

Health Flex was touted as an low cost alternative to traditional health insurance by former Gov Jeb Bush, but the program - which encouraged providers, counties, HMOs, insurance companies or others to develop products that the very poor would want to buy - has produced little results to date.

Advocates of the *Health Flex* approach say the income eligibility requirements were too restrictive for the plan to work. The Legislature this year agreed to expand the program effective July 1 to allow people earning 300 percent of the federal poverty level to join, or \$63,600 for a family of four, up from the 200 percent poverty guideline that was in place before.

According to a 2008 annual report, there were five approved *Health Flex* plans in the state, all in South Florida. American Care - a physician group in Miami - had an enrollment of 42 members as of last December; the South Florida HMO, Preferred medical Plan, had 16 individuals; and *JaxCare*—one of the more successful plans— had ceased accepting new enrollees and its enrollment had dipped to 769

people who worked for smaller firms.

Jackson Memorial Hospital had converted its free indigent care program to a *Health Flex* plan in hopes of collecting some premium for the coverage. However, as of last December, the lion's share of the 778 members enrolled in the Jackson supported plan didn't contribute to the premium. JMH reported to the state that just 11 people contributed to the costs for the care and that nine of them were still receiving subsidies to pay for the care.

The fifth *Health Flex* plan—Vita in Palm Beach County—had an enrollment of 675.

Allowing people who earn more money to join the program and allowing the mandate-free plans to be sold to more people could prove to be an attractive market for the insurance industry. The *Health Flex* expansions were supported by business interests like the Florida Chamber and others.

AHCA press secretary Fernando Senra reports that as of June 30, there had been no new applications filed from insurance companies or health care providers to become a *Health Flex* plan. However, media reports have surfaced that Vita Health - administered by the Palm Beach County Health District - plans on expanding its coverage through the program.

Expanded Dependent Children Coverage/KidCare

All insurers have the option to offer coverage to children up to the age of 30 who are dependent on their parents in certain circumstances. This will be a mandated offering for policies issued on or after October 1, 2008, and only

applies to policies with dependent coverage, not individual plans. The health care bill also eliminated the ban on participation in the *KidCare* program for more affluent folks. For the first time since the program was conceived in the

early 1990s it is open to all uninsured children, regardless of income eligibility. Families whose income exceeds 200 percent of the federal poverty level who opt for *KidCare* coverage will have to pay the full \$130 monthly costs of coverage.

Governor Crist has said coverage would be \$100 for the more basic plan and \$150 for the more comprehensive plan.

Cover Florida **Continued from page 1**

established in the 49-page ITN - is to announce the names of the plans and providers the state will choose by October 1 in order to have coverage in effect on January 1. To that end, AHCA has asked that anyone who has an interest in participating in the *Cover Florida* program submit their proposal by August 12. The state will approve at least one vendor to offer the *Cover Florida Plan* statewide and may approve regional plans to better maximize consumer choice.

Under the *Cover Florida* plan Floridians would be able to purchase health insurance for as little as \$150 a month, the governor's office says. The costs would be low because the state would solicit bids from health insurance companies that would be authorized to sell stripped-down health insurance. *Cover Florida* plans would not include the 50 or so mandates required under current law, but would still have to cover many of the basics. The law

requires that at least two plans be offered to uninsured individuals: a basic and a catastrophic plan.

Crist has said coverage would be \$100 for the more basic plan and \$150 for the more comprehensive plan.

At a meeting July 22 in Tallahassee insurers, HMO, hospitals and other health care providers and lobbyist were able to query a trio of people in charge of negotiating the *Cover Florida* plan on behalf of Governor Crist. The meeting was a follow up opportunity for the plans, which also were asked to submit questions in writing regarding the ITN. On July 30 AHCA posted answers to those questions.

A copy of the questions and answers can be found on the FIC Web site at: www.flains.org. Once there, click on the "Insurance Media" section on the lower right hand side of the home page, then follow the links to the *Cover Florida* documents and look for the "State Provides Answers to Questions on Cover Florida."

An Insurance Industry
Background

Florida Marketplace

In addition to the other programs the Legislature also approved the Florida Marketplace plan. The idea is to allow HMOs, provider sponsored networks, chiropractors, dentists or even massage therapists to sell mandate-free health plans in a virtual marketplace administered by the state. The coverage would be tailored to suit whatever a provider wanted to sell and an employee wanted to buy and would be paid for with pre-tax dollars. Only employees who work for firms would be entitled to access to the marketplace.

The marketplace is governed by a board, which has not been appointed.

The 15-member board of directors includes the secretaries of AHCA and the Department of Management Services, along with the Commissioner of the Office of Insurance Regulation. Four members will be appointed by the governor, four by the Senate President and four by the House Speaker.

There are no requirements on when the board must be named but the law does require that the board - in cooperation with the Florida Department of Revenue - establish tax credits or refunds for employers that participate in the program. A report on the tax credits is due January 1, 2009. Additionally, beginning FY 09-10, the board must submit an annual report to the governor and legislative leadership on its activities.

Autism Compact or 2010 Mandate: Window of Opportunity Act

SB 2654 established the “Window of Opportunity Act,” and authorized the Office of Insurance Regulation to convene a workgroup that includes health insurance carriers, self-insured employers, two designees of the Governor, one designee of the President of the Senate, and one designee of the Speaker of the House of Representatives.

The workgroup will negotiate an agreement, or Autism Compact, among insurers and HMOs that will include increased coverage for therapies and behavior analysis, improved information to consumers regarding covered therapies, and protection for consumers denied claims due to developmental disabilities. Additionally, consumer advisors will have the opportunity to review the agreement before it is finalized.

The legislation also creates, under the “Steven A. Geller Autism Coverage Act,” a mandated benefit for autism coverage which will apply to any carrier that does not comply with the compact by April 1, 2010. The mandated

benefit includes a \$36,000 annual maximum and \$200,000 lifetime maximum for screening and therapy for autism.

The Steven Geller mandate will apply to insurers providing coverage to large firms, and to children who were diagnosed before age 8.

Gov. Crist has two appointments to the Autism/DD committee, one of which must be a consumer, while House Speaker Marco Rubio and Senate President Ken Pruitt each have one. Pruitt already made his appointment - Dr. Jack Scott, director of the Florida Atlantic University Center for Autism & Related Disorders.

The law requires that representatives of insurance companies, HMOs and self insured businesses also be appointed to the workgroup.

The second workgroup - charged with collecting public input - will serve in an advisory capacity to the first workgroup.

An inaugural meeting is scheduled for August 22 in Tallahassee.