Session Law 84-235

Florida Senate & House of Representatives

Follow this and additional works at: https://ir.law.fsu.edu/staff-analysis

Part of the Legislation Commons

Recommended Citation


This Article is brought to you for free and open access by the Florida Legislative Documents at Scholarship Repository. It has been accepted for inclusion in Staff Analysis by an authorized administrator of Scholarship Repository. For more information, please contact efarrell@law.fsu.edu.
(c) Possessing a current instructor's certificate from one of the following:
1. The Criminal Justice Standards and Training Commission.
3. A branch of the military service of the United States.
4. Any recognized federal, state, county, or municipal police academy recognized as such by the Criminal Justice Standards and Training Commission or the Florida Department of Education.

Section 5. Subsection (7) of section 493.313, Florida Statutes, is amended to read:

493.313 Renewal of license. --

(7) Before a Class "G" license is renewed, the licensee shall be required to complete not less than 8 6-or-more-than-8 hour training taught and administered by a firearms instructor licensed by the department and fulfill such other health and training requirements which the department shall adopt by rule.

Section 6. This act shall take effect October 1, 1984.

Approved by the Governor June 18, 1984.

Filed in Office Secretary of State June 19, 1984.

CHAPTER 84-234

House Bill No. 326

An act relating to uniform traffic control; amending ss. 316.008, 316.1955, and 316.1956, F.S.; authorizing counties and municipalities to impose increased fines for violations relating to parking spaces provided for the disabled by governmental and nongovernmental entities; revising requirements for signs indicating parking spaces for disabled persons; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Subsection (4) is added to section 316.008, Florida Statutes, to read:

316.008 Powers of local authorities.--

(4) A county or municipality may enact an ordinance providing a fine for violation of s. 316.1955 or s. 316.1956 in excess of that specified by s. 318.18(2), except that such fine shall not exceed $100.

Section 2. Paragraph (b) of subsection (5) of section 316.1955, Florida Statutes, is amended to read:

316.1955 Parking spaces provided by governmental agencies for certain disabled persons.--

CHAPTER 84-235

Committee Substitute for House Bill No. 530

An act relating to insurance; creating s. 626.9545, F.S., authorizing health insurance improperly incentive programs; amending s. 627.410, F.S., requiring the filing of certain health insurance rating manual, schedules, manual changes, schedule changes, and rates and rate changes; providing
exemptions; creating s. 627.4115, F.S., authorizing examination of health insurers by the Department of Insurance; providing for the acceptance of similar examinations; creating s. 627.4231, F.S., requiring health insurance policies and health care services plans to contain certain cost containment measures; amending s. 627.4235, F.S., requiring coordination among group coverages; creating s. 627.429, F.S., requiring certain health insurance policies to provide out-of-hospital coverage equal to in-hospital coverage under certain circumstances; amending s. 627.659, F.S., including certain policies or contracts within the term blanket health insurance; creating s. 627.916, F.S., requiring insurers to file annual reports with the Department of Insurance regarding the implementation of cost containment measures; providing for rules and the analysis of data reported; providing for review and repeal; providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Section 626.9545, Florida Statutes, is created to read:

626.9545 Improper charge identification incentive program.--No section or provision of the Florida Insurance Code shall be construed as prohibiting an insurer from establishing a financial incentive program for remunerating a policyholder or an insured person with a selected percentage or stated portion of any health care charge identified by the policyholder or the insured person as an error or overcharge if the health care charge is recovered by the insurer. The financial incentive program shall be written and shall be available for inspection by the department.

Section 2. Subsection (6) is added to section 627.410, Florida Statutes, to read:

627.410 Filing, approval of forms.--

(6) (a) An insurer shall not deliver or issue for delivery or renew in this state any health insurance policy form until it has filed with the department a copy of any applicable rating manuals, rating schedules, change in rating manuals, and change in rating schedules, and, where rating manuals and rating schedules are not applicable, the insurer shall file with the department applicable premium rates and any change in applicable premium rates.

(b) The department may establish by rule for each type of health insurance form, procedures to be used in ascertaining the reasonableness of benefits in relation to premium rates and may, by rule, exempt from any requirement of paragraph (a) any health insurance policy form or type thereof as specified in such rule to which such requirements may not be practically applied or the application of which requirements are not desirable or necessary for the protection of the public. With respect to any health insurance policy form or type thereof which is exempted by rule from any

requirements of paragraph (a), premium rates filed pursuant to ss. 627.640 and 627.662 shall be for informational purposes.

(c) Every filing made pursuant to this subsection shall be made within the same time period and shall be deemed to be approved under the same conditions as those provided in subsection (2).

Section 3. Section 627.4115, Florida Statutes, is created to read:

627.4115. Health insurer examinations.—The department may examine each authorized health insurer which transacts health insurance in this state. The purpose of the examination is to ascertain compliance by the insurer with the applicable provisions of this chapter. In lieu of the examination, the department may accept the report of a similar examination made by the insurance supervisory official of this state or another state. The reasonable cost of the examination shall be paid by the person examined, and such person shall be subject to the provisions of s. 624.320. Any examination shall also be subject to the applicable provisions of ss. 624.318, 624.319, 624.321, and 624.322. The length of an examination under this section shall not exceed ten working days, shall not be conducted more often than annually, and shall not be conducted during the same calendar year as a market conduct examination conducted by the department, except in those cases where the department has prima facie evidence of a violation of this chapter or of Chapter 626 and the violation is of a nature so as to provide an immediate danger to the insurance consuming public.

Section 4. Section 627.4231, Florida Statutes, is created to read:

627.4231. Health insurance cost containment provisions required.—No health insurance policy, or health care services plan, providing medical, hospital, or surgical expense coverage shall be issued or issued for delivery in this state unless the policy or plan contains one or more of the following procedures or provisions to contain health insurance costs or cost increases:

(1) Coinsurance.

(2) Deductible amounts.

(3) Utilization review.

(4) Required second opinions for elective or nonemergency surgery.

(5) Audits of provider bills to verify that services and supplies billed were furnished and that proper charges were made.

(6) Scheduled benefits.

(7) Benefits for preadmission testing.

(8) Provisions for any lawful measure or combination of measures for which information is provided to the department demonstrating a reasonable expected effect toward containing health insurance costs or cost increases.
Section 5. Section 627.4235, Florida Statutes, is amended to read:

627.4235 Coordination of benefits.--

(1) No group hospital, medical, or surgical expense policy, group health care services plan, or group-type self-insurance plan providing protection or indemnity against hospital, medical, or surgical expenses shall be issued, or issued for delivery, in this state unless the policy or plan contains a provision for coordinating its benefits with any similar benefits provided by any other group hospital, medical, or surgical expense policy, group health care services plan, or group-type self-insurance policy providing protection or indemnity against hospital, medical, or surgical expenses for the same loss which shall contain any provision whereby the insurer may reduce or refuse to pay benefits otherwise payable thereunder solely on account of the existence of similar benefits provided under any individual health insurance policy which is issued by the same or another insurer and which is subject to any of the provisions of part VI.

(2) No group hospital, medical, or surgical expense policy, group health care services plan, or group-type self-insurance plan providing protection or indemnity against hospital, medical, or surgical expenses shall be issued, or issued for delivery, in this state after October 1, 1974, which shall contain any provision whereby the insurer may reduce or refuse to pay benefits otherwise payable thereunder solely on account of the existence of similar benefits provided under group insurance policies issued by the same or another insurer, health care services plans, group hospital, medical, or surgical expense plans, or group-type self-insurance plan plans providing protection or indemnity against hospital, medical, or surgical expenses unless it is a condition of coordinating benefits with another insurer, the insurers together pay 100 percent of the total reasonable expenses actually incurred of the type of expense within the benefits described in the policies policy and presented to the insurer for payment.

The standards provided in subsection (2) shall be applicable in coordinating benefits payable under Medicare, Title XVIII of the Social Security Act.

(4) When a claim is submitted in accordance with any group hospital, medical, or surgical expense policy, group health care services plan, or group-type self-insurance plan providing protection, insurance, or indemnity against hospital, medical, or surgical expenses; and the policy or any other document providing coverage includes a coordination-of-benefits provision; and such claim involves another policy or plan which has a coordination-of-benefits provision, the following rules shall be used to determine the order in which benefits under the respective health policies or plans shall be determined:

(a) The benefits of a policy or plan which covers the person on whose expenses the claim is based shall be determined before the benefits of any other policy or plan which covers such person as a dependent.

(b) The benefits of such a policy or plan which covers the person on whose expenses the claim is based, as a dependent of a male person

(5) No coordination of benefits shall be permitted against an indemnity-type policy, an excess insurance policy as defined in s. 627.429, a policy with coverage limited to specified illnesses or accidents, or a Medicare supplement policy.

Section 6. Section 627.429, Florida Statutes, is created to read:

627.429 Health insurance out-of-hospital benefits.--No health insurance policy providing coverage on a medical, hospital, or surgical expense incurred basis shall be delivered or issued for delivery in this state unless coverage is provided for treatment performed outside of a hospital for any accident or illness as defined in the policy, provided that such treatment would have been covered on an inpatient basis and it is provided by a health care provider whose services would have been covered under the policy if
the treatment were performed in a hospital and further provided that
treatment of the accident or illness is medically necessary and is
provided as an alternative to treatment on an inpatient basis in a
hospital. Reimbursement may be limited to amounts reasonable for
treatment or services provided and may be limited by any deductible
and coinsurance provisions of the policy.

Section 7. Subsection (7) is added to section 627.659, Florida
Statutes, to read:

627.659 Blanket health insurance; eligible groups.—Blanket
health insurance is that form of health insurance covering special
groups of individuals as enumerated in one of the following
subsections:

(7) Under a policy or contract issued in the name of a health
care provider, which shall be deemed the policyholder covering
patients. This coverage may be offered to patients of a health care
provider, but shall not be made a condition of receiving care. The
benefits provided under such policy or contract shall not be
assignable to any health care provider.

Section 8. Section 627.916, Florida Statutes, is created to read:

627.916 Reports of information by health insurers required.—

(1) Every insurer transacting health insurance in this state
shall report annually to the department, not later than April 1,
information relating to any measure the insurer has implemented or
proposed to implement during the next calendar year for the purpose
of containing health insurance costs or cost increases. Reports
shall identify each measure, the forms to which the measure is
applied, provide an explanation as to how the measure is used, and
provide an estimate of the cost effect of the measure.

(2) The department shall promulgate forms to be used by insurers
in reporting information pursuant to this section and shall utilize
such forms to analyze the effects of health care cost containment
programs used by health insurers in this state.

(3) The department shall analyze the data reported under this
section and shall annually make available to the public a summary of
its findings as to the types of cost containment measures reported
and the estimated effect of these measures.

Section 9. Each section which is added to chapter 626, Florida
Statutes, by this act is repealed on October 1, 1990, and shall be
reviewed by the Legislature pursuant to s. 11.61, Florida Statutes.

Section 10. Each section which is added to chapter 627, Florida
Statutes, by this act is repealed on October 1, 1992, and shall be
reviewed by the Legislature pursuant to s. 11.61, Florida Statutes.

Section 11. This act shall take effect October 1, 1984, except
that the amendments to s. 627.4235(4)(b) shall take effect October 1,
1985 and shall apply to claims incurred on or after that date.

Approved by the Governor June 18, 1984.

Filed in Office Secretary of State June 19, 1984.

An act relating to the security of data and information
technology resources; establishing the responsibilities of
state agencies, the Board of Regents, the Supreme
Court, the Information Resource Commission, and the
Department of General Services; providing for
confidentiality of certain information; providing
exceptions; providing an effective date.

WHEREAS, the data and information collected and maintained by
state government are assets which require protection, and

WHEREAS, the increasing use of information technology in state
government requires a systematic risk-management approach to minimize
the increased security threats to data and information technology
resources, and

WHEREAS, it is desirable to create a greater awareness regarding the
importance of the security of state government data and
information technology resources, NOW, THEREFORE,

Be It Enacted by the Legislature of the State of Florida:

Section 1. This act may be cited as the "Security of Data and
Information Technology Resources Act."

Section 2. Definitions.—As used in this act:

(1) "Department" means the principal administrative unit within
the executive branch of state government as defined in chapter 20,
Florida Statutes. For the purposes of this act, the State Board of
Administration, the Executive Office of the Governor, and the Game
and Fresh Water Fish Commission shall be considered departments.

(2) "Head of a department" means the individual or board in
charge of the department.

(3) "Information technology resources" means data processing
hardware, software, and services, supplies, personnel, facility
resources, maintenance, training, or other related resources.

Section 3. Responsibilities.—

(1) Each head of a department is responsible for assuring an
adequate level of security for all data and information technology
resources within his department. To carry out this responsibility,
at a minimum, he shall:

(a) Designate an information security manager who shall
administer the department's security program for data and information
technology resources.
By Representatives Bell, Abrams, and Lippman

A bill to be entitled
An act relating to insurance; creating s. 626.9545, F.S., authorizing health insurance improper charge identification incentive programs; amending s. 627.410, F.S., requiring the filing of certain health insurance rating manuals, schedules, manual changes, schedule changes, and rates and rate changes; providing exemptions; creating s. 627.4115, F.S., authorizing examination of health insurers by the Department of Insurance; providing for the acceptance of similar examination reports; creating s. 627.4231, F.S., requiring health insurance policies and health care services plans to contain certain cost containment measures; amending s. 627.4235, F.S., requiring coordination among group coverages; permitting the coordination of other health insurance coverages; requiring that any coordination be among similar benefits and making other changes with respect to the coordination of benefits; creating s. 627.429, F.S., requiring certain health insurance policies to provide out-of-hospital coverage equal to in-hospital coverage under certain circumstances; creating s. 627.916, F.S., requiring health insurers to file annual reports with the Department of Insurance regarding the implementation of cost containment measures; providing for rules and the analysis of data reported; providing for review and repeal; providing an effective date.

CODING Words in struck through type are deletions from existing law, words underlined are additions.
Be It Enacted by the Legislature of the State of Florida:

Section 1. Section 626.9545, Florida Statutes, is created to read:

626.9545 Improper charge identification incentive program. — No section or provision of the Florida Insurance Code shall be construed as prohibiting an insurer from establishing a financial incentive program for remunerating a policyholder or an insured person with a selected percentage or stated portion of any health care charge identified by the policyholder or the insured person as an error or overcharge if the health care charge is recovered by the insurer. The financial incentive program shall be written and shall be available for inspection by the department.

Section 2. Subsection (6) is added to section 627.410, Florida Statutes, to read:

627.410 Filing, approval of forms. —

(6)(a) An insurer shall not deliver or issue for delivery or renew in this state any health insurance policy form until it has filed with the department a copy of any applicable rating manuals, rating schedules, change in rating manuals, and change in rating schedules and, where rating manuals and rating schedules are not applicable, the insurer shall file with the department applicable premium rates and any change in applicable premium rates.

(b) The department may establish by rule, for each type of health insurance form, procedures to be used in ascertaining the reasonableness of benefits in relation to premium rates and may, by rule, exempt from any requirement of paragraph (a) any health insurance policy form or type thereof as specified in such rule to which such requirements may not

CODING: Words not struck through type are deletions from existing law. Words underlined are additions.
be practically applied or the application of which requirements are not desirable or necessary for the protection of the public. With respect to any health insurance policy form or type thereof which is exempted by rule from any requirements of paragraph (a), premium rates filed pursuant to ss. 627.640 and 627.662 shall be for informational purposes.

(c) Every filing made pursuant to this subsection shall be made within the same time period and shall be deemed to be approved under the same conditions as those provided in subsection (2).

Section 3. Section 627.4115, Florida Statutes, is created to read:

627.4115 Health insurer examinations.--As often as it deems necessary, the department shall examine each authorized health insurer which transacts health insurance in this state. The purpose of the examination is to ascertain compliance by the insurer with the applicable provisions of this chapter. In lieu of the examination, the department may accept the report of a similar examination made by the insurance supervisory official of this state or another state. The reasonable cost of the examination shall be paid by the person examined, and such person shall be subject to the provisions of s. 624.320. Any examination shall also be subject to the applicable provisions of ss. 624.318, 624.319, 624.321, and 624.322.

Section 4. Section 627.4231, Florida Statutes, is created to read:

627.4231 Health insurance cost containment provisions required.--No health insurance policy, or health care services plan, providing medical, hospital, or surgical expense coverage shall be issued or issued for delivery in this state...
unless the policy or plan contains one or more of the following procedures or provisions to contain health insurance costs or cost increases:

1. Coinsurance.
2. Deductible amount.
3. Utilization review.
4. Required second opinions for elective or nonemergency surgery.
5. Audits of provider bills to verify that services and supplies billed were furnished and that proper charges were made.
7. Benefits for preadmission testing.
8. Provisions for any lawful measure or combination of measures for which information is provided to the department demonstrating a reasonable expected effect toward containing health insurance costs or cost increases.

Section 5. Subsections (1) and (2) of section 627.4235, Florida Statutes, are amended, subsections (3) and (4) are renumbered as subsections (4) and (5), respectively, and new subsections (3) and (6) are added to said section, to read:

627.4235 Coordination of benefits.--

(1) No group hospital, medical, or surgical expense policy, group health care services plan, or group-type self-insurance plan providing protection or indemnity against hospital, medical, or surgical expenses shall be issued, or issued for delivery, in this state unless the policy or plan contains a provision for coordinating its benefits with any similar benefits provided by any other group hospital, medical, or surgical expense policy, group health

__ CODING: Words in struck through type are deletions from existing law; words underlined are additions. __
care services plan, or group-type self-insurance plan

providing protection or insurance against hospital, medical,
or surgical expenses for the same loss which shall contain any

provision whereby the insurer may reduce or refuse to pay

benefits otherwise payable thereunder solely on account of the

existence of similar benefits provided under any individual

health insurance policy which is issued by the same or another

insurer and which is subject to any of the provisions of part V.

(2) No group hospital, medical, or surgical expense

policy, group health care services plan, or group-type self-

insurance plan providing protection or insurance or

indemnity against hospital, medical, or surgical expenses

shall be issued or issued for delivery in this state after

October 1, 1974, which shall contain any provision whereby the

insurer may reduce or refuse to pay benefits otherwise payable

thereunder solely on account of the existence of similar

benefits provided under group insurance policies issued by the

same or another insurer, health care services plan group

hospital-medical-surgical-expense-plans, or group-type

self-insurance plan plans providing protection or insurance or

or indemnity against hospital, medical, or surgical expenses,

unless, as a condition of coordinating benefits with another

insurer, the insurers together pay 100 percent of the total

reasonable expenses actually incurred of the type of expense

within the benefits described in the policies policy and

presented to the insurer for payment.

(3) No hospital, medical, or surgical expense policy,

health care services plan, or self-insurance plan providing

protection or insurance against hospital, medical, or surgical

expenses shall be issued or issued for delivery in this state

CODING: Words in struck through type are deletions from existing law. Words underlined are additions.
which shall contain any provision whereby the insurer may reduce or refuse to pay benefits otherwise payable thereunder solely on account of the existence of benefits provided under an insurance policy issued by the same or another insurer, health care services plan, or self-insurance plan providing protection or insurance against hospital, medical, or surgical expenses, unless the coordination is among similar benefits.

(6) No coordination of benefits shall be permitted against an indemnity-type policy, an excess insurance policy as defined in s. 627.635, a policy with coverage limited to a specified illness or accident, or a Medicare supplement policy.

Section 6. Section 627.429, Florida Statutes, is created to read:

627.429 Health insurance out-of-hospital benefits.—No health insurance policy providing coverage on a medical, hospital, or surgical expense-incurred basis shall be delivered or issued for delivery in this state unless coverage is provided for treatment performed outside of a hospital on the same basis and to the same extent as would have applied to treatment performed in a hospital for any accident or illness as defined in the policy, provided that such treatment would have been covered on an inpatient basis and is provided by a health care provider whose services would have been covered under the policy if the treatment were performed in a hospital and further provided that treatment of the accident or illness is certified by the health care provider as being medically necessary and as being provided as an alternative to treatment on an inpatient basis in a hospital. An insurer may limit the coverage available on an out-of-hospital basis to an amount
not less than its expected expense on a hospital inpatient basis.

Section 7. Section 627.916, Florida Statutes, is created to read:

627.916 Reports of information by health insurers required.--

1. Every insurer transacting health insurance in this state shall report annually to the department, not later than April 1, information relating to any measure the insurer has implemented or proposes to implement during the next calendar year for the purpose of containing health insurance costs or cost increases. Reports shall identify each measure, the forms to which the measure is applied, provide an explanation as to how the measure is used, and provide an estimate of the cost effect of the measure.

2. The department shall promulgate forms to be used by insurers in reporting information pursuant to this section and shall utilize such forms to analyze the effects of health care cost containment programs used by health insurers in this state.

3. The department shall analyze the data reported under this section and shall annually make available to the public a summary of its findings as to the types of cost containment measures reported and the estimated effect of these measures.

Section 8. Each section which is added to chapter 626, Florida Statutes, by this act is repealed on October 1, 1990, and shall be reviewed by the Legislature pursuant to s. 11.61, Florida Statutes.

Section 9. Each section which is added to chapter 627, Florida Statutes, by this act is repealed on October 1, 1992.

CODING Words in struck through type are deletions from existing law, words underlined are additions
and shall be reviewed by the Legislature pursuant to § 11.61, Florida Statutes.

Section 10. This act shall take effect October 1, 1984.

**************************

HOUSE SUMMARY

Authorizes insurers to establish financial incentive programs to remunerate their policyholders or insureds who discover improper health care charges. Requires health insurers to file certain rating manuals and schedules with the Department of Insurance. Authorizes the department to exempt health insurance policies from the requirement if compliance is impractical or unnecessary. Requires the department to examine health insurers or, in lieu thereof, to accept reports of similar examinations. Requires health insurance policies and health care service plans to contain one or more specified procedures to contain health insurance costs or cost increases. Requires coordination of benefits among group hospital, medical, or surgical expense policies, group health care service plans, and group-type self-insurance plans. Authorizes coordination of benefits between such group policies and individual policies and plans. Requires coordination of certain benefits. Prohibits coordination of benefits against certain policies, including indemnity-type policies and Medicare. Requires certain health insurance policies to provide out-of-hospital benefits equal to those for in-hospital benefits under certain circumstances. Requires health insurers to file annual reports with the department with respect to health care cost-reducing measures undertaken. Provides for rules and analysis of data collected.

CODING Words struck through type are deletions from existing law, words underlined are additions.
A bill to be entitled

An act relating to insurance; creating s. 626.9545, F.S., authorizing health insurance improper charge identification incentive programs; amending s. 627.410, F.S., requiring the filing of certain health insurance rating manuals, schedules, manual changes, schedule changes, and rates and rate changes; providing exemptions; creating s. 627.4115, F.S., authorizing examination of health insurers by the Department of Insurance; providing for the acceptance of similar examination reports; creating s. 627.4231, F.S., requiring health insurance policies and health care services plans to contain certain cost containment measures; amending s. 627.4235, F.S., requiring coordination among group coverages; permitting the coordination of other health insurance coverages; requiring that any coordination be among similar benefits and making other changes with respect to the coordination of benefits; eliminating gender-based coordination provisions; creating s. 627.429, F.S., requiring certain health insurance policies to provide out-of-hospital coverage equal to in-hospital coverage under certain circumstances; creating s. 627.916, F.S., requiring health insurers to file annual reports with the Department of Insurance regarding the implementation of cost containment measures; providing for rules and the analysis of data.
reported; providing for review and repeal;
providing an effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Section 626.9645, Florida Statutes, is
created to read:

626.9645 Improper charge identification incentive
program.—No section or provision of the Florida Insurance
Code shall be construed as prohibiting an insurer from
establlishing a financial incentive program for remunerating a
policyholder or an insured person with a selected percentage
or stated portion of any health care charge identified by the
policyholder or the insured person as an error or overcharge
if the health care charge is recovered from the insurer. The
financial incentive program shall be written and shall be
available for inspection by the department.

Section 2. Subsection (6) is added to section 627.410, 1.2
Florida Statutes, to read:

627.410 Filing, approval of forms.—

(6)(a) An insurer shall not deliver or issue for
delivery or repay in this state any health insurance policy
form until it has filed with the department a copy of any
applicable rating manuals, rating schedules, change in rating
manuals, and change in rating schedules and, where rating
manuals and rating schedules are not applicable, the insurer
shall file with the department applicable premium rates and
any change in applicable premium rates.

(b) The department may establish by rule, for each
type of health insurance form, procedures to be used in
determining the reasonableness of benefits in relation to

CODING Words in capital through type are deficiencies from existing law; words underlined are additions.
premium rates and may, by rule, exempt from any requirement of
paragraph (a) any health insurance policy form or type thereof
as specified in such rule to which such requirements may not
be practically applied or the application of which
requirements are not desirable or necessary for the protection
of the public. With respect to any health insurance policy
form or type thereof which is exempted by rule from any
requirements of paragraph (a), premium rates filed pursuant to
ss. 627.640 and 627.662 shall be for informational purposes.

(c) Every filing made pursuant to this subsection
shall be made within the same time period and shall be deemed
to be approved under the same conditions as those provided in
subsection (2).

Section 3. Section 627.4115, Florida Statutes, is
created to read:

627.4115 Health Insurer examinations.--As often as it
deems necessary, the department shall examine each authorized
health insurer which transacts health insurance in this state.
The purpose of the examination is to ascertain compliance by
the insurer with the applicable provisions of this chapter.
In lieu of the examination, the department may accept the
report of a similar examination made by the insurance
supervisory official of this state or another state. The
reasonable cost of the examination shall be paid by the person
examined, and such person shall be subject to the provisions
of s. 624.320. Any examination shall also be subject to the
applicable provisions of ss. 624.318, 624.319, 624.321, and
624.322.

Section 4. Section 627.4231, Florida Statutes, is
created to read:

CODING: Words in struck through type are deletions from existing law, words underlined are additions.
§27.4231 Health insurance cost containment provisions required.—No health insurance policy, or health care services plan, providing medical, hospital, or surgical expense coverage shall be issued or issued for delivery in this state unless the policy or plan contains one or more of the following procedures or provisions to contain health insurance costs or cost increases:

1. Co-insurance.
2. Deductible amounts.
3. Utilization review.
4. Required second opinions for elective or non-emergency surgery.
5. Audits of provider bills to verify that services and supplies billed were furnished and that proper charges were made.
7. Benefits for preadmission testing.
8. Provisions for any lawful measure or combination of measures for which information is provided to the department demonstrating a reasonable expected effect toward containing health insurance costs or cost increases.

Section 5. Section 627.425, Florida Statutes, is amended to read:

627.4235 Coordination of benefits.—

(1) No group hospital, medical, or surgical expense policy, group health care services plan, or group-type self-insurance plan providing protection or insurance for indemnity against hospital, medical, or surgical expenses shall be issued or issued for delivery in this state unless the policy or plan contains a provision for coordinating its benefits with any similar benefits provided by any other group.
hospital, medical, or surgical expense policy, group health

[...]

(2) No group hospital, medical, or surgical expense

[...]

(3) No hospital, medical, or surgical expense policy,

[...]

CODING Words in struck through type are deletions from existing law, words underlined are additions.
expenses shall be issued or issued for delivery in this state which shall contain any provision whereby the insurer may reduce or refuse to pay benefits otherwise payable thereunder solely on account of the existence of benefits provided under an insurance policy issued by the same or another insurer, health care services plan, or self-insurance plan providing re
duction or insurance against hospital, medical, or surgical exp
enses, unless the coordination is among similar benefits. (a)(3) The standards provided in subsection (2) shall be applicable in coordinating benefits payable under Medicare, Title XVIII of the Social Security Act. (a)(4) When a claim is submitted in accordance with any group hospital, medical, or surgical expense policy, group health care service plan, or group-type self-insurance plan providing protection, insurance, or indemnity against hospital, medical, or surgical expenses; and the policy or any other document providing coverage includes a coordination-of-benefits provision; and such claim involves another policy or plan which has a coordination-of-benefits provision, the following rules shall be used to determine the order in which benefits under the respective health policies or plans shall be determined:
(a) The benefits of a policy or plan which covers the person on whose expenses the claim is based shall be determined before the benefits of any other policy or plan which covers such person as a dependent.
(b) The benefits of such a policy or plan which covers the person on whose expenses the claim is based, as a dependent of a male person whose birth and date of birth weights earlier in a calendar year, shall be determined before the benefits of a policy or plan which covers such person as a dependent.
dependent of a female person whose month and date of birth occurs later in a calendar year.

(c) In the event a claim is made for expenses incurred by a dependent child whose parents are separated or divorced, the following rules shall determine in which order benefits are payable:

1. When the parents are separated or divorced and the parent with custody of the child has not remarried, the benefits of a policy or plan which covers the child as a dependent of the parent with custody of the child will be determined before the benefits of a policy or plan which covers the child as a dependent of the parent without custody.

2. When the parents are divorced and the parent with custody of the child has remarried, the benefits of a policy or plan which covers the child as a dependent of the parent with custody shall be determined before the benefits of a policy or plan which covers that child as a dependent of the stepparent; and the benefits of a policy or plan which covers the child as a dependent of the stepparent will be determined before the benefits of the parent without custody.

3. Notwithstanding subparagraphs 1. and 2., if there is a court decree which would otherwise establish financial responsibility for the health care expenses with respect to the child, the benefits of a policy or plan which covers the child as a dependent of the parent with such financial responsibility shall be determined before the benefits of any other policy or plan which covers the child as a dependent child.

(d) When the rules in paragraphs (a), (b), and (c) do not establish an order of benefit determination, the benefits of a policy or plan which has covered the person on whose
expenses a claim is based for the longer period of time shall be determined before the benefits of a policy or plan which has covered such person for the shorter period of time.

6. No coordination of benefits shall be permitted against an indemnity-type policy, an excess insurance policy as defined in s. 627.635, a policy with coverage limited to specified illnesses or accidents, or a Medicare supplement policy.

Section 6. Section 627.429, Florida Statutes, is created to read:

627.429 Health insurance out-of-hospital benefits.—No health insurance policy providing coverage on a medical, hospital, or surgical expense-incurred basis shall be delivered or issued for delivery in this state unless coverage is provided for treatment performed outside of a hospital on the same basis and to the same extent as would have applied to treatment performed in a hospital for any accident or illness as defined in the policy, provided that such treatment would have been covered on an inpatient basis and is provided by a health care provider whose services would have been covered under the policy if the treatment were performed in a hospital and further provided that treatment of the accident or illness is certified by the health care provider as being medically necessary and as being provided as an alternative to treatment on an inpatient basis in a hospital. An insurer may limit the coverage available on an out-of-hospital basis to an amount not less than its expected expenses on a hospital inpatient basis.

Section 7. Section 627.916, Florida Statutes, is created to read:
627.916 Reports of information by health insurers

required.--

(1) Every insurer transacting health insurance in this state shall report annually to the department, not later than April 1, information relating to any measure the insurer has implemented or proposes to implement during the next calendar year for the purpose of containing health insurance costs or cost increases. Reports shall identify each measure, the forms to which the measure is applied, provide an explanation as to how the measure is used, and provide an estimate of the cost effect of the measure.

(2) The department shall promulgate forms to be used by insurers in reporting information pursuant to this section and shall utilize such forms to analyze the effects of health care cost containment programs used by health insurers in this state.

(3) The department shall analyze the data reported under this section and shall annually make available to the public a summary of its findings as to the types of cost containment measures reported and the estimated effect of these measures.

Section 8. Each section which is added to chapter 626, Florida Statutes, by this act is repealed on October 1, 1990, and shall be reviewed by the Legislature pursuant to s. 11.61, Florida Statutes.

Section 9. Each section which is added to chapter 627, Florida Statutes, by this act is repealed on October 1, 1992, and shall be reviewed by the Legislature pursuant to s. 11.61, Florida Statutes.

Section 10. This act shall take effect October 1, 1984.
Although the nationally recognized measure of inflation, the consumer price index or CPI, indicates that the general rate of inflation has decreased in recent months, health care costs continue to rise at rates substantially above the CPI. According to the U.S. Department of Health and Human Services, health care expenditures currently exceed $300 billion nationally, equivalent to more than 10% of America's gross national product. Projected national expenditures of $462 billion by 1985 and $821 billion by 1990 demonstrate the serious nature of the problem.

There are many reasons for such increased expenditures. The health care market is an atypical economic market due to the extensive third-party reimbursement system. In other words, because insurance pays a major portion of the cost of medical care, there is little cost pressure placed on consumers or providers of care. Further, the availability of insurance coverage tends to increase utilization of health delivery systems because the cost of overutilization is absorbed by the insurance coverage.

This bill is directed at enabling insurers to respond to the changing market for health insurance coverage and encouraging development by insurers of strategies designed to contain health care costs.
II. CURRENT LAW AND EFFECT OF CHANGES

The following is a section by section analysis of the provisions of CS/HB 530.

Section 1. Improper Charge Identification Incentive Program

Other than in section 110.1233 (adopted in 1983 and applicable only to the state's group health insurance program) Florida law does not address the problem of incorrect or improper charges by health care providers to insureds. This bill creates s. 627.9545 permitting insurers to establish financial incentive programs which should encourage insureds to examine provider charges and report improper or incorrect charges to the insurers. Specifically the bill states that no provision of the Insurance Code may be construed to prohibit establishment of such programs.

Section 2. Health Insurance Rates

Current law does not provide a specific requirement that insurers file or update rating manuals or schedules related to premiums for health insurance with the Department of Insurance. This bill amends s. 627.410 to require insurers to file rates and rate changes with the department. The bill provides that the department may exempt an insurer from such filing requirements if the requirements are impractical or unnecessary for the protection of the public. Further the bill permits the department to establish by rule, procedures to be used in determining reasonableness of benefits in relation to premium rates (as currently authorized by s. 627.411(2)).

Section 3. Health Insurer Examinations

This section creates s. 627.4115 to permit the department to examine health insurers in order to ascertain compliance with applicable insurance form and rate requirements and other requirements of chapter 627. Current law in s. 624.316 provides for examination of the financial aspects and market conduct of the insurer.

The health insurer examination authorized by this section may not exceed 10 working days, may not be conducted more often than annually, and may not be conducted during the same calendar year as a market conduct examination.

Section 4. Required Cost Containment Provisions

This bill creates s. 627.4231 to require that every health insurance policy issued or delivered in this state contain at least one of the cost containment provisions listed. Such provisions include coinsurance, deductibles, utilization review, required second opinion programs, provider charge audits, scheduled benefits, preadmission testing benefits or provisions for any other measures which can reasonably be expected to encourage health care cost containment.

Section 5. Coordination of Benefits

Current law in s. 627.4235 provides that, in cases where an insured is covered by more than one group health policy, the benefits of such policies may be coordinated to provide payment of 100% of covered expenses. However this provision does not require coordination nor does it provide for coordination of the benefits of individual health insurance contracts, which is currently prohibited.

This bill amends s. 627.4235 to require coordination among group health insurance policies containing similar benefits. The
bill removes the prohibition against coordinating group insurance benefits with individual health insurance benefits. Coordination would be prohibited against indemnity-type policies, excess insurance policies as defined in 627.635, specified accident or illness policies, or Medicare supplement policies.

Gender-based coordination provisions are eliminated so that when two policies are coordinated to provide coverage for a dependent, instead of the male's policy paying first, the policy of the oldest person would pay first.

The bill also provides that the benefits of a policy obtained through present employment shall be determined before the benefits obtained through previous employment.

Section 6. Outpatient Coverage

Currently Florida law provides only that health insurance must provide coverage for procedures performed in an ambulatory surgical center if such procedures would be covered were they performed on an inpatient basis in a hospital (ss. 627.6056 and 627.6616).

This bill creates s. 627.429 to require that health insurance benefits be paid for treatment provided outside a hospital setting when the treatment would have been covered on an inpatient basis and is provided by a health care provider whose services would have been covered under the policy if the treatment were performed in a hospital and further provided that the treatment is medically necessary and is provided as an alternative to hospitalization. The bill further provides that reimbursement may be limited to amounts reasonable for treatment or services provided and may be limited by any deductible and coinsurance provisions.

Section 7. Blanket Health Insurance

The bill amends s. 627.659 to allow blanket health insurance to be issued in the name of a health care provider, covering patients. Such coverage shall not be made a condition of receiving care.

Section 8. Insurer Reporting

This bill creates s. 627.916 to require that insurers annually report to the department the cost containment measures being utilized and an estimate of the cost effects of such measures. The bill requires the department to analyze and annually publish a summary of this information.

III. ECONOMIC IMPACT CONSIDERATIONS

A. PRIVATE SECTOR CONSIDERATIONS

Insurers who choose to establish improper charge audit programs may realize some savings depending on the extent of incorrect billing by health care providers.

The expense of the examination authority this bill grants to the department will be borne by the insurer being examined; however, the limited nature of the examination should serve to minimize such expense. The required rate filing and other reporting requirements should be, again, of minimal impact.

Provisions requiring inclusion of one cost containment measure in an insurance policy should be of little initial cost. It is expected that many policies already meet this requirement. This provision is directed primarily at those policies which
continue to contribute to the cost inflation problem through relatively unlimited benefits.

Outpatient treatment coverage requirements shall serve to reduce the necessity to hospitalize patients in order to qualify for insurance benefits. Over an extended period of time this should also lessen hospital expansion costs as more services are delivered outside the hospital setting and physical plant expansion requirements are reduced.

The amended coordination of benefits sections contained in the bill should enable insurers to better prevent overpayment of claims, thus acting to limit the increase in health insurance premiums.

B. PUBLIC SECTOR CONSIDERATIONS

The Department of Insurance should see little, if any, fiscal impact due to the provisions of this bill. The responsibilities assigned to the department by the bill are generally related to other duties the department currently performs.

IV. LEGISLATIVE HISTORY

A. ENACTED BILL

House Bill 530 was referred to the Commerce Committee and the Appropriations Committee. On March 6, 1984, the Subcommittee on Health Care and Life and Health Insurance unanimously approved the bill without amendment. On March 13, 1984, the Commerce Committee unanimously approved a committee substitute that incorporated four amendments. The only substantive amendment dealt with the elimination of gender-based provisions in the coordination of benefits section, explained in Section 5 above.

CS/HB 530 was withdrawn from Appropriations and was read for the first and second times on the floor of the House on May 7, 1984 (HJ 457). Nine amendments were adopted which included a rewrite of the health insurer examination section (s. 627.4115); a rewrite of the outpatient benefits section (s. 627.429); and an amendment to the coordination of benefits section (s. 627.4235) to provide that the benefits of a policy obtained through present employment shall be determined before benefits obtained through previous employment. On May 18, 1984, the bill was read for a third time and a tenth amendment was adopted which amended the blanket health insurance section (s. 627.659). The bill was passed as amended, 98-0 (HJ 470).

In the Senate, CS/HB 530 was substituted for CS/CS/SB 422 and passed 29-0 on June 1, 1984 (SJ 763).

On June 18, 1984, CS/HB 530 was approved by the Governor.

B. DISPOSITION OF COMPANION

Senate Bill 422 was referred to the Commerce Committee and to the Health and Rehabilitative Services Committee. The Commerce Committee approved a committee substitute on April 4, 1984, and a second committee substitute was approved by the HRS Committee on May 9, 1984. On June 1, 1984, CS/HB 530 was substituted for the Senate bill on the floor of the Senate.
Journal of the
Florida House of Representatives

Eighty-sixth
Regular Session
since Statehood in 1845

April 3 through June 1, 1984

Including a record of transmittal of Acts subsequent to sine die adjournment
Representatives Drage, Healey, L. R. Hawkins, Richmond, and Webster offered the following substitute amendment:

**Substitute Amendment 1**—On page 4, lines 15-26, strike all of said lines and insert in any way for operation of such bingo or game. *When a bingo game is conducted by a charitable, nonprofit, or veterans' organization, the organization conducting the bingo game shall be required to designate up to three members of that organization who shall be in charge, and one of which shall be present during the entire session at which the bingo games are conducted. The organization conducting the bingo game shall be responsible for posting a notice which states the name of the organization and the designated member or members, in a conspicuous place on the premises at which the session is held. In no event shall a person regularly involved in the conduct of bingo games be a participant in bingo games conducted at the same location.*

(8) Every charitable, nonprofit, or veterans' organization involved in the conduct of any

Rep. Drage moved the adoption of the substitute amendment, which was adopted.

Representatives Richmond and Crotty offered the following amendment

**Amendment 2**—On page 5, lines 8-11, strike all of lines 8, 9, 10, and 11 and insert. (c) Property leased for a period of not less than 1 year by a charitable, nonprofit, or veterans' organization that will benefit by the proceeds, provided that the property may be leased to only one charitable, nonprofit, or veterans' organization during such period for the purpose of conducting bingo games. Nothing shall preclude the leasing of such property for purposes other than conducting bingo games during the same period.

Rep. Crotty moved the adoption of the amendment.

Representatives Drage, L. R. Hawkins, Healey, Deutsch, Webster, and Richmond offered the following substitute amendment.

**Substitute Amendment 2**—On page 5, line 10, following the word "organization" insert and providing that any such lease or rental agreement shall not provide for the payment to the lessor or any other party of a percentage of the proceeds generated at such premises and providing further that the rental rate for such premises shall not be in excess of rental rates charged for similar premises in the same locality.

Rep. Drage moved the adoption of the substitute amendment, which was adopted without objection.

Representatives Richmond and Crotty offered the following amendment

**Amendment 3**—On page 4, lines 3-5, strike all of the underlined language

Rep. Crotty moved the adoption of the amendment, which was adopted without objection.

Representative Healey offered the following amendment:

**Amendment 4**—On page 2, line 31, insert after "3"-consecutive

Rep. Healey moved the adoption of the amendment.

Representatives Drage, Healey, L. R. Hawkins, Richmond, and Webster offered the following substitute amendment

**Substitute Amendment 4**—On page 7, line 9, after the period, insert Section 2 Legislative intent—*It is the intent of the Legislature, through the adoption of this act, to prohibit any organization, other than a charitable, nonprofit or veterans' organization as defined by this act from conducting any bingo game. It is the express intent of the Legislature that no charitable, nonprofit or veterans' organization shall serve as a sponsor of a bingo game but shall only be directly involved in the conduct of such a game as provided in this act (and renumber the subsequent section).*

Rep. Drage moved the adoption of the substitute amendment, which was adopted without objection.

Representatives Drage, Healey, L. R. Hawkins, Richmond, and Webster offered the following amendment

**Amendment 5**—On page 3, line 5, strike "activities" and insert-endeavors activities

Rep. Drage moved the adoption of the amendment, which was adopted without objection.

Representatives Crotty and Drage offered the following amendment

**Amendment 6**—On page 3, line 23, strike, charitable, nonprofit, or veterans'

Rep. Crotty moved the adoption of the amendment, which was adopted without objection.

Representatives Drage, Healey, L. R. Hawkins, Richmond, and Webster offered the following title amendment

**Amendment 7**—On page 1, line 14, after the semicolon, insert "providing legislative intent."

Rep. Drage moved the adoption of the amendment, which was adopted without objection. Under Rule 8 19, the bill was referred to the Engrossing Clerk

By the Committee on Commerce and Representatives Armstrong and Gordon—

CS/HB 291—A bill to be entitled An act relating to sales representatives, providing definitions, requiring a written contract between a sales representative and a principal when commissions are involved, requiring the principal to furnish the representative with a signed copy of the contract, providing for timely payment of commissions upon termination of certain agreements, providing for civil damages; providing an effective date

—was read the first time by title. On motion by Rep. Armstrong, the rules were waived and the bill was read the second time by title and, under Rule 8 19, referred to the Engrossing Clerk

HB 778—A bill to be entitled An act relating to the Florida Retirement System; amending s 121 021, F.S; redefining the term "continuous service" to provide continuous service for certain special risk members who resign to run for certain elected offices; providing an effective date

—was read the second time by title and, under Rule 8 19, referred to the Engrossing Clerk

By the Committee on Commerce and Representatives Bill, Abrams, and Lippman—

CS/HB 530—A bill to be entitled An act relating to insurance, creating s 626 9545, F.S, authorizing health insurance improper charge identification incentive programs, amending s 627 410, F.S, requiring the filing of certain health insurance rating manuals, schedules, manual changes, schedule changes, and rates and rate changes, providing exemptions; creating s 627 4115, F.S, authorizing examination of health insurers by the Department of Insurance, providing for the acceptance of similar examination reports, creating s 627 4231, F.S, requiring health insurance policies and health care services plans to contain certain cost containment measures; amending s 627 4235, F.S, requiring coordination among group coverages; permitting the coordination of other health insurance coverages, requiring that any coordination be among similar benefits and making other changes with respect to the coordination of benefits, eliminating gender-based coordination provisions; cre-
May 17, 1984

JOURNAL OF THE HOUSE OF REPRESENTATIVES

Page 457

amended s 627.429, F.S., requiring certain health insurance policies to provide out-of-hospital coverage equal to in-hospital coverage under certain circumstances, creating s. 627.916, F.S., requiring health insurers to file annual reports with the Department of Insurance reporting the implementation of cost containment measures, providing for rules and the analysis of data reported, providing for review and repeal; providing an effective date

was read the first time by title. On motion by Rep. Bell, the rules were waived and the bill was read the second time by title.

Representative Bell offered the following amendment:

Amendment 1—On page 3, lines 16-28, strike all of said lines and insert: 627.4115 Health insurer examinations—The department may examine each authorized health insurer which transacts health insurance in this state. The purpose of the examination is to ascertain compliance by the insurer with the applicable provisions of this chapter. In lieu of the examination, the department may accept the report of a similar examination made by the insurance supervisory official of this state or another state. The reasonable cost of the examination shall be paid by the person examined, and such person shall be subject to the provisions of s. 624.320. Any examination shall also be subject to the applicable provisions of ss. 624.318, 624.319, 624.321, and 624.322. The length of an examination under this section shall not exceed ten working days, shall not be conducted more often than annually, and shall not be conducted during the same calendar year as a market conduct examination conducted by the department, except in those cases where the Department has prima facie evidence of a violation of this chapter or of Chapter 626 and the violation is of a nature so as to provide an immediate danger to the insurance consuming public.

Rep. Bell moved the adoption of the amendment, which was adopted without objection.

Representative Bell offered the following amendment:

Amendment 2—On page 5, lines 29-31, and on page 6, lines 1-12, strike all said lines and insert: (3) The standards provided in subsection (2) shall be applicable in coordinating benefits payable under Medicare Title XVIII of the Social Security Act.

(4) When a claim is submitted in accordance with

Rep. Bell moved the adoption of the amendment, which was adopted without objection.

Representative Bell offered the following amendment:

Amendment 3—On page 8, line 4, strike "(6)" and insert "(5)"

Rep. Bell moved the adoption of the amendment, which was adopted without objection.

Representative Bell offered the following amendment:

Amendment 4—On page 8, lines 15-28, strike all said lines and insert: is provided for treatment performed outside of a hospital for any accident or illness as defined in the policy, provided that such treatment would have been covered on an inpatient basis and is provided by a health care provider whose services would have been covered under the policy if the treatment were performed in a hospital and further provided that treatment of the accident or illness is medically necessary and is provided as an alternative to treatment on an inpatient basis in a hospital. Reimbursement may be limited to amounts reasonable for treatment or services provided and may be limited by any deductible and coinsurance provisions of the policy.

Rep. Bell moved the adoption of the amendment, which was adopted without objection.

Representative Bell offered the following amendment:

Amendment 5—On page 9, line 31, strike the period and insert except that the amendments to s. 627.4235(4)(b) shall take effect October 1, 1985 and shall apply to claims incurred on or after that date.

Rep. Bell moved the adoption of the amendment, which was adopted without objection.

Representative Bell offered the following title amendment:

Amendment 6—On page 1, lines 19-20, strike "requiring that any coordination be among similar benefits and"

Rep. Bell moved the adoption of the amendment, which was adopted without objection.

Representative Ogden offered the following amendment:

Amendment 7—On page 7, line 29, strike all of said line and insert: (d) Subject to the rules in paragraphs (a), (b), and (c), the benefits of a policy or plan obtained through present employment shall be determined before the benefits obtained through previous employment when the order of benefits is not otherwise provided for in this chapter. This paragraph shall not apply if either policy or plan was issued outside of this state.

(e) (d) When the rules in paragraphs (a), (b), and (c) do

Rep. Ogden moved the adoption of the amendment, which was adopted without objection.

Representative Meffert offered the following amendment:

Amendment 8—On page 8, line 28, after the period, insert: Section 7. Subsection (7) is added to section 627.659, Florida Statutes, to read:

627.659 Blanket health insurance; eligible groups.—Blanket health insurance is that form of health insurance covering special groups of individuals as enumerated in one of the following subsections:

(7) Under a policy or contract issued in the name of a health care provider, which shall be deemed the policyholder covering patients.

Rep. Meffert moved the adoption of the amendment, which was adopted without objection.

Representative Meffert offered the following title amendment:

Amendment 9—On page 1, line 28, after the semicolon, insert: amending s. 627.659, F.S., including certain policies or contracts within the term blanket health insurance;

Rep. Meffert moved the adoption of the amendment, which was adopted without objection.

Under Rule 8 19, the bill was referred to the Engrossing Clerk

HB 149—A bill to be entitled An act relating to public education, amending s. 228.093, F.S., redefining the terms "records" and "reports" to exclude the keeping of students' fingerprints by public educational institutions; providing an effective date

was read the second time by title and, under Rule 8 19, referred to the Engrossing Clerk

By the Committee on Criminal Justice and Representatives Messersmith, Wetherell, Webster, and Richmond—

CS/HB 353—A bill to be entitled An act relating to subscription television systems, providing definitions; prohibiting specified acts relating to theft of service from such systems, providing penalties; creating a civil cause of action in behalf of the subscription television system, specifying damages, providing for punitive damages, providing for attorney's fees, providing for injunctions, providing an effective date
A bill to be entitled
An act relating to insurance, creating s
626 9545, F.S., authorizing health insurance
improper charge identification incentive
programs; amending s. 627.410, F S , requiring
the filing of certain health insurance rating
manuals, schedules, manual changes, schedule
changes, and rates and rate changes, providing
exemptions; creating s. 627 4115, F S .,
authorizing examination of health insurers by
the Department of Insurance, providing for the
acceptance of similar examination reports,
creating s. 627 4231, F.S., requiring health
insurance policies and health care services
plans to contain certain cost containment
measures, amending s 627 4235, F S , requiring
coordination among group coverages; permitting
the coordination of other health insurance
coverages; requiring that any coordination be
among similar benefits and making other changes
with respect to the coordination of benefits;
creating s. 627 429, F.S., requiring certain
health insurance policies to provide out-of-
hospital coverage equal to in-hospital coverage
under certain circumstances, creating s.
627.916, F.S., requiring health insurers to
file annual reports with the Department of
Insurance regarding the implementation of cost
containment measures, providing for rules and
the analysis of data reported, providing for
review and repeal; providing an effective date.

CODING Words in strike through type are deletions from existing law, words underlined are additions.
Be It Enacted by the Legislature of the State of Florida:

Section 1. Section 626.9545, Florida Statutes, is created to read:

626.9545 Improper charge identification incentive program.--No section or provision of the Florida Insurance Code shall be construed as prohibiting an insurer from establishing a financial incentive program for remunerating a policyholder or an insured person with a selected percentage or stated portion of any health care charge identified by the policyholder or the insured person as an error or overcharge if the health care charge is recovered by the insurer. The financial incentive program shall be written and shall be available for inspection by the department.

Section 2. Subsection (6) is added to section 627.410, Florida Statutes, to read:

627.410 Filing, approval of forms.--

(6)(a) An insurer shall not deliver or issue for delivery or renew in this state any health insurance policy form until it has filed with the department a copy of any applicable rating manuals, rating schedules, change in rating manuals, and change in rating schedules and, where rating manuals and rating schedules are not applicable, the insurer shall file with the department applicable premium rates and any change in applicable premium rates.

(b) The department may establish by rule, for each type of health insurance form, procedures to be used in ascertaining the reasonableness of benefits in relation to premium rates and may, by rule, exempt from any requirement of paragraph (a) any health insurance policy form or type thereof as specified in such rule to which such requirements may not

CODING: Words in struck through type are deletions from existing law, words underlined are additions.
be practically applied or the application of which
requirements are not desirable or necessary for the protection
of the public. With respect to any health insurance policy
form or type thereof which is exempted by rule from any
requirements of paragraph (a), premium rates filed pursuant to
ss 627.640 and 627.662 shall be for informational purposes.

(c) Every filing made pursuant to this subsection
shall be made within the same time period and shall be deemed
to be approved under the same conditions as those provided in
subsection (2).

Section 3. Section 627.4115, Florida Statutes, is
created to read:

627.4115 Health insurer examinations.—As often as it
deems necessary, the department shall examine each authorized
health insurer which transacts health insurance in this state.
The purpose of the examination is to ascertain compliance by
the insurer with the applicable provisions of this chapter.
In lieu of the examination, the department may accept the
report of a similar examination made by the insurance
supervisory official of this state or another state. The
reasonable cost of the examination shall be paid by the person
examined, and such person shall be subject to the provisions
of s. 624.320. Any examination shall also be subject to the
applicable provisions of ss 624.318, 624.319, 624.321, and
624.322.

Section 4. Section 627.4231, Florida Statutes, is
created to read:

627.4231 Health insurance cost containment provisions
required.—No health insurance policy, or health care services
plan, providing medical, hospital, or surgical expense
coverage shall be issued or issued for delivery in this state.
unless the policy or plan contains one or more of the following procedures or provisions to contain health insurance costs or cost increases:

(1) Coinsurance.

(2) Deductible amounts.

(3) Utilization review.

(4) Required second opinions for elective or nonemergency surgery.

(5) Audits of provider bills to verify that services and supplies billed were furnished and that proper charges were made.

(6) Scheduled benefits.

(7) Benefits for preadmission testing.

(8) Provisions for any lawful measure or combination of measures for which information is provided to the department demonstrating a reasonable expected effect toward containing health insurance costs or cost increases.

Section 5. Subsections (1) and (2) of section 627.4235, Florida Statutes, are amended, subsections (3) and (4) are renumbered as subsections (4) and (5), respectively, and new subsections (3) and (6) are added to said section, to read:

627.4235 Coordination of benefits.--

(1) No group hospital, medical, or surgical expense policy, group health care services plan, or group-type self-insurance plan providing protection or insurance or indemnity against hospital, medical, or surgical expenses shall be issued, or issued for delivery, in this state unless the policy or plan contains a provision for coordinating its benefits with any similar benefits provided by any other group hospital, medical, or surgical expense policy, group health

CODING Words in square brackets are deletions from existing law, words underlined are additions.
care services plan, or group-type self-insurance plan
providing protection or insurance against hospital, medical,
or surgical expenses for the same loss which shall contain any
provision whereby the insurer may reduce or refuse to pay
benefits otherwise payable thereunder solely on account of the
existence of similar benefits provided under any individual
health insurance policy which is issued by the same or another
insurer and which is subject to any of the provisions of part
VI.

(2) No group hospital, medical, or surgical expense
policy, group health care services plan, or group-type self-
insurance plan providing protection or insurance or
indemnity against hospital, medical, or surgical expenses
shall be issued or issued for delivery in this state after
October 1, 1974 which shall contain any provision whereby the
insurer may reduce or refuse to pay benefits otherwise payable
thereunder solely on account of the existence of similar
benefits provided under group insurance policies issued by the
same or another insurer, health care services plan group
hospital, medical or surgical expense plans, or group-type
self-insurance plan plans providing protection or indemnity against hospital, medical, or surgical expenses,
unless, as a condition of coordinating benefits with another
insurer, the insurers together pay 100 percent of the total
reasonable expenses actually incurred of the type of expense
within the benefits described in the policies and
presented to the insurer for payment

(3) No hospital, medical, or surgical expense policy,
health care services plan, or self-insurance plan providing
protection or insurance against hospital, medical, or surgical
expenses shall be issued or issued for delivery in this state
which shall contain any provision whereby the insurer may
reduce or refuse to pay benefits otherwise payable thereunder
solely on account of the existence of benefits provided under
an insurance policy issued by the same or another insurer,
health care services plan, or self-insurance plan providing
protection or insurance against hospital, medical, or surgical
expenses, unless the coordination is among similar benefits.

(6) No coordination of benefits shall be permitted
against an indemnity-type policy, an excess insurance policy
as defined in s. 627.635, a policy with coverage limited to a
specified illness or accident, or a Medicare supplement
policy.

Section 6. Section 627.429, Florida Statutes, is
created to read:

627.429 Health insurance out-of-hospital benefits.—No
health insurance policy providing coverage on a medical,
hospital, or surgical expense-incurred basis shall be
delivered or issued for delivery in this state unless coverage
is provided for treatment performed outside of a hospital on
the same basis and to the same extent as would have applied to
treatment performed in a hospital for any accident or illness
as defined in the policy, provided that such treatment would
have been covered on an inpatient basis and is provided by a
health care provider whose services would have been covered
under the policy if the treatment were performed in a hospital
and further provided that treatment of the accident or illness
is certified by the health care provider as being medically
necessary and as being provided as an alternative to treatment
on an inpatient basis in a hospital. An insurer may limit the
coverage available on an out-of-hospital basis to an amount

CODING: Words in struck through type are deletions from existing law, words underlined are additions.
not less than its expected expense on a hospital inpatient basis

Section 7. Section 627.916, Florida Statutes, is
created to read:

627.916 Reports of information by health insurers
required --

(1) Every insurer transacting health insurance in this
state shall report annually to the department, not later than
April 1, information relating to any measure the insurer has
implemented or proposes to implement during the next calendar
year for the purpose of containing health insurance costs or
cost increases. Reports shall identify each measure, the
forms to which the measure is applied, provide an explanation
as to how the measure is used, and provide an estimate of the
cost effect of the measure.

(2) The department shall promulgate forms to be used
by insurers in reporting information pursuant to this section
and shall utilize such forms to analyze the effects of health
care cost containment programs used by health insurers in this
state.

(3) The department shall analyze the data reported
under this section and shall annually make available to the
public a summary of its findings as to the types of cost
containment measures reported and the estimated effect of
these measures

Section 8. Each section which is added to chapter 626,
Florida Statutes, by this act is repealed on October 1, 1990,
and shall be reviewed by the Legislature pursuant to s 11.61,
Florida Statutes.

Section 9. Each section which is added to chapter 627,
Florida Statutes, by this act is repealed on October 1, 1992,
and shall be reviewed by the Legislature pursuant to s. 11.61, Florida Statutes.

Section 10. This act shall take effect October 1, 1984.

****************************************

HOUSE SUMMARY

Authorizes insurers to establish financial incentive programs to remunerate their policyholders or insureds who discover improper health care charges. Requires health insurers to file certain rating manuals and schedules with the Department of Insurance. Authorizes the department to exempt health insurance policies from the requirement if compliance is impractical or unnecessary. Requires the department to examine health insurers or, in lieu thereof, to accept reports of similar examinations. Requires health insurance policies and health care services plans to contain one or more specified procedures to contain health insurance costs or cost increases. Requires coordination of benefits among group hospital, medical, or surgical expense policies, group health care services plans, and group-type self-insurance plans. Authorizes coordination of benefits between such group policies and plans and individual policies and plans. Requires coordination of certain benefits. Prohibits coordination of benefits against certain policies, including indemnity-type policies and Medicare. Requires certain health insurance policies to provide out-of-hospital benefits equal to those for in-hospital benefits under certain circumstances. Requires health insurers to file annual reports with the department with respect to health care cost-reducing measures undertaken. Provides for rules and analysis of data collected.

CODING: Words in struck through type are deletions from existing law, words underlined are additions.
A bill to be entitled

An act relating to insurance; creating s 626.9545, F.S., authorizing health insurance improper charge identification incentive programs; amending s 627.410, F.S., requiring the filing of certain health insurance rating manuals, schedules, manual changes, schedule changes, and rates and rate changes, providing exemptions, creating s 627.4115, F.S.; authorizing examination of health insurers by the Department of Insurance, providing for the acceptance of similar examination reports, creating s. 627.4231, F.S., requiring health insurance policies and health care services plans to contain certain cost containment measures; amending s 627.4235, F.S., requiring coordination among group coverages, permitting the coordination of other health insurance coverages; making other changes with respect to the coordination of benefits, creating s 627.429, F.S., requiring certain health insurance policies to provide out-of-hospital coverage equal to in-hospital coverage under certain circumstances; creating s 627.916, F.S.; requiring health insurers to file annual reports with the Department of Insurance regarding the implementation of cost containment measures, providing for rules and the analysis of data reported, providing for review and repeal, providing an effective date.

CODING Words in struck through type are deletions from existing law, words underlined are additions.
Be It Enacted by the Legislature of the State of Florida:

Section 1. Section 626.9545, Florida Statutes, is created to read:

626.9545 Improper charge identification incentive program.—No section or provision of the Florida Insurance Code shall be construed as prohibiting an insurer from establishing a financial incentive program for remunerating a policyholder or an insured person with a selected percentage or stated portion of any health care charge identified by the policyholder or the insured person as an error or overcharge if the health care charge is recovered by the insurer. The financial incentive program shall be written and shall be available for inspection by the department.

Section 2. Subsection (6) is added to section 627.410, Florida Statutes, to read:

627.410 Filing, approval of forms.—

(6)(a) An insurer shall not deliver or issue for delivery or renew in this state any health insurance policy form until it has filed with the department a copy of any applicable rating manuals, rating schedules, change in rating manuals, and change in rating schedules and, where rating manuals and rating schedules are not applicable, the insurer shall file with the department applicable premium rates and any change in applicable premium rates.

(b) The department may establish by rule, for each type of health insurance form, procedures to be used in ascertaining the reasonableness of benefits in relation to premium rates and may, by rule, exempt from any requirement of paragraph (a) any health insurance policy form or type thereof as specified in such rule to which such requirements may not
be practically applied or the application of which requirements are not desirable or necessary for the protection of the public. With respect to any health insurance policy form or type thereof which is exempted by rule from any requirements of paragraph (a), premium rates filed pursuant to ss 627.640 and 627.662 shall be for informational purposes.

(c) Every filing made pursuant to this subsection shall be made within the same time period and shall be deemed to be approved under the same conditions as those provided in subsection (2).

Section 3. Section 627.4115, Florida Statutes, is created to read:

627.4115 Health insurer examinations -- As often as it deems necessary, the department shall examine each authorized health insurer which transacts health insurance in this state. The purpose of the examination is to ascertain compliance by the insurer with the applicable provisions of this chapter. In lieu of the examination, the department may accept the report of a similar examination made by the insurance supervisory official of this state or another state. The reasonable cost of the examination shall be paid by the person examined, and such person shall be subject to the provisions of s. 624.320. Any examination shall also be subject to the applicable provisions of ss 624.318, 624.319, 624.321, and 624.322.

Section 4. Section 627.4231, Florida Statutes, is created to read

627.4231 Health insurance cost containment provisions required -- No health insurance policy, or health care services plan, providing medical, hospital, or surgical expense coverage shall be issued or issued for delivery in this state
unless the policy or plan contains one or more of the following procedures or provisions to contain health insurance costs or cost increases:

(1) Coinsurance.
(2) Deductible amounts.
(3) Utilization review.
(4) Required second opinions for elective or nonemergency surgery.
(5) Audits of provider bills to verify that services and supplies billed were furnished and that proper charges were made.
(6) Scheduled benefits.
(7) Benefits for preadmission testing.
(8) Provisions for any lawful measure or combination of measures for which information is provided to the department demonstrating a reasonable expected effect toward containing health insurance costs or cost increases.

Section 5. Subsections (1), (2), and (4) of section 627.4235, Florida Statutes, are amended, and subsection (5) is added to said section, to read:

627.4235 Coordination of benefits.--

(1) No group hospital, medical, or surgical expense policy, group health care services plan, or group-type self-insurance plan providing protection or insurance against hospital, medical, or surgical expenses shall be issued, or issued for delivery, in this state unless the policy or plan contains a provision for coordinating its benefits with any similar benefits provided by any other group hospital, medical, or surgical expense policy, group health care services plan, or group-type self-insurance plan providing protection or insurance against hospital, medical, or surgical expenses.
or surgical expenses for the same loss which shall contain any benefits payable thereunder solely on account of the

(2) No group hospital, medical, or surgical expense policy, group health care services plan, or group-type self-

(4) When a claim is submitted in accordance with any group hospital, medical, or surgical expense policy, group self-insurance plan, or group-type self-insurance plan providing protection, insurance, or indemnity against hospital, medical, or surgical expenses, and the policy or any other document providing coverage includes a coordination-of-benefits provision whereby the insurer may reduce or refuse to pay benefits otherwise payable

the insurer may reduce or refuse to pay benefits otherwise payable

11 insurance plan providing protection for insurer or

10 insurance plan providing protection for insurer or

9 medical plan providing protection for insurer or

8 medical plan providing protection for insurer or

7 medical plan providing protection for insurer or

6 medical plan providing protection for insurer or

5 medical plan providing protection for insurer or

4 medical plan providing protection for insurer or

3 medical plan providing protection for insurer or

2 medical plan providing protection for insurer or

1 medical plan providing protection for insurer or
benefits provision; and such claim involves another policy or plan which has a coordination-of-benefits provision, the following rules shall be used to determine the order in which benefits under the respective health policies or plans shall be determined:

(a) The benefits of a policy or plan which covers the person on whose expenses the claim is based shall be determined before the benefits of any other policy or plan which covers such person as a dependent.

(b) The benefits of such a policy or plan which covers the person on whose expenses the claim is based, as a dependent of a male person whose month and date of birth occurs earlier in a calendar year, shall be determined before the benefits of a policy or plan which covers such person as a dependent of a female person whose month and date of birth occurs later in a calendar year.

(c) In the event a claim is made for expenses incurred by a dependent child whose parents are separated or divorced, the following rules shall determine in which order benefits are payable:

1. When the parents are separated or divorced and the parent with custody of the child has not remarried, the benefits of a policy or plan which covers the child as a dependent of the parent with custody of the child will be determined before the benefits of a policy or plan which covers the child as a dependent of the parent without custody.

2. When the parents are divorced and the parent with custody of the child has remarried, the benefits of a policy or plan which covers the child as a dependent of the parent with custody shall be determined before the benefits of a policy or plan which covers that child as a dependent of the

CODING: Words in a slash through type are deletions from existing law, words underlined are additions.
stepparent; and the benefits of a policy or plan which covers
the child as a dependent of the stepparent will be determined
before the benefits of the parent without custody

3. Notwithstanding subparagraphs 1. and 2., if there
is a court decree which would otherwise establish financial
responsibility for the health care expenses with respect to
the child, the benefits of a policy or plan which covers the
child as a dependent of the parent with such financial
responsibility shall be determined before the benefits of any
other policy or plan which covers the child as a dependent
child.

(d) When the rules in paragraphs (a), (b), and (c) do
not establish an order of benefit determination, the benefits
of a policy or plan which has covered the person on whose
expenses a claim is based for the longer period of time shall
be determined before the benefits of a policy or plan which
has covered such person for the shorter period of time.

(5) No coordination of benefits shall be permitted
against an indemnity-type policy, an excess insurance policy
as defined in s. 627.635, a policy with coverage limited to
specified illnesses or accidents, or a Medicare supplement
policy.

Section 6. Section 627.429, Florida Statutes, is
created to read:

627.429 Health insurance out-of-hospital benefits.--No
health insurance policy providing coverage on a medical,
hospital, or surgical expense-incurred basis shall be
delivered or issued for delivery in this state unless coverage
is provided for treatment performed outside of a hospital for
any accident or illness as defined in the policy, provided
that such treatment would have been covered on an inpatient
basis and is provided by a health care provider whose services would have been covered under the policy if the treatment were performed in a hospital, and further provided that treatment of the accident or illness is medically necessary and is provided as an alternative to treatment on an inpatient basis in a hospital. Reimbursement may be limited to amounts reasonable for treatment and services provided and may be limited by any deductible and coinsurance provisions of the policy.

Section 7. Section 627.916, Florida Statutes, is created to read:

627.916 .Reports of information by health insurers required.--

(1) Every insurer transacting health insurance in this state shall report annually to the department, not later than April 1, information relating to any measure the insurer has implemented or proposes to implement during the next calendar year for the purpose of containing health insurance costs or cost increases. Reports shall identify each measure, the forms to which the measure is applied, provide an explanation as to how the measure is used, and provide an estimate of the cost effect of the measure.

(2) The department shall promulgate forms to be used by insurers in reporting information pursuant to this section and shall utilize such forms to analyze the effects of health care cost containment programs used by health insurers in this state.

(3) The department shall analyze the data reported under this section and shall annually make available to the public a summary of its findings as to the types of cost

CODING: Words in are deletions from existing law, words are additions.
containment measures reported and the estimated effect of these measures.

Section 8. Each section which is added to chapter 626, Florida Statutes, by this act is repealed on October 1, 1990, and shall be reviewed by the Legislature pursuant to s. 11.161, Florida Statutes.

Section 9. Each section which is added to chapter 627, Florida Statutes, by this act is repealed on October 1, 1992, and shall be reviewed by the Legislature pursuant to s. 11.61, Florida Statutes.

Section 10. This act shall take effect October 1, 1984.

STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN COMMITTEE SUBSTITUTE FOR SENATE BILL 422.

This Committee substitute eliminates gender-based coordination provisions so that when two policies are coordinated to provide coverage for a dependent, instead of the male’s policy paying first, the policy of the oldest person would pay first; makes technical and clarifying changes.
A bill to be entitled

An act relating to insurance, creating s 626 9545, F.S.; authorizing health insurance improper charge identification incentive programs, amending s. 627 410, F.S.; requiring the filing of certain health insurance rating manuals, schedules, manual changes, schedule changes, and rates and rate changes; providing exemptions, creating s. 627.4115, F.S., authorizing examination of health insurers by the Department of Insurance, providing for the acceptance of similar examination reports; creating s 627 4231, F.S., requiring health insurance policies and health care services plans to contain certain cost containment measures, amending s 627 4235, F.S., requiring coordination among group coverages; permitting the coordination of other health insurance coverages, making other changes with respect to the coordination of benefits, creating s 627 429, F.S., requiring certain health insurance policies to provide out-of-hospital coverage equal to in-hospital coverage under certain circumstances, creating s 627 916, F.S., requiring health insurers to file annual reports with the Department of Insurance regarding the implementation of cost containment measures; providing for rules and the analysis of data reported, providing for review and repeal, providing an effective date.
Be It Enacted by the Legislature of the State of Florida:

Section 1. Section 626.9545, Florida Statutes, is created to read:

626.9545 Improper charge identification incentive program.--No section or provision of the Florida Insurance Code shall be construed as prohibiting an insurer from establishing a financial incentive program for remunerating a policyholder or an insured person with a selected percentage or stated portion of any health care charge identified by the policyholder or the insured person as an error or overcharge if the health care charge is recovered by the insurer. The financial incentive program shall be written and shall be available for inspection by the department.

Section 2. Subsection (6) is added to section 627.410, Florida Statutes, to read:

627.410 Filing, approval of forms.--

(6)(a) An insurer shall not deliver or issue for delivery or renew in this state any health insurance policy form until it has filed with the department a copy of any applicable rating manuals, rating schedules, change in rating manuals, and change in rating schedules and, where rating manuals and rating schedules are not applicable, the insurer shall file with the department applicable premium rates and any change in applicable premium rates.

(b) The department may establish by rule, for each type of health insurance form, procedures to be used in ascertaining the reasonableness of benefits in relation to premium rates and may, by rule, exempt from any requirement of paragraph (a) any health insurance policy form or type thereof as specified in such rule to which such requirements may not
be practically applied or the application of which
requirements are not desirable or necessary for the protection
of the public. With respect to any health insurance policy
form or type thereof which is exempted by rule from any
requirements of paragraph (a), premium rates filed pursuant to
sections 627.640 and 627.662 shall be for informational purposes.
(c) Every filing made pursuant to this subsection
shall be made within the same time period and shall be deemed
approved under the same conditions as those provided in
subsection (2).

Section 3 Section 627.4115, Florida Statutes, is
created to read.

627.4115 Health insurer examinations -- The department
may examine each authorized health insurer which transacts
health insurance in this state. The purpose of the
examination is to ascertain compliance by the insurer with the
applicable provisions of this chapter. In lieu of the
examination, the department may accept the report of a similar
examination made by the insurance supervisory official of this
state or another state. The reasonable cost of the
examination shall be paid by the person examined, and such
person shall be subject to the provisions of s. 624.320. Any
examination shall also be subject to the applicable provisions
of sections 624.318, 624.319, 624.321, and 624.322. The length of
an examination under this section shall not exceed 10 working
days, shall not be conducted more often than annually, and
shall not be conducted during the same calendar year as a
market conduct examination conducted by the department, except
in those cases where the department has prima facie evidence
of a violation of this chapter or of chapter 626 and the
violation is of a nature so as to provide an immediate danger to the insurance consuming public.

Section 4. Section 627.4231, Florida Statutes, is created to read

627.4231 Health insurance cost containment provisions required.--No health insurance policy, or health care services plan, providing medical, hospital, or surgical expense coverage shall be issued or issued for delivery in this state unless the policy or plan contains one or more of the following procedures or provisions to contain health insurance costs or cost increases:

(1) Coinsurance
(2) Deductible amounts.
(3) Utilization review
(4) Required second opinions for elective or nonemergency surgery.
(5) Audits of provider bills to verify that services and supplies billed were furnished and that proper charges were made.
(6) Scheduled benefits.
(7) Benefits for preadmission testing.
(8) Provisions for any lawful measure or combination of measures for which information is provided to the department demonstrating a reasonable expected effect toward containing health insurance costs or cost increases.

Section 5. Subsections (1), (2), and (4) of section 627.4235, Florida Statutes, are amended, and subsection (5) is added to said section, to read

627.4235 Coordination of benefits.--
(1) No group hospital, medical, or surgical expense policy, group health care services plan, or group-type self-
insurance plan providing protection or insurance; or
indemnity against hospital, medical, or surgical expenses
shall be issued or issued for delivery in this state unless
the policy or plan contains a provision for coordinating its
benefits with any similar benefits provided by any other group
hospital, medical, or surgical expense policy, group health
care services plan, or group-type self-insurance plan
providing protection or insurance against hospital, medical,
or surgical expenses for the same loss which shall contain any
provision whereby the insurer may reduce or refuse to pay
benefits otherwise payable thereunder solely on account of the
existence of similar benefits provided under any individual
health insurance policy which is issued by the same or another
insurer and which is subject to any of the provisions of part
41.

(2) No group hospital, medical, or surgical expense
policy, group health care services plan, or group-type self-
insurance plan providing protection or insurance; or
indemnity against hospital, medical, or surgical expenses
shall be issued or issued for delivery in this state after
October 1, 1974, which shall contain any provision whereby the
insurer may reduce or refuse to pay benefits otherwise payable
thereunder solely on account of the existence of similar
benefits provided under group insurance policies issued by the
same or another insurer, health care services plan group
hospital, medical, or surgical expense plans, or group-type
self-insurance plan plans providing protection or insurance;
or indemnity against hospital, medical, or surgical expenses,
unless, as a condition of coordinating benefits with another
insurer, the insurers together pay 100 percent of the total
reasonable expenses actually incurred of the type of expense
within the benefits described in the policies and presented to the insurer for payment.

(4) When a claim is submitted in accordance with any group hospital, medical, or surgical expense policy, group health care service plan, or group-type self-insurance plan providing protection, insurance, or indemnity against hospital, medical, or surgical expenses, and the policy or any other document providing coverage includes a coordination-of-benefits provision, and such claim involves another policy or plan which has a coordination-of-benefits provision, the following rules shall be used to determine the order in which benefits under the respective health policies or plans shall be determined.

(a) The benefits of a policy or plan which covers the person on whose expenses the claim is based shall be determined before the benefits of any other policy or plan which covers such person as a dependent.

(b) The benefits of such a policy or plan which covers the person on whose expenses the claim is based, as a dependent of a male person whose month and date of birth occurs earlier in a calendar year, shall be determined before the benefits of a policy or plan which covers such person as a dependent of a female person whose month and date of birth occurs later in a calendar year.

(c) In the event a claim is made for expenses incurred by a dependent child whose parents are separated or divorced, the following rules shall determine in which order benefits are payable.

1. When the parents are separated or divorced and the parent with custody of the child has not remarried, the benefits of a policy or plan which covers the child as a
dependent of the parent with custody of the child will be
determined before the benefits of a policy or plan which
covers the child as a dependent of the parent without custody

2 When the parents are divorced and the parent with
custody of the child has remarried, the benefits of a policy
or plan which covers the child as a dependent of the parent
with custody shall be determined before the benefits of a
policy or plan which covers that child as a dependent of the
stepparent, and the benefits of a policy or plan which covers
the child as a dependent of the stepparent will be determined
before the benefits of the parent without custody.

3 Notwithstanding subparagraphs 1 and 2, if there
is a court decree which would otherwise establish financial
responsibility for the health care expenses with respect to
the child, the benefits of a policy or plan which covers the
child as a dependent of the parent with such financial
responsibility shall be determined before the benefits of any
other policy or plan which covers the child as a dependent
child

(d) When the rules in paragraphs (a), (b), and (c) do
not establish an order of benefit determination, the benefits
of a policy or plan which has covered the person on whose
expenses a claim is based for the longer period of time shall
be determined before the benefits of a policy or plan which
has covered such person for the shorter period of time

(5) No coordination of benefits shall be permitted
against an indemnity-type policy, an excess insurance policy
as defined in s 627.635, a policy with coverage limited to
specified illnesses or accidents, or a Medicare supplement
policy.
Section 6. Section 627.429, Florida Statutes, is created to read:

627.429 Health insurance out-of-hospital benefits.--No health insurance policy providing coverage on a medical, hospital, or surgical expense-incurred basis shall be delivered or issued for delivery in this state unless coverage is provided for treatment performed outside of a hospital for any accident or illness as defined in the policy, provided that such treatment would have been covered on an inpatient basis and is provided by a health care provider whose services would have been covered under the policy if the treatment were performed in a hospital, and further provided that treatment of the accident or illness is medically necessary and is provided as an alternative to treatment on an inpatient basis in a hospital. Reimbursement may be limited to amounts reasonable for treatment and services provided and may be limited by any deductible and coinsurance provisions of the policy.

Section 7. Section 627.916, Florida Statutes, is created to read:

627.916 Report of information by health insurers required.--

(1) Every insurer transacting health insurance in this state shall report annually to the department, not later than April 1, information relating to any measure the insurer has implemented or proposes to implement during the next calendar year for the purpose of containing health insurance costs or cost increases. Reports shall identify each measure, the forms to which the measure is applied, provide an explanation as to how the measure is used, and provide an estimate of the cost effect of the measure.
(2) The department shall promulgate forms to be used by insurers in reporting information pursuant to this section and shall utilize such forms to analyze the effects of health care cost containment programs used by health insurers in this state.

(3) The department shall analyze the data reported under this section and shall annually make available to the public a summary of its findings as to the types of cost containment measures reported and the estimated effect of these measures.

Section 8. Each section which is added to chapter 626, Florida Statutes, by this act is repealed on October 1, 1990, and shall be reviewed by the Legislature pursuant to s 11 61, Florida Statutes.

Section 9 Each section which is added to chapter 627, Florida Statutes, by this act is repealed on October 1, 1992, and shall be reviewed by the Legislature pursuant to s 11 61, Florida Statutes.

Section 10. This act shall take effect October 1, 1984, except that the amendments to section 627 4235(4)(b), Florida Statutes, shall take effect October 1, 1985 and apply to claims incurred on or after that date.

STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN COMMITTEE SUBSTITUTE FOR COMMITTEE SUBSTITUTE FOR SENATE BILL 0422

1. Health insurer examinations conducted by the Department of Insurance shall not exceed 10 working days, shall not be conducted more often than annually, and shall not be conducted during the same calendar year as a market conduct examination, except in those cases where there is prima facie evidence of violation of this chapter.

2. Provisions affecting the coordination of benefits to provide health insurance coverage for a dependent will not take effect until October 1, 1985.
I. SUMMARY:

Current Law and Effect of Proposed Changes:

A section-by-section analysis of the current law and the effect of the proposed changes follows:

Section 1: Improper charge identification incentive program

Section 110.1233, Florida Statutes, adopted in 1983 and applicable only to the state's group health insurance program, is the only provision that addresses the problem of incorrect or improper charges by health care providers to insureds (providing a refund of 50 percent of any amount recovered as a result of an overcharge by a provider discovered by a participant in the state's health program). This bill would create a new section allowing insurers to establish financial incentive programs to encourage insureds to examine provider charges and report improper or incorrect charges to the insurers. The bill would further provide that no provision of the Insurance Code may be construed to prohibit the establishment of such programs.

Section 2: Health Insurance Rates

Current law does not provide a specific requirement that insurers file or update rating manuals or schedules related to premiums for health insurance with the Department of Insurance. This bill would amend section 627.410, Florida Statutes, to require insurers to file rates and rate changes with the department. The bill provides that the department may exempt an insurer from such filing requirements if the requirements are impractical or unnecessary for the protection of the public. The department would also be permitted to establish by rule, procedures to be used in determining reasonableness of benefits in relation to premium rates.

Section 3: Health Insurer Examination

Current law provides for examination of the financial aspects of the insurer. This section would create 627.4115, Florida Statutes, to permit the department to examine health insurers in order to ascertain compliance with applicable insurance form and rate requirements. Examinations under this section shall not exceed 10 working days, shall not be conducted more often than annually, and shall not be conducted during the same calendar year as a market conduct examination, except in those cases where there is prima facie evidence of violation of the chapter.

Section 4: Cost Containment Requirements

Although sections of the Insurance Code have been designed to encourage insurers to initiate cost containment-oriented insurance
coverage, there are few actual requirements related to health care costs. This bill would create section 627.4231, Florida Statutes, to require that every health insurance policy issued or delivered in this state contain at least one of the listed cost containment provisions. Such provisions include coinsurance deductibles, utilization review, required second opinion measures, provider charge audits, scheduled benefits, preadmission testing benefits, or provisions for any other measures which can reasonably be expected to encourage health care cost containment.

Section 5: Coordination of Benefits

Currently, Florida law provides that, in cases where an insured is covered by more than one group health policy, the benefits of such policies may be coordinated to provide payments of 100 percent of covered expenses. This provision, however, does not require coordination nor does it provide for coordination of the benefits of individual health insurance contracts, which is currently prohibited.

This bill would amend section 627.4235, Florida Statutes, to require coordination among group health insurance policies containing similar benefits. The bill would also remove the prohibition against coordinating group insurance benefits with individual health insurance benefits. Coordination would be prohibited against indemnity-type policies, excess insurance policies as defined in section 627.635, Florida Statutes, specified accident or illness policies, or Medicare supplement policies.

This bill would eliminate gender-based coordination provisions so that when two policies are coordinated to provide coverage for a dependent, instead of the male's policy paying first, the policy of the oldest person would pay first. This provision will not take effect until October 1, 1985.

Section 6: Outpatient Coverage

Section 627.6056 and 627.6616, Florida Statutes, provide only that health insurance must provide coverage for procedures performed in an ambulatory surgical center if such procedures would be covered were they performed on an inpatient basis in a hospital.

This bill would create section 627.429, Florida Statutes, to require that benefits be paid for outpatient treatment when the treatment is performed by a provider covered under the policy and the provider certifies that the treatment is medically necessary and provided as an alternative to hospitalization. The bill also provides that the amount of benefits available for outpatient treatment may be limited to amounts reasonable for treatment and services provided and also may be limited by deductible and coinsurance provisions of the policy.

Section 7: Insurer Reporting

This bill would create a new section to require that insurers annually report to the department the cost containment measures being utilized and an estimate of the cost effects of such measures. The bill would also require the department to analyze and annually publish a summary of their information.

II. ECONOMIC IMPACT AND FISCAL NOTE:

A. Public:

The fiscal impact on the insurance industry would be negligible. Some of the provisions of this bill could cause a positive impact resulting in long range savings for companies. For example, insurers who choose to establish improper charge
audit programs may realize some savings depending on the extent of incorrect billing by health care providers.

The expenses of examinations conducted pursuant to this bill will be borne by the insurer being examined; however, the limited nature of the examination should minimize such expense. The required rate filing and other reporting requirements should have a minimal impact. Also, the provisions requiring inclusion of at least one cost containment measure in an insurance policy should be of little initial cost.

Outpatient treatment coverage requirements reduce the necessity of hospitalization in order to qualify for insurance benefits. In some situations, the total health care cost could be reduced by eliminating hospital room fees and other hospital services.

The coordination of benefits section would enable insurers to better prevent overpayment of claims, thereby limiting the increase in health insurance premiums.

B. Government:

The provisions of this bill should have minimal impact on the Department of Insurance. The responsibilities assigned to the department pursuant to this bill are generally related to other duties the department currently performs.

III. COMMENTS:

None

IV. AMENDMENTS: