

1989

## Session Law 89-190

Florida Senate & House of Representatives

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**H 481 GENERAL BILL/CS/1ST ENG by Insurance; Frankel (Compare H 128, S 935, CS/S 1072)**

**Health Insurance Policies:** requires individual health insurance policies providing coverage for maternity care to provide coverage for services provided by birth centers; revises language re insurance coverage of spouses or dependent children of an insured student; provides for issuance of group health insurance & blanket health insurance policies to certain teacher & student groups; provides for review & repeal, etc. Amends Ch. 627, 641.31; creates 627.6551. Effective Date: 10/01/89.

03/02/89 HOUSE Prefiled  
03/09/89 HOUSE Referred to Insurance; Appropriations  
04/03/89 HOUSE Subreferred to Subcommittee on Health and Life Insurance  
04/04/89 HOUSE Introduced, referred to Insurance; Appropriations -HJ 52; Subreferred to Subcommittee on Health and Life Insurance; On Committee agenda—Insurance, 04/05/89, 11:15 am, 317-C—For ratification to subcommittee  
04/06/89 HOUSE On subcommittee agenda—Insurance, 04/10/89, 1:15 pm, 415-HOB  
04/10/89 HOUSE Subcommittee Recommendation: Favorable as a proposed CS  
04/20/89 HOUSE On Committee agenda—Insurance, 04/24/89, 2:00 pm, 317-C—Temporarily passed  
04/24/89 HOUSE On Committee agenda—Insurance, 04/26/89, 4:15 pm, 317-C  
04/26/89 HOUSE Preliminary Committee Action by Insurance: Favorable as a CS  
05/08/89 HOUSE Comm. Report: CS by Insurance -HJ 416; CS read first time -HJ 410; Now in Appropriations -HJ 416  
05/16/89 HOUSE Withdrawn from Appropriations -HJ 498; Placed on Calendar  
05/24/89 HOUSE Placed on Special Order Calendar  
05/29/89 HOUSE Read second time; Amendments adopted; Read third time; CS passed as amended; YEAS 107 NAYS 0 -HJ 762  
05/29/89 SENATE In Messages  
05/31/89 SENATE Received, referred to Insurance -SJ 620  
06/01/89 SENATE Withdrawn from Insurance; Substituted for SB 935; CS passed; YEAS 38 NAYS 0 -SJ 776  
06/01/89 Ordered enrolled  
06/13/89 Signed by Officers and presented to Governor  
06/28/89 Approved by Governor; Chapter No. 89-190

**NOTES:** Above bill history from Division of Legislative Information's *FINAL LEGISLATIVE BILL INFORMATION, 1989 SESSIONS*. Staff Analyses for bills amended beyond final committee action may not be in accordance with the enacted law. Journal page numbers (HJ & SJ) refer to daily Journals and may not be the same as final bound Journals.

STORAGE NAME: H0481-f.inj  
DATE: June 30, 1989

HOUSE OF REPRESENTATIVES  
INSURANCE COMMITTEE  
FINAL STAFF ANALYSIS & ECONOMIC IMPACT STATEMENT

BILL #: CS/HB 481

RELATING TO: Blanket Health Insurance

SPONSOR(S): Committee on Insurance & Representative Frankel

EFFECTIVE DATE: October 1, 1989

DATE BECAME LAW: June 28, 1989

CHAPTER #: 89-190, Laws of Florida

COMPANION BILL(S): Similar to CS/SB 1072

OTHER COMMITTEES OF REFERENCE: (1) Appropriations  
(2)

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I. SUMMARY:

This bill requires all group health insurance policies and health maintenance organization contracts providing coverage for maternity care to cover services provided by birth centers and midwives. It also prohibits the Department of Health and Rehabilitative Services from contracting for Medicaid services with persons or entities who have been found guilty of certain crimes. The bill authorizes the issuance to institutions of learning of blanket health insurance policies which cover the spouses or dependent children of insured students. It also authorizes the issuance of group health insurance policies to institutions of learning which cover the spouses, dependent children, parents and siblings of insured teachers and students. The bill makes a technical correction for policies issued in the name of a newspaper.

A. PRESENT SITUATION:

Under current law an insurer who provides coverage for maternity care must cover the services of certified nurse-midwives and midwives. However, this requirement does not apply to out-of-state group policies or health maintenance organization contracts. Currently there do not appear to be any prohibitions regarding contracts between the Department of Health and Rehabilitative Services and Medicaid services providers regarding criminal backgrounds.

Blanket health insurance is a form of health insurance which covers special groups of individuals. A policy may be issued to a school, district school system, college, university, or other institution of learning or to the official or officials of such

institution insuring the students and teachers. A policy issued to a college or university may insure the spouse or dependent children of insured students. A policy issued in the name of a newspaper covering independent contractor newspaper boys is also considered a policy to a group eligible for blanket group health insurance.

Under present law, group health policies may be issued to employee groups, labor unions and association groups, debtor groups, or groups to which a policy of group life insurance may be issued (i.e., trustee groups, credit union groups with limitations, and other groups). Policies may be issued to "other" groups if:

- (1) issuance of a group policy is not contrary to the best interest of the public.
- (2) coverage under the group policy is affordable on an actuarially sound basis;
- (3) the group policy results in economies of acquisition or administration comparable to other group policies;
- (4) the premium for the policy is paid by the policyholder either from policyholder funds or from funds contributed by the covered persons, or from both;
- (5) the group consists of no less than five persons;
- (6) eligibility of the group is not based on the health of an individual participant;
- (7) the group was organized and exists primarily for purposes other than the procurement of insurance; and
- (8) the composition of the group is not substantially similar to one of the other groups specified.

There is no specific authorization for the issuance of a group health policy to a learning institution for the purpose of insuring teachers and students.

**B. EFFECT OF PROPOSED CHANGES:**

**Section 1 through 3** requires individual, group, blanket or franchise policies providing coverage for maternity care to provide coverage for services in birth centers. It will also require out-of-state group health insurance policies providing coverage for maternity care to cover the services of nurse-midwives, midwives and birth centers. Health maintenance organizations providing benefits for maternity care will be required to offer subscribers an option for services of nurse-midwives, midwives and birth centers.

**Section 4** prohibits the Department of Health and Rehabilitative Services from contracting for Medicaid services with persons or

entities who have been convicted of criminal offenses related to the delivery of an item or service under Title XVIII or Title XIX of the Social Security or has been found guilty of a crime involving fraud, income tax evasion, or obstruction of justice

Section 5 allows all blanket health policies issued to learning institutions(not just those issued to colleges and universities) to insure the spouse or dependent children of the insured student.

Section 6 specifically allows an authorized insurer or authorized health maintenance organization to issue a group health policy to an institution of learning which will insure the teachers or students of the institution and which may insure the spouse, dependent children, parents or siblings of the insured teacher or student. It also makes a technical change: newspaper delivery persons replaces delivery boys.

Section 7 provides for sunset review prior to October 1, 1992.

Section 8 provides an October 1, 1989 effective date.

C. SECTION-BY-SECTION ANALYSIS:

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring or First Year Start-Up Effects:

None

2. Recurring or Annualized Continuation Effects:

None

3. Long Run Effects Other Than Normal Growth:

None

4. Appropriations Consequences:

None

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring or First Year Start-Up Effects:

None

2. Recurring or Annualized Continuation Effects:

None

3. Long Run Effects Other Than Normal Growth:

None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

None

2. Direct Private Sector Benefits:

This bill may allow more individuals to be covered under blanket or group health insurance and will authorize the issuance of group policies to institutions of learning. It may also help contain health care costs.

3. Effects on Competition, Private Enterprise, and Employment Markets:

None

D. FISCAL COMMENTS:

None

III. LONG RANGE CONSEQUENCES:

CS/HB 481 comports with the State Comprehensive Plan in that it may help make health insurance more accessible and may contribute to health care cost containment as alternative birthing services are encouraged. (s. 187.201)

IV. COMMENTS:

This bill comports with the mission of the Insurance Committee to the extent that it promotes the accessibility and availability of affordable insurance and maintenance of health care costs.

V. SIGNATURES:

SUBSTANTIVE COMMITTEE:

Prepared by:



Sharon N. Jacobs

Staff Director:



John Guthrie

SECOND COMMITTEE OF REFERENCE:

Prepared by:

Staff Director:

**STORAGE NAME:** H0481-f.inj  
**DATE:** June 30, 1989  
**PAGE:** 5

**APPROPRIATIONS:**  
Prepared by:

Staff Director:

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

BILL NO. SB 935

DATE: May 16, 1989

Page 1

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

<u>ANALYST</u>	<u>STAFF DIRECTOR</u>	<u>REFERENCE</u>	<u>ACTION</u>
1. <u>Andrews</u>	<u>Fort</u>	1. <u>INS</u>	<u>Favorable</u>
2. _____	_____	2. <u>AP</u>	<u>Withdrawn</u>
3. _____	_____	3. _____	_____
4. _____	_____	4. _____	_____

SUBJECT:

Insurance

BILL NO. AND SPONSOR:

SB 935 by  
Senator Walker and others

I. SUMMARY:

A. Present Situation:

Section 627.6406, F.S., provides that any health insurance policy which provides coverage for maternity care must also cover the services of certified nurse-midwives and midwives licensed pursuant to ch. 467, F.S.

However, this mandate does not currently apply to any group or blanket policies, or health maintenance organization contracts.

In 1987, the Legislature enacted s. 624.215, F.S., which requires every person or organization seeking consideration of a proposal which would mandate a health coverage or the offering of a health coverage to submit to the Legislature a report which assesses the social and financial impacts of the proposed coverage. (See the "Comments" section of this analysis.)

B. Effect of Proposed Changes:

This bill would require individual, group, blanket, or franchise health insurance policies providing coverage for maternity care to cover the services of birth centers licensed under ss. 383.30-383.335, F.S., as well as the services of certified nurse-midwives and midwives licensed pursuant to ch. 467, F.S.

"Birth center" is defined by s. 383.302, F.S., as any facility, institution, or place, which is not an ambulatory surgical center or a hospital or in a hospital, in which births are planned to occur away from the mother's usual residence following a normal, uncomplicated, low-risk pregnancy.

The bill would also provide that part VII of ch. 627, F.S., which addresses group, blanket, and franchise health insurance policies, does not apply to a group health insurance policy issued or delivered outside Florida under which a Florida resident is covered, if the policy provides the benefits specified in s. 627.6574, F.S., in addition to other benefits. That section, as amended, would provide that any group, blanket, or franchise health insurance policy providing coverage for maternity care must also cover the services of certified nurse-midwives and midwives licensed pursuant to ch. 467, F.S., and the services of birth centers licensed under ss. 383.30-383.335, F.S.

II. ECONOMIC IMPACT AND FISCAL NOTE:

A. Public:

By encouraging alternative birthing services, this legislation may contribute to health care cost containment.



B. Government:

None.

III. COMMENTS:

The Florida Alliance of Birth Centers provided the committee with the following information in compliance with s. 624.215, F.S.:

(1) Birth centers are licensed and regulated by the State of Florida pursuant to the 1984 Birth Center Licensure Act, ss. 383.30-383.335, F.S. Under this act, birth centers care for only low-risk pregnancies.

(2) Since 1984, more than 10,000 women have sought care in birth centers in Florida.

(3) Coverage for birth center care currently depends on the insurance policy or HMO. Some insurance companies cover 100 percent of such care, while others cover only services of midwives or the facility, but not both. Some, but not all, HMO's have a contract with birth centers.

(4) The global fees of birth centers range as much as 50 percent less than the traditional physician/hospital charges. Birth centers usually range from \$1500 to \$2500, while physician/hospitals usually range from \$3000 to \$6000.

(5) The 1985-1987 Florida State Health Plan states "it appears that substantial reductions in the overall state cost of health care could be made if birth centers were eligible for reimbursement under Medicaid, state employee health plans, and other third party reimbursement programs." Volume I, State Health Policy Framework.

IV. AMENDMENTS:

None.

CS/HB 481 [SB 935]

Committee Substitute for House Bill 481 (Chapter 89- ) requires individual, group, blanket, or franchise health insurance policies providing coverage for maternity care, to cover the services of birth centers licensed under ss. 383.30-383.335, F.S., as well as the services of certified nurse-midwives and midwives pursuant to ch. 467, F.S., and applies to policies and contracts issued, amended, delivered, or renewed on or after October 1, 1989.

This committee substitute also provides that part VII of ch. 627, F.S., which addresses group, blanket, and franchise health insurance policies, does not apply to a group health insurance policy issued or delivered outside Florida under which a Florida resident is covered, if the policy provides the benefits specified in s. 627.6574, F.S., in addition to other benefits. That section, as amended, provides that any group, blanket, or franchise health insurance policy providing coverage for maternity care must also cover the services of certified nurse-midwives and midwives licensed pursuant to ch. 467, F.S., and the services of birth centers licensed under ss. 383.30-383.335, F.S.

Health maintenance contracts providing benefits, or services for maternity care must provide, at the subscriber's option, the services of nurse-midwives and midwives licensed pursuant to ch. 467 and the services of birth centers licensed pursuant to ss. 383.30-383.335. In addition, the Department of Health and Rehabilitative Services is prohibited from contracting on a prepaid or fixed-sum basis for Medicaid services with an entity if any officer, director, agent, managing employee, or owner of stock or beneficial interest in excess of 5 percent common or

preferred stock or the entity itself has been convicted of a criminal offense related to the delivery of an item or service under Title XVIII or Title XIX of the Social Security Act or has been found guilty of a crime involving fraud, income tax evasion, or obstruction of justice.

This committee substitute also amends s. 627.659, F.S., changing reference to independent contractor newspaper boys, who may be covered under a policy or contract issued in the name of a newspaper, to independent contractor delivery persons.

In addition, s. 627.6551, F.S., would be created to provide that a group of teachers or students of an institution of learning may be insured under a policy issued by an insurer authorized under ch. 624, F.S., or a health maintenance organization authorized under ch. 641, F.S., to a school, district school systems, college, university, or other institution of learning. Any such policy issued may insure the spouse, dependent children, parents, or siblings of the insured student or teacher.