

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Limited government – The bill creates a small business health insurance grant program to be administered by the Agency for Workforce Innovation (AWFI). The bill directs AWFI to award, administer, and monitor grants to small employers and small businesses to develop and offer cafeteria health plans and other health insurance options.

Empower families - The bill expands the financial eligibility requirements to qualify for health flex plans, thereby providing greater access for working individuals and their families to health insurance.

B. EFFECT OF PROPOSED CHANGES:

In 2002 the Legislature established the Health Flex Plan Program recognizing that a significant portion of Florida residents are unable to afford health insurance coverage. The Health Flex Plan Program was established as a pilot program in an effort to offer basic affordable health care services to low-income uninsured state residents, “by encouraging health insurers, health maintenance organizations, healthcare-provider-sponsored organizations to develop alternative approaches to traditional health insurance, which emphasize coverage for basic and preventative care services.” The Agency for Health Care Administration (AHCA) is directed by law to administer the Health Flex Plan Program. In 2004 the Legislature expanded Health Flex plans to all 67 counties.

Health Flex Plans can be offered by licensed insurers, HMOs, health care providers, local governments, health care districts, or other public or private organizations, and through small employers’ business purchasing arrangements sponsored by local government. Currently eligibility to enroll in the Health Flex Plan is limited to individuals who:

- Are residents of this state;
- Are 64 years of age or younger;
- Have family income equal to or less than 200 percent of the federal poverty level;
- Have been uninsured for at least 6 months prior to enrollment; and
- Are not covered by a private insurance policy and are not eligible for coverage by a public health care program.

According to AHCA Health Flex Program 2007 Annual Report (“Report”), four health flex plans covering 1776 members have been approved.¹ For one of the four plans, the Report found, “[w]hile enrollment is still below expectations, nearly 250 businesses participate in the Health Flex Program that did not offer health insurance benefits over a six month period. This represents a 50 percent increase over last year.” For that plan, which is offered only through small employers, the Report found: “The plan has experienced problems in qualifying each and all members of a business under the income guidelines. This means that some employees qualify for the business sponsored Health Flex Plan, while others do not qualify for the plan. Since the employer pays the premium for qualifying members, non-qualifying employees view this as unfair treatment, and some business owners dropped out of the plan altogether.”²

¹ Health Flex Plan Program Annual Report, January 2007, Agency for Health Care Administration, *available at*: http://ahca.myflorida.com/MCHQ/Managed_Health_Care/Health_Flex/ANNUAL_REPORT-FINAL_2007.pdf.

² Health Flex Plan Program Annual Report.

Health Flex Plans: Changes Proposed by the Bill

The bill expands the population eligible to purchase health flex plans by raising the income limit to 250 percent of the federal poverty level.

The bill additionally expands the population eligible to purchase health flex plans by allowing all employees of a business to qualify if:

- The employer group is not covered by a private insurance policy;
- The employer group has not been covered at any time in the last 6 months; and
- At least 75 percent of the employees have a family income equal to or less than 250 percent of the federal poverty level.

The bill specifies that if the health flex plan is a licensed insurer, health plan, or health maintenance organization, only 50 percent of the employees have to have an income level up to 250 percent of the federal guidelines in order for the entire employee group to qualify.

Agency for Workforce Innovation – Workforce Florida, Inc.

Workforce Florida, Inc., as created in s. 445.004, F.S., is the principal workforce policy organization for the state. As such, its purpose is to design and implement strategies that help Floridians enter, remain in and advance in the workplace, becoming more highly skilled and successful benefiting these Floridians, Florida businesses, and the entire state, and to assist in developing the state's business climate.

Section 445.006, F.S., provides that Workforce Florida, Inc., in conjunction with state and local partners in the workforce system, shall develop a strategic plan for workforce, with the goal of producing skilled employees for employers in the state. Section 445.014, F.S., provides that regional workforce development boards may be established to provide one-stop delivery systems that maximize the provision of workforce and human-resource support services to small businesses. To the extent that a healthy workforce is an integral part of a continuing workforce—health care incentives are important elements to sustaining a viable economy and to recruiting and retaining employees.

Agency for Workforce Innovation-Small Business Health Insurance Grant Program: Changes Proposed by the Bill

The bill creates a small business health insurance grant program to be administered by the Agency for Workforce Innovation (AWFI). The bill directs AWFI to award, administer, and monitor grants to small employers and small businesses to develop and offer cafeteria health plans that qualify under s. 125 of the Internal Revenue Code and include options such as prepaid health clinic services licensed under part III of chapter 641, F.S., to improve uninsured employee access to health insurance. The bill gives priority to employer proposals that would improve access for previously uninsured employees or include long-term commitments to insure employees. The bill restricts the use of grant funds to specify that funds can not be used for ongoing maintenance of the plans or for employer contributions.

The bill directs the AWFI to consult with the Office of Insurance Regulation to evaluate each project funded by a grant to measure any increases in access to insurance and the long term viability of such increases.

The bill directs AWFI to design informational materials to inform small employers and small business about cafeteria health plans and provide training to assist these entities in developing such plans.

The bill directs AWFI to submit an annual report no later than February 1, to the Governor, the Senate President and the Speaker of the House regarding this small business health insurance initiative.

The small business health insurance grant program is effective contingent upon a specific appropriation to the Agency for Health Care Administration.

C. SECTION DIRECTORY:

Section 1. Amends s. 408.909(5), F.S.; relating to health flex plans.

Section 2. Creates s. 445.015, F.S.; relating to small business health insurance plan grant programs.

Section 3. Provides an effective date of July 1, 2007.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

Agency for Health Care Administration

See fiscal comments.

Agency for Workforce Innovation

10 percent of the appropriation. See fiscal comments.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Small businesses and small employers would benefit through the receipt of grants to assist them in providing access to health insurance for previously uninsured employees.

D. FISCAL COMMENTS:

Agency for Health Care Administration

The bill establishes the Small Business Health Care Grant Program within the Agency for Workforce Innovation (section 1); however the specific appropriation is made to the Agency for Health Care Administration (section 2). As written, the bill would have a fiscal impact on the Agency for Health Care Administration.

Agency for Workforce Innovation

Since the Agency for Workforce Innovation has not administered a program of this type it is not known how much administrative cost would be needed. For this reason, the Agency for Workforce Innovation indicates they would need at least 10% of the appropriation to establish and administer the Small Business Health Insurance Plan Grant program as established in Section 2.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

This bill does not require counties or municipalities to spend funds or take action requiring the expenditure of funds. This bill does not reduce the percentage of a state tax shared with counties or municipalities. This bill does not reduce the authority that municipalities have to raise revenues.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

The bill appears to have a drafting error in that Section 1. establishes the Small Business Health Insurance Care Grant Program within the Agency for Workforce Innovation and Section 2. provides that the effective date of the bill is contingent upon a specific appropriation to fund the Small Business Health Insurance Grant Program is made to the Agency for Health Care Administration. An amendment will be prepared to clarify that general revenue monies are appropriated to the Agency for Workforce Innovation for the purposes of implementing the program.

In addition, on page 1, line 22 – delete 200 percent and insert 250 percent. Technical/conforming amendment with other sections of the bill intended to reflect 250 percent of the federal poverty level.

D. STATEMENT OF THE SPONSOR

No statement provided.

IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES

On March 20, 2007, the Health Innovation Committee adopted two amendments. These amendments:

- Revised the family eligibility income to reflect 250 percent of the federal poverty level to conform to federal poverty levels reflected in other sections of the bill. The amendment corrects the drafting issue explained in the staff analysis.
- Clarified that general revenue monies are appropriated to the Agency for Workforce Innovation to implement the Small Business Health Insurance Grant Program. The amendment corrects the drafting issue explained in the staff analysis.
- The bill was reported favorably with two amendments.