

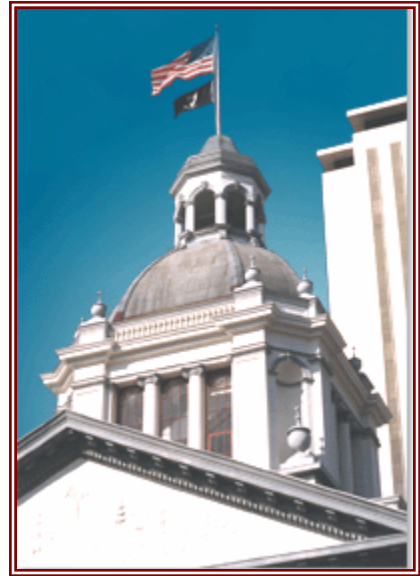
CARLTON FIELDS CAPITOL REPORT

Government Affairs and Lobbying • January 20, 2004

Interim Policy Groups Begin Reporting

2004 Legislature Will Have a Comprehensive Health Care Focus

A trio of select appointed groups created last year to take a broad look at health care policy options began releasing their draft recommendations and observations this month. The groups were formed largely to find ways to mitigate the effects of double-digit health care inflation, which threatens the welfare of the state economy and budget.



The cumulative effect of yearly increases in health care costs has fallen hard to the business bottom line. Businesses are now experiencing an upsurge in health care premium costs by 20-30 percent a year.

One national study reported that for every one percent increase in premiums, 16 million Floridians lose their private health insurance coverage, when the data were adjusted for Florida. The state has indeed begun a decline in the number of businesses offering a health benefit, and an increase in the uninsured. Smaller businesses are dropping coverage for employees when the premiums are no longer affordable.

Health care increases, including those attributed to a growing uninsured, have caused unprecedented Medicaid spending by the state. The Medicaid budget is growing in leaps and bounds – in the hundreds of millions each year.

This cost trend is expected to continue for the foreseeable future and threatens to consume a huge chunk of any disposable “new tax dollars” generally available to the state each year from growth. This means less funding for other priorities.

If you are a physician, nurse, hospital, a business of any size, health insurance provider, food manufacturer, or health care user, you will have a stake in the outcome of the 2004 Legislature.

Two task forces were created by Gov. Jeb Bush: one assigned to look at the social and cost ramifications of a growing uninsured population; the second to opine the long-term public health implications of obesity. House Speaker Johnnie Byrd established a third group to analyze how

health care premiums on businesses can be reduced.

The net effect of this work will be a broad political sweep of health care in Florida – its cost drivers, financing, billing practices, insurance products and regulation – and also the health of Floridians – obesity and its public policy and cost ramifications. With so much fodder, the 2004 Legislature will likely be very busy dissecting the health care delivery system.

Below is a brief recap of each group's work to date. Carlton Fields' lobbyists have been actively engaged on behalf of clients with each entity throughout deliberations and debate.

**Governor's Task Force on
Access to Affordable Health Insurance**
(Draft Report Issued January 2004.)

Created August 25, 2003, and co-chaired by Lt. Gov. Toni Jennings and CFO Tom Gallagher. The group is studying the social and cost issues surrounding 2.8 million uninsured Floridians. The Task Force's final report is due on an unspecified day in February 2004.

Below is a summary of recommendations contained in the draft report. Please see the entire report for details.

HOW TO GET:

Hit www.myflorida.com. Use "Governor's Task Force on Access to Affordable Health Insurance" in the keyword search feature to locate the report; 120 pages.

■ **Pooled Purchasing:**

Establish purchasing pools for small employer groups with 25 employees. Eliminate prior approval of rates for small employer groups with 26-50 employees.

■ **Health Flex Pilot Program Expansion:**

Expand statewide to offer more flexible, basic, low-cost coverage to the low-income working uninsured.

■ **Consumer Protection & Information:**

Provide information to consumers by requiring standardized policy forms for the individual market, transparency in pricing, costs and quality measures through data collection; regulate the "discount cards" market; remove the +/- 15 percent rate adjustment in the small group market.

■ **Local Initiatives:**

Encourage the development of local health care programs for individuals lacking health insurance.

■ **Evidence-Based Medicine:**

Promote initiatives that increase the use of evidence-based medicine by physicians and health care institutions.

■ **Use of Electronic Health Care Information:**

Encourage development of electronic medical records.

■ **Medicaid Restructuring:**

Find ways to restructure Medicaid in terms of benefits, cost sharing, service delivery, coordination with employer-sponsored insurance, cost-cutting, fraud and abuse.

■ **Protection of Safety-Net Providers:**

Find ways to support ERs, ER physicians, and Federal and rural health centers.

■ **Information on the Uninsured:**

Track efforts to reduce the percentage of the uninsured.

■ **KidCare Program:**

Encourage growth, permit the use of local funds, and prioritize access to the program based on revised criteria.

■ **Create Health Plans for the Uninsurable and HIPAA-Eligible:**

Create a new high-risk pool.

House Select Committee on Affordable Health Care for Floridians

(Draft Report Issued January 2004)

Created by House Speaker Johnnie Byrd and chaired by Rep. Frank Farkas (R-Clearwater). Exploring options to expand health insurance coverage, yet control its costs for employers.

An extensive draft report issued in January lists the pros and cons of 88 policy options, too many to list here. However the committee recently winnowed the list and has identified only those options that are narrowly inline with the group's original charge from Speaker Byrd. The committee is now focusing on the options listed below. A final report is due in February, with legislative proposals coming soon thereafter.

i HOW TO GET:

Hit www.myfloridahouse.com. Select "Documents and Publications," then choose the "Select Committee on Affordable Health Care for Floridians" in the drop-down menu; 215 pages.

■ **Emergency Room Utilization:**

Reduce both the over-utilization and the inappropriate utilization of emergency services by requiring higher co-pays for non-emergent use of Emergency Departments and higher co-pays for out-of-network Emergency Department use. Require the development of emergency room diversion programs by hospitals and by insurance plans. Promote the development of public health clinics which are open 24 hours a day, seven days a week and provide incentives to the private sector to offer clinic space in publicly accessible buildings. Provide incentives for providers to operate facilities giving patients an alternative to the Emergency Department (ED).

■ **Premium Assistance:**

Consider a premium-assistance program for employer-sponsored coverage.

■ **Health Flex Program:**

Expand the Health Flex Pilot Program to include additional counties and provide for a wrap-around catastrophic health insurance plan to be built into the program.

■ **Access to Comparative Information:**

Expand efforts to develop and disseminate the comparative information on health care costs that consumers need to make wise spending decisions. Instruct AHCA to develop a consumer-friendly website that will allow consumers to compare prices of pharmacies, drug companies, physicians and providers, and hospital costs. Establish objective public information resources whereby individuals can reasonably be expected to make rational choices regarding health care funding for themselves and their families.

■ **Evidence-Based Medicine:**

Promote initiatives that increase the use of evidence-based medicine by physicians and health care institutions. Priority should be given to initiatives that improve the quality of health care and provide for a more efficient and effective delivery system. Specific options include:

- A. Explore joining or supporting efforts already underway, such as those of the Leapfrog Group, the international group Bandolier, and the Healthy Florida Foundation;
- B. Promote university or medical school based research utilizing Medicaid and other data collected by the AHCA to identify and quantify the most cost effective treatment and interventions, including disease management programs;
- C. Encourage development of systems to measure and reward providers who implement evidence-based medical practices;
- D. Evaluate and identify ways to tie a health care provider's use of evidence-based medical practice to medical malpractice liability;
- E. Routinely review other state and private initiatives and published literature for promising approaches and disseminate information about them to providers; and

F. Encourage the Florida Medical Association and other health care associations to regularly publish findings related to the cost-effectiveness of disease specific evidence-based standards.

■ **Electronic Medical Records:**

Promote compatible information technology that permits secure, private information sharing throughout health care. Require the use of technology to create a single medical record that belongs to the patient and families.

■ **Individual Awareness:**

Promote individual awareness and responsibility for choices affecting health care. Establish mechanisms for health care providers, health insurers and state agencies to promote consumer awareness of the impacts of lifestyle behaviors and demands for services beyond protocol.

■ **Insurance Agents and Brokers:**

Change insurance agents' and brokers' legal responsibility. Allow agents and brokers to act as true insurance consultants, and charge reasonable fees to their clients. Agents should be allowed to act in the best interest of their clients, and shop or tailor plans based on specific needs, rather than working for one or several insurance carriers.

■ **Discounts for a Healthy Lifestyle:**

Allow larger discounts and incentives in insurance premiums for healthy lifestyles. Allow more choices of plans with various premiums, so a consumer may pick an insurance plan that meets his price point. Allow more flexibility in tailoring plans based on individual needs. Provide premium discounts or rate adjustments when annual utilization is low.

■ **High Risk Pool:**

Establish a residual market (risk pool) for health insurance. Make coverage available to both:

- Individuals who are uninsurable; and

- Individuals eligible for guaranteed issue coverage as a result of HIPAA continuation of coverage requirements.

■ **One-Life Groups:**

In conjunction with the opening of a health residual market, reform the small group market by eliminating the one-life groups.

■ **Micro-Groups:**

Create a new type of small group – a “micro group” of 2-5 employees – and establish purchasing pools for this segment of the small group market.

■ **Transparency:**

In conjunction with the industry movement to consumer driven health care products, ensure that consumers have the information they need to make necessary decisions. This recommendation generally referred to as one of providing “transparency,” must also allow for the use of current technology while providing consumers with the ability to:

- Compare alternative providers of health care based on price and outcomes experience.
- Obtain a provider of health care's actual current charges for services to be rendered.
- Obtain the amount of reimbursement that will be made by their benefit plan.
- Make informed decisions when choosing between carriers:
 - Applicants should be able to compare among individual carriers similar to small group by having standardized policy forms required in the individual market. (As in small group, these would be in addition to any “street plans” designed by the carrier.)
 - Small employers should be able to obtain firm premium quotes from multiple carriers.

- Plan a proper course of treatment with the assistance of automated consumer decision support systems; and
- Recognize legitimate coverage from such offers as a “discount card.”

It remains to be seen if the Florida House has the political will to delve into the system’s true cost-drivers in an election year. Any legislation filed as an outcome of the committee’s work will become a priority for the House Speaker during the 2004 legislative session opening March 2.

**Governor’s Task
Force on the Obesity Epidemic**
(Draft Report Pending)

Created October 15, 2003, and chaired by Dr. Zachariah P. Zachariah of Broward County. Recommendations are due February 13, 2004, and will address:

1. Ways to promote the recognition of overweight and obesity as a major public health problem that has serious implications for economic prosperity.
2. An analysis to determine the number of children who are overweight or at risk of becoming overweight.
3. Contributing factors to the increasing burden of overweight and obesity.
4. Ways to help balance healthy eating with regular physical activity to achieve and maintain a healthy or healthier body weight. Identification of evidenced-based strategies to promote lifelong physical activity and lifelong healthful nutrition.
5. Identification of effective and culturally appropriate interventions to prevent and treat overweight and obesity;
6. Policy recommendations to improve healthful nutrition and physical activity for youth, especially in areas where they congregate such as schools, after-school programs, and community and youth centers.

7. Recommendations for parents, caregivers, health care providers, youth leaders and other youth-based programs to encourage and support healthy eating and increased physical activity to promote family strengthening and family stability.

HOW TO GET:

Hit www.myflorida.com. Use “Governor’s Task Force on the Obesity Epidemic” in the keyword search feature to locate the report, once issued.

Keep State Political Contributions Within the Limits of the Law

Florida law limits an individual, corporation, or a political action committee to a \$500 contribution to any one candidate in any one election cycle.

This year we have two election cycles: the primary cycle, which we are currently in, ending August 27, 2004; and the general election cycle, ending October 29, 2004. (These are for state and county races; city races may or may not observe these cycles.) This means a contribution to a particular candidate *must be received by that candidate on or before the cycle deadline*. It also means the most an individual candidate can legally receive from one person or entity is \$1,000 (\$500 given in the primary cycle; \$500 given in the general cycle).

Contributions to a candidate may be monetary or "in-kind." An example of an in-kind contribution is the purchase of food for a fundraising event. The sum of contribution types may *not* exceed \$500 per election cycle. In other words, one can not make a \$500 monetary contribution and also contribute \$250 in-kind during the same cycle. Hence, many fundraisers have "host committees," where each host of the event contributes \$500 in-kind to cover the costs associated with the event.

Both types of contributions are reportable by the candidate under the law *and also by a giving entity if the entity is making contributions through a CCE (generally referred to as a PAC)*.

Contributions made directly by a company or individual are not reportable by the company or individual (however the candidate must report receiving these contributions).

Contribution Deadline for First Cycle:

Friday, August 27, 2004

Primary Election (First Cycle):

August 31, 2004

Contribution Deadline for Second Cycle:

Friday, October 29, 2004

General Election (Second Cycle):

November 2, 2004

Carlton Fields Lobbying Team

Our aim is to thoroughly learn our clients' concerns and goals and do what it takes to achieve them within the Florida Legislature and Cabinet, state agencies, and local governments.

Government Affairs Services

Aggressive Lobbying – Our lobbyists are highly respected among Florida's political leaders for their credibility, effectiveness, and ethics.

Extensive Contacts and Relationships –

We work daily to maintain broad relationships across party lines with the state's highest political leaders, from the Gov. and Lt. Gov. to the Speaker of the House and the Senate President. We also maintain excellent relationships with the Florida Cabinet, legislative majority and minority leaders and chairmen, state agency secretaries, local governments, staff, and industry leaders.

Political Analysis – We analyze political players and issues for client planning and provide likely scenarios based on current political winds.

Crisis Management and Damage Control –

We help mend fences with government officials and staff to get a client back on the right track..

Political Action and Elections Counsel –

Our lobbyists are completely versed in Florida's political campaigns and candidates and can provide counsel regarding the best use of political contributions.

Timely Information – We provide custom-designed information based on particular industry or business needs.

Public Affairs Integration – We are well equipped to represent a political position with news media.

Contact Us:

Gov. Bob Martinez: 813.229.4261, Tampa
Rheb Harbison: 850.513.3615, Tallahassee
Mike Olenick: 850.513.3607, Tallahassee