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March 14th, 2008



Florida Academy of Family Physicians Capitol Update March 14, 2008

The Legislature concluded week two of its 9-week session. The major activity of the week included slicing Florida's current-year budget by roughly \$500 million. Both chambers then turned their attention to preparing to build the budget for next year (08-09). The revenue estimates that were completed this week project \$3.1 billion less to the state coffers for the next year. Rumbblings about "revenue enhancements," such as an increase in the cigarette tax, are starting to circulate and the intensity of the discussion will only increase as budget realities set in. However, the overall legislative philosophy at this time is for the state to stay within its existing budget with no new taxes.

Other issues that dominated the process included guns at work and energy. The House Environment and Natural Resource Council passed an NRA-backed proposal to allow an employee to bring a gun to the workplace if an employee possesses a concealed weapons permit. An employer would be prohibited from adopting a policy restricting this activity. The full House and Senate will address this proposal in the coming weeks. This issue pits the NRA against a large part of Florida's business community. Governor Crist's energy proposals were also debated in each chamber this week. Many in the Legislature are following the lead of Florida's "Green Governor" and we expect to see legislation pertaining to emissions, green buildings, ethanol production, and the production of sustainable building materials.

On the FAFP front, following is a summary of our key issues:

Managed Care Contracting - (SB 1012/HB 405)

Some movement

Senator Don Gaetz (R- Fort Walton Beach) and Representative Bill Galvano (R- Bradenton) filed legislation that require managed care companies to accept a valid assignment of benefits, place a fair time

limit on the "look-back" provision in the prompt payment law and prohibit silent PPOs. These bills are supported by organized medicine and are strongly opposed by the insurance industry.

SB 1012 passed the Senate Commerce Committee this week. The Committee amended SB 1012 to include any medical provider that is not in the network. The bill has two more committee hearings, the Committees on Health Policy and General Government Appropriations.

HB 405 was not heard this week. HB 405 has two more hearings, the Healthcare Council and the Policy and Budget Council.

ARNP Prescribing Expansion - (SB 972/HB 515)

No movement this week

Another scope expansion battle will be fought in the Legislature this year. At the urging of the advanced registered nurse practitioners (ARNPs), Senator Burt Saunders (R-Naples) and Representative Juan Zapata (R-Miami), Vice Chair of the House Healthcare Council, filed bills authorizing ARNPs whose practice is located in medically underserved areas or who provide care to medically underserved populations (as designated by the United States Department of Health and Human Services) to prescribe Schedule II, III, IV, and V substances. The legislation would only authorize ARNPs to prescribe these substances to the extent authorized by a protocol with a physician licensed under chapter 458 or chapter 459. Most of organized medicine, including the FAFP, opposes this legislation.

SB 972 was referred to the Senate Committees on Health Regulation and Judiciary and HB 515 was referred to the Committee on Health Innovation and the Healthcare Council. Neither bill has received a committee hearing to date.

2008-2009 Budget & Medicaid

This week the Legislature passed budget reductions for the current year that are estimated to save more than \$500 million in general revenue. Without those reductions, budget leaders estimated that Florida would have finished the fiscal year on June 30 more than \$130 million in deficit. The reductions were borne mostly by education while health and human services reductions were limited to \$36.9 million. Those savings were predominantly administrative in nature.

As part of the budget conference negotiations on the current year reductions, the Senate proposed legislation to enact permanent rate reimbursement freezes on inpatient hospitals, outpatient hospitals, nursing homes, county health departments, and community intermediate care facilities for the developmentally disabled; and to apply the effect of the reductions to the reimbursement rates for prepaid health plans and nursing home diversion providers. This legislation was projected to save a total of \$316 million, including \$140.5 million in general revenue. The measure would have applied for 2008-2009. Many House members did not agree with the measure at this time, so the House did not concur with the Senate. However, the measure may still be considered during the regular session due to other budget news.

The General Revenue Estimating Conference provided their report this week that shows next year's budget will likely show more than \$3 billion less in general revenue than they had predicted a year ago. With the current year's decline in general revenue and the projected decline in

next year's, the total drop in general revenue collections will be over \$4.5 billion. This two-year decline has never happened in Florida history. With this news and the statements by the Governor, and the House and Senate leadership ruling out any tax increases, it is expected that many new and dramatic cost reductions will be considered to help balance Florida's budget for next year.

Marketplace for Affordable Health Insurance

During his state of the state address, Governor Crist announced several health care initiatives including his proposal for the Cover Florida Health Access Act - Consumer Choice Benefit Insurance Plans. Prior to that announcement, the House Healthcare Council was working on its own affordable health insurance package based on the ideas of Chair Aaron Bean. Both Bean and the Governor seek to create a new health insurance marketplace in Florida where employees can choose their coverage, make it attractive for employers to provide it and allow the plan to be portable with the employee.

The Healthcare Council's proposal includes the following goals:

- Flexible ways to use pre-tax dollars to purchase services and coverage;
- Creation of a public-private partnership to serve as administrator for individual portable plans;
- Centralized purchasing through the marketplace to reduce overhead for small employers;
- Post-enrollment risk adjustments to spread higher costs for sicker patients;
- More transparency to consumers about the quality and price of health care; and,
- Decentralized decision-making about health care- placing individual consumers in control over resources for their own health care.

Governor Crist's proposal permits companies to offer new plans containing no individual mandates or mandates for specific coverage or conditions. Differing from the House, Crist's plan would have to guarantee coverage to uninsured Floridians age 19 to 64 and must offer multiple benefit options. Under his plan, the package would have to include strong preventive, primary and urgent care benefits, including hospitalization. The House proposal is silent on these issues.

We will keep you up-to-date as the proposals unfold in the coming weeks.

Emergency Medicine Certification (SB 1184/HB 509)

Temporarily postponed in Senate committee

Senator Burt Saunders (R-Naples) and Representative Paige Kreegel (R-Punta Gorda) filed legislation that would prohibit physicians and osteopathic physicians who complete their certification after January 1, 2009, from becoming board-certified emergency physicians unless certain requirements are satisfied. Last year, FAFP worked with the emergency physicians and the FMA to clarify certain provisions of the bill, thus avoiding unintended consequences of limiting the ability of physicians to practice in various settings. The bill is still opposed by the American Association of Physician Specialists (AAPS).

SB 1184 was heard in the Senate Health Regulation Committee this week and generated many questions and concerns. The Florida College of Emergency Physicians testified in support of the bill. A

physician, board certified by the AAPS, spoke in opposition. Physicians board certified by AAPS are not required to complete an emergency medicine residency. Senators were concerned that the bill would negatively impact hospitals in rural areas, as patients would avoid hospitals that do not have board certified emergency physicians. Many questions surrounded the topic of certification and the Board of Medicine's 2002 decision to allow AAPS to certify. Senator Saunders decided there were too many questions and concerns to move forward with the bill that day. He temporarily postponed the bill and asked Committee Chair Jeff Atwater to bring the bill up at the next meeting.

Health Regulation is the only committee that must hear SB 1184. HB 509 was referred to the Committee on Health Innovation and the Healthcare Council.

Electronic Health Records - (SB 1998/HB 637)

No movement this week

Senator Jeremy Ring (D-Margate) and Representative Denise Grimsley (R-Sebring) filed legislation creating a Florida eHealth Initiative Act. The bills direct AHCA to award and monitor matching grants to health information organizations that submit proposals that advance the development of a statewide health information exchange. The grants would be subject to appropriation each year.

SB 1998 was referred to the Senate Committees on Health Regulation, Banking and Insurance, Governmental Operations and Health and Human Services Appropriations. HB 637 was referred to the Healthcare Council and the Policy and Budget Council. Neither bill has received a committee hearing to date.

Biomedical Research

No movement this week

Representative Aaron Bean (R-Fernandina Beach) is chair of the House Healthcare Council. For the second year in a row, Chair Bean is trying to restructure the manner in which biomedical research is funded at the state level. His concern is that state funds flow to dozens of different research entities and that the entities are chosen more for political reasons than for the quality of the work. Bean also worries that different disease states receive additional funding based on the whim of whoever is in political power at the time. He is also concerned that research dollars are not necessarily being spent on research, but on other expenses unrelated to research. Finally, Bean is concerned that entities doing research in Florida are not collaborating with one another. Bean's solution is to take the current biomedical research model used in the James and Esther King Biomedical Advisory Council and expand its membership and internal review processes for all state funded research.

Bean recognized that tackling well-entrenched programs that have long received state dollars will be difficult. No entity gives up autonomy or dollars easily. However, Bean is on a mission. We will continue to keep you posted on his progress.

We hope this brief legislative update is helpful. We will keep you posted on these and other developments as the Session progresses. We hope this brief legislative update is helpful. We will keep you posted on these and other developments as the Session progresses. To check on specific bills, go to www.myflorida.com, click "Government," then "Legislative Branch."

Florida Academy of Family Physicians

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