

ASSOCIATED INDUSTRIES OF FLORIDA
**LEGISLATIVE
DAILY BRIEF**



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FROM APRIL 22, 2003

WORKERS' COMPENSATION

SOURCE: Mary Ann Stiles and Tamela I. Perdue, Stiles, Taylor, and Grace, P.A.

The Senate Appropriations Committee considered 35 amendments to SB 1132, sponsored by Senator Charlie Clary (R-Destin), and approved 29 of them. The bill brings the reduction in cost from the 10 percent the bill had when it left the Senate Banking and Insurance Committee. The reduction now is approximately 17 percent.

For more detail on the amendments please go to <http://www.fbnnet.com/2003-Articles/WCReport.htm>

The amendments make substantial improvements to the bill. The bill was approved by the committee with virtually no discussion or debate. The next step for this bill will be on the floor of the full Senate. The House Workers' Compensation bill (CS/HB 1837) is expected to be heard on the House floor Thursday or Friday of this week.

AIF supports legislation that controls medical expenses, reduces litigation, and corrects inefficiencies in the workers' compensation system. Above all, AIF supports remedial legislation that will provide fairer benefits to injured workers and lower costs to employers.

ECONOMIC DEVELOPMENT

Enterprise Florida, Inc. (EFI) is the public-private partnership responsible for leading Florida's statewide economic development efforts and business marketing. EFI's goal is to increase economic opportunities through the creation and retention of quality jobs and the active support of strong and growing businesses. In furtherance of its mission, EFI recommends economic development initiatives to the Florida Legislature.

Two bills heard today in House and Senate committees track recommendations for economic development offered by EFI.

The House Finance and Tax Committee heard HB 809, sponsored by Representative Bev Kilmer (R-Marianna), which

- creates a sales-and-use-tax exemption for machinery and equipment used in research and development
- lowers the sales price threshold from \$5,000 to \$500 for the sales-tax exemption on machinery and equipment purchased for use in an enterprise zone
- changes the name of the Urban High Crime Area Job Tax Credit Program to the Designated Urban Job Tax Credit Area Program and enhances the credit program by increasing local designation of the zones, expanding eligible industries, removing reference to high crime, and allowing transferability of unused credits.
- expands the Capital Tax Credit Program to include any business certified by EFI as a qualified target industry.
- revises the Technology Development Program to more accurately reflect EFI's current mission.

The committee passed the bill with no amendments.

The Senate Finance and Taxation Committee heard CS/CS/SB 2328 & 2252, which is the Senate counterpart to HB 809. SB 2328 was originally sponsored by Senator Burt Saunders (R-Naples) and SB 2252 was originally sponsored by Senator Lesley Miller, Jr. (D-Tampa). The Senate Commerce, Economic Opportunities, and Consumer Services Committee voted to combine these two bills, which provide certain tax incentives and revise several existing economic development programs.

Senator Saunders presented the bill in the Finance and Taxation Committee. The bill provides economic-development tax incentives for companies that purchase equipment and machinery, including molds and dies that are used for research and development. As amended, this bill mandates that EFI coordinate with local and regional economic development organizations to help provide funds for start-up businesses and technology incentives.

With little discussion or debate, Senator Saunders, the bill's sponsor, introduced a lengthy amendment in committee to create a \$200 million State Economic Stimulus Plan. Apparently, this is a late-blooming initiative that needs some more seasoning, as it lacks support from the governor's office. Senator Saunders told colleagues that he would withdraw the new provision on the Senate floor, if all concerns are not resolved in time. The amendment and the bill passed unanimously.

As an aside, we note with interest that continued state funding for EFI is at risk in this legislative session. The general appropriations act for the current fiscal year (FY 2002-2003) provides \$11.9 million for the group, which also raises money and in-kind contributions from the private sector. The governor's proposed budget for FY 2003-2004 provides EFI with \$10.9 million, a reduction of \$1 million. The House budget proposes \$10.5 million, while the Senate proposes that EFI receive only \$6.6 million. EFI is justly concerned that deep cuts in state funding would seriously undermine its ability to promote economic development in Florida.

AIF supports legislation to promote economic development in Florida. The state should exempt from the sales-and-use tax all items of tangible personal property that are purchased specifically for use in research and development activities. Legislation of this nature pays big dividends to Florida because it makes the state's business climate much more attractive to high-paying, high-tech industries.

HEALTH INSURANCE

Today, the Senate Banking and Insurance Committee heard and passed SB 1796, sponsored by Senator Walter Campbell (D-Tamarac), which makes substantial changes to health insurance coverage in Florida, including changes involving mandatory arbitration.

Arbitration is a technique that provides an alternative to litigation and is intended to be a more efficient and cost-effective method of resolving disputes. Typically, an arbitration hearing takes three to five months to schedule while civil litigation generally takes one to two years to complete. By avoiding the judicial system, many costs are eliminated, making arbitration a cost-effective alternative to litigation. Parties can choose their arbitrator, whereas they cannot choose their judge in litigation. They can also set some of their own rules for the conduct of the hearing, and schedules can be set for the convenience of the parties rather than the judiciary.

One provision of SB 1796 would prohibit mandatory arbitration clauses in life, health, and disability insurance, as well as managed care and prepaid contracts. Another provision requires hospitals to provide publish rates for the most frequently used services.

Senator Campbell asserts that the bill would reduce health insurance premiums; it is, however, turning into a health-care train with numerous unrelated provisions being attached. In sum, the bill generated adverse testimony from the Florida Hospital Association which opposes the provision that limits the amount hospitals can charge consumers when they receive care outside of an HMO network. Insurers, HMO's, and the NFIB spoke in support of the bill.

Although the committee passed the bill, serious problems remain that may not be resolved before the end of session.

AIF opposes legislation that bars mandatory arbitration in health care contracts. Arbitration provides a quick, inexpensive means to resolve disputes between insurers, providers and health care consumers. However, AIF supports legislation that provides health care consumers with information about the cost of services provided by hospitals and doctors. Informed consumers are essential for market efficiency.

The Senate Banking and Insurance Committee also heard SB 84, sponsored by Senator Steven Geller (D-Hallandale Beach) and co-sponsored by Senator Alex Villalobos (R-Miami) and Senator Gwen Margolis (D-Miami Beach), relating to health insurance and autism spectrum disorder.

Autism is a complex development disability that is likely the result of a neurological disorder that affects the functioning of the brain. Autism is a lifelong disability that affects an individual's ability to communicate, understand language, play, and socially interact with others. It is classified as a spectrum disorder, meaning that autism can be manifested in a wide variety of combinations, from mild to severe.

Currently, Florida law does not mandate the treatment of autism spectrum disorder (ASD) by health insurers or HMOs. SB 84 would mandate that all health insurance and HMOs provide coverage for ASD. A health insurer or HMO would not be able to exclude coverage when the referring physician prescribed various forms of treatment for ASD, including, but not limited to therapeutic evaluations; speech, occupational and physical therapy; applied behavioral analysis; and Lovaas behavioral therapy. An insurer or HMO must apply to ASD the same terms and conditions that the entity applies to the treatment of other disorders. The insurer or HMO may confirm a diagnosis or review the appropriateness of treatment prescribed.

The committee unanimously passed the bill with no amendments added. The identical House bill, HB 169, sponsored by Nan Rich (D-Sunrise), has received favorable votes in the House but was last heard in the House Health Services Committee on April 2 with no movement since.

AIF opposes additional requirements for mandated health insurance coverage. The increased cost of insurance coverage may force some insurers out of the market and price health care insurance out of the reach of many employers and businesses.

AUTOMOBILE INSURANCE: PERSONAL INJURY PROTECTION REFORM

The Senate Appropriations Committee heard CS/SB 1202, sponsored by Senator JD Alexander (R-Winter Haven), which relates to Florida's no-fault motor vehicle insurance law.

In our last report on this bill, we advised you that the committee substitute seeks to reduce the cost of insurance premiums and combat fraud and abuse that are rampant in the system. This bill

- strengthens anti-fraud provisions and health-care-clinic regulation
- establishes medical-fee schedules
- mandates medical utilization guidelines for neck and back injuries
- establishes uniform billing requirements
- adopts procedures for filing presuit demand letters to insurers
- sets mediation guidelines for legal disputes to encourage settlements and decrease litigation
- provides for other reforms so that cost-savings may be realized for all drivers in this state

Today, a strike-all amendment was introduced that added a few new provisions to the bill. As amended, it requires a medical peer review panel to resolve medical disputes and restricts the alternative dispute resolution to non-medical disputes

After adoption of the amendment, the committee passed the bill.

The main House bill on automobile insurance reform, HB 1819 by the Insurance Committee and Representative Kim Berfield (R-Clearwater), is scheduled to be heard tomorrow morning in the State Administration Committee.

AIF favors reform of Florida's automobile insurance law to return stability to the no-fault insurance market by reducing unnecessary litigation over medical and lost-wage benefits.

UNEMPLOYMENT COMPENSATION

The Senate Appropriations Subcommittee on Transportation and Economic Development heard SB 470, sponsored by Senator Debbie Wasserman Schultz (D-Pembroke Pines) and Senator Alex Diaz de la Portilla (R-Miami), relating to unemployment compensation benefits.

As we previously reported to you, SB 470, as amended by a committee substitute, changes unemployment compensation benefits to temporarily increase the weekly benefit amount for an individual receiving unemployment benefits.

Today, the committee passed the bill. The House companion bill, HB 857, sponsored by Representative Dan Gelber (D-Miami Beach), was last heard in the House Subcommittee on Workforce and Economic Development on April 7 with no further activity.

AIF would oppose any diversion of funds from the unemployment compensation trust fund and any legislation to permanently increase benefits in a manner that negatively affects solvency of the fund. Although SB 470, in its present form, is not so egregious, it still raises concerns for the business community. As such, any further action or amendments on this bill will be closely monitored.

CONSTITUTIONAL AMENDMENTS

The Senate Finance and Taxation Committee heard SB 1322, sponsored by Senator Anna Cowin (R-Leesburg). This bill requires the Revenue Estimating Conference to develop a short statement for inclusion on the ballot, identifying the fiscal impact of each amendment to the Florida Constitution proposed by initiative.

In 2002, the Legislature enacted a law requiring a fiscal impact statement on the ballot for all constitutional amendments. The Florida Supreme Court ruled that the law was unconstitutional because it was not necessary to ensure ballot integrity. The court noted that if Floridians wished to have a fiscal impact statement included, they could vote to adopt this legislation. At the 2002 general elections, the voters of Florida reversed the Supreme Court's decision by approving the required fiscal impact statement.

Today, the committee passed Senator Cowin's bill, albeit with some concerns expressed by committee members that the Revenue Estimating Conference is not well suited to determine the fiscal impact of proposed constitutional amendments.

A similar bill, HB 1521 by Representative Will Kendrick (D-Carrabelle), is working its way through the House.

AIF supports legislation that strengthens the integrity of the constitutional amending process, especially with respect to citizen initiatives. The people retain the ultimate right to alter or revise the state constitution in accordance with fundamental precepts of democratic rule.

ENVIRONMENT

The Senate Finance and Taxation Committee heard SB 2726, sponsored by Senator Nancy Argenziano (R-Crystal River), regarding contaminated site cleanup.

In our report last week, we advised you that risked-based-corrective action (RBCA) is used in the clean up of brownfields as well as dry-cleaning solvent and petroleum contaminated sites. By passing this legislation, the same standard will be applied to the clean up of other contaminated sites and will make more property environmentally safe and suitable for development.

Although some environmental groups oppose the bill, it is an important priority for the Department of Environmental Regulation. The bill passed with no negative votes.

The House companion, HB 1123, sponsored by Representative Donna Clarke (R-Sarasota), has received favorable votes from several committees. Today the bill was placed on the House calendar.

AIF supports this legislation because it establishes a reasonable standard for remediation of contaminated property.

Please send your comments or suggestions to us at aif@aif.com or call the Governmental Affairs department at (850)224-7173.

- For more information on all of the important legislative information concerning the business community, go to our "members only" Florida Business Network web site at <http://fbnnet.com>
- Send us your E-mail address and we will begin to send this report to you automatically via E-mail.