

ASSOCIATED INDUSTRIES OF FLORIDA
**LEGISLATIVE
INTERIM BRIEF**



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WEEKLY INTERIM LEGISLATIVE BRIEF FROM DECEMBER 10, 2003

Water Policy

Questions about the adequacy of state policies governing water supplies gushed forth this summer with the issuance of a controversial [Florida Council of 100 report](#). The council, a Tampa-based group of business people who serve as informal advisors to Florida governors, seemed to suggest a change in state law to allow the transfer of water from the resource-rich northern part of the state to the drier, more developed lower half of the peninsula. Following the release of the council's report, the Senate Natural Resources Committee embarked on a statewide tour of public hearings, which featured almost universal denunciation of the Council of 100 report. The House Natural Resources Committee took a more low-profile approach, with Representative Joe Spratt (R-Sebring), the committee chairman, directing his staff to conduct an interim project on statutory and case law that has evolved in Florida on water rights. The study, released today, reveals that, "There is no definitive statement in the Florida statutes as to the rights that are associated with the use of water." In fact, the statutes are in conflict as to the exact nature of those rights. One provision of the statutes, for example, declares "Water is a resource of the state," while another section reserves a "prior right" to the water in a particular county to the citizens who reside there. The committee members agreed to follow two recommendations contained in the report. The first would amend the law so as to provide clarity as to whether a county and its citizens and property owners possess some "prior right" to water within the county and if so, what the nature of that right is and who may exercise it. If the Legislature finds that such a right does not exist, then sections 373.1961(1)(e) and 373.1962(6) of the Florida Statutes should be repealed. The second recommendation would articulate in the statutes whether or not the possession of a valid consumptive use permit confers a right to the water that is tantamount to property that can be bought and sold. The committee members are reserving the right to address other water-related issues in a future committee bill, but they clearly have no intention to adopt radical ideas such as those in put forth in the Florida Council of 100 report.

AIF supports reasonable efforts to protect water resources in Florida provided that such measures do not impose unwarranted restrictions on developmental activities that support and maintain Florida's economy.

Health Care

While most of the Legislature is seeking ways to reduce the cost of health insurance, the Senate Health, Aging and Long Term Care Committee gave its approval to a piece of legislation that would make health care even more expensive without providing any real benefit to Florida patients. SB 312, sponsored by Senator Skip Campbell (D-Tamarac), is the latest reincarnation of so-called “any willing provider” language, which would force health plans to pay for treatment from all providers of health care, including those outside the health plan’s network. Health plans, such as HMOs, build networks of physicians and facilities as a cost-control mechanism. In return for charging lower fees, health plan providers gain exclusive access to a pool of patients. Any willing provider laws restrict the benefits providers gain by joining a network, which in turn, restricts the health plan’s ability to negotiate reduced fees. Representatives from business and insurance groups spoke against the bill, explaining that it would exacerbate health-care inflation, which will only force more Florida families to go without health-insurance coverage. Nevertheless the committee members ignored economics and sent SB 312 on its merry way.

AIF opposes the imposition of any willing provider mandates on the managed care system because they would severely impede the ability of employers to provide health care coverage to their employees.

Committee members also heard testimony from Laura Tobler, of the National Conference of State Legislatures, on various options for providing health insurance to the uninsured. Tobler described a number of reform approaches including high-risk pools, tax incentives, subsidy and premium assistance programs, state-sponsored insurance programs, and local state partnerships. She mentioned state laws that allow companies to offer what she referred to as “bare-bones policies,” which are those that do not include all of the expensive extras currently required by state law. Tobler said that in the past these policies have not sold well, but attitudes may be changing. Tobler repeated her presentation at a subsequent meeting of the Senate Banking and Insurance Committee. Also testifying was Deborah Chollet, a senior fellow with Mathematica Policy Research, a Princeton, New Jersey, policy research firm. A number of senators asked Chollet to comment on the creation of risk pools, which allow groups of people to purchase insurance as a bloc. Risk pools are conceived as vehicles to allow similarly situated populations — such as small employers, citizens of rural counties, etc. — to realize the purchasing advantages enjoyed by large groups. Chollet said that risk pools have been ineffective because they do not provide enough savings to make them attractive to those who currently cannot afford insurance. In fact, her research shows that a high-risk pool must comprise six to eight percent of the individual market before it can effectively reduce premium costs. Senator Durell Peadar (R-Crestview) asked Chollet whether she would recommend allowing some categories of private-sector workers to enroll in the state employee health fund. She said that a similar project was tried in Kentucky and failed because of the backlash from state employees. The underwriting criteria for expanding a state employee health fund would have to be rewritten to include the characteristics of the new members, a process that is very complicated and might actually cause prices to rise. Chollet concluded by telling the senators that, in her opinion, taxpayer-funded premium assistance is the only reform that will help spread health-insurance coverage to those who currently lack it. AIF is part of a coalition called the Florida Employers and Insurers Working Group on Affordable Health Care that has conducted extensive research on health-care

reform proposals that will expand health-insurance coverage by building on free-market principles and without placing costly burdens on Floridians. A report submitted by the working group to the House Select Committee on Affordable Health Care for Floridians outlines those proposals and is expected to comprise a large portion of the select committee's final recommendation.

Employment-based health insurance has successfully protected Floridians for decades but that system is being undermined by rising costs, inefficiencies, and a regulatory straitjacket. AIF supports legislation that will expand the ability of Florida employers to provide much-sought and much-needed group-health insurance coverage to their workers without imposing extra costs on other employers.

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://fbnet.com>
- Send us your E-mail address and we will begin to send this report to you automatically via E-mail.