

ASSOCIATED INDUSTRIES OF FLORIDA
**LEGISLATIVE
WEEKLY UPDATE**



P.O. Box 784 • Tallahassee, FL 32302 • Phone: (850) 224-7173 • Fax: (850) 224-6532 • Internet: <http://aif.com> • fbnnet.com

FROM NOVEMBER 19, 2004

**2004 SESSION
WRAP-UP REPORT**

Organizational Session was held on Tuesday, November 16th with both chambers holding swearing-in ceremonies for their respective leaders: **Senate President Tom Lee (R-Brandon)** and **Speaker of the House Allen Bense (R-Panama City)**. In addition, their respective leadership teams were also ratified and duly elected. Republicans dominate the legislature with 84 of 120 House seats and 26 of the Senate's 40 seats. With such domination of the legislature and the Governor's office, the themes of avoiding new taxes and controlling the cost of government spending echoed throughout the week and will serve as guiding principles for the upcoming session.

The Senate Democrats also announced their new leadership team during this reorganization period. **Senator Les Miller (D-Tampa)** was officially endorsed by the Democratic Caucus as the new Minority Leader this week. This marks a historic period for the Florida Legislature since it is the first time two African Americans are serving as leaders of their respective parties. **Representative Chris Smith (D-Ft. Lauderdale)** will continue his term as Minority Leader in the Florida House.

As is always the case AIF will continue to provide up to the minute reports of what goes on in the Capitol during interim committee meetings. The Senate and House have released the following schedule of interim committee meetings:

November 29 –	Interim Committee meetings
December 13 –	Interim Committee meetings & POSSIBLE SPECIAL SESSION
January 10 –	Interim Committee meetings
January 24 –	Interim Committee meetings
February 7 –	Interim Committee meetings
February 14 –	Interim Committee meetings
February 21 –	Interim Committee meetings

Only the Senate held committee meetings this week. For the most part the meetings were limited to discussing the purview of the committees and to an introduction of chairmen and committee members. Here are some highlights of this week's committee meetings.

BANKING AND INSURANCE

Chairman Rudy Garcia (R-Miami) conducted a brief meeting of the Senate Banking and Insurance committee on Wednesday, November 17th for the purpose of reviewing interim projects and listening to staff reports. Chairman Garcia informed committee members that he was surprised that President Lee had appointed him to chair the committee but that he was looking forward to the challenge.

The staff gave brief summaries of their interim projects which are not yet completed. Lisa Johnson is working on one to investigate fraud committed by employee leasing companies in securing their workers' compensation coverage. Another project evaluates how many cases the Division of Insurance Fraud has been able to refer to state attorneys and prosecute. These are the only two projects that directly or indirectly deal with workers' compensation.

Staff also reported that they have been monitoring the medical malpractice insurance market since passage of the medical malpractice bill in 2003. It reported that there are four companies writing medical malpractice insurance in Florida. Over the two year cycle ('04-'05) the rate increases are projected to be between 16% and 59%.

JUDICIARY

The Senate Judiciary Committee, led by **Chairman Daniel Webster (R-Winter Garden)**, also met on Wednesday of this week. He outlined that the committee will consider a wide variety of topics this year. At their next meeting they will start to go through each Constitutional amendment and decide how to handle each one individually from a legislative standpoint. The committee also reviewed some of the interim projects that staff has been working on over the summer. These include:

- Parenting coordination and domestic violence
- Alimony payments
- Sovereign immunity
- Deceptive and unfair trade practices
- Regulation of lawyer advertising

Senator Skip Campbell (D-Tamarac) stated that lawyer advertising is his number one priority for the committee and that this practice should be more strictly regulated. Senator Campbell believes in the "old way" of advertising which is through word of mouth and doing a good job. He has already pre-filed a bill that Representative David Simmons (R-Altamonte Springs) filed in the House last year. According to Senator Campbell this bill provides a starting point but the issue still needs a lot of work.

HEALTH CARE

On the healthcare front, transforming the Medicaid program is the number one agenda item for all of the Senate health care related committees. Both Republicans and Democrats called for reform of a system they describe as inefficient and too expensive.

On Wednesday, November 17th, **Senator Durell Peaden (R-Crestview)** Chairman of the Senate Health Care Committee opened his meeting by saying that Medicaid reform and what to do with waivers will be the major issue. He said meetings on this issue between Legislators and the Governor begin next week.

On Thursday, November 18th, The Senate Health and Human Services Appropriations Committee, where the bulk of this work will be conducted, spent most of its time discussing Medicaid. Staff reported that they don't believe, from discussions with the Governor's office, that there will be a "superwaiver" which would block grant Medicaid. Rather there would be a series of reforms that will require waivers and amendments to the State Medicaid Plan. Those reforms will include: increased managed care, different benefit packages for different groups of Medicaid recipients, vouchers or health savings accounts, and other consumer directed care mechanisms. According to staff, these reforms should stabilize the Medicaid budget in the short run.

The other issues on the Committee's plate are equally if not more difficult than Medicaid reform. **Chairman Burt Saunders (R-Naples)** listed the challenges that must be addressed:

- The Medicaid price level has grown to \$945 billion;
- Increases in physician utilization and pharmacy costs;
- Prescription drugs are now the largest segment of the Medicaid budget and growing rapidly;
- Many programs, such as Medically Needy, Pregnant Women Services, Adult Dentures were funded with non-recurring funds and thus new money must be found to keep them funded next year; and
- Paring down the waiting lists for home and community based services.

Senator Mike Bennett (R-Bradenton) stated, with the support of Chairman Saunders, that one way to control pharmacy costs was to explore having the state buy its medication "factory direct" and to cut out the pharmacy wholesalers.

Another issue that the legislature will have to address is writing statutory language to implement the three medical Constitutional amendments passed by the voters earlier this month. The agencies that must implement those new laws are looking to the legislature to fill in the details in these broad mandates. Of interest to Long Term Care (LTC) providers will be if the legislature decides to include nursing home adverse incident reports under the scope of Amendment #7, which removes the confidentiality of hospital and physician patient adverse incident reports.

Before the regular session the legislature is planning a special session with a limited agenda to address Universal Pre-Kindergarten (UPK) and some hurricane related issues. While there is already a bill to require nursing homes to purchase generators and we expect bills to address the power restoration status of LTC facilities, the leadership's plans, right now, to limit the special session to items that must be addressed immediately, such as limiting insurance companies from charging multiple deductibles to those who suffered damage from more than one hurricane. We can expect the bulk of hurricane related proposals to be considered in the regular session in March.

GOVERNMENTAL EFFICIENCY

On Thursday, November 17th this new committee chaired by **Senator Jeff Atwater (R-North Palm Beach)** met for the first time. Below is a copy of his opening remarks which explain the purview of the committee and what he hopes to accomplish with this committee.

I want to share with you the committee jurisdiction the President has given us.

Government Efficiency will retain jurisdiction over legislation that has traditionally been heard in the old Finance and Tax committee. Broadly speaking, any legislation that affects state or local government revenues, either positively or negatively is a candidate for review by Government Efficiency. Yet, the President wants us looking at the big picture. Hence, small user fees that do not have significant policy implications will likely be heard by a substantive committee and in the relevant appropriations committee if there are budget implications.

What is going to put the “Efficiency” into this committee will be our new focus on how we can do things differently so we can do more with less. This cannot be a one-shot fix. For starters, we need to be more forward-looking. We will avoid costly and inefficient future challenges by doing a better job today of forecasting costs of new and existing programs. We may find it is not prudent to start new programs when we compare the likely costs with the resources we expect to be available. Maybe there are current programs we cannot afford to continue. This change will necessarily require a multi-year approach. We can only achieve this by looking further down the road than we do today. Today I can tell you where we are trying to go. How this approach is implemented will be this committee’s responsibility.

The other significant new responsibility for Government Efficiency will be to re-examine whether the state currently maximizes available resources to insure the lowest cost of delivering government services. Just because we can afford a specific program does not alleviate us of the fiduciary responsibility to deliver it in the most efficient manner. Both the President and I share the view that we can do better. For example, we may well examine whether agencies are responding to the recommendations from OPPAGA. If not, I think we should know why. We must maximize the use of the resources we have today.

Finally, we will examine whether we can put a permanent process in place that maintains this emphasis on efficiency. In his first term, then-President Reagan commissioned a panel, chaired by businessman J. Peter Grace, to examine the federal government in minute detail for needless, wasteful or inefficient spending. At the conclusion of its 18-month study, the Grace Commission forwarded about 2,500 proposals to cut, streamline or privatize federal programs. We will explore ways to employ a similar approach in Florida.

I can say that we will begin immediately to focus on the long-range fiscal planning process the President has worked on for the last two years. If you recall President Lee has worked to address:

- Limiting the amount of non-recurring revenue to fund recurring state costs.*
- Requiring the Legislative Budget Commission to issue a long range fiscal plan.*
- Requires the Legislative Budget requests to be consistent with long range plan.*
- Placing the Legislative Budget Commission in the constitution.*
- Creating a Government Efficiency Task Force to make recommendations to improve government and reduce cost.*
- Requiring a state planning document to be long range and updated every two years.*

In conclusion, if you are seeking the specific road map today; I can tell you I just don’t have it. The road map is truly in the hands of this committee and I, for one, am excited about the opportunities we will have to really make a difference.

Legislators from both chambers of the legislature will be back November 29th for the first set of interim committee meetings.

- 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.