

TALLAHASSEE WEEKLY REPORT

July 11-15, 2011

Citizens Insurance

James Malone, chairman of the Citizens Property Insurance Corporation, said this week that legislators should consider privatizing a portion of the company. The idea has since gained the support of Governor Rick Scott and Senator Garrett Richter, chairman of the Senate Banking and Insurance Committee. It was criticized by Senator Mike Fasano, who has tried to fight recent property insurance reforms that have been debated in the Legislature.

If such a move were to take place, it would place tens of thousands of policyholders into a new company that could more easily raise its rates than Citizens is currently allowed to. Citizens can currently raise its rates 10 percent each year. Citizens is the state's largest insurer, with over one million policyholders.

Malone has defended the idea because of what he has described as the "train wreck" that may be approaching due to Citizens having billions of dollars in exposure through the homes and condos it covers along the state's coastline. Citizen is growing by an average of nearly 4,000 policies per week.

Senator Richter said the Legislature would "absolutely approach that discussion with an open mind". Privatization would require legislative approval. Governor Scott stated he would take a close look at the idea if it would help bring down the cost of insurance in the state.

Florida Credit Rating

Standard & Poor's, a national credit rating agency, announced this week that it was revising Florida's outlook from negative to stable. It also said that it would be keeping in place a AAA rating for school construction bonds and a AA+ rating on state appropriation debt.

John Sugden-Castillo, a credit analyst for Standard & Poor's, released a statement saying "The outlook revision reflects our view of the progress the state has made in addressing its structural imbalance through significant cost-cutting measures adopted in fiscal 2012 and maintenance of strong reserves".

These moves ease concerns legislators had over the state's credit rating as they worked with a \$4 billion budget shortfall.

Moody's, another credit rating agency, warned the state in February that Governor Scott's plan to cut taxes by nearly \$2 billion had negative implications for Florida's school districts and could make it hard for lawmakers to balance budgets in the future.

Speaker Cannon Visit

House Speaker Dean Cannon was in town this week, and made two stops. His first was at the Florida International University College of Medicine, where the school showed their appreciation to the Speaker for his support, which dates back to the school's inception a few years ago.

The Speaker also visited the State Attorney's Office, where he participated in the office's "Quarterly Presentation for Employees".

Governor Scott's Approval Ratings

Sunshine State News released a poll this week that found Governor Rick Scott's approval ratings at 27 percent, with his disapproval ratings at 58 percent. The pool was based on a survey of 1,000 voters who voted in either 2006 or 2008.

This poll was taken after a heavy push by the Republican Party of Florida, including the expenditure of tens of thousands of dollars on consultants, polling and automated phone calls, to promote the Governor. The Governor has been featured in these calls discussing budget vetoes and the crackdown on pill mills.

Research at the University of Central Florida showed that Governor Bob Martinez, who was defeated when he ran for re-election, is the only other Governor to have such low poll numbers during his first year in office.

Medicaid Reform

Members of the Florida House Democratic Caucus sent a letter to the federal government, asking them to reject the state's request to privatize a large majority of the 2 million people currently enrolled in the Medicaid program.

Below, please find the letter:

July 15, 2011

Cynthia Mann, Deputy Administrator and Director Center for Medicaid, CHIP, and Survey & Certification Centers for Medicare & Medicaid Services (CMS)

7500 Security Boulevard, Mail Stop S2-26-12

Baltimore, Maryland 21244-1850

Dear Director Mann:

We write to express strong opposition to the forthcoming application CMS is expected to receive from the Florida Agency for Health Care Administration (AHCA) seeking a new or significantly modified "Section 1115" Medicaid Research and Demonstration Waiver.

The Florida Legislature's passage of House Bills 7107 and 7109 calling for the implementation of a new statewide experiment in Medicaid managed care requires AHCA to submit its waiver proposal to CMS by August 1, 2011. In addition, the State of Florida has requested CMS renew the 2006 waiver in the five pilot counties, which should be denied.

As Democratic ranking members on health care committees in the Florida House of Representatives, we have expressed serious concerns on the record with the statewide proposal in our respective committee and during extended floor debate in the Florida House of Representatives. We also bring to your attention the fact that every Democratic member in both chambers of the Florida Legislature voted against final passage of the legislation.

Specifically, we ask that CMS reject the state's request for approval of the proposed statewide Medicaid managed care experiment for the following reasons:

The track record of Medicaid managed care and Medicaid HMOs in Florida is cause for very serious concern. This is particularly the case with the State's current "Medicaid Reform" Pilot Program and Section 1115 waiver that authorizes it, which provides the foundation for the statewide managed care expansion authorized under the new legislation.

The current Medicaid Reform experiment has been plagued with problems over its five-year history. Now, the legislation calls for expansion of Medicaid managed care plans to all 67 counties and almost all groups of recipients by 2014. The experiment would require enrollment in capitated managed care plans, while giving those plans unprecedented flexibility to vary the amount, duration and scope of benefits in confusing and risky ways.

The new legislation builds on a failed managed care platform, expands its scope, introduces additional experimental elements and dramatically accelerates its implementation, but without resolving the outstanding problems and concerns of the current pilot.

Among our concerns, we have doubts about AHCA's capacity to generate and analyze a complete set of validated patient encounter data in order to assess the effect of this Medicaid managed care experimentation on access to, quality of and cost-effectiveness of care. And although the legislation calls for plans that fail to meet standards to be penalized, it fails to include measures to protect recipients in the event that those standards are not met.

The legislation also abandons some important goals of the five-county pilot that have not been realized (e.g., patient education and empowerment), which seems to make the proposal less patient-centered while giving more latitude to capitated managed care plans.

Additionally, the legislation calls for a number of new elements that are not part of the five-county pilot that may imperil many vulnerable Floridians. These include, but are not limited to, such things as

imposing exorbitant premium requirements on Medically Needy recipients with catastrophic medical needs, up to thousands of dollars per month.

In conclusion, we urge you reject the state's forthcoming application for a new or modified Section 1115 Waiver that would expand or accelerate an untenably risky experiment to include millions of new and even more vulnerable patients. In addition, we feel that the 2006 waiver in the five pilot counties should expire this month.

Thank you in advance for your consideration of this important request.

Sincerely,

Mia L. Jones, Representative, Florida House District 14 House Health & Human Services Committee, Democratic Ranking Member

Mark S. Pafford, Representative, Florida House District 88 House Health Care Appropriations Subcommittee, Democratic Ranking Member

Steve M. Perman, Representative, Florida House District 78 House Health & Human Services Access Subcommittee, Democratic Ranking Member

Elaine J. Schwartz, Representative, Florida House District 99 House Health & Human Services Quality Subcommittee, Democratic Ranking Member