

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 1193 Health Insurance
SPONSOR(S): Hudson and others
TIED BILLS: **IDEN./SIM. BILLS:** SB 1754

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Health & Human Services Quality Subcommittee		Poche	Calamas
2) Judiciary Committee			
3) Health & Human Services Committee			

SUMMARY ANALYSIS

House Bill 1193 prohibits compelling a person to purchase health insurance, with several specific exceptions. The bill does not prevent the collection of debts lawfully incurred for health insurance.

The bill does not appear to have a fiscal impact.

The bill is effective upon becoming a law.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Current Situation

Patient Protection and Affordable Care Act

On March 23, 2010, President Obama signed into law the Patient Protection and Affordable Care Act (PPACA)¹, as amended by the Health Care and Education Reconciliation Act of 2010.² PPACA, as amended, consists of approximately 2,700 pages of text and several hundred sections of law. The law contains comprehensive reform of the entire health care system in the United States. Arguably the most essential provision of PPACA is the individual mandate requiring every person in the United States to purchase health insurance by 2014. Those who do not purchase health insurance will be fined by the U.S. government through enforcement by the Internal Revenue Service. The fine increases from \$95 in 2014 to \$750 in 2016, and higher in subsequent years. Exemptions for mandatory health insurance coverage will be granted for:

- American Indians;
- Cases of extreme financial hardship;
- Those objecting to the mandatory provision for religious reasons;
- Individuals without health insurance for less than three months; and
- Individuals in prison.³

Legal Challenges to PPACA

On the same day that PPACA was signed into law by President Obama, Florida's Attorney General Bill McCollum filed a federal lawsuit in Pensacola challenging the constitutionality of the new law. At the time suit was filed, Florida was joined by twelve states, by and through their individual attorneys general. A total of twenty six states, including Florida, are now plaintiffs in the federal action. In total, twenty three constitutional challenges to PPACA were filed in federal courts across the country. The majority of lawsuits challenge the mandate that requires individuals to purchase health insurance. Other constitutional issues raised in the federal lawsuits include the imposition of a fine for failing to purchase health insurance, whether or not the federal government has constitutional authority to institute health care reform, establishing financial disclosure rules for doctors, and changes made to Medicaid and Medicare.

The Florida lawsuit argues, in part, that the federal government is violating the Commerce Clause of the U.S. Constitution by forcing individuals to purchase health insurance or pay a penalty. On January 31, 2011, Judge Roger Vinson of the Federal District Court for the Northern District of Florida, Pensacola Division, entered an Order granting the plaintiffs' Motion for Summary Judgment and declared the individual mandate provision of PPACA unconstitutional. Judge Vinson also ruled that, because the provisions of PPACA were rendered ineffective without the individual mandate and because the law lacked a severability clause, the entire Act was struck down as unconstitutional.

Currently, the federal government has complied with certain terms established by Judge Vinson to stay his order. The terms included a provision that the federal government seek an expedited review of the order on summary judgment by the 11th Circuit Court of Appeals in Atlanta. The federal government filed an appeal and petitioned for expedited review on March 8, 2011. The 11th Circuit has scheduled the deadlines for filing briefs, beginning with the federal government's brief due on April 4, 2011. Based

¹ P.L. 111-148, 124 Stat. 119 (2010).

² P.L. 111-152, 124 Stat. 1029 (2010).

³ Hinda Chaikind, et al., Private Health Insurance Provisions in Senate-Passed H.R. 3590, the Patient Protection and Affordable Care Act, CRS Report R40942.

on the briefing schedule, oral argument will likely be held in early June 2011. An opinion is likely to be issued in late summer or early fall 2011.

Florida Health Insurance Mandates

Florida law does not require state residents to have health insurance. However, Florida law does require drivers to carry Personal Injury Protection (PIP), which includes certain health care coverage, as a condition of receiving a state driver's license.⁴ Florida also requires most employers to carry workers' compensation insurance, which includes certain health care provisions for injured workers.⁵

Effect of Proposed Changes

The bill prohibits compelling any person⁶ to purchase health insurance, with several exceptions. A person may be compelled to purchase health insurance only as a condition of:

- Public employment;
- Voluntary participation in a state or local benefit;
- Operating a dangerous instrumentality⁷;
- Undertaking an occupation having a risk of occupational injury or illness;
- An order of child support; or
- Activity between private persons.

Because the bill proposes to create an unnumbered section of law and the term "insurance" is not defined in the bill, it is unclear if, or which, existing definitions of "insurance" found throughout Florida Statutes explicitly apply to the terms of this bill.

The bill expressly provides that its terms do not prohibit the collection of debts lawfully incurred for health insurance.

B. SECTION DIRECTORY:

Section 1: Creates an unnumbered section of law relating to prohibition against requiring the purchase of health insurance; exceptions.

Section 2: Provides an effective date upon becoming a law.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

⁴ S. 627.736, F.S.

⁵ S. 440.10(1)(a), F.S.

⁶ S. 1.01(3), F.S., defines "person" as including individuals, children, firms, associations, joint adventures, partnerships, estates, trusts, business trusts, syndicates, fiduciaries, corporations, and all other groups or combinations.

⁷ A "dangerous instrumentality" is defined as anything which has the inherent capacity to place people in peril, either in itself (e.g. dynamite), or by a careless use of it (e.g. boat); *see* Black's Law Dictionary, 8th Ed.; In Florida, motor vehicles are dangerous instrumentalities. *See* Southern Cotton Oil Co. v. Anderson, 86 So. 629 (Fla. 1920). Forklifts have also been declared dangerous instrumentalities. *See* Harding v. Allen-Laux, Inc., 559 So.2d 107 (Fla. 2nd DCA 1990). Golf carts are dangerous instrumentalities in Florida. *See* Meister v. Fisher, 462 So.2d 1071 (Fla. 1984). Lastly, vessels have been statutorily determined to be dangerous instrumentalities. *See* s. 327.32, F.S. (Vessels are defined in s. 327.02(39), F.S., as synonymous with boat as referenced in s. 1(b), Art. VII of the Florida Constitution and includes every description of watercraft, barge, and airboat, other than a seaplane on the water, used or capable of being used as a means of transportation on water). These are examples of dangerous instrumentalities in Florida and do not encompass all vehicles, items, or materials that may be considered dangerous instrumentalities in common law by the courts of Florida.

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Citizens of the state of Florida cannot be forced to spend money on health insurance by state law, except in very limited circumstances that affect a very small percentage of the population.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

This bill does not appear to require counties or municipalities to take an action requiring the expenditure of funds, reduce the authority that counties or municipalities have to raise revenue in the aggregate, nor reduce the percentage of state tax shared with counties or municipalities.

2. Other:

This bill will prohibit any state laws that require any person to purchase health insurance. It is unclear at this time how the bill will affect the Legislature's ability to implement the provisions of PPACA, should it ultimately be found constitutional and implemented. The federal preemption doctrine may be invoked in determining the impact of the bill on the Legislature's potential obligations to see that the provisions of PPACA are made effective in Florida.

The federal preemption doctrine is derived from the Supremacy Clause of the U.S. Constitution⁸, which reads, in part, "...Constitution and the laws of the U.S. ... shall be the supreme law of the land...anything in the constitutions or laws of any State to the contrary notwithstanding." In other words, federal law, whether found in the Constitution or statute, will trump state law.

⁸ Article VI, U.S. Constitution

Preemption may be express or implied, and is compelled whether Congress' command is explicitly stated within the language of the statute or is implicitly contained in its structure and purpose.⁹ Preemption is implied when there is a conflict between a federal law and a state law.¹⁰ There is a conflict between federal law and state law when the dictates of both laws cannot be complied with or where dual compliance with the laws may be technically possible but the state law creates an obstacle to fulfilling the federal policy and goals.¹¹

Assuming that PPACA is found to be constitutional and is implemented as the law of the land, this bill will conflict with the individual mandate provision of the Act. Under the current doctrine of federal preemption, this bill may be found to be implicitly preempted by PPACA.

B. RULE-MAKING AUTHORITY:

Not applicable.

C. DRAFTING ISSUES OR OTHER COMMENTS:

The term "insurance" is undefined in the bill. Because the bill proposes to create an unnumbered section of Florida law, the existing definitions of "insurance" do not explicitly apply. It is recommended that the bill be amended to define "insurance" or to align the language of the bill with an established section of law, which will allow all definitions associated with the section to apply to the language of the bill.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

⁹ See *FMC Corp. v. Holliday*, 498 U.S. 52, 56-57, 111 S.Ct. 403, 112 L.Ed.2d 356 (1990).

¹⁰ See *Talbott v. Am. Isuzu Motors, Inc.*, 934 So.2d 643, 645 (Fla. 2nd DCA 2006).

¹¹ See *id.*