

STORAGE NAME: h1837.hhs
DATE: April 2, 1997

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
HEALTH AND HUMAN SERVICES APPROPRIATIONS
BILL RESEARCH & ECONOMIC IMPACT STATEMENT**

BILL #: HB 1837 (PCB HHS 97-03)
RELATING TO: Health and Human Services Health and Human Service Finance
SPONSOR(S): Health and Human Services Appropriations Act
STATUTE(S) AFFECTED: Sections 945.602, 409.9172, F.S.
COMPANION BILL(S):

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

- (1) Health and Human Services Appropriations YEAS 11 NAYS 0
- (2)
- (3)
- (4)
- (5)

I. SUMMARY:

This bill transfers the State of Florida Correctional Medical Authority from the Department of Corrections to the Department of Health for administrative purposes. It also adds the Association of Community Hospitals and Health Systems of Florida to the governing board of the Medical Authority. The Authority shall also contract with the Department of Health for the provision of administrative support services, including purchasing, personnel, general services, and budgetary matters. The bill deletes all obsolete references to the Department of Corrections. All powers, duties and functions, rules, records, personnel, property, and unexpended balances of appropriations, allocations, or other funds of the State of Florida Correctional Medical Authority are transferred by a type two transfer, from the Department of Corrections to the Department of Health.

The bill transfers, by a type two transfer, the Child Care Food Program from the Department of Education to the Department of Health. Current employees who work with the program shall be given preference in hiring by the Department of Health.

The Department of Children and Family Services shall cover, from within the developmental services budget entity, any deficit created by expenditure requirements resulting from any judicial decision or lawsuit settlement related to intermediate care facilities for the developmentally disabled. The Department of Children and Family Services shall either hold funds in reserve or reduce ongoing contractual or other obligations as necessary to provide the funding necessary for this provision.

The Department of Children and Family Services shall develop a request for proposals by October 1, 1997, for the purpose of locating a suitable contractor for the operation of South Florida State Hospital. The department may contract with a private provider to construct up to a 350-bed facility and to operate all aspects of daily operations within this facility. The South Florida State Hospital shall be operated as a state-owned mental health institution that serves voluntarily or involuntarily committed indigent adults who meet the Baker Act criteria and who reside in the South Florida State Hospital Service Area. The institution shall remain a participant in the mental health disproportionate share program so long as the defined client population receives eligible services.

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The Agency for Health Care Administration shall develop and enforce standards to prohibit financial and other conflicts of interest among vendors selected to provide preauthorization and concurrent utilization review management with direct-service organizations providing alcohol, substance abuse, mental health, or related services to clients who have services authorized through the preauthorization and concurrent utilization review management system. The agency may require the posting of a surety bond to guarantee that no financial or other conflicts of interest exist or will exist among vendors selected to provide preauthorization and concurrent utilization review management services. Selection of vendors shall be accomplished through a competitive process.

Provides for certifying local funds as state match for federal financial participation.

II. SUBSTANTIVE RESEARCH:

A. PRESENT SITUATION:

Presently the State of Florida Correctional Medical Authority exists within the Department of Corrections. The composition of the governing board of the authority is defined in Florida Statutes. Any member of the authority who is employed by, or has received income from, a health facility under consideration by the authority shall not vote on any matter related to such facility.

The Child Care Food Program is currently administered by the Department of Education.

Presently there are a number of law suits pending against the Department of Children and Family Services.

The Department of Children and Family Services operates the South Florida State Hospital system.

In the fiscal year 1996-1997, the legislature developed language to eliminate conflicts among vendors selected to provide preauthorization and concurrent utilization review management for Medicaid relating to alcohol, substance abuse, mental health, or related services. The legislation was only valid for one year.

Currently, the state Medicaid plan does not provide for certifying local funds as state match for federal financial participation.

B. EFFECT OF PROPOSED CHANGES:

See Section by Section Research

C. APPLICATION OF PRINCIPLES:

1. Less Government:

a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

YES-The Agency for Health Care Administration and the Department of Children and Family Services have to develop rules regarding certification of local matching funds.

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

YES to the extent that the local governments choose to certify local funds as state match for federal financial participation.

(3) any entitlement to a government service or benefit?

NO

b. If an agency or program is eliminated or reduced:

(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

N/A

(2) what is the cost of such responsibility at the new level/agency?

N/A

(3) how is the new agency accountable to the people governed?

N/A

2. Lower Taxes:

a. Does the bill increase anyone's taxes?

NO

b. Does the bill require or authorize an increase in any fees?

NO

c. Does the bill reduce total taxes, both rates and revenues?

NO

d. Does the bill reduce total fees, both rates and revenues?

NO

e. Does the bill authorize any fee or tax increase by any local government?

NO

3. Personal Responsibility:

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- a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

NO

- b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

NO

4. Individual Freedom:

- a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

NO

- b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

NO

5. Family Empowerment:

- a. If the bill purports to provide services to families or children:

- (1) Who evaluates the family's needs?

N/A

- (2) Who makes the decisions?

N/A

- (3) Are private alternatives permitted?

N/A

- (4) Are families required to participate in a program?

N/A

(5) Are families penalized for not participating in a program?

N/A

b. Does the bill directly affect the legal rights and obligations between family members?

NO

c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

(1) parents and guardians?

N/A

(2) service providers?

N/A

(3) government employees/agencies?

N/A

D. SECTION-BY-SECTION RESEARCH:

Section 1: Assigns the State of Florida Correctional Medical Authority to the Department of Health for administrative purposes. Corrects obsolete references to the Department of Corrections. Revises governing board of the authority by stating that one member must be a member of the Association of Community Hospitals and Health Systems of Florida rather than the Association of Voluntary Hospitals. Provides that the authority shall contract with the Department of Health for the provision of administrative support services, including purchasing, personnel, general services, and budgetary matters. Eliminates reference to the Department of Corrections administrative support and service to the authority. Provides that the authority shall not be subject to control, supervision, or direction by the Department of Health or the Department of Corrections. Provides that a member of the authority may not be a current employee of the Department of Corrections.

Section 2: Transfers the State of Florida Correctional Medical Authority from the Department of Corrections to the Department of Health by a type two transfer.

Section 3: Transfers the Child Care Food Program by a type two transfer from the Department of Education to the Department of Health. Current employees of the Department of Education who are assigned to the program shall be given preference in hiring by the Department of Health.

Section 4: Provides that the Department of Children and Family Services shall cover, from within the developmental services budget entity, any deficit created by expenditure requirements resulting from any judicial decision or lawsuit settlement related to intermediate care facilities for the developmentally disabled. The department shall either hold funds in reserve or reduce ongoing contractual or other obligations as necessary to implement the provisions of this section.

Section 5: Provides that the Department of Children and Family Services shall develop a request for proposals by October 1, 1997, for the purpose of locating a suitable contractor for the operation of South Florida State Hospital. The department may contract with a private provider to construct up to a 350-bed facility and to operate all aspects of daily operations within this facility. The contractor shall operate South Florida State Hospital as a state-owned mental health institution that serves voluntarily or involuntarily committed indigent adults who meet the Baker Act criteria and who reside in the South Florida State Hospital service area. As a state-owned mental health institution, South Florida State Hospital shall remain a participant in the mental health disproportionate share program so long as the defined client population receives eligible services. Current hospital employees shall be given first preference for continued employment by the selected contract provider.

Section 6: Provides that the Agency for Health Care Administration shall be responsible for developing and enforcing standards to prohibit financial and other conflicts of interest among vendors selected to provide preauthorization and concurrent utilization review management for alcohol, substance abuse, mental health, or related services. Provides that selection of vendors shall be accomplished through a competitive process.

Section 7: Authorizes the Department of Children and Family Services to certify local funds as state match for Federal Medicaid and Title IV-E funds. Provides that these funds shall be automatically passed through to the local jurisdiction that provided the certified local match and shall not result in a reduction of General Revenue for the local area receiving the Federal matching funds. Authorizes the Agency for Health Care Administration to apply for federal waivers to modify the Medicaid State Plan to include optional Medicaid in-home and therapeutic services for Medicaid eligible children if the state match for these services is provided through local funds certified by the department as state match and limits these services to the communities that provide the certified match.

III. FISCAL RESEARCH & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

See fiscal comments

2. Recurring Effects:

See fiscal comments

3. Long Run Effects Other Than Normal Growth:

See fiscal comments

4. Total Revenues and Expenditures:

See fiscal comments

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

NONE

2. Recurring Effects:

NONE

3. Long Run Effects Other Than Normal Growth:

NONE

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

NONE

2. Direct Private Sector Benefits:

NONE

3. Effects on Competition, Private Enterprise and Employment Markets:

NONE

D. FISCAL COMMENTS:

The Health and Human Services Appropriations Act includes \$1.3 million from the Department of Corrections for the Corrections Medical Authority.

The Health and Human Services Appropriations Act includes \$41.8 million from the Department of Education for the Child Care Food Program.

This bill allows local funds to be certified as state match under the Medicaid and Title IV-E program.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

The bill does not require counties or municipalities to spend funds or to take any actions requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority of counties or municipalities to raise revenues in the aggregate, as such authority existed on February 1, 1989.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill does not reduce the percentage of a state tax shared with counties and municipalities as an aggregate on February 1, 1989.

V. COMMENTS:

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

An amendment was adopted that authorizes the Department of Children and Family Services to certify local funds as state match for Federal Medicaid and Title IV-E funds. The amendment also provides that these funds shall be automatically passed through to the local jurisdiction that provided the certified local match and shall not result in a reduction of General Revenue for the local area receiving the Federal matching funds. The amendment authorizes the Agency for Health Care Administration to apply for federal waivers to implement this section.

VII. SIGNATURES:

COMMITTEE ON HEALTH AND HUMAN SERVICES APPROPRIATIONS

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