

STORAGE NAME: h1965a.hcs

DATE: April 18, 1997

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
HEALTH CARE SERVICES
BILL RESEARCH & ECONOMIC IMPACT STATEMENT**

BILL #: HB 1965

RELATING TO: Health Care

SPONSOR(S): Committee on Health Care Services, Rep. Albright & others

STATUTE(S) AFFECTED: ss. 154.501, 154.502, 154.503, 154.504, 154.505, 154.506, 154.507,
and 154.508, F.S.

COMPANION BILL(S): SB 504 (Similar)

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

- (1) HEALTH CARE SERVICES YEAS 9 NAYS 0
- (2) HEALTH & HUMAN SERVICES APPROPRIATIONS (W/D)
- (3)
- (4)
- (5)

I. SUMMARY:

This bill creates ss. 154.501-154.508, F.S., the Primary Care Challenge Grant Program, to be administered by the Department of Health. The Legislature's intent in creating this program is to stimulate a partnership between the state and local governments for the development of coordinated primary health care delivery systems for low- income, non-Medicaid-eligible Floridians, including persons at the end of their transition period out of the Work and Gain Economic Self-sufficiency program (WAGES) who have lost Medicaid eligibility. Emphasis is placed on volunteerism, cooperation, and broad-based participation by public and private health care providers. Non-Medicaid eligible persons with incomes up to 150 percent of the federal poverty level are eligible and counties have broad latitude to design their benefit packages, except that primary and preventive services and limited inpatient hospital care must be included. The Challenge Grant program also includes provisions for funding Healthy Communities, Healthy People programs and school health services programs. Healthy Communities, Healthy People programs provide seed money to units of local government to establish comprehensive and community-based health promotion and wellness programs which are designed to reduce major behavioral risk factors associated with chronic diseases, injuries and accidents by enhancing the knowledge, skills, motivation, and opportunities for individuals, organizations, and communities to develop and maintain healthy lifestyles. The School Health Services program provides preventive health services to school children through a contract between each school district and county health department.

Successful applicant counties for the grant will have to contribute a local match, which consists of a combination of in-kind and cash contributions. Grants will be competitively awarded and last for two years, subject to renewal and approval by the department. Grant awards are limited based on county size. The maximum grant for counties with fewer than 100,000 residents is \$250,000; for counties with populations between 100,000 to 500,000, the maximum grant is \$500,000; and for counties with more than 500,000 residents, the maximum award is \$1 million.

Implementation of the Primary Care Challenge Grant Program is subject to a specific appropriation in the General Appropriations Act.

II. SUBSTANTIVE RESEARCH:

A. PRESENT SITUATION:

The Department of Health's County Health Departments (CHDs) are the primary delivery agents of public health services. There is a CHD in every county in the state, funded by federal, state and local revenues. These entities were created by section 154.01, Florida Statutes, "to promote, protect, maintain and improve the health and safety of all citizens and visitors of this state..."

Pursuant to section 154.01, F.S., each CHD provides three levels of public health services as specified in an annual contract between the department and the respective boards of county commissioners: environmental health services; communicable disease control services; and primary care services. Primary care services, provided by or through CHDs, are available in every county in the state and provide a continuum of preventive and acute care services for persons enrolled in the program, including diagnosis and treatment for minor illnesses and injuries, chronic disease management, maternal and child health services, family planning, nutrition, school health, supplemental food assistance for women, infants, and children (WIC), home health, and dental services.

With the exception of WIC, services at the primary care level are provided based on the following criteria: (1) services are provided at no cost to clients with a net family income at or below 100 percent of the federal poverty level; (2) clients with a net family income between 100 percent and 200 percent of poverty pay for services according to a sliding fee scale, which increases in 20 percent increments; i.e., a client with an income of 120 percent of poverty would pay 20 percent of the cost of the service, and (3) clients with a net income above 200 percent of poverty must pay the full cost of the service. WIC program services are provided free of charge to otherwise eligible individuals with incomes less than 185 percent of poverty. Many counties limit primary care services to clients with incomes at or below 100 percent of poverty because of limited resources. Priority is given to non-Medicaid clients and clients in other HRS programs such as foster care and adult living facility residents.

The Legislature does not prescribe the amount of funding that must be allocated to specific services with the funds appropriated in this category. These decisions are made jointly by the department and each county, based on the specific needs of each county, and are documented in the annual contract.

In addition to the CHD primary care program, several counties have initiated indigent health care programs. Two of these counties—Marion and Hillsborough—have won national awards for their programs. Although each county's program is distinctive in its service delivery and financing mechanisms, they share the objective of providing access to health services for residents who are not covered by other health care coverage. Another feature that the two programs share is the use of an integrated system to provide primary and preventive services to their target populations.

Marion County initiated its public private health care partnership program in 1989 through the appointment of a task force to investigate indigent health care and develop

recommendations for its proper management. Based on these recommendations, a comprehensive health care delivery system was developed which utilizes the resources of most health care providers in the community, including the Marion County Health Department primary care clinic, the two local hospitals, the local medical society through the "We Care" program, an episodic care clinic called Community Health Services (CHS), and local civic and religious groups. Patients often enter the system through the CHS, which is a not-for-profit corporation formed as a collaborative effort of the two local hospitals. The CHS provides medical evaluation and treatment by advanced registered nurse practitioners for conditions requiring immediate attention. Once treatment is completed by the CHS, the patient is referred for any necessary continuing care to the county health department, the We Care program, or if inpatient care is necessary, to one of the local hospitals which accepts these patients on a rotating basis. A key ingredient in the success of the program is an oversight board which is composed of community civic and health care leaders.

Welfare Reform

Chapter 96-175, Laws of Florida, eliminated individual entitlement to public assistance and created the Work and Gain Economic Self-sufficiency (WAGES) Program, replacing the Aid to Families with Dependent Children and Jobs Opportunities and Basic Skills Training programs. The WAGES Program was designed based on the federal welfare reform bill that was pending at that time. Persons participating in the program must receive job training or begin employment. A time limit is placed on the receipt of certain benefits, including Medicaid eligibility. Since many WAGES participants will not earn a high enough income to be able to afford private health insurance, these persons may find it difficult to access health care services. Lack of access to health care may serve as a disincentive for persons to participate in WAGES.

Healthy Communities, Healthy People

Section 408.604, F.S., establishes the Healthy Communities, Healthy People program within the Department of Health, which is a comprehensive and community-based health promotion and wellness program. The program is designed to reduce major behavioral risk factors associated with chronic diseases, injuries and accidents, by enhancing the knowledge, skills, motivation, and opportunities for individuals, organizations, and communities to develop and maintain healthy lifestyles. Health promotion programs have the potential to reduce health care costs since unhealthy behaviors and environmental hazards contribute the most to premature deaths, resulting in approximately 70 percent of all deaths before the age of 75 in the U.S.

Included in the program are the following specific components:

- Biennial statewide assessments of specific, causal, and behavioral risk factors that affect the health of residents of the state.
- The development of community-based health promotion programs, incorporating health promotion and preventive care practices supported in scientific and medical literature.

- The development and implementation of statewide age-specific, disease-specific, and community-specific health promotion and preventive care strategies using primary, secondary, and tertiary prevention interventions.
- The development and implementation of models for testing statewide health promotion programs that address major risk factors in the state and motivate individuals to permanently adopt healthy behaviors, enhance self-esteem, and increase social and personal responsibilities.
- The enhancement of the State Health Office's special initiatives to develop the mental, emotional, and social competencies of children and adolescents, using innovative school-based and neighborhood-based approaches to build self-esteem and prevent later problems such as drug abuse, poor school performance, criminal behavior, and other behavioral problems.
- The development and implementation of a statewide health education program to educate the public and communities about health risks and assist them in modifying unhealthy behaviors.
- The establishment of a comprehensive program to inform the public and communities about the prevalence of chronic diseases in the state; known and potential risks, including social and behavioral risks; and behavior changes that would reduce risks.
- The development and implementation of a program for enhancing self-help organizations and volunteer programs that enlist the support of volunteers in health promotion activities, particularly persons who serve as role models because of their public visibility or because of their recovery from or skill in coping with disease.
- The development of policies that encourage the use of alternative community delivery sites for health promotion and preventive care programs and promote the use of neighborhood delivery sites that are close to work, home, and school.

Currently, Healthy Communities, Healthy People programs are funded in 14 Florida counties for \$50,000 each in preventive block grant funding. This funding will expire this year.

School Health Services

School health services are provided to appraise, protect and promote the health of students. Services provided through the program include health appraisals; screening services including vision, hearing and scoliosis screening; health counseling, dental health services, emergency health services; health education services; the maintenance of school health records; medication administration in the schools; services for special education students; and health records reviews.

Funding for the school health services program is provided by the Legislature (approximately \$17 million annually for the basic and comprehensive programs) and through contributions from local sources, including health departments, school districts, Parent Teachers Associations, county commissions, hospital partnerships and special

grants. However, the current level of funding is insufficient to even approach recommended nurse/student staffing ratios.

B. EFFECT OF PROPOSED CHANGES:

Matching state funds would be made available to successful applicant counties in the form of Primary Care Challenge Grants. Counties would utilize these funds to create coordinated primary health care delivery systems. The program is voluntary, and to the extent that counties elect to participate, the effect will be to increase access to health care for non-Medicaid eligible Floridians with incomes up to 150 percent of the federal poverty level. In addition, state funds will be made available to local governments for Healthy Communities, Healthy People programs and school health services programs.

One effect of the enactment of this bill may be to reduce unnecessary hospital care. Marion County, which has established a county-operated indigent care program, has documented that inappropriate use of hospital emergency departments declined during the first three years of the project's operation. Emergency department visits per 1,000 population in Marion County during this period declined from 389 to 272. The county also attributes to the Indigent Care Program a 15 percent reduction in the use of hospital services for preventable causes.

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 Department of Health is given authority to make rules.

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

Yes, the Department of Health is given authority to make rules.

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

No entitlement to a government service is given.

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?

The bill does not increase anyone's taxes.

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

The bill would authorize participating units of local government to establish fees for services rendered.

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

N/A

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

N/A

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

The bill would authorize participating units of local government to establish fees for services rendered.

3. Personal Responsibility:

- 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?

Yes, participants in the program are required to pay a fee for the services they receive.

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?

The treating health care provider in conjunction with the family.

- (2) Who makes the decisions?

The treating health care provider in conjunction with the family.

- (3) Are private alternatives permitted?

Private providers are encouraged to participate.

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

No, participation is voluntary.

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

No.

- 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. Creates ss. 154.501-506, F.S., the "Primary Care Challenge Grant Act."

Section 2. Creates s. 154.502, F.S., providing legislative findings and intent to stimulate the development of coordinated primary health care delivery systems which emphasize volunteerism, cooperation, and broad-based participation by public and private health care providers.

Section 3. Effective July 1, 1997, creates s. 154.503, F.S., providing for the creation and administration of the Primary Care Challenge Grant program. Provides that the Department of Health shall administer the program and authorizes the department to form a committee to evaluate and select the counties to be funded. Provides for department responsibilities and authorizes the department to adopt necessary rules.

Section 4. Creates s. 154.504, F.S., relating to eligibility and benefits. Provides that any county or group of counties may apply to provide primary health care services to non-Medicaid eligible persons with incomes up to 150 percent of the federal poverty level. Specifies that nothing prevents counties with fewer than 100,000 residents, based on annual estimates produced by the Population Program of the University of Florida Bureau of Economic and Business Research, from submitting multi-county applications. Specifies that counties submitting joint applications must designate a lead county for program accountability and administration. Provides that counties shall develop a schedule of benefits and services appropriate for the population to be served. Specifies, that at a minimum, the benefits must cover preventive and primary care services and limited inpatient hospital care.

Section 5. Creates s. 154.505, F.S., relating to the application process and minimum requirements. Directs the department to develop an application. Provides that counties shall submit applications to the department and that applications shall be competitively reviewed. Provides selection criteria. Provides for preference to be given to proposals that meet certain conditions: exceeding minimum local contribution requirements; demonstrating broad-based local support; demonstrating a high degree of participation by health care providers on a free or volunteer basis; having a high proportion of residents in poverty and with poor health status indicators; and serving persons who are at the end of their transition period out of the WAGES program. Provides that nothing prevents a county or group of counties from contracting for the provision of health care services with other entities.

Section 6. Creates s. 154.506, F.S., relating to primary care challenge grant awards. Specifies that grant awards are made on a matching basis. Requires counties to provide \$1 in matching funds for each \$2 grant payment made by the state. Provides that up to 50 percent of the county match may be in-kind in the form of free hospital and physician services. Precludes counties from supplanting the value of donated services provided through the Volunteer Health Care Provider Program. Requires the department to develop a methodology for determining the value of in-kind match. Requires the remaining 50 percent of local match to be in cash. Provides that the two-year grant awards shall be based on a county's population size, based on annual estimates produced by the Population Program of the University of Florida Bureau of Economic and Business Research, in the following amounts: \$250,000 for counties with no more than 100,000 residents, \$500,000 for counties with no fewer than 100,000 and no more than 500,000 residents, and \$1 million for counties with more than 500,000 residents. Makes implementation of the program contingent on the allocation of a specific appropriation in the General Appropriations Act.

Section 7. Creates s. 154.507, Florida Statutes, relating to the Healthy Communities, Healthy People programs, to authorize the department to provide funding for the program as a part of the Primary Care Challenge Grant program.

Section 8. Creates s. 154.508, Florida Statutes, relating to the School Health Services program, to authorize the department to provide funding for the program as a part of the Primary Care Challenge Grant program.

Section 9. Provides an effective date of upon becoming a law.

III. FISCAL & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

Unknown until a specific appropriation is made.

2. Recurring Effects:

Unknown until a specific appropriation is made.

3. Long Run Effects Other Than Normal Growth:

None.

4. Total Revenues and Expenditures:

Unknown until a specific appropriation is made.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

Local governments will be required to participate financially if they are awarded a grant.

2. Recurring Effects:

Local governments will be required to participate financially if they are awarded a grant.

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:

To the extent that more Floridians would have access to needed health care, the long-term result could be a healthier, and more productive work force.

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

Hospitals may see a reduced demand for uncompensated services.

D. FISCAL COMMENTS:

There are seven Florida counties with populations greater than 500,000; thirty-four counties have fewer than 100,000 residents; and, 26 counties have populations between 100,000 and 500,000. For illustrative purposes only, if every county applied for and received a primary care challenge grant, the maximum fiscal impact of the bill would be \$28.5 million.

The bill states that implementation is subject to the allocation of a specific appropriation in the General Appropriations Act.

The Department of Health estimates that with an appropriation of \$6.4 million, they could fund programs as follows:

<u>GRANT AMOUNT</u>	<u>POP CATEGORIES</u>	<u># OF COUNTIES</u>	<u>TOTAL</u>
\$ 250,000	<100,000	13	\$3,250,000
\$ 500,000	100,000-500,000	4	\$2,000,000
\$1,000,000	> 500,000	1	\$1,000,000
	TOTAL	18	\$6,250,000
ADMINISTRATIVE COSTS (2 FTE) + expenses			\$ 121,354
TOTAL PROGRAM			\$6, 371,354

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

A. APPLICABILITY OF THE MANDATES PROVISION:

The bill would not require counties or municipalities to expend funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

The bill would not have an effect on the ability of counties or municipalities to raise revenues.

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

The bill would not have an effect on state taxes shared with counties and municipalities.

V. COMMENTS:

Similar legislation passed the House during the 1996 Session 116 to 0, but the Senate failed to consider the bill. The bill was funded at \$3.5 million in the House's General Appropriations bill.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

None.

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VII. SIGNATURES:

COMMITTEE ON HEALTH CARE SERVICES:

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