

STORAGE NAME: h1781a.hhs

DATE: April 26, 2000

**HOUSE OF REPRESENTATIVES
AS REVISED BY THE COMMITTEE ON
HEALTH AND HUMAN SERVICES APPROPRIATIONS
ANALYSIS**

BILL #: HB 1781 (PCB HCS 00-01)

RELATING TO: Health Care Access/Florida Kidcare Act

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

TIED BILL(S):

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

- (1) HEALTH CARE SERVICES YEAS 18 NAYS 0
 - (2) HEALTH AND HUMAN SERVICES APPROPRIATIONS YEAS 8 NAYS 2
 - (3)
-

I. SUMMARY:

HB 1781 reflects the recommendations from the interim project report of the Committee on Health Care Services relating to the Florida Kidcare Program. The bill:

- Requires the Social Services Estimating Conference to develop certain projections for Kidcare;
- Moves children age 0-1 between 185% and 200% of the federal poverty level (FPL) from Medikids and the CMS Network to Medicaid;
- Authorizes presumptive eligibility for Medicaid-eligible children and expedited eligibility determination for children eligible for other Kidcare program components;
- Requires a medical expense disregard for certain children in the Children's Medical Services Network;
- Allows enrollment of nonqualified alien children in Kidcare, subject to an annual appropriation;
- Requires a monthly enrollment report for each Kidcare program component;
- Establishes 12-month continuous eligibility for all Kidcare components;
- Directs the Department of Children and Family Services to develop a simplified eligibility redetermination process;
- Expands Medicaid for pregnant women from 185% to 200% of the FPL;
- Adds a dental benefit for the Kidcare program, subject to a specific appropriation; and
- Eliminates local match funding under the Florida Healthy Kids program, if replacement funding is included in the General Appropriations Act.

The bill's effective date is July 1, 2000.

The known fiscal impact of the bill is \$113.0 million, of which \$60.4 million is a state obligation and \$52.6 million is a federal obligation.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- | | | | |
|-----------------------------------|---------|-------|--------|
| 1. <u>Less Government</u> | Yes [x] | No [] | N/A [] |
| 2. <u>Lower Taxes</u> | Yes [x] | No [] | N/A [] |
| 3. <u>Individual Freedom</u> | Yes [x] | No [] | N/A [] |
| 4. <u>Personal Responsibility</u> | Yes [x] | No [] | N/A [] |
| 5. <u>Family Empowerment</u> | Yes [x] | No [] | N/A [] |

B. PRESENT SITUATION:

Kidcare Background Information

The 1998 Florida Legislature created the Florida Kidcare program, Florida's Title XXI child health insurance program, which makes affordable health insurance available to cover low-income uninsured children. The program was created as a result of the federal Balanced Budget Act of 1997 (P.L. 105-33) which created Title XXI of the Social Security Act and allocated funds to states for the purpose of providing health insurance to uninsured children who live in low-income families.

Florida Kidcare consists of five components: Medicaid for children; the MediKids program; Healthy Kids; the Children's Medical Services Network; and employer-sponsored dependent (ESD) coverage. (Florida's Kidcare ESD coverage proposal has been denied by the federal Health Care Financing Administration, according to a November 5, 1999, letter from HCFA.)

Medicaid, MediKids, and the CMS Network are administered by state agencies. The benefit package for these three programs is the currently approved Medicaid benefit package for children, which includes dental coverage. Medicaid and MediKids are administered by the Agency for Health Care Administration. Under most circumstances, Medicaid offers families a choice between a Medicaid managed care plan or MediPass.

The CMS Network is a division of the Department of Health. The network serves children with special health care needs, those with serious or chronic physical or developmental conditions who require extensive preventive and maintenance care. The CMS Network is a managed care system of care with multi-disciplinary, regional, and tertiary pediatric care providers who offer prevention and early intervention services, primary care and specialty care, as well as long-term care for medically complex, fragile children. A sub-component, the Behavioral Health Specialty Care Network, provides behavioral health care services for children with severe mental health problems.

The Healthy Kids Program is administered by the non-profit Florida Healthy Kids Corporation under s. 624.91, F.S. The program began in the early 1990s and offers a benefit package through commercially licensed insurers, which differs from the Medicaid benefit package for children. It does not include dental coverage and certain other services that are included in the Medicaid benefit package. The Healthy Kids Program is the largest non-entitlement program under the Florida Kidcare program. It was authorized to offer a certain number of enrollment slots to each county without requiring local matching funds

(currently established at 500 slots per county). If a county wants to offer more enrollment slots, a local match is required. Currently, the program is operational in all but 9 counties. It is anticipated that 5 of these counties will participate as of January 2000, with the remainder by February 2000.

Each department, agency, and program involved in the Florida Kidcare Program has specified duties and responsibilities. The Agency for Health Care Administration administers the Medicaid and MediKids programs and processes premium payments for the Florida Healthy Kids and CMS programs. The Department of Children and Family Services is responsible for developing a simplified application process and determining eligibility for the Florida Kidcare program. The original Kidcare law provided the opportunity to use a third party administrator for the purposes of determining eligibility for the Kidcare program. The Department of Health administers the CMS Network and is responsible for outreach and the Kidcare Coordinating Council. The Florida Healthy Kids Corporation administers the Healthy Kids Program and contracts with the Agency for Health Care Administration to provide a third party administrator for the purposes of premium collection and eligibility screening/processing. The Department of Insurance is responsible for certifying qualified health plans and is designated to be responsible for the administration of the ESD coverage.

During the 1999 session, several recommendations were made by the Kidcare Coordinating Council and several different interest groups to improve the Florida Kidcare program. Those recommendations included presumptive eligibility, continuous eligibility, waiver of local match for the Healthy Kids Program subject to a state appropriation, expansion of the number of children insured through the program, removal of MediPass restrictions in the MediKids program, dental coverage, streamlining the eligibility determination and redetermination process, coverage for nonqualified individuals, as well as other enhancements. No amendments to the Florida Kidcare Act were adopted during the 1999 session.

Kidcare Interim Project

Given the lack of legislative action during the 1999 session, and given the importance of appropriate implementation of this important program, the Speaker of the House of Representatives and the President of the Senate each assigned to a respective substantive committee an interim project designed to determine the major strengths and weaknesses of the Kidcare program and to identify any possible changes in the law or program administration that would improve the program. During the summer, House and Senate health care committee staff conducted a series of public forums, interviews, and meetings with individuals involved in various aspects of the Kidcare program from various perspectives as a part of their respective interim projects.

Major findings from the House interim project report related to: program goals, customer satisfaction, benefits, enrollment, funding, outreach, administration, local match, migrant farmworker and immigrant children, state-only coverage issues, and other issues. Twelve specific recommendations were included in the report. These recommendations related to:

- The use of evaluations and other study information;
- Program administration and administrative enhancements;
- Healthy Kids issues;
- Program planning, funding, and budget amendments;
- Implementing presumptive and continuous eligibility;
- Eligibility categories;

- A medical expense disregard for certain children in need of CMS network services;
- State-only funding for certain coverage; and
- Dental pilot project activities.

Dental Care for Children

The 1998 Florida Kidcare Act provided dental benefits for children up to age 5 with family incomes below 200 percent of the federal poverty level under the Medikids program component. Medicaid coverage was expanded to cover children up to age 19 below 100 percent of the federal poverty level. The Medicaid program provides comprehensive dental benefits for children. No dental benefits were provided for children ages 5 or older with family incomes above 133 percent of the federal poverty level and for children ages 6 to 19 with family incomes above 100 percent of the federal poverty level. Dental benefits under the Florida Healthy Kids program are provided as a local option and, if included, only cover cleaning and x-rays.

Kidcare Enrollment

As of February 1, 2000, Title XXI funded Kidcare enrollment by program component was as follows:

Healthy Kids	98,004
MediKids	16,372
CMS Network	3,816
Medicaid for teens	<u>20,254</u>
TOTAL	138,446

Estimating Conference Process

Section 216.134, F.S., establishes an estimating conference process to provide estimates and forecasts for the purpose of state planning and budgeting. Section 216.136, F.S., establishes a Social Services Estimating Conference which develops information relating to the social services system of the state, including forecasts of social services caseloads, as the conference determines is needed for the state planning and budgeting system. Such official information includes estimates of caseload and costs for the Medicaid program, (which includes the Medicaid component of the Kidcare program). Section 409.8134, F.S., which is part of the Florida Kidcare Act, requires the Social Services Estimating Conference to track caseload and expenditure trends for the Florida Kidcare program.

C. EFFECT OF PROPOSED CHANGES:

See SECTION-BY-SECTION ANALYSIS which follows.

D. SECTION-BY-SECTION ANALYSIS:

Section 1. Amends s. 216.136, F.S., relating to the state's revenue estimating process, to require the Social Services Estimating Conference to develop information relating to the Florida Kidcare program. Such data are needed to plan for and project future budgets and the draw down of federal matching funds. The agencies that administer the program components of the Kidcare program (the Agency for Health Care Administration (AHCA), Department of Health, the Department of Children and Family Services, and the Florida Healthy Kids Corporation) are designated as participants in the Social Services Estimating Conference for purposes of developing information relating to the Florida Kidcare program.

Section 2. Amends s. 409.8132, F.S., relating to the Medikids program component of Kidcare, to delete an inappropriate cross-reference. The bill removes infants up to the age of 1 year from the Medikids program. This revision is necessary to accompany Section 9 of the bill, which makes infants up to the age of 1 year in families with an income between 185 percent and 200 percent of the federal poverty level eligible for the Medicaid program component of Kidcare. In addition, directions relating to open enrollment periods during the first year of implementation of Medikids are deleted since that time period has passed. The bill authorizes AHCA to assign Medikids' applicants to a managed care plan or MediPass provider if the family has not made a voluntary selection of a provider.

Section 3. Amends s. 409.8134, F.S., relating to Kidcare program enrollment, to require the various agencies that administer the Florida Kidcare program components, rather than just AHCA, to collect and analyze the data needed to project Florida Kidcare program enrollment, including outreach impacts, participation rates, caseloads, utilization and expenditures, and to report such data to the Social Services Estimating Conference.

Section 4. Amends s. 409.814, F.S., relating to Kidcare eligibility, to provide for presumptive eligibility for Medicaid eligible children and expedited eligibility determination for children who are eligible for other Kidcare program components. Specifies that a child who has been deemed presumptively eligible for Medicaid is not to be enrolled in a managed care plan until the child's full eligibility determination for Medicaid has been completed. The Florida Healthy Kids Corporation is designated as an entity to conduct presumptive eligibility determinations. Children with special health care needs, as determined through a medical or behavioral screening instrument, who are eligible for Kidcare must be referred to the Children's Medical Services Network. In determining income eligibility for children with special health care needs, the Department of Health and the Florida Healthy Kids Corporation are required to implement an income disregard for medical and behavioral costs of such a child. Children who are nonqualified aliens and who are ineligible under Title XXI for premium assistance may be enrolled in the appropriate Kidcare program component with premium assistance being provided through state funds only, subject to an annual appropriation. An exception to the 200 percent income eligibility cap for eligibility for premium assistance is made for children enrolled in the CMS Network who qualify under an income disregard. Twelve-month continuous eligibility is extended to all children enrolled in the Florida Kidcare program. The bill requires an applicant to receive notice of eligibility changes, and requires certain coordination functions relating to transition between program components.

Section 5. Amends s. 409.815(2), F.S., relating to Kidcare benefits, to add dental benefits equivalent to dental services for children under Medicaid, subject to a specific appropriation.

Section 6. Amends s. 409.8177, F.S., relating to Kidcare evaluation, to require AHCA, to submit a monthly enrollment report for each program component to the Governor and the Legislature, and to require that the Kidcare annual report include an outreach impact component.

Section 7. Amends s. 409.818, F.S., relating to Kidcare administration, to specify that eligibility redetermination for the Florida Kidcare program is to occur every 12 months and to direct the Department of Children and Family Services, in consultation with AHCA and the Florida Healthy Kids Corporation, to develop a simplified eligibility redetermination process that will not require submission of a new application. The Department of Children and Family Services is authorized to accept changes in a family's status as reported to the department by the Florida Healthy Kids Corporation without requiring a new application

from the family. Eligibility redetermination for Medicaid may not be linked to a child's eligibility determination for other programs, such as food stamps or cash assistance.

Section 8. Amends s. 409.903, F.S., relating to Medicaid mandatory payments for eligible persons, to provide for presumptive eligibility for Medicaid for children under age 19 who are mandated by federal law to be covered by the Medicaid program. Specifies that a child who has been deemed presumptively eligible for Medicaid is not to be enrolled in a managed care plan until the child's full eligibility determination for Medicaid has been completed.

Section 9. Amends s. 409.904, F.S., relating to Medicaid optional payments for eligible persons, to provide for presumptive eligibility for Medicaid for children under age 19 who the state has elected to cover (optional eligibles); to provide 12-month continuous eligibility for Medicaid eligible children; to cover infants from birth to 1 year of age in families whose income is above 185 percent of the federal poverty level and at or below 200 percent of the federal poverty under the Medicaid program, with presumptive eligibility; and to cover pregnant women in a family whose income is above 185 percent of the federal poverty level and at or below 200 percent of the federal poverty under the Medicaid program, with presumptive eligibility. Specifies that a child who has been deemed presumptively eligible for Medicaid is not to be enrolled in a managed care plan until the child's full eligibility determination for Medicaid has been completed.

Section 10. Specifies that, notwithstanding the provisions of s. 624.91, F.S., local matching funds shall not be required by the Florida Healthy Kids Corporation, provided replacement funds are specifically appropriated as part of the General Appropriations Act.

Section 11. Specifies that the provisions of this act which would require changes to existing provider contracts of the Florida Healthy Kids Corporation, namely the addition of dental benefits, shall be applied to such contracts upon renewal of the contracts, but not later than July 1, 2002.

Section 12. Provides an effective date of July 1, 2000.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

Fiscal impact estimates of the various components of the bill are as follows:

	<u>State</u>	<u>Federal</u>	<u>Total</u>
Transfer children age 0-1 from Medikids and CMS Network to Medicaid	\$44,058	\$100,422	\$144,480
Presumptive Medicaid eligibility	\$142,315	\$184,996	\$327,311

Medical Expense disregard for CMS Network	\$2,003,257	\$4,577,745	\$6,581,002
Twelve-month continuous eligibility	\$16,059,166	\$20,875,438	\$36,934,604
Coverage for undocumented children	\$12,590,523	-0-	\$12,590,523
Expand Medicaid to 200% FPL for pregnant women	\$5,415,976	\$7,052,157	\$12,468,133
Streamline Medicaid eligibility	\$5,814,437	\$7,567,123	\$13,381,560
Addition of dental benefit to Kidcare	\$8,151,185	\$18,626,689	\$26,777,874
Dental benefit for nonqualified aliens	\$379,734	-0-	\$379,734
Elimination of local match funding	\$14,448,580	-0-	\$14,448,580
TOTAL	<u>\$65,049,231</u>	<u>\$58,984,540</u>	<u>\$124,033,771</u>

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

Should replacement funds for existing local matching funds under the Florida Healthy Kids program be included in the General Appropriations Act, counties would have discretion as to the use of funds committed to that purpose.

2. Expenditures:

N/A

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Family Contribution

Transfer children age 0-1 from Medikids and CMS Network to Medicaid	(\$214,500)	
Coverage for undocumented children		\$367,560
Medical Expense disregard for CMS	\$35,625	
Total	<u>\$188,685</u>	

D. FISCAL COMMENTS:

The general appropriations bills in both the House and Senate (HB 2145 and SB 2200) include different levels of funding for the annualization and expansion of KidCare, the establishment of a dental component, and presumptive Medicaid eligibility. The Conference Subcommittee for Health and Human Services Appropriations recommended: \$80.9 million for the annualization and expansion of KidCare; \$14.6 million for the dental component; and \$327,311 for presumptive Medicaid eligibility.

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

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A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to spend funds or to take action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

The bill does not reduce the authority that counties or municipalities have to raise revenues in the aggregate.

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

This bill does not reduce the percentage of a state tax shared with counties or municipalities.

V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

N/A

B. RULE-MAKING AUTHORITY:

N/A

C. OTHER COMMENTS:

This bill implements the recommendations of an interim project of the House of Representatives' Health Care Services Committee. The reader should see "Review of the Implementation of the Florida Kidcare Act," September 1999, for additional details.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

On February 22, 2000, the Committee on Health Care Services adopted 11 amendments, of which 8 were technical. The substantive amendments: added dental coverage as a benefit under Kidcare; deleted reference to a subsidy program for dependents of state employees; and stipulated that no local match funding be required under the Healthy Kids Program, provided replacement funds are included in the General Appropriations Act.

On April 26, 2000, the Health and Human Services Committee adopted a strike everything amendment that did the following:

- Deleted reference to expedited eligibility determination;
- Deleted the medical expense disregard for certain children in the Children's Medical Services Network;
- Eliminated language regarding enrollment of nonqualified alien children in Kidcare;
- Deleted 12-month continuous eligibility;
- Modified language relating to a simplified eligibility redetermination process;
- Deleted reference to expansion of Medicaid for pregnant women from 185% of federal poverty level to 200% FPL
- Deleted reference to local match "buy-out".
- Added language to study the feasibility of subsidizing health insurance coverage for children of certain state employees.
- Added language clarifying that the Children's Medical Services Program is not an insurer and not subject to the Florida Insurance Code or the rules of the Department of Insurance when providing services to children under the Medicaid or Kidcare programs.

VII. SIGNATURES:

COMMITTEE ON HEALTH CARE SERVICES:

Prepared by:

Phil E. Williams

Staff Director:

Phil E. Williams

AS REVISED BY THE COMMITTEE ON HEALTH AND HUMAN SERVICES

APPROPRIATIONS:

Prepared by:

Tom Weaver

Staff Director:

Lynn Dixon