

# SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based only on the provisions contained in the legislation as of the latest date listed below.)

BILL: CS/SB 212

SPONSOR: Health, Aging and Long-Term Care Committee and Senator Dawson

SUBJECT: Health Care Assistance/Florida Kidcare Program

DATE: March 10, 2000                      REVISED: 03/14/00                      \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Liem</u>	<u>Wilson</u>	<u>HC</u>	<u>Favorable/CS</u>
2.	<u>Peters</u>	<u>Hadi</u>	<u>FP</u>	<u>Fav/1 amendment</u>
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

## I. Summary:

Committee Substitute for Senate Bill 212 modifies the Florida Kidcare program. The bill implements recommendations contained in Senate Interim Project Report 2000-57. The bill requires the Social Services Estimating Conference to develop projections for the Florida Kidcare program; moves coverage for children 0-1 from Medikids to Medicaid; authorizes presumptive eligibility for Medicaid-eligible children and expedited eligibility determination in other Kidcare program components; removes the applicability of Medicaid third-party liability requirements to the Medikids program; allows mandatory assignment in the Medikids program; requires a medical expense disregard for the Children’s Medical Services Network; allows enrollment of unqualified alien children in Kidcare, subject to an annual appropriation; adds a dental benefit to Kidcare; requires a monthly enrollment report; establishes 12-month continuous eligibility; revises Kidcare evaluation requirements; directs the Department of Children and Family Services to develop a simplified eligibility redetermination process; expands Medicaid for pregnant women to 200% of the Federal Poverty Level (FPL); and requires the Division of State Group Insurance of the Department of Management Services to develop a program to subsidize health insurance coverage for children of state employees under 200% FPL, subject to an appropriation.

The bill amends the following sections of the Florida Statutes: 216.136, 409.8132, 409.8134, 409.814, 409.815, 409.8177, 409.818, 409.903, 409.904, and creates two undesignated sections of law.

## II. Present Situation:

In response to concerns about the millions of uninsured children in the nation, Congress allotted, through the Balanced Budget Act of 1997 (P.L. 105-33), approximately \$40 billion over 10 years to help states expand health insurance coverage to children. The act, which created Title XXI of the Social Security Act, initially allocates funds to states based on the number of uninsured children in a state and subsequently on the number of low-income children residing in a state. The law allows the use of funds for “targeted low-income children.” States may set income eligibility

at up to 200 percent of the federal poverty level, or at 50 percentage points above their existing eligibility level as of June 1, 1997, whichever is higher. The federal law allows states to expand coverage for children through: expanding the existing Medicaid program; creating or expanding a separate program specific to the children's initiative, through the use of a federally established "benchmark" coverage plan; or through a combination of these efforts. Florida was one of three states to have an existing child health insurance program (the Florida Healthy Kids Corporation) grandfathered in as part of the federal act.

Federal law identifies children who are not eligible for participation in the Title XXI program. Specifically excluded are children who: are eligible for the Medicaid program under the categorical eligibility criteria in effect on April 15, 1997; are dependants of a public agency employee who is eligible for coverage under a state health benefit plan; have other health insurance coverage; do not meet the definition of a qualified alien; or are inmates of public institutions or institutions for mental diseases.

The 1998 Florida Legislature created the Florida Kidcare program, which is Florida's Title XXI child health insurance program, to make affordable health insurance available to low and moderate income Florida children. Florida Kidcare consists of several components: Medicaid for children, the Medikids program, Healthy Kids, the Children's Medical Services (CMS) Network, and employer-sponsored dependent (ESD) coverage. The ESD coverage will not take effect until it is approved by the federal Health Care Financing Administration.

### **The Medicaid Program**

Medicaid is a medical assistance program that pays for health care for the poor and disabled. The program is jointly funded by the federal government, the state, and the counties. The federal government, through law and regulations, has established extensive requirements for the Medicaid program. Under the Florida Medicaid program the match rate is 56 percent federal and 44 percent state funding. The Title XXI program established an enhanced federal match of 69 percent federal and 31 percent state funding. The Agency for Health Care Administration (AHCA or agency) is the single state agency responsible for the Florida Medicaid program. The statutory provisions for the Medicaid program appear in ss. 409.901 through 409.9205, F.S.

For children, Medicaid covers a comprehensive range of services, subject to a determination of medical necessity. As of December 31, 1999, 829,717 children were enrolled in Florida's Medicaid program; approximately 21,000 of these children were covered by Title XXI funding at the enhanced federal match rate.

The federal Title XXI law allows states to implement presumptive eligibility for Medicaid for children up to age 19. Presumptive eligibility for Medicaid allows a child to start receiving covered services during the period while the full eligibility determination process is taking place. By federal law, states have up to 45 days to determine whether a person qualifies for Medicaid.

The 1998 Legislature directed the agency to conduct a study of presumptive eligibility. The study found that the benefits associated with implementing presumptive eligibility outweigh the costs:

- Health outcomes for children would improve.

- The enrollment process would be simplified and less confusing, particularly for those applying to Title XXI programs who meet referral criteria for Medicaid.
- Hospitals and other providers would benefit to the extent they are currently providing uncompensated care to children.
- The cost to the state is low due to the enhanced federal match rate.

Title XXI allows states to implement up to 12 months of continuous Medicaid coverage without eligibility redetermination for children up to age 19. The 1998 Legislature authorized 6 months of continuous eligibility for children ages 5 to 19, effective July 1, 1998. Effective January 1, 1999, children from birth to age 5 who become eligible for Medicaid have 12 months of continuous eligibility. By granting children eligibility for up to one year without regard to changes in circumstances, states can minimize the burden on families seeking to maintain coverage for their children. In addition, continuous eligibility can minimize coverage losses among children that occur because families are in financial transition and because recertification requirements impose barriers to continued participation.

### **Medicaid Third Party Liability**

Section 409.910, F.S., is the “Medicaid Third-Party Liability Act,” under which the agency is directed to recover the costs of goods and services delivered to a Medicaid recipient when another third party may be responsible for such costs. Section 409.8132 (4), F.S., applies the provisions of s. 409.910 to the Medikids program, however, participants in the Medikids program do not have other health care coverage.

### **Medikids**

Medikids is a Medicaid “look-alike” program. Medikids provides the Medicaid benefit package (except for waivers), uses the Medicaid administrative infrastructure, pays Medicaid reimbursement rates, and uses Medicaid providers, with one exception. Medicaid enrollees may choose MediPass (a primary care case management program) or a Medicaid HMO in any Florida county. Medikids enrollees, however, may only select a MediPass provider in counties with fewer than two Medicaid-participating HMOs.

Families make their HMO or MediPass selection through the agency’s abbreviated choice counseling process. Families receive a letter notifying them of their health care provider choices and requesting that a choice be made within 14 days. Agency staff follow up a total of three times with families to encourage them to make a choice. Unlike Medicaid beneficiaries, children applying for Medikids cannot receive any health benefits until they have made a provider choice and are officially enrolled in the Medikids program. Also unlike Medicaid, there is no provision for making a mandatory assignment of a child whose family does not make a voluntary choice.

During its first year of operation, the Medikids program was limited to three open enrollment periods, for a total of 150 days. Special enrollments are available at any time (provided enrollment spaces are available) to newborns, children who lose eligibility for Medicaid, and Medikids-enrolled children who move to another county outside their provider’s service area. Current law allows AHCA to designate open enrollment periods after the first year of the program; the agency

currently is offering year-round open Medikids enrollment. As of January 1, 2000, the enrollment in Medikids was 15,341 children.

### **Healthy Kids**

The Florida Healthy Kids program is administered by the non-profit Florida Healthy Kids Corporation (FHKC), established in s. 624.91, F.S. The Florida Healthy Kids program existed prior to the implementation of the federal Title XXI child health insurance program. Florida was one of three states to have the benefit package of an existing child health insurance program (Healthy Kids) grandfathered in as part of the Balanced Budget Act of 1997. Since its inception, the FHKC has administered the Healthy Kids program with open and closed enrollment periods.

The Florida Healthy Kids program is the largest non-entitlement program under the Florida Kidcare Act. It operates with a combination of local, state, and federal dollars, and family contributions. Healthy Kids has required counties to contribute funds to support the health insurance subsidy for families since its inception. The federal child health insurance law requires that there be maintenance of effort in this program. Currently, counties contribute funds to support the health insurance premiums with a maximum contribution established at 20% in the fourth year of operation. The law authorizes the program to establish a certain number of enrollment slots in each county that do not require any local match. Currently, each county may enroll 500 children without any local match being required. The law also authorizes the program to vary local matching requirements and enrollment by county, based on a variety of factors which may influence the county's ability to generate local match.

As of January 1, 2000, Healthy Kids had contacts for providers in all Florida counties. In addition to its Title XXI-subsidized population, Healthy Kids also covers children who do not qualify for Title XXI subsidies. Of the total Healthy Kids caseload on January 1, 2000, of approximately 106,000 children, about eight percent were children who were income eligible for Title XXI, but who were non-qualified aliens, children of state employees, or 19 year olds. Healthy Kids receives no federal Title XXI funding for these children. The 1998 Legislature authorized the FHKC board to establish enrollment slots to ensure the program did not exceed enrollment ceilings.

### **The Children's Medical Services Network**

The CMS Network serves the health care needs of children with serious or chronic physical or developmental conditions who require extensive preventive and maintenance care beyond that required by typically healthy children. The CMS Network is a managed system of care that links community-based health care with multi disciplinary, regional, and tertiary pediatric care to provide prevention and early intervention services, primary and specialty care, as well as long term care for medically complex, fragile children. A sub-component, the Behavioral Specialty Care Network, provides behavioral health care services for children with severe mental health problems. As of January 1, 2000, 3,577 children were enrolled in the CMS Network.

### **Dental Care for Children**

Tooth decay is one of the most prevalent chronic diseases of childhood. Because it is a chronic, progressive bacterial infection, routine, periodic professional intervention is needed to prevent and

control the disease. Children from low-income families have the least access to dental care and, thus, the greatest unmet need. Eighty percent of tooth decay on permanent teeth occurs in only 25 percent of children, mostly children from low-income families. These children suffer unnecessary pain, difficulty in eating, distraction from learning, and diminished self-esteem resulting from unattractive appearances. Studies have shown that twice as many parents indicate unmet dental need for their children than unmet medical need. Low-income parents rank dental care as a top issue. The 1987 National Medical Expenditure Household Survey reported that expenditures for dental care for children aged 3-12 accounted for 22 percent of their health expenditures, and for children aged 13-18, 30 percent. However, less than 5 percent of public child health expenditures are spent on dental care for low-income children. Only 17 percent of the children in Florida with family incomes below 200 percent of the federal poverty level receive an annual dental visit through publicly funded programs, their main source of care.

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 aged 5 or older with family incomes above 133 percent of the federal poverty level and for children aged 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.

The agency reports that low Medicaid reimbursement rates hinder provider participation. In addition, the agency reports that the majority of private dental practitioners do not support capitated programs and, thus, are hesitant to participate in a capitated reimbursement program. In the Medicaid program, only about 10 percent of all dentists are significant Medicaid providers; utilization rates for children are only 31 percent to 37 percent. As a result, two-thirds of Medicaid eligible children do not receive the periodic early diagnostic/preventive/restorative care necessary to improve and maintain good oral health.

### **Consensus Estimating Conferences**

Section 216.134, F.S., establishes an estimating conference process to provide estimates and forecasts for the purpose of state planning and budgeting. Unless unanimously agreed to by the principals of the conference, information developed is based on the assumption that current law and administrative practices will remain in effect. The information developed in each conference includes forecasts for 10 years, unless the principals unanimously agree otherwise.

Estimating conferences are comprised of principals and participants. A principal may preside over conference sessions, convene sessions, request information, specify topics on the conference agenda, agree or withhold agreement that information is to be official information of the conference, release or interpret official information of the conference, and monitor errors in official information of the conference. The Executive Office of the Governor, the coordinator of the Office of Economic and Demographic Research, and professional staff who have forecasting expertise from the Department of Children and Family Services, the Senate, and the House of Representatives, or their designees, are the principals of the Social Services Estimating Conference.

A participant is any person who is invited to participate in the conference by a principal, and, at the request of a principal, supply alternative forecasts, collect and supply data, perform analyses, or provide any other information needed by the conference. The conference shall consider information provided by participants in developing its official forecasts.

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., requires the Social Services Estimating Conference to track caseload and expenditure trends for the Florida Kidcare program.

### III. Effect of Proposed Changes:

**Section 1.** Amends s. 216.136, F.S., to require the Social Services Estimating Conference to develop information relating to the Florida Kidcare program that is 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 (Agency for Health Care Administration, Department of Health - Children's Medical Services Network, 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, to remove the applicability of Medicaid third-party liability requirements from the Medikids program; to remove infants up to the age of 1 year from the Medikids program since Section 9 of the bill 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, and to allow the agency to initiate mandatory assignment for Medikids applicants who have not chosen a managed care plan or Medipass provider after the applicant's voluntary choice period has ended. Directions relating to open enrollment periods during the first year of implementation of Medikids are deleted since the time period has passed.

**Section 3.** Amends s. 409.8134, F.S., to require the various agencies that administer the Florida Kidcare program components (the agency, the Department of Health - CMS Network, and the Florida Healthy Kids Corporation), rather than just the agency, to collect and analyze the data needed to project Florida Kidcare program enrollment, including participation rates, caseloads, and expenditures, and to report such data to the Social Services Estimating Conference.

**Section 4.** Amends s. 409.814, F.S., to provide for presumptive eligibility for Medicaid eligible children and expedited eligibility determination for children who are eligible for other Kidcare program components. Presumptively eligible children are not to be enrolled in managed care plans until the full eligibility determination has been completed. 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 or behavioral costs of

such a child. Children who are unqualified 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. Twelve-month continuous eligibility is extended to all children enrolled in the Florida Kidcare program.

**Section 5.** Amends s. 409.815, F.S., to add a requirement that health benefits coverage include the comprehensive Medicaid dental services specified in s. 409.906 (6) F.S.

**Section 6.** Amends s. 409.8177, F.S., to require the agency, in consultation with the Department of Health, the Department of Children and Family Services, and the Florida Healthy Kids Corporation, to submit a monthly enrollment report for each program component to the Governor and the Legislature, and to require that the annual Kidcare report include an assessment of the impact of outreach.

**Section 7.** Amends s. 409.818, F.S., 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 the agency and the Florida Healthy Kids Corporation, to develop a simplified eligibility redetermination process that will not require submission of a new application. 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., 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. Presumptively eligible children are not to be enrolled in a managed care plan until the full eligibility determination for Medicaid has been completed.

**Section 9.** Amends s. 409.904, F.S., 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.

**Section 10.** Requires the Division of State Group Insurance of the Department of Management Services to develop a program to subsidize health insurance coverage for children of state employees, if funds are provided in the General Appropriations Act. Subsidies are made available to state employees whose children are under 19 years of age and whose family income is equal to or below 200 percent of the federal poverty level. The method for determining the amount of the subsidy is specified and eligibility is to be determined, to the extent possible, using procedures and forms of the Florida Kidcare program.

**Section 11.** Establishes that provisions of the act which would require changes to contracts between the Florida Healthy Kids Corporation and its providers in existence on June 30, 2000, be applied to those contracts upon renewal of the contracts, but no later than July 1, 2002.

**Section 12.** Provides an effective date of upon becoming a law.

**IV. Constitutional Issues:**

**A. Municipality/County Mandates Restrictions:**

The provisions of this bill have no impact on municipalities and the counties under the requirements of Article VII, Section 18 of the Florida Constitution.

**B. Public Records/Open Meetings Issues:**

The provisions of this bill have no impact on public records or open meetings issues under the requirements of Article I, Subsections 24(a) and (b) of the Florida Constitution.

**C. Trust Funds Restrictions:**

The provisions of this bill have no impact on the trust fund restrictions under the requirements of Article III, Subsection 19(f) of the Florida Constitution.

**V. Economic Impact and Fiscal Note:**

**A. Tax/Fee Issues:**

None

**B. Private Sector Impact:**

The bill should encourage greater participation by health care providers in the Florida Kidcare program.



C. Government Sector Impact:

Fiscal impact estimates of the various components of the bill in FY 2000-2001 are:

<b>Item Description</b>	<b>Total</b>	<b>State</b>	<b>Federal</b>	<b>Family Amt.</b>
<b>Agency for Health Care Administration</b>				
Continuous Medicaid Eligibility (12 Months) (Title XIX)	\$36,934,604	\$16,059,166	\$20,875,438	
Presumptive Medicaid Eligibility (Title XXI)	\$327,311	\$142,315	\$184,996	
Medical Coverage of Undocumented Aliens	\$12,958,083	\$12,590,523	0	\$367,560
Net Shift (Medikids to Medicaid) of Coverage of Children from 0 to 1 with Family Incomes above 185% up to 200% of Poverty (Title XIX/XXI)	\$-70,020	\$44,058	\$100,422	\$-214,500
Medicaid Coverage of Pregnant Women with Incomes up to 200% of Poverty (Title XIX)	\$12,468,133	\$5,415,976	\$7,052,157	
Simplify Redetermination of Medicaid Eligibility for Children (Title XIX)	\$13,381,560	\$5,814,437	\$7,567,123	
Dental Coverage Kidcare (Title XXI)	\$26,777,874	\$8,151,185	\$18,626,689	
Dental Coverage for Aliens	\$379,734	\$379,734	0	
Sub-Total AHCA	\$103,157,279	\$48,597,394	\$54,406,825	\$153,060
Medicaid (Title XIX)	\$63,126,953	\$27,436,643	\$35,690,310	
Kidcare (Title XXI)	\$26,692,509	\$ 8,190,494	\$18,716,515	\$-214,500
Undocumented Aliens	\$13,337,817	\$12,970,257		\$367,560
<b>Division of State Group Insurance</b>				
Subsidized Health Insurance Coverage for State Employees less than or equal to 200% of Poverty	Indeterminate			
<b>Department of Health</b>				

Income Disregard for Children with Special Health Care Needs (CMS Network) (Title XXI)	\$6,616,627	\$2,003,257	\$4,577,745	\$35,625
Kidcare Outreach (Title XXI)	\$5,000,000	\$1,522,000	\$3,478,000	
Sub-Total DOH	\$11,616,627	\$3,525,257	\$8,055,745	\$35,625
TOTAL ALL	\$114,773,906	\$52,122,651	\$62,462,570	\$188,685

Note:

- 1) Medicaid is an entitlement program and the state must fund the projected need.
- 2) The Division of State Group Insurance does not currently have data sources to calculate the number of state employees whose family income is under 200% of federal poverty level who do not participate in the State Group Health Insurance Program, and who do not have access to other health care coverage.

The Governor’s recommended budget for FY 2000-01 includes the following:

Presumptive Medicaid eligibility	\$ 327,311
Dental - Florida Healthy Kids	\$ 26,256,219
Expansion/Annualization of KidCare	\$148,214,823
KidCare - non-citizen children	\$ 6,079,614

The Senate Health and Human Services budget chairman’s proposal (3/10/2000) includes:

Presumptive Medicaid eligibility	\$ 327,311
Expansion/Annualization of KidCare	\$137,840,498

**VII. Related Issues:**

This bill implements the recommendations of Senate Interim Project Report 2000-57.

**VIII. Amendments:**

#1 by Fiscal Policy:

Makes implementation of any specific provision of this act contingent upon a specific appropriation for that provision in the General Appropriations Act.

---

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.

---