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HOUSE OF REPRESENTATIVES
COMMITTEE ON
CHILD & FAMILY SECURITY
ANALYSIS

BILL #: HB 1073

RELATING TO: Behavioral Health Care Service

SPONSOR(S): Representative(s) Murman

TIED BILL(S):

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

(1) CHILD & FAMILY SECURITY
(2) HEALTH & HUMAN SERVICES APPROPRIATIONS
(3) COUNCIL FOR HEALTHY COMMUNITIES
(4)
(5)

I. SUMMARY:

Despite funding for a wide array of mental health and substance abuse treatment services by different state, federal and local agencies, Floridian's find it difficult to obtain the services they need. Overlapping funding sources and regulations make it difficult to address gaps and provide services efficiently in local communities.

The Department of Children and Families and Medicaid, administered by the Agency for Healthcare Administration, are the two primary purchasers of publicly funded mental health and substance abuse treatment. Persons with severe mental illness, addiction to substances, and in the care and custody of the state receive services from both funding sources. Chapter 394 of the Florida Statutes requires that all Medicaid providers have a contract with the department for mental health and substance abuse treatment. Beyond this statutory provision, there is no other requirement for the two separate funding streams to develop a complimentary system of care.

HB 1073 creates the Behavioral Health Care Demonstration Models to operate for three years. The bill requires the department and agency to contract under two demonstration models to test techniques and strategies for coordinating, integrating, and managing mental health services and substance abuse treatment services. The bill provides treatment requirements for the models and requires a managing entity and an advisory body for each model. One model permits the department to contract with a Medicaid prepaid mental health plan. The second model requires the department and agency to competitively procure the management services of a single entity that will be accountable for behavioral health services that are funded under Medicaid program and under the department. It is the goal of both strategies to improve quality of care, access to treatment, continuity of care, and to contain costs.

The bill establishes a Behavioral Health Policy Integration Council, to produce a statewide strategy to coordinate and integrate mental health and substance abuse services across the public and private sector. The bill requires a report each year beginning January 1, 2002 and abolishes the council on July 1, 2005.

The bill requires the department and Agency for Health Care Administration to accept accreditation in lieu of its administration and monitoring requirements with certain exceptions that provide for additional standards and review.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

1.	Less Government	Yes []	No []	N/A [X]
2.	Lower Taxes	Yes []	No []	N/A [X]
3.	Individual Freedom	Yes []	No []	N/A [X]
4.	Personal Responsibility	Yes []	No []	N/A [X]
5.	Family Empowerment	Yes []	No []	N/A [X]

For any principle that received a "no" above, please explain:

B. PRESENT SITUATION:

Overview

Florida's public mental health and substance abuse (behavioral health) systems are funded primarily through legislative appropriations (general revenue and federal trust funds) to the department. The FY 1999-2000 legislative appropriation to the department for mental health and substance abuse services was approximately $462 million. Medicaid, a federal/state health insurance entitlement program administered by the Agency for Health Care Administration (AHCA), provides payment for certain mental health and substance abuse services to approved providers for enrolled eligible children, adolescents, and adults. The agency reports that Medicaid expenditures for community mental health and substance abuse services for FY 1999-2000 was approximately $230 million.

Community-based mental health and substance abuse services are administered by the Mental Health Program Office, the Substance Abuse Program Office and 15 district offices of the Department of Children and Families. Services are delivered by private nonprofit service providers under contract with each district mental health and substance abuse office. Local governments provide matching funds for a portion of the budget. The department contracts with 280 private for-profit and not-for-profit providers (mental health centers, substance abuse treatment and prevention centers, public and private psychiatric hospitals, and private mental health professionals) that deliver a variety of services. The department currently uses a fee-for-service method of payment to its contract service providers.

Medicaid reimburses for behavioral health services through a variety of mechanisms. Fee-for-service is a process by which providers bill Medicaid for eligible services provided to Medicaid recipients. To bill for community mental health services, providers must either have a contract or rate agreement with the mental health program in the department's district office. Medicaid pays a fixed rate for the particular service that is provided. Medicaid has also begun to implement managed care strategies, using prospective payments for behavioral health services.

The agency obtained a 1915B waiver from federal Health Care Financing Administration that has allowed them to implement a capitated financing strategy in Districts 6 and 14 as a demonstration project that puts managed care entities at risk for the provision of mental health services of Medicaid recipients. In this demonstration site, Medicaid recipients who select Medicaid's

MediPass program for the delivery of their health care services, have their mental health and substance abuse needs provided for through a prepaid mental health plan. Providers within that plan are paid a per-member per-month capitated rate based on the age and eligibility category for the enrollees assigned to their geographic area. For that fee, providers must provide for all of the enrollee's mental health services, with the exception of medications, which are still reimbursed on a fee for service basis. The prepaid plan will soon be operational in District 1 pursuant to chapter 2000-277, Laws of Florida. Substance abuse services are being added to the benefit structure in these capitated plans effective January 1, 2001. The prepaid mental health plan has been evaluated by the Louis de la Parte Florida Mental Health Institute. Based on their May 2000 report, the cost containment objectives of the plan have been met.

Florida Commission on Mental Health and Substance Abuse

The Florida Commission on Mental Health and Substance Abuse was created in 1999 pursuant to Chapter 99-396, Laws of Florida, to conduct a systematic review of the state's mental health and substance abuse system. The commission was asked to make recommendations in areas including planning, service strategies, funding, accountability, emergency behavioral health services, and the unique needs of older persons. The commission report finds include the following:

- The state of the science in both mental health and substance abuse has improved dramatically during the last 20 years as evidenced by the proven techniques to successfully treat most mental and addictive disorders. However, Florida's practices lag behind in both the treatment of these disorders and in the service system design. The organization, financing, and management structures need to be improved for more efficient and effective services.

- It is estimated that only about 20 percent of all children and adults with the need for mental health and substance abuse services receive treatment from providers under contract with the department. It is not possible to estimate the percentage of the state's population in need of services who are served by other state agency service providers. The commission's research indicated that within Florida jails and nursing homes, about 1 in 4 persons in need of treatment receives services from at least one non-department provider.

- Persons with severe disorders who are served in the traditional mental health and substance abuse systems often have difficulty obtaining the support and rehabilitative services such as housing and transportation needed to recover. Restrictions include categorical funding and barriers to service access and continuity of care. It is difficult to hold agencies and service providers accountable for client outcomes when there are inadequate resources to meet the complicated needs of persons with significant disability due to mental and addictive disorders.

- Each of the state agencies serving people with mental and addictive disorders has planning, quality assurance and accountability functions. There is no governmental entity responsible for state strategy, policy and leadership across the combined system in mental health as exists in substance abuse through the Office of Drug Control.

- Mental health and substance abuse services are fragmented, uncoordinated and ineffective in many Florida communities across health, human services, educational, and correctional settings.

- The data needed to make important treatment, funding, and other policy decisions are either unavailable or cannot be integrated to the degree necessary to understand the full impact of the current mental health and substance abuse systems.

The commission made several recommendations to improve the mental health and substance abuse systems in Florida. The commission recommends that the department be provided with the management and purchasing tools needed to fulfill its statutory missions. The department should be charged by the Legislature to assure an accountable system of mental health and substance abuse services through the establishment of local management entities and local advisory groups to organize and manage local service delivery systems. The commission also recommended better integration of mental health and substance abuse services among all community-based systems to facilitate the recovery of persons with the disabling illnesses, disseminating state of the art approaches to treatment, and devising performance management systems that promote the use of effective treatment, support and rehabilitative technologies within local service contracts.

Licensing and accreditation

Many services purchased by the department are not licensed. The Department of Children and Families provides for mental health licensure under Chapter 394, F.S. The Agency for Healthcare Administration provides for mental health licensure and certification under Chapter 394, F.S., and Chapters 65E-5 and 65E-12, F.A.C.

The Department of Children and Families licenses substance abuse facilities pursuant to rules adopted by the department's Substance Abuse Program Office under Chapter 397, F.S.

The accreditation process involves conducting a detailed self-study of standards, procedures and practices. This is followed by an on-site evaluation and structured review by professional peers, their written report of findings of the review, the opportunity for the reviewed organization to respond to the findings, and ongoing, regular cycles of monitoring to ensure adherence to standards.

Two accreditation associations most involved with mental health and substance abuse services are the Joint Commission on the Accreditation of Healthcare Organizations (JCAHO) and the CARF – The Rehabilitation Accreditation Commission

With almost fifty years experience, JCAHO now accredits nearly 20,000 health care organizations and programs in the United States. These include hospitals, health care networks, home care organizations, long-term care facilities, behavioral health care organizations, ambulatory care providers, and clinical laboratories. The outcome data collected in the accreditation process are housed in JCAHO's database. JCAHO accreditation is currently used by forty-four states for deemed status, including total and partial relief from state compliance requirements for funding and licensure as well as added incentives to accredited agencies.

CARF's mission is "to promote the quality, value, and optimal outcomes of service through a consultative accreditation process that centers on enhancing the lives of the persons served." Since its inception in 1966, this non-profit organization has developed standards with the involvement of providers, consumers, and purchasers of service. At present, close to 25,000 programs and services in more than 3,000 organizations in the U.S., Canada and Europe have earned CARF accreditation in the areas of adult day services, assisted living, behavioral health, employment and community services, and medical rehabilitation. CARF accreditation is mandated, promoted, and endorsed by many governmental and private entities.

Another accrediting agency involved in social services is the Council on Accreditation of Family and Children's Services (COA). This private, non-profit corporation accredits approximately 4,000 programs in 1,200 agencies in the U.S. and abroad. The accreditation process evaluates organizational performance against a set of standards developed based on consensus in the field and with the participation from those who deliver, fund, regulate and use the services. To date,

twelve state agencies are investigating, undergoing, or have achieved COA accreditation, including the Illinois Department of Children and Family Services (DCFS).

C. EFFECT OF PROPOSED CHANGES:

HB 1073 creates the Behavioral Health Care Demonstration Models to test techniques and strategies for coordinating, integrating, and managing mental health services and substance abuse treatment services. One model permits the department to contract with a Medicaid prepaid mental health plan. The second model requires the department and agency to competitively procure the management services of a single entity that will be accountable for behavioral health services that are funded under Medicaid program and under the department.

The bill establishes a Behavioral Health Policy Integration Council, to produce a statewide strategy to coordinate and integrate mental health and substance abuse services across the public and private sector. The bill requires a report each year beginning January 1, 2002 and abolishes the council on July 1, 2005.

The bill requires the department and Agency for Health Care Administration to accept accreditation in lieu of its administration and monitoring requirements with certain exceptions that provide for additional standards and review.

D. SECTION-BY-SECTION ANALYSIS:

Section 1. Amends s. 294.66, F.S., adding intent to achieve national accreditation and ensure efficient and effective licensing and monitoring for substance abuse and mental health services.

Section 2. Creates s. 394.741, F.S., to require the department and Agency for Health Care Administration to accept accreditation in lieu of its administration and monitoring requirements with certain exceptions that provide for additional standards and review. Requires a report to the Legislature by January 1, 2002 on the viability of mandating contracted mental health and substance abuse programs be accredited and privatization of department licensure and monitoring functions.

Section 3. Amends s. 394.90, F.S., relating to inspection of records for licensure, to conform requirements for licensure of mental health facilities to new section 394.741, F.S., regarding use of accreditation in lieu of licensure.

Section 4. Amends s. 397.411, F.S., relating to inspection of records for licensure, to conform requirements for licensure of substance abuse service provider to new section 394.741, F.S., regarding use of accreditation in lieu of licensure.

Section 5. Amends s. 397.403 to make technical correction in the name of CARF, the Rehabilitation Accreditation Commission, that is an accepted accreditation organization.

Section 6. Amends s. 409.1671 to make technical correction in the name of CARF, the Rehabilitation Accreditation Commission, that is an accepted accreditation organization.

Section 7. Behavioral health care service delivery strategies.

The bill establishes the following provisions in chapter law:

1. Legislative Findings:
The bill provides legislative findings that a management structure establishing responsibility for mental health and substance abuse treatment services with a single entity, and containing a flexible funding arrangement, is more likely to result in customized mental health and substance abuse services for individuals with the most complex treatment and support needs. It finds that a transition period is needed in order for demonstration sites to be developed where new financing strategies can be tested and critically reviewed.

2. Service Delivery Strategies:
The bill directs the department and the Agency for Health Care Administration, to develop service delivery strategies to improve the coordination, integration, and management of mental health and substance abuse services provided by the currently, separate Medicaid, mental health and substance abuse systems. Provides that the intent of the Legislature is to transfer provision of services from traditional fee-for-service and unit cost contracting methods to risk sharing arrangements. Defines "behavioral health care services" as mental health and substance abuse services provided with state and federal funds.

3. Organization and Functions:
The bill directs the department and the Agency for Health Care Administration to contract with a managing entity in a least two geographic areas for two different strategies to provide and manage behavioral health care services.

The two arrangements are to improve the capacity to coordinate Medicaid and departmental expenditures and services. The contract will include the implementation and oversight of clinical guidelines to ensure best practices, utilization management to ensure appropriate access and that the right service is given in the right amount, and the credentialing of providers and improved quality of care monitoring.

At least one service delivery strategy must complement or be consistent with the closure of G. Pierce Wood Memorial Hospital in Arcadia, Florida.

Under one service delivery strategy, the department may contract with a provider currently operating under the Medicaid prepaid mental health plan pursuant to s. 409.912, F.S., to serve as a managed care organization for mental health and substance abuse services.

The department is given the authority to contract with the managing entity on a prospective payment basis. This will provide the department with the opportunity to pass along financial risk and extend a much-needed level of clinical flexibility to providers, which does not currently exist under a fee-for-service funding method. The department reports that an actuarial study will be necessary before the department can undertake this purchasing methodology.

Improvements enabled by this managed care approach include the implementation and oversight of clinical guidelines to ensure best practices, utilization management to ensure appropriate access and that the right service is given in the right amount, and the credentialing of providers and improved quality of care monitoring. This arrangement will also improve the capacity to coordinate Medicaid and departmental expenditures and services paid for from these expenditures.

Under the second service delivery strategy, the department and the agency must competitively procure a contract for the management of behavioral health services with a managing entity that will improve quality of care and contain costs as an administrative service organization.

This section provides that the agency and department may contract with the managing entity to utilize methods that will simplify billing and enhance clinical flexibility. Methods specified include using benefit packages based on the level of severity of illness and level of client functioning; aligning and integrating procedure codes, standards, or other requirements to simplify or improve client services and efficiencies in service delivery; using prepaid per capita and prepaid aggregate fixed-sum payment methodologies; and modifying current procedure codes to increase clinical flexibility, encourage the use of the most effective interventions, and support rehabilitative activities.

By having a single managing entity for state funding, this model provides for new elements of clinical management, including credentialing of providers, promulgation of clinical care and access criteria, utilization management of high cost units, improved outcome data, quality of care improvement and data management. The management entity will forge stronger linkages between the public mental health system and related systems such as jails, courts and child welfare. The Agency and department are also given authority to align payment codes and to establish bundled rates, which will simplify billing and enhance clinical flexibility.

The managing entity may be a network of existing providers with an administrative-services organization that can function independently, an independent administrative services organization, or an entity of state or local government.

The agency and department will jointly fund the administrative services organization from current service funds, which will be offset by greater efficiencies in utilization. The bill states that to operate the managing entity, the department and the agency may not expend more than 10 percent of the annual appropriations for mental health and substance abuse services prorated to the geographic areas including all Medicaid behavioral health and psychiatric inpatient funds.

4. Goals:
The bill specifies goals for the service delivery strategies that include: improving accountability for a local system of behavioral care services, assuring continuity of care for the target population; providing early diagnosis and treatment interventions to enhance recovery; improving quality of care through best practice models; improving service integration between behavioral health services and other systems such as vocational rehabilitation, child welfare, criminal justice, primary health care, and emergency services; providing for testing of creative and flexible financing strategies; and coordinating the admissions and discharges from state mental health hospitals and residential treatment centers.

5. Essential Elements:
For both service delivery strategies, the bill defines the target population and specifies requirements for the continuing care system, local advisory body, written cooperative agreements with local agencies, and performance expectations of the managing entities.

The bill requires that the department to prepare an amendment by October 31, 2001, to the 2001 master state plan describing certain details of each service delivery strategy.

6. Monitoring and Evaluations:
The department is directed to contract with an independent entity to conduct a formative evaluation of each strategy identifying the most effective methods and techniques used to manage, integrate, and deliver behavioral health services. The entity conducting the evaluation must report every 12 months to the department, agency, Office of the Governor, and the Legislature on the status of the service delivery strategies.

Prior to making any changes in the design of the strategies or prior to implementing the strategies in other areas of the state, the Office of the Governor must consult with the appropriate legislative committees. If after three years of operating, the Executive Office of the Governor makes no recommendation to the Legislature to implement the service delivery strategies in other areas, the strategies shall be terminated and a report sent to the Legislature that explains the reasons for their termination.

Section 8. Behavioral Health Policy Integration Council.

The bill establishes in chapter law a statewide Behavioral Health Policy Integration Council, in conjunction with the Office of Drug Policy, for coordinating mental health and substance abuse policy.

The primary purpose of the council would be to produce a statewide strategy for coordinating and integrating mental health and substance abuse services across the public and private sector. It should include the criminal justice system, primary healthcare system, the educational system, the judicial system, the child protection system, vocational and employment services system, the business community, law enforcement, county-based human services programs, and others. Other duties of the council include assembling information from multiple sources to assess the progress of the statewide strategy, facilitate data integration and dissemination, improve needs assessment methodologies and improving performance-monitoring systems; and identify barriers to the effective and efficient integration of mental health and substance abuse services across various systems.

The bill specifies the membership of the council and requires a report each year beginning January 1, 2002 regarding its progress toward achieving its purpose. The bill specifies that the first report will include proposed statutory language for implementing the strategies and improvements to the publicly funded behavioral health system. The Policy Integration Council is abolished on July 1, 2005.

Section 9. Provides the act shall take effect upon becoming law.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

N/A

2. Expenditures:

HB 1073 specifies that to operate the managing entity, the department and the agency may not expend more than 10 percent of the annual appropriations for mental health and substance abuse services prorated to the geographic areas including all behavioral health Medicaid funds.

According to the department, costs for the managed entity contract would be offset by efficiencies achieved by the entity.

According to the department, block grant funds cannot be used to pay for any administrative costs of the administrative services organization if it is a for-profit entity.

The department and the agency report that the following resources will be needed to implement the provisions of HB 1073 for FY 2001-02:

Service Delivery Strategies $302,718, including:

- Professional Consultation to assist in the development of the strategies (examples of work include organizational design of managing entities, historical actuarial analysis for services, document for procurement of services, and implementation of entities). $90,000
- Independent Evaluation of Management Entities. $100,000
- Agency and department staffing (2 FTEs funded for 9 months) for waiver development and oversight (34 percent of these costs can be allocated to Medicaid Trust Fund). $112,718

Behavioral Health Integration Policy Council staff and expenses. (Staff is comparable to the Office of Drug Policy in the Office of the Governor.) $240,000

Summary Total:

Service Delivery Strategies	$302,718
Behavioral Health Policy Integration Council	$240,000
Total Costs for FY 2001-02	$542,718

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

N/A

2. Expenditures:

N/A

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

N/A

D. FISCAL COMMENTS:

N/A

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

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to expend funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce revenue-raising authority.

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:

None

B. RULE-MAKING AUTHORITY:

None.

C. OTHER COMMENTS:

None.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

N/A

VII. SIGNATURES:

COMMITTEE ON CHILD AND FAMILY SECURITY:

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