

STORAGE NAME: h1073s1.cfs.doc
DATE: March 26, 2001

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
CHILD AND FAMILY SECURITY
ANALYSIS**

BILL #: CS/HB 1073

RELATING TO: Behavioral Health Care Service

SPONSOR(S): Committee on Child & Family Safety, Representative(s) Murman, Rich, Lynn

TIED BILL(S):

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

- (1) CHILD & FAMILY SECURITY YEAS 10 NAYS 0
 - (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, Floridians find it difficult to obtain services they need. The two largest sources of public funding for mental health and substance abuse services are state and federal programs through the Department of Children and Families, and Medicaid through the Agency for Health Care Administration. These overlapping funding sources and regulations associated with them make it difficult to address gaps and provide services efficiently in local communities.

This bill has three components to address these challenges:

- Tests two models of more efficient management of mental health and substance abuse services.
- Establishes an interagency workgroup to address funding and administrative barriers to service integration.
- Replaces state licensure monitoring of providers by the department and Agency for Health Care Administration with national accreditation and review, under certain conditions.

HB 1073 creates the Behavioral Health Care Demonstration Models to operate for three years to test two models of integration and management of mental health services and substance abuse treatment services. The bill 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 management services from a single entity for behavioral health services that are funded under Medicaid program and the department.

The bill creates an interagency workgroup led by department mental health office to report on strategies to address barriers to integration by January 2002.

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. <u>Less Government</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. <u>Lower Taxes</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. <u>Individual Freedom</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. <u>Family Empowerment</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

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. Local governments provide matching funds for a portion of the budget. 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 were 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. 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. This financing strategy puts managed care entities at risk for the provision of mental health services of Medicaid recipients. In these demonstration sites, 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

the 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. Medications 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.

Findings of the 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. Findings of the commission report include:

- 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 recommends better integration of mental health and substance abuse services among all community-based systems to facilitate the recovery of persons with the disabling illnesses. Better integration should include: dissemination of state of the art approaches to treatment, and devising performance management systems that promote the use of effective treatment, support and rehabilitation within local service contracts.

Licensure and accreditation

While residential and acute care mental health facilities and all substance abuse programs in Florida are licensed by the department under Chapter 394, F.S., there is no statutory authority for licensure of any other community mental health programs. The department, as well as community mental health interest groups concerned with quality care, has seriously considered seeking legislation to license community mental health programs. The department does license substance abuse treatment facilities and services facilities pursuant to rules adopted by the department's Substance Abuse Program Office under Chapter 397, F.S. In addition, the department performs administrative monitoring and program monitoring to ascertain compliance with laws, regulations and contracts.

The Agency for Healthcare Administration provides for mental health licensure and certification of Medicaid funded services under Chapter 394, F.S., and Chapters 65E-5 and 65E-12, F.A.C. While Chapter 394, F.S., requires that all Medicaid providers have a contract with the department for mental health and substance abuse treatment, there is no other requirement for the two separate funding streams to develop a complementary system of care.

Under current law the department is authorized to accept accreditation reports in lieu of performing licensure inspections for substance abuse facilities under Chapter 397, F.S. The department is mandated by section 397.403 to accept accreditation in lieu of certain information required in a licensure application for substance abuse facilities. The Agency for Health Care Administration is authorized to accept accreditation reports in lieu of performing licensure inspections of mental health residential and crisis stabilization units under Chapter 394, F.S.

In addition to licensure and contract standards of the department and agency, many mental health and substance abuse providers pursue accreditation to establish higher standards of care and meet requirements for third party payers such as Medicaid. Two accreditation associations most involved with mental health and substance abuse services are the Joint Commission on the Accreditation of Healthcare Organizations (JCAHO) and CARF –The Rehabilitation Accreditation Commission.

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.

With almost fifty years experience, Joint Commission on the Accreditation of Healthcare Organizations (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 –The Rehabilitation Accreditation Commission was established in 1966. 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 organization accredits approximately 4,000 programs in 1,200 agencies in the U.S. and abroad. To date, twelve state agencies are investigating, undergoing, or have achieved COA accreditation.

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 for behavioral health services that are funded under Medicaid program and under the department.

The bill creates an interagency workgroup led by department mental health office to report by January 2002, on strategies to address barriers to integration.

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. 394.66, 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. Allows for continued monitoring of contract deliverables. Accrediting agencies include: Joint Commission on the Accreditation of Healthcare Organizations (JCAHO); CARF –The Rehabilitation Accreditation Commission; and the Council on Accreditation of Family and Children's Services (COA).

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:

“Behavioral health care” is defined to include both mental health and substance abuse services for children, adolescents, and adults.

Creates the Behavioral Health Care Demonstration Models to operate for three years to test two models of integration and management of mental health services and substance abuse treatment services. 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 to provide mental health and substance abuse services through a managed care model. The second model requires the department and agency to competitively procure management services from a single entity to serve as an administrative services organization for behavioral health services that are funded under Medicaid program and the department.

It is the goal of both strategies to improve quality of care, access to treatment, continuity of care, and to contain costs. Both strategies will include services funded by both the Department of Children and Families and the Agency for Healthcare Administration that administers Medicaid.

Provides:

- Legislative Findings: that the demonstration models needed for single point of accountability and flexible funding.
- Service Delivery Strategies: intent to move provision of department & Medicaid funded mental health & substance abuse services from fee for service to risk sharing.
- Organization and Functions: establishes two models of managing entities; 1) prepaid managed care, and 2) administrative service organization. Provides for flexibility in funding. Specifies that the prepaid model may be in D6 or D14 where AHCA already has prepaid mental health, and that if in area D6 or D14 the contract must include the substance abuse provider network already in place. One model must be in the GP Woods hospital catchment area (D5, D6, D8, D14, D15).
- Goals: include improved accountability, integration, quality, continuity of care and cost control, and testing of models
- Essential Elements: Requirements include defined target populations, local advisory bodies, cooperative agreements with other systems, outcomes, and amendment to mental health and substance abuse master plan that describes each model, Medicaid reimbursement for substance abuse services must remain fee for service until prospective payment methodologies are developed and tested, promotes specialized services to residents of assisted living facilities.
- Monitoring & Evaluation: requires independent evaluation of each model with reports every 12 months and termination of models after 3 years if the Executive Office of the Governor makes no recommendation to the Legislature to implement the service delivery strategies in other areas not expanded.

Section 8. Report on state mental health and substance abuse plan.

Creates an interagency workgroup led by department mental health office to report by January, 2002 on strategies to address barriers to integration.

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:

Behavioral health care service delivery strategies

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:

Estimated Cost of 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

Accreditation

According to the department there is currently no fiscal or other support for licensure of community mental health providers, since only licensure of residential and acute care mental health facilities is provided for in Chapter 394, F.S. Accreditation by providers helps the department oversee community mental health services at no direct cost to the department. Accreditation may help secure third party payers of community mental health services.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None

2. Expenditures:

None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None

D. FISCAL COMMENTS:

Accreditation is an additional expense to providers but is not required by this bill.

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:

The Committee on Child and Family Security adopted HB 1073 as a committee substitute incorporating a "strike everything" amendment. Provisions of the committee substitute are analyzed in the Section-by-Section Analysis. The provisions of the committee substitute are substantially the same and provide wording changes and policy clarification. In Section 2 of the bill the committee substitute adds COA, The Council on Accreditation of Child and Family Services as an accreditation organization. It also provides for the department and AHCA to develop additional standards in areas that accreditation standards do not address, and it provides for monitoring whether providers deliver contracted services. Some provisions in Section 7 are reorganized. The committee substitute clarifies where the models may be implemented and provides that Medicaid reimbursement for substance abuse will continue to be on a fee-for-service basis until a payment system is developed and tested. In Section 8, the committee

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substitute replaces a proposed statewide Behavioral Health Policy Integration Council with an interagency workgroup to focus on funding and administrative barriers to service integration.

VII. SIGNATURES:

COMMITTEE ON CHILD AND FAMILY SECURITY:

Prepared by:

Staff Director:

Glenn Mitchell

Bob Barrios