

By Senator Peaden

2-1156-03

See HB 433

1                                   A bill to be entitled  
2           An act relating to behavioral health; providing  
3           legislative intent with respect to the  
4           provision of mental health and substance abuse  
5           services through the creation of an Agency for  
6           Mental Health and Substance Abuse Services  
7           within the Department of Children and Family  
8           Services; defining "mental health and substance  
9           abuse services" for purposes of the act;  
10          creating part VI of ch. 394, F.S., entitled  
11          "Agency for Mental Health and Substance Abuse  
12          Services"; creating s. 394.95, F.S.; creating  
13          the Agency for Mental Health and Substance  
14          Abuse Services; providing the mission of the  
15          agency; requiring the agency to develop a  
16          strategic plan and collaborative agreements  
17          with state agencies; providing for  
18          responsibilities of the agency; providing that  
19          the head of the agency shall be the director of  
20          the Agency for Mental Health and Substance  
21          Abuse Services; providing duties and  
22          responsibilities of the director; providing for  
23          a Division Director for Mental Health and a  
24          Division Director for Substance Abuse;  
25          providing duties and responsibilities of the  
26          division directors; providing service structure  
27          of the agency; providing for the appointment of  
28          a statewide policy board by the Governor for  
29          the purpose of making recommendations to the  
30          director regarding policy, budget, and other  
31          matters relating to the management of the

1           mental health and substance abuse systems  
2           developed by the agency; providing for a  
3           transition team to plan the transition of  
4           responsibility for the provision of mental  
5           health and substance abuse services from the  
6           existing mental health and substance abuse  
7           programs of the Department of Children and  
8           Family Services to the Agency for Mental Health  
9           and Substance Abuse Services; providing  
10          membership of the transition team; requiring  
11          the development of a transition plan;  
12          prescribing plan components; providing for a  
13          type two transfer of all powers, duties,  
14          records, personnel, property, and unexpended  
15          balances of appropriations, allocations, or  
16          other funds of the mental health and substance  
17          abuse programs of the Department of Children  
18          and Family Services to the Agency for Mental  
19          Health and Substance Abuse Services by a  
20          specified date; providing for continuation of  
21          administrative rules; providing for  
22          continuation of judicial or administrative  
23          proceedings; amending s. 394.741, F.S.;  
24          revising and providing additional accreditation  
25          requirements for providers of behavioral health  
26          care services; amending s. 409.912, F.S.;  
27          requiring the Agency for Health Care  
28          Administration to seek federal approval to  
29          contract with a single entity to provide  
30          comprehensive behavioral health care services  
31          to Medicaid recipients; requiring the agency to

1 contract with a single managed entity to  
2 provide comprehensive inpatient and outpatient  
3 mental health and substance abuse services  
4 through capitated prepaid arrangements to  
5 Medicaid recipients by a specified date;  
6 requiring the agency to submit a plan for full  
7 implementation of capitated prepaid behavioral  
8 health care by a specified date; providing  
9 implementation plan requirements and  
10 procedures; reenacting s. 394.9082(4)(a), (b),  
11 and (d), F.S., relating to the authority of the  
12 Department of Children and Family Services and  
13 the Agency for Health Care Administration to  
14 contract for the provision or management of  
15 behavioral health services with a managing  
16 entity in specified geographic areas, to  
17 incorporate the amendments to s. 409.912, F.S.,  
18 in references thereto; reenacting s.  
19 641.225(3)(b), F.S., relating to minimum  
20 surplus requirements of specified health  
21 maintenance organizations providing prepaid  
22 capitated services, to incorporate the  
23 amendments to s. 409.912, F.S., in references  
24 thereto; reenacting s. 636.0145, F.S., relating  
25 to license requirements for specified prepaid  
26 limited health service organizations providing  
27 comprehensive inpatient and outpatient mental  
28 health care services to certain Medicaid  
29 recipients through a capitated prepaid  
30 arrangement pursuant to federal waiver, to  
31 incorporate the amendments to s. 409.912, F.S.,

1           in references thereto; providing effective  
2           dates.

3  
4           WHEREAS, mental health and substance abuse services are  
5 delivered in many settings outside of the jurisdiction of the  
6 Department of Children and Family Services, including  
7 hospitals, clinics, jails, prisons, juvenile justice programs,  
8 assisted living facilities, nursing homes, and other settings,  
9 and

10           WHEREAS, each state agency that serves people with  
11 mental health and substance abuse disorders has a planning,  
12 quality assurance, and accountability function related to its  
13 primary mission, and

14           WHEREAS, there is no single governmental agency  
15 responsible for state strategy, policy, and leadership across  
16 the state's combined behavioral health care system, and

17           WHEREAS, the Commission on Mental Health and Substance  
18 Abuse reported in 2001 that the current system is complex,  
19 fragmented, uncoordinated, and often ineffective, and

20           WHEREAS, the Commission on Mental Health and Substance  
21 Abuse found that although significant cost associated with the  
22 state's current approach to mental health and substance abuse  
23 problems can be documented, programs are not organized  
24 effectively at the state level, and

25           WHEREAS, multiple mental health and substance abuse  
26 programs across agencies and departments present bureaucratic  
27 barriers and often conflicting funding streams and regulations  
28 that frustrate access for many Floridians needing care, and

29           WHEREAS, many states have combined mental health and  
30 substance abuse services in a single unique agency because of  
31

1 their common behavioral health-related treatment and service  
2 orientation to individuals needing care, and

3 WHEREAS, the scope and complexity of the state's  
4 behavioral health care system requires strong leadership to be  
5 effective and efficient, NOW, THEREFORE,

6  
7 Be It Enacted by the Legislature of the State of Florida:

8  
9 Section 1. Legislative intent.--It is the intent of  
10 the Legislature to provide mental health and substance abuse  
11 services that are coordinated and consistent and reflect the  
12 current state of knowledge regarding quality and effectiveness  
13 by creating an agency dedicated to mental health and substance  
14 abuse services. For purposes of this act, the term "mental  
15 health and substance abuse services" means substance abuse  
16 programs and functions under chapter 397, Florida Statutes,  
17 mental health programs and functions under chapter 394,  
18 Florida Statutes, and other related programs and functions  
19 designated by statute.

20 Section 2. Effective October 1, 2004, part VI of  
21 chapter 394, Florida Statutes, consisting of section 394.95,  
22 is created to read:

23 PART VI

24 AGENCY FOR MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES

25 394.95 Agency for Mental Health and Substance Abuse  
26 Services.--There is created an Agency for Mental Health and  
27 Substance Abuse Services within the Department of Children and  
28 Family Services. The agency shall be a separate budget entity  
29 and the director of the Agency for Mental Health and Substance  
30 Abuse Services shall be the agency head for all purposes.

31 (1) MISSION.--

1           (a) The mission of the Agency for Mental Health and  
2 Substance Abuse Services shall be to:

3           1. Provide overall policy and programmatic leadership  
4 for all mental health and substance abuse services funded by  
5 or through the state.

6           2. Initiate and organize partnerships with local  
7 communities to develop effective strategies for preventing or  
8 reducing the negative consequences of mental illness and  
9 substance abuse problems.

10           3. Provide a comprehensive and coordinated continuum  
11 of effective mental health and substance abuse services to  
12 help individuals suffering from these illnesses to achieve  
13 their greatest potential for independent and productive  
14 living.

15           (b) The agency shall develop a strategic plan for  
16 fulfilling its mission and establish a set of measurable  
17 goals, objectives, performance standards, and quality  
18 assurance requirements to ensure that the agency is  
19 accountable to the people of Florida.

20           (c) The agency shall develop effective collaborative  
21 agreements with other state agencies to fulfill the intent of  
22 this act and the mission of the agency.

23           (2) RESPONSIBILITIES.--The agency is responsible for:

24           (a) Establishing statewide policy for the provision of  
25 mental health and substance abuse services to the citizens of  
26 the state and developing strategies for the implementation of  
27 such policy.

28           (b) Directing and managing the use of mental health  
29 and substance abuse appropriations made pursuant to this  
30 chapter and chapter 397, including those services funded  
31 through the Medicaid program.

1           (c) Ensuring the provision of all information required  
2 by the Agency for Health Care Administration for the  
3 accountability of Medicaid mental health and substance abuse  
4 funding.

5           (d) Creating and contracting with comprehensive  
6 service provider networks pursuant to s. 394.9082 using single  
7 and uniform contracts, standards, and data-reporting  
8 requirements to the maximum extent possible.

9           (e) Working with community-based provider networks on  
10 the establishment of local service priorities and service  
11 strategies.

12           (f) Developing and implementing uniform contracting  
13 and payment systems which are consistent with s. 394.9082 for  
14 all mental health and substance abuse funds under agency  
15 control.

16           (g) Developing standards and performance expectations  
17 for contractors.

18           (h) Utilizing efficient accountability mechanisms  
19 which are data-based and which reflect state-of-the-art  
20 industry practices.

21           (i) Delegating to the maximum extent possible on-site  
22 monitoring to the community-based provider networks.

23           (j) Maintaining knowledge of emerging research  
24 regarding effective and efficient prevention and treatment  
25 approaches and systematically incorporating this research into  
26 practice.

27           (k) Working with other state and local agencies  
28 involved in the delivery of mental health and substance abuse  
29 services to facilitate the use of the most current approaches  
30 to prevention and treatment.

31

1           (l) Collecting data and monitoring the status of the  
2 entire publicly funded mental health and substance abuse  
3 system.

4           (m) Monitoring and forecasting mental health and  
5 substance abuse manpower needs and working with the  
6 educational systems in the state to ensure that the state has  
7 the personnel needed to continuously implement and improve its  
8 services.

9           (n) Providing or arranging for administrative services  
10 and information systems necessary to support the mission of  
11 the agency.

12           (o) Developing and maintaining effective interagency  
13 collaboration.

14           (p) Ensuring access of children and families in the  
15 child protection system to needed and appropriate mental  
16 health and substance abuse services.

17           (q) Operating a consumer advocacy function.

18           (r) Ensuring that all federal and state laws and  
19 reporting requirements are met.

20           (s) Maximizing the use of federal and other nonstate  
21 funds in the accomplishment of the agency's mission.

22           (3) DIRECTOR OF THE AGENCY FOR MENTAL HEALTH AND  
23 SUBSTANCE ABUSE SERVICES.--

24           (a) The head of the agency is the director of the  
25 Agency for Mental Health and Substance Abuse Services, who  
26 shall be appointed by the Governor, with the concurrence of  
27 the secretary of the Department of Children and Family  
28 Services. The director shall serve at the pleasure of and  
29 report to the Governor and shall have a responsibility to  
30 coordinate activities with the secretary of the Department of  
31 Children and Family Services.



1           (b) The director shall ensure that mental health and  
2 substance abuse services are implemented according to  
3 legislative intent, state and federal laws, rules,  
4 regulations, statewide program standards, and performance  
5 objectives.

6           (c) The director shall negotiate an agreement with the  
7 secretary of the Agency for Health Care Administration that  
8 delegates responsibility for managing Medicaid mental health  
9 and substance abuse services to the Agency for Mental Health  
10 and Substance Services.

11           (d) The director shall have formal relationships with  
12 the State University System and shall, to the extent  
13 practicable, utilize the resources and expertise of the State  
14 University System in pursuing its responsibilities.

15           (4) DIVISION DIRECTORS; MANAGEMENT STAFF.--

16           (a) The director shall appoint a Division Director for  
17 Mental Health and a Division Director for Substance Abuse. The  
18 division directors are directly responsible to the director  
19 and serve at the pleasure of the director.

20           (b) The Division Director for Mental Health is  
21 responsible for all mental health institutional programs and  
22 for community mental health programs and services, including  
23 those funded by Medicaid, and shall have line authority over  
24 regional mental health agency staff.

25           (c) The Division Director for Substance Abuse shall be  
26 responsible for all substance abuse prevention and treatment  
27 services and shall have line authority over all regional  
28 substance abuse agency staff.

29           (d) In order to facilitate the accomplishment of  
30 agency service goals, the director shall, to the maximum  
31

1 extent possible, assign administrative services staff to the  
2 division directors.

3 (e) The director shall appoint a Director of Consumer  
4 Affairs who shall have input into the policy, program, and  
5 training and research priorities of the agency in addition to  
6 handling consumer and other complaints.

7 (f) The director shall appoint a Director of Services  
8 Integration who shall advocate for services integration and  
9 who shall be responsible for monitoring and reporting on the  
10 agency's performance in integrating mental health and  
11 substance abuse services in its own operations and integrating  
12 mental health and substance abuse services in the operations  
13 of other departments that deliver mental health and substance  
14 abuse services.

15 (g) The director may appoint additional managers and  
16 administrators that he or she determines are necessary for the  
17 effective management of the agency.

18 (5) SERVICE STRUCTURE.--

19 (a) The agency is authorized to establish regional  
20 offices which, if established, will be aligned with one or  
21 more regions of the Agency for Health Care Administration.

22 (b) The agency is authorized to contract for mental  
23 health and substance abuse services with comprehensive  
24 community-based provider networks and shall use contracting  
25 mechanisms to the maximum extent possible in accomplishing its  
26 mission.

27 (6) STATEWIDE POLICY BOARD.--The Governor shall  
28 appoint a statewide policy board composed of business and  
29 community leaders who have an interest in mental health and  
30 substance abuse services. The board shall make recommendations  
31 to the director regarding organization, policy, budget, and

1 other matters relating to the management of the mental health  
2 and substance abuse system.

3 Section 3. Transition team; Agency for Mental Health  
4 and Substance Abuse Services creation plan.--

5 (1) By July 1, 2003, the Secretary of Children and  
6 Family Services shall convene a transition team to plan the  
7 transition of responsibility for the provision of mental  
8 health and substance abuse services in the state from the  
9 existing mental health and substance abuse programs of the  
10 Department of Children and Family Services to the Agency for  
11 Mental Health and Substance Abuse Services.

12 (2) The transition team shall be composed of the  
13 following members:

14 (a) A member of the House of Representatives to be  
15 appointed by the Speaker of the House of Representatives.

16 (b) A member of the Senate to be appointed by the  
17 President of the Senate.

18 (c) The director of the Medicaid program for the  
19 Agency for Health Care Administration.

20 (d) The secretary of the Department of Health.

21 (e) The Department of Children and Family Services  
22 program office directors for mental health and substance  
23 abuse.

24 (f) The Department of Children and Family Services  
25 assistant secretary for programs.

26 (g) A representative of the Executive Office of the  
27 Governor to be appointed by the Governor.

28 (h) A representative of the Statewide Drug Policy  
29 Advisory Council to be appointed by the Governor.

30 (i) A representative of the Florida Council for  
31 Behavioral Healthcare to be appointed by the Governor.

1           (j) A representative of the Florida Alcohol and Drug  
2 Abuse Association to be appointed by the Governor.

3           (k) Representatives of the State University System to  
4 be appointed by the Governor.

5           (l) Representatives of other appropriate mental health  
6 and substance abuse advocacy groups, including consumers and  
7 family members, to be appointed by the Governor.

8           (3) The transition team shall develop a plan of  
9 transition activities and functions with respect to the  
10 creation of the Agency for Mental Health and Substance Abuse  
11 Services. The transition plan shall be formulated anticipating  
12 the use of Department of Children and Family Services and  
13 Agency for Health Care Administration program and  
14 administrative resources currently directly or indirectly  
15 involved in managing and accounting for Department of Children  
16 and Family Services and Medicaid mental health and substance  
17 abuse services. The final plan shall anticipate a 10-percent  
18 reduction in total administrative costs. The plan shall  
19 address, at a minimum:

20           (a) Organizational structure.

21           (b) The transfer of responsibility for Medicaid mental  
22 health and substance abuse services to the new agency and the  
23 associated children's mental health and substance abuse  
24 services requirements regarding integration with the child  
25 protection system.

26           (c) Information and support systems.

27           (d) Policy and rules transfer.

28           (e) Necessary changes in statutes and rules.

29           (f) Administrative support functions.

30           (g) Standards and licensing requirements.

31           (h) Budget authority and positions.

1           (i) Applicable federal requirements.  
2           (j) Inventory and transfers of equipment and  
3 structures.  
4           (k) Building leases.  
5           (l) Contracts and contract management.  
6           (m) Other areas identified by the transition team as  
7 relevant to the creation and function of the Agency for Mental  
8 Health and Substance Abuse Services and the transfer of  
9 powers, duties, records, personnel, property, and funds of the  
10 mental health and substance abuse programs of the Department  
11 of Children and Family Services to the agency.  
12           (4) The transition plan shall be submitted to the  
13 Governor, the President of the Senate, the Speaker of the  
14 House of Representatives, the chairs of the Senate and House  
15 of Representatives appropriations committees, and the chairs  
16 of appropriate substantive committees of the Senate and the  
17 House of Representatives by November 1, 2003.  
18           (5) Members of the transition team shall serve without  
19 compensation, but are entitled to receive reimbursement for  
20 per diem and travel expenses as provided in section 112.061,  
21 Florida Statutes.  
22           Section 4. Transfer of programs.--  
23           (1)(a) Effective October 1, 2004, all powers, duties,  
24 records, personnel, property, and unexpended balances of  
25 appropriations, allocations, or other funds of the mental  
26 health and substance abuse programs of the Department of  
27 Children and Family Services or its successor as designated by  
28 law are transferred by a type two transfer, as defined in  
29 section 20.06, Florida Statutes, to the Agency for Mental  
30 Health and Substance Abuse Services within the Department of  
31

1 Children and Family Services, as created by this act,  
2 including:  
3       1. The unexpended, indirect cost balances from the  
4 General Revenue Fund and from applicable trust funds from  
5 appropriate budget entities supporting administrative  
6 infrastructure and positions for mental health and substance  
7 abuse programs and functions within the Department of Children  
8 and Family Services.  
9       2. Mental health and substance abuse program positions  
10 within the Department of Children and Family Services and the  
11 Agency for Health Care Administration or their successors as  
12 designated by law.  
13       (b) The Department of Children and Family Services and  
14 the Agency for Health Care Administration or their successors  
15 as designated by law shall transfer all tangible property,  
16 office furnishings and supplies, pro rata shares of fixed  
17 capital funds for centrally managed projects, acquisition of  
18 motor vehicles, and operating capital outlay for the 2004-2005  
19 fiscal year to the Agency for Mental Health and Substance  
20 Abuse Services.  
21       (c) Pursuant to section 216.181, Florida Statutes, the  
22 Executive Office of the Governor may provide for flexibility  
23 in salary rates which is necessary to support the Agency for  
24 Mental Health and Substance Abuse Services, and may establish  
25 positions at a rate in excess of 10 percent above the minimum,  
26 to the extent that annualized moneys for salaries are  
27 available.  
28       (d) The Department of Children and Family Services and  
29 the Agency for Health Care Administration or their successors  
30 as designated by law shall provide administrative support and  
31

1 staff for the Agency for Mental Health and Substance Abuse  
2 Services until December 31, 2005.

3 (2) All applicable administrative rules of the  
4 Department of Children and Family Services and the Agency for  
5 Health Care Administration or their successors as designated  
6 by law which are in effect on October 1, 2004, shall remain in  
7 effect as rules of the Agency for Mental Health and Substance  
8 Abuse Services until they are specifically changed in the  
9 manner provided by law.

10 (3) This act does not affect the validity of any  
11 judicial or administrative proceeding pending on October 1,  
12 2004, and the Agency for Mental Health and Substance Abuse  
13 Services within the Department of Children and Family Services  
14 is substituted as a real party in interest with respect to any  
15 proceeding pending on that date which involves the mental  
16 health or substance abuse programs of the Department of  
17 Children and Family Services or its successor as designated by  
18 law.

19 Section 5. Subsection (6) of section 394.741, Florida  
20 Statutes, is amended, present subsection (7) is renumbered as  
21 subsection (9), and new subsections (7) and (8) are added to  
22 that section, to read:

23 394.741 Accreditation requirements for providers of  
24 behavioral health care services.--

25 (6) The department or agency, by accepting the survey  
26 or inspection of an accrediting organization, does not forfeit  
27 its rights to perform inspections at any time, including  
28 contract monitoring to ensure that services that have been  
29 billed deliverables are provided in accordance with the  
30 contract.

31

1           (7) The department or agency shall not monitor  
2 organizations under contract with the department or find such  
3 organizations out of compliance with requirements for which  
4 there are no specific federal or state regulations.

5           (8) The department shall file a State Projects  
6 Compliance Supplement for behavioral health care services  
7 pursuant to s. 215.97. If monitoring the financial operations  
8 of its contractors, the department shall perform an off-site  
9 desk review of its contractors' most recent independent CPA  
10 audit and only conduct on-site monitoring of problems  
11 identified by such audit.

12           ~~(9)~~(7) The department and the agency shall report to  
13 the Legislature by January 1, 2003, on the viability of  
14 mandating all organizations under contract with the department  
15 for the provision of behavioral health care services, or  
16 licensed by the agency or department to be accredited. The  
17 department and the agency shall also report to the Legislature  
18 by January 1, 2003, on the viability of privatizing all  
19 licensure and monitoring functions through an accrediting  
20 organization.

21           Section 6. Paragraph (b) of subsection (3) of section  
22 409.912, Florida Statutes, is amended to read:

23           409.912 Cost-effective purchasing of health care.--The  
24 agency shall purchase goods and services for Medicaid  
25 recipients in the most cost-effective manner consistent with  
26 the delivery of quality medical care. The agency shall  
27 maximize the use of prepaid per capita and prepaid aggregate  
28 fixed-sum basis services when appropriate and other  
29 alternative service delivery and reimbursement methodologies,  
30 including competitive bidding pursuant to s. 287.057, designed  
31 to facilitate the cost-effective purchase of a case-managed



1 continuum of care. The agency shall also require providers to  
2 minimize the exposure of recipients to the need for acute  
3 inpatient, custodial, and other institutional care and the  
4 inappropriate or unnecessary use of high-cost services. The  
5 agency may establish prior authorization requirements for  
6 certain populations of Medicaid beneficiaries, certain drug  
7 classes, or particular drugs to prevent fraud, abuse, overuse,  
8 and possible dangerous drug interactions. The Pharmaceutical  
9 and Therapeutics Committee shall make recommendations to the  
10 agency on drugs for which prior authorization is required. The  
11 agency shall inform the Pharmaceutical and Therapeutics  
12 Committee of its decisions regarding drugs subject to prior  
13 authorization.

14 (3) The agency may contract with:

15 (b) An entity that is providing comprehensive  
16 behavioral health care services to certain Medicaid recipients  
17 through a capitated, prepaid arrangement pursuant to the  
18 federal waiver provided for by s. 409.905(5). Such an entity  
19 must be licensed under chapter 624, chapter 636, or chapter  
20 641 and must possess the clinical systems and operational  
21 competence to manage risk and provide comprehensive behavioral  
22 health care to Medicaid recipients. As used in this paragraph,  
23 the term "comprehensive behavioral health care services" means  
24 covered mental health and substance abuse treatment services  
25 that are available to Medicaid recipients. The secretary of  
26 the Department of Children and Family Services shall approve  
27 provisions of procurements related to children in the  
28 department's care or custody prior to enrolling such children  
29 in a prepaid behavioral health plan. Any contract awarded  
30 under this paragraph must be competitively procured. In  
31 developing the behavioral health care prepaid plan procurement

1 document, the agency shall ensure that the procurement  
2 document requires the contractor to develop and implement a  
3 plan to ensure compliance with s. 394.4574 related to services  
4 provided to residents of licensed assisted living facilities  
5 that hold a limited mental health license. The agency shall  
6 seek federal approval to contract with a single entity meeting  
7 these requirements in each region or combination of regions to  
8 provide comprehensive behavioral health care services to all  
9 Medicaid recipients residing in the region. These entities  
10 must offer sufficient choice of providers to ensure recipient  
11 access and satisfaction.~~The agency must ensure that Medicaid~~  
12 ~~recipients have available the choice of at least two managed~~  
13 ~~care plans for their behavioral health care services.~~To  
14 ensure unimpaired access to behavioral health care services by  
15 Medicaid recipients, all contracts issued pursuant to this  
16 paragraph shall require 80 percent of the capitation paid to  
17 the managed care plan, ~~including health maintenance~~  
18 ~~organizations,~~to be expended for the provision of behavioral  
19 health care services. In the event the managed care plan  
20 expends less than 80 percent of the capitation paid pursuant  
21 to this paragraph for the provision of behavioral health care  
22 services, the difference shall be returned to the agency. The  
23 agency shall provide the managed care plan with a  
24 certification letter indicating the amount of capitation paid  
25 during each calendar year for the provision of behavioral  
26 health care services pursuant to this section. The agency may  
27 reimburse for substance-abuse-treatment services on a  
28 fee-for-service basis until the agency finds that adequate  
29 funds are available for capitated, prepaid arrangements.  
30 1. By January 1, 2001, the agency shall modify the  
31 contracts with the entities providing comprehensive inpatient

1 and outpatient mental health care services to Medicaid  
2 recipients in Hillsborough, Highlands, Hardee, Manatee, and  
3 Polk Counties, to include substance-abuse-treatment services.

4       2. The agency shall contract by July 1, 2007, with a  
5 single managed care entity in each region, or combination of  
6 regions, to provide comprehensive inpatient and outpatient  
7 mental health and substance abuse services through capitated  
8 prepaid arrangements to all Medicaid recipients for whom such  
9 plans are allowable under federal law and regulations.

10       3. By March 1, 2004, the agency shall submit a plan  
11 for fully implementing capitated prepaid behavioral health  
12 care in all regions of the state.

13       a. Implementation shall be targeted for fiscal years  
14 2003-2004 and 2004-2005 in each region or combination of  
15 regions where historical expenditures for mental health and  
16 substance abuse services are actuarially sound and adequate to  
17 sustain a managed care plan, and where communities are  
18 prepared.

19       b. The agency shall work with the Department of  
20 Children and Family Services to implement strategies to  
21 maximize the utilization of Medicaid behavioral health care  
22 services delivered to Medicaid recipients. Alcohol, drug  
23 abuse, and mental health funds appropriated to the Department  
24 of Children and Family Services and other state or county  
25 funds shall, to the extent possible, be used to match  
26 additional federal Medicaid funds, provided that no transfer  
27 of funds to the Agency for Health Care Administration is  
28 required.

29       c. The agency shall establish capitation rates based  
30 on actuarial methods for each region or combination of regions  
31 where historical fee-for-service expenditures do not produce

1 actuarially sound capitation rates. The rate-setting  
2 methodology shall consider the impact of a lack of a health  
3 care infrastructure in these areas of the state and the  
4 variations in access to services produced by these and other  
5 factors. Contracts shall not be finalized in these areas until  
6 adequate capitation rates are established and approved by the  
7 agency.~~By December 31, 2001, the agency shall contract with~~  
8 ~~entities providing comprehensive behavioral health care~~  
9 ~~services to Medicaid recipients through capitated, prepaid~~  
10 ~~arrangements in Charlotte, Collier, DeSoto, Escambia, Glades,~~  
11 ~~Hendry, Lee, Okaloosa, Pasco, Pinellas, Santa Rosa, Sarasota,~~  
12 ~~and Walton Counties. The agency may contract with entities~~  
13 ~~providing comprehensive behavioral health care services to~~  
14 ~~Medicaid recipients through capitated, prepaid arrangements in~~  
15 ~~Alachua County. The agency may determine if Sarasota County~~  
16 ~~shall be included as a separate catchment area or included in~~  
17 ~~any other agency geographic area.~~

18 ~~4.3.~~ Children residing in a Department of Juvenile  
19 Justice residential program approved as a Medicaid behavioral  
20 health overlay services provider shall not be included in a  
21 behavioral health care prepaid health plan pursuant to this  
22 paragraph.

23 ~~5.4.~~ In converting to a prepaid system of delivery,  
24 the agency shall in its procurement document require an entity  
25 providing comprehensive behavioral health care services to  
26 prevent the displacement of indigent care patients by  
27 enrollees in the Medicaid prepaid health plan providing  
28 behavioral health care services from facilities receiving  
29 state funding to provide indigent behavioral health care, to  
30 facilities licensed under chapter 395 which do not receive  
31 state funding for indigent behavioral health care, or

1 reimburse the unsubsidized facility for the cost of behavioral  
2 health care provided to the displaced indigent care patient.

3 6.5. Traditional community mental health providers  
4 under contract with the Department of Children and Family  
5 Services pursuant to part IV of chapter 394 and inpatient  
6 mental health providers licensed pursuant to chapter 395 must  
7 be offered an opportunity to accept or decline a contract to  
8 participate in any provider network for prepaid behavioral  
9 health services.

10 Section 7. For the purpose of incorporating the  
11 amendments to section 409.912, Florida Statutes, in references  
12 thereto, the sections or subdivisions of Florida Statutes set  
13 forth below are reenacted to read:

14 394.9082 Behavioral health service delivery  
15 strategies.--

16 (4) CONTRACT FOR SERVICES.--

17 (a) The Department of Children and Family Services and  
18 the Agency for Health Care Administration may contract for the  
19 provision or management of behavioral health services with a  
20 managing entity in at least two geographic areas. Both the  
21 Department of Children and Family Services and the Agency for  
22 Health Care Administration must contract with the same  
23 managing entity in any distinct geographic area where the  
24 strategy operates. This managing entity shall be accountable  
25 for the delivery of behavioral health services specified by  
26 the department and the agency for children, adolescents, and  
27 adults. The geographic area must be of sufficient size in  
28 population and have enough public funds for behavioral health  
29 services to allow for flexibility and maximum efficiency.  
30 Notwithstanding the provisions of s. 409.912(3)(b)1. and 2.,  
31 at least one service delivery strategy must be in one of the

1 service districts in the catchment area of G. Pierce Wood  
2 Memorial Hospital.

3 (b) Under one of the service delivery strategies, the  
4 Department of Children and Family Services may contract with a  
5 prepaid mental health plan that operates under s. 409.912 to  
6 be the managing entity. Under this strategy, the Department of  
7 Children and Family Services is not required to competitively  
8 procure those services and, notwithstanding other provisions  
9 of law, may employ prospective payment methodologies that the  
10 department finds are necessary to improve client care or  
11 institute more efficient practices. The Department of Children  
12 and Family Services may employ in its contract any provision  
13 of the current prepaid behavioral health care plan authorized  
14 under s. 409.912(3)(a) and (b), or any other provision  
15 necessary to improve quality, access, continuity, and price.  
16 Any contracts under this strategy in Area 6 of the Agency for  
17 Health Care Administration or in the prototype region under s.  
18 20.19(7) of the Department of Children and Family Services may  
19 be entered with the existing substance abuse treatment  
20 provider network if an administrative services organization is  
21 part of its network. In Area 6 of the Agency for Health Care  
22 Administration or in the prototype region of the Department of  
23 Children and Family Services, the Department of Children and  
24 Family Services and the Agency for Health Care Administration  
25 may employ alternative service delivery and financing  
26 methodologies, which may include prospective payment for  
27 certain population groups. The population groups that are to  
28 be provided these substance abuse services would include at a  
29 minimum: individuals and families receiving family safety  
30 services; Medicaid-eligible children, adolescents, and adults  
31 who are substance-abuse-impaired; or current recipients and

1 persons at risk of needing cash assistance under Florida's  
2 welfare reform initiatives.

3 (d) Under both strategies, the Department of Children  
4 and Family Services and the Agency for Health Care  
5 Administration may:

6 1. Establish benefit packages based on the level of  
7 severity of illness and level of client functioning;

8 2. Align and integrate procedure codes, standards, or  
9 other requirements if it is jointly determined that these  
10 actions will simplify or improve client services and  
11 efficiencies in service delivery;

12 3. Use prepaid per capita and prepaid aggregate  
13 fixed-sum payment methodologies; and

14 4. Modify their current procedure codes to increase  
15 clinical flexibility, encourage the use of the most effective  
16 interventions, and support rehabilitative activities.

17 Section 8. For the purpose of incorporating the  
18 amendments to section 409.912, Florida Statutes, in references  
19 thereto, the sections or subdivisions of Florida Statutes set  
20 forth below are reenacted to read:

21 641.225 Surplus requirements.--

22 (3)

23 (b) An entity providing prepaid capitated services  
24 which is authorized under s. 409.912(3)(b) or (c), and which  
25 applies for a certificate of authority is subject to the  
26 minimum surplus requirements set forth in s. 409.912.

27 Section 9. For the purpose of incorporating the  
28 amendments to section 409.912, Florida Statutes, in references  
29 thereto, the sections or subdivisions of Florida Statutes set  
30 forth below are reenacted to read:

31

1           636.0145 Certain entities contracting with  
2 Medicaid.--Notwithstanding the requirements of s.  
3 409.912(3)(b), an entity that is providing comprehensive  
4 inpatient and outpatient mental health care services to  
5 certain Medicaid recipients in Hillsborough, Highlands,  
6 Hardee, Manatee, and Polk Counties through a capitated,  
7 prepaid arrangement pursuant to the federal waiver provided  
8 for in s. 409.905(5) must become licensed under chapter 636 by  
9 December 31, 1998. Any entity licensed under this chapter  
10 which provides services solely to Medicaid recipients under a  
11 contract with Medicaid shall be exempt from ss. 636.017,  
12 636.018, 636.022, 636.028, and 636.034.

13           Section 10. Except as otherwise provided herein, this  
14 act shall take effect upon becoming a law.

15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31