

1 A bill to be entitled
2 An act relating to substance abuse and mental
3 health; amending s. 394.74, F.S.; authorizing
4 the Department of Children and Family Services
5 to adopt by rule new payment methodologies and
6 to eliminate unit-based methodologies for
7 mental health and substance abuse services;
8 authorizing the department to adopt rules for
9 local match based on new methodologies;
10 prohibiting changes to the ratio of state to
11 local matching resources or to the sources of
12 local match and prohibiting the increase in the
13 amount of local matching funds required;
14 creating s. 394.655, F.S.; providing
15 legislative intent; creating the Florida
16 Substance Abuse and Mental Health Corporation,
17 Inc.; providing that the corporation be
18 administratively housed within the Department
19 of Children and Family Services; specifying
20 responsibilities for the corporation;
21 specifying direction to the department
22 regarding the corporation; requiring a contract
23 between the corporation and the department;
24 specifying the composition of the corporation;
25 providing for appointments by the Governor,
26 President of the Senate and the Speaker of the
27 House of Representatives; providing direction
28 to the corporation regarding its operation;
29 authorizing advisory committees; requiring
30 financial disclosure by corporation members;
31 authorizing the corporation to employ and

1 purchase staff support within funds
2 appropriated; providing for additional staff
3 support to be provided by the department;
4 directing the corporation to develop and submit
5 a budget request for its operation; providing
6 for an annual financial audit; providing for an
7 annual evaluation and report by the
8 corporation; providing for expiration of s.
9 394.655, F.S., created by this act on October
10 1, 2006, unless reenacted by the Legislature;
11 providing for the expiration of ss. 20.19(2)(c)
12 and 20.19(4)(b)6. and 8. on October 1, 2006,
13 unless reenacted by the Legislature; directing
14 the Office of Program and Policy Analysis and
15 Government Accountability and the Auditor
16 General to conduct an evaluation ; specifying
17 the evaluation's focus; requiring an initial
18 report on February 1, 2005 and a final report
19 on February 1, 2006, to the Governor and
20 Legislature; amending s. 20.19. F.S.; directing
21 the Secretary of the department to appoint
22 certain positions; providing for the
23 organization of the mental health and substance
24 abuse programs within the department; providing
25 for implementation within available resources;
26 amending s. 394.741, F.S.; amending
27 accreditation requirements for providers of
28 behavioral health care services; requiring the
29 Department of Children and Family Services and
30 the Agency for Health Care Administration to
31 follow only properly adopted and applicable

1 statutes and rules in monitoring contracted
2 providers; requiring the department to file a
3 State Project Compliance Supplement; amending
4 s. 394.9082, F.S.; modifying the services for
5 which a managing entity is accountable;
6 establishing data system requirements;
7 providing for establishment of a single
8 managing entity for the delivery of substance
9 abuse services to child protective services
10 recipients in specified districts of the
11 department; providing for a contract; requiring
12 certain information to be kept; requiring an
13 evaluative study; providing for reports to the
14 Governor and Legislature; revising provisions
15 relating to delivery of state-funded mental
16 health services; amending s. 409.912, F.S.;
17 requiring the agency to work with the
18 department to ensure mental health and
19 substance abuse services are accessible to
20 children and families in the child protection
21 system; requiring the Agency for Health Care
22 Administration to seek federal approval to
23 contract with single entities to provide
24 comprehensive behavioral health care services
25 to Medicaid recipients in AHCA areas; requiring
26 the agency to submit a plan for fully
27 implementing capitated prepaid behavioral
28 health care in all areas of the state;
29 providing for implementation of the plan that
30 would vary by the size of the eligible
31 population; authorizing the agency to adjust

1 the capitation rate under specified
 2 circumstances; requiring the agency to develop
 3 policies and procedures that allow for
 4 certification of local funds; requiring the
 5 agency and the department to develop a plan to
 6 implement new Medicaid procedure codes for
 7 specified services; providing that match
 8 requirements for those procedure codes are met
 9 by certifying general revenue with contracted
 10 providers; requiring the plan to address
 11 specific procedure codes to be implemented, a
 12 projection of procedures to be delivered and a
 13 financial analysis; requiring approval by the
 14 Legislative Budget Commission prior to
 15 implementation; directing the plan to be
 16 submitted for consideration by the 2004
 17 Legislature if not approved by December 31,
 18 2004; requiring approval by the Legislative
 19 Budget Commission prior to implementation;
 20 providing an appropriation and authorizing
 21 positions; providing effective dates.

22
 23 Be It Enacted by the Legislature of the State of Florida:

24
 25 Section 1. Paragraph (b) of subsection (2) of section
 26 394.74, Florida Statutes, is amended to read:

27 394.74 Contracts for provision of local substance
 28 abuse and mental health programs.--

29 (2)

30 (b) Notwithstanding s. 394.76(3)(a) and (c), the
 31 department may use unit cost methods of payment in contracts

1 for purchasing mental health and substance abuse services. The
2 unit cost contracting system must account for those patient
3 fees that are paid on behalf of a specific client and those
4 that are earned and used by the provider for those services
5 funded in whole or in part by the department. The department
6 is authorized to implement through administrative rule
7 fee-for-service, prepaid case rate, and prepaid capitation
8 contract methodologies to purchase mental health and substance
9 abuse services. Fee-for-service, prepaid case rate, or
10 prepaid capitation mechanisms shall not be implemented
11 statewide without the elimination of the unit cost method of
12 payment. Notwithstanding the provisions of s. 394.76(3), the
13 department may adopt administrative rules that account for
14 local match in a manner that is consistent with
15 fee-for-service, prepaid case rate, and prepaid capitated
16 payment methodologies. Such provisions may not result in a
17 change of the ratio of state to local matching resources or in
18 the sources of local matching funds and may not increase the
19 amount of required local matching funds. It is the intent of
20 the Legislature that the provisions to account for local match
21 be consistent with the financial principles adopted for the
22 payment of state funds.

23 Section 2. Section 394.655, Florida Statutes is
24 created to read:

25 394.655 The Substance Abuse and Mental Health
26 Corporation; powers and duties; composition; evaluation and
27 reporting requirements.--

28 (1) It is the intent of the Legislature to provide
29 substance abuse and mental health services that are
30 coordinated and consistent throughout the state, that reflect
31 the current state of knowledge regarding quality and

1 effectiveness, and that are responsive to service recipients
2 and the needs of communities in this state. In order to
3 accomplish this intent, there is created a not-for-profit
4 corporation, to be known as the "Florida Substance Abuse and
5 Mental Health Corporation, Inc.," which shall be registered,
6 incorporated, organized, and operated in compliance with
7 chapter 617 and which shall not be a unit or entity of state
8 government. The Florida Substance Abuse and Mental Health
9 Corporation, hereafter referred to as "the corporation," shall
10 be administratively housed within the Department of Children
11 and Family Services. Though the corporation is not subject to
12 the control of the department, the corporation shall work
13 collaboratively with the department to improve the state's
14 mental health and substance abuse systems. As used in this
15 section, "the department" means the Department of Children
16 and Family Services.

17 (2) The Legislature finds that public policy and the
18 State Constitution require that the corporation and any
19 committees it forms be subject to the provisions of chapter
20 119 relating to public records and the provisions of chapter
21 286 relating to public meetings.

22 (3)(a) The Florida Substance Abuse and Mental Health
23 Corporation shall be responsible for oversight of the publicly
24 funded substance abuse and mental health systems and for
25 making policy and resources recommendations which will improve
26 the coordination, quality and efficiency of the system.
27 Subject to and consistent with direction set by the
28 Legislature, the corporation shall exercise the following
29 responsibilities:

30 1. Review and assess the collection and analysis of
31 needs assessment data as described in s. 394.82.

1 2. Review and assess the status of the publicly funded
2 mental health and substance abuse systems and recommend policy
3 designed to improve coordination and effectiveness.

4 3. Provide mechanisms for substance abuse and mental
5 health stakeholders, including consumers, family members,
6 providers, and advocates to provide input concerning the
7 management of the overall system.

8 4. Recommend priorities for service expansion.

9 5. Prepare budget recommendations to be submitted to
10 the appropriate departments for consideration in the
11 development of their legislative budget requests and provide
12 copies to the Governor, President of the Senate and Speaker of
13 the House of Representatives for their consideration.

14 6. Review data regarding the performance of the
15 publicly funded substance abuse and mental health systems.

16 7. Make recommendations concerning strategies for
17 improving the performance of the systems.

18 8. Review, assess and forecast substance abuse and
19 mental health manpower needs and work with the department and
20 the educational system to establish policies, consistent with
21 the direction of the Legislature, which will ensure that the
22 state has the personnel it needs to continuously implement and
23 improve its services.

24 (b) The corporation shall work with the department and
25 the Agency for Health Care Administration to assure, to the
26 maximum extent possible, that Medicaid and department-funded
27 services are delivered in a coordinated manner, using common
28 service definitions, standards, and accountability mechanisms.

29 (c) The corporation shall also work with other
30 agencies of state government which provide, purchase, or fund
31 substance abuse and mental health programs and services in

1 order to work toward fully developed and integrated, when
2 appropriate, substance abuse and mental health systems that
3 reflect current knowledge regarding efficacy and efficiency
4 and use best practices identified within this state or other
5 states.

6 (d) The corporation shall develop memoranda of
7 understanding that describe how it will coordinate with other
8 programmatic areas within the department and with other state
9 agencies that deliver or purchase substance abuse or mental
10 health services.

11 (4) Unless otherwise prohibited by state or federal
12 law, and pursuant to the agreement provided in the contract
13 required in subsection (5), the department shall provide
14 information requested by the corporation in a reasonable
15 manner that allows for timely review by the corporation for
16 items as set forth in subsection (3) and specified in the
17 contract provided for in subsection (5).

18 (5) The corporation and the department must enter into
19 a contract that requires the department to consider and
20 respond to the recommendations of the corporation and
21 describes how the department will respond to the corporation's
22 requests for documents, reports, and proposals needed by the
23 corporation in order for it to carry out its responsibilities
24 as described in paragraph (3)(a).

25 (6)(a) The corporation shall be comprised of 12
26 members, each appointed to a 2-year term, with not more than
27 three subsequent reappointments, except that initial
28 legislative appointments shall be for 3-year terms. Four
29 members shall be appointed by the Governor, four members shall
30 be appointed by the President of the Senate, and four members
31

1 shall be appointed by the Speaker of the House of
2 Representatives.

3 1. The four members appointed by the Governor must be
4 prominent community or business leaders, two of whom must have
5 experience and interest in substance abuse and two of whom
6 must have experience and interest in mental health.

7 2. Of the four members appointed by the President of
8 the Senate, one member must represent the perspective of
9 community-based care under chapter 409, one member must be a
10 former client or family member of a client of a publicly
11 funded mental health program, and two members must be
12 prominent community or business leaders, one of whom must
13 have experience and interest in substance abuse and one of
14 whom must have experience and interest in mental health.

15 3. Of the four members appointed by the Speaker of the
16 House of Representatives, one member must be a former client
17 or family member of a client of a publicly funded substance
18 abuse program, one member must represent the perspective of
19 the criminal justice system, and two members must be prominent
20 community or business leaders, one of whom must have
21 experience and interest in substance abuse and one of whom
22 must have experience and interest in mental health. The
23 Secretary of the Department of Children and Family Services,
24 or his or her designee, the Secretary of the Agency for Health
25 Care Administration, or his or her designee, and a
26 representative of local government designated by the Florida
27 Association of Counties shall serve as ex officio members of
28 the corporation.

29 (b) The corporation shall be chaired by a member
30 designated by the Governor who may not be a public sector
31 employee.

1 (c) Persons who derive their income from resources
2 controlled by the Department of Children and Family Services
3 or the Agency for Health Care Administration may not be
4 members of the corporation.

5 (d) The Governor, the President of the Senate, and the
6 Speaker of the House of Representatives shall make their
7 respective appointments within 60 days after the effective
8 date of this act.

9 (e) A member of the corporation may be removed by the
10 appointing party for cause. Absence from three consecutive
11 meetings shall result in automatic removal. The chairperson of
12 the corporation shall notify the appointing party of such
13 absences.

14 (f) The corporation shall develop by-laws that
15 describe how it will conduct its work.

16 (g) The corporation shall meet at least quarterly and
17 at other times upon the call of its chair. Corporation
18 meetings may be held via teleconference or other electronic
19 means.

20 (h) A majority of the total current membership of the
21 corporation constitutes a quorum of the corporation. The
22 corporation may only meet and take action when a quorum is
23 present.

24 (i) Within resources appropriated by the Legislature
25 and other funds available to the corporation, the chairperson
26 of the corporation may appoint advisory committees to address
27 and advise the corporation on particular issues within its
28 scope of responsibility. Members of advisory committees are
29 not subject to the prohibition in paragraph (c).

30 (j) Members of the corporation and its committees
31 shall serve without compensation but are entitled to

1 reimbursement for travel and per diem expenses pursuant to s.
2 112.061.

3 (k) Each member of the corporation who is not
4 otherwise required to file a financial disclosure statement
5 pursuant to s. 8, Art. II of the State Constitution or s.
6 112.3144 must file disclosure of financial interests pursuant
7 to s. 112.3145.

8 (7) The corporation may purchase expert consultation
9 and staff support services necessary to perform its duties
10 from funds appropriated to the department for this purpose.
11 In addition, within resources appropriated to the department
12 for the corporation, the corporation may appoint one employee
13 who shall serve as the liaison between the corporation, the
14 state agencies and organizations with which the corporation
15 contracts or enters into memoranda of agreement. This
16 employee shall be appointed by and serve at the pleasure of
17 the corporation and is an employee of the corporation, not of
18 the state. Provision of other staff support required by the
19 corporation shall be provided by the department as negotiated
20 in the contract developed pursuant to subsection (5).

21 (8) The corporation must develop a budget request for
22 its operation and must submit the request to the Governor and
23 the Legislature pursuant to chapter 216 through the secretary
24 of the department who may not modify the budget request before
25 it is submitted or after the corporation's funding is
26 appropriated by the Legislature.

27 (9) The corporation shall provide for an annual
28 financial audit of its financial accounts and records by an
29 independent certified public accountant. The annual audit
30 report shall include a management letter in accordance with s.
31 11.45 and a detailed supplemental schedule of expenditures for

1 each expenditure category. The annual audit report must be
2 submitted to the Governor, the department, and the Auditor
3 General for review.

4 (10) The corporation must annually evaluate and, in
5 December of each year, report to the Legislature and the
6 Governor on the status of the state's publicly funded
7 substance abuse and mental health systems. The corporation's
8 first report must be submitted in December, 2004. Each public
9 sector agency that delivers, or contracts for the provision
10 of, substance abuse or mental health services must cooperate
11 with the corporation in the development of this annual
12 evaluation and report. As part of the annual report, the
13 corporation and department shall each certify as to whether
14 the corporation and the department are complying with the
15 terms of the contract required in subsection (5) in a manner
16 that is consistent with the goals and purposes of the
17 corporation and in the best interest of the state.

18 (11) This section expires on October 1, 2006, unless
19 reviewed and reenacted by the Legislature before that date.

20 Section 3. Section 20.19 (2)(c), Florida Statutes, as
21 created by this act, and section 20.19(4)(b)6. and 8., Florida
22 Statutes, shall expire on October 1, 2006, unless reviewed and
23 reenacted by the Legislature before that date.

24 Section 4. By February 1, 2006, the Office of Program
25 Policy Analysis and Government Accountability and the Auditor
26 General shall jointly conduct an evaluation of the state's
27 substance abuse and mental health systems and its management.
28 The evaluation shall, at a minimum, address the extent to
29 which the corporation has carried out its responsibilities as
30 described in section 394.655 (3)(a), Florida Statutes, the
31 degree to which the department and other affected state

1 agencies have cooperated with the corporation as directed in
2 section 394.655, Florida Statutes, and the impact the
3 organizational changes described in sections 20.19 (2)(c) and
4 394.655, Florida Statutes, as created by this act have had on
5 the substance abuse and mental health systems in the following
6 areas:

7 1. The coordination of services delivered or paid for
8 by the various departments involved in delivering or
9 purchasing state funded mental health or substance abuse
10 services.

11 2. The efficiency of service delivery to clients for
12 whom the responsibility for care moves from one department of
13 state government to another.

14 3. The overall quality of publicly funded substance
15 abuse and mental health services and its consistency across
16 departments.

17 4. The use of common evidence-based standards.

18 5. The collection and analysis of common information
19 which describes the services delivered and outcomes achieved
20 for individuals receiving state funded mental health and
21 substance abuse services.

22 6. The satisfaction of service recipients and of
23 Florida's communities with the state funded mental health and
24 substance abuse service delivery system. The evaluation shall
25 commence with the initial operation of the corporation. An
26 initial report and a final report of the evaluation must be
27 submitted to the Governor, President of the Senate, and
28 Speaker of the House of Representatives by February 1, 2005
29 and 2006, respectively. The final report must include
30 recommendations concerning the future of the corporation and
31

1 the structure of the state's mental health and substance abuse
2 authority and their placement.

3 Section 5. Present paragraph (c) of subsection (2) of
4 section 20.19, Florida Statutes, is redesignated as paragraph
5 (d), and a new paragraph (c) is added to that subsection, to
6 read:

7 20.19 Department of Children and Family Services.--

8 There is created a Department of Children and Family
9 Services.

10 (2) SECRETARY OF CHILDREN AND FAMILY SERVICES; DEPUTY
11 SECRETARY.--

12 (c) 1. The secretary shall appoint an Assistant
13 Secretary for Substance Abuse and Mental Health with the
14 concurrence of the corporation. The assistant secretary shall
15 serve at the pleasure of the secretary and with the
16 concurrence of the corporation and must have expertise in both
17 areas of responsibility.

18 2. The secretary shall appoint a Program Director for
19 Substance Abuse and a Program Director for Mental Health who
20 have the requisite expertise and experience in their
21 respective fields to head the state's substance abuse and
22 mental health programs.

23 a. Each program director shall have line authority
24 over all district substance abuse and mental health program
25 management staff.

26 b. The assistant secretary shall enter into a
27 memorandum of understanding with each district or region
28 administrator, which must be approved by the secretary or the
29 secretary's designee, describing the working relationships
30 within each geographic area.

31

1 c. The mental health institutions shall report to the
2 Program Director for Mental Health.

3 d. Each program director shall have direct control
4 over the program's budget and contracts for services. Support
5 staff necessary to manage budget and contracting functions
6 within the department shall be placed under the supervision of
7 the program directors.

8 Section 6. Except as otherwise provided, this act
9 shall be implemented within available resources.

10 Section 7. Section 394.741, Florida Statutes, is
11 amended to read:

12 394.741 Accreditation requirements for providers of
13 behavioral health care services.--

14 (1) As used in this section, the term "behavioral
15 health care services" means mental health and substance abuse
16 treatment services.

17 (2) Notwithstanding any provision of law to the
18 contrary, accreditation shall be accepted by the agency and
19 department in lieu of the agency's and department's facility
20 licensure onsite review requirements and shall be accepted as
21 a substitute for the department's administrative and program
22 monitoring requirements, except as required by subsections (3)
23 and (4), for:

24 (a) Any organization from which the department
25 purchases behavioral health care services that is accredited
26 by the Joint Commission on Accreditation of Healthcare
27 Organizations or the Council on Accreditation for Children and
28 Family Services, or has those services that are being
29 purchased by the department accredited by CARF--the
30 Rehabilitation Accreditation Commission.

31

1 (b) Any mental health facility licensed by the agency
2 or any substance abuse component licensed by the department
3 that is accredited by the Joint Commission on Accreditation of
4 Healthcare Organizations, CARF--the Rehabilitation
5 Accreditation Commission, or the Council on Accreditation of
6 Children and Family Services.

7 (c) Any network of providers from which the department
8 or the agency purchases behavioral health care services
9 accredited by the Joint Commission on Accreditation of
10 Healthcare Organizations, CARF--the Rehabilitation
11 Accreditation Commission, the Council on Accreditation of
12 Children and Family Services, or the National Committee for
13 Quality Assurance. A provider organization, which is part of
14 an accredited network, is afforded the same rights under this
15 part.

16 (3) For organizations accredited as set forth in
17 subsection (2). Before the department or the agency conducts
18 additional monitoring for mental health services, the
19 department and the agency must adopt rules ~~mental health~~
20 ~~services, the department and the agency may adopt rules~~ that
21 establish:

22 (a) Additional standards for monitoring and licensing
23 accredited programs and facilities that the department and the
24 agency have determined are not specifically and distinctly
25 covered by the accreditation standards and processes. These
26 standards and the associated monitoring must not duplicate the
27 standards and processes already covered by the accrediting
28 bodies.

29 (b) An onsite monitoring process between 24 months and
30 36 months after accreditation for nonresidential facilities to
31 assure that accredited organizations exempt from licensing and

1 monitoring activities under this part continue to comply with
2 critical standards.

3 (c) An onsite monitoring process between 12 months and
4 24 months after accreditation for residential facilities to
5 assure that accredited organizations exempt from licensing and
6 monitoring activities under this part continue to comply with
7 critical standards.

8 (4) For substance abuse services, the department shall
9 conduct full licensure inspections every 3 years and shall
10 develop in rule criteria which would justify more frequent
11 inspections.

12 (5) The department and the agency shall be given
13 access to all accreditation reports, corrective action plans,
14 and performance data submitted to the accrediting
15 organizations. When major deficiencies, as defined by the
16 accrediting organization, are identified through the
17 accreditation process, the department and the agency may
18 perform followup monitoring to assure that such deficiencies
19 are corrected and that the corrections are sustained over
20 time. Proof of compliance with fire and health safety
21 standards will be submitted as required by rule.

22 (6) The department or agency, by accepting the survey
23 or inspection of an accrediting organization, does not forfeit
24 its rights to monitor for the purpose of ensuring that
25 services for which the department has paid were provided. The
26 department may investigate complaints or suspected problems
27 and to monitor the provider's compliance with negotiated terms
28 and conditions, including provisions relating to consent
29 decrees, which are unique to a specific contract and are not
30 statements of general applicability. The department may
31 monitor compliance with federal and state statutes, federal

1 regulations, or state administrative rules, if such monitoring
2 does not duplicate the review of accreditation standards or
3 independent audits pursuant to subsections (3) and (8).
4 ~~perform inspections at any time, including contract monitoring~~
5 ~~to ensure that deliverables are provided in accordance with~~
6 ~~the contract.~~

7 (7) For purposes of licensure and monitoring of
8 facilities under contract with the department, the department
9 shall rely only upon properly adopted and applicable federal
10 and state statutes and rules.

11 (8) The department shall file a State Projects
12 Compliance Supplement pursuant to s. 215.97 for behavioral
13 health care services. In monitoring the financial operations
14 of its contractors, the department shall rely upon certified
15 public accountant audits, if required. The department shall
16 perform a desk review of its contractor's most recent
17 independent audit and may conduct onsite monitoring only of
18 problems identified by these audits, or by other sources of
19 information documenting problems with contractor's financial
20 management. Certified public accountants employed by the
21 department may conduct an on-site test of the validity of a
22 contractor's independent audit every third year.

23 ~~(9)~~(7) The department and the agency shall report to
24 the Legislature by January 1, 2003, on the viability of
25 mandating all organizations under contract with the department
26 for the provision of behavioral health care services, or
27 licensed by the agency or department to be accredited. The
28 department and the agency shall also report to the Legislature
29 by January 1, 2003, on the viability of privatizing all
30 licensure and monitoring functions through an accrediting
31 organization.

1 (10)(8) The accreditation requirements of this section
2 ~~shall~~ apply to contracted organizations that are already
3 accredited immediately upon becoming law.

4 Section 8. Paragraphs (a) and (d) of subsection (4)
5 and subsection (5) of section 394.9082, Florida Statutes, are
6 amended, present subsection (8) of that section is renumbered
7 as subsection (9) and amended, and a new subsection (8) is
8 added to that section, to read:

9 394.9082 Behavioral health service delivery
10 strategies.--

11 (4) CONTRACT FOR SERVICES.--

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

29 (d) Under both strategies, the Department of Children
30 and Family Services and the Agency for Health Care
31 Administration may:

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

3 2. Align and integrate procedure codes, standards, or
4 other requirements if it is jointly determined that these
5 actions will simplify or improve client services and
6 efficiencies in service delivery;

7 3. Use prepaid per capita and prepaid aggregate
8 fixed-sum payment methodologies; ~~and~~

9 4. Modify their current procedure codes to increase
10 clinical flexibility, encourage the use of the most effective
11 interventions, and support rehabilitative activities; ~~and-~~

12 5. Establish or develop data management and reporting
13 systems that promote efficient use of data by the service
14 delivery system. Data management and reporting systems must
15 address the management and clinical care needs of the service
16 providers and managing entities and provide information needed
17 by the department for required state and federal reporting. In
18 order to develop and test the application of new data systems,
19 a strategy implementation area is not required to provide
20 information that matches all current statewide reporting
21 requirements if the strategy's data systems include client
22 demographic, admission, discharge, enrollment, service events,
23 performance outcome information, and functional assessment.

24 (5) STATEWIDE ACTIONS.--~~If Medicaid appropriations for~~
25 ~~Community Mental Health Services or Mental Health Targeted~~
26 ~~Case Management are reduced in fiscal year 2001-2002,~~The
27 agency and the department shall jointly develop and implement
28 strategies that reduce service costs in a manner that
29 mitigates the impact on persons in need of those services. The
30 agency and department may employ any methodologies on a
31 regional or statewide basis necessary to achieve the

1 reduction, including but not limited to use of case rates,
2 prepaid per capita contracts, utilization management, expanded
3 use of care management, use of waivers from the Centers for
4 Medicare and Medicaid Services ~~Health Care Financing~~
5 ~~Administration~~ to maximize federal matching of current local
6 and state funding, modification or creation of additional
7 procedure codes, and certification of match or other
8 management techniques. The department may contract with a
9 single managing entity or provider network that shall be
10 responsible for delivering state-funded mental health and
11 substance-abuse services. The managing entity shall coordinate
12 its delivery of mental-health and substance-abuse services
13 with all prepaid mental health plans in the region or the
14 district. The department may include in its contract with the
15 managing entity data-management and data-reporting
16 requirements, clinical program management, and administrative
17 functions. Before the department contracts for these functions
18 with the provider network, the department shall determine that
19 the entity has the capacity and capability to assume these
20 functions. The roles and responsibilities of each party must
21 be clearly delineated in the contract.

22 (8) EXPANSION IN DISTRICTS 4 AND 12.--The department
23 shall work with community agencies to establish a single
24 managing entity for districts 4 and 12 accountable for the
25 delivery of substance abuse services to child protective
26 services recipients in the two districts. The purpose of this
27 strategy is to enhance the coordination of substance abuse
28 services with community-based care agencies and the
29 department. The department shall work with affected
30 stakeholders to develop and implement a plan that allows the
31 phase-in of services beginning with the delivery of substance

1 abuse services, with phase-in of subsequent substance abuse
2 services agreed upon by the managing entity and authorized by
3 the department, providing the necessary technical assistance
4 to assure provider and district readiness for implementation.
5 When a single managing entity is established and meets
6 readiness requirements, the department may enter into a
7 noncompetitive contract with the entity. The department shall
8 maintain detailed information on the methodology used for
9 selection and a justification for the selection. Performance
10 objectives shall be developed which ensure that services that
11 are delivered directly affect and complement the child's
12 permanency plan. During the initial planning and
13 implementation phase of this project, the requirements in
14 subsections (6) and (7) are waived. Considering the critical
15 substance abuse problems experienced by many families in the
16 child protection system, the department shall initiate the
17 implementation of the substance abuse delivery component of
18 this program without delay and furnish status reports to the
19 appropriate substantive committees of the Senate and the House
20 of Representatives no later than February 29, 2004, and
21 February 28, 2005. The integration of all services agreed upon
22 by the managing entity and authorized by the department must
23 be completed within 2 years after project initiation. Ongoing
24 monitoring and evaluation of this strategy shall be conducted
25 in accordance with subsection (9).

26 (9)(8) MONITORING AND EVALUATION.--The Department of
27 Children and Family Services and the Agency for Health Care
28 Administration shall provide routine monitoring and oversight
29 of and technical assistance to the managing entities. The
30 Louis de la Parte Florida Mental Health Institute shall
31 conduct an ongoing formative evaluation of each strategy to

1 identify the most effective methods and techniques used to
2 manage, integrate, and deliver behavioral health services. The
3 entity conducting the evaluation shall report to the
4 Department of Children and Family Services, the Agency for
5 Health Care Administration, the Executive Office of the
6 Governor, and the Legislature every 12 months regarding the
7 status of the implementation of the service delivery
8 strategies. The report must include a summary of activities
9 that have occurred during the past 12 months of implementation
10 and any problems or obstacles that have in the past, or may in
11 the future, prevent ~~prevented, or may prevent in the future,~~
12 the managing entity from achieving performance goals ~~and~~
13 ~~measures~~. The first status report is due January 1, 2002.
14 After the service delivery strategies have been operational
15 for 1 year, the status report must include an analysis of
16 administrative costs and the status of the achievement of
17 performance outcomes. By December 31, 2006, the Louis de la
18 Parte Florida Mental Health Institute, as a part of the
19 ongoing formative evaluation of each strategy, must conduct a
20 study of the strategies established in Districts 1, 8, 4, and
21 12 under this section, and must include an assessment of best
22 practice models in other states. The study must address
23 programmatic outcomes that include, but are not limited to,
24 timeliness of service delivery, effectiveness of treatment
25 services, cost-effectiveness of selected models, and customer
26 satisfaction with services. Based upon the results of this
27 study, the department and the Agency for Health Care
28 Administration, in consultation with the managing entities,
29 must provide a report to the Executive Office of the Governor,
30 the President of the Senate, and the Speaker of the House of
31 Representatives. This report must contain recommendations for

1 the statewide implementation of successful strategies,
2 including any modifications to the strategies, the
3 identification and prioritization of strategies to be
4 implemented, and timeframes for statewide completion that
5 include target dates to complete milestones as well as a date
6 for full statewide implementation.~~Upon receiving the annual~~
7 ~~report from the evaluator, the Department of Children and~~
8 ~~Family Services and the Agency for Health Care Administration~~
9 ~~shall jointly make any recommendations to the Executive Office~~
10 ~~of the Governor regarding changes in the service delivery~~
11 ~~strategies or in the implementation of the strategies,~~
12 ~~including timeframes.~~

13 Section 9. Present subsections (1), (2), and (3) of
14 section 409.912, Florida Statutes, are redesignated as
15 subsections (2), (3), and (4), respectively, and a new
16 subsection (1) is added to that section, present subsection
17 (3) of that section is amended, present subsections (4)
18 through (40) are redesignated as subsections (6) through (42),
19 respectively, and a new subsection (5) is added to that
20 section to read:

21 409.912 Cost-effective purchasing of health care.--The
22 agency shall purchase goods and services for Medicaid
23 recipients in the most cost-effective manner consistent with
24 the delivery of quality medical care. The agency shall
25 maximize the use of prepaid per capita and prepaid aggregate
26 fixed-sum basis services when appropriate and other
27 alternative service delivery and reimbursement methodologies,
28 including competitive bidding pursuant to s. 287.057, designed
29 to facilitate the cost-effective purchase of a case-managed
30 continuum of care. The agency shall also require providers to
31 minimize the exposure of recipients to the need for acute

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

12 (1) The agency shall work with the Department of
13 Children and Family Services to ensure access of children and
14 families in the child protection system to needed and
15 appropriate mental health and substance abuse services.

16 ~~(4)(3)~~ The agency may contract with:

17 (a) An entity that provides no prepaid health care
18 services other than Medicaid services under contract with the
19 agency and which is owned and operated by a county, county
20 health department, or county-owned and operated hospital to
21 provide health care services on a prepaid or fixed-sum basis
22 to recipients, which entity may provide such prepaid services
23 either directly or through arrangements with other providers.
24 Such prepaid health care services entities must be licensed
25 under parts I and III by January 1, 1998, and until then are
26 exempt from the provisions of part I of chapter 641. An entity
27 recognized under this paragraph which demonstrates to the
28 satisfaction of the Department of Insurance that it is backed
29 by the full faith and credit of the county in which it is
30 located may be exempted from s. 641.225.

31

1 (b) An entity that is providing comprehensive
2 behavioral health care services to certain Medicaid recipients
3 through a capitated, prepaid arrangement pursuant to the
4 federal waiver provided for by s. 409.905(5). Such an entity
5 must be licensed under chapter 624, chapter 636, or chapter
6 641 and must possess the clinical systems and operational
7 competence to manage risk and provide comprehensive behavioral
8 health care to Medicaid recipients. As used in this paragraph,
9 the term "comprehensive behavioral health care services" means
10 covered mental health and substance abuse treatment services
11 that are available to Medicaid recipients. The secretary of
12 the Department of Children and Family Services shall approve
13 provisions of procurements related to children in the
14 department's care or custody prior to enrolling such children
15 in a prepaid behavioral health plan. Any contract awarded
16 under this paragraph must be competitively procured. In
17 developing the behavioral health care prepaid plan procurement
18 document, the agency shall ensure that the procurement
19 document requires the contractor to develop and implement a
20 plan to ensure compliance with s. 394.4574 related to services
21 provided to residents of licensed assisted living facilities
22 that hold a limited mental health license. The agency shall
23 seek federal approval to contract with a single entity meeting
24 these requirements to provide comprehensive behavioral health
25 care services to all Medicaid recipients in an AHCA area. Each
26 entity must offer sufficient choice of providers in its
27 network to ensure recipient access to care and the opportunity
28 to select a provider with whom they are satisfied. The network
29 shall include all public mental health hospitals.~~The agency~~
30 ~~must ensure that Medicaid recipients have available the choice~~
31 ~~of at least two managed care plans for their behavioral health~~

1 ~~care services.~~To ensure unimpaired access to behavioral
2 health care services by Medicaid recipients, all contracts
3 issued pursuant to this paragraph shall require 80 percent of
4 the capitation paid to the managed care plan, including health
5 maintenance organizations, to be expended for the provision of
6 behavioral health care services. In the event the managed care
7 plan expends less than 80 percent of the capitation paid
8 pursuant to this paragraph for the provision of behavioral
9 health care services, the difference shall be returned to the
10 agency. The agency shall provide the managed care plan with a
11 certification letter indicating the amount of capitation paid
12 during each calendar year for the provision of behavioral
13 health care services pursuant to this section. The agency may
14 reimburse for substance-abuse-treatment services on a
15 fee-for-service basis until the agency finds that adequate
16 funds are available for capitated, prepaid arrangements.

17 1. By January 1, 2001, the agency shall modify the
18 contracts with the entities providing comprehensive inpatient
19 and outpatient mental health care services to Medicaid
20 recipients in Hillsborough, Highlands, Hardee, Manatee, and
21 Polk Counties, to include substance-abuse-treatment services.

22 2. By July 1, 2003, the agency and the Department of
23 Children and Family Services shall execute a written agreement
24 that requires collaboration and joint development of all
25 policy, budgets, procurement documents, contracts, and
26 monitoring plans that have an impact on the state and Medicaid
27 community mental health and targeted case management programs.

28 3. By July 1, 2006, the agency and the Department of
29 Children and Family Services shall contract with managed care
30 entities in each AHCA area except area 6 or arrange to provide
31 comprehensive inpatient and outpatient mental health and

1 substance abuse services through capitated pre-paid
2 arrangements to all Medicaid recipients for whom such plans
3 are allowable under federal law and regulation. In AHCA areas
4 where eligible individuals number less than 150,000, the
5 agency shall contract with a single managed care plan. The
6 agency may contract with more than one plan in AHCA areas
7 where the eligible population exceeds 150,000. Contracts
8 awarded pursuant to this section shall be competitively
9 procured. Both for-profit and not-for-profit corporations
10 shall be eligible to compete.

11 4. By October 1, 2003, the agency and the department
12 shall submit a plan to the Governor, the President of the
13 Senate, and the Speaker of the House of Representatives which
14 provides for the full implementation of capitated prepaid
15 behavioral health care in all areas of the state. The plan
16 shall address the methodology for adjusting HMO capitation
17 rates in areas where managed behavioral health care is
18 implemented. The agency shall not reduce HMO capitation rates
19 for the cost of inpatient, outpatient, physician and pharmacy
20 services which they will continue to incur as a result of
21 their responsibilities for overall healthcare services,
22 including psychiatrists, inpatient psychiatric and
23 psychopharmaceuticals.

24 a. Implementation shall begin in 2003 in those AHCA
25 areas of the state where the agency is able to establish
26 sufficient capitation rates.

27 b. If the agency determines that the proposed
28 capitation rate in any area is insufficient to provide
29 appropriate services, the agency may adjust the capitation
30 rate to ensure that care will be available. The agency and the
31 department may use existing general revenue to address any

1 additional required match but may not over-obligate existing
2 funds on an annualized basis.

3 c. Subject to any limitations provided for in the
4 General Appropriations Act, the agency, in compliance with
5 appropriate federal authorization, shall develop policies and
6 procedures that allow for certification of local and state
7 funds.

8 ~~2. By December 31, 2001, the agency shall contract~~
9 ~~with entities providing comprehensive behavioral health care~~
10 ~~services to Medicaid recipients through capitated, prepaid~~
11 ~~arrangements in Charlotte, Collier, DeSoto, Escambia, Glades,~~
12 ~~Hendry, Lee, Okaloosa, Pasco, Pinellas, Santa Rosa, Sarasota,~~
13 ~~and Walton Counties. The agency may contract with entities~~
14 ~~providing comprehensive behavioral health care services to~~
15 ~~Medicaid recipients through capitated, prepaid arrangements in~~
16 ~~Alachua County. The agency may determine if Sarasota County~~
17 ~~shall be included as a separate catchment area or included in~~
18 ~~any other agency geographic area.~~

19 ~~5.3.~~ Children residing in a statewide inpatient
20 psychiatric program, or in a Department of Juvenile Justice or
21 a Department of Children and Family Services residential
22 program approved as a Medicaid behavioral health overlay
23 services provider shall not be included in a behavioral health
24 care prepaid health plan pursuant to this paragraph.

25 ~~6.4.~~ In converting to a prepaid system of delivery,
26 the agency shall in its procurement document require an entity
27 providing comprehensive behavioral health care services to
28 prevent the displacement of indigent care patients by
29 enrollees in the Medicaid prepaid health plan providing
30 behavioral health care services from facilities receiving
31 state funding to provide indigent behavioral health care, to

1 facilities licensed under chapter 395 which do not receive
2 state funding for indigent behavioral health care, or
3 reimburse the unsubsidized facility for the cost of behavioral
4 health care provided to the displaced indigent care patient.

5 7.5. Traditional community mental health providers
6 under contract with the Department of Children and Family
7 Services pursuant to part IV of chapter 394 and inpatient
8 mental health providers licensed pursuant to chapter 395 must
9 be offered an opportunity to accept or decline a contract to
10 participate in any provider network for prepaid behavioral
11 health services.

12 (c) A federally qualified health center or an entity
13 owned by one or more federally qualified health centers or an
14 entity owned by other migrant and community health centers
15 receiving non-Medicaid financial support from the Federal
16 Government to provide health care services on a prepaid or
17 fixed-sum basis to recipients. Such prepaid health care
18 services entity must be licensed under parts I and III of
19 chapter 641, but shall be prohibited from serving Medicaid
20 recipients on a prepaid basis, until such licensure has been
21 obtained. However, such an entity is exempt from s. 641.225
22 if the entity meets the requirements specified in subsections
23 (14) and (15).

24 (d) No more than four provider service networks for
25 demonstration projects to test Medicaid direct contracting.
26 The demonstration projects may be reimbursed on a
27 fee-for-service or prepaid basis. A provider service network
28 which is reimbursed by the agency on a prepaid basis shall be
29 exempt from parts I and III of chapter 641, but must meet
30 appropriate financial reserve, quality assurance, and patient
31 rights requirements as established by the agency. The agency

1 shall award contracts on a competitive bid basis and shall
2 select bidders based upon price and quality of care. Medicaid
3 recipients assigned to a demonstration project shall be chosen
4 equally from those who would otherwise have been assigned to
5 prepaid plans and MediPass. The agency is authorized to seek
6 federal Medicaid waivers as necessary to implement the
7 provisions of this section. A demonstration project awarded
8 pursuant to this paragraph shall be for 4 years from the date
9 of implementation.

10 (e) An entity that provides comprehensive behavioral
11 health care services to certain Medicaid recipients through an
12 administrative services organization agreement. Such an entity
13 must possess the clinical systems and operational competence
14 to provide comprehensive health care to Medicaid recipients.
15 As used in this paragraph, the term "comprehensive behavioral
16 health care services" means covered mental health and
17 substance abuse treatment services that are available to
18 Medicaid recipients. Any contract awarded under this paragraph
19 must be competitively procured. The agency must ensure that
20 Medicaid recipients have available the choice of at least two
21 managed care plans for their behavioral health care services.

22 (f) An entity that provides in-home physician services
23 to test the cost-effectiveness of enhanced home-based medical
24 care to Medicaid recipients with degenerative neurological
25 diseases and other diseases or disabling conditions associated
26 with high costs to Medicaid. The program shall be designed to
27 serve very disabled persons and to reduce Medicaid reimbursed
28 costs for inpatient, outpatient, and emergency department
29 services. The agency shall contract with vendors on a
30 risk-sharing basis.

31

1 (g) Children's provider networks that provide care
2 coordination and care management for Medicaid-eligible
3 pediatric patients, primary care, authorization of specialty
4 care, and other urgent and emergency care through organized
5 providers designed to service Medicaid eligibles under age 18
6 and pediatric emergency departments' diversion programs. The
7 networks shall provide after-hour operations, including
8 evening and weekend hours, to promote, when appropriate, the
9 use of the children's networks rather than hospital emergency
10 departments.

11 (h) An entity authorized in s. 430.205 to contract
12 with the agency and the Department of Elderly Affairs to
13 provide health care and social services on a prepaid or
14 fixed-sum basis to elderly recipients. Such prepaid health
15 care services entities are exempt from the provisions of part
16 I of chapter 641 for the first 3 years of operation. An entity
17 recognized under this paragraph that demonstrates to the
18 satisfaction of the Department of Insurance that it is backed
19 by the full faith and credit of one or more counties in which
20 it operates may be exempted from s. 641.225.

21 (i) A Children's Medical Services network, as defined
22 in s. 391.021.

23 (5) By October 1, 2003, the agency and the department
24 shall, to the extent feasible, develop a plan for implementing
25 new Medicaid procedure codes for emergency and crisis care,
26 supportive residential services, and other services designed
27 to maximize the use of Medicaid funds for Medicaid-eligible
28 recipients. The agency shall include in the agreement
29 developed pursuant to subsection (4) a provision that ensures
30 that the match requirements for these new procedure codes are
31 met by certifying eligible general revenue or local funds that

1 are currently expended on these services by the department
2 with contracted alcohol, drug abuse, and mental health
3 providers. The plan must describe specific procedure codes to
4 be implemented, a projection of the number of procedures to be
5 delivered during fiscal year 2003-2004, and a financial
6 analysis that describes the certified match procedures, and
7 accountability mechanisms, projects the earnings associated
8 with these procedures, and describes the sources of state
9 match. This plan may not be implemented in any part until
10 approved by the Legislative Budget Commission. If such
11 approval has not occurred by December 31, 2003, the plan shall
12 be submitted for consideration by the 2004 Legislature.

13 Section 10. The Agency for Health Care Administration
14 may not implement the prepaid mental health managed care
15 program until a plan has been developed, reviewed, and
16 approved by the Legislative Budget Commission. The plan must
17 be submitted to the Legislative Budget Commission by January
18 1, 2004. The Secretary of Children and Family Services shall
19 conduct a review and develop the plan for ensuring that
20 children and families receiving foster care and other related
21 services are appropriately served and assist the
22 community-based care lead agency in meeting the goals and
23 outcomes of the system. The secretary shall include
24 participation from representatives of community-based care
25 lead agencies, representatives of the Agency for Health Care
26 Administration, community alliances, sheriffs' offices,
27 community providers serving dependent children, and others the
28 secretary deems appropriate.

29 Section 11. Except as otherwise provided, this act
30 shall be implemented within available resources.

31

1 Section 12. This act shall take effect upon becoming a
2 law.
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