

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
23 memorandum of understanding between the
24 corporation and the department; specifying the
25 composition of the corporation; providing for
26 appointments by the Governor, President of the
27 Senate and the Speaker of the House of
28 Representatives; providing direction to the
29 corporation regarding its operation;
30 authorizing advisory committees; requiring
31 financial disclosure by corporation members;

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

1 Department of Children and Family Services and
2 the Agency for Health Care Administration to
3 follow only properly adopted and applicable
4 statutes and rules in monitoring contracted
5 providers; requiring the department to file a
6 State Project Compliance Supplement; amending
7 s. 394.9082, F.S.; modifying the services for
8 which a managing entity is accountable;
9 establishing data system requirements;
10 providing for establishment of a single
11 managing entity for the delivery of substance
12 abuse services to child protective services
13 recipients in specified districts of the
14 department; requires the inclusion of certain
15 not-for-profit providers of child welfare
16 services in the network; providing for a
17 contract; requiring certain information to be
18 kept; requiring an evaluative study; providing
19 for reports to the Governor and Legislature;
20 revising provisions relating to delivery of
21 state-funded mental health services; amending
22 s. 409.912, F.S.; requiring the agency to work
23 with the department to ensure mental health and
24 substance abuse services are accessible to
25 children and families in the child protection
26 system; requiring the Agency for Health Care
27 Administration to seek federal approval to
28 contract with single entities to provide
29 comprehensive behavioral health care services
30 to Medicaid recipients in AHCA areas; requiring
31 the agency to submit a plan for fully

1 implementing capitated prepaid behavioral
2 health care in all areas of the state;
3 providing for implementation of the plan that
4 would vary by the size of the eligible
5 population; authorizing the agency to adjust
6 the capitation rate under specified
7 circumstances; requiring the agency to develop
8 policies and procedures that allow for
9 certification of local funds; requiring current
10 providers of child welfare services be provided
11 an opportunity to participate in the provider
12 network; requiring the agency and the
13 department to develop a plan to implement new
14 Medicaid procedure codes for specified
15 services; providing that match requirements for
16 those procedure codes are met by certifying
17 general revenue with contracted providers;
18 requiring the plan to address specific
19 procedure codes to be implemented, a projection
20 of procedures to be delivered and a financial
21 analysis; requiring approval by the Legislative
22 Budget Commission prior to implementation;
23 directing the plan to be submitted for
24 consideration by the 2004 Legislature if not
25 approved by December 31, 2004; requiring
26 approval by the Legislative Budget Commission
27 prior to implementation; providing effective
28 dates.

29
30 Be It Enacted by the Legislature of the State of Florida:
31

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

3 394.74 Contracts for provision of local substance
4 abuse and mental health programs.--

5 (2)

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

30 Section 2. Section 394.655, Florida Statutes is
31 created to read:

1 394.655 The Substance Abuse and Mental Health
2 Corporation; powers and duties; composition; evaluation and
3 reporting requirements.--

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

24 (2) The Legislature finds that public policy and the
25 State Constitution require that the corporation and any
26 committees it forms be subject to the provisions of chapter
27 119 relating to public records and the provisions of chapter
28 286 relating to public meetings.

29 (3)(a) The Florida Substance Abuse and Mental Health
30 Corporation shall be responsible for oversight of the publicly
31 funded substance abuse and mental health systems and for

1 making policy and resources recommendations which will improve
2 the coordination, quality and efficiency of the system.

3 Subject to and consistent with direction set by the
4 Legislature, the corporation shall exercise the following
5 responsibilities:

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

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

11 3. Provide mechanisms for substance abuse and mental
12 health stakeholders, including consumers, family members,
13 providers, and advocates to provide input concerning the
14 management of the overall system.

15 4. Recommend priorities for service expansion.

16 5. Prepare budget recommendations to be submitted to
17 the appropriate departments for consideration in the
18 development of their legislative budget requests and provide
19 copies to the Governor, President of the Senate and Speaker of
20 the House of Representatives for their consideration.

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

23 7. Make recommendations concerning strategies for
24 improving the performance of the systems.

25 8. Review, assess and forecast substance abuse and
26 mental health manpower needs and work with the department and
27 the educational system to establish policies, consistent with
28 the direction of the Legislature, which will ensure that the
29 state has the personnel it needs to continuously implement and
30 improve its services.

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

6 (c) The corporation shall also work with other
7 agencies of state government which provide, purchase, or fund
8 substance abuse and mental health programs and services in
9 order to work toward fully developed and integrated, when
10 appropriate, substance abuse and mental health systems that
11 reflect current knowledge regarding efficacy and efficiency
12 and use best practices identified within this state or other
13 states.

14 (d) The corporation shall develop memoranda of
15 understanding that describe how it will coordinate with other
16 programmatic areas within the department and with other state
17 agencies that deliver or purchase substance abuse or mental
18 health services.

19 (4) Unless otherwise prohibited by state or federal
20 law, and pursuant to the agreement provided in the contract
21 required in subsection (5), the department shall provide
22 information requested by the corporation in a reasonable
23 manner that allows for timely review by the corporation for
24 items as set forth in subsection (3) and specified in the
25 contract provided for in subsection (5).

26 (5) The corporation and the department must enter into
27 a memorandum of understanding that specifies how the
28 department will consider and respond to the recommendations of
29 the corporation and describes how the department will respond
30 to the corporation's requests for documents, reports, and
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1 proposals needed by the corporation in order for it to carry
2 out its responsibilities as described in paragraph (3)(a).

3 (6)(a) The corporation shall be comprised of 12
4 members, each appointed to a 2-year term, with not more than
5 three subsequent reappointments, except that initial
6 legislative appointments shall be for 3-year terms. Four
7 members shall be appointed by the Governor, four members shall
8 be appointed by the President of the Senate, and four members
9 shall be appointed by the Speaker of the House of
10 Representatives.

11 1. The four members appointed by the Governor must be
12 prominent community or business leaders, two of whom must have
13 experience and interest in substance abuse and two of whom
14 must have experience and interest in mental health.

15 2. Of the four members appointed by the President of
16 the Senate, one member must represent the perspective of
17 community-based care under chapter 409, one member must be a
18 former client or family member of a client of a publicly
19 funded mental health program, and two members must be
20 prominent community or business leaders, one of whom must
21 have experience and interest in substance abuse and one of
22 whom must have experience and interest in mental health.

23 3. Of the four members appointed by the Speaker of the
24 House of Representatives, one member must be a former client
25 or family member of a client of a publicly funded substance
26 abuse program, one member must represent the perspective of
27 the criminal justice system, and two members must be prominent
28 community or business leaders, one of whom must have
29 experience and interest in substance abuse and one of whom
30 must have experience and interest in mental health. The
31 Secretary of the Department of Children and Family Services,

1 or his or her designee, the Secretary of the Agency for Health
2 Care Administration, or his or her designee, and a
3 representative of local government designated by the Florida
4 Association of Counties shall serve as ex officio members of
5 the corporation.

6 (b) The corporation shall be chaired by a member
7 designated by the Governor who may not be a public sector
8 employee.

9 (c) Persons who derive their income from resources
10 controlled by the Department of Children and Family Services
11 or the Agency for Health Care Administration may not be
12 members of the corporation.

13 (d) The Governor, the President of the Senate, and the
14 Speaker of the House of Representatives shall make their
15 respective appointments within 60 days after the effective
16 date of this act.

17 (e) A member of the corporation may be removed by the
18 appointing party for cause. Absence from three consecutive
19 meetings shall result in automatic removal. The chairperson of
20 the corporation shall notify the appointing party of such
21 absences.

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

24 (g) The corporation shall meet at least quarterly and
25 at other times upon the call of its chair. Corporation
26 meetings may be held via teleconference or other electronic
27 means.

28 (h) A majority of the total current membership of the
29 corporation constitutes a quorum of the corporation. The
30 corporation may only meet and take action when a quorum is
31 present.

1 (i) Within resources appropriated by the Legislature
2 and other funds available to the corporation, the chairperson
3 of the corporation may appoint advisory committees to address
4 and advise the corporation on particular issues within its
5 scope of responsibility. Members of advisory committees are
6 not subject to the prohibition in paragraph (c).

7 (j) Members of the corporation and its committees
8 shall serve without compensation but are entitled to
9 reimbursement for travel and per diem expenses pursuant to s.
10 112.061.

11 (k) Each member of the corporation who is not
12 otherwise required to file a financial disclosure statement
13 pursuant to s. 8, Art. II of the State Constitution or s.
14 112.3144 must file disclosure of financial interests pursuant
15 to s. 112.3145.

16 (7) Funds for the corporation shall be appropriated in
17 a special category. The corporation may purchase expert
18 consultation and staff support services necessary to perform
19 its duties from funds appropriated to the department for this
20 purpose. In addition, within resources appropriated to the
21 department for the corporation, the corporation may appoint
22 one employee who shall serve as the liaison between the
23 corporation, the state agencies and organizations with which
24 the corporation contracts or enters into memoranda of
25 agreement. This employee shall be appointed by and serve at
26 the pleasure of the corporation and is an employee of the
27 corporation, not of the state. Provision of other staff
28 support required by the corporation shall be provided by the
29 department as negotiated in the contract developed pursuant to
30 subsection (5).

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1 (8) The corporation must develop a budget request for
2 its operation and must submit the request to the Governor and
3 the Legislature pursuant to chapter 216 through the secretary
4 of the department.

5 (9) The corporation shall provide for an annual
6 financial audit of its financial accounts and records by an
7 independent certified public accountant. The annual audit
8 report shall include a management letter in accordance with s.
9 11.45 and a detailed supplemental schedule of expenditures for
10 each expenditure category. The annual audit report must be
11 submitted to the Governor, the department, and the Auditor
12 General for review.

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

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

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

3 Section 4. By February 1, 2006, the Office of Program
4 Policy Analysis and Government Accountability and the Auditor
5 General shall jointly conduct an evaluation of the state's
6 substance abuse and mental health systems and its management.
7 The evaluation shall, at a minimum, address the extent to
8 which the corporation has carried out its responsibilities as
9 described in section 394.655 (3)(a), Florida Statutes, the
10 degree to which the department and other affected state
11 agencies have cooperated with the corporation as directed in
12 section 394.655, Florida Statutes, and the impact the
13 organizational changes described in sections 20.19 (2)(c) and
14 394.655, Florida Statutes, as created by this act have had on
15 the substance abuse and mental health systems in the following
16 areas:

17 1. The coordination of services delivered or paid for
18 by the various departments involved in delivering or
19 purchasing state funded mental health or substance abuse
20 services.

21 2. The efficiency of service delivery to clients for
22 whom the responsibility for care moves from one department of
23 state government to another.

24 3. The overall quality of publicly funded substance
25 abuse and mental health services and its consistency across
26 departments.

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

28 5. The collection and analysis of common information
29 which describes the services delivered and outcomes achieved
30 for individuals receiving state funded mental health and
31 substance abuse services.

1 6. The satisfaction of service recipients and of
2 Florida's communities with the state funded mental health and
3 substance abuse service delivery system. The evaluation shall
4 commence with the initial operation of the corporation. An
5 initial report and a final report of the evaluation must be
6 submitted to the Governor, President of the Senate, and
7 Speaker of the House of Representatives by February 1, 2005
8 and 2006, respectively. The final report must include
9 recommendations concerning the future of the corporation and
10 the structure of the state's mental health and substance abuse
11 authority and their placement.

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

16 20.19 Department of Children and Family
17 Services.--There is created a Department of Children and
18 Family Services.

19 (2) SECRETARY OF CHILDREN AND FAMILY SERVICES; DEPUTY
20 SECRETARY.--

21 (c)1. The secretary shall appoint an Assistant
22 Secretary for Substance Abuse and Mental Health. The assistant
23 secretary shall serve at the pleasure of the secretary and
24 must have expertise in both areas of responsibility.

25 2. The secretary shall appoint a Program Director for
26 Substance Abuse and a Program Director for Mental Health who
27 have the requisite expertise and experience in their
28 respective fields to head the state's substance abuse and
29 mental health programs.

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1 a. Each program director shall have line authority
2 over all district substance abuse and mental health program
3 management staff.

4 b. The assistant secretary shall enter into a
5 memorandum of understanding with each district or region
6 administrator, which must be approved by the secretary or the
7 secretary's designee, describing the working relationships
8 within each geographic area.

9 c. The mental health institutions shall report to the
10 Program Director for Mental Health.

11 d. Each program director shall have direct control
12 over the program's budget and contracts for services. Support
13 staff necessary to manage budget and contracting functions
14 within the department shall be placed under the supervision of
15 the program directors.

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

18 Section 7. Section 394.741, Florida Statutes, is
19 amended to read:

20 394.741 Accreditation requirements for providers of
21 behavioral health care services.--

22 (1) As used in this section, the term "behavioral
23 health care services" means mental health and substance abuse
24 treatment services.

25 (2) Notwithstanding any provision of law to the
26 contrary, accreditation shall be accepted by the agency and
27 department in lieu of the agency's and department's facility
28 licensure onsite review requirements and shall be accepted as
29 a substitute for the department's administrative and program
30 monitoring requirements, except as required by subsections (3)
31 and (4), for:

1 (a) Any organization from which the department
2 purchases behavioral health care services that is accredited
3 by the Joint Commission on Accreditation of Healthcare
4 Organizations or the Council on Accreditation for Children and
5 Family Services, or has those services that are being
6 purchased by the department accredited by CARF--the
7 Rehabilitation Accreditation Commission.

8 (b) Any mental health facility licensed by the agency
9 or any substance abuse component licensed by the department
10 that is accredited by the Joint Commission on Accreditation of
11 Healthcare Organizations, CARF--the Rehabilitation
12 Accreditation Commission, or the Council on Accreditation of
13 Children and Family Services.

14 (c) Any network of providers from which the department
15 or the agency purchases behavioral health care services
16 accredited by the Joint Commission on Accreditation of
17 Healthcare Organizations, CARF--the Rehabilitation
18 Accreditation Commission, the Council on Accreditation of
19 Children and Family Services, or the National Committee for
20 Quality Assurance. A provider organization, which is part of
21 an accredited network, is afforded the same rights under this
22 part.

23 (3) For organizations accredited as set forth in
24 subsection (2). Before the department or the agency conducts
25 additional monitoring for mental health services, the
26 department and the agency must adopt rules ~~mental health~~
27 ~~services, the department and the agency may adopt rules that~~
28 establish:

29 (a) Additional standards for monitoring and licensing
30 accredited programs and facilities that the department and the
31 agency have determined are not specifically and distinctly

1 covered by the accreditation standards and processes. These
2 standards and the associated monitoring must not duplicate the
3 standards and processes already covered by the accrediting
4 bodies.

5 (b) An onsite monitoring process between 24 months and
6 36 months after accreditation for nonresidential facilities to
7 assure that accredited organizations exempt from licensing and
8 monitoring activities under this part continue to comply with
9 critical standards.

10 (c) An onsite monitoring process between 12 months and
11 24 months after accreditation for residential facilities to
12 assure that accredited organizations exempt from licensing and
13 monitoring activities under this part continue to comply with
14 critical standards.

15 (4) For substance abuse services, the department shall
16 conduct full licensure inspections every 3 years and shall
17 develop in rule criteria which would justify more frequent
18 inspections.

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

29 (6) The department or agency, by accepting the survey
30 or inspection of an accrediting organization, does not forfeit
31 its rights to monitor for the purpose of ensuring that

1 services for which the department has paid were provided. The
2 department may investigate complaints or suspected problems
3 and to monitor the provider's compliance with negotiated terms
4 and conditions, including provisions relating to consent
5 decrees, which are unique to a specific contract and are not
6 statements of general applicability. The department may
7 monitor compliance with federal and state statutes, federal
8 regulations, or state administrative rules, if such monitoring
9 does not duplicate the review of accreditation standards or
10 independent audits pursuant to subsections (3) and (8).
11 ~~perform inspections at any time, including contract monitoring~~
12 ~~to ensure that deliverables are provided in accordance with~~
13 ~~the contract.~~

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

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

30 ~~(9)(7)~~ The department and the agency shall report to
31 the Legislature by January 1, 2003, on the viability of

1 mandating all organizations under contract with the department
2 for the provision of behavioral health care services, or
3 licensed by the agency or department to be accredited. The
4 department and the agency shall also report to the Legislature
5 by January 1, 2003, on the viability of privatizing all
6 licensure and monitoring functions through an accrediting
7 organization.

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

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

16 394.9082 Behavioral health service delivery
17 strategies.--

18 (4) CONTRACT FOR SERVICES.--

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

1 maximum efficiency. Notwithstanding the provisions of s.
2 409.912(3)(b)1. and 2., at least one service delivery strategy
3 must be in one of the service districts in the catchment area
4 of G. Pierce Wood Memorial Hospital.

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

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

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

14 3. Use prepaid per capita and prepaid aggregate
15 fixed-sum payment methodologies; ~~and~~

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

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

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1 (5) STATEWIDE ACTIONS. ~~--If Medicaid appropriations for~~
2 ~~Community Mental Health Services or Mental Health Targeted~~
3 ~~Case Management are reduced in fiscal year 2001-2002,~~The
4 agency and the department shall jointly develop and implement
5 strategies that reduce service costs in a manner that
6 mitigates the impact on persons in need of those services. The
7 agency and department may employ any methodologies on a
8 regional or statewide basis necessary to achieve the
9 reduction, including but not limited to use of case rates,
10 prepaid per capita contracts, utilization management, expanded
11 use of care management, use of waivers from the Centers for
12 Medicare and Medicaid Services Health Care Financing
13 ~~Administration~~ to maximize federal matching of current local
14 and state funding, modification or creation of additional
15 procedure codes, and certification of match or other
16 management techniques. The department may contract with a
17 single managing entity or provider network that shall be
18 responsible for delivering state-funded mental health and
19 substance-abuse services. Any not-for-profit agency providing
20 Medicaid reimbursed mental health or substance abuse services
21 to dependent children as of May 1, 2003, shall be included in
22 the network. The managing entity shall coordinate its delivery
23 of mental-health and substance-abuse services with all prepaid
24 mental health plans in the region or the district. The
25 department may include in its contract with the managing
26 entity data-management and data-reporting requirements,
27 clinical program management, and administrative functions.
28 Before the department contracts for these functions with the
29 provider network, the department shall determine that the
30 entity has the capacity and capability to assume these
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1 functions. The roles and responsibilities of each party must
2 be clearly delineated in the contract.

3 (8) EXPANSION IN DISTRICTS 4 AND 12.--The department
4 shall work with community agencies to establish a single
5 managing entity for districts 4 and 12 accountable for the
6 delivery of substance abuse services to child protective
7 services recipients in the two districts. The purpose of this
8 strategy is to enhance the coordination of substance abuse
9 services with community-based care agencies and the
10 department. The department shall work with affected
11 stakeholders to develop and implement a plan that allows the
12 phase-in of services beginning with the delivery of substance
13 abuse services, with phase-in of subsequent substance abuse
14 services agreed upon by the managing entity and authorized by
15 the department, providing the necessary technical assistance
16 to assure provider and district readiness for implementation.
17 When a single managing entity is established and meets
18 readiness requirements, the department may enter into a
19 noncompetitive contract with the entity. The department shall
20 maintain detailed information on the methodology used for
21 selection and a justification for the selection. Performance
22 objectives shall be developed which ensure that services that
23 are delivered directly affect and complement the child's
24 permanency plan. During the initial planning and
25 implementation phase of this project, the requirements in
26 subsections (6) and (7) are waived. Considering the critical
27 substance abuse problems experienced by many families in the
28 child protection system, the department shall initiate the
29 implementation of the substance abuse delivery component of
30 this program without delay and furnish status reports to the
31 appropriate substantive committees of the Senate and the House

1 of Representatives no later than February 29, 2004, and
2 February 28, 2005. The integration of all services agreed upon
3 by the managing entity and authorized by the department must
4 be completed within 2 years after project initiation. Ongoing
5 monitoring and evaluation of this strategy shall be conducted
6 in accordance with subsection (9).

7 (9)~~(8)~~ MONITORING AND EVALUATION.--The Department of
8 Children and Family Services and the Agency for Health Care
9 Administration shall provide routine monitoring and oversight
10 of and technical assistance to the managing entities. The
11 Louis de la Parte Florida Mental Health Institute shall
12 conduct an ongoing formative evaluation of each strategy to
13 identify the most effective methods and techniques used to
14 manage, integrate, and deliver behavioral health services. The
15 entity conducting the evaluation shall report to the
16 Department of Children and Family Services, the Agency for
17 Health Care Administration, the Executive Office of the
18 Governor, and the Legislature every 12 months regarding the
19 status of the implementation of the service delivery
20 strategies. The report must include a summary of activities
21 that have occurred during the past 12 months of implementation
22 and any problems or obstacles that have in the past, or may in
23 the future, prevent ~~prevented, or may prevent in the future,~~
24 the managing entity from achieving performance goals ~~and~~
25 ~~measures~~. The first status report is due January 1, 2002.
26 After the service delivery strategies have been operational
27 for 1 year, the status report must include an analysis of
28 administrative costs and the status of the achievement of
29 performance outcomes. By December 31, 2006, the Louis de la
30 Parte Florida Mental Health Institute, as a part of the
31 ongoing formative evaluation of each strategy, must conduct a

1 study of the strategies established in Districts 1, 8, 4, and
2 12 under this section, and must include an assessment of best
3 practice models in other states. The study must address
4 programmatic outcomes that include, but are not limited to,
5 timeliness of service delivery, effectiveness of treatment
6 services, cost-effectiveness of selected models, and customer
7 satisfaction with services. Based upon the results of this
8 study, the department and the Agency for Health Care
9 Administration, in consultation with the managing entities,
10 must provide a report to the Executive Office of the Governor,
11 the President of the Senate, and the Speaker of the House of
12 Representatives. This report must contain recommendations for
13 the statewide implementation of successful strategies,
14 including any modifications to the strategies, the
15 identification and prioritization of strategies to be
16 implemented, and timeframes for statewide completion that
17 include target dates to complete milestones as well as a date
18 for full statewide implementation.~~Upon receiving the annual~~
19 ~~report from the evaluator, the Department of Children and~~
20 ~~Family Services and the Agency for Health Care Administration~~
21 ~~shall jointly make any recommendations to the Executive Office~~
22 ~~of the Governor regarding changes in the service delivery~~
23 ~~strategies or in the implementation of the strategies,~~
24 ~~including timeframes.~~

25 Section 9. Present subsections (1), (2), and (3) of
26 section 409.912, Florida Statutes, are redesignated as
27 subsections (2), (3), and (4), respectively, and a new
28 subsection (1) is added to that section, present subsection
29 (3) of that section is amended, present subsections (4)
30 through (40) are redesignated as subsections (6) through (42),
31

1 respectively, and a new subsection (5) is added to that
2 section to read:

3 409.912 Cost-effective purchasing of health care.--The
4 agency shall purchase goods and services for Medicaid
5 recipients in the most cost-effective manner consistent with
6 the delivery of quality medical care. The agency shall
7 maximize the use of prepaid per capita and prepaid aggregate
8 fixed-sum basis services when appropriate and other
9 alternative service delivery and reimbursement methodologies,
10 including competitive bidding pursuant to s. 287.057, designed
11 to facilitate the cost-effective purchase of a case-managed
12 continuum of care. The agency shall also require providers to
13 minimize the exposure of recipients to the need for acute
14 inpatient, custodial, and other institutional care and the
15 inappropriate or unnecessary use of high-cost services. The
16 agency may establish prior authorization requirements for
17 certain populations of Medicaid beneficiaries, certain drug
18 classes, or particular drugs to prevent fraud, abuse, overuse,
19 and possible dangerous drug interactions. The Pharmaceutical
20 and Therapeutics Committee shall make recommendations to the
21 agency on drugs for which prior authorization is required. The
22 agency shall inform the Pharmaceutical and Therapeutics
23 Committee of its decisions regarding drugs subject to prior
24 authorization.

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

29 ~~(4)(3)~~ The agency may contract with:

30 (a) An entity that provides no prepaid health care
31 services other than Medicaid services under contract with the

1 agency and which is owned and operated by a county, county
2 health department, or county-owned and operated hospital to
3 provide health care services on a prepaid or fixed-sum basis
4 to recipients, which entity may provide such prepaid services
5 either directly or through arrangements with other providers.
6 Such prepaid health care services entities must be licensed
7 under parts I and III by January 1, 1998, and until then are
8 exempt from the provisions of part I of chapter 641. An entity
9 recognized under this paragraph which demonstrates to the
10 satisfaction of the Department of Insurance that it is backed
11 by the full faith and credit of the county in which it is
12 located may be exempted from s. 641.225.

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

1 plan to ensure compliance with s. 394.4574 related to services
2 provided to residents of licensed assisted living facilities
3 that hold a limited mental health license. The agency shall
4 seek federal approval to contract with a single entity meeting
5 these requirements to provide comprehensive behavioral health
6 care services to all Medicaid recipients in an AHCA area. Each
7 entity must offer sufficient choice of providers in its
8 network to ensure recipient access to care and the opportunity
9 to select a provider with whom they are satisfied. The network
10 shall include all public mental health hospitals.~~The agency~~
11 ~~must ensure that Medicaid recipients have available the choice~~
12 ~~of at least two managed care plans for their behavioral health~~
13 ~~care services.~~To ensure unimpaired access to behavioral
14 health care services by Medicaid recipients, all contracts
15 issued pursuant to this paragraph shall require 80 percent of
16 the capitation paid to the managed care plan, including health
17 maintenance organizations, to be expended for the provision of
18 behavioral health care services. In the event the managed care
19 plan expends less than 80 percent of the capitation paid
20 pursuant to this paragraph for the provision of behavioral
21 health care services, the difference shall be returned to the
22 agency. The agency shall provide the managed care plan with a
23 certification letter indicating the amount of capitation paid
24 during each calendar year for the provision of behavioral
25 health care services pursuant to this section. The agency may
26 reimburse for substance-abuse-treatment services on a
27 fee-for-service basis until the agency finds that adequate
28 funds are available for capitated, prepaid arrangements.

29 1. By January 1, 2001, the agency shall modify the
30 contracts with the entities providing comprehensive inpatient
31 and outpatient mental health care services to Medicaid

1 recipients in Hillsborough, Highlands, Hardee, Manatee, and
2 Polk Counties, to include substance-abuse-treatment services.

3 2. By July 1, 2003, the agency and the Department of
4 Children and Family Services shall execute a written agreement
5 that requires collaboration and joint development of all
6 policy, budgets, procurement documents, contracts, and
7 monitoring plans that have an impact on the state and Medicaid
8 community mental health and targeted case management programs.

9 3. By July 1, 2006, the agency and the Department of
10 Children and Family Services shall contract with managed care
11 entities in each AHCA area except area 6 or arrange to provide
12 comprehensive inpatient and outpatient mental health and
13 substance abuse services through capitated prepaid
14 arrangements to all Medicaid recipients who are eligible to
15 participate in such plans under federal law and regulation. In
16 AHCA areas where eligible individuals number less than
17 150,000, the agency shall contract with a single managed care
18 plan. The agency may contract with more than one plan in AHCA
19 areas where the eligible population exceeds 150,000. Contracts
20 awarded pursuant to this section shall be competitively
21 procured. Both for-profit and not-for-profit corporations
22 shall be eligible to compete.

23 4. By October 1, 2003, the agency and the department
24 shall submit a plan to the Governor, the President of the
25 Senate, and the Speaker of the House of Representatives which
26 provides for the full implementation of capitated prepaid
27 behavioral health care in all areas of the state. The plan
28 shall include provisions which ensure that children and
29 families receiving foster care and other related services are
30 appropriately served and that these services assist the
31 community based care lead agencies in meeting the goals and

1 outcomes of the child welfare system. The plan will be
2 developed with the participation of community based lead
3 agencies, community alliances, sheriffs and community
4 providers serving dependent children.

5 a. Implementation shall begin in 2003 in those AHCA
6 areas of the state where the agency is able to establish
7 sufficient capitation rates.

8 b. If the agency determines that the proposed
9 capitation rate in any area is insufficient to provide
10 appropriate services, the agency may adjust the capitation
11 rate to ensure that care will be available. The agency and the
12 department may use existing general revenue to address any
13 additional required match but may not over-obligate existing
14 funds on an annualized basis.

15 c. Subject to any limitations provided for in the
16 General Appropriations Act, the agency, in compliance with
17 appropriate federal authorization, shall develop policies and
18 procedures that allow for certification of local and state
19 funds.

20 ~~2. By December 31, 2001, the agency shall contract~~
21 ~~with entities providing comprehensive behavioral health care~~
22 ~~services to Medicaid recipients through capitated, prepaid~~
23 ~~arrangements in Charlotte, Collier, DeSoto, Escambia, Glades,~~
24 ~~Hendry, Lee, Okaloosa, Pasco, Pinellas, Santa Rosa, Sarasota,~~
25 ~~and Walton Counties. The agency may contract with entities~~
26 ~~providing comprehensive behavioral health care services to~~
27 ~~Medicaid recipients through capitated, prepaid arrangements in~~
28 ~~Alachua County. The agency may determine if Sarasota County~~
29 ~~shall be included as a separate catchment area or included in~~
30 ~~any other agency geographic area.~~

31

1 ~~5.3.~~ Children residing in a statewide inpatient
2 psychiatric program, or in a Department of Juvenile Justice or
3 a Department of Children and Family Services residential
4 program approved as a Medicaid behavioral health overlay
5 services provider shall not be included in a behavioral health
6 care prepaid health plan pursuant to this paragraph.

7 ~~6.4.~~ In converting to a prepaid system of delivery,
8 the agency shall in its procurement document require an entity
9 providing comprehensive behavioral health care services to
10 prevent the displacement of indigent care patients by
11 enrollees in the Medicaid prepaid health plan providing
12 behavioral health care services from facilities receiving
13 state funding to provide indigent behavioral health care, to
14 facilities licensed under chapter 395 which do not receive
15 state funding for indigent behavioral health care, or
16 reimburse the unsubsidized facility for the cost of behavioral
17 health care provided to the displaced indigent care patient.

18 ~~7.5.~~ Traditional community mental health providers
19 under contract with the Department of Children and Family
20 Services pursuant to part IV of chapter 394, child welfare
21 providers under contract with the Department of Children and
22 Families and inpatient mental health providers licensed
23 pursuant to chapter 395 must be offered an opportunity to
24 accept or decline a contract to participate in any provider
25 network for prepaid behavioral health services.

26 (c) A federally qualified health center or an entity
27 owned by one or more federally qualified health centers or an
28 entity owned by other migrant and community health centers
29 receiving non-Medicaid financial support from the Federal
30 Government to provide health care services on a prepaid or
31 fixed-sum basis to recipients. Such prepaid health care

1 services entity must be licensed under parts I and III of
2 chapter 641, but shall be prohibited from serving Medicaid
3 recipients on a prepaid basis, until such licensure has been
4 obtained. However, such an entity is exempt from s. 641.225
5 if the entity meets the requirements specified in subsections
6 (14) and (15).

7 (d) No more than four provider service networks for
8 demonstration projects to test Medicaid direct contracting.
9 The demonstration projects may be reimbursed on a
10 fee-for-service or prepaid basis. A provider service network
11 which is reimbursed by the agency on a prepaid basis shall be
12 exempt from parts I and III of chapter 641, but must meet
13 appropriate financial reserve, quality assurance, and patient
14 rights requirements as established by the agency. The agency
15 shall award contracts on a competitive bid basis and shall
16 select bidders based upon price and quality of care. Medicaid
17 recipients assigned to a demonstration project shall be chosen
18 equally from those who would otherwise have been assigned to
19 prepaid plans and MediPass. The agency is authorized to seek
20 federal Medicaid waivers as necessary to implement the
21 provisions of this section. A demonstration project awarded
22 pursuant to this paragraph shall be for 4 years from the date
23 of implementation.

24 (e) An entity that provides comprehensive behavioral
25 health care services to certain Medicaid recipients through an
26 administrative services organization agreement. Such an entity
27 must possess the clinical systems and operational competence
28 to provide comprehensive health care to Medicaid recipients.
29 As used in this paragraph, the term "comprehensive behavioral
30 health care services" means covered mental health and
31 substance abuse treatment services that are available to

1 Medicaid recipients. Any contract awarded under this paragraph
2 must be competitively procured. The agency must ensure that
3 Medicaid recipients have available the choice of at least two
4 managed care plans for their behavioral health care services.

5 (f) An entity that provides in-home physician services
6 to test the cost-effectiveness of enhanced home-based medical
7 care to Medicaid recipients with degenerative neurological
8 diseases and other diseases or disabling conditions associated
9 with high costs to Medicaid. The program shall be designed to
10 serve very disabled persons and to reduce Medicaid reimbursed
11 costs for inpatient, outpatient, and emergency department
12 services. The agency shall contract with vendors on a
13 risk-sharing basis.

14 (g) Children's provider networks that provide care
15 coordination and care management for Medicaid-eligible
16 pediatric patients, primary care, authorization of specialty
17 care, and other urgent and emergency care through organized
18 providers designed to service Medicaid eligibles under age 18
19 and pediatric emergency departments' diversion programs. The
20 networks shall provide after-hour operations, including
21 evening and weekend hours, to promote, when appropriate, the
22 use of the children's networks rather than hospital emergency
23 departments.

24 (h) An entity authorized in s. 430.205 to contract
25 with the agency and the Department of Elderly Affairs to
26 provide health care and social services on a prepaid or
27 fixed-sum basis to elderly recipients. Such prepaid health
28 care services entities are exempt from the provisions of part
29 I of chapter 641 for the first 3 years of operation. An entity
30 recognized under this paragraph that demonstrates to the
31 satisfaction of the Department of Insurance that it is backed

1 by the full faith and credit of one or more counties in which
2 it operates may be exempted from s. 641.225.

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

5 (5) By October 1, 2003, the agency and the department
6 shall, to the extent feasible, develop a plan for implementing
7 new Medicaid procedure codes for emergency and crisis care,
8 supportive residential services, and other services designed
9 to maximize the use of Medicaid funds for Medicaid-eligible
10 recipients. The agency shall include in the agreement
11 developed pursuant to subsection (4) a provision that ensures
12 that the match requirements for these new procedure codes are
13 met by certifying eligible general revenue or local funds that
14 are currently expended on these services by the department
15 with contracted alcohol, drug abuse, and mental health
16 providers. The plan must describe specific procedure codes to
17 be implemented, a projection of the number of procedures to be
18 delivered during fiscal year 2003-2004, and a financial
19 analysis that describes the certified match procedures, and
20 accountability mechanisms, projects the earnings associated
21 with these procedures, and describes the sources of state
22 match. This plan may not be implemented in any part until
23 approved by the Legislative Budget Commission. If such
24 approval has not occurred by December 31, 2003, the plan shall
25 be submitted for consideration by the 2004 Legislature.

26 Section 10. Except as otherwise provided, this act
27 shall be implemented within available resources.

28 Section 11. This act shall take effect upon becoming a
29 law.

30
31