

1  
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.  
31

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  
31

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  
31

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.

31

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  
31

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