

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: SB 466
 SPONSOR: Senator Wasserman Schultz
 SUBJECT: Florida Kidcare Program
 DATE: April 3, 2003 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Johnson</u>	<u>Deffenbaugh</u>	<u>BI</u>	<u>Favorable</u>
2.	_____	_____	<u>HC</u>	_____
3.	_____	_____	<u>AHS</u>	_____
4.	_____	_____	<u>AP</u>	_____
5.	_____	_____	<u>RC</u>	_____
6.	_____	_____	_____	_____

I. Summary:

The bill would make Florida Kidcare coverage available to an uninsured parent, guardian, or caretaker relative of child enrolled in Kidcare. Presently, there is no provision for Kidcare coverage for adults, except for the parent or caretaker relative of a child receiving Medicaid under Title XIX of the federal Social Security Act. Enrollment would not be an entitlement and would be subject to certain limitations and separate cost-sharing premiums. Nonpayment of the parent’s premium would not affect the child’s enrollment. The bill also provides the option of paying the full premium if family income is over 200 percent of the federal poverty level.

This bill creates section 409.8141 of the Florida Statutes.

II. Present Situation:

Florida’s Kidcare program was created by the 1998 Legislature to make affordable health insurance available to low and moderate income Florida children. Kidcare is an “umbrella” program that currently includes the following four components: Medicaid for children; Medikids; the Healthy Kids program; and the Children’s Medical Services (CMS) Network, which includes a behavioral health component. The Kidcare program is designed to maximize coverage for eligible children and federal funding participation for Florida, while avoiding the creation of an additional entitlement program under Medicaid. The Kidcare Coordinating Council, located in the Department of Health, is charged with responsibility for making recommendations concerning the implementation and operation of the program.

The Florida Healthy Kids program component of Kidcare is administered by the non-profit Florida Healthy Kids Corporation (FHKC), established in s. 624.91, F.S. Florida’s Healthy Kids program existed prior to the implementation of the federal Title XXI State Child Health

Insurance Program. Florida was one of three states to have the benefit package of an existing child health insurance program grandfathered in as part of the Balanced Budget Act of 1997, which created the federal State Child Health Insurance Program.¹ The Healthy Kids Corporation contracts with a fiscal agent to perform initial eligibility screening for the program and final eligibility determination for children who are not Medicaid eligible. The fiscal agent refers children who appear to be eligible for Medicaid to the Department of Children and Family Services (DCF) for Medicaid eligibility determination and children who appear to have a special health care need to Children's Medical Services for evaluation. The Healthy Kids Corporation fiscal agent generates bills for co-payments for those participants who are required to pay a portion of the premium for their coverage.

The eligibility requirements for the four Kidcare components are as follows:

Medicaid - for children who qualify for Title XIX under the following income limits: ages 0 up to 1 up to 200 percent of the Federal Poverty Level (FPL); ages 1 up to 5 up to 133 percent of FPL; and ages 6 up to 19 up to 100 percent FPL.

Medikids - for children ages 1 up to 4 who qualify for Title XXI with incomes up to 200 percent FPL.

Healthy Kids - for children ages 5 up to 19 who qualify for Title XXI up to 200 percent FPL. A limited number of children who have family incomes over 200 percent of FPL are enrolled in the Florida Healthy Kids Corporation full-pay category. In this category, the family pays the entire cost of coverage.

The CMS Network acts as a "wrap around" service – providing care to children in any of the Kidcare eligibility categories who have serious health care problems.

Medikids uses the Medicaid infrastructure, offering the same provider choices and package of benefits. The Florida Healthy Kids Corporation contracts with managed care plans throughout the state. All applicants for Florida Kidcare complete one simplified application. Pursuant to federal law, each application is screened for the child's eligibility for Title XIX Medicaid. If eligible, the child is enrolled immediately into that program. If not eligible, the application is processed for Title XXI and if eligible, the child is enrolled into the appropriate Kidcare component. With the exception of the Medicaid component, the Florida Kidcare program is not an entitlement.

Enrollment was initiated on October 1, 1998, and approximately 1.5 million children are presently enrolled in the various components of Kidcare Program, as of March 2003.²

III. Effect of Proposed Changes:

Section 1 creates s. 409.8141, F.S., which provides eligibility for an uninsured parent, guardian or caretaker relative whose child is enrolled in the Florida Kidcare program.

¹ Public Law 105-33.

² Agency for Health Care Administration, Florida KidCare Enrollment March 2003 Final Report.

Subsection (1) provides that the enrollment of a parent, guardian, or relative caretaker is subject to the availability of funds and any limitations established in the state's General Appropriations Act or ch. 216, F.S.

Subsection (2) provides for separate cost-sharing requirements or premiums for adults from those of children. Nonpayment of the premiums or costs-sharing requirements for a parent, guardian, or relative caretaker would not be grounds for disenrollment of a child in that family.

Subsection (3) creates the opportunity for families with income over 200 percent of the federal poverty level to pay the full premium plus administrative costs, to obtain coverage for a parent, guardian or relative caretaker.

Subsection (4) provides that eligibility created in s. 409.8141, F.S., will not be an entitlement, and that the Florida Healthy Kids Corporation's Board of Directors may limit enrollment to comply with the General Appropriations Act. Provides that these enrollees would not be included in the enrollment limitations established for the Florida Kidcare program.

Section 2 provides that this act takes effect October 1, 2003.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

By providing affordable coverage to an uninsured parent, guardian, or relative caretaker, families may be more likely to obtain and maintain insurance coverage, resulting in better health and more preventive health care.

By adding additional members to the Florida Kidcare program, the time frame for reaching the adverse effects of reductions in federal funding of the state children's

insurance program (SCHIP) would be shortened. This could mean imposing a waiting list, decreasing enrollment, or limiting the benefits package currently offered to existing Kidcare members.

The effects of crowd-out may be greater for this newly covered population. Crowd-out occurs when a beneficiary cancels or refuses private or employer-based insurance in order to receive this more affordable health insurance alternative.

C. Government Sector Impact:

Department of Health

The Department of Health, which administers outreach for Kidcare, estimates that it will incur implementation costs of \$300,000 associated with providing educational and informational materials to newly eligible persons.

Agency for Health Care Administration

Presently, the Florida Healthy Kids Corporation contracts with providers are based on services for children and these contracts would need to be expanded to provide services for adults and the benefit package for adults would need to be developed.

According to the Agency for Health Care Administration, insuring adults would have a significant fiscal impact. Florida, along with 18 other states, is facing major federal reductions in state children insurance program (SCHIP) allocations, for fiscal years 2002 through 2004. The agency states that, unless congressional action is taken to increase SCHIP funding, this problem known as “Chip-Dip,” may force Florida to consider such strategies as reductions in services, enrollment limits, waiting lists, and or reductions in provider payments.

Florida was projected to feel the effects of reductions in 2003, when the level of federal SCHIP expenditures needed to sustain Florida’s projected Kidcare enrollment will exceed the total federal SCHIP funds available for a year. However, because there is a 3-year period to spend a federal allocation for a specific federal fiscal year, it is estimated that Florida has sufficient federal funding for the current Kidcare Program until FY 2004-05. Insuring a new population of adults will reduce the time it takes to reach this point, and require action in the form of earlier cutbacks.

1 Non-Recurring Impact: - None for FY 2003-04 and FY 2004-05.

2. Recurring Impact:

Revenues:

	<u>(FY 03-04)</u>	<u>(FY 04-05)</u>
Title XXI (SCHIP)	\$502,317,824	\$669,757,099
Total Recurring Revenues	\$502,317,824	\$669,757,099

Under current projections for Title XXI expenditures, Florida’s allocation of Title XXI funds will not be sufficient to fund the current program for children in FY 2004-05. The state’s expenditures now exceed the allocation for one year. Because the state has 3 years

to spend an allocation for a specific federal fiscal year, the state can continue to cover the current program through FY 2003-04 without major change. There is no guarantee that federal funds will be available to Florida under the current Title XXI program and funding allocations.

Expenditures:

	<u>(FY 03-04)</u>	<u>(FY 04-05)</u>
Contracts with Insurance Plans/Fiscal Administrator		
266,144 parents X \$291 Premium X 9 months	\$697,031,136	0
266,144 parents X \$3.33 Admin Cost X 9 months	\$7,976,336	0
266,144 parents X \$291 Premium X 12 months	0	\$929,374,848
266,144 parents X \$3.33 Admin Cost X 12 months	<u>0</u>	<u>\$10,635,114</u>
Total Recurring Expenditures	\$705,007,472	\$940,009,962

Funding of Expenditures:

Medical Care Trust Fund	71.25%	\$502,317,824	\$669,757,099
General Revenue Fund	28.25%	\$202,689,648	\$270,252,863
	100.00%	\$705,007,472	\$940,009,962

VI. Technical Deficiencies:

The bill may conflict with the existing eligibility requirements for Medikids (which, pursuant to s. 409.8132(6), is limited to children between the ages of 1 and 5), Florida Healthy Kids Corporation (which is intended to provide services to school age children with a family income below 200 percent of the federal poverty level, although the corporation may serve other children pursuant to s. 624.91, F.S.), and the Children’s Medical Services Network. (see s. 391.029, F.S.)

VII. Related Issues:

Section 1 of the bill does not address how the parent’s enrollment would be affected when an actively enrolled child is temporarily suspended for 60 days due to nonpayment or late payment of a monthly premium. Since the parent, guardian or caretaker relative’s eligibility is based on the child’s enrollment in Kidcare, clarification may be needed relating to this situation.

VIII. Amendments:

None.