

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: CS/SB 694
SPONSOR: Health, Aging, and Long-Term Care Committee and Senator Saunders
SUBJECT: Medicaid Services
DATE: March 11, 2003 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Munroe</u>	<u>Wilson</u>	<u>HC</u>	<u>Favorable/CS</u>
2.	_____	_____	<u>AHS</u>	_____
3.	_____	_____	<u>AP</u>	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

The bill provides for Medicaid to cover persons under age 65 who are hospitalized in a state-approved trauma center for multiple significant trauma diagnosis related groups, and whose family income after deductions for uninsured medical expenses is at or below 200 percent of the federal poverty level, effective July 1, 2003.

This bill substantially amends section 409.904, Florida Statutes.

II. Present Situation:

The Medicaid Program

Medicaid is a medical assistance program that pays for health care for the poor and disabled. The federal government, the state, and the counties jointly fund the program. The federal government, through law and regulations, has established extensive requirements for the Medicaid Program. The Agency for Health Care Administration (AHCA) is the single state agency responsible for the Florida Medicaid Program. The Department of Children and Family Services is responsible for determining Medicaid eligibility and managing Medicaid eligibility policy, with approval of any changes by AHCA.

The statutory provisions for the Medicaid Program appear in ss. 409.901 through 409.9205, F.S. Section 409.903, F.S., specifies categories of individuals who are required by federal law to be covered, if determined eligible, by the Medicaid Program (mandatory coverage groups). Section 409.904, F.S., specifies categories of individuals who the federal government gives state Medicaid programs the choice of covering (optional coverage groups). Sections 409.905 and 409.906, F.S., specify the medical and other services the state may provide under the state Medicaid plan.

Medicaid is an entitlement program. Federal laws and regulations require states to make all Medicaid services available to all categorically eligible recipients regardless of diagnosis. If the Medicaid recipient is a child, however, Medicaid is required to provide additional services (which may not be available to adult Medicaid recipients) to treat an illness identified through health screening.

The federal poverty levels for the year 2003 are:

Family Size	Income
1	\$8,980
2	\$12,120
3	\$15,260
4	\$18,400
5	\$24,680

Section 409.915, F.S., requires counties to contribute to the costs of certain Medicaid services. Each county is required to pay to the State 35 percent of the total cost to Medicaid of inpatient hospitalization in excess of 10 days, but not in excess of 45 days, with certain exceptions.

Diagnosis-Related Groups (DRGs)

Diagnosis-Related Groups are used as part of the prospective payment system for medical services under the federal Medicare program. Each discharge of a Medicare beneficiary from a hospital is classified under one of over 500 DRGs that group clinically-similar patients requiring similar amounts of hospital resources. Diagnosis-Related Groups 484-487 concern significant trauma and are:

- 484 24 surg craniotomy for multiple significant trauma
- 485 24 surg limb reattachment, hip and femur proc for multiple significant trauma
- 486 24 surg other o.r. procedures for multiple significant trauma
- 487 24 med other multiple significant trauma

State-approved Trauma Centers

Part II of chapter 395, F.S., provides for planning for a statewide trauma system, trauma service areas, state approval of trauma centers, trauma registry data, trauma transport protocols, and quality assurance activities of trauma agencies. State-approved trauma centers are those hospitals that have successfully completed the selection process under s. 395.4025, F.S., and have been approved by the Department of Health to operate as a trauma center in the state. There are 20 state-approved trauma centers, including level I, level II, and pediatric trauma referral centers.

III. Effect of Proposed Changes:

Section 1. Provides for Medicaid to cover persons under age 65 who are hospitalized in a state-approved trauma center for multiple significant trauma (DRGs 484-487), and whose family income after deductions for uninsured medical expenses is at or below 200% of the federal poverty level.

Section 2. Provides an effective date of July 1, 2003.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

To the extent the bill increases the amount that counties must pay for Medicaid inpatient hospitalization, the bill could constitute a mandate as defined in Article VII, Section 18(a) of the Florida Constitution for which no funding source is provided to such political subdivisions.

No county or municipality shall be bound by any general law requiring such county or municipality to spend funds or to take an action requiring the expenditure of funds unless the Legislature has determined that such law fulfills an important state interest and unless: funds have been appropriated that have been estimated at the time of enactment to be sufficient to fund such expenditure; the Legislature authorizes or has authorized a county or municipality to enact a funding source not available for such county or municipality on February 1, 1989 ...and the law requiring such expenditure is approved by two-thirds of the membership of each house of the Legislature...

For purposes of legislative application of Article VII, Section 18 of the Florida Constitution, the term “insignificant” has been defined, as a matter of legislative policy, as an amount not greater than the average statewide population for the applicable fiscal year times ten cents. Based on the 2000 census, a bill that would have a statewide fiscal impact on counties and municipalities in aggregate of or in excess of \$1,598,238 would be characterized as a mandate.

B. Public Records/Open Meetings Issues:

The provisions of this bill have no impact on public records or open meetings issues under the requirements of Art. I, s. 24(a) and (b) of the Florida Constitution.

C. Trust Funds Restrictions:

The provisions of this bill have no impact on the trust fund restrictions under the requirements of Article III, Subsection 19(f) of the Florida Constitution.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

The bill could reduce the amount of uncompensated care provided by trauma centers to the extent Medicaid coverage is extended to persons who are under age 65 in a state-

approved trauma center who meet specified financial eligibility who currently would not qualify for Medicaid.

C. Government Sector Impact:

The bill will increase the amount that counties are billed to fund the cost of Medicaid inpatient hospital services.

The Agency for Health Care Administration will incur costs to extend Medicaid coverage under the bill and estimates for fiscal year 2003-2004 that it will receive \$164,604,003 in revenue (Title XIX Medical Assistance Payments) and spend \$279,368,641. Total revenue minus expenditures for FY 2003-2004 equals (\$114,764,638). For the FY 2004-2005, total revenue minus expenditure equals (\$119,929,035).

The Department of Children and Families will incur costs to process the anticipated additional applications for new Medicaid coverage.

VI. Technical Deficiencies:

None.

VII. Related Issues:

The Agency for Health Care Administration has raised the following concerns regarding the bill. The bill's expansion of Medicaid coverage to persons under age 65 in a state-approved trauma center who meet specified financial eligibility criteria under the bill would require a waiver of federal Medicaid rules to provide Medicaid to persons who are not in one of the Medicaid covered groups of eligible recipients and to provide for a higher income level for spend down and no asset test to only those persons in a state-approved trauma center. Medicaid statute and regulations require that the same income and asset rules apply to everyone in a group covered by Medicaid.

Federal Medicaid regulations, 42 CFR 435, and section 1902(a) (10)a of the Social Security Act, list the groups of persons that Medicaid may cover and the criteria under which a state may apply. There is no provision in federal law to cover anyone who is not in one of the groups eligible for coverage in the Social Security Act: children up to age 19; pregnant women; disabled individuals; blind individuals; or individuals who are a parent or caretaker relative of a minor child living with them. There is currently no provision in the Social Security Act or regulations to define "persons in a state-approved trauma center" as a group covered by Medicaid. Additionally, a state Medicaid program may not arbitrarily deny or reduce the amount, duration, and scope of a required service to an otherwise eligible recipient solely because of the diagnosis, type, of illness, or condition. (See 42 CFR 440.230). The Centers for Medicare and Medicaid Services advised that the state would need to submit an 1115 demonstration waiver for consideration. Since 1115 demonstration waivers require cost neutrality, it might be difficult to gain federal approval of the waiver.

A waiver of Medicaid rules would be required to allow Medicaid to pay for any expenses used as deductions to spend down income to 200 percent of the federal poverty level and to not apply the

same policy to all Medically Needy enrollees. Recipients under the Medically Needy program are liable for portions of their bills and that portion of the bill that is the client's liability may not be paid for by Medicaid.

The bill limits coverage under Medicaid to the period during which the individual is hospitalized in the trauma center. A federal Medicaid waiver would also be required to limit Medicaid coverage to the days in the month that the individual is in a trauma center. Under current Medicaid policy, for categorically eligible persons, Medicaid provides full-month coverage.

VIII. Amendments:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.
