

By the Committees on Appropriations; Children and Families;
and Senators Lynn, Peadar and Wise

309-2351-03

1 A bill to be entitled
2 An act relating to substance abuse and mental
3 health; creating s. 394.655, F.S.; providing
4 legislative intent; creating the Florida
5 Substance Abuse and Mental Health Board, Inc.,
6 which shall be administratively housed within
7 the Department of Children and Family Services;
8 providing for the board's independence;
9 providing the duties, responsibilities, and
10 authority of the board; requiring a contract
11 between the board and the department; providing
12 for the appointment of members and specifying
13 qualifications for membership; authorizing the
14 board to employ staff members; requiring an
15 annual evaluation and report to the Legislature
16 and Governor; directing other agencies to
17 cooperate in the development of the evaluation
18 and report; providing for future repeal;
19 directing the Executive Office of the Governor
20 to procure an evaluation; providing for a
21 report to the Legislature; amending s. 20.19,
22 F.S.; requiring the Secretary of Children and
23 Family Services to appoint certain staff;
24 providing responsibilities; amending s. 394.74,
25 F.S.; authorizing the Department of Children
26 and Family Services to adopt by rule new
27 payment methodologies and to eliminate
28 unit-based methodologies for mental health and
29 substance abuse services; authorizing the
30 department to adopt rules for local match based
31 on new methodologies; prohibiting changes to

1 the ratio of state-to-local matching resources
2 or to the sources of local match and
3 prohibiting the increase in the amount of local
4 matching funds required; amending s. 394.741,
5 F.S.; amending accreditation requirements for
6 providers of behavioral health care services;
7 requiring the Department of Children and Family
8 Services and the Agency for Health Care
9 Administration to follow only properly adopted
10 and applicable statutes and rules in monitoring
11 contracted providers; requiring the department
12 to file a State Project Compliance Supplement;
13 amending s. 394.9082, F.S.; modifying the
14 services for which a managing entity is
15 accountable; establishing data system
16 requirements; providing for establishment of a
17 single managing entity for the delivery of
18 substance abuse services to child protective
19 services recipients in specified districts of
20 the department; providing for a contract;
21 requiring certain information to be kept;
22 requiring an evaluative study; providing for
23 reports to the Governor and Legislature;
24 revising provisions relating to delivery of
25 state-funded mental health services; amending
26 s. 409.912, F.S.; requiring the agency to work
27 with the department to ensure mental health and
28 substance abuse services are accessible to
29 children and families in the child protection
30 system; requiring the Agency for Health Care
31 Administration to seek federal approval to

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

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3 Section 1. Section 394.655, Florida Statutes, is
4 created to read:

5 394.655 The Substance Abuse and Mental Health Board;
6 powers and duties; composition; evaluation and reporting
7 requirements.--

8 (1) It is the intent of the Legislature to provide
9 substance abuse and mental health services that are
10 coordinated and consistent throughout the state, that reflect
11 the current state of knowledge regarding quality and
12 effectiveness, and that are responsive to service recipients
13 and the needs of communities in this state. In order to
14 accomplish this intent, there is created a not-for-profit
15 corporation, to be known as the "Florida Substance Abuse and
16 Mental Health Board, Inc.," which shall be registered,
17 incorporated, organized, and operated in compliance with
18 chapter 617 and which shall not be a unit or entity of state
19 government. The Florida Substance Abuse and Mental Health
20 Board, hereafter referred to as "the board," shall be
21 administratively housed within the Department of Children and
22 Family Services; however, the board shall not be subject to
23 control, supervision, or direction by the department or by any
24 other executive agency in any manner. As used in this section,
25 the term "department" means the Department of Children and
26 Family Services.

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

1 (3)(a) Subject to and consistent with direction set by
2 the Legislature, the board shall exercise the following
3 responsibilities:

4 1. Require the collection and analysis of needs
5 assessment data as described in s. 394.82.

6 2. Monitor the status of the publicly funded mental
7 health and substance abuse systems and establish policy
8 designed to improve coordination and effectiveness.

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

13 4. Recommend priorities for service expansion to the
14 department and the Agency for Health Care Administration.

15 5. Prepare legislative budget requests that the
16 secretary shall submit to the Governor.

17 6. Review performance data prepared by the department
18 and the Agency for Health Care Administration.

19 7. Make recommendations to the secretary concerning
20 strategies for improving the performance of the system.

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

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

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

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

12 (4) The secretary of the department shall provide or
13 direct that any information requested by the board be provided
14 in a timely manner that allows for a reasonable review and
15 approval period by the board for items as set forth in
16 subsection (3) and specified in the contract provided for in
17 subsection (5).

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

24 (6)(a) The board shall be comprised of 15 members,
25 each appointed to a 2-year term, with not more than three
26 subsequent reappointments, except that initial legislative
27 appointments shall be for 3-year terms. Five members shall be
28 appointed by the Governor, five members shall be appointed by
29 the President of the Senate, and five members shall be
30 appointed by the Speaker of the House of Representatives.

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1 1. Of the five members appointed by the Governor, one
2 member must represent the perspective of community-based care
3 under chapter 409 and four members must be prominent community
4 or business leaders, two of whom must have experience and
5 interest in substance abuse and two of whom must have
6 experience and interest in mental health.

7 2. Of the five members appointed by the President of
8 the Senate, one member must be an expert in the field of
9 substance abuse, one member must be a former client or family
10 member of a client of a publicly funded mental health program,
11 one member must represent the perspective of the state's
12 senior population, and two members must be prominent community
13 or business leaders, one of whom must have experience and
14 interest in substance abuse and one of whom must have
15 experience and interest in mental health.

16 3. Of the five members appointed by the Speaker of the
17 House of Representatives, one member must be an expert in the
18 field of mental health, one member must be a former client or
19 family member of a client of a publicly funded substance abuse
20 program, one member must represent the perspective of the
21 criminal justice system, and two members must be prominent
22 community or business leaders, one of whom must have
23 experience and interest in substance abuse and one of whom
24 must have experience and interest in mental health.

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26 The Secretary of Children and Family Services, or his or her
27 designee, the Secretary of Health Care Administration, or his
28 or her designee, and a representative of local government
29 designated by the Florida Association of Counties shall serve
30 as ex officio members of the board.

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1 (b) The board shall be chaired by a member designated
2 by the Governor who may not be a public sector employee.

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

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

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

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

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

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

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

29 (j) Members of the board and its committees shall
30 serve without compensation, but are entitled to reimbursement
31 for travel and per diem expenses pursuant to s. 112.061.

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

6 (7) The board may appoint four staff members,
7 including a programmatic analyst, a budget analyst, a contract
8 manager, and an administrative assistant. One staff member
9 shall be designated as staff supervisor. The staff members
10 shall be appointed by and serve at the pleasure of the board
11 and are employees of the corporation, not employees of the
12 state. Provision of other staff support required by the board
13 shall be provided by the department as negotiated in the
14 contract developed pursuant to subsection (5).

15 (8) The board must develop a budget request for its
16 operation and must submit the request to the Governor and the
17 Legislature pursuant to chapter 216 through the secretary of
18 the department, who may not modify the budget request before
19 it is submitted or after the board's funding is appropriated
20 by the Legislature.

21 (9) The board shall provide for an annual financial
22 audit of its financial accounts and records by an independent
23 certified public accountant. The annual audit report shall
24 include a management letter in accordance with s. 11.45 and a
25 detailed supplemental schedule of expenditures for each
26 expenditure category. The annual audit report must be
27 submitted to the Governor, the department, and the Auditor
28 General for review.

29 (10) The board must annually evaluate and, in December
30 of each year, report to the Legislature and the Governor on
31 the status of the state's publicly funded substance abuse and

1 mental health systems. The board's first report must be
2 submitted in December, 2004. Each public sector agency that
3 delivers, or contracts for the provision of, substance abuse
4 or mental health services must cooperate with the board in the
5 development of this annual evaluation and report. As part of
6 the annual report, the board and department shall certify as
7 to whether the board and the department are complying with the
8 terms of the contract required in subsection (5) in a manner
9 that is consistent with the goals and purposes of the board
10 and in the best interest of the state.

11 (11) This section expires on October 1, 2006, unless
12 reviewed and reenacted by the Legislature before that date.
13 The Executive Office of the Governor shall procure an
14 independent evaluation of the effectiveness of the substance
15 abuse and mental health programs. The evaluation must include,
16 but need not be limited to, the operation of the board, the
17 organization of programs within the department, and the
18 contractual arrangement between parties in order to determine
19 whether each program has been effective in carrying out its
20 mission, as defined in law, including how well the needs of
21 children and families in the child protection system have been
22 met, and in order to determine the cost effectiveness of or
23 any cost issues relating to the board and each program office.
24 A report that includes recommendations relating to the
25 continuation of the board and the organizational arrangement
26 of the programs must be submitted by the Executive Office of
27 the Governor, the President of the Senate, and the Speaker of
28 the House of Representatives by January 1, 2006.

29 Section 2. Present paragraph (c) of subsection (2) of
30 section 20.19, Florida Statutes, is redesignated as paragraph
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1 (d), and a new paragraph (c) is added to that subsection, to
2 read:

3 20.19 Department of Children and Family
4 Services.--There is created a Department of Children and
5 Family Services.

6 (2) SECRETARY OF CHILDREN AND FAMILY SERVICES; DEPUTY
7 SECRETARY.--

8 (c)1. The secretary shall appoint an Assistant
9 Secretary for Substance Abuse and Mental Health from a list of
10 three recommendations submitted by the board established in s.
11 394.655. The assistant secretary shall serve at the pleasure
12 of the secretary with the concurrence of the board and must
13 have expertise in both areas of responsibility.

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

19 a. Each program director shall have line authority
20 over all district substance abuse and mental health program
21 management staff.

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

27 c. The mental health institutions shall report to the
28 Program Director for Mental Health.

29 d. Each program director shall have direct control
30 over the program's budget and contracts for services. Support
31 staff necessary to manage budget and contracting functions

1 within the department shall be placed under the supervision of
2 the program directors.

3 Section 3. Subsection (2) of section 394.74, Florida
4 Statutes, is amended to read:

5 394.74 Contracts for provision of local substance
6 abuse and mental health programs.--

7 (2)(a) Contracts for service shall be consistent with
8 the approved district plan.

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

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1 be consistent with the financial principles adopted for the
2 payment of state funds.

3 (c) The department may reimburse actual expenditures
4 for startup contracts and fixed capital outlay contracts in
5 accordance with contract specifications.

6 Section 4. Section 394.741, Florida Statutes, is
7 amended to read:

8 394.741 Accreditation requirements for providers of
9 behavioral health care services.--

10 (1) As used in this section, the term "behavioral
11 health care services" means mental health and substance abuse
12 treatment services.

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

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

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

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

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

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

25 (b) An onsite monitoring process between 24 months and
26 36 months after accreditation for nonresidential facilities to
27 assure that accredited organizations exempt from licensing and
28 monitoring activities under this part continue to comply with
29 critical standards.

30 (c) An onsite monitoring process between 12 months and
31 24 months after accreditation for residential facilities to

1 assure that accredited organizations exempt from licensing and
2 monitoring activities under this part continue to comply with
3 critical standards.

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

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

18 (6) The department or agency, by accepting the survey
19 or inspection of an accrediting organization, does not forfeit
20 its rights to monitor for the purpose of ensuring that
21 services for which the department has paid were provided. The
22 department may investigate complaints or suspected problems
23 and to monitor the provider's compliance with negotiated terms
24 and conditions, including provisions relating to consent
25 decrees, which are unique to a specific contract and are not
26 statements of general applicability. The department may
27 monitor compliance with federal and state statutes, federal
28 regulations, or state administrative rules, if such monitoring
29 does not duplicate the review of accreditation standards or
30 independent audits pursuant to subsections (3) and (8).
31 ~~perform inspections at any time, including contract monitoring~~

1 ~~to ensure that deliverables are provided in accordance with~~
2 ~~the contract.~~

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

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

19 ~~(9)(7)~~ The department and the agency shall report to
20 the Legislature by January 1, 2003, on the viability of
21 mandating all organizations under contract with the department
22 for the provision of behavioral health care services, or
23 licensed by the agency or department to be accredited. The
24 department and the agency shall also report to the Legislature
25 by January 1, 2003, on the viability of privatizing all
26 licensure and monitoring functions through an accrediting
27 organization.

28 ~~(10)(8)~~ The accreditation requirements of this section
29 shall apply to contracted organizations that are already
30 accredited immediately upon becoming law.

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

6 394.9082 Behavioral health service delivery
7 strategies.--

8 (4) CONTRACT FOR SERVICES.--

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

26 (d) Under both strategies, the Department of Children
27 and Family Services and the Agency for Health Care
28 Administration may:

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

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

5 3. Use prepaid per capita and prepaid aggregate
6 fixed-sum payment methodologies; ~~and~~

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

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

22 (5) STATEWIDE ACTIONS.--~~If Medicaid appropriations for~~
23 ~~Community Mental Health Services or Mental Health Targeted~~
24 ~~Case Management are reduced in fiscal year 2001-2002,~~The
25 agency and the department shall jointly develop and implement
26 strategies that reduce service costs in a manner that
27 mitigates the impact on persons in need of those services. The
28 agency and department may employ any methodologies on a
29 regional or statewide basis necessary to achieve the
30 reduction, including but not limited to use of case rates,
31 prepaid per capita contracts, utilization management, expanded

1 use of care management, use of waivers from the Centers for
2 Medicare and Medicaid Services ~~Health Care Financing~~
3 ~~Administration~~ to maximize federal matching of current local
4 and state funding, modification or creation of additional
5 procedure codes, and certification of match or other
6 management techniques. The department may contract with a
7 single managing entity or provider network that shall be
8 responsible for delivering state-funded mental health and
9 substance-abuse services. The managing entity shall coordinate
10 its delivery of mental-health and substance-abuse services
11 with all prepaid mental health plans in the region or the
12 district. The department may include in its contract with the
13 managing entity data-management and data-reporting
14 requirements, clinical program management, and administrative
15 functions. Before the department contracts for these functions
16 with the provider network, the department shall determine that
17 the entity has the capacity and capability to assume these
18 functions. The roles and responsibilities of each party must
19 be clearly delineated in the contract.

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

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

24 (9)(+8) MONITORING AND EVALUATION.--The Department of
25 Children and Family Services and the Agency for Health Care
26 Administration shall provide routine monitoring and oversight
27 of and technical assistance to the managing entities. The
28 Louis de la Parte Florida Mental Health Institute shall
29 conduct an ongoing formative evaluation of each strategy to
30 identify the most effective methods and techniques used to
31 manage, integrate, and deliver behavioral health services. The

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

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

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

19 409.912 Cost-effective purchasing of health care.--The
20 agency shall purchase goods and services for Medicaid
21 recipients in the most cost-effective manner consistent with
22 the delivery of quality medical care. The agency shall
23 maximize the use of prepaid per capita and prepaid aggregate
24 fixed-sum basis services when appropriate and other
25 alternative service delivery and reimbursement methodologies,
26 including competitive bidding pursuant to s. 287.057, designed
27 to facilitate the cost-effective purchase of a case-managed
28 continuum of care. The agency shall also require providers to
29 minimize the exposure of recipients to the need for acute
30 inpatient, custodial, and other institutional care and the
31 inappropriate or unnecessary use of high-cost services. The

1 agency may establish prior authorization requirements for
2 certain populations of Medicaid beneficiaries, certain drug
3 classes, or particular drugs to prevent fraud, abuse, overuse,
4 and possible dangerous drug interactions. The Pharmaceutical
5 and Therapeutics Committee shall make recommendations to the
6 agency on drugs for which prior authorization is required. The
7 agency shall inform the Pharmaceutical and Therapeutics
8 Committee of its decisions regarding drugs subject to prior
9 authorization.

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

14 (4)~~(3)~~ The agency may contract with:

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

29 (b) An entity that is providing comprehensive
30 behavioral health care services to certain Medicaid recipients
31 through a capitated, prepaid arrangement pursuant to the

1 federal waiver provided for by s. 409.905(5). Such an entity
2 must be licensed under chapter 624, chapter 636, or chapter
3 641 and must possess the clinical systems and operational
4 competence to manage risk and provide comprehensive behavioral
5 health care to Medicaid recipients. As used in this paragraph,
6 the term "comprehensive behavioral health care services" means
7 covered mental health and substance abuse treatment services
8 that are available to Medicaid recipients. The secretary of
9 the Department of Children and Family Services shall approve
10 provisions of procurements related to children in the
11 department's care or custody prior to enrolling such children
12 in a prepaid behavioral health plan. Any contract awarded
13 under this paragraph must be competitively procured. In
14 developing the behavioral health care prepaid plan procurement
15 document, the agency shall ensure that the procurement
16 document requires the contractor to develop and implement a
17 plan to ensure compliance with s. 394.4574 related to services
18 provided to residents of licensed assisted living facilities
19 that hold a limited mental health license. The agency shall
20 seek federal approval to contract with a single entity meeting
21 these requirements to provide comprehensive behavioral health
22 care services to all Medicaid recipients in an AHCA area. Each
23 entity must offer sufficient choice of providers in its
24 network to ensure recipient access to care and the opportunity
25 to select a provider with whom they are satisfied.~~The agency~~
26 ~~must ensure that Medicaid recipients have available the choice~~
27 ~~of at least two managed care plans for their behavioral health~~
28 ~~care services.~~To ensure unimpaired access to behavioral
29 health care services by Medicaid recipients, all contracts
30 issued pursuant to this paragraph shall require 80 percent of
31 the capitation paid to the managed care plan, including health

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

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

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

24 3. By July 1, 2006, the agency and the Department of
25 Children and Family Services shall contract with managed care
26 entities in each AHCA area or arrange to provide comprehensive
27 inpatient and outpatient mental health and substance abuse
28 services through capitated pre-paid arrangements to all
29 Medicaid recipients for whom such plans are allowable under
30 federal law and regulation. In AHCA areas where eligible
31 individuals number less than 150,000, the agency shall

1 contract with a single managed care plan. The agency shall
2 contract with more than one plan in AHCA areas where the
3 eligible population exceeds 150,000. Contracts awarded
4 pursuant to this section shall be competitively procured. Both
5 for-profit and not-for-profit corporations shall be eligible
6 to compete.

7 4. By October 1, 2003, the agency and the department
8 shall submit a plan to the Governor, the President of the
9 Senate, and the Speaker of the House of Representatives which
10 provides for the full implementation of capitated prepaid
11 behavioral health care in all areas of the state.

12 a. Implementation shall begin in 2003 in those AHCA
13 areas of the state where the agency is able to establish
14 sufficient capitation rates.

15 b. If the agency determines that the proposed
16 capitation rate in any area is insufficient to provide
17 appropriate services, the agency may adjust the capitation
18 rate to ensure that care will be available. The agency and the
19 department may use existing general revenue to address any
20 additional required match but may not over-obligate existing
21 funds on an annualized basis.

22 c. Subject to any limitations provided for in the
23 General Appropriations Act, the agency, in compliance with
24 appropriate federal authorization, shall develop policies and
25 procedures that allow for certification of local and state
26 funds.

27 ~~2. By December 31, 2001, the agency shall contract~~
28 ~~with entities providing comprehensive behavioral health care~~
29 ~~services to Medicaid recipients through capitated, prepaid~~
30 ~~arrangements in Charlotte, Collier, DeSoto, Escambia, Glades,~~
31 ~~Hendry, Lee, Okaloosa, Pasco, Pinellas, Santa Rosa, Sarasota,~~

1 ~~and Walton Counties. The agency may contract with entities~~
2 ~~providing comprehensive behavioral health care services to~~
3 ~~Medicaid recipients through capitated, prepaid arrangements in~~
4 ~~Alachua County. The agency may determine if Sarasota County~~
5 ~~shall be included as a separate catchment area or included in~~
6 ~~any other agency geographic area.~~

7 5.3. Children residing in a statewide inpatient
8 psychiatric program, or in a Department of Juvenile Justice or
9 a Department of Children and Family Services residential
10 program approved as a Medicaid behavioral health overlay
11 services provider shall not be included in a behavioral health
12 care prepaid health plan pursuant to this paragraph.

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

24 7.5. Traditional community mental health providers
25 under contract with the Department of Children and Family
26 Services pursuant to part IV of chapter 394 and inpatient
27 mental health providers licensed pursuant to chapter 395 must
28 be offered an opportunity to accept or decline a contract to
29 participate in any provider network for prepaid behavioral
30 health services.

31

1 (c) A federally qualified health center or an entity
2 owned by one or more federally qualified health centers or an
3 entity owned by other migrant and community health centers
4 receiving non-Medicaid financial support from the Federal
5 Government to provide health care services on a prepaid or
6 fixed-sum basis to recipients. Such prepaid health care
7 services entity must be licensed under parts I and III of
8 chapter 641, but shall be prohibited from serving Medicaid
9 recipients on a prepaid basis, until such licensure has been
10 obtained. However, such an entity is exempt from s. 641.225
11 if the entity meets the requirements specified in subsections
12 (14) and (15).

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

30 (e) An entity that provides comprehensive behavioral
31 health care services to certain Medicaid recipients through an

1 administrative services organization agreement. Such an entity
2 must possess the clinical systems and operational competence
3 to provide comprehensive health care to Medicaid recipients.
4 As used in this paragraph, the term "comprehensive behavioral
5 health care services" means covered mental health and
6 substance abuse treatment services that are available to
7 Medicaid recipients. Any contract awarded under this paragraph
8 must be competitively procured. The agency must ensure that
9 Medicaid recipients have available the choice of at least two
10 managed care plans for their behavioral health care services.

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

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

30 (h) An entity authorized in s. 430.205 to contract
31 with the agency and the Department of Elderly Affairs to

1 provide health care and social services on a prepaid or
2 fixed-sum basis to elderly recipients. Such prepaid health
3 care services entities are exempt from the provisions of part
4 I of chapter 641 for the first 3 years of operation. An entity
5 recognized under this paragraph that demonstrates to the
6 satisfaction of the Department of Insurance that it is backed
7 by the full faith and credit of one or more counties in which
8 it operates may be exempted from s. 641.225.

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

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

1 Section 7. The Agency for Health Care Administration
2 may not implement the prepaid mental health managed care
3 program until a plan has been developed, reviewed, and
4 approved by the Legislative Budget Commission. The plan must
5 be submitted to the Legislative Budget Commission by January
6 1, 2004. The Secretary of Children and Family Services shall
7 conduct a review and develop the plan for ensuring that
8 children and families receiving foster care and other related
9 services are appropriately served and assist the
10 community-based care lead agency in meeting the goals and
11 outcomes of the system. The secretary shall include
12 participation from representatives of community-based care
13 lead agencies, representatives of the Agency for Health Care
14 Administration, community alliances, sheriffs' offices,
15 community providers serving dependent children, and others the
16 secretary deems appropriate.

17 Section 8. The sum of \$250,000 is appropriated from
18 the General Revenue Fund to the Department of Children and
19 Family Services, and four positions are authorized, for the
20 purpose of implementing this act during the 2003-2004 fiscal
21 year.

22 Section 9. Except as otherwise provided in this act,
23 this act shall take effect upon becoming a law.
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1 STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN
2 COMMITTEE SUBSTITUTE FOR
3 CS for Senate Bill 700

4 The Committee Substitute adds the Secretary of the Agency for
5 Health Care Administration (AHCA) and a representative of
6 local government as ex officio members of the Board.

7 Allows the Department of Children and Family Services to
8 contract with a single managing entity to be responsible for
9 the delivery of state funded mental health and substance-abuse
10 services.

11 Removes the type 2 transfer of the children-in-need-of-
12 services program and the families-in-need-of-services program
13 from the Department of Juvenile Justice (DJJ) to the
14 Department of Children of Family Services.(DCF)

15 Provides an appropriation of \$250,000 from the General Revenue
16 Fund and 4 positions to DCF for the staffing and expenses of
17 the Board.

18 Amends the accreditation requirements for behavioral health
19 care services and mandates that DCF and AHCA adopt rules and
20 monitor providers.

21 Requires AHCA to seek federal approval to contract with a
22 single entity to provide comprehensive behavioral health care
23 services to all Medicaid recipients in an AHCA area and
24 requires each entity to offer a sufficient choice of
25 providers.

26 Requires DCF and AHCA to collaborate on all policy, budgets,
27 contracts and monitoring plans.

28 Requires DCF and AHCA to contract to provide comprehensive
29 mental health and substance-abuse services through capitated
30 prepaid arrangements, stipulating submission of a plan, prior
31 to implementation, to the Office of the Governor and
32 Legislature and approval by the Legislative Budget Commission
(LBC) no later than January 1, 2004, and stipulates that the
plan must ensure that children receiving foster care and other
related services receive appropriate service.

Allows flexibility in capitation rate changes if rates are
insufficient, and allows general revenue to be used to meet
additional match but prohibits over-obligation of existing
funds on an annualized basis.

Requires development of a plan to implement new Medicaid
procedure codes for emergency and crisis care, residential
services and other services, and stipulates that the plan may
not be implemented in any part until approved by the
Legislative Budget Commission (LBC) which shall be no later
than December 31, 2003. If the plan is not approved by the
LBC, the plan shall be submitted for consideration by the 2004
Legislature.

Authorizes DCF to adopt rules for fee-for-service, prepaid
case rate or prepaid capitation contracts for purchasing

1 mental health or substance abuse services. Authorizes the
2 establishment of a single managing entity for the delivery of
3 substance abuse services to child protective services
4 recipients.
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