

CHAMBER ACTION

1 The Committee on Future of Florida's Families recommends the
2 following:

3
4 **Committee Substitute**

5 Remove the entire bill and insert:

6 A bill to be entitled

7 An act relating to services for the elderly; amending s.
8 20.41, F.S.; requiring personnel evaluation of executive
9 directors of area agency on aging boards; amending s.
10 409.912, F.S.; allowing contracting for certain CARES
11 program functions; requiring assessment and review of
12 certain nursing home placements; requiring a database to
13 track individuals assessed under the CARES program and
14 diverted from nursing home care; requiring an annual study
15 on individuals diverted from nursing home placement;
16 requiring a report on modifying level of care criteria;
17 amending s. 430.205, F.S.; requiring development of a
18 managed care delivery system for Medicaid services;
19 providing for submission to the Governor and Legislature
20 of a plan to include Medicare in an integrated long-term-
21 care system; providing for integration of Medicare and
22 Medicaid services; creating s. 430.2051, F.S.; requiring
23 integration of certain home and community-based Medicaid

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24 waiver programs; requiring a certain funding level after
25 integration; requiring the agency to seek waivers or
26 amendments to waivers as necessary; providing that the
27 agency may reimburse providers; requiring rulemaking;
28 requiring the department and agency to study and develop a
29 plan to integrate certain databases; requiring that such
30 plan be submitted to the Governor and Legislature;
31 requiring evaluations of the plan and certain services;
32 amending s. 430.041, F.S.; revising duties to the Office
33 of Long-Term-Care Policy; removing the advisory council of
34 the Office of Long-Term-Care Policy; providing for an
35 interagency coordinating team; revising requirements for
36 reports; amending s. 430.203, F.S.; revising requirements
37 for the community care service system; revising
38 requirements for competitive bidding exemptions; requiring
39 all services to be delivered directly by or through lead
40 agencies; amending s. 430.7031, F.S.; revising
41 requirements for preadmission screening under the nursing
42 home transition program; creating s. 430.2053, F.S.;
43 requiring pilot projects for aging resource centers;
44 requiring an implementation plan; requiring that area
45 agencies on aging submit proposals for transition to aging
46 resource centers; requiring a review of the department's
47 process for determining readiness; specifying purposes and
48 duties of an aging resource center; requiring integration
49 of certain functions of other state agencies; specifying
50 criteria for selection of entities to become aging
51 resource centers; specifying the duties and

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52 | responsibilities of community care for the elderly
 53 | providers in an area served by an aging resource center;
 54 | specifying programs administered by an aging resource
 55 | center; requiring rules; allowing capitated payments;
 56 | requiring reports; amending s. 430.709, F.S.; revising
 57 | requirements for evaluation of community diversion pilot
 58 | projects; requiring the agency to select a contractor to
 59 | make such evaluations; requiring a report; amending
 60 | 430.705, F.S.; providing additional requirements for long-
 61 | term-care community diversion pilot projects; providing
 62 | legislative findings; requiring a demonstration project;
 63 | requiring rules; requiring integration of certain managed
 64 | care programs; providing an effective date.

65 |
 66 | Be It Enacted by the Legislature of the State of Florida:

67 |
 68 | Section 1. Subsection (8) of section 20.41, Florida
 69 | Statutes, is amended to read:

70 | 20.41 Department of Elderly Affairs.--There is created a
 71 | Department of Elderly Affairs.

72 | (8) The area agency on aging board shall, in consultation
 73 | with the secretary, appoint a chief executive officer, hereafter
 74 | referred to as the "executive director," to whom shall be
 75 | delegated responsibility for agency management and for
 76 | implementation of board policy, and who shall be accountable for
 77 | the agency's performance. In addition to the personnel
 78 | requirements of the area agency on aging board, the performance
 79 | of the executive director shall be evaluated annually by the

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80 secretary, and the board shall consider the evaluation and
 81 recommendation when it considers reappointments.

82 Section 2. Paragraph (h) of subsection (4) and subsection
 83 (15) of section 409.912, Florida Statutes, are amended to read:

84 409.912 Cost-effective purchasing of health care.--The
 85 agency shall purchase goods and services for Medicaid recipients
 86 in the most cost-effective manner consistent with the delivery
 87 of quality medical care. The agency shall maximize the use of
 88 prepaid per capita and prepaid aggregate fixed-sum basis
 89 services when appropriate and other alternative service delivery
 90 and reimbursement methodologies, including competitive bidding
 91 pursuant to s. 287.057, designed to facilitate the cost-
 92 effective purchase of a case-managed continuum of care. The
 93 agency shall also require providers to minimize the exposure of
 94 recipients to the need for acute inpatient, custodial, and other
 95 institutional care and the inappropriate or unnecessary use of
 96 high-cost services. The agency may establish prior authorization
 97 requirements for certain populations of Medicaid beneficiaries,
 98 certain drug classes, or particular drugs to prevent fraud,
 99 abuse, overuse, and possible dangerous drug interactions. The
 100 Pharmaceutical and Therapeutics Committee shall make
 101 recommendations to the agency on drugs for which prior
 102 authorization is required. The agency shall inform the
 103 Pharmaceutical and Therapeutics Committee of its decisions
 104 regarding drugs subject to prior authorization.

105 (4) The agency may contract with:

106 (h) An entity authorized in s. 430.705(10) ~~430.205~~ to
 107 contract with the agency and the Department of Elderly Affairs

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108 | to provide health care and social services on a prepaid or
 109 | fixed-sum basis to elderly recipients. Such prepaid health care
 110 | services entities are exempt from the provisions of part I of
 111 | chapter 641 for the first 3 years of operation. An entity
 112 | recognized under this paragraph that demonstrates to the
 113 | satisfaction of the Office of Insurance Regulation that it is
 114 | backed by the full faith and credit of one or more counties in
 115 | which it operates may be exempted from s. 641.225.

116 | (15)(a) The agency shall operate the Comprehensive
 117 | Assessment ~~and~~ Review and Evaluation for Long-Term Care Services
 118 | (CARES) nursing facility preadmission screening program to
 119 | ensure that Medicaid payment for nursing facility care is made
 120 | only for individuals whose conditions require such care and to
 121 | ensure that long-term care services are provided in the setting
 122 | most appropriate to the needs of the person and in the most
 123 | economical manner possible. The CARES program shall also ensure
 124 | that individuals participating in Medicaid home and community-
 125 | based waiver programs meet criteria for those programs,
 126 | consistent with approved federal waivers.

127 | (b) The agency shall operate the CARES program through an
 128 | interagency agreement with the Department of Elderly Affairs.
 129 | The agency, with agreement from the Department of Elderly
 130 | Affairs, may contract for any function or activity of the CARES
 131 | program, including any function or activity required by 42
 132 | C.F.R. part 483.20, relating to preadmission screening and
 133 | resident review, if the agency and the department can
 134 | demonstrate that contracting for such a function will result in

135 | a savings to the state and increased efficiency and
 136 | accountability.

137 | (c) Prior to making payment for nursing facility services
 138 | for a Medicaid recipient, the agency must verify that the
 139 | nursing facility preadmission screening program has determined
 140 | that the individual requires nursing facility care and that the
 141 | individual cannot be safely served in community-based programs.
 142 | The nursing facility preadmission screening program shall refer
 143 | a Medicaid recipient to a community-based program if the
 144 | individual could be safely served at a lower cost and the
 145 | recipient chooses to participate in such program.

146 | (d) For the purpose of initiating immediate prescreening
 147 | and diversion assistance for individuals residing in nursing
 148 | homes and in order to make families aware of alternative long-
 149 | term-care resources so that they may choose a more cost-
 150 | effective setting for long-term placement, within existing
 151 | appropriated staffing, CARES staff shall conduct an assessment
 152 | and review of a sample of individuals whose nursing home stay is
 153 | expected to exceed 20 days, regardless of the initial funding
 154 | source for the nursing home placement. CARES staff shall provide
 155 | counseling and referral services to these individuals regarding
 156 | choosing a facility. This paragraph does not apply to continuing
 157 | care facilities licensed under chapter 651 or to retirement
 158 | communities that provide a combination of nursing home,
 159 | independent living, and other long-term-care services.

160 | (e)(d) By January 15 ~~±~~ of each year, the agency shall
 161 | submit a report to the President of the Senate and the Speaker
 162 | of the House of Representatives ~~Legislature~~ and the Office of

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163 Long-Term-Care Policy describing the operations of the CARES
164 program. The report must describe:

165 1. Rate of diversion to community alternative programs;

166 2. CARES program staffing needs to achieve additional
167 diversions;

168 3. Reasons the program is unable to place individuals in
169 less restrictive settings when such individuals desired such
170 services and could have been served in such settings;

171 4. Barriers to appropriate placement, including barriers
172 due to policies or operations of other agencies or state-funded
173 programs; and

174 5. Statutory changes necessary to ensure that individuals
175 in need of long-term care services receive care in the least
176 restrictive environment.

177 (f) The Department of Elderly Affairs shall develop a
178 database to track individuals over time who are assessed under
179 the CARES program and who are diverted from nursing home
180 placement. By January 15 of each year, the department shall
181 submit to the President of the Senate and the Speaker of the
182 House of Representatives and the Office of Long-Term-Care
183 Policy, a longitudinal study of the individuals who are diverted
184 from nursing home placement. The study must include:

185 1. The demographic characteristics of the individuals
186 assessed and diverted from nursing home placement, including,
187 but not limited to, age, race, gender, frailty, caregiver
188 status, living arrangements, and geographic location.

189 2. A summary of community services provided to individuals
190 for 1 year after assessment and diversion.

191 3. A summary of inpatient hospital admissions for
 192 individuals who have been diverted.

193 4. A summary of the length of time between diversion and
 194 subsequent entry into a nursing home or death.

195 (g) By July 1, 2005, the department and the Agency for
 196 Health Care Administration shall report to the President of the
 197 Senate and the Speaker of the House of Representatives regarding
 198 the impact to the state of modifying level of care criteria to
 199 eliminate the Intermediate II level of care.

200 Section 3. Subsection (6) of section 430.205, Florida
 201 Statutes, is amended to read:

202 430.205 Community care service system.--

203 (6) Notwithstanding other requirements of this chapter,
 204 the department ~~of Elderly Affairs~~ and the Agency for Health Care
 205 Administration shall ~~develop a model system to~~ transition all
 206 Medicaid state-funded services for elderly individuals in one or
 207 more of the department's planning and service areas to a
 208 managed, ~~integrated~~ long-term-care delivery system under the
 209 direction of a single entity.

210 (a) The duties of a managed care organization contracted
 211 to operate the managed ~~the model~~ system shall include organizing
 212 and administering service delivery for the elderly, obtaining
 213 contracts for services with providers in the area, monitoring
 214 the quality of services provided, ~~determining levels of need and~~
 215 ~~disability for payment purposes,~~ and other activities determined
 216 by the department and the agency in order to operate the managed
 217 ~~model~~ system.

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218 (b) The agency and the department shall integrate all
 219 funding for Medicaid services to individuals over the age of 65
 220 in the managed system ~~model planning and service areas~~ into a
 221 single per-person per-month payment rate, except that funds for
 222 Medicaid behavioral health care services are exempt from this
 223 section. The funds to be integrated shall include:

- 224 ~~1. Community care for the elderly funds;~~
- 225 ~~2. Home care for the elderly funds;~~
- 226 ~~3. Local services program funds;~~
- 227 ~~4. Contracted services funds;~~
- 228 ~~5. Alzheimer's disease initiative funds;~~

229 ~~1.6.~~ Medicaid home and community-based waiver services
 230 funds;

231 ~~2.7.~~ Funds for all Medicaid services authorized in ss.
 232 409.905 and 409.906, including Medicaid nursing home services;
 233 and

234 ~~3.8.~~ Funds paid for Medicare premiums, coinsurance and
 235 deductibles for persons dually eligible for Medicaid and
 236 Medicare as prescribed in s. 409.908(13).

237
 238 The department and the agency shall not make Medicaid payments
 239 for services for people age 65 and older in the areas in which
 240 the managed system operates except through the managed ~~model~~
 241 ~~delivery~~ system.

242 (c) The entity selected to administer the managed ~~model~~
 243 system shall develop a comprehensive health and long-term-care
 244 service delivery system through contracts with providers of
 245 medical, social, and long-term-care services sufficient to meet

246 | the needs of the population age 65 and older. ~~The entity~~
 247 | ~~selected to administer the model system shall not directly~~
 248 | ~~provide services other than intake, assessment, and referral~~
 249 | ~~services.~~

250 | (d) The department and the agency shall contract through
 251 | competitive procurement with two managed care organizations to
 252 | administer the project ~~determine which of the department's~~
 253 | ~~planning and services areas is to be designated as a model area~~
 254 | ~~by means of a request for proposals. The department shall select~~
 255 | ~~an area to be designated as a model area and the entity to~~
 256 | ~~administer the model system~~ based on demonstration of capacity
 257 | of each provider ~~the entity~~ to:

258 | 1. Develop contracts with providers currently under
 259 | contract with the department, area agencies on aging, or
 260 | community-care-for-the-elderly lead agencies;

261 | 2. Provide a comprehensive system of appropriate medical
 262 | and long-term-care services that provides high-quality medical
 263 | and social services to assist older individuals in remaining in
 264 | the least restrictive setting;

265 | 3. Demonstrate a quality assurance and quality improvement
 266 | system satisfactory to the department and the agency;

267 | 4. Develop a system to identify participants who have
 268 | special health care needs such as polypharmacy, mental health
 269 | and substance abuse problems, falls, chronic pain, nutritional
 270 | deficits, and cognitive deficits, in order to respond to and
 271 | meet these needs;

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272 5. Use a multidisciplinary team approach to participant
273 management which ensures that information is shared among
274 providers responsible for delivering care to a participant;

275 6. Ensure medical oversight of care plans and service
276 delivery, regular medical evaluation of care plans, and the
277 availability of medical consultation for case managers and
278 service coordinators;

279 7. Develop, monitor, and enforce quality-of-care
280 requirements;

281 8. Secure subcontracts with providers of medical, nursing
282 home, and community-based long-term-care services sufficient to
283 ensure ~~assure~~ access to and choice of providers by project
284 participants;

285 9. Ensure a system of case management and service
286 coordination which includes educational and training standards
287 for case managers and service coordinators;

288 10. Develop a business plan that considers the ability of
289 the applicant to organize and operate a risk-bearing entity;

290 11. Furnish evidence of adequate liability insurance
291 coverage or an adequate plan of self-insurance to respond to
292 claims for injuries arising out of the furnishing of health
293 care; and

294 12. Provide, through contract or otherwise, for periodic
295 review of its medical facilities as required by the department
296 and the agency.

297
298 ~~The department shall give preference in selecting an area to be~~
299 ~~designated as a model area to that in which the administering~~

300 ~~entity is an existing area agency on aging or community care~~
 301 ~~for the elderly lead agency demonstrating the ability to perform~~
 302 ~~the functions described in this paragraph.~~

303 ~~(e) The department in consultation with the selected~~
 304 ~~entity shall develop a statewide proposal regarding the long-~~
 305 ~~term use and structure of a program that addresses a risk pool~~
 306 ~~to reduce financial risk.~~

307 (e)(f) The department and the agency shall develop
 308 capitation rates based on the historical cost experience of the
 309 state in providing acute and long-term-care services to the
 310 population over 65 years of age in the area served. The agency,
 311 in consultation with the department, shall contract for an
 312 independent entity to study the historical cost experience of
 313 the state in providing services listed in paragraph (b) to the
 314 population age 65 and older residing within the model area and
 315 to develop and certify a per-person, per-month capitation rate
 316 for the managed system. The agency, in consultation with the
 317 department, shall reevaluate and recertify the capitation rate
 318 annually, adjusting based on the cost of providing the services
 319 listed in paragraph (b).

320 ~~1. Payment rates in the first 2 years of operation shall~~
 321 ~~be set at no more than 100 percent of the costs to the state of~~
 322 ~~providing equivalent services to the population of the model~~
 323 ~~area for the year prior to the year in which the model system is~~
 324 ~~implemented, adjusted forward to account for inflation and~~
 325 ~~population growth. In subsequent years, the rate shall be~~
 326 ~~negotiated based on the cost experience of the model system in~~
 327 ~~providing contracted services, but may not exceed 95 percent of~~

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328 ~~the amount that would have been paid by the state in the model~~
 329 ~~planning and service area absent the model integrated service~~
 330 ~~delivery system.~~

331 ~~2. The agency and the department may develop innovative~~
 332 ~~risk-sharing agreements that limit the level of custodial~~
 333 ~~nursing home risk that the administering entity assumes,~~
 334 ~~consistent with the intent of the Legislature to reduce the use~~
 335 ~~and cost of nursing home care. Under risk-sharing arrangements,~~
 336 ~~the agency and the department may reimburse the administering~~
 337 ~~entity for the cost of providing nursing home care for Medicaid-~~
 338 ~~eligible participants who have been permanently placed and~~
 339 ~~remain in nursing home care for more than 1 year.~~

340 ~~(f)(g)~~ The department and the Agency for Health Care
 341 Administration shall seek federal waivers, or amendments to
 342 existing waivers, necessary to implement the requirements of
 343 this section.

344 ~~(g)(h)~~ The agency and the department shall give preference
 345 in contracting for the managed system to those entities whose
 346 proposals create innovative, functional partnerships with
 347 existing community-care-for-the-elderly lead agencies. ~~The~~
 348 ~~Department of Children and Family Services shall develop a~~
 349 ~~streamlined and simplified eligibility system and shall~~
 350 ~~outstation a sufficient number and quality of eligibility-~~
 351 ~~determination staff with the administering entity to assure~~
 352 ~~determination of Medicaid eligibility for the integrated service~~
 353 ~~delivery system in the model planning and service area within 10~~
 354 ~~days after receipt of a complete application.~~

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355 (h)(i) The agency, in consultation with the department,
356 shall begin discussions with the federal Centers for Medicare
357 and Medicaid Services regarding the inclusion of Medicare in an
358 integrated long-term-care system. By December 31, 2006, the
359 agency shall provide to the Governor, the President of the
360 Senate, and the Speaker of the House of Representatives a plan
361 for including Medicare in an integrated long-term-care system.
362 ~~The Department of Elderly Affairs shall make arrangements to~~
363 ~~outstation a sufficient number of nursing home preadmission~~
364 ~~screening staff with the administering entity to assure timely~~
365 ~~assessment of level of need for long-term-care services in the~~
366 ~~model area.~~

367 (i)(j) The department, in consultation with the agency,
368 shall consider whether providers operating in the managed system
369 should be placed at risk for the state-funded community care for
370 the elderly, home care for the elderly, and Alzheimer's disease
371 initiative ~~The Department of Elderly Affairs shall conduct or~~
372 ~~contract for an evaluation of the pilot project. The department~~
373 ~~shall submit the evaluation to the Governor and the Legislature~~
374 ~~by January 1, 2005. The evaluation must address the effects of~~
375 ~~the pilot project on the effectiveness of the entity providing a~~
376 ~~comprehensive system of appropriate and high-quality medical and~~
377 ~~long-term-care services to elders in the least restrictive~~
378 ~~setting and make recommendations on a phased-in implementation~~
379 ~~expansion for the rest of the state.~~

380 (j) The agency shall ensure that, to the extent possible,
381 Medicare and Medicaid services are integrated. Where possible,
382 individuals served in the managed system who are eligible for

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383 Medicare shall be enrolled in a Medicare managed health care
 384 plan operated by the same entity which is placed at risk for
 385 long-term care services.

386 Section 4. Section 430.2051, Florida Statutes, is created
 387 to read:

388 430.2051 Home and community-based waiver services.--

389 (1) The agency, in consultation with the department, shall
 390 integrate the assisted living for the elderly Medicaid waiver
 391 program into the aged and disabled adult Medicaid waiver
 392 program, and each program's funds into one fee-for-service
 393 Medicaid waiver program serving the aged and disabled.

394 (a) After the programs are integrated, funding to provide
 395 care in assisted-living facilities under the new waiver may not
 396 be less than the amount appropriated in the 2003-2004 fiscal
 397 year for the assisted living for the elderly Medicaid waiver.

398 (b) The agency shall seek federal waivers, or amendments
 399 to existing waivers, necessary to integrate these waiver
 400 programs.

401 (c) The agency and the department may reimburse providers
 402 for case management services on a capitated basis and shall
 403 develop uniform standards for case management in this fee-for-
 404 service Medicaid waiver program.

405 (d) The agency and the department shall adopt any rules
 406 necessary to comply with or administer these requirements,
 407 effect and implement interagency agreements between the
 408 department and the agency, and comply with federal requirements.

409 (2) The department, in consultation with the agency, shall
 410 study the integration of the database systems for the

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411 Comprehensive Assessment Review and Evaluation of Long-Term Care
412 Services (CARES) program and the Client Information and Referral
413 Tracking System (CIRTS) and develop a plan for database
414 integration. The department shall submit the plan to the
415 Governor, the President of the Senate, and the Speaker of the
416 House of Representatives by December 31, 2004.

417 (3) The department, in consultation with the agency, shall
418 develop a plan to evaluate the newly integrated program over
419 time, from the beginning of the implementation process forward.
420 The department shall contract with a research entity through
421 competitive procurement to help develop the evaluation plan and
422 conduct the evaluation. The evaluation shall be ongoing and
423 shall determine whether the newly integrated program is
424 achieving its goals and evaluate the effects the changes have
425 had on consumers. The evaluation plan must include baseline
426 measures for evaluating cost-effectiveness, the quality of care,
427 and consumer satisfaction of the program. The department shall
428 submit the plan to the Governor, the President of the Senate,
429 and the Speaker of the House of Representatives by December 31,
430 2004.

431 (4) The department, in consultation with the agency and
432 the Department of Children and Family Services, shall develop a
433 plan to improve the interaction among the department's newly
434 integrated assessment database, the Florida Medicaid Management
435 Information System, and the FLORIDA system in order to
436 facilitate enrollment of individuals in capitated and fee-for-
437 service programs, as well as to monitor eligibility
438 requirements.

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439 (5) Consistent with federal requirements, the agency, in
 440 consultation with the department, shall evaluate the Alzheimer's
 441 disease waiver program and the adult day health care waiver
 442 program to assess whether providing limited intensive services
 443 through these waiver programs produces better outcomes for
 444 individuals than providing those services through the fee-for-
 445 service or capitated programs that provide a larger array of
 446 services.

447 Section 5. Section 430.041, Florida Statutes, is amended
 448 to read:

449 430.041 Office of Long-Term-Care Policy.--

450 (1) There is established ~~in the Department of Elderly~~
 451 ~~Affairs~~ the Office of Long-Term-Care Policy to evaluate the
 452 state's long-term-care service delivery system and make
 453 recommendations to increase the efficiency and effectiveness of
 454 government-funded long-term-care programs for availability and
 455 ~~the use of noninstitutional settings to provide care to the~~
 456 elderly and to ensure coordination among the agencies
 457 responsible for setting policies for funding and for
 458 administering the long-term-care programs for the elderly
 459 ~~continuum.~~

460 (2) The purpose of the Office of Long-Term-Care Policy is
 461 to:

462 (a) Ensure close communication and coordination among
 463 state agencies involved in developing and administering a more
 464 efficient and coordinated long-term-care service delivery system
 465 in this state;

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466 ~~(b) Identify duplication and unnecessary service provision~~
 467 ~~in the long-term care system and make recommendations to~~
 468 ~~decrease inappropriate service provision;~~

469 (b)(e) Review current programs providing long-term-care
 470 services to determine whether the programs are cost effective,
 471 of high quality, and operating efficiently and make
 472 recommendations to increase consistency and effectiveness in the
 473 state's long-term-care programs;

474 (c)(d) Develop strategies for promoting and implementing
 475 cost-effective home and community-based services as an
 476 alternative to institutional care which coordinate and integrate
 477 the continuum of care needs of the elderly; and

478 (d) Recommend roles for state agencies that are
 479 responsible for administering long-term-care programs for the
 480 elderly and an organization framework for the planning,
 481 coordination, implementation, and evaluation of long-term-care
 482 programs for the elderly.

483 (e) Assist the Office of Long-Term-Care Policy Advisory
 484 Council as necessary to help implement this section.

485 (3) The Director of the Office of Long-Term-Care Policy
 486 shall be appointed by, and serve at the pleasure of, the
 487 Governor. The director shall report to, and be under the general
 488 supervision of, the Secretary of Elderly Affairs and shall not
 489 be subject to supervision by any other employee of the
 490 department.

491 ~~(4) The Office of Long-Term-Care Policy shall have an~~
 492 ~~advisory council. The purposes of the advisory council are to~~
 493 ~~provide assistance and direction to the office and to ensure~~

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494 ~~that the appropriate state agencies are properly implementing~~
495 ~~recommendations from the office.~~

496 ~~(a) The advisory council shall consist of:~~

497 ~~1. A member of the Senate, appointed by the President of~~
498 ~~the Senate;~~

499 ~~2. A member of the House of Representatives, appointed by~~
500 ~~the Speaker of the House of Representatives;~~

501 ~~3. The Secretary of Health Care Administration;~~

502 ~~4. The Secretary of Elderly Affairs;~~

503 ~~5. The Secretary of Children and Family Services;~~

504 ~~6. The Secretary of Health;~~

505 ~~7. The Executive Director of the Department of Veterans'~~
506 ~~Affairs;~~

507 ~~8. Three people with broad knowledge and experience in the~~
508 ~~delivery of long-term care services, appointed by the Governor~~
509 ~~from groups representing elderly persons; and~~

510 ~~9. Two representatives of people using long-term care~~
511 ~~services, appointed by the Governor from groups representing~~
512 ~~elderly persons.~~

513 ~~(b) The council shall elect a chair from among its~~
514 ~~membership to serve for a 1-year term. A chair may not serve~~
515 ~~more than two consecutive terms.~~

516 ~~(c) Members shall serve without compensation, but are~~
517 ~~entitled to receive reimbursement for travel and per diem as~~
518 ~~provided in s. 112.061.~~

519 ~~(d) The advisory council shall meet at the call of its~~
520 ~~chair or at the request of a majority of its members. During its~~

521 ~~first year of existence, the advisory council shall meet at~~
 522 ~~least monthly.~~

523 ~~(c) Members of the advisory council appointed by the~~
 524 ~~Governor shall serve at the pleasure of the Governor and shall~~
 525 ~~be appointed to 4-year staggered terms in accordance with s.~~
 526 ~~20.052.~~

527 (4)(5)(a) The Department of Elderly Affairs shall provide
 528 administrative support and services to the Office of Long-Term-
 529 Care Policy.

530 (b) The office shall call upon appropriate agencies of
 531 state government, including the centers on aging in the State
 532 University System, for assistance needed in discharging its
 533 duties.

534 ~~(c) Each state agency represented on the Office of Long-~~
 535 ~~Term-Care Policy Advisory Council shall make at least one~~
 536 ~~employee available to work with the Office of Long-Term-Care~~
 537 ~~Policy.~~ All state agencies and universities shall assist the
 538 office in carrying out its responsibilities prescribed by this
 539 section.

540 (d) The Secretary of Health Care Administration, the
 541 Secretary of Elderly Affairs, the Secretary of Children and
 542 Family Services, the Secretary of Health, and the executive
 543 director of the Department of Veterans' Affairs shall each
 544 appoint at least one high-level employee with the authority to
 545 recommend and implement agency policy and with experience in the
 546 area of long-term-care service delivery and financing to work
 547 with the Office of Long-Term-Care Policy, as part of an
 548 interagency coordinating team. The interagency coordinating team

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549 shall meet monthly with the director of the Office of Long-Term-
550 Care Policy to implement the purposes of the office.

551 ~~(e)(d)~~ Each state agency shall pay from its own funds any
552 expenses related to its support of the Office of Long-Term-Care
553 Policy ~~and its participation on the advisory council. The~~
554 ~~Department of Elderly Affairs shall be responsible for expenses~~
555 ~~related to participation on the advisory council by members~~
556 ~~appointed by the Governor.~~

557 ~~(5)(6)(a)~~ By December 31 of each year ~~1, 2002~~, the office
558 shall submit to the Governor, the President of the Senate, and
559 the Speaker of the House of Representatives a advisory council a
560 ~~preliminary~~ report of its activities and the progress made in
561 ~~findings and recommendations on~~ improving the long-term-care
562 continuum in this state and make recommendations accordingly.
563 The report shall contain the activities completed by the office
564 during the calendar year, recommendations and implementation
565 proposals for policy changes, and ~~as well as~~ legislative and
566 funding recommendations that will make the system more effective
567 and efficient. The report shall contain a specific
568 implementation strategies, with timelines, ~~plan~~ for
569 accomplishing the recommendations and proposals set out in the
570 report. ~~Thereafter, the office shall revise and update the~~
571 ~~report annually and resubmit it to the advisory council for~~
572 ~~review and comments by November 1 of each year.~~

573 ~~(b)~~ ~~The advisory council shall review and recommend any~~
574 ~~suggested changes to the preliminary report, and each subsequent~~
575 ~~annual update of the report, within 30 days after the receipt of~~
576 ~~the preliminary report. Suggested revisions, additions, or~~

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577 ~~deletions shall be made to the Director of the Office of Long-~~
578 ~~Term Care Policy.~~

579 ~~(c) The office shall submit its final report, and each~~
580 ~~subsequent annual update of the report, to the Governor and the~~
581 ~~Legislature within 30 days after the receipt of any revisions,~~
582 ~~additions, or deletions suggested by the advisory council, or~~
583 ~~after the time such comments are due to the office.~~

584 Section 6. Subsection (3) and paragraphs (b) and (c) of
585 subsection (9) of section 430.203, Florida Statutes, are amended
586 to read:

587 430.203 Community care for the elderly; definitions.--As
588 used in ss. 430.201-430.207, the term:

589 (3) "Community care service system" means a service
590 network comprising a variety of home-delivered services, day
591 care services, and other basic services, hereinafter referred to
592 as "core services," for functionally impaired elderly persons
593 which are provided by or through several agencies under the
594 direction of a single lead agency. Its purpose is to provide a
595 continuum of care encompassing a full range of preventive,
596 maintenance, and restorative services for functionally impaired
597 elderly persons.

598 (9) "Lead agency" means an agency designated at least once
599 every 3 years by an area agency on aging as the result of a
600 request for proposal process to be in place no later than the
601 state fiscal year 1996-1997.

602 (b) The area agency on aging, in consultation with the
603 department, shall ~~may~~ exempt from the competitive bid process

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604 any contract with a provider who meets or exceeds established
605 minimum standards, as determined by the department.

606 (c) In each community care service system the lead agency
607 must be given the authority and responsibility to coordinate
608 some or all of the services, either directly or through
609 subcontracts, for functionally impaired elderly persons. These
610 services must include case management, ~~and may include~~ homemaker
611 and chore services, respite care, adult day care, personal care
612 services, home-delivered meals, counseling, information and
613 referral, and emergency home repair services. The lead agency
614 must compile community care statistics and monitor, when
615 applicable, subcontracts with agencies providing core services.

616 Section 7. Subsection (2) of section 430.7031, Florida
617 Statutes, is amended to read:

618 430.7031 Nursing home transition program.--The department
619 and the Agency for Health Care Administration:

620 (2) Shall collaboratively work to identify ~~long-stay~~
621 nursing home residents who are able to move to community
622 placements, and to provide case management and supportive
623 services to such individuals while they are in nursing homes to
624 assist such individuals in moving to less expensive and less
625 restrictive settings. CARES program staff shall annually review
626 at least 20 percent of the case files for nursing home residents
627 who are Medicaid recipients to determine which nursing home
628 residents are able to move to community placements.

629 Section 8. Section 430.2053, Florida Statutes, is created
630 to read:

631 430.2053 Aging resource centers.--

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632 (1) The department, in consultation with the Agency for
633 Health Care Administration and the Department of Children and
634 Family Services, shall develop pilot projects for aging resource
635 centers. By October 31, 2004, the department, in consultation
636 with the agency and the Department of Children and Family
637 Services, shall develop an implementation plan for aging
638 resource centers and submit the plan to the Governor, the
639 President of the Senate, and the Speaker of the House of
640 Representatives. The plan must include qualifications for
641 designation as a center, the functions to be performed by each
642 center, and a process for determining that a current area agency
643 on aging is ready to assume the functions of a resource center
644 on aging.

645 (2) Each area agency on aging shall develop, in
646 consultation with the existing community care for the elderly
647 lead agencies within their planning and service areas, a
648 proposal that describes the process the area agency on aging
649 intends to undertake to transition to an aging resource center
650 prior to July 1, 2005, and that describes the area agency's
651 compliance with the requirements of this section. The proposals
652 must be submitted to the department prior to December 31, 2004.
653 The department shall evaluate all proposals for readiness and,
654 prior to March 1, 2005, shall select three area agencies on
655 aging which meet the requirements of this section to begin the
656 transition to aging resource centers. Those area agencies on
657 aging which are not selected to begin the transition to aging
658 resource centers shall, in consultation with the department and
659 the existing community care for the elderly lead agencies within

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660 their planning and service areas, amend their proposals as
661 necessary and resubmit them to the department prior to July 1,
662 2005. The department may transition additional area agencies to
663 aging resource centers as it determines that area agencies are
664 in compliance with the requirements of this section.

665 (3) The Auditor General and the Office of Program Policy
666 Analysis and Government Accountability (OPPAGA) shall jointly
667 review and assess the department's process for determining an
668 area agency's readiness to transition to an aging resource
669 center.

670 (a) The review must, at a minimum, address the
671 appropriateness of the department's criteria for selection of an
672 area agency to transition to an aging resource center, the
673 instruments applied, the degree to which the department
674 accurately determined each area agency's compliance with the
675 readiness criteria, the quality of the technical assistance
676 provided by the department to an area agency in correcting any
677 weaknesses identified in the readiness assessment, and the
678 degree to which each area agency overcame any identified
679 weaknesses.

680 (b) Reports of these reviews must be submitted to the
681 appropriate substantive and appropriations committees in the
682 Senate and the House of Representatives on March 1 and September
683 1 of each year until full transition to aging resource centers
684 has been accomplished statewide, except that the first report
685 must be submitted by February 1, 2005, and must address all
686 readiness activities undertaken through December 31, 2004. The

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687 perspectives of all participants in this review process must be
688 included in each report.

689 (4) The purposes of an aging resource center shall be:

690 (a) To provide Florida's elders and their families with a
691 locally focused, coordinated approach to integrating information
692 and referral for all available services for elders with the
693 eligibility determination entities for state and federally
694 funded long-term-care services.

695 (b) To provide for easier access to long-term-care
696 services by Florida's elders and their families by creating
697 multiple access points to the long-term-care network that flow
698 through one established entity with wide community recognition.

699 (5) The duties of an aging resource center are to:

700 (a) Develop referral agreements with local community
701 service organizations, such as senior centers, existing elder
702 service providers, volunteer associations, and other similar
703 organizations, to better assist clients who do not need or do
704 not wish to enroll in programs funded by the department or the
705 agency. The referral agreements must also include a protocol,
706 developed and approved by the department, which provides
707 specific actions that an aging resource center and local
708 community service organizations must take when an elder or an
709 elder's representative seeking information on long-term-care
710 services contacts a local community service organization prior
711 to contacting the aging resource center. The protocol shall be
712 designed to ensure that elders and their families are able to
713 access information and services in the most efficient and least
714 cumbersome manner possible.

715 (b) Provide an initial screening of all clients who
716 request services funded wholly or in part by the Department of
717 Elderly Affairs to determine whether the person would be most
718 appropriately served through any combination of federally funded
719 programs, state-funded programs, locally funded or community
720 volunteer programs, or private funding for services.

721 (c) Determine eligibility for the programs and services
722 listed in subsection (11) for persons residing within the
723 geographic area served by the aging resource center and
724 determine a priority ranking for services which is based upon
725 the potential recipient's frailty level and likelihood of
726 institutional placement without such services.

727 (d) Manage the availability of financial resources for the
728 programs and services listed in subsection (11) for persons
729 residing within the geographic area served by the aging resource
730 center.

731 (e) When financial resources become available, refer a
732 client to the most appropriate entity to begin receiving
733 services. The aging resource center shall make referrals to lead
734 agencies for service provision that ensure that individuals who
735 are vulnerable adults in need of services pursuant to s.
736 415.104(3)(b), or who are victims of abuse, neglect, or
737 exploitation in need of immediate services to prevent further
738 harm and are referred by the adult protective services program,
739 are given primary consideration for receiving community-care-
740 for-the-elderly services in compliance with the requirements of
741 s. 430.205(5)(a) and that other referrals for services are in
742 compliance with s. 430.205(5)(b).

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743 (f) Convene a work group to advise in the planning,
744 implementation, and evaluation of the aging resource center. The
745 work group shall be comprised of representatives of local
746 service providers, Alzheimer's Association chapters, housing
747 authorities social service organizations, advocacy groups,
748 representatives of clients receiving services through the aging
749 resource center, and any other persons or groups as determined
750 by the department. The aging resource center, in consultation
751 with the work group, must develop annual program improvement
752 plans that shall be submitted to the department for
753 consideration. The department shall review each annual
754 improvement plan and make recommendations on how to implement
755 the components of the plan.

756 (g) Enhance the existing area agency on aging in each
757 planning and service area by integrating, either physically or
758 virtually, the staff and services of the area agency on aging
759 with the staff of the department's local CARES Medicaid nursing
760 home preadmission screening unit and a sufficient number of
761 staff from the Department of Children and Family Services'
762 Economic Self Sufficiency Unit necessary to determine the
763 financial eligibility for all persons age 60 and older residing
764 within the area served by the aging resource center that are
765 seeking Medicaid services, Supplemental Security Income, and
766 food stamps.

767 (6) The department shall select the entities to become
768 aging resource centers based on each entity's readiness and
769 ability to perform the duties listed in subsection (5) and the
770 entity's:

771 (a) Expertise in the needs of each target population the
 772 center proposes to serve and a thorough knowledge of the
 773 providers that serve these populations.

774 (b) Strong connections to service providers, volunteer
 775 agencies, and community institutions.

776 (c) Expertise in information and referral activities.

777 (d) Knowledge of long-term-care resources, including
 778 resources designed to provide services in the least restrictive
 779 setting.

780 (e) Financial solvency and stability.

781 (f) Ability to collect, monitor, and analyze data in a
 782 timely and accurate manner, along with systems that meet the
 783 department's standards.

784 (g) Commitment to adequate staffing by qualified personnel
 785 to effectively perform all functions.

786 (h) Ability to meet all performance standards established
 787 by the department.

788 (7) The aging resource center shall have a governing body
 789 which shall be the same entity described in s. 20.41(7), and an
 790 executive director who may be the same person as described in s.
 791 20.41(8). The governing body shall annually evaluate the
 792 performance of the executive director.

793 (8) The aging resource center may not be a provider of
 794 direct services other than information and referral services.

795 (9) The aging resource center must agree to allow the
 796 department to review any financial information the department
 797 determines is necessary for monitoring or reporting purposes,
 798 including financial relationships.

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799 (10) The duties and responsibilities of the community care
 800 for the elderly lead agencies within each area served by an
 801 aging resource center shall be to:

802 (a) Develop strong community partnerships to maximize the
 803 use of community resources for the purpose of assisting elders
 804 to remain in their community settings for as long as it is
 805 safely possible.

806 (b) Conduct comprehensive assessments of clients that have
 807 been determined eligible and develop a care plan consistent with
 808 established protocols that ensures that the unique needs of each
 809 client are met.

810 (11) The services to be administered through the aging
 811 resource center shall include those funded by the following
 812 programs:

- 813 (a) Community care for the elderly.
- 814 (b) Home care for the elderly.
- 815 (c) Contracted services.
- 816 (d) Alzheimer's disease initiative.
- 817 (e) Aged and disabled adult Medicaid waiver.
- 818 (f) Assisted living for the frail elderly Medicaid waiver.
- 819 (g) Long-term-care community diversion project.
- 820 (h) Older Americans Act.

821 (12) The department shall, prior to designation of an
 822 aging resource center, develop by rule operational and quality
 823 assurance standards and outcome measures to ensure that clients
 824 receiving services through all long-term-care programs
 825 administered through an aging resource center are receiving the
 826 appropriate care they require and that contractors and

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827 subcontractors are adhering to the terms of their contracts and
828 are acting in the best interests of the clients they are
829 servicing, consistent with the intent of the Legislature to reduce
830 the use of and cost of nursing home care. The department shall
831 by rule provide operating procedures for aging resource centers,
832 which shall include:

833 (a) Minimum standards for financial operation, including
834 audit procedures.

835 (b) Procedures for monitoring and sanctioning of service
836 providers.

837 (c) Minimum standards for technology utilized by the aging
838 resource center.

839 (d) Minimum staff requirements which shall ensure that the
840 aging resource center employs sufficient quality and quantity of
841 staff to adequately meet the needs of the elders residing within
842 the area served by the aging resource center.

843 (e) Minimum accessibility standards, including hours of
844 operation.

845 (f) Minimum requirements regarding meetings of the
846 governing body of the aging resource center, training standards
847 for governing body members, and the minimum level of involvement
848 of such members in activities such as monitoring, evaluations,
849 and other necessary functions of the aging resource center as
850 determined by the department.

851 (g) Minimum requirements that a candidate must meet in
852 order to be eligible for appointment as executive director of an
853 aging resource center.

854 (h) Minimum requirements regarding any executive staff
 855 positions that the aging resource center must employ and minimum
 856 requirements that a candidate must meet in order to be eligible
 857 for appointment to such positions.

858 (13) In an area in which the department has designated an
 859 area agency on aging as an aging resource center, the department
 860 and the agency shall not make payments for the services listed
 861 in subsection (11) for such persons who were not screened and
 862 enrolled through the aging resource center.

863 (14) Each aging resource center shall enter into a
 864 memorandum of understanding with the department for
 865 collaboration with the CARES unit staff. The memorandum of
 866 understanding shall outline the staff person responsible for
 867 each function and shall provide the staffing levels necessary to
 868 carry out the functions of the aging resource center.

869 (15) Each aging resource center shall enter into a
 870 memorandum of understanding with the Department of Children and
 871 Family Services for collaboration with the Economic Self-
 872 Sufficiency Unit staff. The memorandum of understanding shall
 873 outline which staff persons are responsible for which functions
 874 and shall provide the staffing levels necessary to carry out the
 875 functions of the aging resource center.

876 (16) If any of the state programs described in this
 877 paragraph are outsourced by the state, either in part or in
 878 whole, the contract executing the outsourcing shall mandate that
 879 the contractor or its subcontractors shall, either physically or
 880 virtually, execute the provisions of the memorandum of

881 understanding instead of the state entity whose function the
 882 contractor or subcontractor now performs.

883 (17) In order to be eligible to begin transitioning to an
 884 aging resource center, an area agency on aging board must ensure
 885 that the area agency on aging which it oversees meets all of the
 886 minimum requirements set by law and in agency rule.

887 (18) The department shall monitor the three initial
 888 projects for aging resource centers and report on the progress
 889 of those projects to the Governor, the President of the Senate,
 890 and the Speaker of the House of Representatives by June 30,
 891 2005. The report must include an evaluation of the
 892 implementation process.

893 (19)(a) Once an aging resource center is operational, the
 894 department, in consultation with the agency, may develop
 895 capitation rates for any of the programs administered through
 896 the aging resource center. Capitation rates for programs shall
 897 be based on the historical cost experience of the state in
 898 providing those same services to the population age 60 or older
 899 residing within each area served by an aging resource center.
 900 Each capitated rate may vary by geographic area as determined by
 901 the department.

902 (b) The department and the agency may determine for each
 903 area served by an aging resource center whether it is
 904 appropriate, consistent with federal and state laws and
 905 regulations, to develop and pay separate capitated rates for
 906 each program administered through the aging resource center or
 907 to develop and pay capitated rates for service packages which

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908 include more than one program or service administered through
 909 the aging resource center.

910 (c) Once capitation rates have been developed and
 911 certified as actuarially sound, the department and the agency
 912 may pay service providers the capitated rates for services when
 913 appropriate.

914 (d) The department, in consultation with the agency, shall
 915 annually reevaluate and recertify the capitation rates,
 916 adjusting forward to account for inflation, programmatic
 917 changes, and provider costs.

918 (20) The department, in consultation with the agency,
 919 shall submit to the Governor, the President of the Senate, and
 920 the Speaker of the House of Representatives, by December 1,
 921 2006, a report addressing the feasibility of administering the
 922 following services through aging resource centers beginning July
 923 1, 2007:

- 924 (a) Medicaid nursing home services.
- 925 (b) Medicaid transportation services.
- 926 (c) Medicaid hospice care services.
- 927 (d) Medicaid intermediate care services.
- 928 (e) Medicaid prescribed drug services.
- 929 (f) Medicaid assistive care services.
- 930 (g) Any other long-term-care program or Medicaid service.

931 Section 9. Subsection (2) of section 430.709, Florida
 932 Statutes, is amended to read:

933 430.709 Reports and evaluations.--

934 (2) The agency, in consultation with the department, shall
 935 contract for an independent, comprehensive evaluation of the

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936 community diversion pilot projects which includes a comparison
937 to the assisted living for the elderly Medicaid waiver program
938 and the aged and disabled adult Medicaid waiver program. Such
939 evaluation must include a careful review and assessment of the
940 actual cost for the provision of services to participants. The
941 agency shall select a contractor with experience and expertise
942 in evaluating capitation rates for managed care organizations
943 that serve persons who are disabled or frail and elderly in
944 order to evaluate the community diversion pilot projects
945 operated under s. 430.705. The contractor shall analyze and
946 report on the individual services and the array of services most
947 associated with effective diversion of frail and elderly
948 enrollees from placement in a nursing home, consumer and family
949 satisfaction with the projects, the quality of care for
950 participants, the length of time diverted from nursing home
951 placement, the number of hospital admissions, the cost-
952 effectiveness of the projects, and the demonstrated savings to
953 the agency, as compared to similar fee-for-service programs. By
954 June 30, 2005, the agency shall submit to the Governor, the
955 President of the Senate, and the Speaker of the House of
956 Representatives a report of the findings from the evaluation.
957 The report must contain recommendations and proposals for
958 changes to the community diversion pilot projects.

959 Section 10. Section 430.705, Florida Statutes, is amended
960 to read:

961 430.705 Implementation of the long-term care community
962 diversion pilot projects.--

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963 (1) In designing and implementing the community diversion
964 pilot projects, the department shall work in consultation with
965 the agency.

966 (2) The department shall select projects whose design and
967 providers demonstrate capacity to maximize the placement of
968 participants in the least restrictive appropriate care setting.
969 The department shall select providers that have a plan
970 administrator who is dedicated to the diversion pilot project
971 and project staff who perform the necessary project
972 administrative functions, including data collection, reporting,
973 and analysis. The department shall select providers that
974 demonstrate the ability to:

975 (a) Meet surplus requirements that are comparable to those
976 specified in s. 641.225.

977 (b) Comply with the standards for financial solvency
978 comparable to those provided in s. 641.285.

979 (c) Provide for the prompt payment of claims in a manner
980 comparable to the requirements of s. 641.3155.

981 (d) Provide technology with the capability for data
982 collection which meets the security requirements of the federal
983 Health Insurance Portability and Accountability Act of 1996, 42
984 C.F.R. ss. 160 and 164.

985 (e) Contract with multiple providers that provide the same
986 type of service.

987 (3) Pursuant to 42 C.F.R. s. 438.6(c), the agency, in
988 consultation with the department, shall annually reevaluate and
989 recertify the capitation rates for the diversion pilot projects.
990 The agency, in consultation with the department, shall secure

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991 | the claims data for Medicare beneficiaries which shall be used
 992 | in developing rates for the diversion pilot projects.

993 | (4) In order to achieve rapid enrollment into the program
 994 | and efficient diversion of applicants from nursing home care,
 995 | the department and the agency shall allow enrollment of Medicaid
 996 | beneficiaries on the date that eligibility for the community
 997 | diversion pilot project is approved. The provider shall receive
 998 | a prorated capitated rate for those enrollees who are enrolled
 999 | after the first of each month.

1000 | (5)~~(3)~~ The department shall provide to prospective
 1001 | participants a choice of participating in a community diversion
 1002 | pilot project or any other appropriate placement available. To
 1003 | the extent possible, individuals shall be allowed to choose
 1004 | their care providers, including long-term care service providers
 1005 | affiliated with an individual's religious faith or denomination.

1006 | (6)~~(4)~~ The department shall enroll participants. Providers
 1007 | shall not directly enroll participants in community diversion
 1008 | pilot projects.

1009 | (7)~~(5)~~ In selecting the pilot project area, the department
 1010 | shall consider the following factors in the area:

- 1011 | (a) The nursing home occupancy level.
- 1012 | (b) The number of certificates of need awarded for nursing
 1013 | home beds for which renovation, expansion, or construction has
 1014 | not begun.
- 1015 | (c) The annual number of additional nursing home beds.
- 1016 | (d) The annual number of nursing home admissions.
- 1017 | (e) The adequacy of community-based long-term care service
 1018 | providers.

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1019 ~~(8)(6)~~ The department may require participants to
 1020 contribute to their cost of care in an amount not to exceed the
 1021 cost-sharing required of Medicaid-eligible nursing home
 1022 residents.

1023 ~~(9)(7)~~ Community diversion pilot projects must:

1024 (a) Provide services for participants that are of
 1025 sufficient quality, quantity, type, and duration to prevent or
 1026 delay nursing facility placement.

1027 (b) Integrate acute and long-term care services, and the
 1028 funding sources for such services, as feasible.

1029 (c) Encourage individuals, families, and communities to
 1030 plan for their long-term care needs.

1031 (d) Provide skilled and intermediate nursing facility care
 1032 for participants who cannot be adequately cared for in
 1033 noninstitutional settings.

1034 (10) The Legislature finds that preservation of the
 1035 historic aging network of service providers is essential to the
 1036 well-being of Florida's elderly population. The Legislature
 1037 finds that the Florida aging network constitutes a system of
 1038 essential community providers which should be nurtured and
 1039 assisted to develop systems of operations which allow the
 1040 gradual assumption of responsibility and financial risk for
 1041 managing the entire continuum of long-term-care services and
 1042 which allow these providers to develop managed systems of
 1043 service delivery. The department and the agency shall therefore:

1044 (a) Develop a demonstration system in which existing
 1045 community care for the elderly lead agencies are assisted in
 1046 transitioning their business model and service delivery system

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1047 over a period of time to enable assumption of full risk as a
 1048 diversion pilot project contractor providing long-term-care
 1049 services in their areas of operation.

1050 (b) In the demonstration system, a community care for the
 1051 elderly lead agency shall be initially reimbursed on a prepaid
 1052 or fixed-sum basis for services provided under the Aged and
 1053 Disabled Adult Medicaid waiver program, state-funded programs
 1054 serving the aged, including community care for the elderly, home
 1055 care for the elderly, local services program, and the
 1056 Alzheimer's disease initiative. By the end of the third year of
 1057 operation, the demonstration shall include services under the
 1058 long-term-care community diversion pilot project.

1059 (c) During the first year of operation, the department and
 1060 the agency may place the provider at risk to provide the nursing
 1061 home services for the enrolled individuals who are participating
 1062 in the demonstration project. During the 3-year development
 1063 period, the agency and the department may limit the level of
 1064 custodial nursing home risk that the administering entity
 1065 assumes, consistent with the intent of the Legislature to reduce
 1066 the use and cost of nursing home care. Under risk-sharing
 1067 arrangements, during the first 3 years of operation, the agency
 1068 and the department may reimburse the administering entity for
 1069 the cost of providing nursing home care for Medicaid-eligible
 1070 participants who have been permanently placed and remain in
 1071 nursing home care for more than 1 year, or may disenroll such
 1072 participants from the demonstration project.

1073 (d) The agency and the department shall develop
 1074 reimbursement rates based on the historical cost experience of

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1075 the state in providing long-term care and nursing home services
 1076 under Medicaid waiver programs and providing state-funded long-
 1077 term care services to the population older than 60 years of age
 1078 in the area served by the pilot project.

1079 (e) The agency, in consultation with the department, shall
 1080 ensure that the entity or entities receiving prepaid or fixed-
 1081 sum reimbursement are assisted in developing internal management
 1082 and financial control systems necessary to manage the risk
 1083 associated with providing services under a prepaid or fixed-sum
 1084 rate system.

1085 (f) If the agency and the department share risk of
 1086 custodial nursing home placement, payment rates during the first
 1087 3 years of operation shall be set at not more than 100 percent
 1088 of the costs to the agency and the department of providing
 1089 equivalent services to the population within the area of the
 1090 pilot project for the year prior to the year in which the pilot
 1091 project is implemented, adjusted forward to account for
 1092 inflation and policy changes of the Medicaid program. In
 1093 subsequent years, the rate shall be negotiated, based on the
 1094 cost experience of the entity in providing contracted services,
 1095 but may not exceed 95 percent of the amount that would have been
 1096 paid in the area of the pilot project absent the prepaid or
 1097 fixed sum reimbursement methodology.

1098 (g) Community care for the elderly lead agencies which
 1099 have operated for a period of at least 20 years, which operate a
 1100 Medicare-certified home health agency, and which have developed
 1101 a system of service provision by health care volunteers shall be
 1102 given priority in the selection of pilot projects if they meet

1103 the minimum requirements specified in the competitive
 1104 procurement.

1105 (h) In order to facilitate the development of the
 1106 demonstration project, the agency, subject to appropriations
 1107 included in the General Appropriation Act, shall advance
 1108 \$500,000 for the purpose of funding development costs for the
 1109 demonstration project provider. The terms of repayment may not
 1110 extend beyond 6 years from the date of funding.

1111 (i) The agency and the department shall adopt any rules
 1112 necessary to comply with or administer these requirements,
 1113 effect and implement interagency agreements between the agency
 1114 and the department, and comply with federal requirements.

1115 (j) The department and the agency shall seek federal
 1116 waivers necessary to implement the requirements of this section,
 1117 including waivers available from the federal Assistant Secretary
 1118 on Aging necessary to include Older Americans Act services in
 1119 the demonstration project.

1120 (11) During the 2004-2005 state fiscal year, the agency,
 1121 in consultation with the department, shall integrate the frail
 1122 elder option into the nursing home diversion pilot project
 1123 consisting of capitated long-term-care programs and each
 1124 program's funds into one capitated program serving the aged.

1125 (a) The agency shall seek federal waivers necessary to
 1126 integrate these programs.

1127 (b) The agency and the department shall develop uniform
 1128 standards for case management in this newly integrated capitated
 1129 system.

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1130 (12) The agency and the department shall adopt any rules
1131 necessary to comply with or administer these requirements,
1132 effect and implement interagency agreements between the
1133 department and the agency, and comply with federal requirements.

1134 Section 11. This act shall take effect upon becoming a
1135 law.