

CHAMBER ACTION

1 The Committee on Appropriations recommends the following:

2
3 **Committee Substitute**

4 Remove the entire bill and insert:

5 A bill to be entitled

6 An act relating to services for the elderly; amending s.
7 400.441, F.S.; requiring facilities to conduct resident
8 elopement drills; amending s. 409.912, F.S.; allowing
9 contracting for certain CARES program functions; requiring
10 assessment and review of certain nursing home placements;
11 requiring a database to track individuals assessed under
12 the CARES program and diverted from nursing home care;
13 requiring an annual study on individuals diverted from
14 nursing home placement; requiring a report on modifying
15 level of care criteria; amending s. 430.205, F.S.;
16 requiring development of a managed care delivery system
17 for Medicaid services; providing for submission to the
18 Governor and Legislature of a plan to include Medicare in
19 an integrated long-term-care system; providing for
20 integration of Medicare and Medicaid services; creating s.
21 430.2071, F.S.; requiring integration of certain home and
22 community-based Medicaid waiver programs; requiring a
23 specific funding level after integration; requiring the

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

52 specifying programs administered by an aging resource
 53 center; requiring rules; allowing capitated payments;
 54 requiring reports; amending s. 430.703, F.S.; revising
 55 requirements for other qualified providers; amending s.
 56 430.705, F.S.; providing additional requirements for long-
 57 term-care community diversion pilot projects; providing
 58 legislative findings; requiring a demonstration project;
 59 requiring rules; requiring integration of certain managed
 60 care programs; amending s. 430.502, F.S.; designating a
 61 Memory Disorder Clinic; amending s. 1004.445, F.S.;
 62 providing for appointments to the board of the Alzheimer's
 63 Center; requiring a report; making contingent on an
 64 appropriation; providing an effective date.

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

67
 68 Section 1. Paragraph (1) is added to subsection (1) of
 69 section 400.441, Florida Statutes, to read:

70 400.441 Rules establishing standards.--

71 (1) It is the intent of the Legislature that rules
 72 published and enforced pursuant to this section shall include
 73 criteria by which a reasonable and consistent quality of
 74 resident care and quality of life may be ensured and the results
 75 of such resident care may be demonstrated. Such rules shall also
 76 ensure a safe and sanitary environment that is residential and
 77 noninstitutional in design or nature. It is further intended
 78 that reasonable efforts be made to accommodate the needs and
 79 preferences of residents to enhance the quality of life in a

80 facility. In order to provide safe and sanitary facilities and
 81 the highest quality of resident care accommodating the needs and
 82 preferences of residents, the department, in consultation with
 83 the agency, the Department of Children and Family Services, and
 84 the Department of Health, shall adopt rules, policies, and
 85 procedures to administer this part, which must include
 86 reasonable and fair minimum standards in relation to:

87 (1) The establishment of specific policies and procedures
 88 on resident elopement. Facilities shall conduct a minimum of two
 89 resident elopement drills per year. All administrators and
 90 direct care staff shall participate in the drills. Facilities
 91 shall document the drills.

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

94 409.912 Cost-effective purchasing of health care.--The
 95 agency shall purchase goods and services for Medicaid recipients
 96 in the most cost-effective manner consistent with the delivery
 97 of quality medical care. The agency shall maximize the use of
 98 prepaid per capita and prepaid aggregate fixed-sum basis
 99 services when appropriate and other alternative service delivery
 100 and reimbursement methodologies, including competitive bidding
 101 pursuant to s. 287.057, designed to facilitate the cost-
 102 effective purchase of a case-managed continuum of care. The
 103 agency shall also require providers to minimize the exposure of
 104 recipients to the need for acute inpatient, custodial, and other
 105 institutional care and the inappropriate or unnecessary use of
 106 high-cost services. The agency may establish prior authorization
 107 requirements for certain populations of Medicaid beneficiaries,

108 certain drug classes, or particular drugs to prevent fraud,
 109 abuse, overuse, and possible dangerous drug interactions. The
 110 Pharmaceutical and Therapeutics Committee shall make
 111 recommendations to the agency on drugs for which prior
 112 authorization is required. The agency shall inform the
 113 Pharmaceutical and Therapeutics Committee of its decisions
 114 regarding drugs subject to prior authorization.

115 (4) The agency may contract with:

116 (h) An entity authorized in s. 430.705(10) ~~430.205~~ to
 117 contract with the agency and the Department of Elderly Affairs
 118 to provide health care and social services on a prepaid or
 119 fixed-sum basis to elderly recipients. Such prepaid health care
 120 services entities are exempt from the provisions of part I of
 121 chapter 641 for the first 3 years of operation. An entity
 122 recognized under this paragraph that demonstrates to the
 123 satisfaction of the Office of Insurance Regulation that it is
 124 backed by the full faith and credit of one or more counties in
 125 which it operates may be exempted from s. 641.225.

126 (15)(a) The agency shall operate the Comprehensive
 127 Assessment ~~and Review~~ and Evaluation for Long-Term Care Services
 128 (CARES) nursing facility preadmission screening program to
 129 ensure that Medicaid payment for nursing facility care is made
 130 only for individuals whose conditions require such care and to
 131 ensure that long-term care services are provided in the setting
 132 most appropriate to the needs of the person and in the most
 133 economical manner possible. The CARES program shall also ensure
 134 that individuals participating in Medicaid home and community-

135 based waiver programs meet criteria for those programs,
136 consistent with approved federal waivers.

137 (b) The agency shall operate the CARES program through an
138 interagency agreement with the Department of Elderly Affairs.
139 The agency, with agreement from the Department of Elderly
140 Affairs, may contract for any function or activity of the CARES
141 program, including any function or activity required by 42
142 C.F.R. part 483.20, relating to preadmission screening and
143 resident review, if the agency and the department can
144 demonstrate that contracting for such a function will result in
145 a savings to the state and increased efficiency and
146 accountability.

147 (c) Prior to making payment for nursing facility services
148 for a Medicaid recipient, the agency must verify that the
149 nursing facility preadmission screening program has determined
150 that the individual requires nursing facility care and that the
151 individual cannot be safely served in community-based programs.
152 The nursing facility preadmission screening program shall refer
153 a Medicaid recipient to a community-based program if the
154 individual could be safely served at a lower cost and the
155 recipient chooses to participate in such program.

156 (d) For the purpose of initiating immediate prescreening
157 and diversion assistance for individuals residing in nursing
158 homes and in order to make families aware of alternative long-
159 term-care resources so that they may choose a more cost-
160 effective setting for long-term placement, within existing
161 appropriated staffing, CARES staff shall conduct an assessment
162 and review of a sample of individuals whose nursing home stay is

163 expected to exceed 20 days, regardless of the initial funding
 164 source for the nursing home placement. CARES staff shall provide
 165 counseling and referral services to these individuals regarding
 166 choosing a facility. This paragraph does not apply to continuing
 167 care facilities licensed under chapter 651 or to retirement
 168 communities that provide a combination of nursing home,
 169 independent living, and other long-term-care services.

170 (e)(d) By January 15 ~~±~~ of each year, the agency shall
 171 submit a report to the President of the Senate, the Speaker of
 172 the House of Representatives, Legislature and the Office of
 173 Long-Term-Care Policy describing the operations of the CARES
 174 program. The report must describe:

- 175 1. Rate of diversion to community alternative programs;
- 176 2. CARES program staffing needs to achieve additional
 177 diversions;
- 178 3. Reasons the program is unable to place individuals in
 179 less restrictive settings when such individuals desired such
 180 services and could have been served in such settings;
- 181 4. Barriers to appropriate placement, including barriers
 182 due to policies or operations of other agencies or state-funded
 183 programs; and
- 184 5. Statutory changes necessary to ensure that individuals
 185 in need of long-term care services receive care in the least
 186 restrictive environment.

187 (f) Subject to available appropriations, the Department of
 188 Elderly Affairs shall develop a database to track individuals
 189 over time who are assessed under the CARES program and who are
 190 diverted from nursing home placement. By January 15 of each

191 year, the department shall submit to the President of the
 192 Senate, the Speaker of the House of Representatives, and the
 193 Office of Long-Term-Care Policy a longitudinal study of the
 194 individuals who are diverted from nursing home placement. The
 195 study must include:

196 1. The demographic characteristics of the individuals
 197 assessed and diverted from nursing home placement, including,
 198 but not limited to, age, race, gender, frailty, caregiver
 199 status, living arrangements, and geographic location.

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

202 3. A summary of inpatient hospital admissions for
 203 individuals who have been diverted.

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

206 (g) By July 1, 2005, the department and the Agency for
 207 Health Care Administration shall report to the President of the
 208 Senate and the Speaker of the House of Representatives regarding
 209 the impact to the state of modifying level of care criteria to
 210 eliminate the Intermediate II level of care.

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

213 430.205 Community care service system.--

214 (6) Notwithstanding other requirements of this chapter,
 215 the department ~~of Elderly Affairs~~ and the Agency for Health Care
 216 Administration shall ~~develop a model system to~~ transition all
 217 Medicaid state-funded services for elderly individuals in
 218 portions of one or more of the department's planning and service

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219 | areas, including both rural and urban areas, to a managed,
220 | ~~integrated long-term-care delivery system under the direction of~~
221 | ~~a single entity.~~

222 | (a) The duties of each managed care organization, or other
223 | qualified provider as defined in s. 430.703, contracted to
224 | operate the managed ~~the model~~ system shall include organizing
225 | and administering service delivery for the elderly, obtaining
226 | contracts for services with providers in the area, monitoring
227 | the quality of services provided, ~~determining levels of need and~~
228 | ~~disability for payment purposes,~~ and other activities determined
229 | by the department and the agency in order to operate the managed
230 | ~~model~~ system.

231 | (b) The agency and the department shall integrate all
232 | funding for Medicaid services to individuals over the age of 60
233 | ~~65~~ in the managed system ~~model planning and service areas~~ into a
234 | single per-person per-month payment rate, except that funds for
235 | Medicaid behavioral health care services are exempt from this
236 | section. The funds to be integrated shall include:

237 | 1. ~~Community care for the elderly funds;~~
238 | 2. ~~Home care for the elderly funds;~~
239 | 3. ~~Local services program funds;~~
240 | 4. ~~Contracted services funds;~~
241 | 5. ~~Alzheimer's disease initiative funds;~~
242 | 1.6. Medicaid home and community-based waiver services
243 | funds;

244 | 2.7. Funds for all Medicaid services authorized in ss.
245 | 409.905 and 409.906, including Medicaid nursing home services;
246 | and

247 ~~3.8-~~ Funds paid for Medicare premiums, coinsurance and
 248 deductibles for persons dually eligible for Medicaid and
 249 Medicare as prescribed in s. 409.908(13).

250
 251 The department and the agency shall not make Medicaid payments
 252 for services for people age 60 or older in the areas in which
 253 the managed system operates ~~65 and older~~ except through the
 254 managed model-delivery system.

255 (c) The entities ~~entity~~ selected to administer the managed
 256 ~~model~~ system shall develop a comprehensive health and long-term-
 257 care service delivery system through contracts with providers of
 258 medical, social, and long-term-care services sufficient to meet
 259 the needs of the population age 60 or older ~~65 and older~~. The
 260 ~~entity selected to administer the model system shall not~~
 261 ~~directly provide services other than intake, assessment, and~~
 262 ~~referral services.~~

263 (d) The department and the agency shall contract through
 264 competitive procurement with no less than two and no more than
 265 three managed care organizations, or other qualified providers
 266 as defined in s. 430.703, to administer the project ~~determine~~
 267 ~~which of the department's planning and services areas is to be~~
 268 ~~designated as a model area by means of a request for proposals.~~
 269 ~~The department shall select an area to be designated as a model~~
 270 ~~area and the entity to administer the model system based on~~
 271 demonstration of capacity of each provider ~~the entity~~ to:

272 1. Develop contracts with providers currently under
 273 contract with the department, area agencies on aging, or
 274 community-care-for-the-elderly lead agencies. †

275 2. Provide a comprehensive system of appropriate medical
276 and long-term-care services that provides high-quality medical
277 and social services to assist older individuals in remaining in
278 the least restrictive setting.†

279 3. Demonstrate a quality assurance and quality improvement
280 system satisfactory to the department and the agency.†

281 4. Develop a system to identify participants who have
282 special health care needs such as polypharmacy, mental health
283 and substance abuse problems, falls, chronic pain, nutritional
284 deficits, and cognitive deficits, in order to respond to and
285 meet these needs.†

286 5. Use a multidisciplinary team approach to participant
287 management which ensures that information is shared among
288 providers responsible for delivering care to a participant.†

289 6. Ensure medical oversight of care plans and service
290 delivery, regular medical evaluation of care plans, and the
291 availability of medical consultation for case managers and
292 service coordinators.†

293 7. Develop, monitor, and enforce quality-of-care
294 requirements.†

295 ~~(e)8-~~ The selected entities shall secure subcontracts with
296 providers of medical, nursing home, and community-based long-
297 term-care services sufficient to ensure access to and
298 choice of providers by project participants. In the absence of a
299 separate contractual relationship between a nursing home
300 provider and a managed care organization, the nursing home shall
301 cooperate with the managed care organization's efforts to
302 determine if a project participant would be more appropriately

303 served in a community setting, and payments shall be made in
 304 accordance with Medicaid nursing home rates as calculated in the
 305 state plan.†

306 (f) To ensure that the contracted providers meet a high
 307 quality of care standard, the entity selected to administer the
 308 managed care system shall:

309 1. Develop and use a service provider qualification system
 310 which describes the quality-of-care standards that a nursing
 311 home must meet in order to obtain a contract with the managing
 312 entity.

313 2. Contract with all qualified nursing homes located in
 314 the area that is served by the project, including those
 315 designated as Gold Seal.

316 3. Ensure that as an area is transitioned to managed care,
 317 individuals who are residents of nursing homes in the project
 318 area prior to plan implementation and who do not choose to move
 319 to another setting are allowed to remain in the facility in
 320 which they are receiving care.

321 (g)9. The selected entities shall:

322 1. Ensure a system of case management and service
 323 coordination which includes educational and training standards
 324 for case managers and service coordinators.†

325 2.10. Develop a business plan that considers the ability
 326 of the applicant to organize and operate a risk-bearing entity.†

327 3.11. Furnish evidence of ~~adequate~~ liability insurance
 328 coverage or an adequate plan of self-insurance that is
 329 determined adequate by the Department of Financial Services to

330 respond to claims for injuries arising out of the furnishing of
331 health care.~~;~~ and

332 4.12. Provide, through contract or otherwise, for periodic
333 review of its medical facilities as required by the department
334 and the agency.

335 5. Furnish in a timely manner, in a form determined by the
336 department, requested financial data that has been determined by
337 the department and the agency to be necessary to develop and
338 annually recertify appropriate capitation rates for the project.

339 6. Provide enrollees the ability, to the extent possible,
340 to choose care providers, including nursing home and assisted
341 living service providers affiliated with an individual's
342 religious faith or denomination and nursing home and ALF
343 providers that are part of a retirement community in which an
344 enrollee resides as provided for in s. 641.31(25).

345
346 ~~The department shall give preference in selecting an area to be~~
347 ~~designated as a model area to that in which the administering~~
348 ~~entity is an existing area agency on aging or community care~~
349 ~~for the elderly lead agency demonstrating the ability to perform~~
350 ~~the functions described in this paragraph.~~

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

355 (h)(f) The ~~department and the agency~~ shall develop
356 capitation rates based on the historical cost experience of the
357 state in providing acute and long-term-care services to the

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358 population over 60 65 years of age in the area served. The
359 agency, in consultation with the department, shall contract for
360 an independent entity to study the historical cost experience,
361 adjusted to reflect changes in regulatory requirements, of the
362 state in providing services listed in paragraph (b) to the
363 population age 60 and older residing within the model area and
364 to develop and certify a per-person, per-month capitation rate
365 for the managed system. The agency, in consultation with the
366 department, shall reevaluate and recertify the capitation rate
367 annually. The agency and the department shall give preference in
368 contracting for the managed system to those entities whose
369 proposals create innovative, functional partnerships with
370 existing community-care-for-the-elderly lead agencies.

371 ~~1. Payment rates in the first 2 years of operation shall~~
372 ~~be set at no more than 100 percent of the costs to the state of~~
373 ~~providing equivalent services to the population of the model~~
374 ~~area for the year prior to the year in which the model system is~~
375 ~~implemented, adjusted forward to account for inflation and~~
376 ~~population growth. In subsequent years, the rate shall be~~
377 ~~negotiated based on the cost experience of the model system in~~
378 ~~providing contracted services, but may not exceed 95 percent of~~
379 ~~the amount that would have been paid by the state in the model~~
380 ~~planning and service area absent the model integrated service~~
381 ~~delivery system.~~

382 ~~2. The agency and the department may develop innovative~~
383 ~~risk-sharing agreements that limit the level of custodial~~
384 ~~nursing home risk that the administering entity assumes,~~
385 ~~consistent with the intent of the Legislature to reduce the use~~

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386 ~~and cost of nursing home care. Under risk-sharing arrangements,~~
387 ~~the agency and the department may reimburse the administering~~
388 ~~entity for the cost of providing nursing home care for Medicaid-~~
389 ~~eligible participants who have been permanently placed and~~
390 ~~remain in nursing home care for more than 1 year.~~

391 (i)(g) The department and the Agency for Health Care
392 Administration shall seek federal waivers, or amendments to
393 existing waivers, necessary to implement the requirements of
394 this section.

395 ~~(h) The Department of Children and Family Services shall~~
396 ~~develop a streamlined and simplified eligibility system and~~
397 ~~shall outstation a sufficient number and quality of eligibility-~~
398 ~~determination staff with the administering entity to assure~~
399 ~~determination of Medicaid eligibility for the integrated service~~
400 ~~delivery system in the model planning and service area within 10~~
401 ~~days after receipt of a complete application.~~

402 (j)(i) The agency, in consultation with the department,
403 shall begin discussions with the federal Centers for Medicare
404 and Medicaid Services regarding the inclusion of Medicare in an
405 integrated long-term-care system. By December 31, 2006, the
406 agency shall provide to the Governor, the President of the
407 Senate, and the Speaker of the House of Representatives a plan
408 for including Medicare in an integrated long-term-care system
409 ~~The Department of Elderly Affairs shall make arrangements to~~
410 ~~outstation a sufficient number of nursing home preadmission~~
411 ~~screening staff with the administering entity to assure timely~~
412 ~~assessment of level of need for long term care services in the~~
413 ~~model area.~~

414 ~~(k)(j)~~ The Department of Elderly Affairs shall conduct or
 415 contract for an evaluation of the managed system ~~pilot project~~.
 416 The department shall submit the evaluation to the Governor and
 417 the Legislature by January 1, 2006 ~~2005~~. The evaluation must
 418 address the effects of the managed system in ~~pilot project on~~
 419 ~~the effectiveness of the entity~~ providing a comprehensive system
 420 of appropriate and high-quality medical and long-term-care
 421 services to elders in the least restrictive setting, provide a
 422 comparison of average monthly rate incurred by diverted
 423 individuals to those of nursing home residents in a similar
 424 geographic area, and make recommendations on a phased-in
 425 implementation expansion for the rest of the state. In addition,
 426 the department, in consultation with the agency, shall consider
 427 whether providers operating in the managed system should be
 428 placed at risk for the state-funded community care for the
 429 elderly, home care for the elderly, and Alzheimer's disease
 430 initiative programs.

431 (1) The agency shall ensure that, to the extent possible,
 432 Medicare and Medicaid services are integrated. Where possible,
 433 individuals served in the managed system who are eligible for
 434 Medicare shall be enrolled in a Medicare managed health care
 435 plan operated by the same entity which is placed at risk for
 436 long-term care services.

437 Section 4. Section 430.2071, Florida Statutes, is created
 438 to read:

439 430.2071 Home and community-based waiver services.--

440 (1) The agency, in consultation with the department, shall
 441 integrate the assisted living for the elderly Medicaid waiver

442 program into the aged and disabled adult Medicaid waiver program
 443 and each program's funds into one fee-for-service Medicaid
 444 waiver program serving the aged and disabled.

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

449 (b) The agency shall seek federal waivers, or amendments
 450 to existing waivers, necessary to integrate these waiver
 451 programs.

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

456 (d) The agency and the department shall adopt any rules
 457 necessary to comply with or administer these requirements,
 458 effect and implement interagency agreements between the
 459 department and the agency, and comply with federal requirements.

460 (2) The department, in consultation with the agency, shall
 461 study the integration of the database systems for the
 462 Comprehensive Assessment Review and Evaluation for Long-Term
 463 Care Services (CARES) program and the Client Information and
 464 Referral Tracking System (CIRTS) and develop a plan for database
 465 integration.

466 (3) The department, in consultation with the agency,
 467 subject to an appropriation, shall develop a plan to evaluate
 468 the newly integrated program over time, from the beginning of
 469 the implementation process forward. The department shall

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470 contract with a research entity through competitive procurement
471 to help develop the evaluation plan and conduct the evaluation.
472 The evaluation shall be ongoing and shall determine whether the
473 newly integrated program is achieving its goals and evaluate the
474 effects the changes have had on consumers. The evaluation plan
475 must include baseline measures for evaluating cost-
476 effectiveness, the quality of care, and consumer satisfaction of
477 the program. The department shall submit the plan to the
478 Governor, the President of the Senate, and the Speaker of the
479 House of Representatives by December 31, 2004.

480 (4) The department, in consultation with the agency and
481 the Department of Children and Family Services, shall develop a
482 plan to improve the interaction among the department's newly
483 integrated assessment database, the Florida Medicaid Management
484 Information System, and the FLORIDA system in order to
485 facilitate enrollment of individuals in capitated and fee-for-
486 service programs, as well as to monitor eligibility
487 requirements.

488 (5) Consistent with federal requirements, the agency, in
489 consultation with the department, shall evaluate the Alzheimer's
490 disease waiver program and the adult day health care waiver
491 program to assess whether providing limited intensive services
492 through these waiver programs produces better outcomes for
493 individuals than providing those services through the fee-for-
494 service or capitated programs that provide a larger array of
495 services.

496 Section 5. Section 430.041, Florida Statutes, is amended
497 to read:

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498 430.041 Office of Long-Term-Care Policy.--

499 (1) There is established in the Department of Elderly
 500 Affairs the Office of Long-Term-Care Policy to evaluate the
 501 state's long-term-care service delivery system and make
 502 recommendations to increase the efficiency and effectiveness of
 503 government-funded long-term-care programs for availability and
 504 the use of noninstitutional settings to provide care to the
 505 elderly and to ensure coordination among the agencies
 506 responsible for setting policies for funding and for
 507 administering the long-term-care programs for the elderly
 508 continuum.

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

511 (a) Ensure close communication and coordination among
 512 state agencies involved in developing and administering a more
 513 efficient and coordinated long-term-care service delivery system
 514 in this state;

515 ~~(b) Identify duplication and unnecessary service provision~~
 516 ~~in the long-term-care system and make recommendations to~~
 517 ~~decrease inappropriate service provision;~~

518 (b)(e) Review current programs providing long-term-care
 519 services to determine whether the programs are cost effective,
 520 of high quality, and operating efficiently and make
 521 recommendations to increase consistency and effectiveness in the
 522 state's long-term-care programs;

523 (c)(d) Develop strategies for promoting and implementing
 524 cost-effective home and community-based services as an

525 alternative to institutional care which coordinate and integrate
526 the continuum of care needs of the elderly; and

527 (d) Recommend roles for state agencies that are
528 responsible for administering long-term-care programs for the
529 elderly and an organization framework for the planning,
530 coordination, implementation, and evaluation of long-term-care
531 programs for the elderly.

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

534 (3) The Director of the Office of Long-Term-Care Policy
535 shall be appointed by, and serve at the pleasure of, the
536 Governor. The director shall report to, and be under the general
537 supervision of, the Secretary of Elderly Affairs and shall not
538 be subject to supervision by any other employee of the
539 department.

540 ~~(4) The Office of Long-Term-Care Policy shall have an~~
541 ~~advisory council. The purposes of the advisory council are to~~
542 ~~provide assistance and direction to the office and to ensure~~
543 ~~that the appropriate state agencies are properly implementing~~
544 ~~recommendations from the office.~~

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

546 ~~1. A member of the Senate, appointed by the President of~~
547 ~~the Senate;~~

548 ~~2. A member of the House of Representatives, appointed by~~
549 ~~the Speaker of the House of Representatives;~~

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

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

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

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

554 ~~7. The Executive Director of the Department of Veterans'~~

555 ~~Affairs;~~

556 ~~8. Three people with broad knowledge and experience in the~~

557 ~~delivery of long-term care services, appointed by the Governor~~

558 ~~from groups representing elderly persons; and~~

559 ~~9. Two representatives of people using long-term care~~

560 ~~services, appointed by the Governor from groups representing~~

561 ~~elderly persons.~~

562 ~~(b) The council shall elect a chair from among its~~

563 ~~membership to serve for a 1-year term. A chair may not serve~~

564 ~~more than two consecutive terms.~~

565 ~~(c) Members shall serve without compensation, but are~~

566 ~~entitled to receive reimbursement for travel and per diem as~~

567 ~~provided in s. 112.061.~~

568 ~~(d) The advisory council shall meet at the call of its~~

569 ~~chair or at the request of a majority of its members. During its~~

570 ~~first year of existence, the advisory council shall meet at~~

571 ~~least monthly.~~

572 ~~(e) Members of the advisory council appointed by the~~

573 ~~Governor shall serve at the pleasure of the Governor and shall~~

574 ~~be appointed to 4-year staggered terms in accordance with s.~~

575 ~~20.052.~~

576 (4)(5)(a) The Department of Elderly Affairs shall provide

577 administrative support and services to the Office of Long-Term-

578 Care Policy.

579 (b) The office shall call upon appropriate agencies of

580 state government, including the centers on aging in the State

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581 University System, for assistance needed in discharging its
582 duties.

583 ~~(c) Each state agency represented on the Office of Long-~~
584 ~~Term-Care Policy Advisory Council shall make at least one~~
585 ~~employee available to work with the Office of Long-Term-Care~~
586 ~~Policy.~~ All state agencies and universities shall assist the
587 office in carrying out its responsibilities prescribed by this
588 section.

589 (d) The Secretary of Health Care Administration, the
590 Secretary of Elderly Affairs, the Secretary of Children and
591 Family Services, the Secretary of Health, and the executive
592 director of the Department of Veterans' Affairs shall each
593 appoint at least one high-level employee with the authority to
594 recommend and implement agency policy and with experience in the
595 area of long-term-care service delivery and financing to work
596 with the Office of Long-Term-Care Policy as part of an
597 interagency coordinating team. The interagency coordinating team
598 shall meet monthly with the director of the Office of Long-Term-
599 Care Policy to implement the purposes of the office.

600 (e)~~(d)~~ Each state agency shall pay from its own funds any
601 expenses related to its support of the Office of Long-Term-Care
602 Policy ~~and its participation on the advisory council. The~~
603 ~~Department of Elderly Affairs shall be responsible for expenses~~
604 ~~related to participation on the advisory council by members~~
605 ~~appointed by the Governor.~~

606 (5)(6)(a) By December 31 of each year 1, 2002, the office
607 shall submit to the Governor, the President of the Senate, and
608 the Speaker of the House of Representatives a advisory council a

609 ~~preliminary~~ report of its activities and the progress made in
 610 ~~findings and recommendations on~~ improving the long-term-care
 611 continuum in this state and make recommendations accordingly.
 612 The report shall contain the activities completed by the office
 613 during the calendar year, recommendations and implementation
 614 proposals for policy changes, and ~~as well as~~ legislative and
 615 funding recommendations that will make the system more effective
 616 and efficient. The report shall contain a specific
 617 implementation strategies, with timelines, ~~plan~~ for
 618 accomplishing the recommendations and proposals set out in the
 619 report. ~~Thereafter, the office shall revise and update the~~
 620 ~~report annually and resubmit it to the advisory council for~~
 621 ~~review and comments by November 1 of each year.~~

622 ~~(b) The advisory council shall review and recommend any~~
 623 ~~suggested changes to the preliminary report, and each subsequent~~
 624 ~~annual update of the report, within 30 days after the receipt of~~
 625 ~~the preliminary report. Suggested revisions, additions, or~~
 626 ~~deletions shall be made to the Director of the Office of Long-~~
 627 ~~Term Care Policy.~~

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

633 Section 6. Subsection (3) and paragraph (c) of subsection
 634 (9) of section 430.203, Florida Statutes, are amended to read:

635 430.203 Community care for the elderly; definitions.--As
 636 used in ss. 430.201-430.207, the term:

637 (3) "Community care service system" means a service
 638 network comprising a variety of home-delivered services, day
 639 care services, and other basic services, hereinafter referred to
 640 as "core services," for functionally impaired elderly persons
 641 which are provided by or through several agencies under the
 642 direction of a single lead agency. Its purpose is to provide a
 643 continuum of care encompassing a full range of preventive,
 644 maintenance, and restorative services for functionally impaired
 645 elderly persons.

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

650 (c) In each community care service system the lead agency
 651 must be given the authority and responsibility to coordinate
 652 some or all of the services, either directly or through
 653 subcontracts, for functionally impaired elderly persons. These
 654 services must include case management. Other services, such as
 655 ~~and may include~~ homemaker and chore services, respite care,
 656 adult day care, personal care services, home-delivered meals,
 657 counseling, information and referral, and emergency home repair
 658 services, may be included subject to competitive bidding. The
 659 lead agency must compile community care statistics and monitor,
 660 when applicable, subcontracts with agencies providing core
 661 services.

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

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664 430.7031 Nursing home transition program.--The department
665 and the Agency for Health Care Administration:

666 (2) Shall collaboratively work to identify Medicaid long-
667 stay nursing home residents who are able to move to community
668 placements, and to provide case management and supportive
669 services to such individuals while they are in nursing homes to
670 assist such individuals in moving to less expensive and less
671 restrictive settings. CARES program staff shall annually review
672 at least 20 percent of the case files for nursing home residents
673 who are Medicaid recipients to determine which nursing home
674 residents are able to move to community placements.

675 Section 8. Section 430.2053, Florida Statutes, is created
676 to read:

677 430.2053 Aging resource centers.--

678 (1) The department, in consultation with the Agency for
679 Health Care Administration and the Department of Children and
680 Family Services, shall develop pilot projects for aging resource
681 centers. By October 31, 2004, the department, in consultation
682 with the agency and the Department of Children and Family
683 Services, shall develop an implementation plan for aging
684 resource centers and submit the plan to the Governor, the
685 President of the Senate, and the Speaker of the House of
686 Representatives. The plan must include qualifications for
687 designation as a center, the functions to be performed by each
688 center, and a process for determining that a current area agency
689 on aging is ready to assume the functions of an aging resource
690 center.

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691 (2) Each area agency on aging shall develop, in
692 consultation with the existing community care for the elderly
693 lead agencies within their planning and service areas, a
694 proposal that describes the process the area agency on aging
695 intends to undertake to transition to an aging resource center
696 prior to July 1, 2005, and that describes the area agency's
697 compliance with the requirements of this section. The proposals
698 must be submitted to the department prior to December 31, 2004.
699 The department shall evaluate all proposals for readiness and,
700 prior to March 1, 2005, shall select three area agencies on
701 aging which meet the requirements of this section to begin the
702 transition to aging resource centers. Those area agencies on
703 aging which are not selected to begin the transition to aging
704 resource centers shall, in consultation with the department and
705 the existing community care for the elderly lead agencies within
706 their planning and service areas, amend their proposals as
707 necessary and resubmit them to the department prior to July 1,
708 2005. The department may transition additional area agencies to
709 aging resource centers as it determines that area agencies are
710 in compliance with the requirements of this section.

711 (3) The Auditor General and the Office of Program Policy
712 Analysis and Government Accountability (OPPAGA) shall jointly
713 review and assess the department's process for determining an
714 area agency's readiness to transition to an aging resource
715 center.

716 (a) The review must, at a minimum, address the
717 appropriateness of the department's criteria for selection of an
718 area agency to transition to an aging resource center, the

719 instruments applied, the degree to which the department
720 accurately determined each area agency's compliance with the
721 readiness criteria, the quality of the technical assistance
722 provided by the department to an area agency in correcting any
723 weaknesses identified in the readiness assessment, and the
724 degree to which each area agency overcame any identified
725 weaknesses.

726 (b) Reports of these reviews must be submitted to the
727 appropriate substantive and appropriations committees in the
728 Senate and the House of Representatives on March 1 and September
729 1 of each year until full transition to aging resource centers
730 has been accomplished statewide, except that the first report
731 must be submitted by February 1, 2005, and must address all
732 readiness activities undertaken through December 31, 2004. The
733 perspectives of all participants in this review process must be
734 included in each report.

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

736 (a) To provide Florida's elders and their families with a
737 locally focused, coordinated approach to integrating information
738 and referral for all available services for elders with the
739 eligibility determination entities for state and federally
740 funded long-term-care services.

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

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

746 (a) Develop referral agreements with local community
 747 service organizations, such as senior centers, existing elder
 748 service providers, volunteer associations, and other similar
 749 organizations, to better assist clients who do not need or do
 750 not wish to enroll in programs funded by the department or the
 751 agency. The referral agreements must also include a protocol,
 752 developed and approved by the department, which provides
 753 specific actions that an aging resource center and local
 754 community service organizations must take when an elder or an
 755 elder's representative seeking information on long-term-care
 756 services contacts a local community service organization prior
 757 to contacting the aging resource center. The protocol shall be
 758 designed to ensure that elders and their families are able to
 759 access information and services in the most efficient and least
 760 cumbersome manner possible.

761 (b) Provide an initial screening of all clients who
 762 request long-term care services to determine whether the person
 763 would be most appropriately served through any combination of
 764 federally funded programs, state-funded programs, locally funded
 765 or community volunteer programs, or private funding for
 766 services.

767 (c) Determine eligibility for the programs and services
 768 listed in subsection (11) for persons residing within the
 769 geographic area served by the aging resource center and
 770 determine a priority ranking for services which is based upon
 771 the potential recipient's frailty level and likelihood of
 772 institutional placement without such services.

773 (d) Manage the availability of financial resources for the
 774 programs and services listed in subsection (11) for persons
 775 residing within the geographic area served by the aging resource
 776 center.

777 (e) When financial resources become available, refer a
 778 client to the most appropriate entity to begin receiving
 779 services. The aging resource center shall make referrals to lead
 780 agencies for service provision that ensure that individuals who
 781 are vulnerable adults in need of services pursuant to s.
 782 415.104(3)(b), or who are victims of abuse, neglect, or
 783 exploitation in need of immediate services to prevent further
 784 harm and are referred by the adult protective services program,
 785 are given primary consideration for receiving community-care-
 786 for-the-elderly services in compliance with the requirements of
 787 s. 430.205(5)(a) and that other referrals for services are in
 788 compliance with s. 430.205(5)(b).

789 (f) Convene a work group to advise in the planning,
 790 implementation, and evaluation of the aging resource center. The
 791 work group shall be comprised of representatives of local
 792 service providers, Alzheimer's Association chapters, housing
 793 authorities, social service organizations, advocacy groups,
 794 representatives of clients receiving services through the aging
 795 resource center, and any other persons or groups as determined
 796 by the department. The aging resource center, in consultation
 797 with the work group, must develop annual program improvement
 798 plans that shall be submitted to the department for
 799 consideration. The department shall review each annual

800 improvement plan and make recommendations on how to implement
 801 the components of the plan.

802 (g) Enhance the existing area agency on aging in each
 803 planning and service area by integrating, either physically or
 804 virtually, the staff and services of the area agency on aging
 805 with the staff of the department's local CARES Medicaid nursing
 806 home preadmission screening unit and a sufficient number of
 807 staff from the Department of Children and Family Services'
 808 Economic Self Sufficiency Unit necessary to determine the
 809 financial eligibility for all persons age 60 and older residing
 810 within the area served by the aging resource center that are
 811 seeking Medicaid services, Supplemental Security Income, and
 812 food stamps.

813 (6) The department shall select the entities to become
 814 aging resource centers based on each entity's readiness and
 815 ability to perform the duties listed in subsection (5) and the
 816 entity's:

817 (a) Expertise in the needs of each target population the
 818 center proposes to serve and a thorough knowledge of the
 819 providers that serve these populations.

820 (b) Strong connections to service providers, volunteer
 821 agencies, and community institutions.

822 (c) Expertise in information and referral activities.

823 (d) Knowledge of long-term-care resources, including
 824 resources designed to provide services in the least restrictive
 825 setting.

826 (e) Financial solvency and stability.

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

830 (g) Commitment to adequate staffing by qualified personnel
 831 to effectively perform all functions.

832 (h) Ability to meet all performance standards established
 833 by the department.

834 (7) The aging resource center shall have a governing body
 835 which shall be the same entity described in s. 20.41(7), and an
 836 executive director who may be the same person as described in s.
 837 20.41(8). The governing body shall annually evaluate the
 838 performance of the executive director.

839 (8) The aging resource center may not be a provider of
 840 direct services other than information and referral services and
 841 screening.

842 (9) The aging resource center must agree to allow the
 843 department to review any financial information the department
 844 determines is necessary for monitoring or reporting purposes,
 845 including financial relationships.

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

849 (a) Develop strong community partnerships to maximize the
 850 use of community resources for the purpose of assisting elders
 851 to remain in their community settings for as long as it is
 852 safely possible.

853 (b) Conduct comprehensive assessments of clients that have
 854 been determined eligible and develop a care plan consistent with

855 established protocols that ensures that the unique needs of each
 856 client are met.

857 (11) The services to be administered through the aging
 858 resource center shall include those funded by the following
 859 programs:

- 860 (a) Community care for the elderly.
- 861 (b) Home care for the elderly.
- 862 (c) Contracted services.
- 863 (d) Alzheimer's disease initiative.
- 864 (e) Aged and disabled adult Medicaid waiver.
- 865 (f) Assisted living for the frail elderly Medicaid waiver.
- 866 (g) Older Americans Act.

867 (12) The department shall, prior to designation of an
 868 aging resource center, develop by rule operational and quality
 869 assurance standards and outcome measures to ensure that clients
 870 receiving services through all long-term-care programs
 871 administered through an aging resource center are receiving the
 872 appropriate care they require and that contractors and
 873 subcontractors are adhering to the terms of their contracts and
 874 are acting in the best interests of the clients they are
 875 servicing, consistent with the intent of the Legislature to reduce
 876 the use of and cost of nursing home care. The department shall
 877 by rule provide operating procedures for aging resource centers,
 878 which shall include:

- 879 (a) Minimum standards for financial operation, including
 880 audit procedures.
- 881 (b) Procedures for monitoring and sanctioning of service
 882 providers.

883 (c) Minimum standards for technology utilized by the aging
884 resource center.

885 (d) Minimum staff requirements which shall ensure that the
886 aging resource center employs sufficient quality and quantity of
887 staff to adequately meet the needs of the elders residing within
888 the area served by the aging resource center.

889 (e) Minimum accessibility standards, including hours of
890 operation.

891 (f) Minimum oversight standards for the governing body of
892 the aging resource center to ensure its continuous involvement
893 in, and accountability for, all matters related to the
894 development, implementation, staffing, administration, and
895 operations of the aging resource center.

896 (g) Minimum education and experience requirements for
897 executive directors and other executive staff positions of aging
898 resource centers.

899 (h) Minimum requirements regarding any executive staff
900 positions that the aging resource center must employ and minimum
901 requirements that a candidate must meet in order to be eligible
902 for appointment to such positions.

903 (13) In an area in which the department has designated an
904 area agency on aging as an aging resource center, the department
905 and the agency shall not make payments for the services listed
906 in subsection (11) and the Long-Term Care Community Diversion
907 Project for such persons who were not screened and enrolled
908 through the aging resource center.

909 (14) Each aging resource center shall enter into a
910 memorandum of understanding with the department for

911 collaboration with the CARES unit staff. The memorandum of
 912 understanding shall outline the staff person responsible for
 913 each function and shall provide the staffing levels necessary to
 914 carry out the functions of the aging resource center.

915 (15) Each aging resource center shall enter into a
 916 memorandum of understanding with the Department of Children and
 917 Family Services for collaboration with the Economic Self-
 918 Sufficiency Unit staff. The memorandum of understanding shall
 919 outline which staff persons are responsible for which functions
 920 and shall provide the staffing levels necessary to carry out the
 921 functions of the aging resource center.

922 (16) If any of the state activities described in this
 923 section are outsourced, either in part or in whole, the contract
 924 executing the outsourcing shall mandate that the contractor or
 925 its subcontractors shall, either physically or virtually,
 926 execute the provisions of the memorandum of understanding
 927 instead of the state entity whose function the contractor or
 928 subcontractor now performs.

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

933 (18) The department shall monitor the three initial
 934 projects for aging resource centers and report on the progress
 935 of those projects to the Governor, the President of the Senate,
 936 and the Speaker of the House of Representatives by June 30,
 937 2005. The report must include an evaluation of the
 938 implementation process.

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939 (19)(a) Once an aging resource center is operational, the
940 department, in consultation with the agency, may develop
941 capitation rates for any of the programs administered through
942 the aging resource center. Capitation rates for programs shall
943 be based on the historical cost experience of the state in
944 providing those same services to the population age 60 or older
945 residing within each area served by an aging resource center.
946 Each capitated rate may vary by geographic area as determined by
947 the department.

948 (b) The department and the agency may determine for each
949 area served by an aging resource center whether it is
950 appropriate, consistent with federal and state laws and
951 regulations, to develop and pay separate capitated rates for
952 each program administered through the aging resource center or
953 to develop and pay capitated rates for service packages which
954 include more than one program or service administered through
955 the aging resource center.

956 (c) Once capitation rates have been developed and
957 certified as actuarially sound, the department and the agency
958 may pay service providers the capitated rates for services when
959 appropriate.

960 (d) The department, in consultation with the agency, shall
961 annually reevaluate and recertify the capitation rates,
962 adjusting forward to account for inflation, programmatic
963 changes.

964 (20) The department, in consultation with the agency,
965 shall submit to the Governor, the President of the Senate, and
966 the Speaker of the House of Representatives, by December 1,

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967 2006, a report addressing the feasibility of administering the
 968 following services through aging resource centers beginning July
 969 1, 2007:

- 970 (a) Medicaid nursing home services.
- 971 (b) Medicaid transportation services.
- 972 (c) Medicaid hospice care services.
- 973 (d) Medicaid intermediate care services.
- 974 (e) Medicaid prescribed drug services.
- 975 (f) Medicaid assistive care services.
- 976 (g) Any other long-term-care program or Medicaid service.
- 977 (21) This section shall not be construed to allow an aging
 978 resource center to restrict, manage or impede the local fund-
 979 raising activities of service providers.

980 Section 9. Subsection (7) of section 430.703, Florida
 981 Statutes, is amended to read:

982 430.703 Definitions.--As used in this act, the term:

983 (7) "Other qualified provider" means an entity licensed
 984 under chapter 400 that demonstrates a long-term care continuum,
 985 meets the requirements of s. 430.705(2), and meets ~~posts a~~
 986 ~~\$500,000 performance bond, and meets all the financial and~~
 987 ~~quality assurance requirements for a provider service network as~~
 988 ~~specified in s. 409.912 and all requirements pursuant to an~~
 989 interagency agreement between the agency and the department.

990 Section 10. Section 430.705, Florida Statutes, is amended
 991 to read:

992 430.705 Implementation of the long-term care community
 993 diversion pilot projects.--

994 (1) In designing and implementing the community diversion
 995 pilot projects, the department shall work in consultation with
 996 the agency.

997 (2) The department shall select projects whose design and
 998 providers demonstrate capacity to maximize the placement of
 999 participants in the least restrictive appropriate care setting.
 1000 The department shall select providers that have a plan
 1001 administrator who is dedicated to the diversion pilot project
 1002 and project staff who perform the necessary project
 1003 administrative functions, including data collection, reporting,
 1004 and analysis. The department shall select providers that:

1005 (a) Are determined by the Department of Financial Services
 1006 to:

1007 1. Meet surplus requirements specified in s. 641.225.
 1008 2. Demonstrate the ability to comply with the standards
 1009 for financial solvency specified in s. 641.285.
 1010 3. Demonstrate the ability to provide for the prompt
 1011 payment of claims as specified in s. 641.3155.
 1012 4. Demonstrate the ability to provide technology with the
 1013 capability for data collection which meets the security
 1014 requirements of the federal Health Insurance Portability and
 1015 Accountability Act of 1996, 42 C.F.R. ss. 160 and 164.

1016 (b) Demonstrate the ability to contract with multiple
 1017 providers that provide the same type of service.

1018 (3) Pursuant to 42 C.F.R. s. 438.6(c), the agency, in
 1019 consultation with the department, shall annually reevaluate and
 1020 recertify the capitation rates for the diversion pilot projects.
 1021 The agency, in consultation with the department, shall secure

1022 the utilization and cost data for Medicaid and Medicare
 1023 beneficiaries served by the program which shall be used in
 1024 developing rates for the diversion pilot projects.

1025 (4) In order to achieve rapid enrollment into the program
 1026 and efficient diversion of applicants from nursing home care,
 1027 the department and the agency shall allow enrollment of Medicaid
 1028 beneficiaries on the date that eligibility for the community
 1029 diversion pilot project is approved. The provider shall receive
 1030 a prorated capitated rate for those enrollees who are enrolled
 1031 after the first of each month.

1032 (5)~~(3)~~ The department shall provide to prospective
 1033 participants a choice of participating in a community diversion
 1034 pilot project or any other appropriate placement available. To
 1035 the extent possible, individuals shall be allowed to choose
 1036 their care providers, including long-term care service providers
 1037 affiliated with an individual's religious faith or denomination.

1038 (6)~~(4)~~ The department shall enroll participants. Providers
 1039 shall not directly enroll participants in community diversion
 1040 pilot projects.

1041 (7)~~(5)~~ In selecting the pilot project area, the department
 1042 shall consider the following factors in the area:

- 1043 (a) The nursing home occupancy level.
- 1044 (b) The number of certificates of need awarded for nursing
 1045 home beds for which renovation, expansion, or construction has
 1046 not begun.
- 1047 (c) The annual number of additional nursing home beds.
- 1048 (d) The annual number of nursing home admissions.

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1049 (e) The adequacy of community-based long-term care service
1050 providers.

1051 ~~(8)(6)~~ The department may require participants to
1052 contribute to their cost of care in an amount not to exceed the
1053 cost-sharing required of Medicaid-eligible nursing home
1054 residents.

1055 ~~(9)(7)~~ Community diversion pilot projects must:

1056 (a) Provide services for participants that are of
1057 sufficient quality, quantity, type, and duration to prevent or
1058 delay nursing facility placement.

1059 (b) Integrate acute and long-term care services, and the
1060 funding sources for such services, as feasible.

1061 (c) Encourage individuals, families, and communities to
1062 plan for their long-term care needs.

1063 (d) Provide skilled and intermediate nursing facility care
1064 for participants who cannot be adequately cared for in
1065 noninstitutional settings.

1066 (10) The Legislature finds that preservation of the
1067 historic aging network of lead agencies is essential to the
1068 well-being of Florida's elderly population. The Legislature
1069 finds that the Florida aging network constitutes a system of
1070 essential community providers which should be nurtured and
1071 assisted to develop systems of operations which allow the
1072 gradual assumption of responsibility and financial risk for
1073 managing a client through the entire continuum of long-term-care
1074 services within the area the lead agency is currently serving
1075 and which allow lead agency providers to develop managed systems

1076 of service delivery. The department and the agency shall
 1077 therefore:
 1078 (a) Develop a demonstration system in which existing
 1079 community care for the elderly lead agencies are assisted in
 1080 transitioning their business model and the service delivery
 1081 system within their current community care service area to
 1082 enable assumption, over a period of time, of full risk as a
 1083 diversion pilot project contractor providing long-term-care
 1084 services in their areas of operation. The department, in
 1085 consultation with the Agency for Health Care Administration and
 1086 the Department of Children and Family Services, shall develop an
 1087 implementation plan for three lead agencies by October 31, 2004.
 1088 The department may postpone the bidding specified in s.
 1089 430.203(9)(c) until such time as the project areas have been
 1090 designated.
 1091 (b) In each demonstration system, a community care for the
 1092 elderly lead agency shall be initially reimbursed on a prepaid
 1093 or fixed-sum basis for services provided under the Aged and
 1094 Disabled Adult Medicaid Waiver Program and the Assisted Living
 1095 for the Elderly Medicaid Waiver Program. By the end of the third
 1096 year of operation, the demonstration shall include services
 1097 under the long-term-care community diversion pilot project.
 1098 (c) During the first year of operation, the department and
 1099 the agency may place providers at risk to provide the nursing
 1100 home services for the enrolled individuals who are participating
 1101 in the demonstration project. During the 3-year development
 1102 period, the agency and the department may limit the level of
 1103 custodial nursing home risk that the administering entities

1104 assume, consistent with the intent of the Legislature to reduce
 1105 the use and cost of nursing home care. Under risk-sharing
 1106 arrangements, during the first 3 years of operation, the agency
 1107 and the department may reimburse the administering entities for
 1108 the cost of providing nursing home care for Medicaid-eligible
 1109 participants who have been permanently placed and remain in
 1110 nursing home care for more than 1 year, or may disenroll such
 1111 participants from the demonstration projects.

1112 (d) The agency and the department shall develop
 1113 reimbursement rates based on the historical cost experience of
 1114 the state in providing long-term care and nursing home services
 1115 under Medicaid waiver programs and providing state-funded long-
 1116 term care services to the population 60 years of age and older
 1117 in the area served by the pilot project.

1118 (e) The agency, in consultation with the department, shall
 1119 ensure that the entity or entities receiving prepaid or fixed-
 1120 sum reimbursement are assisted in developing internal management
 1121 and financial control systems necessary to manage the risk
 1122 associated with providing services under a prepaid or fixed-sum
 1123 rate system.

1124 (f) If the agency and the department share risk of
 1125 custodial nursing home placement, payment rates during the first
 1126 3 years of operation shall be set at not more than 100 percent
 1127 of the costs to the agency and the department of providing
 1128 equivalent services to the population within the area of the
 1129 pilot project for the year prior to the year in which the pilot
 1130 project is implemented, adjusted forward to account for
 1131 inflation and policy changes of the Medicaid program. In

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1132 subsequent years, the rate shall be negotiated, based on the
1133 cost experience of the entity in providing contracted services,
1134 but may not exceed 95 percent of the amount that would have been
1135 paid in the area of the pilot project absent the prepaid or
1136 fixed sum reimbursement methodology.

1137 (g) Community care for the elderly lead agencies which
1138 have operated for a period of at least 20 years, which operate a
1139 Medicare-certified home health agency, and which have developed
1140 a system of service provision by health care volunteers shall be
1141 given priority in the selection of pilot projects if they meet
1142 the minimum requirements specified in the competitive
1143 procurement.

1144 (h) In order to facilitate the development of the
1145 demonstration project, the agency, subject to appropriations
1146 included in the General Appropriation Act, shall advance
1147 \$500,000, if requested by the lead agency, for the purpose of
1148 funding development costs for each demonstration project
1149 provider. The terms of repayment may not extend beyond 6 years
1150 from the date of funding.

1151 (i) The agency and the department shall adopt any rules
1152 necessary to comply with or administer these requirements,
1153 effect and implement interagency agreements between the agency
1154 and the department, and comply with federal requirements.

1155 (j) The department and the agency shall seek federal
1156 waivers necessary to implement the requirements of this section,
1157 including waivers available from the federal Assistant Secretary
1158 on Aging necessary to include Older Americans Act services in
1159 the demonstration project.

1160 (k) The Department of Elderly Affairs shall conduct or
 1161 contract for an evaluation of the demonstration project. The
 1162 department shall submit the evaluation to the Governor, the
 1163 President of the Senate, and the Speaker of the House of
 1164 Representatives by January 1, 2006. The evaluation must address
 1165 the effects of the demonstration pilot project on the
 1166 effectiveness of the project in providing a comprehensive system
 1167 of appropriate and high-quality long-term-care services to
 1168 elders in the least restrictive setting and make recommendations
 1169 on implementation expansion for other parts of the state.

1170 (11) The agency, in consultation with the department,
 1171 shall evaluate the feasibility of integrating the frail elder
 1172 option into the nursing home diversion pilot project and the
 1173 feasibility of integrating each program's funds into one
 1174 capitated program serving the aged.

1175 (12) The agency shall seek federal waivers necessary to
 1176 place a cap on the number of Nursing Home Diversion providers in
 1177 each geographic area. The agency may seek federal approval in
 1178 advance of approval of its formal waiver application to limit
 1179 the diversion provider network by freezing enrollment of
 1180 providers at current levels when an area already has three or
 1181 more providers or, in an expansion area, when enrollment reaches
 1182 a level of three providers. This subsection does not prevent the
 1183 department from approving a provider to expand service to
 1184 additional counties within a planning and service area for which
 1185 the provider is already approved to serve.

1186 (13) The agency and the department shall adopt any rules
 1187 necessary to comply with or administer these requirements,

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1188 effect and implement interagency agreements between the
 1189 department and the agency, and comply with federal requirements.

1190 Section 11. Paragraphs (j) and (k) of subsection (1) of
 1191 section 430.502, Florida Statutes, are amended, and paragraph
 1192 (1) is added to said subsection, to read:

1193 430.502 Alzheimer's disease; memory disorder clinics and
 1194 day care and respite care programs.--

1195 (1) There is established:

1196 (j) A memory disorder clinic at Lee Memorial Hospital
 1197 created by chapter 63-1552, Laws of Florida, as amended; ~~and~~

1198 (k) A memory disorder clinic at Sarasota Memorial Hospital
 1199 in Sarasota County; and

1200 (l) A memory disorder clinic at Morton Plant Hospital,
 1201 Clearwater, in Pinellas County,

1202
 1203 for the purpose of conducting research and training in a
 1204 diagnostic and therapeutic setting for persons suffering from
 1205 Alzheimer's disease and related memory disorders. However,
 1206 memory disorder clinics funded as of June 30, 1995, shall not
 1207 receive decreased funding due solely to subsequent additions of
 1208 memory disorder clinics in this subsection.

1209 Section 12. Paragraph (b) of subsection (2) of section
 1210 1000.445, Florida Statutes, as amended by chapter 2004-2, Laws
 1211 of Florida, is amended to read:

1212 1004.445 Johnnie B. Byrd, Sr., Alzheimer's Center and
 1213 Research Institute.--

1214 (2)

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1215 (b)1. The affairs of the not-for-profit corporation shall
1216 be managed by a board of directors who shall serve without
1217 compensation. The board of directors shall consist of the
1218 President of the University of South Florida and the chair of
1219 the State Board of Education, or their designees, 5
1220 representatives of the state universities, and no fewer than 9
1221 nor more than 14 representatives of the public who are neither
1222 medical doctors nor state employees. Each director who is a
1223 representative of a state university or of the public shall be
1224 appointed to serve a term of 3 years. The chair of the board of
1225 directors shall be selected by a majority vote of the directors.
1226 Each director shall have only one vote.

1227 2. The initial board of directors shall consist of the
1228 President of the University of South Florida and the chair of
1229 the State Board of Education, or their designees; the five
1230 university representatives, of whom one shall be appointed by
1231 the Governor, two by the President of the Senate, and two by the
1232 Speaker of the House of Representatives; and nine public
1233 representatives, of whom three shall be appointed by the
1234 Governor, three by the President of the Senate, and three by the
1235 Speaker of the House of Representatives.

1236 3. Upon the expiration of the terms of the initial
1237 appointed directors, all directors subject to 3-year terms of
1238 office under this paragraph shall be appointed by a majority
1239 vote of the directors. ~~and~~

1240 4. The board may be expanded to include additional public
1241 representative directors up to the maximum number allowed.

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1242 Additional members shall be added by a majority vote of the
1243 directors.

1244 5. Any vacancy in office shall be filled for the remainder
1245 of the term by majority vote of the directors. Any director may
1246 be reappointed.

1247 Section 13. By January 1 of each year, the Department of
1248 Elderly Affairs shall submit to the Governor, the President of
1249 the Senate, and the Speaker of the House of Representatives, a
1250 summary of the results of the departmental monitoring of the
1251 activities of area agencies on aging. The report shall include
1252 information about area agency compliance with state and federal
1253 rules pertaining to all programs administered by the area
1254 agency, information about each area agency's financial
1255 management of state and federally-funded programs, information
1256 about each agency's compliance with the terms of its contracts
1257 with the department, and a summary of corrective action required
1258 by the department.

1259 Section 14. This act is subject to a specific
1260 appropriation in the General Appropriations Act for fiscal year
1261 2004-2005.

1262 Section 15. This act shall take effect upon becoming a
1263 law.