

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

Prepared By: Health Care Committee

BILL: SB 0028A

SPONSOR: Senators Posey and Rich

SUBJECT: Florida KidCare Program Eligibility

DATE: December 14, 2004

REVISED: _____

| | ANALYST | STAFF DIRECTOR | REFERENCE | ACTION |
|----|---------|----------------|-----------|------------------|
| 1. | Garner | Wilson | HE | Favorable |
| 2. | _____ | _____ | _____ | _____ |
| 3. | _____ | _____ | _____ | _____ |
| 4. | _____ | _____ | _____ | _____ |
| 5. | _____ | _____ | _____ | _____ |
| 6. | _____ | _____ | _____ | _____ |

I. Summary:

The bill eliminates redundant document requirements for determining financial eligibility in the Florida KidCare program. The bill changes the current “three document” requirement for proof of family income by requiring applicants to provide a copy of their most recent federal income tax return. In the absence of a federal income tax return, applicants may submit wages and earnings statements (pay stubs), W-2 forms, or other appropriate documents.

This bill amends section 409.814, Florida Statutes.

II. Present Situation:

State Children’s Health Insurance Program (SCHIP)

The State Children’s Health Insurance Program (SCHIP), enacted as part of the federal Balanced Budget Act of 1997, created Title XXI of the Social Security Act, which provides insurance to uninsured children in low-income families either through a Medicaid expansion, a separate children’s health program, or a combination of both. SCHIP was designed as a federal/state partnership, similar to Medicaid, with the goal of expanding health insurance to children whose families earn too much money to be eligible for Medicaid, but not enough money to purchase private insurance. SCHIP is the single largest expansion of health insurance coverage for children since the initiation of Medicaid in the mid-1960s.

Florida KidCare Program

The Legislature created Florida’s KidCare program during the 1998 Legislative Session, in response to passage of Title XXI of the Social Security Act, to make affordable health insurance

available to previously uninsured, low-income children. The program is primarily targeted to uninsured children under age 19 whose family income is at or below 200 percent of the federal poverty level (FPL), \$37,700 for a family of four. The KidCare program is designed to maximize coverage for eligible children and federal funding participation for Florida, while avoiding the creation of an additional entitlement program under Medicaid. The KidCare program is outlined in ss. 409.810 through 409.821, F.S.

KidCare is an “umbrella” program that currently includes the following four components: Medicaid for children; Medikids; the Florida Healthy Kids program; and the Children’s Medical Services (CMS) Network, which includes a behavioral health component.

Enrollment was initiated on October 1, 1998, and 1,544,712 children are enrolled in the various components of the KidCare program as of November 2004. Of this total, 319,125 children are Title XXI eligible, 21,782 children are non-Title XXI eligible, and 1,203,805 children are eligible under the Medicaid Title XIX program.

Results of Changes in Eligibility Determination Requirements

In 2003, the Legislature funded a “no growth” enrollment policy for KidCare for FY 2003-04. The funding was meant to only continue enrollment of the children anticipated to be enrolled as of July 1, 2003. This policy was adopted to ensure that sufficient federal funds were available through 2007, when Congress must reauthorize the program. As a result, a KidCare waiting list was created that eventually exceeded over 90,000 children.

The 2004 Legislature passed a series of bills (CS/SB 2000, HB 1837 and HB 1843) which addressed the waiting list issue by providing funds to enroll these children and changed several eligibility requirements and other program procedures that affect the ability of children to obtain and retain health coverage through the KidCare program.

Among these changes was a provision in s. 409.814(8), F.S., which requires KidCare applicants to submit three forms of documentation of family income, including:

- Federal income tax returns for the prior year,
- Any wages and earnings statements (W-2 forms), **and**
- Any other appropriate document.

While obtaining proof of current income is a critical issue pertaining to program eligibility, requiring three forms to verify/document family income became an issue. This was particularly evident during the first eligibility renewal process that took place after the laws became effective, despite educational efforts by KidCare program administrators. Specifically, the Florida Healthy Kids (FHK) Corporation launched an educational campaign to notify participating families of the new renewal requirements. The campaign included:

- Distributing 220,438 newsletters;
- Providing 236,713 renewal forms (pre-printed with the family's information already filled out) that families only had to sign and attach the required proof of income;

- Making telephone calls (229,667 auto-dialers calls made to participating families and 293,911 attempts to reach families by live operators);
- Conducting a door-to-door contact effort by volunteers, called Project Pathfinder, in the communities with the highest non-respondent rates; and
- Airing two audio news releases reaching almost 5 million listeners, which were released in July and October, regarding renewal, and holding a press conference in October about Project Pathfinder.

The educational campaign was conducted and renewal notification letters were mailed over a five-month period (July, August, September, October, and November), which included the timeframe that families were affected by the four hurricanes that hit the state. Under an executive order issued by the Governor in the aftermath of the hurricanes, families were given a three month extension to submit their renewal information, and as a result, a large number of renewal eligibility determinations became due on December 1, 2004.

Through these educational efforts, about 146,783 families (75% of participating families) responded in a timely manner to the renewal notifications; however, approximately 49,000 families (or 25% of participating families) did not respond. Of the responders, only 50% responded in whole and another 50% responded in part. Many were unable to provide all three of the required forms for proof of income. Those families that responded in part were given an extra 90 days to submit all required documentation.

Without the proper renewal documentation in hand, FHK mailed out notification letters to non-responding families that their children could be terminated by December 1, 2004. In fear of losing their coverage, many non-responding families then tried to submit the appropriate forms at the last minute, only to find phone and fax lines overwhelmed by the significant surge in communications as the deadline approached. Around, 55,000 children lost their subsidized health insurance for the month of December 2004 because their families did not provide the necessary paperwork to renew coverage.

III. Effect of Proposed Changes:

The bill amends s. 409.814(8)(a), F.S., to eliminate redundant document requirements for determining eligibility in the Florida KidCare program. The bill would change the current “three document” requirement for proof of family income by requiring applicants to provide a copy of their most recent federal income tax return. In the absence of a federal income tax return, applicants may submit wages and earnings statements (pay stubs), W-2 forms, or other appropriate documents.

The bill provides an effective date upon becoming law.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:**A. Tax/Fee Issues:**

None.

B. Private Sector Impact:

The bill simplifies the documentation requirements for proof of family income for low-income families applying for health care coverage through the Florida KidCare program.

C. Government Sector Impact:

Fiscal Year 2004-05 appropriations contain sufficient funding for the Florida KidCare Program to cover enrollees who would have otherwise been terminated because of failure to provide the three forms of documentation required by current statute. There may also be some small administrative cost savings for the Florida Healthy Kids Corporation from the reduction in required documentation.

VI. Technical Deficiencies:

None.

VII. Related Issues:

The Florida KidCare Program has announced an open enrollment period for January 2005, as required by s. 409.8134, F.S. The bill would require applicants to include their most recent federal income tax return, which would most likely be their 2003 income tax return.

VIII. Summary of Amendments:

None.

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