

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** HB 569 CS Florida KidCare Program  
**SPONSOR(S):** Garcia and others  
**TIED BILLS:** None. **IDEN./SIM. BILLS:** SB 1324

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DIRECTOR	REFERENCE	ACTION	ANALYST	STAFF
1)	Health Care General Committee	11 Y, 0 N, w/CS	Schiefelbein	Brown-Barrios
2)	Future of Florida's Families Committee	6 Y, 0 N	Davis	Collins
3)	Health Care Appropriations Committee	11 Y, 0 N	Speir	Massengale
4)	Health & Families Council			
5)				

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### SUMMARY ANALYSIS

House Bill 569 CS amends sections 409.8132 and 409.8134, Florida Statutes, to allow year-round enrollment in the Florida KidCare program by removing statutory language limiting enrollment to January and September of each year. The bill requires the four Florida KidCare Administrators to announce the year-round enrollment statewide.

The bill also provides that a KidCare application is valid for a period of 120 days from the date it was received. At the end of the 120 day period, if the applicant has not been enrolled in the program, the application is rendered invalid and the applicant must be notified of the action. The applicant may then resubmit the application after notification.

According to the Agency for Health Care Administration, this bill should not have a fiscal impact because enrollment will be based on the budget. When the enrollment ceiling is reached, enrollment shall immediately cease.

The bill provides an effective date of upon becoming law.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. HOUSE PRINCIPLES ANALYSIS:

**Provide limited government**—The bill has the effect of increasing the number of enrollees in the Florida KidCare Program.

**Promote personal responsibility**—The bill creates an opportunity for families to have access to affordable health coverage for their children at any time during the year.

**Empower families**—The bill creates a year-round opportunity for families to enroll in the KidCare Program, rather than during specific open enrollment periods.

#### B. EFFECT OF PROPOSED CHANGES:

##### The Florida KidCare Program

The Balanced Budget Act of 1997 created Title XXI of the Social Security Act (Title XXI) which governs the State Children's Health Insurance Program (SCHIP). SCHIP is a federal/state partnership which provides insurance to uninsured children under age 19 whose family income is above Medicaid limits.

Florida's SCHIP eligible children are served in the Florida KidCare Program (KidCare). KidCare was created in 1998 to provide health benefits to uninsured children through either SCHIP or Medicaid. KidCare is outlined in sections 409.810 through 409.821, Florida Statutes. KidCare has four components: Medicaid for children; Medikids; the Florida Healthy Kids Program; and the Children's Medical Services (CMS) Network.

Most of the children in KidCare are eligible under Title XIX of the Social Security Act, which governs Medicaid. Only Medicaid children are entitled to KidCare benefits. The rest of the children are subject to enrollment ceilings and may only enroll during open enrollment.

The eligibility requirements for the four KidCare components are as follows:

- Medicaid—children who qualify for Medicaid under the following limitations: birth to age 1, up to 200 percent of the FPL; ages 1 through 5, up to 133 percent of the FPL; and ages 6 through 19, up to 100 percent of the FPL.
- Medikids—children ages 1 through 4 who qualify for SCHIP with incomes up to 200 percent of the FPL.
- Healthy Kids—children ages 5 through 18 who qualify for Title XXI up to 200 percent of the FPL. A limited number of non-qualified alien children who aren't eligible for SCHIP are enrolled in Healthy Kids and are funded with state and local funds. A limited number of children who have family incomes over 200 percent of the FPL are enrolled in the unsubsidized full-pay category in which the family pays the entire cost of the premium, including administrative costs.
- CMS Network—children ages birth through age 18 that have serious health care problems.

## Program Funding

The amount of the federal funds available for SCHIP programs is limited for each fiscal year nationally and at the state level. State allotments for a fiscal year are determined in accordance with a statutory formula that is based on two factors—the “Number of Children” and the “State Cost Factor.” The variability of state allotments over time is constrained by the application of federal statutorily prescribed floors and ceilings, which limit the amount that allotments fluctuate from year-to-year and over the life of the SCHIP program. In general, state allotments for a fiscal year remain available for expenditure by that state for a three-year period—the fiscal year of the award and the two subsequent fiscal years. However, any allotment amounts for a fiscal year, which remain available after the three fiscal years, are subject to reallocation to another state. In 2005, Florida will receive \$38,256,995 in redistributed dollars from unspent funds from other states for FY 2002.

### 2004 Legislative Changes (SB 2000)

Because the Legislature funded a “no growth” enrollment policy in fiscal year 2003-2004, waiting lists for enrollment were established for the KidCare program. By January 30, 2004, the cumulative Title XXI waiting list had grown to an estimated 90,000 children. To address this waiting list, the 2004 Legislature passed SB 2000 (ch. 2004-270, L.O.F.), which provided an appropriation to eliminate the waiting list.

The law also eliminated continuous enrollment and replaced it with no more than two 30-day open enrollment periods per fiscal year (September 1–30 and January 1–30) contingent upon the Social Services Estimating Conference estimating that KidCare caseloads are at a level that an open enrollment would not exhaust the state’s allotment of federal funds through federal fiscal year 2007, which ends September 30, 2007. The law allowed CMS to enroll up to 120 additional children based on emergency disability criteria outside of open enrollment periods.

The chart below compares the enrollment in March 2005 with March 2004.

Program Component	FY 04-05 Enrollment Ceiling	March 2005 Enrollment	March 2004 Enrollment
<b>Title XXI Enrollment</b>			
Healthy Kids*	325,409	198,094	264,198
CMS Network	10,224	7,952	9,569
MediKids	53,882	18,670	33,384
Medicaid <Age 1, 185%-200% FPL		1,300	1,497
<b>Title XXI Total Enrollment</b>		<b>226,016</b>	<b>308,648</b>
<b>Healthy Kids Non-T21 &amp; Full Pay</b>		20,425	22,494
<b>Title XIX Medicaid Enrollment</b>		1,218,642	1,182,277
<b>Total Florida KidCare Enrollment</b>		<b>1,465,083</b>	<b>1,513,419</b>

### January 2005 Open Enrollment for KidCare

The Social Services Estimating Conference convened on November 1 and 10, 2004, to adopt a caseload and expenditure forecast for the Kidcare Program. The conference reviewed recent program experience, with particular attention to caseload levels in light of the freeze on new enrollments into the program. The conference found that, in general, caseloads are on a downward

trend as children leaving the program are not being replaced by new enrollees, with caseloads for November 2004 at about 85 percent of the average appropriated monthly level for the fiscal year.

Discussion at the conference centered on the attrition in the caseload and its consequences over the period through September 2007 when authorization for federal funding participation ends, and on the effect an open enrollment period in January 2005 would have on the sufficiency of Florida's allotment of federal funds over that time period. The conference agreed that considering the rate of attrition being experienced in the program and the fact that current caseload levels were less than appropriated, it would be extremely unlikely that holding an open enrollment in January 2005 would result in caseload levels that would exhaust the state's allotment of federal funds through the remainder of the program's authorization.

As a result, an open enrollment was approved for January 2005, under the condition that the number of new enrollees did not surpass the appropriated Title XXI level of 389,515 enrollees. Based on the Title XXI caseload as of November 2004, 72,000 open enrollment slots were deemed available.

Between January 1 and January 30, 2005, the Florida KidCare Program conducted an open enrollment. The program received 96,561 applications representing an estimated 175,000 children. These applications are still being processed at this time, so it is unclear how many of the available slots will be filled from the January open enrollment. Historically, 35 percent of applicants are enrolled in Medicaid, 20 percent do not complete the process (e.g., they fail to return required paperwork, etc.), and 7 percent are deemed ineligible. Based on these statistics, Healthy Kids Corporation administrators believe that the open enrollment process will not fill all available slots and, at the current rate of attrition, that the state will not exhaust its federal resources for this fiscal year, which may result in Florida having to return a portion of its allocation back to the federal government.

## **Effect**

House Bill 569 CS allows enrollment in KidCare at any time throughout the year, rather than open enrollment periods as specified in section 409.8134, Florida Statutes. The bill also requires Florida KidCare administrators to ensure the year-round enrollment period is announced. This bill removes the language from statute that allows CMS to enroll up to 120 additional children based on emergency disability criteria outside of open enrollment periods.

The bill specifies that a KidCare application is valid for a period of 120 days. After 120 days, the application is rendered invalid and the applicant must be notified by the program. The applicant may resubmit the application after notification.

## **C. SECTION DIRECTORY:**

**Section 1.** Amends s. 409.8132(7), F.S., allowing year-round enrollment in the Medikids component of Florida KidCare.

**Section 2.** Amends s. 409.8134(2), F.S., allowing the Florida KidCare Program to conduct year-round enrollment; requiring Florida KidCare administrators to ensure the announcement of the year-round enrollment period; repealing the limited enrollment periods in January and September; removing obsolete language; providing that KidCare applications are valid for 120 days upon receipt; requiring notification to the application; and providing that applications may be resubmitted.

**Section 3.** Provides an effective date.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

### A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

According to the Agency for Health Care Administration, this bill should not have a fiscal impact because enrollment will be based on the budget. When the enrollment ceiling is reached, enrollment shall immediately cease.

Allowing continuous enrollment should reduce the administrative cost paid to the Florida Healthy Kids Corporation to conduct two, limited open enrollment periods per year. Based on information provided by the Florida Healthy Kids Corporation, administrative cost for additional corporate staff is between approximately \$4 million and \$11.8 million per open enrollment period.

### B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

### C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Providers, including health maintenance organizations, which arrange most of the health services for KidCare recipients, should receive more income as a result of increased KidCare enrollment.

### D. FISCAL COMMENTS:

Year-round enrollment in KidCare will allow an increase in the number of children enrolled in the KidCare Program and the program will be able to use the full amount appropriated by the Legislature. Section 409.8134, Florida Statutes, requires that enrollment in KidCare must cease if funding is insufficient to finance enrollment.

## III. COMMENTS

### A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The bill does not require counties or municipalities to spend funds or to take an action requiring the expenditure of funds. The bill does not reduce the percentage of a state tax shared with counties or municipalities. The bill does not reduce the authority that municipalities have to raise revenue.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

Sufficient rulemaking authority exists to implement the provisions of this bill.

C. DRAFTING ISSUES OR OTHER COMMENTS:

A statement clarifying whether or not the 120 day application rule applies to Medicaid applications would be helpful.

**IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES**

On March 23, 2005, the House Health Care General Committee recommended a strike everything amendment, which revised the original bill as follows:

- Revised the effective date to provide an effective date of upon becoming law.
- Added new language providing that a KidCare application is valid for up to 120 days, provided notification and resubmission requirements.
- Removed obsolete language.

This analysis reflects the bill as amended.