

**HOUSE OF REPRESENTATIVES STAFF ANALYSIS**

**BILL #:** HB 569 Florida KidCare Program  
**SPONSOR(S):** Garcia and others  
**TIED BILLS:** **IDEN./SIM. BILLS:** SB 1324

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REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Health Care General Committee		Schiefelbein	Brown-Barrios
2) Future of Florida's Families Committee			
3) Health Care Appropriations Committee			
4) Health & Families Council			
5) _____			

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**SUMMARY ANALYSIS**

This bill amends ss. 409.8132 and 409.8134, Florida Statutes and allows continuous, year-round enrollment in the Florida KidCare program by removing statutory language restricting open enrollment to January and September of each year.

The bill requires the four Florida KidCare Administrators to announce the year-round enrollment period statewide by January 1, 2006.

The bill provides an effective date of July 1, 2005.

## 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: This 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 MediKids Program, rather than during specific open enrollment periods.

#### B. EFFECT OF PROPOSED CHANGES:

This bill allows enrollment in the Medikids component of Florida KidCare at any time throughout the year, rather than open enrollment periods as specified in s. 409.8134, F.S. Providing year-round MediKids enrollment will enable more eligible families access to affordable health coverage for their children at any time during the year.

This bill also allows the Florida KidCare Program to conduct enrollment at any time throughout the year; requires Florida KidCare administrators to ensure the year-round enrollment period is announced by January 1, 2006; deletes the limited enrollment periods currently in January and September; and deletes the limited criteria by which the CMS Network may annually enroll children on an emergency basis. These changes would allow the program to utilize the full amount budgeted by the legislature and should result in allocated funding being fully utilized.

**Section 3.** Provides an effective date of July 1, 2005.

### **Background**

#### State Children's Health Insurance Program

The State Children's Health Insurance Program (SCHIP), enacted as part of the 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.

From 1998 through 2007, Congress set aside approximately \$40 billion for states to expand health insurance coverage for millions of children. The federal SCHIP funds dropped by 26 percent, or more than \$1 billion, in federal fiscal year 2002 and remained at this level through 2004 before increasing. The Balanced Budget Act of 1997 included this reduction to ensure the budget was balanced by 2002, in response to budget constraints rather than for policy reasons.

#### The Florida KidCare Program

The Florida KidCare Program was created by the 1998 Legislature to make affordable health insurance to low and moderate income Florida 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) (\$38,700 for a family of four in 2005). 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. The KidCare Coordinating Council, located in the Department of Health, is charged with responsibility for making recommendations concerning the implementation and operation of the program.

Enrollment was initiated on October 1, 1998, and 1,465,083 children are enrolled in the various components of the KidCare Program as of March 2005. Of this total, 226,016 children are Title XXI eligible, 20,425 children are non-Title XXI eligible, and 1,218,642 children are eligible under the Medicaid Title XIX Program.

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.

### KidCare Eligibility

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

- Medicaid - for children who qualify for Title XIX (of the Social Security Act) under the following limitations: birth to age 1, up to 200 percent of the FPL (185% - 200% Title XXI); ages 1 through 5, up to 133 percent of the FPL; and ages 6 through 19, up to 100 percent of the FPL.
- Medikids - for children ages 1 through 4 who qualify for Title XXI (of the Social Security Act) with incomes up to 200 percent of the FPL.
- Healthy Kids - for children ages 5 through 18 who qualify for Title XXI up to 200 percent of the FPL. A limited number of non-Title XXI non-qualified alien children are enrolled in the non-federally funded program and are funded with state and local funds. A limited number of children who have family incomes over 200 percent of the FPL and a limited number of children age 19 are enrolled in the unsubsidized full pay category in which the family pays the entire cost of the premium, including administrative costs.
- CMS Network - for children ages birth through age 18 who have serious health care problems.

The Department of Health (DOH) contracts with the Department of Children and Family Services (DCF) to provide behavioral health services to non-Medicaid eligible children with special health care needs.

### KidCare Administration

The Florida Healthy Kids Program component of KidCare is administered by the non-profit Florida Healthy Kids Corporation, established in s. 624.91, F.S. The Florida Healthy Kids program existed prior to the implementation of the federal Title XXI SCHIP. Florida was one of three states to have the benefit package of an existing child health insurance program grandfathered in as part of the Balanced Budget Act of 1997, which created SCHIP.

The Florida Healthy Kids Corporation contracts with managed care plans throughout the state for the provision of health care coverage. The Healthy Kids Corporation contracts with a fiscal agent to perform initial eligibility screening for the program and final eligibility determination for children who are not Medicaid eligible.

The fiscal agent refers children who appear to be eligible for Medicaid to DCF for Medicaid eligibility determination, and children who appear to have a special health care need to the CMS Network within DOH for evaluation. If eligible for Medicaid, the child is enrolled immediately into that program. If the

child is not eligible for Medicaid, the application is processed for Title XXI and if the child is eligible under Title XXI, the child is enrolled into the appropriate KidCare component.

Medicaid for children and Medikids are administered by the Agency for Health Care Administration. Medikids uses the Medicaid infrastructure, offering the same provider choices and package of benefits.

The KidCare Program requires a two tiered family premium for program participation. Families under 150 percent of the FPL pay \$15 per month and families between 150 percent and 200 percent of the FPL pay \$20 per month. The fiscal agent generates bills for co-payments for those participants who are required to pay a portion of the premium for their coverage.

### Program Funding

Florida KidCare is financed with a combination of federal, state, and local funds, as well as family contributions. Federal funds come from two sources: the SCHIP, Title XXI of the Social Security Act (requires 29 percent state match), and Medicaid, Title XIX of the Social Security Act (requires 41 percent state match).

The amount of the federal funds available for Title XXI 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 3-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 over 90,000 children. To address this waiting list, the 2004 Legislature passed SB 2000 (ch. 2004-270, Laws of Florida) which provided funding to eliminate the waiting list. Among this and other changes, 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) on a first-come, first-served basis using the date the new open enrollment application is received. Each open enrollment period is only allowable if the Social Services Estimating Conference estimates that KidCare caseloads are at a level that an open enrollment would not exhaust the state's allotment of federal funds through the remainder of the program's authorization (2007). As a result of these changes, eligible children on the waiting list were enrolled in their respective programs in early 2004.

### 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 through October 2007. 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 (as allowed by statute) 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 31, 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 seven 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.

#### C. SECTION DIRECTORY:

**Section 1.** Amends s. 409.8132(7), F.S., to allow enrollment in the Medikids component of Florida KidCare at any time throughout the year, rather than open enrollment periods as specified in s. 409.8134, F.S.

**Section 2.** Amends s. 409.8134, F.S., to allow the Florida KidCare Program to conduct enrollment at any time throughout the year; requires Florida KidCare administrators to ensure the year-round enrollment period is announced by January 1, 2006; repeals the limited enrollment periods in January and September.

**Section 3.** Provides an effective date of July 1, 2005.

## 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, there should be no fiscal impact associated with this bill because enrollment will be based on the budget. When the enrollment ceiling is reached, enrollment shall immediately cease.

#### B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None

2. Expenditures:

None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Allowing continuous enrollment in the KidCare program would reduce the administrative cost of 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 \$4million and \$11.8 million per open enrollment period.

D. FISCAL COMMENTS:

According to the Agency for Health Care Administration, the proposed change would have no fiscal impact on the Medicaid program, as Medicaid eligible children are not restricted to specified enrollment periods. Allowing year-round MediKids enrollment will enable more families access to affordable health coverage for their children at any time during the year. The bill would result in the enrollment of additional MediKids members in health maintenance organizations.

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 budgeted by the Legislature. Section 409.8134, F.S., requires that enrollment in KidCare must cease if funding is insufficient to finance enrollment. Year-round enrollment may result in allocated funding being fully used.

### III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

This bill will have no impact on municipalities and the counties under the requirements of Article VII, Section 18 of the Florida Constitution.

2. Other:

B. RULE-MAKING AUTHORITY:

Sufficient rule making authority exists to implement the provisions of this bill.

C. DRAFTING ISSUES OR OTHER COMMENTS:

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