

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 Policy Committee

BILL: SPB 7008

INTRODUCER: For consideration by Health Policy Committee

SUBJECT: The Florida KidCare Program

DATE: January 22, 2007

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Garner	Wilson		Pre-meeting
2.				
3.				
4.				
5.				
6.				

I. Summary:

This proposed committee bill codifies the recommendations of the Senate Interim Project Report 2007-131, "The Florida KidCare Program: Organizational Streamlining and Administrative Simplification."

The proposed committee bill clarifies and adds definitions relating to the Florida KidCare Program; expands Medicaid eligibility for a limited time to allow families to transition from Medicaid to the Florida Healthy Kids program without a gap in coverage; eliminates contradictory eligibility criteria; allows Medicaid HMOs and other providers to identify their members losing Medicaid or Medikids eligibility and to assist them in completing a Florida Healthy Kids application; requires the same eligibility information and documentation to be submitted by all Florida KidCare applicants; clarifies that parents and legal guardians have access to certain enrollment information; specifies that the Florida Healthy Kids Corporation is subject to chapter 120, Florida Statutes; and requires the Florida Healthy Kids Corporation to allow health plans to conduct marketing and outreach for the program.

The proposed committee bill also creates the Florida KidCare Consolidation Pilot Program to determine whether marketing, eligibility, contracting, quality assurance, and financing of the Florida KidCare program can be consolidated under a single administrative entity, the Agency for Health Care Administration.

This bill amends ss. 409.811, 409.812, 409.8132, 409.8134, 409.814, 409.816, 409.818, 409.821, and 624.91, Florida Statutes. This bill repeals s. 409.820, Florida Statutes. This bill creates s. 409.830, Florida Statutes.

II. Present Situation:

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. The program is scheduled for federal reauthorization in 2007.

The Florida KidCare Program

The Florida KidCare program was established in 1998 as a combination of Medicaid expansions and public/private partnerships, with a wrap-around delivery system serving children with special health care needs. The Florida KidCare program is primarily targeted to uninsured children under age 19 whose family income is at or below 200 percent of the federal poverty level (\$40,000 for a family of four in 2006). The Florida KidCare program is outlined in ss. 409.810 through 409.821, F.S.

As structured, Florida 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 Network (CMSN), which includes a behavioral health component. Family income level, age of the child, and whether the child has a serious health condition are the eligibility criteria that determine which component serves a particular child.

Enrollment in the Florida KidCare program was initiated on October 1, 1998, and 1,404,173 children are enrolled in the various components of the Florida KidCare program as of January 2007. Of this total, 204,214 children are Title XXI eligible, 26,146 children are non-Title XXI eligible, and 1,173,813 children are eligible under the Medicaid Title XIX program.

The Florida KidCare Program 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 Florida 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 Florida KidCare application is a simplified application that serves applicants for both the Title XXI KidCare program as well as Title XIX Medicaid. Pursuant to federal law, each application is screened for the child's eligibility for Title XIX Medicaid. The fiscal agent refers children who appear to be eligible for Medicaid to the Department of Children and Family Services (DCF) for Medicaid eligibility determination, and children who appear to have a special health care need to CMSN within the Department of Health 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 Florida KidCare program component. Medicaid for children and Medikids are administered by the Agency for Health Care Administration (AHCA). Medikids uses the Medicaid infrastructure, offering the same provider choices and package of benefits.

Interim Project Report 2007-131

When the Florida KidCare program was established, the administrative structure adopted to implement the program allowed the state to link existing public and private components to implement provisions of the new SCHIP law and to begin receiving federal funds under Title XXI. However, children's advocates and some stakeholders have long argued that KidCare's original administrative structure and the programmatic differences among components created barriers to the enrollment of eligible children in the program.

These groups point to the recent decline in KidCare enrollment as a strong example of how substantive policy changes and on-going administrative barriers prevent eligible children from entering and remaining in the program. Specifically, stakeholders point to the decline in Title XXI enrollment from a high of 336,689 children in April 2004, to a low of 186,080 children in February 2006, as an indication of policy and administrative barriers.

In 2006, the Senate Health Care Committee conducted an interim project¹ to examine whether administrative simplification and organizational restructuring of the Florida KidCare program could help families gain access to and remain in the program. Staff reviewed several KidCare Program activities including: marketing and outreach; enrollment and eligibility determination processes; transitioning of children among components; retention efforts; and general program administration and oversight.

Findings

The interim report found that most of the administrative barriers identified by stakeholders and other studies have largely been addressed. However, over the last several years, policy changes that limited enrollment periods, tightened eligibility standards, and increased documentation requirements combined with complex administrative processes contributed to lower enrollment trends.

¹ Interim Project Report 2007-131. "The Florida KidCare Program: Organizational Streamlining and Administrative Simplification." Found at: http://www.flsenate.gov/data/Publications/2007/Senate/reports/interim_reports/pdf/2007-131hp.pdf. Last viewed on January 19, 2007.

Of the remaining administrative and organizational barriers identified in the interim report, staff found that the most significant problems concerned the ability of:

- Stakeholders to conduct marketing and outreach within limited fiscal resources;
- Families to obtain accurate information about enrollment and eligibility policies, especially whether the program was accepting new enrollees;
- Families to complete the application process;
- Families to transition their children from one component of Florida KidCare to another, usually from Medicaid to the Florida Healthy Kids program; and,
- Stakeholders to challenge policy changes through the administrative rule process.

Recommendations

The interim project provided two recommendations to address these findings. First, the Legislature should consider comprehensive consolidation of the administration of the Florida KidCare Program under AHCA and DCF, including: marketing and outreach; eligibility determination; contracting with managed care plans and fiscal agents; quality assurance; and financing.

The consolidation could be piloted in the counties where Medicaid reform is being implemented. The consolidation should occur after Medicaid reform has been implemented for at least one year and when existing Florida Healthy Kids and CMSN contracts are up for renewal. Also, AHCA and DCF should provide an assessment of resources needed to incorporate the administrative activities provided by the Florida Healthy Kids Corporation that are not being conducted by either entity at the current time (i.e., premium collection, etc.). AHCA should be directed to conduct a fiscal analysis of consolidating the current benefit packages into a standard package that provides most services for most children and a “KidCare Plus” package for children with special health care needs. AHCA should be directed to identify where waivers of applicable federal law would be necessary to implement this consolidation. State statutes should be conformed to reflect this consolidation.

In lieu of comprehensive administrative consolidation, the entities that operate the Florida KidCare Program should continue their progress on implementing administrative improvements through information technology systems and continuous quality improvement. Under this alternative, the Legislature should:

- Continue or expand financing of marketing and outreach activities;
- Allow new partners to conduct marketing and outreach;
- Require the same eligibility information and documentation to be submitted by all applicants regardless of the KidCare component for which the child may be eligible;
- Reduce or eliminate the gap in coverage when children transition between components by allowing Medicaid HMOs and other providers to identify their members losing eligibility and assist them in completing a KidCare application;
- Determine if a waiver is necessary to expand Medicaid eligibility for a limited time to allow families transitioning from Medicaid to Healthy Kids to complete the application process; and,

- Require the program principals to adopt administrative rules for the entire KidCare program, especially to clarify the policy authority governing the Florida Healthy Kids Corporation and its activities.

III. Effect of Proposed Changes:

Section 1. Amends s. 409.811, F.S., redefining the term “child with special health care needs” to align with other statutes and defining the term "Healthy Kids" as a component of the Florida KidCare program.

Section 2. Amends s. 409.812, F.S., modifying the purpose of the program by deleting a provision requiring that a child be previously uninsured in order to be eligible for the program.

Section 3. Amends s. 409.8132, F.S., conforming references.

Section 4. Amends s. 409.8134, F.S., clarifying certain requirements for financing enrollment.

Section 5. Amends s. 409.814, F.S., revising certain requirements for screening applicants to the program; extending eligibility for 60 days for a child who becomes ineligible under certain circumstances; deleting obsolete provisions; revising certain eligibility criteria; requiring AHCA to notify providers if a child becomes ineligible for Medicaid or Medikids; and, requiring that an applicant provide additional documentation when applying to the program.

Section 6. Amends s. 409.816, F.S., conforming a cross-reference.

Section 7. Amends s. 409.818, F.S., requiring DCF to develop a standardized application form; requiring DOH to develop standards for quality assurance and access for program components.

Section 8. Repeals s. 409.820, F.S., relating to standards for quality assurance and access, which is transferred to s. 409.818, F.S.

Section 9. Amends s. 409.821, F.S., clarifying an exemption from the public-records law to permit an enrollee’s parent or legal guardian to obtain certain information.

Section 10. Creates s. 409.830, F.S., establishing the Florida KidCare Consolidation Pilot Program within specified counties of the state; providing for the pilot program to be administered by AHCA, in coordination with DCF; providing duties of the agency in administering the pilot program; providing requirements for benefits, eligibility, and enrollment; providing a capitation rate for compensating managed care plans participating in the pilot program; requiring that the agency enter into a contract for an evaluation of the pilot program; requiring the agency to seek approval of a federal waiver or amendments to the Medicaid state plan; and, requiring that the agency adopt rules to implement the pilot program.

Section 11. Amends s. 624.91, F.S., providing that the Florida Healthy Kids Corporation is an agency under ch. 120, F.S., for purposes of administering the Healthy Kids program and authorizing health and dental plans that participate in the program to distribute marketing and promotional materials and participate in certain activities.

Section 12. Provides an effective date.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

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

B. Public Records/Open Meetings Issues:

The provisions of this bill have no impact on public records or open meetings issues under the requirements of Article I, Section 24(a) and (b) of the Florida Constitution.

C. Trust Funds Restrictions:

The provisions of this bill have no impact on the trust fund restrictions under the requirements of Article III, Subsection 19(f) of the Florida Constitution.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

This bill modifies current statutory language related to eligibility based on whether a child is covered by employer-sponsored health insurance. The amended statute would make it clear that children currently covered by employer-sponsored health insurance may drop that coverage and enroll in Florida KidCare if such dependent coverage costs more than 5 percent of family income. If a large number of children were to qualify under this provision, it could increase private health insurance rates as children leave these risk pools. The number of children who may be eligible under this provision is unknown.

C. Government Sector Impact:

The pilot program will likely result in increased administrative costs in the short term as AHCA and DCF would need additional staff and technology resources to implement the program. If successful, the Florida Healthy Kids Corporation's administrative costs would be reduced as the eligibility determination, contract management, and marketing activities would be consolidated under AHCA and DCF. Since these agencies currently provide these types of services in other program, there should be long-term cost savings through economies of scale.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

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

VIII. Summary of Amendments:

None.

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