

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

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

Prepared By: The Professional Staff of the Health Policy Committee

BILL: SB 1344
 INTRODUCER: Senator Siplin
 SUBJECT: Universal Health Care for Children
 DATE: April 12, 2008

REVISED: _____

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

I. Summary:

The bill creates the Universal Health Access Plan for Children for the purpose of providing a single, publicly-funded statewide program to provide comprehensive health care services for all medically necessary health services for all children of the state without cost to the child or his or her family. The bill provides legislative findings regarding access to health care for children; provides definitions for the program; and establishes the program in the Department of Health (DOH) for administrative purposes.

The bill requires the DOH to: establish budget and reimbursement policy guidelines; recommend priorities for implementing comprehensive plans and budgets; determine aggregate capital expenditures; establish fee schedules for health care providers; determine the medical standards for establishing the eligibility of children based on medical priority; coordinate a comprehensive delivery system; administer and implement the plan; study the most effective methods of providing comprehensive health care services to all children; serve as a provider and principal case manager for children with special health care needs; report annually to the Governor and the Legislature on its activities and recommend any changes in health care law and funding to improve access; disseminate, to health care providers and to the public, information concerning the plan; monitor, study, and evaluate the operation of the plan, including, but not limited to, the adequacy and quality of the services furnished under the plan, the cost of each type of service, and the effectiveness of cost-containment measures under the plan; conduct necessary investigations and inquiries and compel the submission of information, documents, and records it considers necessary to carry out its duties; conduct other activities the DOH considers necessary to carry out the plan; develop a plan of operation; and adopt rules to administer the plan

This bill creates an undesignated section of law.

II. Present Situation:

Medically Uninsured

The issue of the medically uninsured is a health policy concern for a number of reasons. Research demonstrates that lack of insurance coverage has adverse effects on the uninsured themselves. Despite being in worse health status than people with coverage, the uninsured use fewer services and face higher out-of-pocket spending than their insured counterparts. Also, uninsured persons with medical expenses associated with illness and injury represent an important segment of persons contributing to U.S. bankruptcy filings.¹ In addition, hospitals, physicians and other health care providers face increasing demands for care by the uninsured for which there is little or no reimbursement, straining their financial viability, which ultimately limits access to health care.²

According to the U.S. Census Bureau, both the number and percentage of persons without health insurance in the United States are increasing. The percentage of persons without health insurance increased from 15.3 percent in 2005 to 15.8 percent in 2006, and the number of uninsured increased from 44.8 million to 47.0 million.³ While the percentage of persons covered by employer-sponsored plans and those enrolled in government programs did not statistically change during this timeframe, some argue that the long-term trend demonstrates a decline in employer-based coverage.⁴

Uninsured Children in Florida

In January 2008, the University of Florida's Institute for Child Health Policy (ICHP) prepared a study of children's health insurance in Florida.⁵ The objectives of the study were to:

- Develop statewide estimates of uninsured children in Florida;
- Compare the demographic, economic, and health status characteristics of uninsured children to insured children; and,
- Develop estimates of Florida Kidcare program eligibility.

The scientifically-valid telephone survey was conducted between August and November 2007, and had responses from 8,750 household members, including 4,202 children and 4,548 adults. The survey included families from each of the 67 counties in Florida. Based on the survey, the ICHP concluded:

¹ D.U. Himmelstein et al. "Illness and Injury as Contributors to Bankruptcy," *Health Affairs* (2005): w5-63 (published online February 2, 2005.)

² National Coalition on Health Care. *Facts About Health Care*. Found at: <http://www.nchc.org/facts/coverage.shtml> (last visited on April 12, 2008)

³ U.S. Census Bureau. *Income, Poverty, and Health Insurance Coverage in the United States: 2006*. Found at: <http://www.census.gov/prod/2007pubs/p60-233.pdf> (last visited on April 12, 2008)

⁴ Robinson, James C. "The Commercial Health Insurance Industry in an Era of Eroding Employer Coverage." *Health Affairs*. Vol. 25, Iss. 6. November/December 2006.

⁵ Herndon, Jill Boylston and Elizabeth A. Shenkman. *The Florida Children's Health Insurance Study 2007: Prepared for the Florida Healthy Kids Corporation*. Institute for Child Health Policy, University of Florida. January 2008.

- One-half (50.3 percent) of Florida's children were reported to have employment-based insurance coverage, one-fourth (24.8 percent) had public coverage through Medicaid (Title XIX) or the State Children's Health Insurance Program (SCHIP or Title XXI), 6.4 percent were covered through private non-group coverage, 4.9 percent had other forms of public coverage (Medicare and military-related), and 1 percent had some other form of coverage.
- Approximately 12.6 percent of all children (548,000 children) in the state of Florida are uninsured, compared to an estimated 11.7 percent of children in the U.S.
- Almost two-thirds (62 percent) of uninsured children in Florida have been without coverage for more than 1 year.
- Hispanic and non-Hispanic black children account for a disproportionate share of uninsured children in Florida, compared to the overall population. Non-Hispanic black children account for 13 percent of the overall child population, but represent 23 percent of uninsured children. Hispanic children represent 23 percent of the overall child population, but represent 36 percent of uninsured children.
- Low-income children are more likely to be uninsured. Approximately 41 percent of children in Florida come from families with incomes at or below 200 percent of the federal poverty level (FPL);⁶ however, these low-income children account for 77 percent of the uninsured.
- Children with greater severity health conditions are more likely to have public health coverage than children without chronic health conditions.
- Families of uninsured children were more likely to report using walk-in clinics or the emergency room as their children's usual source of care than were families of insured children.
- Of the estimated 548,000 uninsured children in Florida, approximately 72 percent are eligible for free or subsidized Florida Kidcare coverage. Forty-nine percent are eligible for Medicaid, 21 percent are eligible for Florida Healthy Kids, and 2 percent are eligible for MediKids. Of the remaining 28 percent of uninsured children, they were ineligible from these programs for a number of reasons including program eligibility limitations and income.

III. Effect of Proposed Changes:

The bill creates an undesignated section of law establishing the Universal Health Access Plan for Children.

Section (1) specifies Legislative findings. The bill states that the Legislature finds that:

- One of the principal duties of government is to ensure the care, safety, and protection of children in an environment that fosters healthy social, emotional, intellectual, and physical

⁶ Two hundred percent of the FPL in 2007 was \$41,300 for a family of four.

development and that to ensure a secure and safe environment, it is a paramount goal to promote the health and well-being of all children in this state.

- Most families are competent caregivers and providers for the health care needs of their children and that children achieve their greatest potential when families are able to support and nurture the health of their children in their own homes.
- The policies and procedures relating to the health of children in this state must ensure that all children, regardless of their parents' income, have access to high-quality health care, without cost to the family or child.

Section (2) defines a number of terms. As used in this section, the term:

“Child” means any person younger than 19 years of age.

“Child with special health care needs” means a child whose serious or chronic physical or developmental condition requires extensive preventive and maintenance care beyond that required by typical healthy children. Health care utilization by such a child exceeds the statistically expected usage of the normal child adjusted for chronological age. These children often need complex care requiring multiple providers, rehabilitation services, and specialized equipment in a number of different settings.

“Comprehensive health care services” means services, medical equipment, and supplies furnished by a provider, including, but not limited to, medical, surgical, and dental care; psychological, optometric, optic, chiropractic, podiatric, nursing, physical therapy, and pharmaceutical services; emergency services and care; health education, preventive medical, rehabilitative, and home health services; inpatient and outpatient hospital services; extended care; nursing home care; convalescent institutional care; technical and professional clinical pathology laboratory services; laboratory and ambulance services; appliances, drugs, medicines, and supplies; and any other care, service, or treatment of disease or correction of defects for children.

“Department” means the Department of Health.

“Emergency services and care” means medical screening, examination, and evaluation by a physician, or, to the extent permitted by applicable law, by other appropriate personnel under the supervision of a physician, to determine if an emergency medical condition exists and, if it does, the care, treatment, or surgery for a covered service by a physician necessary to relieve or eliminate the emergency medical condition, within the service capability of a hospital.

“Family” means the group or the individuals caring for a child. The family includes a child who has a custodial parent or caretaker relative who resides in the same house or living unit or, in the case of an emancipated minor, the child. The family may also include other individuals whose income and resources are considered in whole or in part in determining the eligibility of the child.

“Health care provider” means a health care professional, health care facility, or entity licensed or certified to provide health services in this state which meets the criteria as established by the department.

“Medically necessary” means the use of any medical treatment, service, equipment, or supply necessary to palliate the effects of a terminal condition or to prevent, diagnose, correct, cure, alleviate, or preclude deterioration of a condition that threatens life, causes pain or suffering, or results in illness or infirmity and which is:

- Consistent with the symptom, diagnosis, and treatment of the child’s condition;
- Provided in accordance with generally accepted standards of medical practice;
- Not primarily intended for the convenience of the child, the child’s family, or the health care provider;
- The most appropriate level of supply or service for the diagnosis and treatment of the child’s condition; and,
- Approved by the appropriate medical body or health care specialty involved as effective, appropriate, and essential for the care and treatment of the child’s condition.

Section (3) creates the Universal Health Access Plan for Children for the purpose of providing a single, publicly-funded statewide program to provide comprehensive health care services for all medically necessary health services for all children of the state without cost to the child or his or her family.

Section (4) establishes administrative responsibilities for the DOH related to the Universal Health Access Plan for Children. Specifically, the DOH shall:

- Establish budget and reimbursement policy guidelines for the plan, recommend priorities for implementing comprehensive plans and budgets, and determine aggregate capital expenditures.
- Establish fee schedules for health care providers.
- Determine the medical standards for establishing the eligibility of children seeking comprehensive health care services from the plan based on medical priority.
- Coordinate a comprehensive delivery system to enable children to take maximum advantage of all available funds.
- Administer and implement the plan.
- Study the most effective methods of providing comprehensive health care services to all children in this state, including children with special health care needs.
- Serve as a provider and principal case manager for children with special health care needs.
- Report annually to the Governor, the President of the Senate, and the Speaker of the House of Representatives on its activities and recommend any changes in health care law and funding to improve access to health care for the children of this state.
- Disseminate, to health care providers and to the public, information concerning the plan and the children eligible to receive the comprehensive health care services under the plan.
- Monitor, study, and evaluate the operation of the plan, including, but not limited to, the adequacy and quality of the comprehensive health care services furnished to children under the plan, the cost of each type of service, and the effectiveness of cost-containment measures under the plan.
- Conduct necessary investigations and inquiries and compel the submission of information, documents, and records it considers necessary to carry out its duties under this section.

- Conduct other activities the department considers necessary to carry out the purposes of this section.
- Develop a plan of operation.
- Adopt rules to administer the plan. The rules may include requirements for definitions of terms, program organization, and program description; responsibilities of clients; requirements for service applications, including required medical information; requirements for initial treatment and for continued treatment; billing and payment requirements for health care providers; requirements for qualification, appointments, verification, and emergency exceptions for health professional consultants; general and diagnostic-specific standards for diagnostic and treatment facilities; and standards for the method of service delivery, including consultant services, respect-for-privacy considerations, examination requirements, family support plans, and clinic design.

The DOH, after providing notice to families, health care providers, and others, may hold hearings in connection with any action that it proposes to take under this section.

This bill takes effect on July 1, 2008.

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. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Because the bill does not specify how this universal coverage for children will be financed, the fiscal effect on the private sector is indeterminate at this time.

C. Government Sector Impact:**Department of Health**

Administration. Implementation of the bill's provisions would require additional staff to administer the plan. A new bureau of children's health would be required within the Children's Medical Services Program to administer the new plan, which would serve all Florida children under age 19. However, the bill does not provide a funding source or authorization for staff positions to assume the new responsibilities. At a minimum, 10 FTEs would be needed to carry out the functions, which include: (1) establishing budget and reimbursement policies for the plan, (2) establishing provider fee schedules; (3) establishing medical eligibility standards based on medical priority; (4) coordinating a comprehensive delivery system, (5) serving as principal case manager for the plan, (6) making annual reports on the plan, (7) advertising the plan to providers and the public, and (8) conducting investigations. In addition, funds to contract with a third-party administrator to process and pay claims would be required.

Service Expenditures. Currently, Medicaid and the SCHIP represent the largest publicly-financed health insurance programs for children in Florida. For FY 2006-07 these programs are expected to spend approximately \$4.3 billion in federal and state funds for health insurance for children under age 19 in families with incomes up to 200 percent of the FPL. There are about 4.1 million children under age 19 in Florida and, of those, 733,000 are uninsured (according to the DOH). Assuming a cost of \$256.71 per member per month (estimated Medicaid cost per member per month for children under age 19 in FY 2006-07) the service costs for the universal health access plan for children could exceed \$12.6 billion annually.

VI. Technical Deficiencies:

The only eligibility requirement for the program is that a person be under the age of 19. Language on lines 73-76, 110-112, and 127-128 suggest that there may be other eligibility criteria. These provisions of the bill contradict other provisions in the bill.

VII. Related Issues:

None.

VIII. Additional Information:**A. Committee Substitute – Statement of Substantial Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.

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