

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 1457 Florida Kidcare Program

SPONSOR(S): Garcia

TIED BILLS: IDEN./SIM. BILLS: SB 2032

Table with 4 columns: REFERENCE, ACTION, ANALYST, STAFF DIRECTOR. Row 1: 1) Committee on Healthy Families, Schoolfield, Schoolfield.

SUMMARY ANALYSIS

This bill amends Chapters 409 and 624 Florida Statutes to make substantive changes to the Florida KidCare Program as follows:

- The bill directs the Agency for Health Care Administration to ensure, to the greatest extent possible that family members in the MediKids program are assigned to the same managed care plans or MediPass provider.
The bill allows applicants to the Florida KidCare program to be allowed to reactivate their application when it becomes invalid after 120 days have passed without enrollment.
The bill provides that a child who loses Medicaid eligibility because of income or age, will be provided 60 days of continued eligibility under their existing plan to allow time for transition to Title XXI funded Kidcare.
The bill shortens the time span from 6 months to 90 days that a child must wait to enroll in KidCare after the child had coverage in an employer-sponsored health benefit plan voluntarily cancelled.
The bill directs the Agency for Health Care Administration to give 60 days notice to the managed care plan or MediPass providers before the child's eligibility for Medicaid or MediKids is to terminate.
The bill directs that applicant eligibility information be obtained electronically to the extent possible.

- The bill exempts from income verification those persons who pay the full cost of the KidCare premium.
- The bill requires the Department of Children and Families to develop and implement a standardized eligibility application form that covers all components of Florida KidCare.
- The bill changes the eligibility re-verification from 6 months to 12 months.
- The bill directs the Department of Children and Families to design a plan that allows an applicant who applies for Medicaid or Public Assistance, to also use this same information to apply for Florida KidCare. The bill provides certain specifications for the plan and requires it to be submitted to the Governor, House and Senate by December 31,2008.
- The bill deletes a requirement for the design of an intake eligibility process.
- The bill deletes a requirement for the state level coordination council (for the Florida KidCare program)
- The bill directs the Agency for Health Care Administration to establish a toll free telephone line to assist families with questions about Florida KidCare. A similar requirement is deleted for the Department of Health.
- The bill directs the Agency for Health Care Administration to develop and implement an outreach and marketing program to educate the public, explain enrollment and maintain public awareness.
- The bill authorizes Healthcare and Dental Health plans participating in the program to develop and distribute marketing and promotional materials approved by the Florida Healthy Kids Corporation. They may also contact current and former enrollees to assist with transfers within the program and encourage continued participation.
- The bill directs the Florida Healthy Kids Corporation to establish an assignment process for Florida Healthy Kids enrollees to ensure family members are assigned ( to the extent possible) to the same managed care plan.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. HOUSE PRINCIPLES ANALYSIS:

**Provide Limited government-** The bill provides 12 months instead of six months eligibility for Medicaid services before re-determination of assistance.

**Empowers Families-** The bill removes barriers to enrollment of children in KidCare by reducing wait times and improving the process of transitions between Medicaid program plans (Title XIX) and Title XXI funded components of the Florida KidCare program.

#### B. EFFECT OF PROPOSED CHANGES:

##### Background on Florida KidCare

The Legislature established the Florida KidCare Program in 1998 to reduce the number of uninsured children in Florida through a combination of Medicaid expansions and public/private partnerships.

The Florida KidCare program provides health care coverage to over 1.4 million children in Florida. KidCare is an “umbrella” program that includes: Medicaid, Florida Healthy Kids Program, MediKids and the Children’s Medical Services Network for children with special health care needs.

Eligibility for the different program components is based on age, family income, and whether the child has a serious health condition. Florida KidCare primarily targets 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). Detailed eligibility and enrollment information on the different program components is provided below. (See Eligibility.)

##### *KidCare Funding Sources*

Medicaid is the largest source of health care support for children in Florida. As of March 2008, 1,162,242<sup>1</sup> children are covered under the Medicaid program. Medicaid is authorized by Title XIX of the Social Security Act. It is a federal/state entitlement program that pays for medical assistance for pregnant women and children, and certain other individuals with low incomes and limited resources.

The State Children’s Health Insurance Program (SCHIP) is the main source of non-Medicaid, KidCare funding. As of March 2008, it covers 230,896 children<sup>2</sup>. The SCHIP program was established in 1997, as Title XXI of the Social Security Act, to cover children not eligible for Medicaid, whose families do not make enough money to purchase private insurance. Florida’s Healthy Kids is the main SCHIP funded component of KidCare. In KidCare, it fills the gap for children who are ineligible for Medicaid because of family income, but who are still below 200% of the Federal Poverty Level. SCHIP is a federal/state partnership, similar to Medicaid, except that under SCHIP, the federal government provides a capped amount of funds to states on a matching basis.<sup>3</sup> It is the single largest expansion of health insurance coverage for children since the initiation of Medicaid in the mid-1960s. MediKids is part of the Healthy Kids program for young children, which provides the same services as Medicaid.

---

<sup>1</sup> Florida Kidcare March 2008 Enrollment Report, Agency for Health Care Administration.

<sup>2</sup> Ibid.

<sup>3</sup> Federal match rate for FFY 08-09 is 68.78%

## Eligibility

Eligibility for the different KidCare program components is based on age, family income, and whether the child has a serious health condition. Income eligibility is based on the Federal Poverty Level (FPL). The Department of Children and Families determines eligibility for Medicaid authorized by Title XIX of the Social Security Act. Florida Healthy Kids determines eligibility for the other KidCare components authorized by Title XXI (SCHIP). These components include Florida Healthy Kids, Children's Medical Services, and MediKids.

### 2006 Federal Poverty Level

Persons in Family (Household)	100%	133%	200%
1	\$9,800	\$13,034	\$19,600
2	\$13,200	\$17,556	\$26,400
3	\$16,600	\$22,078	\$33,200
4	\$20,000	\$26,600	\$40,000

Eligibility requirements for the four KidCare components are as follows:

Title XIX, Medicaid for children --

- Birth to age 1, with family incomes up to 200 percent of the Federal Poverty Level (FPL).
- Ages 1 through 5, with family incomes up to 133 percent of the FPL.
- Ages 6 through 18, with family incomes up to 100 percent of the FPL.
- Ages 19 through 20, with family incomes up to 24 percent of the FPL.

Title XXI, Healthy Kids --

- Children age 5, with family incomes above 133 percent and up to 200 percent of the Federal Poverty Level (FPL).
- Children age 6 through 18, with family incomes above 100 percent and up to 200 percent of the FPL.
- A limited number of additional children who have family incomes above 200 percent of the FPL, are enrolled in the unsubsidized full-pay option. The family pays the entire cost of the premium, including administrative costs.

Title XXI, MediKids --

- Children ages 1 through 4 with family incomes above 133 percent up to 200 percent of the Federal Poverty Level.

Children's Medical Services (CMS) Network --

- Children ages birth through age 18 who have serious health care problems.
- Title XXI covered children with special health care needs are funded by a capitated payment from the Agency for Health Care Administration.
- Children who do not qualify for Title XIX or Title XXI-funded coverage, receive limited services subject to the availability of funds.

## Full-Pay Families

Section 409.814(5), F.S., allows a child whose family income is above 200 percent of the Federal Poverty Level (FPL), or a child who is not eligible for premium assistance, to participate in Healthy Kids if the family pays the full premium. The Healthy Kids full-pay premium is \$110 per child per month. Current law limits the participation of full-pay families to no more than 10 percent of total enrollees, based on the possibility of adverse selection through enrollment of families with expensive health care needs. Section 409.814(5), F.S., excludes the Medicaid component of KidCare from the full-pay provision.

Present Situation:

*Program Enrollment for SCHIP – Title XXI*

States, including Florida, have faced challenges enrolling eligible children and controlling costs in the SCHIP program. The Florida Legislature has responded to continuing shifts in enrollment and budget projections by amending the program’s statutory provisions every year since its inception. For example, enrollment in the SCHIP, Healthy Kids component of KidCare rose from 264,278 in July 2002, to a high of 336,689 in April 2004. To avoid deficits in federal funding, the Legislature then put restrictions on the enrollment process that resulted in a sharp drop in enrollment to 186,080 by January 2006.<sup>4</sup> In 2006-2007, the Legislature budgeted an increase and enrollment is growing. As of March 2008, the SCHIP program enrollment has risen in the current year to 230,896.

SCHIP-Title XXI Enrollment (March, 2008)

Program Component	Actual Enrollment	Budgeted Target
Healthy Kids	188,295	194,472
Children’s Medical Services Network	15,673	15,434
MediKids	26,136	26,703
Medicaid (under age one)	792	
Total*	*230,896	236,609

Source: Agency for Health Care Administration

*\*Note: An additional 25,388 children participate in the program as full pay clients.*

*KidCare Program Components and Administration:*

The Agency for Health Care Administration administers the Medicaid and MediKids programs. The Agency serves as the state contact with the federal Centers for Medicare and Medicaid. It distributes federal funds, monitors program enrollment ceilings, and manages the Florida Healthy Kids Corporation contract. The Agency develops and maintains the Title XXI, Florida KidCare State Plan agreement with the federal government.

The Department of Children and Families performs Medicaid (Title XIX) eligibility determination, and administers the Behavioral Health Network, which is part of the Children’s Medical Services Network for children with special needs.

The Department of Health administers the Children’s Medical Services (CMS) Network for children with special needs, and staffs the Florida KidCare Coordinating Council.

The Florida Healthy Kids Corporation, under contract with the Agency for Health Care Administration, performs administrative functions for the overall KidCare program, and administers the SCHIP- Healthy

<sup>4</sup> Source: The Florida Healthy Kids Corporation.

Kids program. The corporation handles eligibility determination, premium billing and collection, refunds, and customer service for KidCare, except for the large Medicaid component that is administered by the Agency for Health Care Administration and the Department of Children and Families.

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

### *Application and Enrollment*

The Florida Healthy Kids Corporation is the intake point for all Florida KidCare applications. The application form for Florida KidCare is a simplified form that serves applicants for the Title XXI funded, SCHIP Healthy Kids program, and the Title XIX, Children's Medicaid program. KidCare paper and web based applications are screened by the Florida Healthy Kids Corporation for Medicaid eligibility. The applications for children determined to be potentially Medicaid eligible are electronically referred to the Department of Children and Families for an eligibility determination. If a child is eligible for Medicaid, the child is immediately enrolled into that program. If a child is determined ineligible for coverage in the Medicaid program, the application is referred electronically back to Florida Healthy Kids Corporation to be evaluated for coverage in one of the other KidCare program components. Children who appear to have special health care needs are referred for evaluation to the Children's Medical Services Network of the Department of Health.

Children losing Medicaid eligibility due to income are electronically referred to Florida Healthy Kids Corporation at the end of their Medicaid eligibility period. These electronic data transfers take place on a daily basis and do not require any action on the customer's part.

### Effect of the Proposed Bill

This bill amends Chapters 409 and 624, Florida Statutes to effect changes in the Florida KidCare program. The following is a section by section analysis of the bill:

#### *Section 1*

The current law for the Medikids program component<sup>5</sup>, allows applicants to choose a managed care or MediPass provider plan during a voluntary choice period. After the choice period expires the Agency for Health Care Administration may make mandatory assignment of the child to a plan. This bill directs the Agency for Health Care Administration to ensure (to the greatest extent possible) that family members are assigned to the same managed care plans or MediPass provider. This also includes situations where some family members are enrolled in Medicaid and others enrolled in Title XXI funded plans (Healthy Kids and Medi-Kids). The effect of this change would be to simplify the program for families and allow them to work with only one managed care provider.

#### *Section 2*

This section of the bill allows an applicant to "reactivate" their application after receiving notice from the Kidcare program that 120 days have passed without enrollment and their application has become invalid. The current statute requires the applicant to resubmit the application.

#### *Section 3*

---

<sup>5</sup> S.409.8132(7),F.S.

In the current program if a child loses eligibility for the Medicaid (Title XIX) component of the Kidcare program, it is not uncommon for a gap in insurance coverage to occur while the application is processed and the child is enrolled in a Title XXI funded KidCare program. This bill allows for a child who is no longer eligible for Medicaid because of income or age to have 60 days of continued eligibility (following redetermination) within their existing plan or coverage to allow for transition to Title XXI funded Kidcare (SCHIP). The Agency for Health Care Administration is directed to seek a state plan amendment under Title XIX or federal waiver under Title XXI to continue eligibility and secure federal matching funds at the Title XXI (higher) rate.

The bill also shortens the time span from 6 months to 90 days that a child must wait to enroll in KidCare after the child had coverage in an employer-sponsored health benefit plan voluntarily cancelled.

The bill adds the child's health insurance plan and health care providers to the list of groups who must cooperate to ensure a continuity of coverage during transitions between program components. When a child loses eligibility for Medicaid or Medi-kids, the bill requires the Agency for Health Care Administration in coordination with the Department of Children and Families to give 60 days notice to the managed care plan or MediPass providers before the child's eligibility is to terminate. The purpose is so the managed care plan or MediPass providers can assist the child's family in applying for a Title XXI component of Florida Kidcare coverage.

The bill directs that applicant eligibility information be obtained electronically to the extent possible. The current law requires applicants to provide written documentation as part of the application and redetermination of eligibility process.

The bill provides that persons who apply for Kidcare and pay the full cost of the premium are not required to provide income verification information. These individuals are not being subsidized by Title XXI and their income is not needed for eligibility in the program.

#### *Section 4*

This section includes technical conforming reference changes only.

#### *Section 5*

The bill requires the Department of Children and Families to develop and implement a standardized eligibility application form no later than July 1, 2009. The application must cover all components of Florida Kidcare. The current law has a requirement for a simplified application mail-in form. The current application for Florida KidCare already covers all components of the KidCare program. Therefore, it is not clear what change this legislation is intended to make over current statute and practice.<sup>6</sup>

The bill also allows for re-verification of eligibility every 12 months instead of the current 6 months requirement in statute. This change will align all Kidcare components on the same 12 month re-requirement for eligibility re-verification.

---

<sup>6</sup>Comment from DCF Staff Analysis and Economic Impact, March 7, 2008. The Department of Children and Families determines eligibility for Temporary Cash Assistance, Food Stamps and Medicaid, including Medicaid for the aged, disabled or institutionalized, parents, caretaker relatives, pregnant women and children. There is currently a single common application for these programs. If the intent of the legislation is to separate applications for medical coverage for children from applications for other benefits, families who need multiple services could be required to submit two applications.

The bill directs the Department of Children and Families to design a plan, in consultation with the Florida Healthy Kids Corporation, to determine an applicant's eligibility for Medicaid or other public assistance programs and if found ineligible for these programs, the same information may be used to apply for the Florida KidCare program. The Department of Children and Families must submit the plan to the Governor, the President of the Senate, and the Speaker of the House of Representatives by December 31, 2008. The plan must allow:

- Applicants who have children and are applying for Medicaid or other public assistance to use the same information provided when applying for KidCare, if they are found ineligible for Medicaid.
- Applicants to submit all information required for enrollment in KidCare, including whether coverage is being sought for a child who has special health care needs.
- The Department to forward an applicant's information and accompanying documentation to Florida Healthy Kids Corporation.
- Florida Healthy Kids Corporation to process application information and other documents for enrollment in KidCare without requiring the applicant to submit a separate application.

The bill deletes a previous requirement for the Department of Health in consultation with other agencies to design an intake eligibility process for the Kidcare program.

In addition, the bill deletes the requirement for the state level coordination council (for the Florida KidCare program). The council was the responsibility of the Department of Health and included representatives from Department of Children and Families, Agency for Health Care Administration, Florida Healthy Kids Corporation, Department of Health, Office of Insurance Regulation of the Financial Services Commission, local government, families, providers, insurers and others.

The bill also deletes the requirement for the Department of Health to establish a toll free telephone line and gives a similar requirement to the Agency for Health Care Administration. The Agency must establish the toll free line in consultation with Florida Healthy Kids Corporation and the Department of Children and Families to assist families with questions about Florida Kidcare. The line must make available or easily accessible information about eligibility, enrollment, benefit and other information for all components of Florida Kidcare. The Agency is directed to seek and implement federal waivers or state plan amendments necessary to implement this section.

The bill directs the Agency for Health Care Administration to develop and implement an outreach and marketing program to:

- educate the public about Florida Kidcare
- explain enrollment procedures
- maintain public awareness about the program.

The bill also eliminates the Department of Health from the list of agencies authorized to make program modifications needed to overcome federal objections to obtain approval of Florida's XXI program. This would leave in current statute the following agencies authorized to make program modifications: Agency for Health Care Administration, Florida Healthy Kids Corporation, Department of Children and Families, and the Office of Insurance Regulation.

*Section 6 (amends s.624.91, F.S.,)*



The bill authorizes Healthcare and Dental Health plans participating to develop and distribute marketing and promotional materials and participate in related activities that are approved by the Florida Healthy Kids Corporation. They may also contact current and former enrollees to encourage continued participation and assist the enrollee with transferring from Title XIX (Medicaid) plans to Title XXI (SCHIP) plans.

The bill directs the Florida Healthy Kids Corporation to establish an assignment process for Florida Healthy Kids program enrollees to ensure family members (to the greatest extent possible) are assigned to the same managed care plan. This includes Medicaid plans and Florida Healthy Kids plans. Under the current program, siblings could be in separate health plans because their program eligibility (likely age) puts them in separate components of Florida Kidcare. A child who is eligible for Medicaid could be enrolled in a plan procured by the Agency for Health Care Administration. A child who is eligible for Title XXI (SCHIP) Healthy Kids would be enrolled in a plan procured by the Florida Healthy Kids Corporation. The bill requires the above assignment process to:

- allow an enrollee to enroll in a sibling's Medicaid provider service network for Florida Healthy Kids if the enrollee's sibling is currently enrolled in a Medicaid provider service network in the same county and the county does not contain a health plan under the FHK Program.
- allow an enrollee to enroll in a sibling's Medicaid HMO if the enrollee's sibling is currently enrolled in a Medicaid HMO in the same county as the enrollee and the county does not contain a Florida Healthy Kids health plan that is operated by or related to the Medicaid HMO.

The above scenarios are unlikely to happen since the Florida KidCare Corporation currently offers health plans in every county of the state.

The act shall take place upon becoming law.

#### C. SECTION DIRECTORY:

Section 1. amends s. 409.8132, F.S. relating to MediKids program component .

Section 2. amends s. 409.8134, F.S. relating to program expenditure ceilings.

Section 3. amends s. 409.814, F.S. related to Eligibility in Florida Kidcare.

Section 4. amends s.409.816, F.S. related to correcting cross references.

Section 5. amends s. 409.818, F.S. related to administration of Florida Kidcare.

Section 6. amends s.624.91, F.S. related to the Florida Healthy Kids Corporation.

Section 7 provides an effective date.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

### A. FISCAL IMPACT ON STATE GOVERNMENT:

Indeterminate at this time. The analysis from all affected state agencies is forthcoming.

1. Revenues:  
None
2. Expenditures:  
Indeterminate at this time.

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

1. Revenues:  
See above.
2. Expenditures:  
See above.

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

See above.

**D. FISCAL COMMENTS:**

None.

### **III. COMMENTS**

**A. CONSTITUTIONAL ISSUES:**

1. Applicability of Municipality/County Mandates Provision:

This bill does not appear to require counties or municipalities to take an action requiring the expenditure of funds, reduce the authority that counties or municipalities have to raise revenue in the aggregate, nor reduce the percentage of state tax shared with counties or municipalities.

2. Other:

None.

**B. RULE-MAKING AUTHORITY:**

None

C. DRAFTING ISSUES OR OTHER COMMENTS:

Section 5. The bill calls for a implementation of a standardized eligibility application that covers all components of Florida KidCare. However, the current simplified application form already covers all components of Florida KidCare. It is not clear what is intended by this new legislation.

D. STATEMENT OF THE SPONSOR

**IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES**