

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 and Human Services Appropriations Committee

BILL: CS/CS/SB 918

INTRODUCER: Health and Human Services Appropriations Committee, Health Regulation Committee, Senators Rich and others

SUBJECT: Florida Kidcare Program

DATE: April 20, 2009 **REVISED:** _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Bell</u>	<u>Wilson</u>	<u>HR</u>	<u>Fav/CS</u>
2.	<u>Messer</u>	<u>Burgess</u>	<u>BI</u>	<u>Favorable</u>
3.	<u>Kynoch</u>	<u>Peters</u>	<u>HA</u>	<u>Fav/CS</u>
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

Please see Section VIII. for Additional Information:

- | | | |
|------------------------------|-------------------------------------|---|
| A. COMMITTEE SUBSTITUTE..... | <input checked="" type="checkbox"/> | Statement of Substantial Changes |
| B. AMENDMENTS..... | <input type="checkbox"/> | Technical amendments were recommended |
| | <input type="checkbox"/> | Amendments were recommended |
| | <input type="checkbox"/> | Significant amendments were recommended |

I. Summary:

The bill makes several changes in the Florida KidCare program. The bill modifies eligibility determination by requiring family income to be verified electronically. The bill also removes administrative barriers to the program by: decreasing the period of time that a child is disenrolled from the KidCare program for nonpayment of premiums from 60 to 30 days; reducing the waiting period from 6 months to 60 days for KidCare eligibility for families that have voluntarily cancelled their employer-sponsored or private health insurance and increasing the number of “good cause” reasons that families can use to voluntarily cancel their health insurance coverage and be immediately eligible for KidCare coverage without a waiting period.

The March 16, 2009, Social Services Medicaid Impact Conference adopted estimates for the electronic verification of income, increasing the number of “good cause” reasons for voluntary cancellation of health insurance coverage, reducing the waiting period for eligibility due to voluntary cancellation of health insurance coverage, and decreasing the period of time a child is disenrolled due to nonpayment of premium. The estimated impact of these provisions totals \$15.1 million (\$4.4 million general revenue and \$10.7 million trust funds). These provisions will

be funded from the Senate proposed General Appropriations Act for Fiscal Year 2009-10 and may reduce the estimated number of new children enrolled in the program.

This bill substantially amends the following sections of the Florida Statutes: 409.810, 409.811, 409.812, 409.813, 409.8132, 409.8134, 409.814, 409.815, 409.816, 409.817, 409.8177, 409.818, and 624.91.

II. Present Situation:

The Federal 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 federal Social Security Act, which provides health insurance to uninsured children in low-income families either through a Medicaid expansion, a separate children's health program, or a combination of both. The 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.

On February 4, 2009, new federal legislation, the Children's Health Insurance Program Reauthorization Act (CHIPRA) of 2009, was signed into law reauthorizing the Children's Health Insurance Program through federal FY 2013. The federal law authorizes approximately \$31.5 billion in federal funds over the next four-and-a-half years for states to maintain their current programs and to extend coverage to an additional 3.9 million uninsured low-income children. The program is funded by a federal tax on cigarettes and other tobacco products. In addition to increased federal funding, the CHIPRA includes incentives for states to enroll very low-income children in coverage, the option for states to cover legal immigrant children and pregnant women, elimination of adult coverage, and increased dental coverage requirements.¹

The Florida KidCare Program

The Florida KidCare program is Florida's SCHIP or CHIPRA program. Florida KidCare was established in 1998 as a combination of Medicaid expansions and public and private partnerships, with a wrap-around delivery system serving children with special health care needs. The Florida KidCare program, codified in ss. 409.810-409.820, F.S., is an "umbrella" program. The components described below, include Medicaid for children, the Florida Healthy Kids program, MediKids, and the Children's Medical Services Network.²

- *MediKids* is a Medicaid "look-alike" program for children ages 1 through 4 who are at or below 200 percent of the federal poverty level (FPL).³ Families whose income exceeds 200 percent of the FPL can participate in the MediKids full-pay premium option.

¹ Children's Health Insurance Reauthorization Act of 2009, Georgetown University Health Policy Unit. Found at: <<http://ccf.georgetown.edu/index/>> (Last visited April 4, 2009).

² The Florida KidCare Evaluation Report Year 9, Institute of Child Health Policy, University of Florida. Found at: <http://ahca.myflorida.com/medicaid/MediKids/PDF/fl_KidCare_evaluation_report_2008.pdf> (Last visited on April 4, 2009).

³ The US Department of Health and Human Services 2009 federal poverty level is \$22,050 for a family of four. Found at: <<http://aspe.hhs.gov/POVERTY/09poverty.shtml>> (Last visited on April 4, 2009).

- *Healthy Kids* is for children ages 5 through 18. The Healthy Kids program includes three groups of children: those under 200 percent of the FPL who are Title XXI eligible, those under 200 percent of the FPL who are not Title XXI eligible, and those over 200 percent of the FPL. Parents pay the full per-child premium if their income is over 200 percent of the FPL, they are state employees, or they have access to employer-sponsored health insurance coverage.
- *Children’s Medical Services Network* (CMSN) is a program for children from birth through age 18 who have special health care needs. The Department of Health operates the program, which is open to all children who meet the clinical eligibility criteria that are Medicaid or Title XXI eligible.
- *Medicaid* provides Title XIX coverage to infants from birth to age 1 who are at or below 185 percent of the FPL, children ages 1 through age 5 who are at or below 133 percent of the FPL, children ages 6 through 14 at or below 100 percent of the FPL, and adolescents ages 15 through 18 who are at or below 100 percent of the FPL. Title XXI provides funding for coverage to infants from birth to age 1 who are between 186-200 percent of the FPL.

Families that receive Medicaid or CMSN coverage are not responsible for paying premiums or co-payments. Families with children that qualify for other Florida KidCare program components are responsible for paying monthly premiums and co-payments for certain services. The total monthly family payment for Title XXI enrollees is \$15 for families with incomes between 100 percent and 150 percent of the FPL, and \$20 for families whose incomes fall between 150 and 200 percent of the FPL. The per child monthly premium rate is \$159 for full pay MediKids coverage and \$128 for full pay Healthy Kids coverage, including dental coverage.

As of February 2009, 1,527,328 children were enrolled in the KidCare program. KidCare enrollment included: 19,446 children enrolled in subsidized MediKids; 1,978 children enrolled in MediKids under the full-pay option; 175,196 children enrolled in subsidized Healthy Kids; 19,173 children enrolled in Healthy Kids under the full-pay option; 20,946 children enrolled in the CMSN; and 1,289,840 children enrolled in the Medicaid program.⁴

The KidCare program is jointly administered by the Agency for Health Care Administration (AHCA), the Florida Healthy Kids Corporation, the Department of Health, and the Department of Children and Family Services. The general KidCare program responsibilities of each KidCare partner is outlined in the table below:

Entity	Responsibilities
Agency for Health Care Administration ⁵	<ul style="list-style-type: none"> • Administration of the state Medicaid program that serves individuals eligible for Medicaid under Title XIX. • Administration of the MediKids program that serves Title XXI children from age 1 through age 5. • The Title XXI state contact with Centers for Medicare and Medicaid Services. • Distributes federal funds for Title XXI programs.

⁴ The Florida KidCare Statewide Enrollment Trend, February 2009. Found at: < <http://www.floridaKidCare.org/images/data/KCenrollmenttrend.pdf> > (Last visited on April 4, 2009).

⁵ Section 409.914(3), F.S.

	<ul style="list-style-type: none"> • Manages the contract with the Florida Healthy Kids Corporation. • Develops and maintains the Title XXI Florida KidCare State Plan.
Department of Children and Family Services ⁶	<ul style="list-style-type: none"> • Responsible for processing Medicaid applications including the determination of children's eligibility for Medicaid. • Administration of the Behavioral Health Network (part of CSMN).
Department of Health ⁷	<ul style="list-style-type: none"> • Administration of the CMSN that offers a network of services to Title XIX and XXI children from birth through age 18 who have special health care needs. • Chairs the Florida KidCare Coordinating Council.
Florida Healthy Kids Corporation ⁸	<ul style="list-style-type: none"> • Under contract with the AHCA to perform the administrative KidCare functions including: eligibility determination, premium billing and collection, refunds, and customer service. • Administration of the Florida Healthy Kids program for Title XXI children ages 5 to 18.

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 is governed by a board of directors that is chaired by the Chief Financial Officer or his or her designee and includes 10 other board members who serve 3-year terms. By law, board membership includes:

- The Secretary of the Agency for Health Care Administration, or his or her designee;
- One member appointed by the Commissioner of Education from the Office of School Health Programs of the Florida Department of Education;
- One member appointed by the Chief Financial Officer from among three members nominated by the Florida Pediatric Society;
- One member, appointed by the Governor, who represents the Children's Medical Services Program;
- One member appointed by the Chief Financial Officer from among three members nominated by the Florida Hospital Association;
- One member, appointed by the Governor, who is an expert on child health policy;
- One member, appointed by the Chief Financial Officer, from among three members nominated by the Florida Academy of Family Physicians;
- One member, appointed by the Governor, who represents the state Medicaid program;
- One member, appointed by the Chief Financial Officer, from among three members nominated by the Florida Association of Counties; and
- The State Health Officer or her or his designee.

⁶ Section 409.818(1), F.S.

⁷ Section 409.818(2), F.S.

⁸ Section 624.91, F.S.

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 for Medicaid eligibility determination, and children who appear to have a special health care need to CMSN within the 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 Florida KidCare program component. Medicaid for children and MediKids are administered by the AHCA. MediKids uses the Medicaid infrastructure, offering the same provider choices and package of benefits.

III. Effect of Proposed Changes:

Section 1 and 2 amends ss. 409.810 and 409.811, F.S., to correct cross-references.

Section 3 amends s. 409.812, F.S., to modify the purpose of the Florida KidCare program by deleting a provision requiring a child to be *previously* uninsured in order to be eligible for the program.

Section 4 amends s. 409.813, F.S., to specify that the following programs that provide health benefits coverage to children will be marketed as the Florida KidCare program: Medicaid, MediKids, The Florida Healthy Kids Corporation, employer-sponsored group health insurance plans, and the CMSN; specifies that the Florida KidCare program is not an entitlement program except for with respect to the Title XIX provision.

Section 5 amends s. 409.8132, F.S., to expand the eligibility provisions of the MediKids program. The bill requires MediKids enrollees to be enrolled in the CMSN, if eligible, but also allows MediKids enrollees to opt out of the CMSN.

The bill also reduces the period of time from 60 to 30 days that a child is disenrolled from the MediKids program for nonpayment of premiums.

Section 6 amends s. 409.8134, F.S., to provide for continuous KidCare enrollment and specifies that Title XXI enrollment is first-come, first-served; to repeal an obsolete date; and to remove the requirement for applicants to reapply for the KidCare program if not enrolled after 120 days and to allow applicants to reactive a pending KidCare application.

According to the AHCA, the KidCare program currently offers continuous enrollment and families are eligible to reactivate their applications after 120 days by calling the Florida Healthy Kids Corporation and requesting reactivation of their application.

Section 7 amends s. 409.814, F.S., to modify eligibility for the KidCare program. The bill removes the limitation on MediKids enrollees enrolling in a Healthy Kids plan only if a child has a sibling enrolled in a Healthy Kids plan. The bill allows clinically eligible Title XXI-funded children to opt out of the CMSN.

The bill authorizes KidCare eligibility for children who are currently covered by private health insurance coverage if the cost of the child's participation is greater than 5 percent of the family's income. Currently, this eligibility option is available for employer-sponsored insurance.

The bill reduces the waiting period from 6 months to 60 days for KidCare eligibility for families that have voluntarily cancelled their employer-sponsored or private health insurance. Currently, families must wait 6 months after canceling their employer-sponsored health insurance before they become eligible for subsidized KidCare coverage.

The bill also increases the number of "good cause" reasons that families can use to voluntarily cancel their health insurance coverage and be immediately eligible for KidCare coverage without a waiting period. The bill includes these additional good cause reasons:

- Cost of participation in an employer-sponsored health benefit plan is greater than 5 percent of the family's income;
- The health benefits coverage does not cover the child's health care needs;
- The child has a medical condition that, without medical care, would cause serious disability, loss of function, or death;
- The parent lost a job that provided an employer-sponsored health benefit plan for children;
- The parent who had health benefits coverage for the child is deceased;
- The employer of the parent canceled health benefits coverage for children;
- The child's health benefits coverage ended because the child reached the maximum lifetime coverage amount;
- The child has exhausted coverage under a COBRA continuation provision; and
- Domestic violence led to loss of coverage.

According to the AHCA six of these new good cause reasons are currently accepted as exceptions. The three new good cause reasons that allow a family to drop private coverage are the first three items in the bulleted list above.

The bill requires that family income will be verified electronically as part of the KidCare eligibility process. Wages and earning statements, tax returns, and W-2 forms will be required only if the electronic verification of income is unavailable. According to the AHCA, eliminating the need for most families to physically submit income documentation should increase the KidCare approval rate because many children are denied coverage because families fail to provide the required income documentation.

The bill requires families applying for KidCare coverage that have employer-sponsored health benefit coverage that cost the family more than 5 percent of its income must supply a statement from all applicable, employed family members that specifies that the potential enrollee is covered employer-sponsored health plan but the health plan costs the family more than 5 percent of its income.

Sections 8, 9, and 10 amend ss. 409.815, 409.816, and 409.817, F.S., to conform cross-references.

Section 11 amends s. 409.8177, F.S., to specify that the Florida KidCare program assessment that the AHCA contracts for and coordinates with stakeholders includes Medicaid, the Florida Healthy Kids program, MediKids, and the CMSN.

Section 12 amends s. 409.818, F.S., to conform cross-references.

Section 13 amends s. 624.91, F.S., to authorize the Florida Healthy Kids Corporation to also arrange for the collection of any voluntary contributions to provide for payment of Florida KidCare program premiums for children who are not eligible for medical assistance under Title XIX. The Florida Healthy Kids Corporation also is responsible for establishing KidCare enrollment criteria that include the provision in the bill that decreases in the number of days that children are locked out of the KidCare program for nonpayment of premiums from 60 to 30.

The bill requires the Florida Healthy Kids Corporation to provide another study to the Legislature and the Governor on the impact of the full-pay Healthy Kids programs on the subsidized portion of the program by February 1, 2010.

The bill adds the Secretary of the Department of Children and Family Services or his or her designee to the Florida Healthy Kids Corporation board of directors, increasing the board of directors to a total of 11 members.

This section of the bill also conforms cross-references.

Section 14 The effective date of the bill is July 1, 2009.

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:

Lines 330-336 of the bill allow families with Title XXI children who are clinically eligible for the CMSN to opt out of the CMSN to enroll in a different KidCare program. The CMSN is paid a higher capitation rate than the other KidCare programs to compensate for the higher cost of treating children with special health care needs. Health plans and providers may not be reimbursed appropriately for treating children with special needs. In addition, allowing CMSN eligible children to enroll in other KidCare programs could drive up the costs of the other KidCare programs for all enrollees. Also, if children with special health care needs are not enrolled in the CMSN they may not have access to the specialized providers and services that are available through the CMSN.

C. Government Sector Impact:

Agency for Health Care Administration

The March 16, 2009, Social Services Medicaid Impact Conference adopted the below estimates for the provisions of the bill:

Senate Bill 918 Policy Provisions	Total Fiscal	General Revenue
1. Establish additional “good cause” exceptions to the KidCare eligibility waiting period. The AHCA estimated that this provision would increase enrollment by 7,200 children per year.	\$6,901,086	\$2,033,377
2. Reduce the waiting period from 6 months to 60 days for families who voluntarily canceled their health insurance. The AHCA estimated this provision would increase enrollment by 1,650 children per year.	\$1,035,887	\$304,934
3. Reduce loss of coverage period for nonpayment of KidCare premiums from 60 to 30 days. Currently, 3,800 enrollees lose their eligibility each month for non-payment.	\$7,143,316	\$2,102,490
4. Electronic verification of income for KidCare applicants.	\$0	\$0
TOTAL	\$15,080,289	\$4,440,801

Senate Bill 2600, the proposed General Appropriations Bill, includes an appropriation of \$471.9 million (\$54.7 million general revenue) for the KidCare program. This appropriation covers the anticipated enrollment growth of approximately 20,000 as estimated in the February 2009, Social Services KidCare Estimating Conference. An estimated surplus of \$11.2 million (\$3.3 million general revenue) is available after funding the enrollment growth. The fiscal impact of \$15.1 million (\$4.4 general revenue) associated with this bill, is slightly higher than the currently estimated surplus. These provisions will be funded from the Fiscal Year 2009-10 appropriation and may reduce the estimated number of new children enrolled in the program.

VI. Technical Deficiencies:

On lines 247 through 249 there is inconsistent use of the terms KidCare and MediKids.

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.)

CS by Health and Human Services Appropriations Committee on April 20, 2009:

The committee substitute substantially changes the bill in the following ways:

- Specifies that children eligible for Title XXI funded KidCare programs will be auto-assigned to the Children’s Medical Services Network if determined clinical eligible, unless the children’s family opts-out;
- Provides that a child who is eligible but not covered by a family member’s group health benefit plan will not preclude the child from qualifying for Title XXI subsidized KidCare coverage; and
- Requires families applying for KidCare coverage that have employer-sponsored health benefit coverage that cost the family more than 5 percent of its income to supply a statement from all applicable, employed family members that specifies that the potential enrollee is covered by an employer-sponsored health plan but the health plan costs the family more than 5 percent of its income.

CS by Health Regulation on April 6, 2009:

The committee substitute substantially changes the bill in the following ways:

- Deletes the designation of the Children’s Medical Services Network coverage as “Florida KidCare Plus;”
- Removes provisions in the bill that would have provided presumptive eligibility for KidCare enrollees that transition from one KidCare program to another;
- Removes provisions in the bill that would have provided 12 months of continuous eligibility for KidCare enrollees age 5 to age 18;

- Deletes the section of the bill related to the public records exemption for the KidCare program; and
- Adds the Secretary of the Department of Children and Family Services, or his or her designee, to the Florida Healthy Kids Corporation board of directors.

B. Amendments:

None.

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