

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 Budget Subcommittee on Health and Human Services Appropriations

BILL: CS/SB 510

INTRODUCER: Health Regulation Committee and Senator Rich and Others

SUBJECT: Florida Kidcare Program

DATE: January 20, 2012 **REVISED:** _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Wilson</u>	<u>Stovall</u>	<u>HR</u>	Fav/CS
2.	<u>Hendon</u>	<u>Hendon</u>	<u>BHA</u>	Pre-meeting
3.	_____	_____	<u>BC</u>	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

Please see Section VIII. for Additional Information:

A. COMMITTEE SUBSTITUTE..... Statement of Substantial Changes

B. AMENDMENTS..... Technical amendments were recommended

Amendments were recommended

Significant amendments were recommended

I. Summary:

The bill amends the law that establishes eligibility requirements for the Florida Kidcare program (Kidcare) to make children of public employees who are eligible to participate in the state group insurance program and who meet other eligibility requirements eligible for the subsidized portion of Kidcare. Children of these employees are currently prohibited from obtaining health insurance coverage through Kidcare, even if the family would otherwise be financially eligible. To the extent that state employees currently receiving family coverage under the State Group Health Insurance program enroll their children in the Kidcare program, the state will see a positive fiscal impact on the State Group Health Insurance Plan in the Department of Management Services. According to the Social Services Estimating Conference, the bill is expected to save \$626,704 in general revenue and cost an additional \$14,316 in trust funds.

The bill has an effective date of July 1, 2012.

This bill substantially amends the following sections of the Florida Statutes: 409.8132, and 409.814.

II. Present Situation:

Florida Kidcare Program

The Kidcare program was created by the Florida Legislature in 1998 in response to the federal enactment of the State Children's Health Insurance Program in 1997, later known more simply as the Children's Health Insurance Program (CHIP). The federal authority for the CHIP is located in Title XXI of the Social Security Act.¹ Initially authorized for 10 years and then recently re-authorized² through 2019 with federal funding through 2015, the CHIP provides subsidized health insurance coverage to uninsured children who do not qualify for Medicaid but who meet other eligibility requirements. The state statutory authority for Kidcare is found in part II of ch. 409, F.S.

Kidcare encompasses four programs: Medicaid for children, the Medikids program, the Children's Medical Services Network, and the Florida Healthy Kids program. Kidcare coverage is funded by state and federal funds through Title XIX (Medicaid) and Title XXI (CHIP) of the federal Social Security Act. Families also contribute to the cost of the coverage under the Title XXI-funded components of Kidcare based on their household size, income, and other eligibility factors. For families with incomes above the income limits for premium assistance or who do not otherwise qualify for assistance, Kidcare also offers an option under the Healthy Kids component and the Medikids component for the family to obtain coverage for their children by paying the full premium.

Eligibility for the Kidcare components that are funded by Title XXI is determined in part by age and household income as follows:³

- Medicaid for Children: Title XXI funding is available from birth until age 1 for family incomes between 185 percent and 200 percent of the Federal Poverty Level (FPL).
- Medikids: Title XXI funding is available from age 1 until age 5 for family incomes between 133 percent and 200 percent of the FPL.
- Healthy Kids: Title XXI funding is available from age 5 until age 6 for family incomes between 133 percent and 200 percent of the FPL. For age 6 until age 19, Title XXI funding is available for family incomes between 100 percent and 200 percent of the FPL.
- Children's Medical Services Network: Title XXI and Title XIX funds are available from birth until age 19 for family incomes up to 200 percent of the FPL for children with special health care needs. The Department of Health assesses whether children meet the program's clinical requirements.

Kidcare is administered jointly by the Agency for Health Care Administration, the Department of Children and Families, the Department of Health, and the Florida Healthy Kids Corporation. Each entity has specific duties and responsibilities under Kidcare as detailed in part II of ch. 409,

¹ Title XXI – State Children's Health Insurance Program. Found at: <http://www.ssa.gov/OP_Home/ssact/title21/2100.htm> (Last visited on January 12, 2012).

² Children's Health Insurance Program Reauthorization Act of 2009, Public Law 111-3. Found at: <http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_public_laws&docid=f:publ003.111.pdf%20> (Last visited on January 12, 2012).

³ Florida Kidcare Eligibility. Found at: <<http://www.doh.state.fl.us/alternatesites/kidcare/images/data/FKC-eligibilityflag-accessible.pdf>> (Last visited on January 12, 2012).

F.S. The Department of Children and Families determines eligibility for Medicaid, and the Florida Healthy Kids Corporation processes all Kidcare applications and determines eligibility for the CHIP, which includes a Medicaid screening and referral process to the Department of Children and Families, as appropriate.

To enroll in Kidcare, families utilize a form that is both a Medicaid and CHIP application. Families may apply using the paper application or an online application. Both formats are available in English, Spanish, and Creole. Income eligibility is determined through electronic data matches with available databases or, in cases where income cannot be verified electronically, through submission of current pay stubs, tax returns, or W-2 forms.

The 2011-2012 General Appropriations Act appropriated \$520,962,322 for Kidcare, including \$61,436,037 in General Revenue.⁴ The Social Services Estimating Conference convened on December 12, 2011, to adopt a caseload and expenditure forecast for Kidcare through June 2015. For the current fiscal year the program is projected to end the year with a surplus of \$39.4 million with \$12.8 million of the surplus being General Revenue.⁵ For FY 2012-2013, the projected expenditures for General Revenue are \$6.2 million below the current year appropriation.

Eligibility of Children of State Employees

Title XXI of the Social Security Act, as established in the Balanced Budget Act of 1997, excluded from the definition of “targeted low-income child” a “child who is a member of a family that is eligible for health benefits coverage under a State health benefits plan on the basis of a family member’s employment with a public agency in the State.” When Florida enacted Kidcare in 1998, a similar exclusion was included in s. 409.814, F.S. The effect of this exclusion is that children of public employees who would otherwise be eligible for Kidcare have been unable to enroll in Kidcare and receive premium assistance through Title XXI.

In 2010, Congress amended Title XXI of the Social Security Act to provide states the option to receive Federal matching funds for coverage of children of public employees through the CHIP.⁶ A state may receive Federal funding to extend CHIP eligibility to otherwise eligible children of public employees in cases where the state has maintained its contribution levels for health coverage for employees with dependent coverage, or can demonstrate that the state employees’ health benefits plan’s out-of-pocket costs pose a financial hardship for families. The Agency for Health Care Administration has indicated that Florida would meet one or both of these conditions.⁷

On April 4, 2011, the Centers for Medicare and Medicaid Services of the U.S. Department of Health and Human Services issued a letter providing guidance on implementation of the new

⁴ See ch. 2011-69, L.O.F., line item 151.

⁵ Social Services Estimating Conference – Kidcare Program, December 12, 2011. Found at: <http://edr.state.fl.us/Content/conferences/kidcare/index.cfm> (Last visited on January 12, 2012).

⁶ See s. 10203(b)(2)(D) of the Patient Protection and Affordable Care Act (Public Law 111-148) as amended by s. 205 of the Medicare and Medicaid Extenders Act of 2010 (Public Law 111-309).

⁷ See Agency for Health Care Administration 2012 Bill Analysis and Economic Impact Statement for SB 510 – on file with the Senate Health Regulation Committee.

state option for CHIP coverage of children of public employees.⁸ The letter addresses how states can demonstrate that they meet either the maintenance of agency contribution condition or the hardship condition. States wishing to elect this coverage option may submit a CHIP State Plan amendment at any time.

On average, 2,702 dependents of state employees apply for Title XXI Kidcare each year and 177 enroll in the full-pay coverage option. This implies that 2,525 dependents of state employees are either without health care coverage or the family elected to purchase state employee family coverage.⁹

III. Effect of Proposed Changes:

Section 1 amends s. 409.8132, F.S., relating to the Medikids program component of Kidcare, to change a cross-reference to make all the eligibility requirements of s. 409.814, F.S., applicable to the Medikids program. This includes (by removal of an exclusion from eligibility in section 2 of the bill) the addition of the children of public employees who are eligible for coverage under a state health benefit plan as a category of children eligible for Title XXI-funded components of Kidcare. The effect of the cross-reference change is to include children of state employees and other employees of public agencies participating in the state benefits program as being eligible for the Medikids program component of Kidcare.

Section 2 amends s. 409.814, F.S., relating to eligibility for Kidcare, to remove the exclusion from eligibility for Kidcare of a child who is eligible for coverage under a state health benefit plan on the basis of a family member's employment with a public agency in the state (children of state employees and other employees of public agencies participating in the state benefits program). The effect is that children of these employees would be treated like other children applying for Kidcare coverage. They would be eligible for subsidized insurance if they meet the general eligibility requirements for Title XXI-funded Kidcare.

The bill also moves the requirement for an application for enrollment in the Children's Medical Services Network to include the medical or behavioral health screening from the introductory paragraph of s. 409.814, F.S., to subsection (9) which deals with application requirements.

Section 3 provides an effective date of July 1, 2012.

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.

⁸ Letter to State Health Officials from the Centers for Medicare and Medicaid Services regarding CHIP coverage of children of public employees. Found at: <<http://ccf.georgetown.edu/index/cms-filesystem-action?file=policy/2009%20schip%20reauth/sho-4-04-11.pdf>> (Last visited on January 12, 2012).

⁹ See Agency for Health Care Administration 2012 Bill Analysis and Economic Impact Statement for SB 510 – on file with the Senate Health Regulation Committee.

B. Public Records/Open Meetings Issues:

The provisions of the 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:

None.

C. Government Sector Impact:

The Social Services Estimating Conference reviewed the bill January 13, 2012 and estimated that as many as 2,702 dependents of state employees could enroll in the Kidcare program. This would result in an increase in the cost of the Kidcare program of \$466,228. The estimated impact to the State Group Health Insurance Plan would be a savings of \$1,078,616. The bill would have an overall positive impact to general revenue of \$626,704 and a negative impact on state trust funds of \$14,316. See table below.

Fiscal Impact	General Revenue	State Trust Funds	Total
State Group Health Ins	(\$755,031)	(\$323,585)	(\$1,078,616)
Kidcare (Title XXI)	\$128,327	\$337,901	\$466,228
Total	(\$626,704)	\$14,316	(\$612,388)

According to the Florida Healthy Kids Corporation, there would be minimal costs associated with the reprogramming needed to stop the current practice of checking applications to see if a child is a dependent of a state employee.

VI. Technical Deficiencies:

None.

VII. Related Issues:

If this bill becomes a law, the change in the eligibility status of children of public employees may be considered a qualifying event that would permit families to enroll their children in Kidcare by dropping family coverage and going to single coverage outside of the annual open enrollment period. If it is not considered a qualifying event families could enroll their children in Kidcare by dropping family coverage and going to single coverage during the open enrollment period. In

either case the question is whether the 60-day waiting period established in s. 409.814, F.S., before a child could obtain coverage under Kidcare should apply.

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 Regulation on February 12, 2012:

The CS does not create a new eligibility category for children of state employees, but simply removes the exclusion from eligibility of children of public employees participating in the state benefits program. The CS moves certain requirements for applications for the Children’s Medical Services Network from the introductory paragraph of s. 409.814, F.S., to the subsection within that section dealing with applications for Kidcare.

- B. **Amendments:**

None.