

**HOUSE OF REPRESENTATIVES
FINAL BILL ANALYSIS**

BILL #:	HB 6021	FINAL HOUSE FLOOR ACTION:		
SUBJECT/SHORT TITLE	Home Health Agency Licensure	119	Y's 0	N's
SPONSOR(S):	Rommel	GOVERNOR'S ACTION:		Approved
COMPANION BILLS:	SB 1056			

SUMMARY ANALYSIS

HB 6021 passed the House on April 20, 2017, and subsequently passed the Senate on May 3, 2017.

Home health agencies (HHAs) are organizations licensed by the Agency for Health Care Administration (AHCA), under ch. 400, F.S., to provide home health services and staffing services. Home health services are health and medical services and medical supplies furnished to an individual in the individual's home or place of residence.

After the repeal of the certificate of need program for HHAs in 2000, the number of HHAs rapidly increased, as did the amount of Medicare and Medicaid fraud by HHAs. In 2008, s. 400.471, F.S., was amended to prohibit the initial licensure of a HHA if another agency owned by the applicant is located within 10 miles of the applicant and in the same county.

HB 6021 repeals this "10-mile" limit, thereby permitting an entity that currently owns or has a controlling interest in a licensed HHA to apply for and obtain an initial license to operate a HHA within 10 miles and in the same county as the existing HHA. This would include an entity applying for a change of ownership of a currently licensed HHA. The repeal permits an existing HHA to operate another licensed HHA in the same location.

The bill has an indeterminate, but likely insignificant, fiscal impact on AHCA that can be managed within existing resources, and no impact on local governments.

The bill was approved by the Governor on June 23, 2017, ch. 2017-160, L.O.F., and will become effective on July 1, 2017.

I. SUBSTANTIVE INFORMATION

A. EFFECT OF CHANGES:

Background

Home Health Agencies

Home Health Agencies (HHAs) are organizations licensed by the Agency for Health Care Administration (AHCA) to provide home health services and staffing services.¹ Home health services are health and medical services and medical supplies furnished to an individual in the individual's home or place of residence. The services include:

- Nursing care;
- Physical, occupational, respiratory, or speech therapy;
- Home health aide services (assistance with daily living such as bathing, dressing, eating, personal hygiene, and ambulation);
- Dietetics and nutrition practice and nutrition counseling; and
- Medical supplies, restricted to drugs and biologicals prescribed by a physician.²

Staffing services are provided to health care facilities, schools, or other business entities on a temporary or school-year basis by licensed health care personnel and by certified nursing assistants and home health aides who are employed by, or work under the umbrella of, a licensed HHA.³

A HHA may also provide homemaker⁴ and companion⁵ services without additional licensing or registration. These services do not involve hands-on personal care to a client and typically include housekeeping, meal planning and preparation, shopping assistance, routine household activities, and accompanying the client on outings. Personnel providing homemaker or companion services are employed by or under contract with a HHA.⁶

Licensure

HHAs must meet the general health care licensing provisions of part II of ch. 408, F.S., the specific HHA licensure provisions in part III of ch. 400, F.S., and the rules adopted by AHCA.⁷ A HHA license is valid for 2 years, unless revoked.⁸ If a HHA operates related offices, each related office outside the health service planning district where the main office is located must be separately licensed.⁹ There are 1,945 licensed HHAs in Florida.¹⁰

Section 400.464, F.S., exempts certain entities, individuals, and services from HHA licensure, including:

- A HHA operated by the federal government; and
- A home health aide or certified nursing assistant who is acting in his or her individual capacity, within the definitions and standards of his or her occupation, and who provides hands-on care to patients in their homes.

¹ S. 400.462(12), F.S.

² S. 400.462(14), F.S.

³ S. 400.462(30), F.S.

⁴ S. 400.462(16), F.S.

⁵ S. 400.462(7), F.S.

⁶ S. 400.462(13), F.S.

⁷ Ch. 59A-8, F.A.C.

⁸ S. 408.808(1), F.S.

⁹ S. 400.464(2), F.S. There are eleven health service planning districts grouped by county.

¹⁰ Florida Health Finder, *Facility/Provider Search Results-Home Health Agencies*, available at <http://www.floridahealthfinder.gov/facilitylocator/ListFacilities.aspx> (report generated May 4, 2017).

- The delivery of nursing home services for which the nursing home is licensed under part II of ch. 400, F.S., to serve its residents.
- A not-for-profit, community-based agency that provides early intervention services to infants and toddlers.¹¹

A HHA may obtain an initial license by submitting to AHCA a signed, complete, and accurate application and the \$1,705 licensure fee.¹² The application must identify the geographic service areas¹³ and counties in which the HHA will provide services.¹⁴ An applicant for initial or renewal licensure must file with the application:

- A listing of services to be provided;
- The number of professional staff to be employed;
- Information concerning volume data on the renewal application;
- A business plan to obtain patients and recruit staff;
- Evidence of funding during the first year of operation;
- A balance sheet, income and expense statement, and statement of cash flow for the first 2 years of operation;
- All other ownership interests in health care entities for each controlling interest; and
- For initial licensure, documentation of accreditation, comparable to the requirements in part II of ch. 408 and s. 400.471, F.S.¹⁵

A HHA must obtain malpractice and liability insurance for at least \$250,000 per claim, and submit proof of coverage with its initial application for renewal.¹⁶

For licensure renewal, the HHA must submit a signed renewal application and licensure fee.¹⁷ AHCA may not issue a license renewal to a HHA in any county where there is at least one licensed HHA and that has more than one HHA per 5,000 persons, if the applicant has been sanctioned by AHCA within 2 years prior to submitting the license renewal application for one or more of the following acts:

- An intentional or negligent act that materially affects the health or safety of a client;
- Preparing or maintaining fraudulent patient records, such as, but not limited to, charting ahead, recording vital signs or symptoms which were not personally obtained or observed by the HHA's staff at the time indicated, borrowing patients or patient records from other HHAs to pass a survey or inspection, or falsifying signatures;
- Demonstrating a pattern of falsifying documents relating to the training of home health aides or certified nursing assistants or demonstrating a pattern of falsifying health statements for staff who provide direct care to patients; and
- Giving cash, or its equivalent, to a Medicare or Medicaid beneficiary.¹⁸

AHCA conducts unannounced licensure surveys every 36.9 months, unless a HHA has requested an exemption from such surveys based on accreditation by an approved accrediting organization.¹⁹ The Home Health Agency State Regulation Set that is used in conducting surveys contains over 100

¹¹ S. 400.464(5)(a)-(n), F.S.

¹² S. 400.471(5) and 59A-8.003(12).

¹³ S. 408.032(5), F.S. lists the eleven health service planning districts grouped by county.

¹⁴ Rule 59A-8.007, F.A.C.

¹⁵ S. 400.471(2), F.S.

¹⁶ S. 400.471(3), F.S.

¹⁷ Rules 59A-8.003(2) and (12), F.A.C.

¹⁸ S. 400.471(10), F.S.

¹⁹ Rule 59A-8.003(3)(a), F.A.C.

standards and surveyor guidelines, which are based on Rule 59A-8, F.A.C.²⁰ AHCA also conducts inspections related to complaints.²¹

Each HHA must employ an administrator, who must be a licensed physician, physician assistant, or registered nurse licensed to practice in this state or an individual having at least one year of supervisory or administrative experience in home health care in a facility licensed under ch. 395, F.S.,²² part II of ch. 400, F.S.,²³ or part I of ch. 429, F.S.^{24 25} The administrator may manage a maximum of five licensed HHAs if the HHAs have identical controlling interests and are located within one geographic service area or within an immediately contiguous county.²⁶ An employee of a retirement community that provides multiple levels of care may administer a HHA and up to a maximum of four entities licensed under ch. 400, F.S.,²⁷ or ch. 429, F.S.,²⁸ if they are owned, operated, or managed by the same corporate entity. The administrator must designate an alternate administrator to serve during the administrator's absence.²⁹

A HHA providing skilled services must employ a director of nursing³⁰ who is a Florida-licensed registered nurse with at least 1 year of supervisory experience.³¹ The director of nursing is responsible for overseeing the delivery of professional nursing and home health aide services³² and must be readily available at the HHA or by phone for any 8 consecutive hours between 7 a.m. to 6 p.m.³³ The director of nursing is also responsible for establishing and conducting an ongoing quality assurance program for services provided by the HHA.³⁴

A director of nursing may be the director for a maximum of five licensed HHAs if the HHAs have identical controlling interests, are located within one geographic service area or within an immediately contiguous county, and each HHA has a registered nurse who meets the qualifications of a director of nursing and has been delegated by the director of nursing to serve in the stead of the director. An employee of a retirement community that provides multiple levels of care may serve as the director of nursing of a HHA and of up to four entities licensed under ch. 400, F.S., or ch. 429, F.S., if they are owned, operated, or managed by the same corporate entity.³⁵

CON Repeal and HHA Growth³⁶

In Florida, a CON is a written statement issued by AHCA evidencing community need for a new, converted, expanded, or otherwise significantly modified health care facility, health service, or hospice,³⁷ as a prerequisite to market entry. HHAs were made subject to CON regulation in 1977.³⁸

²⁰ Agency for Health Care Administration, *ASPEN: Regulation Set (RS): Home Health Agencies*, available at http://ahca.myflorida.com/MCHQ/Current_Reg_Files/Home_Health_Agencies_ST_H.pdf (last viewed May 3, 2017).

²¹ Rule 59A-8.003(4), F.A.C.

²² Facilities licensed under ch. 395, F.S., include hospitals, ambulatory surgical centers, and mobile surgical facilities.

²³ Facilities licensed under part II of ch. 400, F.S., include nursing homes.

²⁴ Facilities licensed under part I of ch. 429, F.S., include assisted living facilities.

²⁵ S. 400.476(1), F.S.

²⁶ S. 400.476(1), F.S.

²⁷ Entities licensed under ch. 400, F.S., include nursing homes, home health agencies, nurse registries, hospices, intermediate care facilities, homes for special services, transitional living facilities, prescribed pediatric extended care centers, home medical equipment providers, intermediate care facilities for developmentally disabled persons, health care services pools, and health care clinics.

²⁸ Entities licensed under ch. 429, F.S., include assisted living facilities, adult family care homes, and adult day care centers.

²⁹ S. 400.476(1)(a), F.S.

³⁰ S. 400.462(10), F.S.

³¹ S. 400.476(2), F.S.

³² S. 400.462(10), F.S.

³³ Rule 59A-8.003(11)(a), F.A.C.

³⁴ Rule 59A-8.0095(2)(e), F.A.C.

³⁵ S. 400.476(2), F.S.

³⁶ The Florida Senate, *Review Regulatory Requirements for Home Health Agencies*, November 2007, pp. 4-5, available at http://archive.flsenate.gov/data/Publications/2008/Senate/reports/interim_reports/pdf/2008-135hr.pdf (last viewed May 3, 2017).

³⁷ S. 408.032(3), F.S.

³⁸ S. 381.494(1), F.S. (1982).

Under the CON program, a HHA was required to submit an application for a CON, along with a statement of the purpose and need for the project and the reasons for the proposed:

- Construction;
- Expansion;
- Renovations;
- Substantial change in service;
- Conversion;
- Acquisition; or
- Establishment of a new HHA.³⁹

The state would not issue a license to a HHA which failed to receive a CON.⁴⁰

In 1983, the CON requirement was repealed for HHAs that were not certified or seeking certification as a Medicare home health service provider.⁴¹ The Legislature later repealed the requirement that Medicare-certified HHAs receive CON approval, effective July 1, 2000.⁴²

After full CON repeal, the number of HHAs rapidly increased. For example, in Miami-Dade County, the number of licensed HHAs increased from 216 in August 1999 to 733 by December 31, 2007, a 239 percent increase. The increase in Miami-Dade County represented 64 percent of the statewide increase in licensed HHAs over the same time period.

In 2007, Miami-Dade and Broward counties comprised 19 percent of the state's population over age 64, yet had 46 percent of the licensed HHAs in the state. Although home health services are not limited to Medicare-eligible people, this population dominates the market. Based on population data from 2007 and the number of licensed HHAs in each geographic service area on December 31, 2007, in Miami-Dade County, there was one licensed HHA for every 505 residents over the age of 64; for Broward County, the ratio was one agency for every 1,196 residents over the age of 64. For all other counties in Florida, the average was one HHA for every 2,571 residents over the age of 64.⁴³

³⁹ S. 381.494(1)(a), F.S. (1982).

⁴⁰ S. 400.471(3), F.S. (2000).

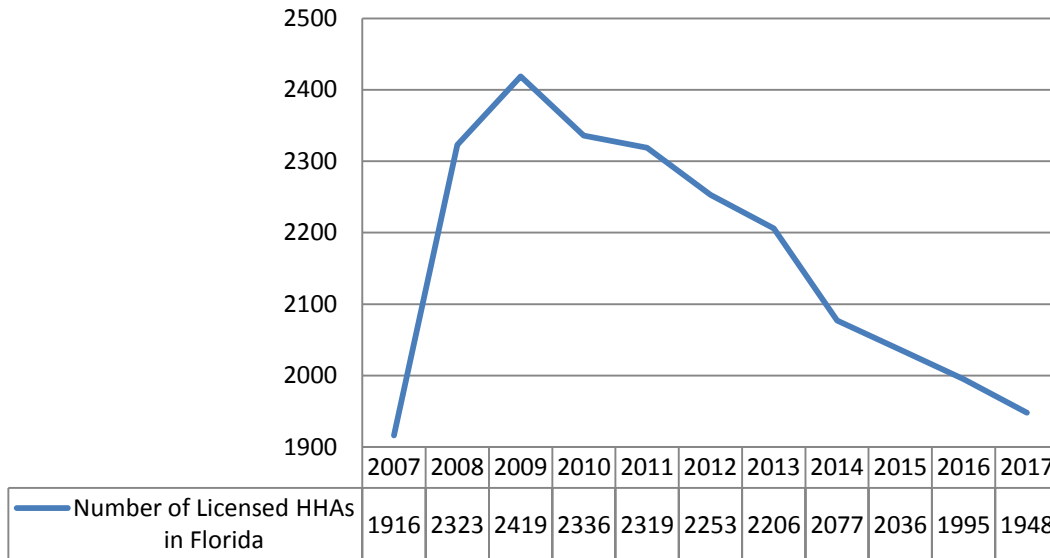
⁴¹ S. 381.493, F.S. (1982).

⁴² S. 408.036(1), F.S. (2000).

⁴³ Source of population data: Office of Economic & Demographic Research website on 9/11/2007; Source of licensee data: AHCA Home Care Unit, Bureau of Health Facility Regulation, as of 8/23/2007.

In 2007, there were 1,916 licensed HHAs in Florida.⁴⁴ The number of licensed HHAs grew to 2,419 HHAs by 2009 before gradually decreasing each year to the current amount of 1,948 licensed HHAs.⁴⁵

Number of Licensed HHAs in Florida from 2007-2017



Medicare and Medicaid Fraud⁴⁶

Some of the factors contributing to the decline of licensed HHAs since 2009 are the implementation of legislative regulatory reforms focused on fraud and abuse prevention in 2008 and 2009 and the federal Centers for Medicare and Medicaid Services (CMS) moratoria on new enrollment of HHAs in Miami-Dade County in 2013, Broward County in 2014, and statewide in 2016.⁴⁷

AHCA's Bureau of Medicaid Program Integrity (MPI) is responsible for preventing and detecting fraud and abuse and performing inspections and investigations related to the Florida Medicaid program. If MPI suspects fraud, or another criminal violation of state law, the case is referred to the Office of the Attorney General Medicaid Fraud Control Unit (MFCU) for further investigation and prosecution, if appropriate.⁴⁸

The MFCU has two primary areas of enforcement responsibility: fraud perpetrated against the Medicaid program and Patient Abuse, Neglect, and Exploitation (PANE). Enforcement activities in these areas, which include both criminal and civil enforcement actions, helps prevent, detect, prosecute, and deter misconduct.⁴⁹ MFCU's Control and Enforcement Strategy focuses on the following:

- Medicaid provider fraud;
- PANE investigations;
- Civil recoveries;
- Community outreach; and
- Intelligence.⁵⁰

⁴⁴ Email from Orlando Pryor, Legislative Affairs Director, Agency for Health Care Administration, RE: HB 6021/HHA (March 1, 2017) on file with the Health and Human Services Committee staff.

⁴⁵ *Id.*

⁴⁶ *Supra*, FN 36 at pgs. 4-5.

⁴⁷ *Supra*, FN 43.

⁴⁸ Joint Report by the Agency for Health Care Administration and the Medicaid Fraud Control Unit with the Office of the Attorney General, *The State's Efforts to Control Medicaid Fraud and Abuse FY 2015-16*, December 16, 2016, pg. 1, available at http://ahca.myflorida.com/Executive/Inspector_General/docs/Medicaid_Fraud_Abuse_Annual_Reports/2015-16_MedicaidFraudandAbuseAnnualReport.pdf (last viewed May 3, 2017).

⁴⁹ *Id.*

⁵⁰ *Id.* at pgs. 1-2.

In an effort to mitigate Medicaid fraud, rule 59G-4.130, F.A.C., requires all providers of home health visit services to Medicaid recipients to comply with the provisions of the Medicaid Home Health Visit Service Coverage Policy (Policy). Under the Policy, Medicaid reimburses providers for:

- Four intermittent home health visits per day for qualifying recipients younger than 21 years and pregnant recipients who are 21 years or older; or
- Three intermittent home health visits per day for non-pregnant recipients age 21 years or older.⁵¹

In order to qualify for home health services, a recipient must be under the care of a physician, have a physician's order for such services, and require services that can be safely provided in the home.⁵²

In 2007, the MFCU reported that the type of fraudulent activities and schemes seen in Florida related to both Medicaid and Medicare home health services included:⁵³

- Kickbacks to physicians to sign plans of treatment;
- Recruiting recipients to fake or exaggerate symptoms to qualify for home health services;
- Paying recipients for participating in billing of unnecessary or non-rendered services; and
- Collaborative arrangements between Medicare and Medicaid certified HHAs to pass off some services (primarily home health aide services) provided to dually eligible recipients to providers enrolled in Medicaid.

MPI identified an increase in overpayments, due to HHAs billing the Medicaid program for medically unnecessary services, from about \$10,000 in FY 2004-2005 to about \$1.3 million in FY 2006-2007.⁵⁴

In 2008, the Legislature passed, and the Governor signed, HB 7083, which created s. 400.471(7), F.S., prohibiting the initial licensure of a HHA if another HHA owned by the applicant is located within 10 miles of the applicant and in the same county. The statute was intended to slow the sharp growth in the number of licensure applicants and new licensees during a time when Medicaid and Medicare HHA fraud investigations were on the rise.⁵⁵

In 2009, the Legislature passed SB 1986 addressing regulatory reforms and fraud and abuse prevention. These included creating incentives for persons to report incidents of Medicaid fraud, increasing penalties for Medicaid fraud, and increasing licensure standards to keep fraudulent actors from obtaining a health care practitioner license or health care facility license.⁵⁶

MPI and MFCU continue to monitor and investigate HHAs for Medicaid and Medicare fraud. In FY 2015-2016, 24 HHAs were terminated from participation in the Medicaid program as a result of fraud and abuse,⁵⁷ and 26 HHAs were denied enrollment or reenrollment in the Medicaid program because of suspected fraud and abuse.⁵⁸

Federal Moratoria on HHAs in Medicare and Medicaid

In July 2013, in an effort to target fraud, CMS implemented a moratorium on the enrollment of new Medicare HHAs in the Miami area. CMS extended the moratorium in 2014 to the metropolitan areas of

⁵¹ Agency for Health Care Administration, *Florida Medicaid Home Health Visit Services Coverage Policy*, November 2016, pg. 3, available at <https://www.flrules.org/Gateway/reference.asp?No=Ref-07500> (last viewed May 3, 2017).

⁵² *Id.*

⁵³ MFCU's report to the Florida House of Representatives on October 2, 2007.

⁵⁴ Florida House of Representatives Bill Analysis for CS/HB 7083, April 10, 2008 (on file with the Health and Human Services Committee staff).

⁵⁵ *Id.*

⁵⁶ Senate Bill Analysis of SB 1986, p.1 (Mar. 24, 2009).

⁵⁷ *Supra*, FN 48 at pg. 57.

⁵⁸ *Id.* at pg. 58.

Fort Lauderdale. The moratoria have since been extended at 6-month intervals and remain in place in both Miami and Ft. Lauderdale.⁵⁹

Since implementing the moratoria, CMS has been able to identify and evaluate problems with their effectiveness. Because the current moratoria are geographically defined by county, providers and suppliers are not prohibited from opening new locations or creating a new enrollment outside of the areas under the moratoria and moving it into the area to provide services. Moreover, CMS is unable to prevent existing providers and suppliers from outside of a moratoria area from servicing beneficiaries within that area. CMS has analyzed data showing that providers and suppliers who are located several hundred miles outside of a moratorium area are billing for services provided to beneficiaries located within that moratorium area. In order to mitigate the vulnerabilities of the moratoria, effective July 29, 2016, CMS expanded the moratoria statewide and made it applicable to Medicaid and the Children's Health Insurance Program (CHIP), as well.^{60, 61}

Effect of Proposed Changes

HB 6021 repeals the "10-mile" limit found in s. 400.471(7), F.S., thereby permitting an entity that currently owns or has a controlling interest in a licensed HHA to apply for and obtain an initial license to operate a HHA within 10 miles and in the same county as the existing agency. Also, an entity applying for a change of ownership of an existing HHA will no longer be subject to the "10-mile" limit.

The bill will allow an existing HHA to establish additional locations, under the same ownership or controlling interest, within the same city or county as the HHA. Such concentration of HHAs may allow for greater access to services for consumers. The repeal will allow an existing HHA to operate another licensed HHA in the same location to provide services to different patient populations with different payer mixes. For example, one HHA may provide services to Medicare patients while the other HHA may provide services solely to private pay patients.

Though the removal of the restriction may increase the number of HHAs, it is not likely that there will be a surge of HHAs again, because of the statewide moratoria on new enrollments to provide services to Medicare, Medicaid, and CHIP beneficiaries. In addition, the anti-fraud laws enacted since 2008 may deter and prevent the types and volume of fraud seen after the repeal of the CON program.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

The bill may result in an increase of licensure fees to AHCA for new HHAs within 10 miles of another HHA owned by the same entity. However, the number of applications that AHCA will receive and the impact to license revenue is indeterminate.

2. Expenditures:

The bill may result in a minimal workload increase for licensure application reviews, inspections, and legal cases handled by AHCA. The increase in application reviews, inspections, and legal costs

⁵⁹ Centers for Medicare and Medicaid Services, *Provider Enrollment Moratorium*, August 2016, available at <https://www.cms.gov/Medicare/Provider-Enrollment-and-Certification/MedicareProviderSupEnroll/ProviderEnrollmentMoratorium.html> (last viewed May 3, 2017).

⁶⁰ *Id.*

⁶¹ Agency for Health Care Administration, *Medicare/Medicaid*, available at http://www.fdhc.state.fl.us/mchq/health_facility_regulation/home_care/hha/medicare_medicaid.shtml (last viewed May 3, 2017).

is indeterminate, but likely insignificant, as is the fiscal impact to AHCA resulting from those activities.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The bill permits HHAs to establish additional locations in smaller areas, such as cities and counties. As a result, there may be business growth, additional job opportunities for home health service providers, and greater access to home health services.

D. FISCAL COMMENTS:

None.