

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** HB 6031 Florida Kidcare Program  
**SPONSOR(S):** Pigman  
**TIED BILLS:** **IDEN./SIM. BILLS:** SB 348

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Health Quality Subcommittee	13 Y, 0 N	Grabowski	McElroy
2) Health Care Appropriations Subcommittee	11 Y, 0 N	Nobles	Clark
3) Health & Human Services Committee	17 Y, 0 N	Grabowski	Calamas

### SUMMARY ANALYSIS

The Florida Kidcare Program (Kidcare) was created by the Florida Legislature in 1998 in response to the federal enactment of the State Children's Health Insurance Program in 1997 (CHIP). Kidcare 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 coverage is funded by state and federal funds through Title XIX (Medicaid) and Title XXI (CHIP) of the federal Social Security Act.

Kidcare encompasses four programs: Medicaid for children, the Medikids program, the Children's Medical Services Network and the Florida Healthy Kids program. The Florida Healthy Kids program under the Florida Healthy Kids Corporation (FHKC) provides health coverage to children from age 5 through age 18 who live in households meeting certain eligibility thresholds.

Health care coverage provided under the Healthy Kids program is subject to a \$1 million lifetime limit for each enrolled child. If an enrolled child incurs \$1 million in health benefits expenditures, the child is disenrolled from the Healthy Kids program. In 2018, the federal Centers for Medicare and Medicaid Services (CMS) informed the Agency for Health Care Administration (AHCA) that Florida's use of the \$1 million lifetime coverage limit for the Healthy Kids program was in violation of federal Title XXI regulations related to program eligibility and enrollment. As part of a required corrective action plan, the CMS directed AHCA to either eliminate the annual coverage limit or institute a coverage limit in compliance with federal CHIP regulations.

HB 6031 deletes the \$1 million lifetime coverage limit that currently applies to each child enrolled in the Florida Healthy Kids program. With this change, no child would be removed from coverage eligibility by virtue of accumulating benefit claims that exceed a dollar amount threshold.

The bill has an insignificant, negative, recurring fiscal impact to the AHCA and no fiscal impact on local governments. The FHKC should be able to absorb the state and federal costs within existing appropriations and corporate reserve funds. If this bill becomes law, the Social Services Estimating Conference would incorporate the future minimal costs in the official expenditure estimates.

The bill takes effect upon becoming law.

# FULL ANALYSIS

## I. SUBSTANTIVE ANALYSIS

### A. EFFECT OF PROPOSED CHANGES:

#### **Background**

##### Florida Kidcare Program

The Florida Kidcare Program (Kidcare) 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. 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 the Program 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 monthly premium 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 monthly 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.

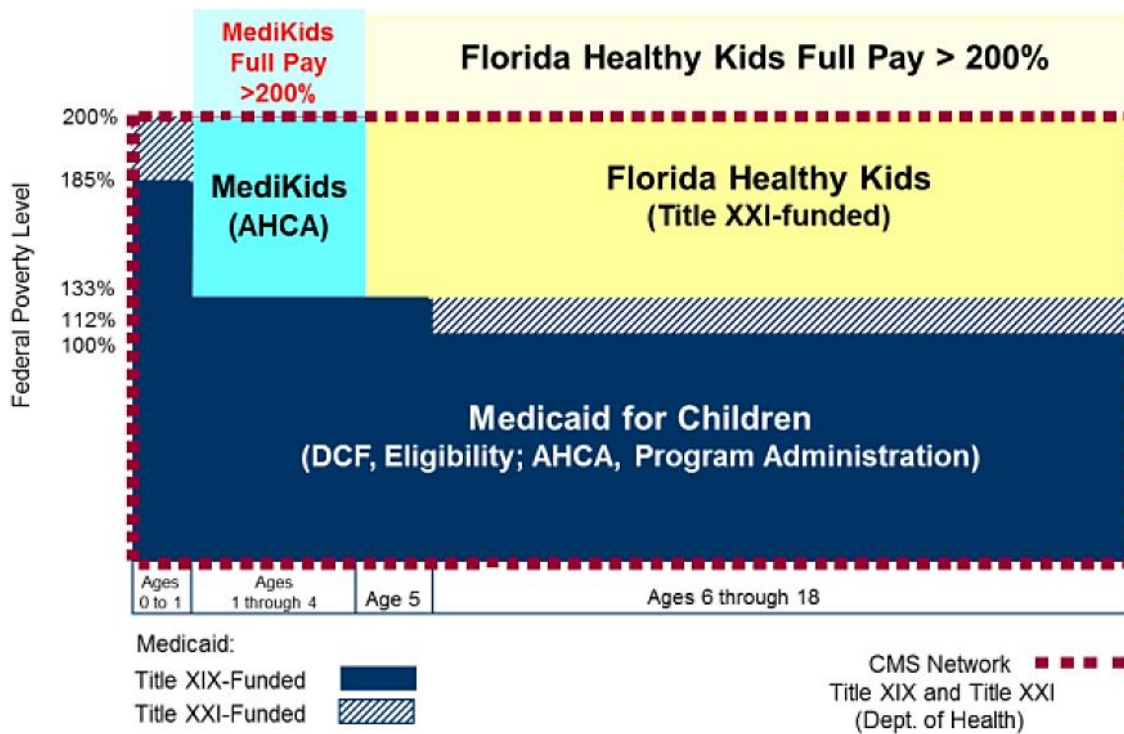
Eligibility for the Program components that are funded by Title XXI is determined in part by age and household income:

Program	Age Range	Family Income
Medicaid for Children	Birth until age 1	185-200% of federal poverty level (FPL)
Medikids	Age 1 until age 5	133-200% of FPL
Healthy Kids	Age 5 until age 6	133-200% of FPL
	Age 6 until age 19	100-200% FPL
Children's Medical Services Network	Birth until age 19 (children with special needs)	Up to 200% FPL

Kidcare is administered jointly by the Agency for Health Care Administration (AHCA), the Department of Children and Families (DCF), the Department of Health (DOH), and the Florida Healthy Kids Corporation (FHKC). Each entity has specific duties and responsibilities under Kidcare as detailed in part II of ch. 409, F.S. The DCF determines eligibility for Medicaid, and the FHKC processes all Kidcare applications and determines eligibility for the CHIP, which includes a Medicaid screening and referral process to the DCF, as appropriate. The Department of Health assesses whether children meet the Children's Medical Services Network clinical requirements.

At present, more than 2.4 million Florida children are enrolled in Kidcare.<sup>1</sup>  
The following chart summarizes eligibility and funding for Kidcare.<sup>2</sup>

<sup>1</sup> Healthy Kids, *What is Florida KidCare?*, available at: <https://www.healthykids.org/kidcare/what/> (last visited January 31, 2020).



### Florida Healthy Kids Lifetime Maximum

Unlike the other components of Florida Kidcare, coverage provided under the Healthy Kids program is subject to a statutory \$1 million lifetime limit for each enrolled child.<sup>3</sup> If an enrolled child incurs \$1 million in health benefits expenditures, the FHKC removes that child from the Healthy Kids program. The FHKC reports that 12 children have been disenrolled from Health Kids in the past five years by virtue of exceeding the lifetime maximum coverage limit.<sup>4</sup> The FHKC notifies a family when a child has reached \$700,000 in covered benefits, reminds the family of the \$1 million coverage limit, and informs the family of alternative coverage options.<sup>5</sup>

On November 13, 2018, the federal Centers for Medicare and Medicaid Services (CMS) informed AHCA that Florida’s use of the \$1 million lifetime coverage limit for the Healthy Kids program was in violation of federal Title XXI regulations related to program eligibility and enrollment.<sup>6</sup> The CMS ordered the AHCA to complete a corrective action plan to address these violations and bring the Healthy Kids program into compliance with relevant federal regulations. The agency initially submitted a correction action plan to the CMS in February of 2019<sup>7</sup>; a revised version of this plan was approved by the CMS on July 26, 2019.<sup>8</sup>

As part of the approved corrective action plan, the AHCA agreed to submit a state plan amendment to the CMS to reflect revised program parameters. If the state wishes to establish a lifetime coverage limit

<sup>2</sup> Institute for Child Health Policy at University of Florida, *Florida KidCare Program Evaluation 2015*, available at [http://ahca.myflorida.com/medicaid/Policy\\_and\\_Quality/Policy/program\\_policy/FLKidCare/PDF/2015\\_Florida\\_Kidcare\\_Evaluation\\_Report.pdf](http://ahca.myflorida.com/medicaid/Policy_and_Quality/Policy/program_policy/FLKidCare/PDF/2015_Florida_Kidcare_Evaluation_Report.pdf) (last viewed January 31, 2020).

<sup>3</sup> S. 409.815(2)(r), F.S.

<sup>4</sup> E-mail correspondence from Mr. Jeff Dykes, Interim Chief Executive Office for FHKC (September 27, 2019)(On file with the Health Quality Subcommittee).

<sup>5</sup> Agency for Health Care Administration, *Senate Bill 348 Analysis* (October 9, 2019) (On file with the Health Quality Subcommittee).

<sup>6</sup> Correspondence from the Centers for Medicare and Medicaid Services to the Agency for Health Care Administration (November 13, 2018)(On file with the Health Quality Subcommittee). The letter indicates violations of several federal regulations under 42 CFR 457.342.

<sup>7</sup> Correspondence from the Agency for Health Care Administration to the Centers for Medicare and Medicaid Services (February 11, 2019)(On file with the Health Quality Subcommittee).

<sup>8</sup> Correspondence from the Centers for Medicare and Medicaid Services to the Agency for Health Care Administration (July 26, 2019)(On file with the Health Quality Subcommittee).

for the Healthy Kids program, it must be in compliance with federal CHIP enrollment and eligibility regulations.<sup>9</sup> The CMS noted that the automatic disenrollment of children who reach a certain coverage threshold is inconsistent with continuous enrollment policies set at the federal level. Moreover, AHCA is required to reset the coverage balances for all children currently enrolled in the Healthy Kids program. Only services provided after January 1, 2020 may be counted towards any revised lifetime coverage limit.<sup>10</sup>

The AHCA has indicated that it will be submitting a state plan amendment to the CMS to reflect these directives, with an effective date of January 1, 2020.<sup>11</sup>

### **Effect of the Bill**

HB 6031 repeals the \$1 million lifetime coverage limit that currently applies to each child enrolled in the Florida Healthy Kids program. With this change, no child would be removed from coverage eligibility by virtue of accumulating benefit claims that exceed a dollar amount threshold.

Removing the lifetime coverage limit will result in the expenditure of additional state and federal revenues in support of the Healthy Kids program. See Fiscal Analysis & Economic Impact Statement.

The bill takes effect upon becoming law.

### **B. SECTION DIRECTORY:**

**Section 1:** Amends s. 409.815, F.S., relating to health benefits coverage; limitations.

**Section 2:** Provides an effective date.

## **II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT**

### **A. FISCAL IMPACT ON STATE GOVERNMENT:**

#### **1. Revenues:**

The FHKC has developed estimates of the additional federal Medicaid matching funds that would become available to the state following the elimination of the Healthy Kids lifetime limit<sup>12</sup>, as follows:

FY 2019-20: \$233,668

FY 2020-21: \$893,373

FY 2021-22: \$947,956

These estimates are based on the payment rate proposals submitted by the three carriers selected to contract with FHKC effective January 1, 2020.<sup>13</sup> The state would continue to collect recurring federal Medicaid funds in future years, relative to what would have been collected under current law.

#### **2. Expenditures:**

The FHKC also developed estimates of increased state general revenue spending that may occur following elimination of the Healthy Kids lifetime limit<sup>14</sup>, as follows:

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<sup>9</sup> Id.

<sup>10</sup> Id.

<sup>11</sup> Supra note 5.

<sup>12</sup> Letter from Mercer Consulting Services to Mr. Jeff Dykes, Chief Financial Officer for FHKC (January 17, 2020)(On file with the Health Care Appropriations Subcommittee).

<sup>13</sup> Supra note 12.

<sup>14</sup> Supra note 12.

FY 2019-20: \$42,764  
FY 2020-21: \$281,163  
FY 2021-22: \$344,467

These estimates are based on the payment rate proposals submitted by the three carriers selected to contract with FHKC effective January 1, 2020.<sup>15</sup> The state would continue to spend recurring general revenue in future years, relative to what would have been spent under current law. The FHKC should be able to absorb the state and federal costs within existing appropriations and corporate reserve funds. If this bill becomes law, the Social Services Estimating Conference would incorporate the future minimal costs in the official expenditure estimates.

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

1. Revenues:

None.

2. Expenditures:

None.

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

None.

**D. FISCAL COMMENTS:**

None.

**III. COMMENTS**

**A. CONSTITUTIONAL ISSUES:**

1. Applicability of Municipality/County Mandates Provision:

Not applicable. This bill does not appear to affect county or municipal governments.

2. Other:

None.

**B. RULE-MAKING AUTHORITY:**

AHCA has sufficient rulemaking authority to implement the bill.

**C. DRAFTING ISSUES OR OTHER COMMENTS:**

None.

**IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES**

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<sup>15</sup> Supra note 12.