

**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.)

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Prepared By: The Professional Staff of the Committee on Banking and Insurance

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BILL: SB 1258

INTRODUCER: Senator Jones

SUBJECT: Managed Care Plan Performance

DATE: February 8, 2022

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Smith</u>	<u>Brown</u>	<u>HP</u>	<b>Favorable</b>
2.	<u>Johnson</u>	<u>Knudson</u>	<u>BI</u>	<b>Favorable</b>
3.	_____	_____	<u>RC</u>	_____

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**I. Summary:**

SB 1258 statutorily requires managed care plans contracting with the Agency for Health Care Administration (AHCA) under the Statewide Medicaid Managed Care (SMMC) program to collect and annually report an expanded set of performance measures, including Healthcare Effectiveness Data and Information Set (HEDIS) measures, the federal Core Set of Children’s Health Care Quality measures, and the federal Core Set of Adult Health Care Quality performance measures, as specified by the AHCA. For calendar year 2020, the plans were required to report 27 HEDIS measures related to medical care and nine measures related to Child and Adult Core Set measures.

Beginning in calendar year 2025, the bill requires each managed care plan to collect and report all of the Adult Core Set behavioral health measures, which are not currently required to be reported. Beginning in calendar year 2026, the bill requires each managed care plan to stratify all performance measure data by recipient age, race, ethnicity, primary language, sex, and disability status.

The bill will have a moderate operational and fiscal impact on the Florida Medicaid Program. Implementation of the bill will require one additional FTE at the AHCA. The total cost to the AHCA for the additional FTE is \$79,930, which includes non-recurring expenditures, salary, and benefits for the position. The cost of the additional FTE is funded by the Medical Care Trust Fund. The state’s portion of the total cost is \$39,965.

The bill provides an effective date of July 1, 2022.

## II. Present Situation:

### Florida Medicaid Program

The AHCA is responsible for the administration of the Florida Medicaid program, authorized under Title XIX of the Social Security Act.<sup>1</sup> This authority includes establishing and maintaining a Medicaid state plan approved by the Centers for Medicare & Medicaid Services (CMS) and maintaining any Medicaid waivers needed to operate the Florida Medicaid program as directed by the Legislature.<sup>2</sup>

Florida Medicaid enrollees generally receive benefits through one of two service-delivery systems: fee-for-service (FFS) or managed care. Under FFS, the state Medicaid program pays health care providers for each service provided to a Medicaid enrollee. In Florida, the majority of Medicaid recipients receive their services through a managed care plan contracted with the AHCA under the SMMC program. The state pays the managed care plans a capitation payment, or fixed monthly payment, per recipient enrolled in the managed care plan.

### *Managed Care Plan Performance Measure Reporting*

The AHCA monitors contracted managed care plan performance through a combination of performance measures developed by the National Committee for Quality Assurance (NCQA), the federal CMS, and the AHCA itself.<sup>3</sup>

The NCQA develops the HEDIS as a standardized tool to measure the performance of health plans. More than 90 percent of health plans in America use the HEDIS tool to measure performance on important dimensions of care and service, making it convenient to compare plan performance.<sup>4</sup> Current law requires managed care plans participating in the SMMC program to collect and report HEDIS measures specified by the AHCA on an annual basis and to post the information its website in a manner that allows recipients to compare the performance of available plans.<sup>5</sup>

For calendar year 2020, the managed care plans were required to report 27 HEDIS measures related to medical care and nine Child and Adult Core Set measures, a total of 36 measures.<sup>6</sup> Many of these measures include sub-measures. The total number of performance measure rates, or lines of data that must currently be reported for the measures and sub-measures is 192.<sup>7</sup>

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<sup>1</sup> Section 409.902, F.S.

<sup>2</sup> Medicaid.gov, *Medicaid State Plan Amendments*, available at <https://www.medicaid.gov/medicaid/medicaid-state-plan-amendments/index.html> (last visited Feb. 4, 2022).

<sup>3</sup> Agency for Health Care Administration, Performance Measure Data Submissions for Medicaid, [https://ahca.myflorida.com/medicaid/quality\\_mc/submission.shtml](https://ahca.myflorida.com/medicaid/quality_mc/submission.shtml) (last visited Feb. 4, 2022).

<sup>4</sup> U.S. Department of Health and Human Services, Healthcare Effectiveness Data and Information Set, <https://www.healthypeople.gov/2020/data-source/healthcare-effectiveness-data-and-information-set> (last visited Feb. 4, 2022).

<sup>5</sup> Section 409.967(2)(f)2., F.S.

<sup>6</sup> Agency for Health Care Administration, Agency Analysis of HB 855, Dec. 16, 2021 (on file with Committee on Banking and Insurance).

<sup>7</sup> *Id.*

Each managed care plan operates in at least one region of the state and several managed care plans operate in all 11 regions. For calendar year 2020 performance measure reporting (which occurred in 2021), the AHCA required managed care plans to provide regional breakouts in addition to the statewide rates for most of the HEDIS and Child and Adult Core Set measures that it currently requires plans to report.<sup>8</sup> The AHCA required the regional stratifications to identify potential differences in plan performance by region and to better target areas where improvement may be needed.<sup>9</sup>

- For plans operating in only one region, the base number of 192 performance measure rates, or lines of data, were required to be reported since the plan's statewide and regional results are the same.
- For a plan operating in two regions of the state, the base number of 192 performance measure rates is multiplied by three, as the plan will be reporting a statewide rate and separate rates for each of the two regions. In this case, 576 performance measure rates were required to be reported.

For a plan operating in all 11 regions of the state, the base number of 192 performance measure rates is multiplied by 12, as the plan will be reporting a statewide rate and separate rates for each of the 11 regions. In this case, 2,304 performance measure rates were required to be reported.<sup>10</sup>

### III. Effect of Proposed Changes:

The bill amends s. 409.967(2)(f), F.S., to require managed care plans to collect and annually report HEDIS measures, the federal Core Set of Children's Health Care Quality measures, and the federal Core Set of Adult Health Care Quality performance measures, as specified by the AHCA. Section 409.967(2)(f), F.S., currently requires managed care plans to collect and annually report HEDIS measures. The AHCA currently requires plans participating in the MMA program to report a selection of 27 HEDIS measures related to medical care and nine measures related to Child and Adult Core Set measures in its contracts with those plans.<sup>11</sup>

The bill requires each plan to collect and report the Adult Core Set behavioral health measures, which are not currently required by statute to be reported, beginning with data reports for the 2025 calendar year. Each plan must stratify reported measures by age, sex, race, ethnicity, primary language, and whether the enrollee received a Social Security Administration determination of disability for purposes of Supplemental Security Income, beginning with data reports for the 2026 calendar year. The bill requires each managed care plan to post all these measures, and the corresponding stratified data, to the plan's website.

Although the managed care plans have recently added regional and race and ethnicity stratifications to several of the measures they reported on this year, this bill will require them to add race and ethnicity stratifications to all measures, and add stratifications in four additional areas (age, sex, primary language, and disability status) to all AHCA-required measures.<sup>12</sup>

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<sup>8</sup> *Id.*

<sup>9</sup> *Id.*

<sup>10</sup> *Id.*

<sup>11</sup> *Id.*

<sup>12</sup> *Id.*

The bill updates a reference to the “HEDIS” data set, which was formerly referred to as “Health Plan Employer Data and Information Set” but is now referred to by the NCQA as the “Healthcare Effectiveness Data and Information Set.”

The bill also corrects a grammatical error in current law by changing “s.” to its plural form “ss.”

The bill provides an effective date of July 1, 2022.

#### **IV. Constitutional Issues:**

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None.

#### **V. Fiscal Impact Statement:**

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

The bill will provide additional measures that can be used to evaluate and compare the performance of plans.

Effective for data reports for beginning in calendar years 2025 and 2026, the bill increases the stratifications and the volume of performance measure rates to be calculated, audited, and reported. The AHCA reports that this will result in increased operational and administrative costs for the managed care plans due to increased workload for the plans and increased costs for the plans’ contracted NCQA-certified auditors and NCQA-certified HEDIS software vendors.<sup>13</sup>

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<sup>13</sup> *Id.*

**C. Government Sector Impact<sup>14</sup>:**

The changes required by this bill would not need to be implemented until calendar year 2025. As such, the current Statewide Medicaid Managed Care (SMMC) contracts would not be affected and would not require an amendment. However, these requirements and would need to be included in the next procurement and in the rates for the next contracts. The exact fiscal impact to the plans and thus, to the rates, is unknown at this time.

SB 1258 poses a moderate operational and fiscal impact on the Florida Medicaid Program. The AHCA reports that the requirements of the bill will increase staff workload and will require one additional FTE. The total cost to the AHCA for the additional FTE is \$79,930. This amount includes non-recurring expenditures, salary, and benefits for the position. The Medical Care Trust Fund funds the cost of the additional FTE. The state's portion of the total cost is \$39,965.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Statutes Affected:**

This bill substantially amends section 409.967 of the Florida Statutes.

**IX. Additional Information:****A. Committee Substitute – Statement of Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

**B. Amendments:**

None.

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

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<sup>14</sup> *Id.*