

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 Appropriations Committee on Health and Human Services

BILL: SB 246

INTRODUCER: Senator Calatayud

SUBJECT: Florida Kidcare Program Eligibility

DATE: April 11, 2023

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Stovall</u>	<u>Brown</u>	<u>HP</u>	Favorable
2.	<u>McKnight</u>	<u>Money</u>	<u>AHS</u>	Pre-meeting
3.	_____	_____	<u>FP</u>	_____

I. Summary:

SB 246 raises the income eligibility limits for the subsidized MediKids, Florida Healthy Kids, and Children’s Medical Services Network programs within the Florida Kidcare (Kidcare) program from 200 percent to 250 percent of the federal poverty level (FPL), effective July 1, 2023, and from 250 percent to 300 percent effective, July 1, 2024, subject to federal approval.

The bill requires the Florida Healthy Kids Corporation and the Agency for Health Care Administration to develop a minimum of three, but not more than five, tiered family contribution levels.

The bill has a significant negative fiscal impact to the Florida Medicaid program. *See* Section V of this analysis.

The bill takes effect on July 1, 2023, except as otherwise expressly provided in the bill.

II. Present Situation:

The Florida KidCare (KidCare) program was established in 1998 as a combination of Medicaid delivery systems and public and private partnerships, with a wrap-around delivery system serving children with special health care needs.¹ The KidCare program, codified in ss. 409.810 through 409.821, F.S., encompasses four government-sponsored health insurance programs serving Florida’s children: MediKids, Florida Healthy Kids (Healthy Kids), Children’s Medical Services (CMS) Network, and Medicaid for children.²

¹ Chapter 1998-288, Laws of Fla.

² Florida KidCare, available at <https://www.floridakidcare.org/> (last visited Mar. 13, 2023).

Three of the four programs, MediKids, Healthy Kids, and CMS, directly receive federal Children's Health Insurance Program (CHIP) funding and constitute Florida's CHIP program. The CHIP was designed as a federal and state partnership, similar to Medicaid, with the goal of expanding health insurance to children whose families earn too much income to be eligible for Medicaid, but not enough money to purchase private, comprehensive health insurance. The federal CHIP is authorized and funded through Fiscal Year 2029.³

CHIP funding is also used to enhance the match rate for some children in Medicaid. More specifically:

- *MediKids* is a Medicaid "look-alike" program administered by the Agency for Health Care Administration (AHCA) for children ages 1 through 4 who are at or below 200 percent of the federal poverty level (FPL).⁴ Families whose income exceeds 200 percent of the FPL can elect to participate in the MediKids full-pay premium option.⁵
- *Healthy Kids* is for children ages 5 through 18 and administered by the Florida Healthy Kids Corporation (FHKC). Children in families with income between 133 percent and 200 percent of the FPL (\$33,383 and \$50,200 for a family of four) are eligible for subsidized coverage through the Healthy Kids program.⁶ Families whose income exceeds 200 percent of the FPL can elect to participate in the Healthy Kids full-pay option.⁷
- *Children's Medical Services (CMS) Network* is a program for children from birth through age 18 with special health care needs.⁸ The Department of Health (DOH) operates the program which is open to all children who meet the clinical eligibility criteria that are Medicaid or Title XXI eligible.⁹
- *Medicaid* eligibility is determined by the Department of Children and Families (DCF) and provides Title XIX coverage to infants from birth to age 1 who are at or below 200 percent of the FPL and children ages 1 through 18 who are at or below 133 percent of the FPL.¹⁰

Families who receive Medicaid are not responsible for paying premiums or co-payments. Families with children that qualify for other KidCare program components are responsible for paying monthly premiums and co-payments for certain services. The Healthy Kids program¹¹ and the MediKids program¹² both utilize a combined-risk premium model of Title XXI-subsidized and full-pay enrollments for medical insurance payments.

³ Consolidated Appropriations Act, 2023, Public Law No. 117-328 (2022).

⁴ Section 409.8132(6), F.S.

⁵ Agency for Health Care Administration, Florida KidCare, *Welcome to MediKids*, https://ahca.myflorida.com/medicaid/Policy_and_Quality/Policy/program_policy/FLKidCare/PDF/FLORIDA_MEDIKIDS_INFORMATION_2019.pdf (last visited Mar. 13, 2023).

⁶ Florida Healthy Kids Corporation, *Subsidized Premiums/Copays*, <https://www.healthykids.org/cost/subsidized/> (last visited Mar. 13, 2023).

⁷ *Id.*

⁸ *See* ch. 391, F.S.

⁹ *Id.*

¹⁰ Florida Healthy Kids, *Florida KidCare Health and Dental Insurance Program Eligibility Overview*, https://www.floridakidcare.org/docs/Florida_KidCare_Income_Guidelines.pdf (last visited Mar. 13, 2023).

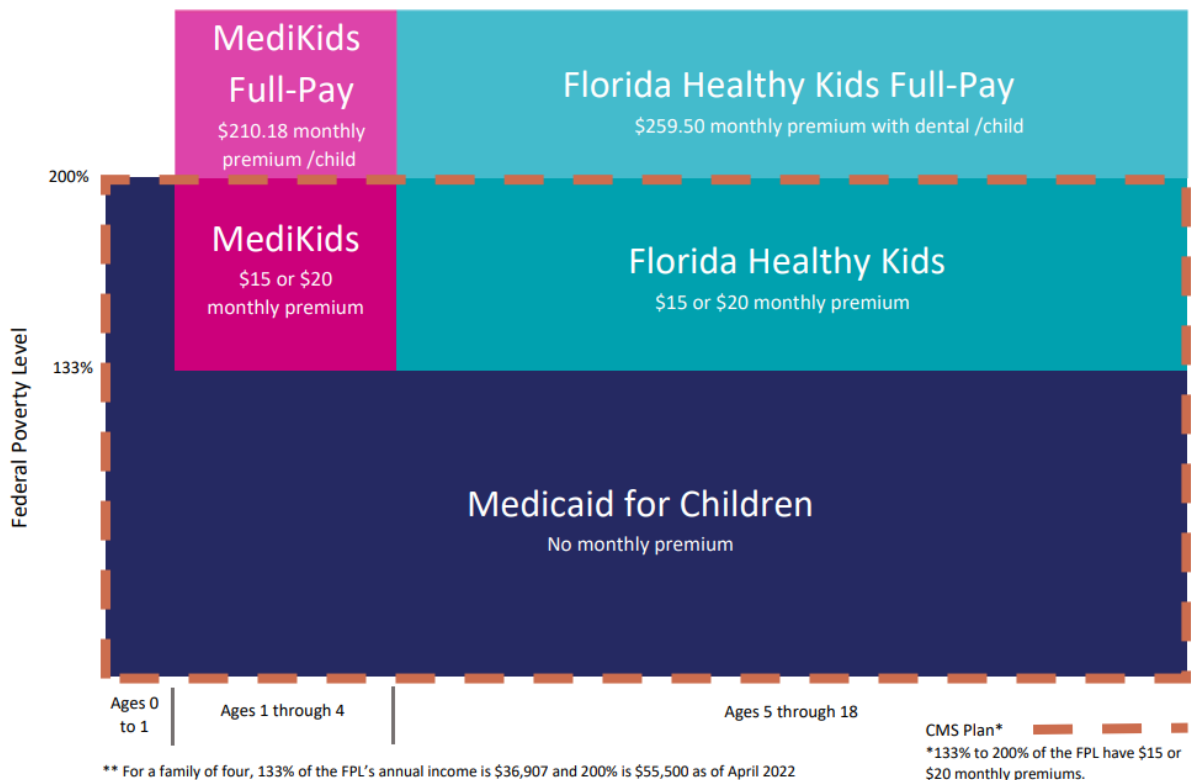
¹¹ Chapter 2019-115, Laws of Fla., Specific Appropriation 178.

¹² Chapter 2020-111, Laws of Fla., Specific Appropriation 185.

The total monthly family payment for CHIP enrollees is \$15 or \$20 for families with incomes between 133 percent and 200 percent of the FPL.¹³ The per-child monthly premium rate is \$210.18 for full-pay MediKids coverage and \$259.50 for full-pay Healthy Kids coverage, including dental coverage.¹⁴

As of March 2023, 4,883 children are enrolled in subsidized MediKids; 3,280 children are enrolled in MediKids under the full-pay option; 76,340 children are enrolled in subsidized Healthy Kids; 21,650 children are enrolled in Healthy Kids under the full-pay option; 6,575 children are enrolled in CMS; and 2,466,597 children are enrolled in the Medicaid program.^{15, 16}

The following chart provides an eligibility overview of the KidCare program.¹⁷



¹³ Florida Healthy Kids Corporation, *Florida KidCare Health and Dental Insurance Program Eligibility Overview*, https://www.floridakidcare.org/docs/Florida_KidCare_Income_Guidelines.pdf (last visited Mar. 13, 2023).

¹⁴ *Id.*

¹⁵ Agency for Health Care Administration, Florida KidCare, *Florida KidCare Enrollment Report, March 2023* (on file with the Senate Appropriations Committee on Health and Human Services).

¹⁶ Florida KidCare program enrollment has been affected by federal Medicaid maintenance of effort (MOE) requirements outlined in the Families First Coronavirus Response Act (Public Law No. 116-127). The Act provided for states to receive a 6.2% enhancement to the customary Medicaid Federal Medical Assistance Percentage (FMAP) for the duration of the federal public health emergency (PHE). In return, states are required to provide continuous eligibility to Medicaid enrollees. This Medicaid MOE requirement has resulted in a sharp enrollment decline in the Title XXI, KidCare programs. Children that might have otherwise transferred to KidCare programs are required to remain in Medicaid. The Title XXI enrollment decline is expected to reverse after the PHE ends and the MOE expires.

¹⁷ Florida KidCare, *Program Eligibility Overview*, available at https://www.floridakidcare.org/docs/Florida_KidCare_Income_Guidelines.pdf (last visited Mar. 29, 2023).

The KidCare program is jointly administered by the Agency for Health Care Administration, the Florida Health Kids Corporation, the Department of Health, the Department of Children and Families, and the Office of Insurance Regulation. The general KidCare program responsibilities of each agency are outlined in the following table:

Entity	Responsibilities
Agency for Health Care Administration ¹⁸	<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 4. • The Title XXI state contact with the federal Centers for Medicare & Medicaid Services. • Distribution of federal funds for Title XXI programs. • Management of the contract with the FHKC. • Development and maintenance of the Title XXI Florida KidCare State Plan.
Department of Children and Families ¹⁹	<ul style="list-style-type: none"> • Processing Medicaid applications and determining children’s eligibility for Medicaid.
Department of Health ²⁰	<ul style="list-style-type: none"> • Administration of the CMSN that offers a range of services to Title XIX and XXI children from birth through age 18 who have special health care needs. • Chair of the Florida KidCare Coordinating Council. • In consultation with the FHKC and the DCF, establishment of a toll-free telephone line to assist families with questions about the program.
Florida Healthy Kids Corporation ²¹	<ul style="list-style-type: none"> • Under a contract with the AHCA, 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 from age 5 through age 18.
Office of Insurance Regulation ²²	<ul style="list-style-type: none"> • Certification that health benefits coverage plans seeking to provide services under the KidCare program, aside from services provided under Healthy Kids and CMSN, meet, exceed, or are equivalent to the benchmark benefit plan and that the health insurance plans will be offered at an approved rate.

III. Effect of Proposed Changes:

The bill provides several Whereas clauses relating to family economic improvements causing health care coverage gaps and the need to facilitate economic self-sufficiency and the access to necessary health care services for children. Accordingly, the bill increases the eligibility

¹⁸ See part II of ch. 409, F.S.

¹⁹ Section 409.818(1), F.S.

²⁰ See ch. 391 and s. 409.818(2), F.S.

²¹ Section 624.91, F.S.

²² Section 409.818(4), F.S.

thresholds for MediKids, Florida Healthy Kids (Healthy Kids), and the Children's Medical Services (CMS) Network program from 200 percent to 250 percent, effective July 1, 2023, and from 250 percent to 300 percent, effective July 1, 2024. This will result in an increase in the number of Florida children eligible for subsidized health insurance.

Section 1 amends s. 409.8132, F.S., relating to the MediKids program (age 1-4) to increase the eligibility threshold from 200 percent to 250 percent of the Federal Poverty Limit (FPL), effective July 1, 2023. This increase is subject to federal approval through a waiver or state plan amendment.

Section 2 amends s. 409.8132, F.S., relating to the MediKids program (age 1-4) to increase the eligibility threshold from 250 percent to 300 percent of the FPL, effective July 1, 2024. This increase is subject to federal approval through a waiver or state plan amendment.

Section 3 amends s. 409.814, F.S., relating to eligibility for Healthy Kids (age 5-18) and CMS (children with special health care needs) to increase the eligibility threshold from 200 percent to 250 percent of the FPL, effective July 1, 2023. This increase is subject to federal approval through a waiver or state plan amendment.

The bill also provides that if the eligibility determination and redetermination for the KidCare program cannot be verified using reliable data sources in accordance with federal requirements, then the applicant must provide secondary sources of information.

Section 4 amends s. 409.814, F.S., relating to eligibility for Healthy Kids (age 5-18) and CMS (children with special health care needs) to increase the eligibility threshold for the KidCare program from 250 percent to 300 percent of the FPL. This increase is subject to federal approval through a waiver or state plan amendment.

Section 5 amends s. 409.816, F.S., relating to limitations on premiums and cost sharing in the KidCare program to require that enrollment fees, premiums, copayments, deductibles, coinsurance, or similar charges must be based on a minimum of three, but no more than five, tiers that are tied to the FPL for a uniform premium within each tier.

Sections 6 and 7 amend s. 624.91, F.S., relating to the Florida Healthy Kids Corporation, to conform the increased eligibility thresholds to 250 percent of the FPL, effective July 1, 2023, and 300 percent of the FPL, effective July 1, 2024, respectively.

Section 8 creates an undesignated section of law providing that the amendments in the bill are subject to federal approval through a waiver or state plan amendment, and requires the Agency for Health Care Administration to notify the Division of Law Revision within 10 days after receiving federal approval through a waiver or state plan amendment.

Section 9 provides an effective date of July 1, 2023, except as otherwise expressly provided in the bill.

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:

Increasing the eligibility thresholds to 250 percent of the federal poverty level (FPL) and then to 300 percent, will convert a portion of current full-pay enrollees to the Children's Health Insurance Program (CHIP) subsidized payment category. Current CHIP full-pay enrollees with household incomes between 200.01 to 300 percent of the FPL will experience lower monthly premium costs, and new potential enrollees may find coverage less expensive compared to the current CHIP full-pay structure and cost.

According to the 2021 U.S. Census Report, 68,455 Florida children have household incomes between 200.01 to 300 percent of the FPL and have no health insurance coverage.²³

C. Government Sector Impact:

Mercer Government Human Services Consulting (Mercer) conducted an actuarial analysis dated February 2, 2023, on behalf of the Florida Healthy Kids Corporation

²³ Florida Healthy Kids Corporation, SB 246 Bill Analysis (Mar. 7, 2023) (on file with the Senate Appropriations Committee on Health and Human Services).

(FHKC), to support discussion of increasing the KidCare program’s income eligibility upper income limit for the CHIP program.²⁴

Specifically, the Mercer analysis:

- Provides consideration for a two-year phase-in utilizing only two tiers, which does not meet the minimum of three required in the bill.
- Limits family cost-sharing to no greater than 5 percent of the family’s income as required by current law and establishes the following family contribution tiers (premium tiers):
 - 2 percent of annual household income for 200.01 to 250 percent FPL households
 - 3 percent of annual household income for 250.01 to 300 percent FPL households
- Does not take into consideration the 150 to 200 percent FPL group that is currently eligible for subsidized-KidCare, whereas the bill requires the FHKC to establish premium tiers scaled to household income for enrollees with incomes over 150 percent of the FPL.
- Establishes a per-household premium, and varies the premium by the number of people in the household. The current subsidized program uses a per-household monthly premium of \$15 (families with incomes between 133.01 to 158 percent FPL) or \$20 (families with incomes between 158.01 to 200 percent FPL), while the full-pay program (families with incomes greater than 200 percent FPL) uses a per-child premium, for actuarial soundness. Current law does not specify the per-household approach, but it has been historically used in the KidCare program. The bill does not specify which method should be used for the new eligibility group.
- Assumes an effective date of January 1, 2024, while the bill proposes an effective date of July 1, 2023.

The assumptions listed above create the following monthly premium schedule based on 2023 FPLs:²⁵

Household Size	Tier 1 – 250% Percentage 2%	Monthly Premium	Tier 2 – 300% Percentage 3%	Monthly Premium ²⁶
1	\$36,450	\$60.75	\$43,740	\$109.35
2	\$49,300	\$82.17	\$59,160	\$147.90
3	\$62,150	\$103.58	\$74,580	\$186.45
4	\$75,000	\$125.00	\$90,000	\$225.00
5	\$87,850	\$146.42	\$105,420	\$263.55
6	\$100,700	\$167.83	\$120,840	\$302.10
7	\$113,550	\$189.25	\$136,260	\$340.65
8	\$126,400	\$210.67	\$151,680	\$379.20

Mercer provided two scenarios based on final enrollment and cost projections from the February 2023 KidCare Expenditures Social Services Estimating Conference (SSEC),

²⁴ Florida Healthy Kids Corporation, SB 246 Bill Analysis (Mar. 7, 2023) (on file with the Senate Appropriations Committee on Health and Human Services).

²⁵ *Id.*

²⁶ The shaded premiums in the last column exceed the monthly full-pay premium in both MediKids (expected to be at \$248.21 at time of implementation) and Florida Healthy Kids (expected to be at \$259.50 at time of implementation); therefore, the formulas for these premiums would require a cap for families with one child.

and the final February 2023 KidCare Caseload SSEC projections to allocate estimated new enrollment within the new tiers. Additionally, uninsured children in Florida data was derived from the 2021 American Community Survey by the U.S. Census Bureau.

The first scenario increases the FPL to 300 percent through a two-year phase-in. The second scenario increases the FPL to 300 percent with no-phase-in. Both scenarios assume an effective date of January 2024. The new children enrolled assumption includes immediate conversion of newly eligible full-pay enrollees and siblings, and phased in enrollment from children who are uninsured or covered elsewhere.

For Fiscal Year 2023-2024, Mercer estimates that implementation of SB 246 will result in recurring expenditures to the Florida KidCare program of \$23.6 million, of which \$6.8 million is from general revenue funds. Recurring expenditures are projected to increase in out years, as the FPL increases to 300 percent and more eligible children obtain coverage in the KidCare program.²⁷

	300 Percent FPL – 2 Tiers 2-year Phase-In	300 Percent FPL – 2 Tiers No Phase-In
Fiscal Year 2023-2024		
New Children Enrolled	10,360	15,330
Total Expenditures	\$23,614,704	\$33,966,377
State Expenditures	\$6,780,826	\$9,753,015
Federal Expenditures	\$16,833,879	\$24,213,361
Fiscal Year 2024-2025		
New Children Enrolled	23,724	28,402
Total Expenditures	\$62,136,524	\$74,355,111
State Expenditures	\$18,280,604	\$21,867,357
Federal Expenditures	\$43,855,920	\$52,487,753
Fiscal Year 2025-2026		
New Children Enrolled	35,056	35,995
Total Expenditures	\$92,032,728	\$95,221,024
State Expenditures	\$27,290,779	\$28,234,432
Federal Expenditures	\$64,741,949	\$66,986,591

According to the Agency for Health Care Administration, indeterminate one-time administrative implementation costs may be associated with updating the Florida Medicaid Management Information System (FMMIS).²⁸

In addition, the Florida KidCare eligibility system’s third-party administrator has estimated the programming changes required to comply with the provisions of the bill will result in \$800,000 one-year nonrecurring expenditures, of which approximately \$226,880 is from general revenue funds.²⁹

²⁷ Florida Healthy Kids Corporation, SB 246 Bill Analysis (Mar. 7, 2023) (on file with the Senate Appropriations Committee on Health and Human Services).

²⁸ Agency for Health Care Administration, SB 246 Bill Analysis (Jan. 10, 2023) (on file with the Senate Healthy Policy Committee.)

²⁹ Florida Healthy Kids Corporation, SB 246 Bill Analysis (Mar. 7, 2023) (on file with the Senate Appropriations Committee on Health and Human Services).

The FHKC also estimates a funding need of \$2.4 million in nonrecurring expenditures over two years, of which \$694,459 is from general revenue funds, associated with a statewide marketing campaign.³⁰

VI. Technical Deficiencies:

None.

VII. Related Issues:

The Florida Healthy Kids Corporation (FHKC) requests additional clarification for implementing specific portions of the bill:³¹

- Lines 441-442, “at least three but no more than five tiers”
 - Is the bill’s intention to include the existing premium tiers (\$15 or \$20) or create three to five new premium tiers?
 - If the later, should each new federal poverty level (FPL) range (200.01 to 250 percent and 250.01 to 300 percent) have three to five premium tiers, or should the three to five premium tiers be spread across 200.01 to 300 percent?
- Line 442, “uniform premiums”
 - Is the bill’s intention to have a single premium (“uniform” amount – a preset, fixed amount) in each premium tier, or should the percentages be uniform by household size?
 - Is the premium the same for all families within a premium tier, regardless of household size or number of children, or is the premium determined based on household size?
- Line 443-444, “percentage of the applicable threshold amount of the federal poverty level, by tier”
 - To determine the applicable threshold amount, does the bill intend FHKC to use the lowest FPL (income and household size) in the FPL range, the highest FPL in the FPL range, or some FPL between the lowest and the highest?
 - What percentage value should then be applied to the applicable threshold amount? Note: the percentage value(s) should be less than five percent of the gross household income to prevent the total cost share, including copays, from exceeding five percent of gross household income (a federal requirement).

The FHKC also requests consideration of the following options:

- Eliminate the two-year phase-in and opt for a one-time increase in the Children’s Health Insurance Program’s (CHIP) eligibility up to 300 percent of the FPL to reduce confusion about program changes and allow more children to be insured sooner.
- Provide an implementation date in order to mitigate confusion among Florida families about when children could begin to enroll. The bill proposes an effective date of July 1, 2023, however, the FHKC recommends a January 1, 2024, implementation date due to the needed

³⁰ *Id.*

³¹ *Id.*

development, programming, and testing required to migrate children from buy-in programs to CHIP.

- Create proportionally priced premiums for families as incomes increase. Absent of statutory direction, the current subsidized program uses a per-household monthly premium of \$15 or \$20, depending on income level. However, the full-pay program uses a per-child premium, for actuarial soundness.

VIII. Statutes Affected:

This bill substantially amends the following sections of the Florida Statutes: 409.8132, 409.814, 409.816, and 624.91.

This bill creates an undesignated section of law.

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.