

# 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 Health Policy

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BILL: SB 246

INTRODUCER: Senator Calatayud

SUBJECT: Florida Kidcare Program Eligibility

DATE: March 10, 2023

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

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

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## I. Summary:

SB 246 raises the income eligibility threshold for children in the Medikids program, Healthy Kids program, and the Children’s Medical Services Network within the Florida Kidcare (Kidcare) program. This will be accomplished through a phased-in approach, raising the income eligibility threshold from 200 percent of the federal poverty level to 250 percent effective July 1, 2023, and from 250 percent to 300 percent effective July 1, 2024. These increased eligibility thresholds are subject to federal approval through a waiver or state plan amendment.

The bill also requires at least three but not more than five tiers be established that are based on a percentage of the federal poverty level to be used for assessing premiums for enrollees who are required to pay enrollment fees, premiums, copayments, deductibles, coinsurance, or similar charges for certain services within Kidcare.

The bill is estimated to have a significantly negative fiscal impact on General Revenue. See Section V of this analysis.

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

## II. Present Situation:

Kidcare was created in 1998 by the Florida Legislature in response to the federal enactment of the Children’s Health Insurance Program (CHIP), Title XXI, in 1997.<sup>1</sup>

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<sup>1</sup> Social Security Administration, *Title XXI – State Children’s Health Insurance Program*, available at: [https://www.ssa.gov/OP\\_Home/ssact/title21/2100.htm](https://www.ssa.gov/OP_Home/ssact/title21/2100.htm) (last visited March 8, 2023).

The state statutory authority for Kidcare is found under part II of ch. 409, ss. 409.810 through 409.821, F.S. Kidcare includes four operating components: Medicaid for children, Medikids, Healthy Kids, and the Children's Medical Services Network (CMS Network).

Coverage for the non-Medicaid components are funded through CHIP, Title XXI of the federal Social Security Act. Title XIX of the Social Security Act (for the Medicaid for children program), state funds, and family contributions may also provide funding for the different components. Family contributions under the Title XXI component are based on family size, household incomes, and other eligibility factors. Families above the income limits for premium assistance or who are not otherwise eligible for premium assistance are offered the opportunity to participate in Kidcare at a non-subsidized rate (full-pay). Currently, the income limit for premium assistance is 200% of the federal poverty level (FPL).

Several state agencies and the Florida Healthy Kids Corporation (FHKC) share responsibilities for Kidcare. The Agency for Health Care Administration (AHCA), the Department of Children and Families (DCF), the Department of Health (DOH), and the FHKC have specific duties under Kidcare as detailed in part II of ch. 409, F.S. The FHKC receives all Kidcare applications and screens for Medicaid eligibility and determines eligibility for all Title XXI programs, referring applications to the DCF, as appropriate, for a complete Medicaid determination.

To enroll in Kidcare, families may apply online or use a paper application that determines eligibility for multiple programs, including Medicaid and CHIP, for the entire family. Eligibility for premium assistance is determined first 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 following chart illustrates the different program components, funding sources, applicable age group each program covers, and cost-sharing components, if applicable:<sup>2</sup>

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<sup>2</sup> Florida Agency for Health Care Administration, Florida KidCare – Title XXI – Children's Health Insurance Program, available at: [https://ahca.myflorida.com/medicaid/Policy\\_and\\_Quality/Policy/program\\_policy/FLKidCare/index.shtml](https://ahca.myflorida.com/medicaid/Policy_and_Quality/Policy/program_policy/FLKidCare/index.shtml) (last visited March 8, 2023).

<b>FLORIDA KIDCARE</b>				
	<b>Medicaid Title XIX</b>	<b>Children’s Health Insurance Program (CHIP) Title XXI</b>		
<b>Components</b>	<a href="#"><u>Medicaid for Children</u></a>	<a href="#"><u>MediKids</u></a>	<a href="#"><u>Healthy Kids</u></a>	<a href="#"><u>Children’s Medical Services Managed Care Plan</u></a>
<b>Partner Agency Responsibility</b>	Department of Children and Families:  Determines eligibility for Medicaid.	Agency for Health Care Administration:  Administers the MediKids program.	Florida Healthy Kids Corporation:  Determines eligibility for CHIP and administers the Healthy Kids program.	Department of Health:  Administers the Children’s Medical Services Managed Care Plan.
<b>Age group</b>	0 through 18	1 through 4	5 through 18	1 through 18 for children with special health care needs
<b>Premiums</b>	None	\$15/family/month for family incomes 134% to 158% of FPL. \$20/family/month for family income over 158% to 200% of FPL		
<b>Copayments</b>	None	None	\$5 or \$10 for most services	None
<b>Full Pay Program</b>	None	\$210.18/child/month	See the Healthy Kids’ website for premium information.	None
<b>Eligibility Determination</b>	Department of Children and Families or the Social Security Administration	Florida Healthy Kids Corporation	Florida Healthy Kids Corporation	Florida Healthy Kids Corporation

The 2023 FPL for percentages relevant to this analysis are as follows:<sup>3</sup>

**2023 Poverty Guidelines: 48 Contiguous States  
(all states except Alaska and Hawaii)**

Household/ Family Size	100%	134%	158%	200%	250%	300%
<b>1</b>	\$14,580	\$19,537	\$23,036	\$29,160	\$36,450	\$43,740
<b>2</b>	\$19,720	\$26,425	\$31,158	\$39,440	\$49,300	\$59,160
<b>3</b>	\$24,860	\$33,312	\$39,279	\$49,720	\$62,150	\$74,580
<b>4</b>	\$30,000	\$40,200	\$47,400	\$60,000	\$75,000	\$90,000
<b>5</b>	\$35,140	\$47,088	\$55,521	\$70,280	\$87,850	\$105,420
<b>6</b>	\$40,280	\$53,975	\$63,642	\$80,560	\$100,700	\$120,840
<b>7</b>	\$45,420	\$60,863	\$71,764	\$90,840	\$113,550	\$136,260
<b>8</b>	\$50,560	\$67,750	\$79,885	\$101,120	\$126,400	\$151,680
<b>9</b>	\$55,700	\$74,638	\$88,006	\$111,400	\$139,250	\$167,100
<b>10</b>	\$60,840	\$81,526	\$96,127	\$121,680	\$152,100	\$182,520
<b>11</b>	\$65,980	\$88,413	\$104,248	\$131,960	\$164,950	\$197,940
<b>12</b>	\$71,120	\$95,301	\$112,370	\$142,240	\$177,800	\$213,360
<b>13</b>	\$76,260	\$102,188	\$120,491	\$152,520	\$190,650	\$228,780
<b>14</b>	\$81,400	\$109,076	\$128,612	\$162,800	\$203,500	\$244,200

Title XXI CHIP coverage is available to children in households with income above the Medicaid threshold and up to 200% of the FPL. Other eligibility considerations, such as the child must be a U.S. citizen or a lawfully residing child, also apply. With certain exceptions, children must not have had voluntarily canceled coverage in a private plan, with certain exceptions, within the prior 60 days.<sup>4</sup>

Families who are not receiving coverage under the Medicaid program may be required to pay nominal enrollment fees, premiums, copayments, deductibles, coinsurance, or similar charges, and some families may be required to pay amounts based on a sliding scale related to income. However, the total annual aggregate cost sharing for all children in a family may not exceed 5% of the family’s income. Charges may not be imposed for preventive services, including well-baby and well-child care, immunizations, and routine hearing and vision screenings.<sup>5</sup>

The Medikids program component, for children ages 1-4, is covered through the AHCA’s Managed Medical Assistance managed care program. These enrollees are eligible for all Medicaid-covered benefits, including medical and dental benefits. Most benefits are paid through

<sup>3</sup> See <https://aspe.hhs.gov/sites/default/files/documents/1c92a9207f3ed5915ca020d58fe77696/detailed-guidelines-2023.pdf> (last visited March 8, 2023).

<sup>4</sup> See Mercer: Actuarial Modeling to Support Florida KidCare Policy Options, dated February 10, 2022. Available from committee staff of the Senate Health Policy Committee.

<sup>5</sup> Section 409.816(3), F.S.

contracts with managed care organizations, but a few benefits such as Applied Behavioral Analysis are provided on a fee-for-service basis.<sup>6</sup> A \$15 monthly premium, per family, is assessed to a family with income between 134% and 158% of the FPL. A \$20 monthly premium, per family, is assessed to a family with income between 158% and 200% of the FPL. Medicaid full-pay families pay a monthly premium of \$210.18 per child per month for coverage (AHCA presented a premium of \$248.21 effective July 1, 2023, at the Kidcare Expenditures Social Services Estimating Conference held on February 23, 2023.)<sup>7</sup> As of February 2023, Medicaid enrollment was 5,123 Title XXI CHIP enrollees and 3,344 full-pay enrollees.<sup>8</sup>

The Healthy Kids program component, for children ages 5-18, is administered by the FHKC. These enrollees receive a comprehensive medical services package; however, certain Medicaid-covered benefits such as Applied Behavioral Analysis, private duty nursing, and non-emergency transportation are not covered under this program. A \$15 monthly premium, per family, is assessed to a family with income between 134% and 158% of the FPL. A \$20 monthly premium, per family, is assessed to a family with income between 158% and 200% of the FPL. Point-of-service copayments range from \$5 to \$10. FHKC contracts with health insurers or health maintenance organizations to provide medical coverage to its CHIP and full-pay populations. Healthy Kids full-pay families pay a monthly premium of \$259.50 per child per month plus copays for certain health care services.<sup>9</sup> A separately-contracted dental benefit is provided to CHIP populations and on a voluntary basis to full-pay populations.<sup>10</sup> As of February 2023, Healthy Kids enrollment was 77,954 Title XXI CHIP enrollees and 21,249 full-pay enrollees.<sup>11</sup>

The Children's Medical Services Network or plan (CMS Network) serves CHIP enrollees of all ages who have special health care needs. The CMS Network is administered by the DOH Office of Children's Medical Services, and all medical and dental services are provided through its contracted prepaid managed care organization. No copayments are required of enrollees. A \$15 monthly premium, per family, is assessed to a family with income between 134% and 158% of the FPL. A \$20 monthly premium, per family, is assessed to a family with income between 158% and 200% of the FPL. There is no full-pay option for the CMS Network.<sup>12</sup> As of February 2023, the CMS Network enrollment was 6,693 Title XXI CHIP enrollees.<sup>13</sup>

Medicaid for Children, Title XIX, provides services for children ages 0-18 who meet Medicaid eligibility thresholds. Eligibility for Florida Medicaid is based on a number of factors, including age, household or individual income, and assets.

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<sup>6</sup> *Id.*

<sup>7</sup> The Florida Health Kids Corporation SB 246 Analysis dated March 7, 2023. On file with the Senate Health Policy Committee.

<sup>8</sup> Florida Kidcare Enrollment Report dated February 2023. On file with the Senate Health Policy Committee.

<sup>9</sup> *Supra* n.7 FHKC bill analysis.

<sup>10</sup> *Supra* n.4 Mercer

<sup>11</sup> *Supra* n.6 Enrollment Report

<sup>12</sup> *Supra* n.4 Mercer

<sup>13</sup> *Supra* n.6 Enrollment Report

The following chart summarizes the Kidcare Enrollment Report for February 2023:<sup>14</sup>

Program Component	Title XIX Medicaid	Title XXI CHIP	Full-Pay	Total Population
MediKids		5,123	3,344	8,467
Healthy Kids		77,954	21,249	99,203
CMS Plan		6,693		6,693
<b>Total Kidcare</b>		<b>89,770</b>	<b>24,593</b>	<b>114,363.</b>
Medicaid	2,459,653	195,736		2,655,389
<b>Total by Funding Source</b>	<b>2,459,653</b>	<b>285,506</b>	<b>24,593</b>	<b>2,769,752</b>

The Kidcare program enrollment has been affected by the federal Medicaid maintenance of effort (MOE) requirements outlined in the Families First Coronavirus Response Act. 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 decline in the Title XXI, Kidcare programs’ enrollment. Children that might have otherwise transferred to the 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.<sup>15</sup>

**III. Effect of Proposed Changes:**

SB 246 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 thresholds for Medikids, Healthy Kids, and the CMS Network from 200% to 250% effective July 1, 2023, and up to 300% 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 component (age 1-4) to increase the eligibility threshold from 200% to 250% of the 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., effective July 1, 2024, to increase the eligibility threshold for Medikids from 250% to 300% of the FPL. This increase is subject to federal approval through a waiver or state plan amendment.

<sup>14</sup> *Supra* n. 8. KidCare Enrollment Report.

<sup>15</sup> Agency for Health Care Administration Analysis for SB 246, dated January 10, 2023, on file with staff of the Senate Health Policy Committee.

Section 3. Amends s. 409.814, F.S., relating to eligibility for the Kidcare program in general and (in particular, Healthy Kids for children age 5-18 and the CMS Network) to increase the eligibility threshold from 200% to 250% 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 reliability data sources in accordance with federal requirements, then the applicant must provide secondary sources of information.

Section 4. Amends s. 409.814, F.S., effective July 1, 2024, to increase the eligibility threshold for the Kidcare program, particularly Health Kids and the CMS Network, from 250% to 300% 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 three to five tiers that are tied to FPL for a uniform premium within each tier.

Sections 6 and 7. Amends s. 624.91, F.S., relating to the FHKC to conform the increased eligibility thresholds to 250% of FPL effective July 1, 2023, and 300% of FPL effective July 1, 2024, respectively.

Section 8. Creates non-statutory section of the Laws of Florida providing that the amendments in the bill are subject to federal approval through a waiver or state plan amendment, and requiring the AHCA to notify the Division of Law Revision within 10 days after receiving federal approval through a waiver or state plan amendment.

The bill 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% of the FPL and then to 300% of the FPL will convert a portion of current full-pay enrollees to the CHIP subsidized payment category and allow other income-constrained families to obtain affordable health insurance for the children of families with incomes within these ranges of the increases.

C. Government Sector Impact:

Mercer Government Human Services Consulting (Mercer) conducted an actuarial analysis dated February 2, 2023, on behalf of the FHKC, to support discussion of Kidcare increasing the income eligibility upper income limit for the CHIP program.<sup>16</sup> The analysis suggests that a CHIP tiered system will result in the state requiring both a higher state and federal CHIP allotment for future fiscal years to account for the anticipated increase in enrollment of qualifying individuals under the raised income levels.

The Mercer analysis uses the phase-in approach within the bill in that CHIP income eligibility threshold is increased to 250% of the FPL in SFY 2024, and increased to 300% of the FPL in SFY 2025. The analysis sets a family contribution to be 2% of 250% of household income for the 200% to 250% of FPL tier, and 3% of 300% of household income for the 250% to 300% of the FPL tier.

The analysis calculates the total expenditures for the CHIP program as well as a “difference from baseline” expected if SB 246, or comparable language, were not implemented. The baseline (and additional expenditures incurred should such a bill become law) are based on enrollment and cost projections from the August 2022 Social Services Estimating Conference (SSEC), the draft February 2023 caseload projections, and demographic data from FHKC to allocate estimated new enrollment within the new tiers. Additionally, data on uninsured children in Florida was derived from the 2021 American Community Survey by the U.S. Census Bureau.

Given this data and other assumptions made by Mercer for elements such as projected uptake and acuity, the analysis estimated the following fiscal impacts due to the changes in eligibility:<sup>17</sup>

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<sup>16</sup> *Supra* n.15. AHCA Bill Analysis.

<sup>17</sup> *Id.*



<b>State Expenditures (General Revenue)</b>		
State Fiscal Year (SFY)	Total Expenditures	Difference from Baseline
2023-2024	\$ 164,043,805	\$ 12,951,321
2024-2025	\$ 225,557,035	\$ 28,787,585
2025-2026	\$ 246,668,145	\$ 33,521,706
2026-2027	\$ 265,090,121	\$ 35,387,214
2027-2028	\$ 281,683,473	\$ 36,860,050

<b>Federal Expenditures</b>		
State Fiscal Year (SFY)	Total Expenditures	Difference from Baseline
2023-2024	\$ 427,523,279	\$ 33,774,056
2024-2025	\$ 579,415,373	\$ 73,950,628
2025-2026	\$ 636,536,312	\$ 86,504,022
2026-2027	\$ 682,786,549	\$ 91,146,037
2027-2028	\$ 733,814,668	\$ 96,024,258

In addition to the fiscal impacts estimated above, the FHKC is statutorily responsible for marketing the Kidcare brand and estimates a funding need of \$2.403 million over two years<sup>18</sup> (\$679,000 from state general revenue; \$1.724 million federal match) to attract families that were previously ineligible for the subsidized program and to transition children with “full-pay” insurance into the subsidized program. This would be a two-year non-recurring expenditure.

In addition, the FHKC estimates a funding need of \$800,000 nonrecurring (\$226,880 from state general revenue; \$573,120 federal match) for the contracted Third-Party Administrator implementation of the new eligibility tiers.<sup>19</sup>

<sup>18</sup> *Supra* n.7. FHKC bill analysis, based on a quote from contracted marketing, advertising, public relations, and creative services vendor.

<sup>19</sup> *Supra* n.7. FHKC bill analysis, based on a change request estimate from the contracted third-party administrator (up to 8,000 hours @ \$100 per hour).

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

The FHKC requests additional clarification for implementing lines 441-442 of the bill, concerning the tiers of uniform premiums.<sup>20</sup>

**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 one non-statutory section of the Laws of Florida.

**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>20</sup> *Supra* n.7. FHKC bill analysis.