**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 Committee on Fiscal Policy

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| BILL: | SB 7018 |
| INTRODUCER: | Health Policy Committee |
| SUBJECT: | Health Care Innovation |
| DATE: | January 9, 2024 |
| REVISED: | |

| | ANALYST | STAFF DIRECTOR | REFERENCE | ACTION |
|---|---|---|---|---|
| | Brown, et al. | Brown | | **HP Submitted as Comm. Bill/Fav** |
| 1. | Brown, et al. | Yeatman | FP | **Favorable** |

## I. Summary:

SB 7018 sets forth legislative intent related to health care innovation in this state and creates a framework to implement that intent. The intent is to harness the innovation and creativity of entrepreneurs and businesses, in collaboration with the state's health care system and stakeholders, to lead the discussion on innovations that will address challenges in the health care system and to transform the delivery and strengthen the quality of health care in Florida.

The bill creates the Health Care Innovation Council, a 15-member council within the Department of Health (DOH) to facilitate public meetings across the state to lead discussions with innovators, developers, and implementers of technologies, workforce pathways, service delivery models, or other solutions. Based on the public input and information gathered at public meetings, the bill requires the council to create best practice recommendations and focus areas for the advancement of the delivery of health care in Florida, with an emphasis on:

- Increasing efficiency in the delivery of health care;
- Reducing strain on the health care workforce;
- Increasing public access to health care;
- Improving patient outcomes;
- Reducing unnecessary emergency department visits; and
- Reducing costs for patients and the state without reducing the quality of patient care.

The bill creates a revolving loan program within the DOH to provide low-interest loans to applicants to implement one or more innovative technologies, workforce pathways, or service delivery models in order to:

- Fill a demonstrated need;
- Obtain or upgrade necessary equipment, hardware, and materials;
- Adopt new technologies or systems; or

- A combination thereof to improve the quality and delivery of health care in measureable and sustainable ways that will lower costs and allow that value to be passed onto health care consumer.

The council will review loan applications and submit to the DOH a prioritized list of proposals recommended for funding. Loan recipients enter into agreements with the DOH for loans of up to 10-year terms for up to 50 percent of the proposal costs, or up to 80 percent of the costs for an applicant that is located in a rural or medically underserved area and is either a rural hospital or a nonprofit entity that accepts Medicaid patients.

The bill requires both the council and the DOH to publicly report certain information related to the activities required under the bill and requires the Office of Economic and Demographic Research (EDR) and the Office of Program Policy Analysis and Government Accountability (OPPAGA) to evaluate specified aspects of the revolving loan program every five years.

The bill makes the following appropriations:
- For State Fiscal Year 2023-2024, appropriates $250,000 in nonrecurring General Revenue funds for the DOH to support the council.
- For State Fiscal Year 2024-2025, appropriates $1 million in recurring General Revenue funds for the DOH to support the council.
- For State Fiscal Years 2024-2025 through 2034-2035:
  - Requires the Chief Financial Officer by August 1 each year to transfer $75 million from the General Revenue Fund to the Grants and Donations Trust Fund in the DOH.
  - Appropriates $75 million in nonrecurring funds from the Grants and Donations Trust Fund each year for the DOH to make loans under the revolving loan program. The DOH may use up to three percent of the funds for administration.

The bill takes effect upon becoming a law.

## II. Present Situation:

### Challenges of the Health Care System

There are numerous challenges facing the health care system in the United States, including provider shortages, lack of access for certain populations, affordability, and ongoing challenges with health care outcomes for certain populations. Compared with other wealthy nations, Americans have poorer health, lower life expectancy, and less access to health care.[1]

#### *Health Care Professional Shortages*

The United States has a current health care professional shortage. The U. S. Department of Health and Human Services designates an area, population group, or facility as a Health

[1] Centers for Disease Control and Prevention, *U.S. Health Disadvantage: Causes and Potential Solutions*, available at https://www.cdc.gov/policy/chep/health/index.html (last visited December 3, 2023).

Professional Shortage Area (HPSA) if it is experiencing a shortage of professionals.[2] The three types of HPSAs are:

- Geographic HPSAs, which have a shortage of services for the entire population within an established geographic area;
- Populations HPSAs, which have a shortage of services for a particular population subset within an established geographic area, such as low income, migrant farmworker, or Medicaid eligible; and
- Facility HPSAs, which indicate shortages in facilities such as correctional facilities, state or county hospitals with a shortage of psychiatrists, and other public or non-private medical facilities serving a population or geographic area designated as a HPSA with a shortage of health providers.

As of December 3, 2023, there are 8,544 Primary Care HPSAs, 7,651 Dental HPSAs, and 6,822 Mental Health HPSAs nationwide. To eliminate the shortages, an additional 17,637 primary care practitioners, 13,354 dentists, and 8,504 psychiatrists are needed, respectively.[3]

This shortage is predicted to continue into the foreseeable future and will likely worsen with the aging and growth of the U.S. population.[4] Aging populations create a disproportionately higher health care demand due to seniors having a higher per capita consumption of health care services than younger populations.[5] By 2030, all baby-boomers will be over the age of 65, and by 2034, it is projected that the number of individuals over the age of 65 will surpass the number of children under the age of 18 for the first time in U.S. history.[6] Additionally, as more individuals qualify for health care benefits, there will necessarily be a greater demand for more health care professionals to provide these services.

Health care workers may experience an extreme amount of stress due to the demanding work conditions, including taxing work, exposure to infectious diseases, long hours, and challenging interactions with coworkers, patients, and their families.[7] Prior to the COVID-19 pandemic, the National Academy of Medicine found that burnout had reached a crisis level, with 35-45 percent of nurses and physicians and 45-60 percent of medical students and residents reporting

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[2] U.S. Department of Health and Human Services, Guidance Portal, *Health Professional Shortage Areas (HPSAs and Medically Underserved Populations (MUA/P) Shortage Designation Types* (Aug. 1, 2019), available at https://www.hhs.gov/guidance/document/hpsa-and-muap-shortage-designation-types (last visited December 4, 2023).
[3] U.S. Department of Health and Human Services, Health Resources and Services Administration, *Health Workforce Shortage Areas*, available at https://data.hrsa.gov/topics/health-workforce/shortage-areas (last visited December 4, 2023).
[4] The U.S. population is projected to increase from almost 336 million in 2023 to nearly 370 million in 2080, before decreasing to 366 million in 2100. *See* U.S. Census Bureau, *U.S. and World Population Clock*, available at https://www.census.gov/popclock/, and U.S. Census Bureau, *U.S. Population Projected to Begin Declining in Second Half of Century* (Nov. 9, 2023), available at https://www.census.gov/newsroom/press-releases/2023/population-projections.html (both sites last visited December 4, 2023).
[5] *Id*, at p. 33.
[6] J. Vespa, L. Medina, and D. Armstrong, *Demographic Turning Points for the United States: Population Projections for 2020 to 2060* (Mar. 208, rev. Feb, 2020), available at https://www.census.gov/content/dam/Census/library/publications/2020/demo/p25-1144.pdf (last visited December 4, 2023).
[7] J. Nigam, et. al., *Vital Signs: Health Worker-Perceived Working Conditions and Symptoms of Poor Mental Health – Quality of Worklife Survey, United States, 2018-2022*, MORBIDITY AND MORTALITY WEEKLY REPORT (Oct. 24, 2023), available at https://www.cdc.gov/mmwr/volumes/72/wr/pdfs/mm7244e1-H.pdf (last visited December 4, 2023).

symptoms of burnout.[8] During the pandemic, the high levels of stress and the increased demands for care led to record numbers of health care workers quitting or planning to quit.[9] In 2022, nearly one half of health care workers reported burnout.[10]

Florida is not immune to the national problem and is also experiencing a health care practitioner shortage. This is evidenced by the fact that as of September 30, 2023, there are 304 primary care HPSAs, 266 dental HPSAs, and 228 mental health HPSAs designated within the state. It would take 1,803 primary care physicians, 1,317 dentists, and 587 psychiatrists to eliminate these shortage areas.[11]

According to data from the DOH, by 2035, Florida will need 17,924 physicians, 50,700 registered nurses, and 4,000 licensed practical nurses to meet the demand in Florida.[12] In the next five years almost 10 percent of Florida physicians are planning to retire, and in nine counties, at least 25 percent of physicians are planning to retire.[13] Nurses make up the largest segment of Florida's health care workforce. Approximately 20 percent of the nursing workforce is over the age of 60 and may leave the workforce in the next five to ten years.[14]

***Access to Health Care***

Access to health care means the timely use of personal health services to achieve the best possible health outcomes.[15] There are several barriers that limit an individual's access to health care services. Some lack access because they reside in a medically underserved area or are members of a medically underserved population, which means that they lack access to primary health care services.[16] Florida has approximately 130 federally designated medically underserved areas or populations.[17]

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[8] Office of the Surgeon General, *Addressing Health Worker Burnout: The U.S. Surgeon General's Advisory on Building a Thriving Health Workforce* (2022),, available at https://www.hhs.gov/sites/default/files/health-worker-wellbeing-advisory.pdf (last visited December 4, 2023). "Burnout" is an occupational syndrome characterized by a high degree of emotional exhaustion and depersonalization and a low sense of personal accomplishment at work.
[9] *Id.* at p. 14.
[10] *Supra*, note 7.
[11] Bureau of Health Workforce, Health Resources and Services Administration (HRSA), U.S. Department of Health and Human Services, *Designated Health Professional Shortage Areas Statistics, Fourth Quarter of Fiscal Year 2023* (Sept. 30, 2023), available at https://data.hrsa.gov/topics/health-workforce/health-workforce-shortage-areas?hmpgtile=hmpg-hlth-srvcs (last visited December 4, 2023). To generate the report, select "Designated HPSA Quarterly Summary."
[12] Presentation before the Florida Senate Committee on Health Policy by Emma Spencer, Department of Health, *Florida's Physician and Nursing Workforce* (Nov. 14, 2023), available at https://www.flsenate.gov/Committees/Show/HP/MeetingPacket/5979/10504_MeetingPacket_5979_4.pdf (last visited December 4, 2023).
[13] *Id*. Those counties are Glades, Gulf, Hamilton, Madison, Union, Calhoun, Hendry, Levy, and Liberty.
[14] *Id*.
[15] U.S. Department of Health and Human Services, Office of Disease Prevention and Health Promotion, Healthy People 2030, *Access to Health Services*, available at https://health.gov/healthypeople/priority-areas/social-determinants-health/literature-summaries/access-health-services (last visited December 4, 2023). (Hereinafter "Healthy People 2030").
[16] Health and Resources Services Administration, *What is Shortage Designation?*, available at https://bhw.hrsa.gov/workforce-shortage-areas/shortage-designation (last visited December 4, 2023).
[17] *See*, Heath Resources and Services Administration, *MUA Find*, available at https://data.hrsa.gov/tools/shortage-area/mua-find (last visited December 4, 2023). To generate a list of medically underserved areas and populations, select Florida as the search criteria.

Other factors that play a role in access to health care include health care affordability and the lack of health insurance coverage.[18] Studies show that having health insurance is associated with improved access to health services and better health monitoring. Additionally, nonfinancial barriers significantly impact a patient's ability to access care. Among the most prevalent nonfinancial barriers are the ability to get an appointment and inconvenient or unreliable transportation.[19]

***Health Care Outcomes***

Although the United States spends more on health care per capita than other wealthy nations, it has some of the worst health care outcomes, according to an issue brief published by The Commonwealth Fund. Compared to other wealthy nations, the U.S. has the lowest life expectancy at birth, the highest death rates for avoidable or treatable conditions, the highest maternal and infant mortality, and among the highest suicide rates, according to the issue brief. [20]

Sixty percent of adults in the U.S. have a chronic health condition, and 40 percent have two or more.[21] A chronic condition is a physical or mental health condition that lasts more than one year and causes functional restrictions or requires ongoing monitoring or treatment.[22] Chronic health conditions are the leading drivers of the nation's $4.1 trillion in health care costs, accounting for nearly 75 percent of aggregate health spending.[23] More than two thirds of all deaths are caused by one or more of the five most prevalent chronic health conditions: heart disease, cancer, stroke, chronic obstructive pulmonary disease, and diabetes. Unfortunately, these outcomes are because of the nation's inability to effectively manage chronic conditions, which could be achieved by reducing unhealthy behaviors.[24]

Maternal mortality refers to deaths occurring during pregnancy or within 42 days of the end of pregnancy, regardless of the duration of the pregnancy, from any cause related to or aggravated by the pregnancy, but not from accidental or incidental causes.[25] In 2021, more than 1,200 women died of maternal causes in the United States compared with 861 in 2020 and 754 in 2019. The national maternal mortality rate for 2021 was 32.9 deaths per 100,000 live births. Racial and ethnic gaps exist between non-Hispanic black, non-Hispanic white, and Hispanic women. The maternal mortality rate of these groups is 69.9, 26.6, and 28.0 deaths per 100,000 live births,

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[18] Centers for Disease Control and Prevention, Division of Heart Disease and Stroke Prevention, *Health Care Access*, available at https://www.cdc.gov/dhdsp/health_equity/health-care-access.htm (last visited December 4, 2023).
[19] Healthy People 2030, *supra*, note 156.
[20] M. Gunja, Evan Gumas, and R. Williams, The Commonwealth Fund, *U.S. Health Care from a Global Perspective, 2022: Accelerating Spending, Worsening Outcomes* (Jan. 31, 2023), available at https://www.commonwealthfund.org/publications/issue-briefs/2023/jan/us-health-care-global-perspective-2022 (last visited December 4, 2023). Other wealthy nations included in the study are Australia, Canada, France, Germany, Japan, the Netherlands, New Zealand, Norway, South Korea, Sweden, Switzerland, and the United Kingdom.
[21] Centers for Disease Control and Prevention, National Center for Chronic Disease Prevention and Health Promotion, *About Chronic Diseases*, available at https://www.cdc.gov/chronicdisease/about/index.htm (last visited December 4, 2023).
[22] W. Raghupathi and V. Rahupathi, *An Empirical Study of Chronic Diseases in the United States: A Visual Analytics Approach to Public Health*, INTERNATIONAL JOURNAL ON ENVIRONMENTAL RESEARCH AND PUBLIC HEALTH, 15(3):431 (Mar. 2018), available at https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5876976/ (last visited December 4, 2023).
[23] *Id.*, and CDC, s*upra*, note 22.
[24] *Id.*
[25] U.S. Department of Health and Human Services, *The Surgeon General's Call to Action to Improve Maternal Health* (Dec. 2020), available at https://www.hhs.gov/sites/default/files/call-to-action-maternal-health.pdf (last visited November 9, 2023).

respectively.[26] The overall number and rate of maternal deaths increased in 2020 and 2021 during the COVID-19 pandemic.[27]

Although Florida's maternal mortality rate is lower than the national rate, it has been increasing in recent years. As of 2021, the maternal mortality rate in Florida is 28.7 deaths per 100,000 live births, an increase from a low of 12.9 deaths per 100,000 live births in 2016.[28] Similar to the national trend, racial and ethnic disparities exist in the maternal mortality rates in Florida.

Infant mortality is the death of an infant before his or her first birthday. The leading causes of infant death are:

- Birth defects;
- Preterm birth and low birth weight;
- Sudden infant death syndrome;
- Injuries (i.e. suffocation); and
- Maternal pregnancy complications.[29]

The 2022 infant mortality rate in the U.S. is projected to be 5.6 deaths per 1,000 live births, which is three percent higher than the infant mortality rate in 2021 (5.44).[30] Except for the infants of Asian mothers, mortality rates have increased for all races: American Indian and Alaska native infants from 7.46 to 9.06; white infants from 4.36 to 4.52, black infants from 10.55 to 10.86, native Hawaiian and other Pacific Islander infants from 7.76 to 8.50, and Hispanic infants from 4.79 to 4.88 per 1,000 live births.[31] From 2021 to 2022, Florida's infant mortality rate increased from 5.90 to 5.98 per 1,000 live births. In 2020, the infant mortality rate was more than double the rate for white and Hispanic infants in Florida.[32]

**Advancements in Health Care**

In the last century, there have been tremendous advances in health care. From the development of vaccines to suppress the spread of diseases that were once considered debilitating or fatal,

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[26] Donna L. Hoyert, Ph.D., Division of Vital Statistics, National Center for Health Statistics, *Maternal Mortality Rates in the United States, 2021* (March 2023), available at https://www.cdc.gov/nchs/data/hestat/maternal-mortality/2021/maternal-mortality-rates-2021.pdf (last visited December 4, 2023).

[27] United States Government Accountability Office, *Maternal Health Outcomes Worsened and Disparities Persisted During the Pandemic* (Oct. 2022), available at https://www.gao.gov/assets/gao-23-105871.pdf (last visited December 4, 2023).

[28] Presentation before the Florida Senate Committee on Health Policy by Kenneth Scheppke, M.d., F.A.E.M.S., Deputy Secretary for Health, Department of Health, *Telehealth Minority Care Pilot Program* (Nov. 14, 2023), available at https://www.flsenate.gov/Committees/Show/HP/MeetingPacket/5979/10504_MeetingPacket_5979_4.pdf (last visited December 4, 2023).

[29] Centers for Disease Control and Prevention, *Infant Mortality*, available at https://www.cdc.gov/reproductivehealth/maternalinfanthealth/infantmortality.htm (last visited December 4, 2023).

[30] D. Ely and K. Driscoll, Centers for Disease Control and Prevention, National Center for Health Statistics, *Infant Mortality in the United States: Provisional Data from the 2022 Period Linked Birth/Infant Death File*, Vital Statistics Rapid Release, Report No. 33 (Nov. 2023), available at https://www.cdc.gov/nchs/data/vsrr/vsrr033.pdf (last visited December 4, 2023).

[31] *Id.*

[32] Department of Health, *Infant Mortality in Florida*, available at https://www.floridahealth.gov/programs-and-services/womens-health/pregnancy/infant-mortality-FL-.pdf (last visited December 4, 2023).

such as polio,[33] to the first successful organ transplant in 1954, and the development of numerous technologies and medical devices that provide new options for care and treatment.[34] During the last century, there have been numerous clinical innovations, such as the development of medications to make once fatal diseases an almost curable disease, such as AIDS, and the use of genetics to allow for individualized cancer treatments.[35] Despite the many advances in health care technology, the health care delivery system has been slower to change.

Historically, health care primarily involved the prevention and treatment of disease and episodes of acute care; however, health care has evolved to be increasingly occupied with the management of chronic health conditions. Chronic illness is the leading cause of illness, disability, and death in the United States, and accounts for 78 percent of health care expenditures.[36]

Within recent years, and especially during the COVID-19 pandemic, there has been an increase in interest in alternative delivery systems. For example, prior to the pandemic, the use of telehealth was growing; however, during the pandemic, the use of the technology rose by more than 760 percent.[37] As a subset of telehealth, many health care practitioners also adopted the use of remote patient monitoring to manage acute and chronic conditions. Remote patient monitoring may be used to assess high blood pressure, diabetes, weight loss or gain, heart conditions, chronic obstructive pulmonary disease, sleep apnea, or asthma. Using remote patient monitoring may reduce hospitalizations, reduce the length of hospital stays, reduce emergency department visits, and provide better health outcomes, among other things.[38]

Another technological advance that has been widely adopted is the use of an electronic health record (EHR).[39] EHRs offer a number of benefits, such as automating certain tasks, reducing the incidence of medical errors, and making health information more readily available, which reduces duplication of tests, delays in treatment, and enables patients to make better informed decisions.[40]

In addition to advancements in health care technologies and delivery systems, there has also been an evolution in payment models. In recent years, there has been a move to value-based care

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[33] The vaccine for polio was developed in the early 1950s. *See* World Health Organization, *History of the Polio Vaccine*, available at https://www.who.int/news-room/spotlight/history-of-vaccination/history-of-polio-vaccination (last visited December 2, 2023).
[34] Institute of Medicine, *Evidence-Based Medicine and the Changing Nature of Healthcare: 2007 IOM Annual Meeting Summary*, (2008), available at https://www.ncbi.nlm.nih.gov/books/NBK52825/ (last visited December 2, 2023).
[35] Gary Ahlquist, et. al, Strategy&, *The (R)evolution of Healthcare*, available at https://www.strategyand.pwc.com/gx/en/industries/health/the-revolution-of-healthcare.pdf (last visited December 2, 2023).
[36] Institute of Medicine, *supra*, note 37.
[37] Julia Shaver, M.D., *The State of Telehealth Before and After the COVID-19 Pandemic*, PRIMARY CARE 49(4): 517-530 (Dec. 2022), available at https://www.ncbi.nlm.nih.gov/pmc/articles/PMC9035352/ (last visited December 2, 2023).
[38] Telehealth.HHS.gov, *Telehealth and Remote Patient Monitoring*, available at https://telehealth.hhs.gov/providers/preparing-patients-for-telehealth/telehealth-and-remote-patient-monitoring (last visited December 2, 2023).
[39] An electronic health record is a digital version of a patient's paper chart. *See* The Office of the National Coordinator for Health Information Technology, HealthIT.gov, *Frequently Asked Questions*, available at https://www.healthit.gov/faq/what-electronic-health-record-ehr (last visited December 3, 2023).
[40] Centers for Medicare and Medicaid Services, *Electronic Health Records*, available at https://www.cms.gov/priorities/key-initiatives/e-health/records (last visited December 3, 2023).

models. Under these models, providers, such as hospitals and physicians, are paid based on patient outcomes. Providers are rewarded for achievements such as helping the health of their patients to improve and reducing the effects of chronic illness.[41]

**Health Care Innovation Initiatives**

In recent years, both the state and federal governments have launched or funded programs to examine innovations in health care. Many of the programs were predicated on grants from the Center for Medicare and Medicaid Innovation (CMS Innovation Center).[42]

In 2010, Congress established the CMS Innovation Center to identify ways to improve health care quality and reduce costs in Medicare, Medicaid, and the Children's Health Insurance Program (CHIP).[43] The CMS Innovation Center's demonstration projects and models measure the effect of potential program changes, while evaluation projects validate research and help to monitor the effectiveness of Medicare, Medicaid, and CHIP.[44]

**The Office of Economic and Demographic Research**

The Office of Economic and Demographic Research (EDR) is a research arm of the Legislature principally concerned with forecasting economic and social trends that affect policy making, revenues, and appropriations. EDR provides objective information to committee staffs and members of the Legislature in support of the policy making process. EDR publishes all of the official economic, demographic, revenue, and agency workload forecasts that are developed by Consensus Estimating Conferences and makes them available to the Legislature, state agencies, universities, research organizations, and the general public. EDR, through a contract with the University of Florida, arranges for annual estimates of population of each city and county in Florida, which provide the basis for revenue sharing programs.

**The Office of Program Policy Analysis and Government Accountability**

The Office of Program Policy Analysis and Government Accountability (OPPAGA) is a research arm of the Florida Legislature. OPPAGA was created by the Legislature in 1994 to help improve the performance and accountability of state government. OPPAGA provides data, evaluative research, and objective analyses to assist legislative budget and policy deliberations. OPPAGA conducts research as directed by state law, the presiding officers of the Legislature, or the Joint Legislative Auditing Committee.

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[41] NEJM Catalyst, *What is Value-Based Healthcare?* (Jan. 1, 2017), available at https://catalyst.nejm.org/doi/full/10.1056/CAT.17.0558 (last visited December 3, 2023).
[42] For example, see the Delaware Center for Health Innovation, available at https://www.dehealthinnovation.org/; Rhode Island Health Care Innovation Initiative, available at https://eohhs.ri.gov/initiatives/healthcare-innovation; Oklahoma Center for Health Innovation and Effectiveness, available at https://oklahoma.gov/health/about-us/center-for-health-innovation-and-effectiveness.html (all sites last visited December 3, 2023).
[43] Centers for Medicare and Medicaid Services, *About the CMS Innovation Center*, available at https://www.cms.gov/priorities/innovation/About (last visited December 3, 2023).
[44] Centers for Medicare and Medicaid Services, *CMS Innovation Center Programs*, available at https://data.cms.gov/cms-innovation-center-programs (last visited December 3, 2023).

## III. Effect of Proposed Changes:

This bill creates s. 381.4015, F.S.,[45] to set forth legislative intent related to health care innovation in this state and create a framework to implement such intent.

The intent is to harness the innovation and creativity of entrepreneurs and businesses, in collaboration with the state's health care system and stakeholders, to lead discussion on innovations that will address challenges in the health care system and transform the delivery and strengthen the quality of health care in Florida.

**Health Care Innovation Council**

The bill creates the Health Care Innovation Council, a 15-member council within the DOH. The Lieutenant Governor serves as the chair of the council and as an ex officio, nonvoting member. The Secretary of Health Care Administration, the Secretary of Children and Families, the director of the Agency for Persons with Disabilities, the State Surgeon General, and the Secretary of Elderly Affairs all serve as ex officio, nonvoting members. The chair of the Council of Florida Medical School Deans serves as a voting member.

The President of the Senate and the Speaker of the House of Representatives each make one appointment to the council. Legislative appointments must be a person from the health care sector who has senior level experience in reducing inefficiencies in health care delivery systems; from the private sector who has senior level experience in cybersecurity or software engineering in the health care sector; who has expertise in emerging technology that can be used in the delivery of health care; or who has experience in finance or investment or in management and operation of early stage companies.

The remainder of the council consists of the following appointments by the Governor:
- A licensed physician;
- An employee of a licensed hospital;
- A licensed nurse;
- A Florida resident to represent the interest of health care patients;
- An employee of a health insurer or health maintenance organization; and
- A representative of the long-term care facility industry.

Appointments must be made by July 1, 2024. Appointees serve two-year terms and may be reappointed for no more than four consecutive terms.[46] Vacancies are filled in the same manner as the appointment, and members whose terms are expired may continue to serve for up to six months until replaced or reappointed. Members serve without compensation but are entitled to per diem and travel expenses. A member may be removed for cause by the appointing entity. Members who are not already required to file a financial disclosure statement must file a disclosure of financial interests.

[45] The section expires on July 1, 2043.
[46] The bill provides that the legislative appointees, the physician, and the nurse all serve initial terms of three years in order to create staggered terms.

The bill requires the council to hold its first meeting by September 1, 2024. The council is required to meet at least quarterly at the call of the chair, and in order to provide an opportunity for the broadest public input, must hold a majority of its meetings during the year geographically dispersed across the state. Meetings are encouraged to provide opportunities for demonstrations or presentations of innovative solutions in person. The council is subject to the public records requirements under ch. 119, F.S., and the public meetings requirements of ch. 286, F.S.

A majority of the members represents a quorum, which is required for meetings and can be established by conducting the meeting using teleconference or other electronic means. An affirmative vote by a majority of members present at the meeting is necessary for any official action.

Council members may not vote or consider any matters which would directly benefit the member or which would benefit a relative or person or entity with which the member has a business relationship.[47]

State agencies and statutorily created state entities are required to assist and cooperate with the council as requested. The DOH is required to administratively support the council, including providing reasonable support staff and maintaining a website for the council.

***Council Duties***

The bill charges the council with several duties, including adoption of best practices and focus areas. The council is required to adopt a document that sets forth a mission statement, goals, and objectives for the council to function and meet the purposes of the law. This must be adopted by February 1, 2025, and updated as necessary.

The council must facilitate public meetings at which innovators, developers, and implementers of technologies, workforce pathways, service delivery models, and other solutions may present information and lead discussions. The work:

- Must cover concepts that address challenges to the health care system as they develop in real time and concepts that advance the delivery of health care in this state through technology and innovation.
- Must give consideration to how the concepts:
  - Increase efficiency in the health care system in this state;
  - Reduce strain on the state's health care workforce;
  - Improve patient outcomes;
  - Expand public access to health care services in this state; or
  - Reduce costs for patients and the state without reducing the quality of patient care.
- May consider broad community or statewide issues or needs to be addressed.
- May include how concepts can be supported, cross-functional, or scaled to meet the needs of health care consumers, including employers, payers, patients, and the state.

[47] "Relative" is defined as a father, mother, son, daughter, husband, wife, brother, sister, grandparent, father-in-law, mother-in-law, son-in-law, or daughter-in-law. "Business relationship" means an ownership or controlling interest, an affiliate or subsidiary relationship, a common parent company, or any mutual interest in any limited partnership, limited liability partnership, limited liability company, or other entity or business association.

- May include coordination with the Small Business Development Center Network, the Florida Opportunity Fund, the Institute for Commercialization of Florida Technology, and other business incubators, development organizations, or institutions of higher education to include emerging and early stage concepts in the discussions.
- May bring information technology technical experts to lead discussions on recommended structures and integrations of information technology products, services, and solutions.

The bill requires the council to annually distinguish the most impactful concepts, projects, and initiatives. The recognition must be for those that the council finds to have a positive impact in Florida, have huge potential to scale that impact throughout this state through growth or replication, or are cutting-edge advancements, programs, or other innovations that have the capability to accelerate transformation of health care in Florida. The council may develop a logo for awardees to display.

The bill requires the council to use input received to develop and update best practice recommendations. The best practice recommendations must:
- Be made for health care service delivery models and focus on how to explore implementation of innovations and how to implement new technologies and strategies, at a minimum;
- Be distinguished by practice setting and with an emphasis on increasing efficiency in the delivery of health care, reducing strain on the health care workforce, increasing public access to health care, improving patient outcomes, reducing unnecessary emergency department visits, and reducing costs for patients and the state without reducing the quality of patient care; and
- Specifically for information technology, also recommend actions to guide the selection of technologies and innovations, which may include considerations for system-to-system integration, consistent user experiences for health care workers and patients, and patient education and practitioner training.
- Be updated as necessary.

The council must develop and update a list of focus areas for the advancement of the delivery of health care. The council can adopt broad or specific focus areas, and the bill sets forth topics that must be considered at a minimum, including:
- The health care workforce (such as approaches to cultivate interest in the workforce, efforts to improve the workforce, education pathways, and use of technology to reduce workforce burdens).
- The provision of patient care in the most appropriate setting and reduction of unnecessary emergency department visits (such as use of advanced technologies to improve patient outcomes, use of early detection devices, at-home patient monitoring, advanced at-home care, and advanced adaptive equipment).
- The delivery of primary care through methods, practices, or procedures that increase efficiencies.
- The technical aspects of the provision of health care (such as interoperability of electronic health records systems and the protection of health care data and systems).

The council's duties also include identifying and recommending changes to law or administrative changes that are necessary to advance, transform, or innovate health care or to implement the

council's duties or recommendations. The DOH is required to incorporate council recommendations into its duties, including updating administrative rules or procedures, as appropriate.

The council must submit an annual report each December 1 on the council's activities, including:
- An update on the status of the delivery of health care in Florida;
- Information on implementation of best practices by Florida health care industry stakeholders; and
- Highlights of exploration, development, or implementation of innovative technologies, workforce pathways, service delivery models, or other solutions by Florida health care industry stakeholders.

**Revolving Loan Program**

The bill creates a revolving loan program within the DOH to provide funding for applicants seeking to implement innovative solutions. Certain entities licensed, registered, or certified by the Agency for Health Care Administration and educational or clinical training providers in partnership with one of the entities, may apply for a loan.[48]

The bill requires the DOH to establish eligibility criteria that:
- Incorporate recommendations of the council based on input received, focus areas developed, and best practices recommended.
- Determine which proposals are likely to provide the greatest return to the state, taking into consideration the degree to which the proposal would increase efficiency in the health care system in this state, reduce strain on the state's health care workforce, improve patient outcomes, increase public access to health care in this state, or provide cost savings to patients or the state without reducing the quality of patient care.

The bill provides that an applicant that has a conflict of interest relationship with a council member may not receive a loan unless the council member recused herself or himself from consideration of the application. If a council member voted to recommend an application for funding with which the member has a conflict of interest, the applicant may not be awarded a loan. A council member may not receive a loan under the program.

The DOH is required under the bill to set application periods to apply for loans and may set up to four application periods in a fiscal year. The DOH must work with the council if application periods include separate priority for current focus areas adopted by the council. The availability of loans will be publicized to stakeholders, education or training providers, and others. The DOH will receive the applications and determine whether the applications are complete and whether the applicant has demonstrated ability to repay the loan. Within 30 days of the close of the application period, the DOH will forward the complete applications to the council.

The council must review submitted applications using the criteria and processes and format adopted by the DOH by rule. The bill requires priority for applicants that are located in a rural or

[48] Those entities licensed, registered, or certified pursuant to s. 408.802, except for subsections (1), (3), (13), (23), and (25) of that sections, are eligible to apply.

medically underserved area and are either rural hospitals or nonprofit entities that accept Medicaid patients. A loan applicant must demonstrate plans to use the funds to implement one or more innovative technologies, workforce pathways, service delivery models, or other solutions in order to:

- Fill a demonstrated need;
- Obtain or upgrade necessary equipment, hardware, and materials;
- Adopt new technologies or systems; or
- A combination of the above, which will improve the quality and delivery of health care in measurable and sustainable ways and which will lower costs and allow savings to be passed on to health care consumers.

Approved lists of recommended applications for funding, arranged in order of priority and as required by the application period, are to be submitted by the council to the DOH. The DOH is directed under the bill to award the loans based on demonstrated need and availability of funds.

Loans may be made for up to 50 percent of the total projected implementation costs, or up to 80 percent of the total projected implementation costs for an applicant that is located in a rural or medically underserved area and is either a rural hospital or a nonprofit entity that accepts Medicaid patients. However, the DOH may not award more than 10 percent of the total allocated funds for the fiscal year to a single applicant. An applicant may only receive one loan per fiscal year, and if the applicant has an outstanding loan, it may apply for a new loan only if the outstanding loan is in good standing.

The loan term is up to 10 years and may have an interest rate of up to 1 percent. Loan recipients must enter into written agreements with the DOH to receive the loan. At a minimum, the agreement must specify:

- The total amount of the award.
- The performance conditions that must be met, based upon the submitted proposal and the defined category or focus area, as applicable.
- The information to be reported on actual implementation costs, including the share from non-state resources.
- The schedule for payment.
- The data and progress reporting requirements and schedule.[49]
- Any sanctions that would apply for failure to meet performance conditions.

Loan recipients can request the DOH to provide technical assistance, if needed.

The DOH is required to maintain the loan funds in a separate account in its Grants and Donations Trust Fund. All loan repayments of principal must be returned to the revolving loan fund and made available to make loans. Loans appropriated to the program are not subject to reversion.

The DOH is authorized to contract with a third-party administrator to administer the revolving loan program, including loan servicing, and manage the revolving loan fund. A contract for a

[49] The DOH is required to develop uniform data reporting requirements in order to evaluate the performance of the implemented proposals. The data collected must be shared with the council.

third-party administrator must, at a minimum, require maintenance of the revolving loan fund to ensure that the program may operate in a revolving manner.

**Technical Assistance for Funding Opportunities**

The DOH must identify and publish on its website a list of federal, state, and private sources of funding opportunities available to implement innovative technologies and service delivery models in health care. The information must include details and eligibility requirements for each opportunity. The DOH must provide technical assistance to apply for such funding upon request and is encouraged to foster working relationships that will allow the department to refer interested applicants to appropriate contacts for the funding opportunities.

**Rulemaking**

The bill authorizes the DOH to adopt rules for the revolving loan program, including establishing the loan application process, eligibility criteria, and application requirements. The bill specifies that conditions are deemed met in order for the DOH to adopt emergency rules to implement this bill. The emergency rules are effective for six months after adoption and may be renewed until permanent rules are adopted pursuant to ch. 120, F.S.

**Reporting**

The bill requires the DOH to publish information on its website related to loan recipients, including the written agreements, the performance conditions and status, and the total amount of funds disbursed to date. Information related to a loan must be updated annually on the award date of the loan.

Each September 1, beginning in 2025, the DOH must post on its website a report on health care innovation which includes all of the following information:

- A summary of the adoption and implementation of recommendations of the council during the previous fiscal year.
- An evaluation of actions and related activities to meet the purposes set forth in the bill.
- Consolidated data based upon the uniform data reporting by funding recipients and an evaluation of how the provision of the loans has met the purposes set forth in the bill.
- The number of applications for loans, the types of proposals received, and an analysis on the relationship between the proposals and the purposes of the bill.
- The amount of funds allocated and awarded for each loan application period, as well as any funds not awarded in that period.
- The amount of funds paid out during the fiscal year and any funds repaid or unused.
- The number of persons assisted and outcomes of any technical assistance requested for loans and any federal, state, or private funding opportunities.

**Evaluation**

The bill directs EDR and OPPAGA to each evaluate specified aspects of the revolving loan program every five years, as follows.

The first report by EDR is due October 1, 2029, and must be a comprehensive financial and economic evaluation of the innovative solutions undertaken by the revolving loan program. The evaluation must include, but is not limited to, separate calculations of the state's return and the economic value to residents of this state and the identification of any cost savings to patients or the state and the impact on the state's health care workforce.

The first report by OPPAGA is due October 1, 2030, and must be an evaluation of the administration and efficiency of the revolving loan program. The evaluation must include, but is not limited to, the degree to which the collective proposals increased efficiency in the health care system in this state, improved patient outcomes, increased public access to health care, and achieved the cost savings identified in the EDR evaluation without reducing the quality of patient care.

Each report must include recommendations for consideration by the Legislature.

EDR and OPPAGA must be given access to all data necessary to complete their evaluations, including any confidential data. The offices may collaborate on data collection and analysis. The reports must be sent to the Governor, the President of the Senate, and the Speaker of the House of Representatives.

**Appropriations**

The bill makes the following appropriations:

- For State Fiscal Year 2023-2024, appropriates $250,000 in nonrecurring General Revenue funds for the DOH to support the council.
- For State Fiscal Year 2024-2025, appropriates $1 million in recurring General Revenue funds for the DOH to support the council.
- For State Fiscal Years 2024-2025 through 2034-2035:
  - Requires the Chief Financial Officer by August 1 each year to transfer $75 million from the General Revenue Fund to the Grants and Donations Trust Fund in the DOH.
  - Appropriates $75 million in nonrecurring funds from the Grants and Donations Trust Fund each year for the DOH to make loans under the revolving loan program. The DOH may use up to three percent of the funds for administration, including hiring a third-party administrator.

**Effective Date**

The bill takes effect upon becoming a law.

## 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 identified.

## V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Eligible applicants will be able to apply to receive a loan to implement innovative solutions, which will improve the quality and delivery of health care in Florida, improve the work environment for the state's health care workforce, lead to lower costs, and allow savings to be passed on to health care consumers.

C. Government Sector Impact:

The DOH will incur costs to administratively support the council, including travel and per diem expenses of members and website hosting, and to implement and administer the revolving loan program. The bill appropriates $250,000 nonrecurring in State Fiscal Year 2023-2024 and $1 million recurring beginning in State Fiscal Year 2024-2025 from the General Revenue Fund to the DOH to administratively support the council.

The bill requires the Chief Financial Officer to annually transfer, beginning in the 2024-2025 state fiscal year through the 2033-2034 state fiscal year, $75 million from the General Revenue Fund to the Grants and Donations Trust Fund of the DOH. The DOH is appropriated budget authority beginning in State Fiscal Year 2024-2025 through State Fiscal Year 2033-2034 to use the transferred funds for the revolving loan program. The DOH is authorized to use up to three percent of the appropriated funds to administer the program, including contracting with a third-party administrator to implement the revolving loan program. Because it is a revolving loan program, the DOH only needs budget authority for new appropriations, while the revolving aspect of the loan program will allow the DOH, or third-party administrator, to make loans from repayments for the life of the program.

OPPAGA will incur costs in 2030 and EDR will incur costs in 2029, and every five years thereafter, respectively, to conduct their evaluations of the program.

## VI. Technical Deficiencies:

None.

## VII. Related Issues:

None.

## VIII. Statutes Affected:

This bill creates section 381.4015 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.

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