FLORIDA HOUSE OF REPRESENTATIVES
FINAL BILL ANALYSIS

This bill analysis was prepared by nonpartisan committee staff and does not constitute an official statement of legislative intent.

BILL #: CS/CS/HB 633	**COMPANION BILL:** CS/SB 1354 (Trumbull)
TITLE: Behavioral Health Managing Entities	**LINKED BILLS:** None
SPONSOR(S): Koster	**RELATED BILLS:** None

FINAL HOUSE FLOOR ACTION: 113 **Y's** 0 **N's** **GOVERNOR'S ACTION:** Approved

SUMMARY

Effect of the Bill:

CS/CS/HB 633 requires managing entities (MEs) to submit data and documentation to the Department of Children and Families (DCF) in a specific electronic format to ensure interoperability and allow for analysis. The bill requires DCF to conduct operational and financial audits addressing specific topics for each ME contract, and prepare and submit a report of findings to the Governor and Legislature by December 1, 2025. The bill also specifies performance measures for client outcomes that MEs must track and submit to DCF.

Fiscal or Economic Impact:

The bill has a significant, negative, recurring and non-recurring fiscal impact on DCF. See Fiscal or Economic Impact section.

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ANALYSIS

EFFECT OF THE BILL:

Behavioral Health Services

Behavioral health managing entities (MEs) are contracted by the Department of Children and Families (DCF) to plan, subcontract for, and coordinate safety-net mental health and substance use disorder services for individuals who are uninsured or underinsured. The bill establishes requirements for ME data submission and performance measures.

ME Submission of Data and Information to DCF

MEs provide various data and documents to facilitate DCF oversight of ME services. By contract, MEs currently must submit this data and documentation electronically. CS/CS/HB 633 specifies electronic reporting formats and processes for this data and documentation to ensure interoperability and effective analysis.

When submitting data to DCF, the MEs must meet the following bill requirements:

- Include information used for health care claims processing, including service, client, date of service, place, and diagnosis;
- Use a standardized format for electronic data interchange that is used for health care claims processing;
- Organize the data into discrete, machine-readable elements that allow for efficient processing and integration with other datasets;
- Comply with department-established protocols for data fields;
- Use a standardize format that is compatible with automated systems to enable the downloading, parsing, and combining of data with other sources for analysis; and
- Ensure data submissions pass validation checks to confirm adherence to the required data structure and format before acceptance.

When submitting required documents to DCF, the MEs must meet the following bill requirements:

- Use a format that allows for accurate text recognition and data extraction, as specified by DCF, which may include, Portable Document Format or machine-readable text files.
- Include metadata containing key information, such as:
  - A descriptive and unique name for the document;
  - The date the document is uploaded;
  - A predefined classification indicating the nature or category of the document;
  - Any relevant identifiers, such as application numbers, case numbers, or tracking codes, as specified by DCF; and
  - The name, contact information, and any other required identification number, such as a contract, license or registration number of the person or organization submitting the document. (Section 1)

The bill does not specify any actions that DCF is to take using the data and documentation submitted via this new electronic format.

Managing Entity Audits

The bill requires DCF to contract biennially for operational and financial audits of each of the seven MEs, including:

- Business practices, personnel, financial records, related parties, compensation, and other areas as determined by DCF;
- Services administered, the method of provider payment, expenditures, outcomes, and other information as determined by DCF;
- Referral patterns, including referral volume, referral assignments, services referred, length of time to obtain services, and key referral performance measures;
- Adequacy and participation in DCF's available bed platform, the Opioid Data Management System, the Agency for Health Care Administration Event Notification Service, and other DCF-required provider data submissions; and
- Expenditures and claims, at a minimum, comparing services administered, outcomes, and expenditures for behavioral health services for each ME and analyzing services funded by MEs rendered to individuals who are Medicaid beneficiaries to, at a minimum, assess the extent to which MEs are funding services that are also available as covered services under the Medicaid program. (Section 1)

DCF must prepare and submit a final report on its findings to the Governor, President of the Senate, and Speaker of the House of Representatives by December 1, 2025. (Section 1)

Managing Entity Performance Measures

The bill requires MEs to submit data on specific performance measures to DCF regarding individual outcomes and system functioning. The bill requires the measures to include data on individuals served by the ME, for services funded by the ME, to the extent feasible and appropriate. The performance measures must be reported and posted stratified by, at a minimum, whether the individual is a child or an adult and whether the individual is a Medicaid recipient. Such measures must include, at a minimum, all of the following:

- The number and percentage of high utilizers of crisis behavioral health services;
- The number and percentage of individuals referred to outpatient behavioral health services after discharge from mental receiving or treatment facilities or emergency departments or inpatient or residential licensed service components who begin receiving services within 7 days after discharge;
- The average wait time for initial appointments for behavioral health services, by type of service;
- The number and percentage of individuals with significant behavioral health symptoms seeking urgent but non-crisis acute care who are scheduled to be seen within one business day of initial contact with a provider;

- The number and percentage of emergency department visits per capita for behavioral health-related issues;
- The incidence of medication errors;
- The number and percentage of adverse incidents, including but not limited to, self-harm, occurring during inpatient and outpatient behavioral health services;
- The number and percentage of individuals with co-occurring conditions who receive integrated care;
- The number and percentage of individuals discharged from receiving or treatment facilities or inpatient or residential licensed service components who successfully transition to ongoing services at the appropriate level of care;
- The rate of readmissions to emergency departments due to behavioral health issues or to crisis stabilization units, addictions receiving facilities, or other inpatient levels of care within 30 days after discharge from inpatient or outpatient behavioral health services; and
- The average length of stay for inpatient behavioral health services. (Section 1)

The bill does not establish targets or standards that MEs must meet for any of these metrics. None are current performance measures, though similar measures to those in the bill on access timeframes are in new ME contracts that begin July 1, 2025. Some others in the bill are tracked and reported to DCF, though not as performance measures.[1]

The bill requires MEs to report each measure using a standard methodology determined by DCF and requires DCF to establish a deadline for MEs to submit the required data. The bill also requires DCF to post the performance measures on the agency's website by the 22nd day of each month. The measures must reflect performance for the previous calendar month, including year-to-date totals, and annual performance trends. (Section 1)

DCF will need to amend the ME contracts and procure a vendor to assist with a redesign of its business processes to accommodate these data submissions. DCF estimates that the estimated time to complete all these activities is 18 to 24 months.[2]

The bill was approved by the Governor on June 13, 2025, ch. 2025-137, L.O.F., and will become effective on July, 1, 2025. (Section 2)

RULEMAKING:

The bill will require DCF to revise certain administrative rules in Chapter 65E-14, F.A.C., the Office of Substance Abuse and Mental Health Financial Rule. DCF will need to update over 20 administrative rules in total as authorized by s. 394.9082(3), F.S.[3]

Lawmaking is a legislative power; however, the Legislature may delegate a portion of such power to executive branch agencies to create rules that have the force of law. To exercise this delegated power, an agency must have a grant of rulemaking authority and a law to implement.

FISCAL OR ECONOMIC IMPACT:

STATE GOVERNMENT:

According to DCF, the department will need to make significant updates to its Financial and Services Accountability Management System to implement the bill. DCF estimates a non-recurring cost of $6.92 million to replace DCF's current data system and meet all new data system requirements, and $3.9 million in ongoing costs for maintenance and operation. The non-recurring cost includes:

- IT Contractors: data architects, developers, analysts, report developers) - $120/hour * 2,000 hours each = $240,000 per FTE--$1,920,000.

[1] DCF, Agency Analysis of HB 633, p. 6 (March 7, 2025), on file with the House Health Services Subcommittee.
[2] *Id.* at 5.
[3] *Id.*

- Cloud Infrastructure & Security: Hosting, cloud storage, cybersecurity measures) - $800,000.
- Business Advisory & Project Management: Oversight, requirement gathering, stakeholder engagement, risk management - $1,500,000.
- Training, OCM for MEs: Training managing entities on new processes, data formats, portal usage--$700,000.
- Upgrading ME Systems: Grants or funding assistance to help MEs modernize/replace legacy systems to ensure interoperability - $1,000,000.
- Additional Software, licensing: Integration with new portal, back-end application programming interfaces, data ingestion, and partner credentialing--$1,000,000.[4]

DCF will use federal block grant funding in the Alcohol, Drug Abuse and Mental Health Trust Fund to cover the $6.9 million non-recurring cost for data system updates. Post-implementation, DCF may submit a Legislative Budget Request for the recurring $3.9 million for maintenance and operation of the data system in future years.

For the bill requirement to contract for biennial operational and financial audits of the seven Managing Entities, DCF estimates a cost of $197,000 - $394,000 per audit per Managing Entity, with a total cost to audit all Managing Entities of $1,379,000 - $2,758,000, for an average cost of $2,068,500 for one full set of audits. To perform both operational and fiscal audits for all Managing Entities, DCF estimates a total recurring cost of $4,137,000.[5] The General Appropriations Act for Fiscal Year 2025-2026 includes an appropriation of $4,137,000 in recurring funds to cover the cost of the audits required by the bill.[6]

The bill expressly provides that it will be implemented to the extent of available appropriations in the General Appropriations Act.

PRIVATE SECTOR:

MEs may experience an indeterminate fiscal impact to upgrade systems and processes to collect and report required data and information. These costs would be covered by the funds DCF pays them under their contracts.

RELEVANT INFORMATION

SUBJECT OVERVIEW:

Behavioral Health Services

Mental illness affects millions of people in the U.S. each year. It is estimated that more than one in five adults live with a mental illness.[7] In 2023, approximately 22.8 percent of adults experienced mental illness.[8]

Approximately, 48.5 million people in the U.S. aged 12 and older had a substance use disorder in 2023.[9] The most common substance use disorders in the U.S. are from the use of alcohol, tobacco, cannabis, stimulants, hallucinogens, and opioids.[10]

State Behavioral Health Services

[4] *Id* at 7-9.
[5] Email from Sam Kerce, Deputy Chief of Staff, Department of Children and Families, April 15, 2025 (on file with HHS Committee staff).
[6] Conference Report for SB 2500, General Appropriations Act, Specific Appropriation 363 (2025).
[7] National Institute of Mental Health (NIH), *Mental Illness*, available at https://www.nimh.nih.gov/health/statistics/mental-illness (last visited March 31, 2025).
[8] Substance Abuse and Mental Health Services Administration (SAMHSA), *Key Substance Use and Mental Health Indicators in the United States: Results from the 2023 National Survey on Drug Use and Health,* available at https://www.samhsa.gov/data/sites/default/files/reports/rpt47095/National%20Report/National%20Report/2023-nsduh-annual-national.pdf, (last visited March 31, 2025).
[9] *Id*.
[10] National Library of Medicine, *Commonalities and Differences Across Substance Use Disorders: Phenomenological and Epidemiological Aspects*, available at https://pmc.ncbi.nlm.nih.gov/articles/PMC5096462/, (last visited March 31, 2025).

Several agencies provide publicly-funded behavioral health services in Florida. For example, agencies such as the Department of Education and the Department of Corrections provide behavioral health services ancillary to their broader missions of education, and incarceration and rehabilitation, respectively. The Agency for Health Care Administration provides behavioral health services as part of its primary charge to provide health care but restricts services to those individuals who are eligible based on factors such as income, age, and disability.

However, the Department of Children and Families (DCF), responsible for safety-net behavioral health services, serves all Floridians who are otherwise unable to obtain certain behavioral health services, based on priority populations and the limitations of available funding. DCF administers a statewide system of safety-net services for substance abuse and mental health (SAMH) prevention, treatment and recovery for children and adults meeting eligibility requirements based on the nature of illness and inability to pay.[11] SAMH programs include a range of prevention, acute interventions (e.g. crisis stabilization), residential treatment, transitional housing, outpatient treatment, and recovery support services. Services are provided based upon state and federally-established priority populations. DCF provides these services primarily through behavioral health managing entities (MEs).[12]

Behavioral Health Managing Entities

In 2001, the Legislature authorized DCF to implement MEs as the management structure for the delivery of local mental health and substance use disorder services.[13] The implementation of the ME system initially began on a pilot basis and, in 2008, the Legislature authorized DCF to implement MEs statewide.[14] MEs were fully implemented statewide in 2013, serving all geographic regions.

DCF currently contracts with seven MEs for behavioral health services throughout the state. These contracts totaled $1.083 billion[15] in FY 2022-23, with $919 million spent on direct services.[16] MEs plan for and coordinate the delivery of community mental health and substance use disorder services, improve access to care, promote service continuity, purchase services, and support efficient and effective service delivery. MEs subcontract with community providers to serve clients directly; this allows services to be tailored to the specific behavioral health needs in the various regions of the state.[17]

In FY 2022-23, in the aggregate, DCF reported serving 243,403 unduplicated behavioral health clients[18], including through the MEs. Client counts for individuals served through some ME specialty programs included:

- Mobile response teams (MRT): 28,394.[19]
- Care coordination: 4,701.[20]
- Family Intensive Treatment Teams: 1,581.[21]

DCF contracts specify ME responsibilities based on requirements in Florida law. For example, MEs are responsible for the system of care in their regions. MEs also must provide data and information to facilitate DCF oversight of ME services.

Coordinated System of Care

[11] S. 394.674, F.S.
[12] S. 394.9082, F.S.
[13] Ch. 2001-191, Laws of Fla.
[14] Ch. 2008-243, Laws of Fla.
[15] DCF, *A Comprehensive, Multi-Year Review of the Revenues, Expenditures, and Financial Positions of the Managing Entities Including a System of Care Analysis*, p. 5, available at https://myflfamilies.com/document/57451, (last visited March 31, 2025)
[16] *Id.* at 11.
[17] Department of Children and Families, *Managing Entities,* available at https://www.myflfamilies.com/services/samh/providers/managing-entities, (last visited March 31, 2025).
[18] DCF, *supra* note 15, at 14.
[19] *Id.* at 18.
[20] *Id.* at 20.
[21] *Id.* at 23.

MEs are required to promote the development and implementation of a coordinated system of care.[22] A coordinated system of care means a full array of behavioral and related services in a region or community offered by all service providers, participating either under contract with a ME or by another method of community partnership or mutual agreement.[23] A community or region provides a coordinated system of care for those with a mental illness or substance use disorder through a no-wrong-door model, to the extent allowed by available resources.

There are several essential elements which comprise a coordinated system of care, including:[24]

- Community interventions;
- Case management;
- Care coordination;
- Outpatient services;
- Residential services;
- Hospital inpatient care;
- Aftercare and post-discharge services;
- Medication assisted treatment and medication management; and
- Recovery support.

A coordinated system of care must include, but is not limited to, the following array of services:[25]

- Prevention services;
- Home-based services;
- School-based services;
- Family therapy;
- Family support;
- Respite services;
- Outpatient treatment;
- Crisis stabilization;
- Therapeutic foster care;
- Residential treatment;
- Inpatient hospitalization;
- Case management;
- Services for victims of sex offenses;
- Transitional services; and
- Trauma-informed services for children who have suffered sexual exploitation.

Oversight and Accountability

DCF collects a wide variety of data and information to assess the performance of the MEs, such as about persons served and their outcomes and costs of services provided through the contract.[26] One such document is a financial and compliance audit, which pursuant to the contract, the MEs must submit the earlier of 180 days after the end of the provider's fiscal year or 30 days after the ME's receipt of the audit report. MEs must submit these documents at specific points and intervals. DCF specifies that documents required under contract be submitted electronically to the DCF Contract Manager and also added to the MEs secure web-based document vault.[27]

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[22] S. 394.9082(5)(d), F.S.
[23] S. 394.4573(1)(c), F.S.
[24] S. 394.4573(2), F.S.
[25] S. 394.495(4), F.S.
[26] Department of Children and Families, Managing Entities FY24-25 Templates**,** EXHIBIT C3 – ME Required Reports, Plans, and Functional Tasks, available at https://www.myflfamilies.com/services/samh/providers/managing-entities/managing-entities-fy24-25-templates (accessed March 31, 2025). Examples of required reports are the Network Service Provider Monitoring Plan, Managing Entity Monthly Expenditure Report, and the Monthly Data Submission to SAMH Data System.
[27] *Id.*

How DCF uses this data and information to assess and improve performance varies. For example, DCF negotiated the following performance standards for MEs in the current contracts:

- Monitoring of at least 20% of all network service providers each fiscal year.
- Ensuring 100% of the cumulative annual network service provider expenses comply with the federal block grant and maintenance of effort allocation standards.
- Achieving 95% of the annual target levels for each of the network service provider measures, measured across all ME providers, as listed below.[28]

Target Population and Performance Measure Description[29]		Target	Minimum Acceptable
Adult Community Mental Health			
MH003	Average annual days worked for pay for adults with severe and persistent mental illness	40	38
MH703	Percent of adults with serious mental illness who are competitively employed	24%	22.8%
MH742	Percent of adults with severe and persistent mental illnesses who live in stable housing environment	90%	85.5%
MH743	Percent of adults in forensic involvement who live in stable housing environment	67%	63.7%
MH744	Percent of adults in mental health crisis who live in stable housing environment	86%	81.7%
Adult Substance Abuse			
SA753	Percentage change in clients who are employed from admission to discharge	10%	9.5%
SA754	Percent change in the number of adults arrested 30 days prior to admission versus 30 days prior to discharge	15%	14.3%
SA755	Percent of adults who successfully complete substance abuse treatment services	51%	48.5%
SA756	Percent of adults with substance abuse who live in a stable housing environment at the time of discharge	94%	89.3%
Children's Mental Health			
MH012	Percent of school days seriously emotionally disturbed (SED) children attended	86%	81.7%
MH377	Percent of children with emotional disturbances (ED) who improve their level of functioning	64%	60.8%
MH378	Percent of children with serious emotional disturbances (SED) who improve their level of functioning	65%	61.8%
MH778	Percent of children with emotional disturbance (ED) who live in a stable housing environment	95%	90.3%
MH779	Percent of children with serious emotional disturbance (SED) who live in a stable housing environment	93%	88.4%
MH780	Percent of children at risk of emotional disturbance (ED) who live in a stable housing environment	96%	91.2%
Children's Substance Abuse			
SA725	Percent of children who successfully complete substance abuse treatment services	48%	45.6%
SA751	Percent change in the number of children arrested 30 days prior to admission versus 30 days prior to discharge	20%	19.0%

[28] Department of Children and Families, Managing Entities FY24-25 Templates, Exhibit E, available at https://www.myflfamilies.com/services/samh/providers/managing-entities/managing-entities-fy24-25-templates (accessed March 31, 2025).
[29] *Id.*

Target Population and Performance Measure Description[29]		Target	Minimum Acceptable
SA752	Percent of children with substance abuse who live in a stable housing environment at the time of discharge	93%	88.4%

DCF has set additional performance measures for specific services, such as outcomes for participants in the Family Intensive Treatment Team model and Community Action Treatment (CAT) teams.[30]

If the ME fails to meet the contract requirements, the contract specifies that "corrective action may be required for noncompliance, nonperformance, or unacceptable performance under this contract. Financial consequences may be imposed for failure to implement or to make acceptable progress on such corrective action."[31] The contract does not include specific dollar amounts for financial penalties.

All ME contracts expire on June 30, 2025. The contracts have been reprocured, and the same seven providers were awarded the new ME contracts.[32] DCF reports that the new contracts include additional performance measures and financial penalties, such as regarding timely access:

Performance Measure Description	Minimum Acceptable		
	Effective 7/1/2025	Effective 7/1/2027	Effective 7/1/2029
Appointments for urgent services (services needed to preclude a crisis) provided within 48 hours of a request.	70%	80%	90%
Appointments for rapid intervention for children, families, or individuals in distress or at risk for entry into foster care, justice systems or more intensive services within 72 hours from the date of a referral or request for assistance.	70%	80%	90%
Appointments for outpatient follow-up services provided within 7 days after discharge from an inpatient or residential setting.	70%	80%	90%
Appointments for initial assessment are provided within 14 days of a request for treatment.	70%	80%	90%

DCF reports on ME performance specifically, and system performance more broadly, in three statutorily-required annual reports. These are the:

- Comprehensive, Multi-Year Review of the Revenues, Expenditures, and Financial Positions of the Managing Entities Including a System of Care Analysis,
- Assessment of Behavioral Health Services, and
- Triennial Plan for the Delivery of Mental Health and Substance Abuse Services and updates.

Performance Information Reported for Safety-Net Mental Health Services under Federal Block Grant Requirements

Under the federal Substance Abuse and Mental Health Services Administration's requirements for the Community Mental Health Services Block Grant, which funds a portion of the safety-net mental health services administered by

[30] *Id.*
[31] *Id.*
[32] My Florida Marketplace, Advertisement Number: ITN-06623, Intent to Award, available at https://vendor.myfloridamarketplace.com/search/bids/detail/6623 (accessed March 31, 2025).

DCF, state mental health agencies like DCF compile and report annual data. Below are 2023 data reported by DCF compared to national data, for a subset of outcomes on which DCF reported, for individuals DCF served[33]:

Measure	Florida	U.S.
Percent of adults in labor force (employed)	41.9%	52.6%
Percent of children/families with improved social connectedness	87.7%	88.0%
Percent of adults with improved social connectedness	86.9%	76.5%
Percent of children/families reporting positively about general satisfaction with care	82.5%	87%
Percent of adults reporting positively about general satisfaction with care	83.7%	88.6%

RECENT LEGISLATION:

YEAR	BILL #	HOUSE SPONSOR(S)	SENATE SPONSOR	OTHER INFORMATION
2023	HB 1095	Smith, Barnaby	Rouson	Died in House
2022	SB 2526	Senate Appropriations Committee		Passed (LOF 2022-150)

[33] Substance Abuse and Mental Health Services Administration, *Florida 2023 Mental Health National Outcome Measures (NOMS): SAMHSA Uniform Reporting System*, available at https://www.samhsa.gov/data/report/2023-uniform-reporting-system-urs-table-florida (accessed March 31, 2025).