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 Appropriations

BILL:	SB 7032
INTRODUCER:	Appropriations Committee on Health and Human Services
SUBJECT:	Medicaid Enrollment for Permanently Disabled Individuals
DATE:	April 21, 2025
REVISED:	

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
	Barr	McKnight		**AHS Submitted as Comm. Bill/Fav**
1.	Barr	Sadberry	AP	**Favorable**

I. Summary:

SB 7032 provides presumptive eligibility to permanently disabled individuals receiving Medicaid-covered institutional care, hospice, or home and community-based services and requires the Agency for Health Care Administration (AHCA) to continue payments unless there is a material change in the individual's disability or economic status that affects eligibility.

The bill requires covered individuals, caregivers, or responsible parties to notify the AHCA and the Department of Children and Families (DCF) of any change in disability or economic status. The DCF may then conduct eligibility redeterminations and must notify the individual or caregiver of the start and result of such redetermination.

The bill also requires the AHCA to seek federal approval to exempt permanently disabled Medicaid-qualified individuals from annual eligibility redeterminations. The AHCA and the DCF are required to establish a process to facilitate notification of changes impacting eligibility.

The bill will have a significant negative fiscal impact on the DCF and an indeterminate negative fiscal impact on the Florida Medicaid Program. **See Section V., Fiscal Impact Statement.**

The bill takes effect July 1, 2025.

II. Present Situation:

Florida Medicaid

Medicaid is the health care safety net for low-income Floridians. Medicaid is a partnership of the federal and state governments established to provide coverage for health services for eligible persons. The program is administered by the Agency for Health Care Administration (AHCA)

and financed by federal and state funds.[1] The AHCA delegates certain functions to other state agencies, including the Department of Children and Families (DCF), the Agency for Persons with Disabilities (APD), the Department of Health (DOH), and the Department of Elderly Affairs (DOEA).

The structure of each state's Medicaid program varies and what states must pay for is largely determined by the federal government, as a condition of receiving federal funds. Federal law sets the amount, scope, and duration of services offered in the program, among other requirements. These federal requirements create an entitlement that comes with constitutional due process protections. The entitlement means that two parts of the Medicaid cost equation – people and utilization – are largely predetermined for the states. The federal government sets the minimum mandatory populations to be included in every state Medicaid program. The federal government also sets the minimum mandatory benefits to be covered in every state Medicaid program. These benefits include physician services, hospital services, home health services, and family planning.[2] States can add benefits, with federal approval. Florida has added many optional benefits, including prescription drugs, adult dental services, and dialysis.[3]

States have some flexibility in the provision of Medicaid services. Section 1915(b) of the Social Security Act provides authority for the Secretary of the U.S. Department of Health and Human Services (HHS) to waive requirements to the extent that he or she "finds it to be cost-effective and efficient and not inconsistent with the purposes of this title." Section 1115 of the Social Security Act allows states to implement demonstrations of innovative service delivery systems that improve care, increase efficiency, and reduce costs. These laws allow HHS to waive federal requirements to expand populations or services, or to try new ways of service delivery.

Florida operates under a Section 1115 waiver to use a comprehensive managed care delivery model for primary and acute care services, the Statewide Medicaid Managed Care (SMMC) Managed Medical Assistance (MMA) program. Florida also has waivers under Sections 1915(b) and (c) of the Social Security Act to operate the SMMC Long-Term Care (LTC) program and the Development Disabilities Individual Budgeting (iBudget) Waiver.[4]

Federal Medicaid law establishes coverage for institutional care, such as nursing home care and residential institutions for people with developmental disabilities but does not allow federal dollars to be spent on alternatives to such care. Those alternatives include home- and community-based services (HCBS) designed to keep people in their homes and communities instead of going into an institution when they need higher levels of care. This federal spending limitation creates a bias toward institutional care, and toward acute care, rather than allowing the non-acute supports that avoid institutionalization.

[1] Title 42 U.S.C. §§ 1396-1396w-5; Title 42 C.F.R. Part 430-456 (§§ 430.0-456.725) (2016).
[2] S. 409.905, F.S.
[3] S. 409.906, F.S.
[4] S. 409.964, F.S.

Long-Term Care Home and Community-Based Services Program

Florida obtained a federal waiver to allow the state Medicaid program to cover HCBS long-term care services for elders and people with disabilities,[5] to prevent admission into a nursing home.

iBudget Home and Community-Based Services Waiver Program

The AHCA oversees the Medicaid HCBS program for individuals with specified developmental disabilities through a federal waiver administered by the APD, known as iBudget. The purpose of the waiver is to:[6]

- Promote and maintain the health and welfare of individuals with developmental disabilities;
- Provide medically necessary supports and services to delay or prevent institutionalization; and
- Foster the principles of self-determination as a foundation for services and supports.

The iBudget provides HCBS to eligible persons with developmental disabilities living at home or in a home-like setting. Eligible diagnoses include disorders or syndromes attributable to intellectual disability, cerebral palsy, autism, spina bifida, Down syndrome, Phelan-McDermid syndrome, or Prader-Willi syndrome. The disorder must manifest before the age of 18, and it must constitute a substantial handicap that can reasonably be expected to continue indefinitely.[7]

The iBudget program allocates available funding through an algorithm, providing each client an established budget with the flexibility to choose from the authorized array of services that best meet their individual needs within their community.[8]

Medicaid Eligibility

Medicaid eligibility in Florida is determined either by the DCF or the Social Security Administration (SSA) for Supplemental Security Income (SSI) recipients. Since Medicaid is designed for low-income individuals, Medicaid eligibility is based on an evaluation of the individual's income and assets.

Section 1614(3) of the Social Security Act provides that an individual shall be considered to be disabled if they are unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve months. Further, an individual under the age of 18 shall be considered disabled if that individual has a medically determinable physical or mental impairment, which results in marked and severe functional limitations, and which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months.

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[5] S. 409.979, F.S. Individuals 65 years of age or older and in need of nursing facility level of care; or 18 years of age or older and eligible for Medicaid by reason of a disability and in need of nursing facility level of care.
[6] Agency for Health Care Administration, *Florida Medicaid Developmental Disabilities Individual Budgeting Waiver Services Coverage and Limitations Handbook (May 2023), available at* https://apd.myflorida.com/ibudget/docs/iBudget%20Handbook%20with%20ADT%20Redesign%20Final.pdf (last visited Apr. 7, 2025).
[7] S. 393.063(11), F.S.
[8] S. 393.0662(1), F.S.

Under Florida's Medicaid State Plan, permanent and total disability is a physical or mental condition of major significance which is expected to continue throughout the lifetime of an individual and is not expected to be removed or substantially improved by medical treatment. It is expected to continue for a prolonged period of disability and the eventual prognosis may be indefinite. Total disability exists when a permanent impairment, or a combination of permanent impairments, substantially precludes the individual from engaging in a useful occupation.

The DCF uses the same criteria that the SSA uses to determine disability for benefits. If the SSA determines an individual is disabled, the DCF adopts their disability decision. If an individual does not have a disability decision from the SSA, then the DCF must obtain a disability determination based on the individual's circumstances.[9]

The DOEA is responsible for conducting clinical level of care evaluations under the LTC Waiver, while the APD is responsible for conducting clinical level of care evaluations under the iBudget Waiver. To be eligible for Medicaid under 1915(c) waivers, the individual must be determined to need the level of care provided by a hospital, nursing home, or intermediate care facility for the developmentally disabled.[10] The clinical level of care is determined during an initial evaluation and the individual must be reevaluated at least annually.[11]

Federal regulations require the DCF make a redetermination of eligibility without requiring information from the individual if it is possible to make a redetermination based on reliable information contained in the individual's account or obtained from another state agency or federal agency.[12] If the DCF is unable to verify the individual's eligibility, they send the recipient a renewal notice, electronically and by mail, requesting the required information to make an eligibility determination.[13]

Between April 2023 and February 2025, approximately 534 disabled individuals lost Medicaid coverage[14] because they failed to provide information requested by the DCF to make an eligibility determination.[15] The number of individuals who may have remained eligible for Medicaid had they submitted the requested information to the DCF is unknown. During the same period, approximately 3,357 disabled individuals lost Medicaid coverage due to not meeting income and asset eligibility requirements.[16]

[9] Department of Children and Families, *House Bill 1227 Bill Analysis* (Mar. 17, 2025)(on file with Senate Appropriations Committee on Health and Human Services).
[10] 42 C.F.R., § 441.301(b).
[11] 42 C.F.R., § 441.302(c).
[12] 42 C.F.R., § 435.916.
[13] *Supra* note 9.
[14] Includes the following categories of Medicaid that cover disabled populations: Family Related Medicaid; Long-term Care Medicaid; HCBS Waiver Medicaid; Community Hospice Medicaid; and Medicaid for Aged and Disabled (MEDS-AD).
[15] *Supra* note 9.
[16] *Id.*

III. Effect of Proposed Changes:

Section 1 amends s. 409.904, F.S., to provide presumptive Medicaid eligibility to individuals who are permanently disabled and receiving institutional care, hospice, or home and community-based services, during any redetermination process.

The bill requires the Agency for Health Care Administration (AHCA) to continue payments for these services unless a material change in the individual's disability or economic status results in ineligibility and requires that individuals, caregivers, or responsible parties notify the AHCA and the Department of Children and Families (DCF) of any such changes. The DCF is then authorized to conduct a redetermination and required to notify the individual, caregiver, or responsible party before and, at its conclusion, the results of the redetermination.

The bill requires the AHCA to seek federal approval by October 1, 2025, to exempt permanently disabled Medicaid recipients from annual redetermination. For this exemption, the term "permanently disabled" means that a person has been determined to be disabled under s. 409.904(1)(a), F.S., and has had his or her qualifying disability certified by a physician licensed under ch. 458 or ch. 459, F.S., as permanent.

In addition, the bill requires the AHCA and the DCF to develop a process to facilitate required notifications.

Section 2 provides that the bill takes effect July 1, 2025.

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:

None.

C. Government Sector Impact:

The bill is expected to have a significant negative fiscal impact of $708,000 on the Department of Children and Families to update their online Medicaid application platform, the Florida System (ACCESS).[17] Based on an analysis of the unreserved cash in DCF's trust funds, the costs to the department can be absorbed within existing resources.

The bill will have an indeterminate negative fiscal impact on the Florida Medicaid Program.[18] Because the exemption is limited to individuals with medically verified, permanent disabilities, the potential for ineligible individuals remaining enrolled is expected to be minimal, given the eligibility criteria and required physician certification. However, the cost of providing continued Medicaid coverage to any ineligible individuals within this group is indeterminate.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends section 409.904 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.

[17] Department of Children and Families, *House Bill 1227 Bill Analysis* (Mar. 17, 2025)(on file with Senate Appropriations Committee on Health and Human Services).
[18] Agency for Health Care Administration, *House Bill 1227 Bill Analysis* (Mar. 4, 2025)(on file with Senate Appropriations Committee on Health and Human Services.

B. Amendments:

None.