SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based only on the provisions contained in the legislation as of the latest date listed below.)

Date: April 8, 1998 Revised: _____ _____ _____ _____

Subject: Children's Health Care

	Analyst	Staff Director	Reference	Action
1.	Williams	Wilson	HC	Favorable/CS
2.	Deffenbaugh	Deffenbaugh	BI	Favorable/CS
3.	Eccles	Smith	WM	Favorable/CS
4.				
5.				

I. Summary:

Committee Substitute for Committee Substitute for Senate Bill 1228 implements, in Florida, a children's health insurance program in conformance with the State Children's Health Insurance Program provisions of the federal Balanced Budget Act of 1997 (P.L. 105-33).

The bill extends optional Medicaid eligibility to children ages 0 to 1 whose family income is between 185 percent and 200 percent of the federal poverty level, and to children ages 15 to 19 whose family income is between 28 percent and 100 percent of the federal poverty level.

The bill creates "The Florida Kids Health Act" to establish a children's health insurance program called Florida Kids Health, which includes: Medicaid coverage for children; the Florida Healthy Kids program; private health insurance and HMO coverage; and Children's Medical Services network services for children with special health care needs, including those in need of behavioral health services, who participate in the program. The act: provides a short title; defines relevant terms; creates the program and states its purpose; lists the program components; provides for program enrollment and expenditure ceilings; establishes eligibility; establishes health benefits coverage and limitations; sets limitations on premiums and cost sharing; requires approval of health benefits coverage; provides for financial assistance; assigns administrative responsibilities to the Department of Children and Family Services, the Department of Health, the Agency for Health Care Administration, the Department of Insurance, and the Florida Healthy Kids Corporation; authorizes certain program modifications relating to the federal approval process; provides for outreach activities; provides for the establishment of quality assurance and access standards; sets performance-based program measures; repeals an existing Florida Healthy Kids Corporation enrollment limitation; makes an appropriation; provides for applicability of program provisions to current Florida Healthy Kids Corporation contracts; and provides an effective date.

The bill amends sections 409.904 and 409.9126; renumbers section 154.508, as section 409.819, and amends that section; creates sections 409.810, 409.811, 409.812, 409.813, 409.8135, 409.814, 409.815, 409.816, 409.817, 409.8175, 409.818, 409.820, and 409.9045; creates three undesignated sections of law; and repeals section 624.92, Florida Statutes.

II. Present Situation:

Insurance Coverage Issues

The Employee Benefit Research Institute [Facts from EBRI 7/97] reports that the percentage of children ages 0-17 with employment-based health insurance coverage declined steadily from 66.7 percent in 1987 to 58.6 percent in 1995. Despite this trend, the percentage of children without any form of health insurance coverage barely increased. In 1987, 13.1 percent of children were uninsured nationally, compared with 13.8 percent in 1995. Medicaid program expansions helped alleviate the effects of the decline in employment-based health insurance coverage among children and the potential increase in the number of uninsured children. Between 1987 and 1995, the percentage of children enrolled in the Medicaid program nationally increased from 15.5 percent to 23.2 percent.

In 1996, only 66 percent of U.S. children younger than 18—47 million—were covered by private health insurance. Most private insurance for children is acquired through a parent's employer. However, in 1993, almost one-fourth of the workforce worked for an employer that did not cover dependents. In addition, even if employers offer coverage, the amount that employees have to pay toward coverage for their families may make health insurance unaffordable. Since the late 1980s, workers' costs for family coverage have risen sharply.

In 1996, 10.6 million children (14.8 percent) were uninsured, living generally in lower-income working families. Compared with privately insured children, a higher proportion of their parents worked for small employers—the group least likely to offer health insurance. In 1993, only a quarter of employees in firms with fewer than 10 employees and about half in firms with 10 to 24 employees reported that their employer offered a health insurance plan for workers and their dependents, compared with 89 percent in firms with 1,000 or more employees.

Florida has one of the nation's largest uninsured populations. Nearly 23 percent of those below the age of 65 are uninsured. Of Florida's 2.8 million uninsured non-elderly residents, approximately one-third are children. More than 823,000 of Florida's 3 million children are not insured for health care. Despite eligibility expansions in the Medicaid Program and an increase in enrollment in the Florida Healthy Kids Corporation, more than 823,000 children remain uninsured. Of this number, an estimated 293,885 live in families that are potentially Medicaid eligible due to family income being below 100 percent of the federal poverty level; 259,336 live in families with income between 101 and 200 percent of the federal poverty level; and 270,246 live in families with income in excess of 200 percent of the federal poverty level. (The current federal poverty level for a family of four is $16,450.)

Many experts believe that the lack of health insurance discourages families from seeking preventive and other needed care for their children. These uninsured children are typically treated for urgent or emergency conditions in inappropriate settings and do not share the continuity of care enjoyed by their insured peers. The U.S. General Accounting Office [Health Insurance: Coverage Leads to Increased Health Care Access for Children (Letter Report, 11/24/97, GAO/HEHS-98-14)] has recently reported that health insurance increased children's access to health care services in almost all the studies analyzed. Most evaluations show that insured children are more likely to have preventive and primary care than uninsured children. Insured children are also more likely to have a relationship with a primary care physician and to receive required preventive services, like well-child checkups, than uninsured children. Differences in access between insured and uninsured children hold true even for children who had chronic conditions and special health care needs.

Although health insurance can considerably increase access, it does not guarantee entry into the health care system. Low family income and education levels, limited availability of neighborhood primary health care facilities, lack of transportation, and language differences are among the barriers to obtaining and appropriately using health care services. Both children who have no health insurance and those who have Medicaid coverage are more likely than privately insured children to face such barriers. To ensure access to high-quality care, public health and clinical experts recommend that children have a stable source of health insurance benefits that over their health care needs, a relationship with a primary care provider that helps them obtain more complex care as needed, primary care facilities that are conveniently situated, and outreach and education for their families.

Overcoming these kinds of barriers would require that children be more continuously covered by health insurance so that they could develop long-term relationships with primary care providers. Having a stable source of insurance can help families use the health system for their children optimally over time. Beyond that, children have needs for specific developmental and preventive care that differ in some ways from those of adults. For insurance to work for children, the services they need must be both covered and affordable.

Overcoming nonfinancial barriers might require outreach and education for families so that they can learn how better to use preventive and primary health care for their children. In addition, making high-quality primary health services convenient for families in local communities might facilitate children's access to appropriate care.

Current Poverty Level Income Guidelines

The federal Department of Health and Human Services updates the federal poverty level income guidelines annually, based on changes on the Consumer Price Index. These updates are published in the Federal Register (usually in late February or early March), and are used by the federal government and states in determining eligibility for a number of health and social service programs. The 1998 guidelines are as follows:

1998 Poverty Guidelines			
	Income Level as a Percent of Poverty		
Family Size	100%	150%	200%
1	$8,050	$12,075	$16,100
2	10,850	16,275	21,700
3	13,650	20,475	27,300
4	16,450	24,675	32,900
5	19,250	28,875	38,500
6	22,050	33,075	44,100
7	24,850	37,275	49,700
8	27,650*	41,475	55,300
*For family units with more than 8 members, add $2,800 for each additional member. The same increment applies to smaller family sizes also, as can be seen in the figures above.			

Overview of the Florida Medicaid Program

Medicaid is a medical assistance program that pays for health care for the poor and disabled. The program is jointly funded by the federal government, the state, and Florida counties. The federal government, through law and regulations, has established extensive requirements for the Medicaid Program. The Agency for Health Care Administration (AHCA) is the single state agency responsible for the Florida Medicaid Program. The statutory provisions for the Medicaid Program appear in ss. 409.901 through 409.9205, F.S.

The federal government requires state Medicaid programs to provide services to certain eligibility groups, some of which are required to be covered, specified in s. 409.903, F.S., and some of which are covered at the state's option, under s. 409.904, F.S. The federal government requires state Medicaid programs to provide payment for certain services as a condition of receiving federal funds. Section 409.905, F.S., specifies the mandated Medicaid services. The federal government has also agreed to participate financially in paying for 30 other services under states' Medicaid programs, if a state elects to cover these "optional" services. Section 409.906, F.S., specifies those 22 optional Medicaid services which Florida has agreed to provide to Medicaid recipients.

The Florida Medicaid Program has grown from an appropriation of $.581 billion in state fiscal year 1981-82, to $4.852 billion in fiscal year 1992-93, to $6.914 billion in the current fiscal year. After experiencing double-digit inflation throughout the late 1980's and early 1990's, the rate of

growth in Florida's Medicaid Program slowed to record lows in the mid-1990's. Analysts attribute the decline in growth to a number of factors, including more extensive managed care enrollments, declining caseloads, lower overall health care inflation rates, a crackdown on program fraud, and substantial budget reductions by the legislature. In 1995-96 and 1996-97, the Legislature reduced the Medicaid budget by nearly $470 million.

Eligibility for Medicaid is a cumbersome process, linked primarily to public assistance and based on income, assets, and categorical distinctions such as age, family composition, and health status. Currently, Florida Medicaid covers the following groups of pregnant women and children: pregnant women and children under age 1 up to 185 percent of poverty; children between the ages of 1 to 6 up to 133 percent of poverty; and children between the ages of 6 to 15 up to 100 percent of poverty. Children ages 15 to 19 are covered up to 28 percent of poverty. Under exiting federal law, states' Medicaid programs must cover all children born after September 30, 1983, beginning October 1, 2001, with a family income up to 100 percent of the federal poverty level. As with many other states, Florida has taken an incremental approach to this coverage requirement, increasing the coverage of children up to 100 percent of the federal poverty level by year as children age. Fourteen-year-olds in families with income up to 100 percent of the federal poverty level just became eligible October 1, 1997. (For purposes of illustration, the current federal poverty level for a family of four is $16,450.) The program is projected to serve 1,490,047 clients this year, approximately half of whom, or more than 745,000, are children.

Florida Healthy Kids Corporation

Section 624.91, F.S., the "Florida Healthy Kids Corporation Act," was enacted in 1990, and was redesignated as the "William G. 'Doc' Myers' Healthy Kids Corporation Act," in 1996. The intent of the act is to increase children's access to health care services. The not-for-profit corporation is designed to facilitate the provision of preventive health services to children, if necessary through the use of school facilities, and to provide comprehensive school enrollment-based health insurance coverage to children. The Healthy Kids Corporation is fully operational in 23 counties, providing coverage to more than 48,000 school-age children currently, with enrollment estimated to reach 59,000 by the end of the state fiscal year, assuming current program plans. An additional five counties will begin enrollment in the spring of 1998, and another six counties have expressed an interest in participating in the program.

Coverage under Healthy Kids includes well-child care visits and immunizations, primary and specialty physician office visits, laboratory tests, inpatient hospital care, surgical procedures, emergency services including transportation, prescribed drugs, vision screening and glasses, hearing screening and hearing aids, physical therapy, mental health services, pre-natal care and delivery, transplants, and dental services. Coverage is limited to a $1 million life-time maximum. The program primarily serves children in kindergarten through twelfth grade, and a few of their younger siblings.

Eligibility for the subsidy under the program is based on eligibility for the Reduced and Free Lunch Program, which is income up to 185 percent of the federal poverty level. In Healthy Kids,

all families, regardless of income, are required to contribute based on their ability to pay. Premiums for children whose family incomes are above 185 percent of the federal poverty level are fully paid by the family, with no subsidy.

The program is financed by a combination of state, local, and participant funds. Local governments are required to make a financial commitment, which is set by board policy. Historically, there has been a 5 percent minimum contribution set as the base, and each program's local contribution is increased over time up to a maximum of 40 percent. At its October 1997 meeting, the board agreed to reduce the maximum local match requirement to 20 percent, contingent on new federal Title XXI funding.

The corporation issues bids to providers and insurers to participate in those counties where it is seeking to expand. A single service provider is selected per county. Currently, all contractors are managed care organizations and the average monthly Healthy Kids premium is $58 per member per month.

Overview of Children's Medical Services

Under the authority of chs. 383 and 391, F.S., the Children's Medical Services (CMS) Office of the Department of Health provides a comprehensive system of care ranging from prevention services to long-term care services for financially-eligible high-risk pregnant women, sick or low birthweight newborns, and children with chronically handicapping or potentially handicapping conditions. Prevention services are available through statewide programs such as infant metabolic screening, infant hearing screening, and poison control centers. Prevention services also include the statewide Regional Perinatal Intensive Care Centers (RPICC) Program, which provides specialized services to high-risk pregnant women and newborns. Early intervention services are available throughout the state for infants and toddlers who are at risk for developmental delay. These services are provided by local agencies and Developmental Evaluation and Intervention programs.

Eligible individuals may receive medical and support services through local CMS clinics staffed by private contract physicians, in local private physician offices, or other local health care organizations, through regional programs, hospitals, referral centers, and statewide programs. Specialty clinics are available for a wide range of medical problems. Children are referred from local physicians and specialty clinics into regional and tertiary programs for such problems as kidney disease, diabetes, and cancer. Children with medically complex problems receive specialized community-based services and long-term care such as medical foster care, developmental and medical care, in-home services, and skilled nursing facility care. The continuum of CMS services is organized as a formal network of providers throughout the state. Providers and families are supported by nurse case managers and social workers.

Section 409.9126, F.S., created by ch. 96-199, L.O.F., authorizes the statewide Children's Medical Services network of providers to serve Medicaid-eligible children with special health care needs, pursuant to federal waiver approval. Network providers are reimbursed on a fee-for-

service basis for such services. The term "children with special health care needs" is specifically defined. Such children are assigned to a CMS network provider, who serves as the child's service gatekeeper. Rules for the network are developed by AHCA, in conjunction with the Department of Health.

Overview of the State Children's Health Insurance Program

In response to concerns about the millions of uninsured children in the nation, the Congress allotted, through the Balanced Budget Act of 1997 (P.L. 105-33), almost $40 billion over the next 10 years to help states expand insurance coverage to more children, either through Medicaid or other health plans. The State Children's Health Insurance Program has the potential to significantly reduce the number of uninsured children in Florida. The act, which created Title XXI of the Social Security Act, will help states expand health care coverage to the nation's estimated 10 million uninsured children. The act initially allocates funds to states based on the number of uninsured children in the state and subsequently on the number of low-income children residing in a state. The new law is specific to the use of funds for "targeted low-income children." States may set income eligibility at up to 200 percent of the federal poverty level, or at 50 percent above their current eligibility level, whichever is higher. The federal law allows states to expand coverage for children through: expanding the existing Medicaid program; creating or expanding a separate program specific to the children's initiative, through the use of a federally established "benchmark" coverage plan; or through a combination of these efforts. The benefit package of the Florida Healthy Kids Program was specifically authorized. Those children who are eligible for services under Medicaid are specifically prohibited from coverage under the new initiative.

In order to be eligible to receive funds under this new initiative, a state must submit a State Plan for approval by the federal Department of Health and Human Services. A state must have a plan approved before October 1, 1998, to be eligible to receive the first year's funds. While the states are given broad authority to design programs to meet a state's specific needs, the plan must detail how the state intends to use the funds. The state plan must describe eligibility standards (income and asset limits, age, geography, residency, duration), benefits (which must meet certain federal thresholds), delivery methods, utilization controls, Medicaid eligibility screening, cost-sharing requirements, maintenance-of-effort, outreach efforts, administrative processes, and coordination with other coverage programs. Once the plan is approved, a state can implement its program and start drawing down federal funds.

Whereas the matching rate under the Florida Medicaid Program is 56 percent federal and 44 percent state funding, the matching formula for Florida under this new initiative is an enhanced match rate of 69 percent federal and 31 percent state funding. Based on federal calculations, an annual appropriation of $270.3 million federal funds is available for Florida which will need to be matched with an estimated $121.2 million state funds. This state match can be new revenue or perhaps some existing general revenue that currently does not qualify for federal matching funds. If the state does not use all of its federal allocation in any year, that money can be "carried forward" for use in the subsequent 2 years. As to how funds can be used, 90 percent of funds must be for health insurance coverage for children. No more than 10 percent of the total amount

of federal funding may be expended for outreach, administration, direct payments for child health assistance, expenditures for health service initiatives, and other reasonable costs to administer the program.

Phase One of Florida's Children's Health Insurance Program

An initial Child Health Plan (Title XXI) was submitted by the Governor, with approval from the President of the Senate and the Speaker of the House of Representatives, to the federal Department of Health and Human Services (HHS) on December 2, 1997. This plan includes an expansion of the Florida Healthy Kids Program to additional counties (already approved in the 1997-98 General Appropriations Act) and extends Medicaid coverage to children ages 15 to 19 with family income between 28 percent of the federal poverty level and 100 percent of the federal poverty level (which will need to be ratified by the Legislature during the 1998 session). Florida's plan was approved by HHS on March 5, 1998, and is to be implemented April 1, 1998. This plan can be subsequently amended to reflect further program development.

III. Effect of Proposed Changes:

Section 1. Amends s. 409.904, F.S., relating to optional eligibility under the Medicaid Program, to extend optional Medicaid eligibility to:

- Children ages 0 to 1 with family income between 185 percent and 200 percent of the federal poverty level; and
- Children ages 15 to 19 with family income between 28 percent and 100 percent of the federal poverty level.

Section 2. Creates s. 409.9045, F.S., providing for 6 months of continuous eligibility for children under the Medicaid program.

Section 3. Amends s. 409.9126, F.S., relating to the Children's Medical Services network, to: include behavioral health services as part of the CMS network by adding a definition of "behavioral health services" and directing DOH to contract with the Department of Children and Family Services for the provision of such services; make the network available to children with special health care needs who are eligible for the Florida Kids Health program; specify an enhanced, capitated reimbursement for the CMS network for special needs children under the Florida Kids Health program; specify that when the CMS network is treating children with special health care needs under Medicaid, who are Medicaid-eligible, or who are under the Florida Kids Health program, the CMS network is not subject to the Florida Insurance Code; and authorize the Department of Children and Family Services (DCFS) to establish behavioral health services' scope, clinical guidelines, standards, performance and outcome measures, practice guidelines, and rules. The bill also incorporates technical and conforming revisions.

Section 4. Creates s. 409.810, F.S., providing the short title, "The Florida Kids Health Act."

Section 5. Creates s. 409.811, F.S., providing definitions for relevant terms.

Section 6. Creates s. 409.812, F.S., creating the Florida Kids Health program and stating the program's purpose.

Section 7. Creates s. 409.813, F.S., specifying program components:
- Medicaid
- MediKids Program
- Florida Healthy Kids Program
- Health insurance plans and HMO plans
- The Children's Medical Services network

This section states that, with the exception of Medicaid, program coverage is not an entitlement.

Section 8. Creates s. 409.8132, F.S., to include in the umbrella Kids Health program a component called "Medikids" for children ages one to four, consisting of Medicaid benefits rendered through Medicaid providers in a non-entitlement manner and administered by the Agency for Health Care Administration. Incorporates several conforming revisions.

Section 9. Creates s. 409.8135, F.S., providing for program enrollment and expenditure ceilings, to be set annually in the General Appropriations Act. The bill authorizes AHCA, in consultation with the Department of Health, to propose an increase in the enrollment ceiling via a ch. 216, F.S., budget amendment. Provides for enrollment to cease if the Social Services Estimating Conference determines that funds are currently or projected to be insufficient to fund the program. Directs AHCA to collect and analyze data needed for these purposes.

Section 10. Creates s. 409.814, F.S., providing eligibility guidelines, targeting those children whose family income is at or below 200 percent of the federal poverty level. No asset test is required.
- A Medicaid eligible child must be enrolled in Medicaid.
- A child not eligible for Medicaid is eligible for remaining program components to the extent coverage is available in the county of residence.
- A child with special health care needs is eligible for health benefits coverage from and may be referred to the Children's Medical Services (CMS) network.

Provides specific program exclusions for the following persons pursuant to federal law:
- Those *eligible* for state employee health benefits.
- Those *covered* under a group health plan or other health insurance coverage.
- Those seeking premium assistance for employer-sponsored group coverage, if the child has been covered by the same employer's group coverage during the 6 months prior to the family submitting an application for determination of eligibility under the program.
- Non-qualified aliens.
- Those who are inmates of a public institution or a patient in an institution for mental disease.

This section authorizes a child whose family income is above 200 percent of the federal poverty level to participate in the program, with no premium assistance and without being counted in the program annual enrollment ceiling.

This section also provides for a 6-month continuous eligibility period under the program.

Section 11. Creates s. 409.815, F.S., specifying health benefits coverage and limitations:

- For Medicaid eligibles, the Medicaid benefits are to be provided.
- Establishes the Florida Healthy Kids benefit package as the benchmark for other coverage to be offered under the program. Specifically included are: preventive health services, inpatient hospital services, emergency services, maternity services, organ transplant services, outpatient services, behavioral health services, durable medical equipment, health practitioner services (including chiropractic and podiatric services), home health services, hospice services, laboratory and x-ray services, nursing facility services, prescribed drugs, therapy services, and transportation services.
- Incorporates certain modifications required by Title XXI and federal insurance requirements (i.e., HIPAA):
  - Deletes the lifetime maximum of $20,000 for behavioral health care coverage.
  - Provides for a prohibition on the coverage of abortions except to save the life of the mother or if the pregnancy is the result of an act of rape or incest.
- Incorporates enhanced benefits beyond those currently provided through the Florida Healthy Kids program for the following services:
  - Behavioral health (essentially doubling the current day and visit limits for mental health, and providing substance abuse services similar to mental health limits).
  - C-section deliveries, to be reimbursed an amount equal to reimbursement for vaginal deliveries (as is currently done under Medicaid).
- Authorizes coverage providers to offer additional benefits beyond the minimum benefits or to impose less restrictive service limitations than the minimum benefits, and prohibits AHCA from increasing the premium assistance payment for these benefits or limitations, except for the CMS network.
- Exempts health insurance plans and HMO contracts from mandated benefits, to the extent the benchmark benefit plan established in the act does not contain those benefits.
- Authorizes HMOs to pay providers located in a rural county negotiated fees or Medicaid reimbursement rates for services provided to enrollees who are residents of the rural county.

Section 12. Creates s. 409.816, F.S., providing limits on premiums and cost sharing as required under federal law specific to:

- Medicaid eligibles, who have no cost-sharing requirements under federal law.
- Those with family income at or below 150 percent of the federal poverty level, whose cost-sharing requirements are those minimum requirements imposed on adults under federal Medicaid regulations.
- Those with family income above 150 percent of the federal poverty level, whose cost-sharing requirements cannot exceed 5 percent of the family's income.

No cost-sharing requirements may be imposed for preventive services, including well-baby and well-child care, age-appropriate immunizations, and routine hearing and vision screening.

Section 13. Creates s. 409.817, F.S., specifying requirements for health benefits coverage qualifications for financial assistance under the program. Coverage must:

- Be certified by DOI as meeting or exceeding the benchmark benefit plan.
- Be guarantee issued.
- Be community rated (for health insurance).
- Have no preexisting condition exclusion (with specific exceptions).
- Comply with premium and cost-sharing limitations.
- Meet quality and access standards.
- Establish periodic open enrollment periods, no more frequently than quarterly.

Section 14. Creates s. 409.8175, F.S., authorizing HMOs and health insurers to reimburse providers located in a rural county according to the Medicaid fee schedule for services provided to enrollees in rural counties if the provider agrees to accept such fee schedule.

Section 15. Creates s. 409.818, F.S., providing for administration, specifying agency functions as follows:

- Department of Children and Family Services:
  - Developing a simplified eligibility form, in consultation with AHCA, the Department of Health, and the Florida Healthy Kids Corporation.
  - Establishing and maintaining the eligibility determination process, including initial and redeterminations at 6-month intervals, and a determination of whether a child has special health care needs.
  - Informing program applicants about eligibility determinations, and making coverage providers aware of applicant eligibility.
  - Adopting necessary rules.

- Department of Health (DOH):
  - Designing an eligibility intake process in coordination with the Department of Children and Family Services, AHCA, and the Florida Healthy Kids Corporation.
  - Designing and implementing program outreach activities.
  - Chairing a state-level coordinating council for the implementation and operation of the program.
  - Adopting necessary rules.

- Agency for Health Care Administration:
  - Calculating the premium assistance payment levels.
  - Calculating the annual program enrollment ceiling.
  - Making premium assistance payments.
  - Monitoring compliance with quality assurance and access standards.
  - Establishing a mechanism for investigating and resolving complaints and grievances.
  - Approving health benefits coverage for program participation.

- Adopting necessary rules.

- Department of Insurance (DOI):
  - Certifying that plans (excluding Healthy Kids Program providers and the Children's Medical Services Network) meet, exceed, or are actuarially equivalent to the benchmark benefit plan.
  - Adopting necessary rules.

- The Florida Healthy Kids Program:
  - Maintaining current functions with the exception of eligibility determination, which is assumed by DOH.
  - Establishing a maximum number of children by county on a statewide basis who may enroll without requiring local matching funds.

- This section directs AHCA and DOH to seek a federal waiver regarding alternative coverage providers.

- This section authorizes AHCA, DOH, DCFS, and DOI to make program modifications and adopt rules necessary to overcome any federal government objections to plan approval.

Section 16. Renumbers s. 154.508, F.S., as s. 409.819, F.S., and amends that section to: make it applicable to the Florida Kids Health program; give DOH lead responsibility for program outreach, in conjunction with other agencies; and specify outreach activities.

Section 17. Creates s. 409.820, F.S., directing the Department of Health, in consultation with AHCA and the Florida Healthy Kids Corporation, to develop a common set of quality assurance and access standards, including processes for granting exceptions. Compliance with these standards is a condition of provider participation in the program.

Section 18. Provides performance-based program budgeting outcome measures and standards.

Section 19. Repeals s. 624.92, F.S., as created by chapter 97-260, Laws of Florida, that limited the Florida Healthy Kids Corporation enrollment and that directed AHCA to apply for a federal waiver for Florida Healthy Kids.

Section 20. Provides an appropriation of $2,000,000 from Title XXI funds for school health services during fiscal year 1998-99.

Section 21. Specifies the applicability of the provisions of the act to Florida Healthy Kids Corporation contracts in existence as of June 30, 1998.

Section 22. Provides a July 1, 1998, effective date.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

The provisions of this bill have no impact on municipalities and the counties under the requirements of Article VII, section 18 of the Florida Constitution.

B. Public Records/Open Meetings Issues:

The provisions of this bill have no impact on public records or open meetings issues under the requirements of Article I, subsections 24(a) and (b) of the Florida Constitution. However, certain information provided by families as part of the application for premium assistance and eligibility determination under the Florida Kids Health program should be confidential and exempt from the Public Records Law requirements regarding public disclosure. A companion measure, SB 1230, proposes to create the Public Records Law exemption

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

Some families, if they elect to enroll their children in the Florida Kids Health program, will have to make a small contribution to the cost of coverage for their children.

B. Private Sector Impact:

The following number of currently uninsured children are anticipated to benefit from program coverage in fiscal year 1998-99:

Medicaid-new eligibles	35,000
Medicaid-outreach efforts	80,000
Florida Healthy Kids-additional	60,000
Private health insurance	50,000
CMS Network	5,000
TOTAL	230,000

Health care providers will benefit from reimbursement for services which in the past would have been uncompensated care or bad debts. Private insurers or other alternative health care providers who qualify to provide Title XXI coverage will also see increased revenues.

C. Government Sector Impact:

The Balanced Budget Act of 1997 created Title XXI and includes specific federal budget allotments for the Title XXI program for federal fiscal years (FFY) 1998-2007. The allotment is allocated to the states based on formulas included in the federal law. The annual allotments are available for three years, the fiscal year of the original allotment plus 2 additional years. Florida's allocation of the allotment for FFY 1998 is $270,284,180. Future allocations to Florida will depend on the national allotment and how Florida compares to the other states in the formula used to allocate the funds. The provisions of the bill indicate that the following non-state revenue resources are necessary to fund the program:

Revenues (excluding state funds)	**FY 1998-99**
Federal Grants (Title XXI) Medical Care Trust Fund	$169,465,153
Federal Grants (Title XIX) Medical Care Trust Fund	44,875,314
Family Contributions Grants and Donations Trust Fund	17,625,826
TOTAL REVENUES	$231,966,293

Title XXI Expenditures	
Child Health Insurance Premiums	
General Revenue or Grants & Donation Trust Fund (State)	$39,264,244
Grants & Donations Trust Fund (Family Contributions)	16,592,738
Medical Care Trust Fund (Federal)	87,681,259
Subtotal	$143,538,241
Children's Medical Services Network	
General Revenue or Grants & Donations Trust Fund (State)	$19,152,513
Grants & Donations Trust Fund (Family contributions)	989,438
Medical Care Trust Fund (Federal)	42,769,609
TOTAL	$62,911,560
CMS Network/Behavioral Health	
General Revenue or Grants & Donations Trust Fund (State)	$2,162,016
Grants & Donations Trust Fund (Family contributions)	43,650
Medical Care Trust Fund (Federal)	4,828,014
TOTAL	$7,033,680

Lump Sum/Medicaid Expansion Ages 0-1	
General Revenue or Grants & Donations Trust Fund (State)	$ 829,943
Medical Care Trust Fund (Federal)	1,853,351
Subtotal	$2,683,294
Lump Sum/Medicaid Expansion Ages 15-19	
General Revenue or Grants & Donations Trust Fund (State)	$ 6,890,133
Medical Care Trust Fund (Federal)	15,386,405
Subtotal	$ 22,276,538
Lump Sum/Florida Kids Health Program Outreach/Direct Services/Administration	
General Revenue or Grants & Donations Trust Fund (State)	$ 7,588,761
Medical Care Trust Fund (Federal)	16,946,515
Subtotal	$ 24,535,276
Total Title XXI Expenditures	
General Revenue or Grants & Donations Trust Fund (State)	$75,887,610
Grants & Donations Trust Fund (Family contributions)	17,625,826
Medical Care Trust Fund (Federal)	169,465,153
TOTAL	$262,978,589
Title XIX Expenditures	
Lump Sum/Medicaid Outreach Caseload Growth	
General Revenue or Grants & Donation Trust Fund (State)	$ 27,779,263
Medical Care Trust Fund (Federal)	35,083,971
Subtotal	$ 62,863,234
Lump Sum/Medicaid 6 Month Continuous Eligibility	
General Revenue or Grants & Donations Trust Fund (State)	$ 7,752,722
Medical Care Trust Fund (Federal)	9,791,343

Subtotal	$ 17,544,065

Total Title XIX Expenditures

General Revenue or Grants & Donations Trust Fund (State)	$35,532,206
Medical Care Trust Fund (Federal)	44,875,593
TOTAL	$80,407,799

Total Expenditures (Title XIX and Title XXI)

General Revenue or Grants & Donations Trust Fund (State)	$111,419,816
Grants & Donations Trust Fund (Family Contributions)	17,625,826
Medical Care Trust Fund (Federal)	214,340,746
GRAND TOTAL	$343,386,388

Expenditures in Excess of Revenues $111,420,095

(State Share - Possible sources are General Revenue, tobacco settlement funds transferred to Grants and Donations Trust Fund, and local government contributions under Florida Healthy Kids Program.)

Local contributions under Florida Healthy Kids Program $ 8,990,137

(Assumes that entire Title XXI insurance program would be under Florida Healthy Kids and that the average rate of local match is 8 percent. Actual local contribution would be less if other private insurance is significant and local governments are not required to participate in insurance programs other than Florida Healthy Kids.)

Existing General Revenue funding to be considered (based on 1997-98 General Appropriations Act):

Florida Healthy Kids	$16,018,852
School Health Services	$17,021,881
CMS	$4,900,000
CYF-ADM	$3,300,000

Title XXI provides a limit of 10 percent of total expenditures on the amount of federal funding that is available for administrative costs and other costs such as direct health care services and outreach. The analysis assumes that this would provide a maximum of $24,535,276 (state and federal) for such activities in FY 1998-99. The amount appropriated in the bill for school services is $2,000,000 in Title XXI funds for a total of $2,895,613 when required state match is added. This direct service cost will need to be deducted from available 10 percent funds.

Actuarial estimates of the costs of including reimbursement for c-sections at the vaginal delivery reimbursement rate are not yet available.

The analysis assumes that a waiver will be applied for and approved and that the waiver will request that the full 10 percent will be available for administration, outreach and other direct services. No attempt has been made to allocate the estimated amount available for administrative activities among the various agencies which may have administrative costs associated with Title XXI. At some time, the administrative cost will require further definition and justification for appropriate allocation.

In its review of the bill, the Department of Insurance indicated the following fiscal impact, to be funded from the Insurance Commissioner's Regulatory Trust Fund:

	FY 98-99
Non-recurring	$8,044
Recurring	
Salary & benefits (1FTE)	43,756
Expense	5,181
TOTAL	$56,981

NOTE: The 1998-99 General Appropriations Bill as currently proposed in both the House and the Senate appropriates $75.0 million from Tobacco funds as state match for the federal Title XXI and Title XIX programs outlined in this bill.

As of the deadline for the staff analysis of this bill, the Department of Health had not provided an update or more current fiscal analysis of the program changes provided for by this bill.

VI. Technical Deficiencies:

None.

VII. Related Issues:

Those private insurers that want to be able to provide coverage to children through employer-based family coverage suggest that the only way they will be able to provide such coverage as part of the Florida Kids Health program will be if an "actuarially equivalent" insurance product is made acceptable under the terms of the program, as authorized under federal law. Specifying that health benefits coverage offered by insurers and HMOs under the program must meet, exceed, *or be actuarially equivalent to* the benchmark benefit plan in order to qualify for premium assistance (as provided in CS/CS/SB 1228) is a means of addressing this issue. Incorporating this concept will also add to the DOI functions the determination acturial equivalency of health benefit

coverage plan benefits and requiring DOI to comply with the terms of Title XXI in performing this function.

VIII. Amendments:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.