

STORAGE NAME: h3387s2.hcs

DATE: March 21, 1998

**HOUSE OF REPRESENTATIVES
AS REVISED BY THE COMMITTEE ON
HEALTH CARE SERVICES
BILL RESEARCH & ECONOMIC IMPACT STATEMENT**

BILL #: CS/CS/HB 3387

RELATING TO: Health Care

SPONSOR(S): Committee on Health Care Services, Committee on Elder Affairs & Long Term Care, Representative Frankel & others

COMPANION BILL(S): SB 756

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

- (1) ELDER AFFAIRS & LONG TERM CARE YEAS 5 NAYS 0
- (2) HEALTH CARE SERVICES YEAS 11 NAYS 0
- (3) HEALTH & HUMAN SERVICES APPROPRIATIONS
- (4)
- (5)

I. SUMMARY:

CS/CS/HB 3387 amends section 430.502, F.S., to designate additional memory disorder clinics at St. Mary's Medical Center in Palm Beach County and at Tallahassee Memorial Regional Medical Center in Leon County.

In addition, the bill authorizes the Department of Elder Affairs (DOEA) to contract for specialized model day care programs in conjunction with any of the designated memory disorder clinics. Current law mandates the department to contract for three model day care programs with the clinics, which is repealed by this act.

This bill also creates a 22 member panel to study care provided at the end of life. The panel is to be located at the Pepper Institute on Aging and Public Policy at Florida State University. Finally the bill authorizes the Department of Elder Affairs to contract with entities for a "Program of All-Inclusive Care for the Elderly" (PACE) project. If the recipient of this contract is a nursing home which meets certain standards, it is exempt from the provisions of ch. 641, F.S., which provides for the regulation of health maintenance organizations.

This bill has no fiscal impact on state or local governments.

II. SUBSTANTIVE RESEARCH:

A. PRESENT SITUATION:

There are currently nine memory disorder clinics (MDCs) defined in s. 430.502, F.S. Eight of those MDCs receive Legislative appropriations of approximately \$200,000 each. Current law provides that appropriations for MDCs funded after June 30, 1995 cannot reduce the allocation for the other MDCs that receive funding of at least \$189,000 per year. These clinics provide diagnostic and supportive services, training for professionals and caregivers, and conduct research related to Alzheimer's disease and memory disorders. Currently, the statute provides that DOEA contract for three model day care programs in conjunction with each memory disorder clinic.

Alzheimer's Disease (AD) is a degenerative neurological disorder. Over time, the person experiences progressive dementia, brain atrophy, and cognitive impairment. More than 4 million people in the U.S. suffer with AD.¹ In 1995 there were an estimated 202,000 cases in Florida.² AD is the most common form of dementia and is the fourth leading cause of death in the United States among adults. The incidence of Alzheimer's disease does not vary according to sex, race, or nationality. It is incurable and irreversible. Estimates are that AD costs the nation between \$80 and \$90 billion dollars a year. This includes direct financial outlays and indirect costs such as lost productivity.³

Aging experts advise that AD is *not* a normal, inevitable part of aging. Onset is usually between ages 65-85, but isolated cases have been reported as early as age 40. As the disease progresses, the affected person suffers memory loss, personality changes, and ultimately the loss of ability to perform activities of daily living (ADL's). AD progresses steadily, but unpredictably. Broadly, the brain deteriorates in three stages and the decline progresses over a period from three to twenty years. Ultimately, the person forgets how to swallow, eat, dress, walk, or recognize danger and react appropriately. At the end of the disease course, the person with AD is completely dependent upon caregivers. The caregivers become totally responsible for meeting all of the person's needs and assuring his or her safety.

DOEA estimates that there are 33,000 cases of Alzheimer's disease in Palm Beach County. Palm Beach County is part of Planning and Service Area 9 (PSA 9). The department reports that this is the highest estimated incidence in a PSA statewide.

1. This is "clinically significant" cases using parameters reported by Evans, et. al. quoted in Alzheimer's Disease Initiative Plan 1995-99, Department of Elder Affairs.
2. Alzheimer's Disease Initiative Plan: 1995-99. Department of Elder Affairs.
3. Alzheimer's Disease: Unraveling the Mystery. McNeil, Caroline, Public Information Office, National Institute on Aging.
4. Alzheimer's Association Inc.: Is it Alzheimer's? Warning Signs You Should Know.

B. EFFECT OF PROPOSED CHANGES:

Two additional memory disorder clinics will be established, one at St. Mary's Medical Center in Palm Beach County and one at the Tallahassee Memorial Regional Medical Center in Leon County. DOEA will be authorized to contract with a memory disorder clinic for a model day care programs, but will no longer be required to contract for three specialized model day are projects in conjunction with the memory disorder clinics.

The Governor and Legislature will be given recommendations on providing care at the end of life. This might result in more enlightened government policy in this area. If funding is available, DOEA may contract for the provision of a PACE project.

C. APPLICATION OF PRINCIPLES:

1. Less Government:

a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

No.

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

No.

(3) any entitlement to a government service or benefit?

No.

b. If an agency or program is eliminated or reduced:

(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

N/A

(2) what is the cost of such responsibility at the new level/agency?

N/A

(3) how is the new agency accountable to the people governed?

N/A

2. Lower Taxes:

a. Does the bill increase anyone's taxes?

No.

b. Does the bill require or authorize an increase in any fees?

No.

c. Does the bill reduce total taxes, both rates and revenues?

No.

d. Does the bill reduce total fees, both rates and revenues?

No.

e. Does the bill authorize any fee or tax increase by any local government?

No.

3. Personal Responsibility:

a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

No.

b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

No.

4. Individual Freedom:

a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

The nursing home awarded a PACE project may be exempt from the provisions of ch. 641, F.S.

- b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

No.

5. Family Empowerment:

- a. If the bill purports to provide services to families or children:

- (1) Who evaluates the family's needs?

N/A

- (2) Who makes the decisions?

N/A

- (3) Are private alternatives permitted?

N/A

- (4) Are families required to participate in a program?

N/A

- (5) Are families penalized for not participating in a program?

N/A

- b. Does the bill directly affect the legal rights and obligations between family members?

No.

- c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

- (1) parents and guardians?

N/A

(2) service providers?

N/A

(3) government employees/agencies?

N/A

D. STATUTE(S) AFFECTED:

ss. 430.502, and 430.707, F.S.

E. SECTION-BY-SECTION RESEARCH:

Section 1. Amends s. 430.502, F.S., relating to Alzheimer's disease; memory disorder clinics and day care and respite care programs, to establish two additional memory disorder clinics and to repeal a requirement that the department establish three specialized model day care programs. Instead, the department is authorized to establish these day care programs.

Section 2. Amends s. 430.707, F.S., relating to contracts, to authorize the Department of Elder Affairs to contract with an entity to provide benefits pursuant to the PACE program. If such entity is a nursing home meeting specified standards, the nursing home may be exempted from the provisions of ch. 641, F.S.

Section 3. Creates a 22 member panel at the Pepper Institute on Aging and Public Policy at FSU to conduct a study of end of life care. The panel contains representatives from hospice, nursing homes, assisted living facilities, hospitals, physicians, nurses, government officials, and consumers. The panel is to submit an interim report to the Governor, President of the Senate and Speaker of the House of Representatives by January 31, 1999, and a final report by August 1, 1999.

Section 4. Provides an effective date of July 1 of the year in which it is enacted.

III. FISCAL RESEARCH & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

None.

2. Recurring Effects:

None.

3. Long Run Effects Other Than Normal Growth:

None.

4. Total Revenues and Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

None.

2. Recurring Effects:

None.

3. Long Run Effects Other Than Normal Growth:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

None.

2. Direct Private Sector Benefits:

Victims of memory disorders will have access to a memory disorder clinic in two additional cities in Florida, Tallahassee and West Palm Beach.

3. Effects on Competition, Private Enterprise and Employment Markets:

None.

D. FISCAL COMMENTS:

Designation as a memory disorder clinic does not require the Legislature to fund the program. Eight of the nine currently designated clinics receive slightly less than \$200,000 each per year. Orlando Regional Medical Center was designated as a memory disorder clinic during the 1997 Legislative session. It did not receive an appropriation. Funding of the PACE project will be contingent on the availability of funds.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to spend funds or to take an action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority that municipalities or counties have to raise revenues.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill does not reduce the percentage of a state tax shared with counties or municipalities.

V. COMMENTS:

Section 430.502(4), F.S., was not amended as other MDCs were added to the original three designated in statute. DOEA has historically interpreted the language at 430.502(4) to mean that it must contract for a total of three model day programs.

However, the language could be interpreted to mean that DOEA **must** contract for **27** model day care programs, three programs at each of the MDCs. This would have a significant fiscal impact and dilute the seeming policy intent that DOEA recognize and foster innovation and better understanding of how to serve persons with Alzheimer's and related disorders by contracting with "model" programs.

Amending this would allow DOEA to contract for model day care programs only with a clinic that offers a day care program that was special in some way, a state-of-the-art facility. The focus would be on a day care program that could be considered to be a *model* for other facilities and programs.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

The Committee voted two amendments that are incorporated into the CS. The first was a technical change and the second amendment added a Memory Disorder Clinic at Tallahassee Memorial Regional Medical Center in addition to the one at St. Mary's Medical Center.

The CS/CS also contains two amendments approved by the Health Care Services Committee on March 18, 1998. The first amendment requires a study of end of life health care to be conducted at the Pepper Institute on Aging and Public Policy at FSU. The second

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amendment authorizes DOEA to contract with entities for a PACE project. A title amendment was also adopted to broaden the "relating to" clause as a result of these two amendments.

VII. SIGNATURES:

COMMITTEE ON Elder Affairs & Long Term Care:

Prepared by:

Legislative Research Director:

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Tom Batchelor, Ph.D.

AS REVISED BY THE COMMITTEE ON HEALTH CARE SERVICES:

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