

# 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.)

**BILL:** CS/SB's 1414 and 2520

**SPONSOR:** Health, Aging and Long-term Care Committee and Senators Clary, Dawson-White and Kurth

**SUBJECT:** Children's Health

**DATE:** April 20, 1999                      **REVISED:** \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Liem</u>	<u>Wilson</u>	<u>HC</u>	<u>Favorable/CS</u>
2.	_____	_____	<u>FP</u>	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

**I. Summary:**

Committee Substitute for Senate Bills 1414 and 2520 makes modifications to Florida's Kidcare and Healthy Start programs. The bill requires mandatory assignment to HMOs or MediPass, if a Kidcare applicant does not make a choice; allows Medikids applicants to have a choice of Medicaid HMOs or MediPass in any Florida county; allows children who are unqualified aliens or ineligible for federal funding under Medicaid or Title XXI to enroll in the Florida Kidcare program and their coverage to be provided using state funds; provides a limited Kidcare dental program; allows presumptive Medicaid eligibility for children under 19; establishes a certified match program for Healthy Start services; authorizes the Florida Healthy Kids Corporation to reduce or waive local match requirements when appropriations are designated for this purpose; and authorizes implementation of automation in the processing of applications and determination of eligibility for Title XXI services.

The bill amends the following sections of Florida Statutes: 409.8132 (1998 Supplement), 409.814 (1998 Supplement), 409.815 (1998 Supplement), 409.904 (1998 Supplement), 409.906 (1998 Supplement), 624.91 (1998 Supplement), and creates an undisgnated sectin of law.

**II. Present Situation:**

The 1998 Florida Legislature created the Florida Kidcare program, which is Florida's Title XXI child health insurance program. Florida Kidcare consists of several components: Medicaid for children, the Medikids program, Healthy Kids, the Children's Medical Services (CMS) Network, and employer-sponsored dependent (ESD) coverage. The ESD coverage will not take effect until it is approved by the federal Health Care Financing Administration.

Federal law identifies children who are not eligible for participation in the Title XXI program. Specifically excluded are children who: are eligible for the Medicaid program under the current categorical eligibility criteria; are dependants of a public agency employee who is eligible for coverage under a state health benefit plan; have other health insurance coverage; do not meet the

definition of a qualified alien; or are inmates of public institutions or institutions for mental diseases.

The 1998 Florida Kidcare Act provided dental benefits for children up to age 5 with family incomes below 200 percent of the federal poverty level under the Medikids program component. Medicaid coverage was expanded to cover children up to age 19 below 100 percent of the federal poverty level. The Medicaid program provides comprehensive dental benefits for children. No dental benefits were provided for children aged 5 or older with family incomes above 133 percent of the federal poverty level and for children aged 6 to 19 with family incomes above 100 percent of the federal poverty level. Dental benefits under the Florida Healthy Kids program are provided as a local option and if included, only cover cleaning and x-rays.

### **Medikids**

Medikids is a Medicaid “look-alike” program. Medikids provides the Medicaid benefit package (except for waivers), uses the Medicaid administrative infrastructure, pays Medicaid reimbursement rates, and uses Medicaid providers, with one exception. Medicaid enrollees may choose MediPass (a primary care case management program) or a Medicaid HMO in any Florida county. Medikids enrollees, however, may only select a MediPass provider in counties with fewer than two Medicaid-participating HMOs.

As of March 9, 1999, 26 counties have two or more Medicaid-participating HMOs. Medikids enrollees in these counties may not select a MediPass provider. Twenty counties have one HMO that participates in Medicaid. Children who live in these counties may select either the HMO or MediPass. Twenty-one counties have no Medicaid-enrolled HMO. Children in these counties select a MediPass provider for their care. Because most high-population counties have more than one Medicaid HMO, it is not surprising that most Medikids participants are enrolled in HMOs.

Families make their HMO or MediPass selection through the Agency for Health Care Administration's (AHCA or agency) abbreviated choice counseling process. Families receive a letter notifying them of their health care provider choices and requesting that a choice be made within 14 days. Agency staff follow up a total of three times with families to encourage them to make a choice. Unlike Medicaid beneficiaries, children applying for Medikids cannot receive any health benefits until they have made a provider choice and are officially enrolled in the Medikids program. Also unlike Medicaid, there is no provision for making a mandatory assignment of a child whose family does not make a voluntary choice.

During its first year of operation, the Medikids program was limited to three open enrollment periods, for a total of 150 days. Special enrollments are available at any time (provided enrollment spaces are available) to newborns, children who lose eligibility for Medicaid, and Medikids-enrolled children who move to another county outside their provider's service area. Current law allows AHCA to designate open enrollment periods after the first year of the program.

### **Healthy Kids**

The Florida Healthy Kids program is administered by the non-profit Florida Healthy Kids Corporation (FHKC), established in s. 624.91, F.S. The Florida Healthy Kids program existed

prior to the implementation of the federal Title XXI child health insurance program. Florida was one of three states to have the benefit package of an existing child health insurance program (Healthy Kids) grand fathered in as part of the Balanced Budget Act of 1997. Since its inception, the FHKC has administered the Healthy Kids program with open and closed enrollment periods.

The Florida Healthy Kids program is the largest non-entitlement program under the Florida Kidcare Act. It operates with a combination of local, state, and federal dollars, family contributions, and has required counties to contribute funds to support the health insurance subsidy for families since its inception. The federal child health insurance law requires that there be maintenance of effort in this program. Currently, counties contribute funds to support the health insurance premiums with a maximum contribution established at 20% in the fourth year of operation. The law authorizes the program to establish a certain number of enrollment slots in each county that do not require any local match. Currently, each county may enroll 500 children without any local match being required. The law also authorizes the program to vary local matching requirements and enrollment by county, based on a variety of factors which may influence the county's ability to generate local match.

Healthy Kids currently operates in 46 counties. The corporation expects to be available statewide by June 30, 1999. In addition to its Title XXI-subsidized population, Healthy Kids also covers children who do not qualify for Title XXI subsidies. Currently, of the total Healthy Kids caseload of approximately 73,000 children, about eight percent are children who are income eligible for Title XXI, but who are non-qualified aliens, children of state employees, or 19 year olds. Healthy Kids receives no federal Title XXI funding for these children. The 1998 Legislature authorized the FHKC board to establish enrollment slots to ensure the program did not exceed enrollment ceilings.

### **Medicaid Continuous and Presumptive Eligibility**

The federal Title XXI law allows states to implement presumptive eligibility for Medicaid for children up to age 19. Presumptive eligibility for Medicaid allows a child to start receiving covered services during the period while the full eligibility determination process is taking place. By federal law, states have up to 45 days to determine whether a person qualifies for Medicaid.

The 1998 Legislature directed the Agency for Health Care Administration to conduct a study of presumptive eligibility. The study found that the benefits associated with implementing presumptive eligibility outweigh the costs:

- Health outcomes for children would improve.
- The enrollment process would be simplified and less confusing, particularly for those applying to Title XXI programs who meet referral criteria for Medicaid.
- Hospitals and other providers would benefit to the extent they are currently providing uncompensated care to children.
- The cost to the state is low due to the enhanced federal match rate.

### **The Healthy Start Program**

The Healthy Start program consists of locally-based coalitions that help to identify and mitigate medical, environmental and psychosocial problems in mothers at risk for low birth weight babies. Healthy Start identifies women at risk for problem pregnancies and provides a number of “wrap-around” services designed to improve pregnancy outcomes for the at-risk mothers and their babies. Since the inception of Healthy Start, Florida has witnessed a steady drop in infant mortality and neo-natal mortality rates, and ranks among the nations leaders in terms of its marked improvement on these scores. According to the March of Dimes, Florida’s overall infant mortality rate has declined from 8.9 per 1,000 births in 1991 to 6.9 per 1,000 births in 1997, with a reduction of nearly 34% for non-white mothers. While Florida’s performance exceeds the national year 2000 goal, other states’ performance demonstrates that improvement is possible, particularly in identifying and screening at-risk women and children, and providing them with services which will reduce their risk. Under the current program, at risk women are provided approximately 6 of the needed 12 contact hours per year of service.

Although nearly 80% of Healthy Start program participants are Medicaid eligible, almost all the services under the Healthy Start Program are funded from state general revenue. Many other states provide these services through Medicaid for eligible women, thereby receiving federal matching funds.

### **Medicaid Certified Match Program**

The federal/state Medicaid program ordinarily pays for services at a fixed price per service - 55 percent of that cost being federal funds which are matched by 45 percent state funds. However, in the case of providers who are agencies of state government, federal law also permits the Medicaid program to pay just 55 percent of the cost of a service (i.e., the federal share), and then permits the provider/agency to certify that the other 45 percent of the payment has been provided (or matched) by state funds - without depositing those funds in a Medicaid account. This arrangement is frequently referred to as a “certified match” program.

Florida currently operates a certified match program providing outreach services in schools, and caps the amount to be paid at \$50 million statewide. The program is authorized under s. 409.908(21), F.S., 1998 Supplement. No additional expenditure of state funds is required for this program; school districts certify existing funding and programs (which meet certain minimum guidelines) to justify the draw-down of federal matching funds.

### **Dental Care for Children**

Tooth decay is one of the most prevalent chronic diseases of childhood. Because it is a chronic, progressive bacterial infection, routine, periodic professional intervention is needed to prevent and control the disease. Children from low-income families have the least access to dental care and, thus, the greatest unmet need. Eighty percent of tooth decay on permanent teeth occurs in only 25 percent of children, mostly children from low-income families. These children suffer unnecessary pain, difficulty in eating, distraction from learning, and diminished self-esteem resulting from unattractive appearances. Studies have shown that twice as many parents indicate unmet dental need for their children than unmet medical need. Low-income parents rank dental care as a top

issue. The 1987 National Medical Expenditure Household Survey reported that expenditures for dental care for children aged 3-12 accounted for 22 percent of their health expenditures, and for children aged 13-18, 30 percent. However, less than 5 percent of public child health expenditures are spent on dental care for low-income children. Only 17 percent of the children in Florida with family incomes below 200 percent of the federal poverty level receive an annual dental visit through publicly funded programs, their main source of care.

The 1998 Florida Kidcare Act provided dental benefits for children up to age 5 with family incomes below 200 percent of the federal poverty level under the Medikids program component. Medicaid coverage was expanded to cover children up to age 19 below 100 percent of the federal poverty level. The Medicaid program provides comprehensive dental benefits for children. No dental benefits were provided for children aged 5 or older with family incomes above 133 percent of the federal poverty level and for children aged 6 to 19 with family incomes above 100 percent of the federal poverty level. Dental benefits under the Florida Healthy Kids program are provided as a local option and if included, only cover cleaning and x-rays.

The Agency for Health Care Administration (agency) reports that low Medicaid reimbursement rates hinder provider participation. In addition, the agency reports that the majority of private dental practitioners do not support capitated programs and, thus, are hesitant to participate in a capitated reimbursement program. In the Medicaid program, only about 10 percent of all dentists are significant Medicaid providers; utilization rates for children are only 31 percent to 37 percent. As a result, two-thirds of Medicaid eligible children do not receive the periodic early diagnostic/preventive/restorative care necessary to improve and maintain good oral health.

### III. Effect of Proposed Changes:

**Section 1.** Amends s. 409.8132(7), F.S., 1998 Supplement, to allow Medikids applicants choice of either Medipass or managed care plans. The agency is authorized to conduct mandatory assignment for Medikids applicants who do not make a voluntary choice within 30 days. The assignments must be equally divided between the Medipass program and managed care plans. The requirement that allows a Medikids applicants to select Medipass only in counties that have fewer than two Medicaid-participating HMOs is removed.

**Section 2.** Amends s. 409.814, F.S., 1998 Supplement, to remove the exclusion of non-qualified alien children from participation in Florida Kidcare and allows state-only funded Kidcare coverage for children not eligible for funding under Medicaid and Title XXI, subject to available appropriation.

**Section 3.** Amends s. 409.815, F.S., 1998 Supplement, to add a dental benefit under Kidcare which is limited to three sites and 1,000 children. The agency is to administer the program, using the same benefits specified in s. 409.906(6), F.S., (1998 Supplement). However, the program excludes coverage for orthodontics. The program must use Medicaid-enrolled providers and use the Medicaid fee-for-service rate structure. The Agency is required to include an evaluation of the dental program in the annual Kidcare report. The bill specifically requires that the limited dental program is subject to an annual appropriation and may not result in a decrease in the total number of children served during the previous year.

**Section 4.** Amends s. 409.904, F.S., 1998 Supplement, to provide for presumptive eligibility for Medicaid for children under age 19.

**Section 5.** Amends s. 409.906, F.S., 1998 Supplement, to establish a certified match program for Healthy Start Services. Currently the Healthy Start program provides a variety of prenatal and perinatal services including screening, nutrition education, aimed at improving maternal and newborn health. These services are paid out of state general revenue. The certified match program would allow draw-down of additional federal Medicaid matching dollars for services which are provided to Medicaid-eligible Healthy Start clients. The agency shall take no action to implement a certified match program without ensuring that the consultation provisions of chapter 216, F. S., have been met.

**Section 6.** Amends s. 624.91, F.S. 1998 Supplement to allow the Healthy Kids Corporation to reduce or waive local matching requirements when appropriations are designated for this purpose in the General Appropriations Act.

**Section 7.** Authorizes the Agency for Health Care administration , in conjunction with the Department of Children and Families, to implement the automation of the processing of applications and determination of eligibility for Title XXI services.

**Section 8.** Provides an effective date of upon becoming a law.

#### **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.

##### **C. Trust Funds Restrictions:**

The provisions of this bill have no impact on the trust fund restrictions under the requirements of Article III, Subsection 19(f) of the Florida Constitution.

#### **V. Economic Impact and Fiscal Note:**

##### **A. Tax/Fee Issues:**

None

**B. Private Sector Impact:**

There may be a shift of enrollment under the Medikids program away from HMOs to fee-for-service providers in the Medipass program.

Hospitals and other providers would benefit to the extent they are currently providing uncompensated care to children. Automated processing of applications and determination of eligibility may ease entry into the program and the speed with which providers can bill for services.

Current participation rates of the Medicaid Children's Dental Program for very low income families are suppressed by the low reimbursement rate. The impact of adding the limited dental benefit would depend on its attractiveness relative to the existing Medicaid program and whether or not the program expands the number of providers. The new program could be more attractive to dentists than the existing Medicaid program, if the rates are higher, potentially reducing provider participation for the existing Medicaid program.

The limited dental benefit would create new coverage for the Kidcare program that would be administered in a manner different from the rest of the Kidcare program.

**C. Government Sector Impact:**

Fiscal impact estimates of the various components of the bill are:

Presumptive Eligibility:	\$327,311
Coverage for Undocumented Children:	\$10,132,690
Limited Dental Coverage under Kidcare:	\$232,406

Addition of a certified match program under Healthy Start would increase the funding for prenatal and perinatal programs by an estimated \$28,639,606 in federal funds. There would be no additional state funds required.

There is no fiscal impact at this time for costs to add coverage for children who are ineligible for federal funding under Medicaid and Title XXI.

**VII. Related Issues:**

The bill provides for AHCA to conduct mandatory assignment for families applying for Medikids who do not make a voluntary health care provider choice within 30 days. This would allow AHCA to ensure that the small percentage of families who do not make a choice have a health care provider for their children. It would also make the Medikids program more consistent with Medicaid procedures. The time frame, however, should be extended. The agency receives a choice file from Healthy Kids that may include children who ultimately are determined ineligible for Medikids (e.g., child of a state employee, non-qualified alien, over age for the program). The agency conducts choice counseling for all children referred to keep the processing time to a minimum. It could not, however, make a mandatory assignment to Medipass or an HMO before

the full eligibility determination process has been completed by Healthy Kids, which may take up to 6 weeks.

The bill creates a limited Kidcare dental program. Limitations on the number of counties, services offered, or recipients participating may require federal waivers.

The agency reports that some additional changes should be made to current statutes to improve the Medikids program and maximize federal funding for children's health care in Florida:

- Technical correction: The current law references s. 409.910, F.S., as applicable to Medikids. This section is the Medicaid third-party liability act, and should not be included in the Medikids statute. By federal law, a child cannot have any other insurance to qualify for Florida Kidcare.
- Newborns: While the Medikids program may extend special open enrollments to newborns, subsection (7) of section 409.8132, F.S., precludes payment for services until after a child is enrolled. Allowing Medikids to cover a child from the date of birth would permit the state to reimburse services the child receives when he or she is born. This is particularly important if the child requires neonatal intensive care services. A policy of covering a newborn from the date of birth could be restricted to eligible children whose parents' health insurance does not cover the child's expenses after the birth. The Florida Kidcare Coordinating Council has recommended covering the child from the date of birth.

#### **VIII. Amendments:**

None.

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

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