

STORAGE NAME: h1129z.cf
DATE: July 5, 2000

****AS PASSED BY THE LEGISLATURE****
CHAPTER #: 2000-277, Laws of Florida

**HOUSE OF REPRESENTATIVES
AS REVISED BY THE COMMITTEE ON
CHILDREN & FAMILIES
FINAL ANALYSIS**

BILL #: CS/HB 1129 (formerly PCB CF 00-02)

RELATING TO: Medicaid managed behavioral health care

SPONSOR(S): Committee on Health & Human Services Appropriations, Children & Families and Representative Murman and others

TIED BILL(S): SB 432 (I)

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

- (1) CHILDREN & FAMILIES YEAS 9 NAYS 0
- (2) HEALTH AND HUMAN SERVICES APPROPRIATIONS YEAS 7 NAYS 2
- (3)
- (4)
- (5)

I. SUMMARY:

Passed by the Legislature as CS/HB 1129, 3rd Eng. On June 14, 2000, CS/HB 1129, 3rd Eng., became ch. 2000-277, Laws of Florida, with the Governor's signature.

The bill amends paragraph (b) and adds paragraph (e) of subsection (3) of section 409.912, F.S., relating to inpatient and outpatient mental health care services to Medicaid recipients. It authorizes the Agency of Health Care Administration (AHCA) to award managed care contracts for behavioral health care (mental health and substance abuse services) to Medicaid recipients in 13 additional counties with certain exceptions for children in dependent status.

The major provisions of the bill:

- Expand the counties where AHCA is authorized to provide Medicaid behavioral health care (mental health and substance abuse services) through a managed care model to Charlotte, Collier, DeSoto, Escambia, Glades, Hendry, Lee, Okaloosa, Pasco, Pinellas, Santa Rosa, Sarasota, and Walton Counties by December 31, 2001, and may include Alachua County.
- Requires that an entity providing Medicaid managed behavioral health care must possess clinical systems and operational competence to manage risk and provide comprehensive behavioral health care to clients that contracts are awarded competitively, and Medicaid recipients have a choice of at least two managed care plans for their behavioral health care
- Requires the Secretary of the Department of Children and Family Services to approve provisions for children in the department's care and custody.
- Excludes children residing in a Department of Juvenile Justice residential program approved as a Medicaid behavioral health overlay services provider.
- Requires the Agency for Health Care Administration (AHCA) to ensure contractors have a plan to comply with requirements for residents of assisted living facilities that hold a limited mental health license.
- Requires that indigent care patients are not displaced to hospitals licensed under chapter 395 unless these facilities are reimbursed for the cost of treatment.
- Requires traditional community mental health providers under contract with the Department of Children and Families under chapter 394 and hospitals licensed under chapter 395 have the opportunity to participate in any provider network for prepaid behavioral health service.
- Provides that AHCA may reimburse for substance abuse treatment services on a fee-for-service basis until adequate funds are available, and that by January 1, 2001, contracts in

Hillsborough, Highlands, Hardee, Manatee, and Polk counties include substance abuse services.

- Establishes July 1, 2000, as the effective date for the bill.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- | | | | |
|-----------------------------------|------------------------------|-----------------------------|---|
| 1. <u>Less Government</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. <u>Lower Taxes</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. <u>Individual Freedom</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. <u>Family Empowerment</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

B. PRESENT SITUATION:

Medicaid

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 the counties. The federal government, through law and regulations, has established extensive requirements for the Medicaid program. The Agency for Health Care Administration is the single state agency responsible for the Florida Medicaid Program. The statutory provisions for the Medicaid program appear in ss. 409.901 through 409.920, F.S.

Medicaid is a significant funding source for financing mental health services in Florida. Florida's public mental health and substance abuse programs coexist with a separately administered and funded Medicaid program. As a result, two state agencies administer funds for services. The Department of Children & Families manages the state Alcohol, Drug Abuse & Mental Health Services Program (ADM) and AHCA manages the Medicaid program. In 1997-98 the two agencies spent over \$984 million on mental health and substance abuse services. Federal funds covered 39 percent of the cost.

Medicaid has grown as a funding mechanism for community-based mental health and substance abuse programs; from 24 percent of total appropriations in Fiscal Year 1992-93 to 28 percent of total appropriations in Fiscal Year 1997-1998. Medicaid reimburses the cost of approved services for department clients who meet financial eligibility criteria, and the department contracts for additional needed services not covered by Medicaid. In addition, the department pays for the full cost of services for clients who do not qualify for Medicaid. The attached chart delineates state funding for mental health and substance abuse programs in Florida in the Department of Children and Family Services and AHCA for FY 97/98.

Section 409.912, F.S.

Section 409.912, F.S., directs AHCA to maximize the use of prepaid per capita and prepaid aggregate fixed-sum basis services when appropriate, and other alternative service delivery and reimbursement methodologies, including competitive bidding, to facilitate the cost-effective purchase of a case-managed continuum of care. The section also authorizes

AHCA to contract with a variety of entities on a prepaid per capita or prepaid aggregate fixed-sum basis for the provision of goods and services to Medicaid recipients.

Section 409.912 (3) (b), F.S., allows AHCA to use a managed care model to deliver mental health care to certain Medicaid recipients in Hillsborough, Highlands, Hardee, Manatee, and Polk counties, through a capitated, prepaid arrangement pursuant to the federal waiver provided for by s. 409.905 (5). F.S. The provision specifies that the Medicaid mental health managed care demonstration project provider must become licensed under:

- ▶ chapter 624, F.S., which provides the general indemnity insurance regulatory provisions of the Florida Insurance Code;
- ▶ chapter 636, F.S., which provides the regulatory structure for the regulation for prepaid limited health service organizations by the Department of Insurance; or
- ▶ chapter 641, F.S., which provides the regulatory structure for Health Maintenance Organizations.

The purpose of a prepaid mental health managed care model is to assist AHCA in predicting and containing Medicaid cost for mental health services. A managed care model uses techniques such as clinical protocols, prior approval and utilization management to control cost and the type and frequency of services.

Medicaid mental health managed care demonstration project

The Medicaid mental health managed care demonstration project is currently operational in the Department of Children & Family Services Districts 6 & 14. In these districts, Medicaid mental health services for Medipass enrollees (i.e., Medicaid enrollees who are assigned a primary care physician by Medicaid) are provided through a single prepaid mental health plan. In these districts, HMOs provide the full range of mental health services to their enrollees. The plan receives a flat monthly payment per enrollee (also known as a capitation rate) and is at risk to provide the full range of mental health care to their enrollees, excluding pharmaceuticals. This approach is often referred to as a “carve-out design” because mental health services are administered and financed separately from physical health services. Medicaid substance abuse services continue to be provided on a fee-for-service basis in these districts.

Some Health Maintenance Organizations (HMOs) subcontract mental health services to providers at a flat monthly payment per enrollee (also known as a subcapitation rate) and keep a portion of the fee to cover administrative cost. A criticism of subcapitation is that service dollars for individuals in need of mental health services shrink each time there is a subcontract for services.

In the remainder of the state, all Medicaid mental health and substance abuse services are provided on a fee-for-services basis for both Medipass enrollees (without preauthorization by the primary care physician gatekeeper) and HMO enrollees (outside the purview of the HMO). Health Maintenance Organizations authorize and pay psychiatric inpatient admissions for their enrollees.

C. EFFECT OF PROPOSED CHANGES:

Authorizes AHCA to contract with entities providing behavioral health care services to certain Medicaid recipients in additional specified counties (Charlotte, Collier, DeSoto, Escambia, Glades, Hendry, Lee, Okaloosa, Pasco, Pinellas, Santa Rosa, Sarasota, and Walton Counties) through a capitated, prepaid arrangement pursuant to a federal waiver. The bill delineates contract requirements and limitations.

D. SECTION-BY-SECTION ANALYSIS:

Section 1. Amends paragraph (b) and adds paragraph (e) of subsection (3) of section 409.92, F.S., relating to Agency for Health Care Administration contracting for prepaid managed care inpatient and outpatient mental health and substance abuse services for Medicaid recipients.

The bill makes the following changes:

- Requires that an entity providing Medicaid managed behavioral health care under the provisions of the bill must possess clinical systems and operational competence to manage risk and provide comprehensive behavioral health care to clients.
- Defines comprehensive behavioral health care services as covered mental health and substance abuse treatment services that are available for Medicaid recipients.
- Requires the Secretary of the Department of Children and Family Services to approve provisions for children in the department's care and custody prior to enrolling such children in a prepaid behavioral health care plan.
- Requires the Agency for Health Care Administration (AHCA) to ensure contractors have a plan to comply with requirements of s. 394.4574, F.S., related to services provided to residents of assisted living facilities that hold a limited mental health license.
- Requires that Medicaid recipients have a choice of at least two managed care plans for their behavioral health care.
- Provides that AHCA may reimburse for substance abuse treatment services on a fee-for-service basis until the agency finds that adequate funds are available for capitated, prepaid arrangements.
- Requires that by January 1, 2001, AHCA shall modify contracts with entities providing Medicaid managed behavioral health care in Hillsborough, Highlands, Hardee, Manatee, and Polk counties to include substance abuse services.
- Requires that by December 31, 2001, AHCA shall expand Medicaid behavioral health managed care to Charlotte, Collier, DeSoto, Escambia, Glades, Hendry, Lee, Okaloosa, Pasco, Pinellas, Santa Rosa, Sarasota, and Walton Counties.
- Provides that AHCA may contract to provide Medicaid managed behavioral health care in Alachua counties
- Provides that AHCA may determine whether Sarasota County shall be a separate catchment area or include in another agency catchment area.
- Prohibits AHCA from including in the behavioral health care managed care expansion children residing in a Department of Juvenile Justice residential program approved as a Medicaid behavioral health overlay services provider.
- Requires that plans ensure indigent care patients are not displaced from facilities in the behavioral health care project to hospitals licensed under chapter 395 unless these facilities are reimbursed for the cost of all treatment.
- Requires traditional community mental health providers under contract with the department under chapter 394 and hospitals licensed under chapter 395 be offered the opportunity to participate in any provider network for prepaid behavioral health service.
- Requires that contracts for Medicaid managed behavioral health care be awarded competitively.

Section 2. Specifies an effective date for the act of July 1, 2000.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

N/A

2. Expenditures:

N/A

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

N/A

2. Expenditures:

N/A

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

N/A

D. FISCAL COMMENTS:

None

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 expend funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce revenue raising authority.

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.

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V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

N/A

B. RULE-MAKING AUTHORITY:

N/A

C. OTHER COMMENTS:

BILL HISTORY

02/15/00 HOUSE Prefiled
02/24/00 HOUSE Referred to Health & Human Services Appropriations (FRC)
03/07/00 HOUSE Introduced, referred to Health & Human Services Appropriations (FRC)
HJ 00077
04/07/00 HOUSE On Committee agenda Health & Human Services Appropriations
(FRC), 04/11/00, 1:00 pm, Reed Hall
04/11/00 HOUSE Comm. Action:CS by Health & Human Services Appropriations (FRC);
YEAS 7 NAYS 2 HJ 00571
04/18/00 HOUSE CS read first time on 04/18/00 HJ 00570; Pending review of CS under
Rule 113 HJ 00571
04/21/00 HOUSE Placed on Calendar HJ 00571
04/26/00 HOUSE Placed on Special Order Calendar; Read second time HJ 00827;
Amendment(s) adopted HJ 00827
05/01/00 HOUSE Read third time HJ 01307; Amendment(s) adopted HJ 01307; CS
passed as amended; YEAS 119 NAYS 0 HJ 01307
05/01/00 SENATE In Messages
05/02/00 SENATE Received, referred to Health, Aging and LongTerm Care; Banking and
Insurance; Fiscal Policy SJ 00898; Immediately withdrawn from Health,
Aging and LongTerm Care; Banking and Insurance; Fiscal Policy SJ
00837; Substituted for CS/SB 1046 SJ 00837; Read second time SJ
00837; Amendment(s) adopted SJ 00837; Read third time SJ 00838;
CS passed as amended; YEAS 38 NAYS 0 SJ 00838
05/02/00 HOUSE In returning messages
05/04/00 HOUSE Concurred HJ 01589; CS passed as amended; YEAS 114 NAYS 0
HJ 01590; Ordered engrossed, then enrolled HJ 01591

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

VII. SIGNATURES:

COMMITTEE ON CHILDREN AND FAMILIES:

Prepared by:

Staff Director:

Dr. Glen Mitchell

Bob Barrios

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**AS REVISED BY THE COMMITTEE ON HEALTH AND HUMAN SERVICES
APPROPRIATIONS:**

Prepared by:

Staff Director:

Lynn Dixon

Lynn Dixon

FINAL ANALYSIS PREPARED BY THE COMMITTEE ON CHILDREN & FAMILIES:

Prepared by:

Staff Director:

Glenn Mitchell

Bob Barrios