

**STORAGE NAME:** h1129s1.hhs

**DATE:** April 12, 2000

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

The bill amends paragraph (b) of subsection (3) of section 409.92, 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 11 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.
- Require AHCA to consult and coordinate with the Department of Children and Family Services and the Department of Juvenile Justice in the development of the behavioral health care prepaid plan procurement document. The Department of Children and Family Services must approve the sections of the procurement document that relate to children in the care and custody of the Department of Children and Family Services. Also requires the Department of Juvenile Justice to approve the sections of the procurement document that relate to children in the care and custody of the Department of Juvenile Justice.
- Define the term "behavioral health care" to include mental health and substance abuse services. Also defines "therapeutic or supportive foster care homes," "district," "specialized therapeutic foster homes."
- Prohibit AHCA from including in the behavioral health care managed care expansion dependent children placed by the Department of Children and Family Services in a residential facility.
- Require a local planning process prior to AHCA expanding behavioral managed care projects to other areas.

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.

See the attached table.

**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 specified counties (Baker, Clay, Dade, Duval, Escambia, Nassau, Okaloosa, Santa Rosa, St. Johns, Walton and Pinellas 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) of subsection (3) of section 409.92, F.S., relating to inpatient and outpatient mental health care services to Medicaid recipients.

The bill makes the following changes:

- ▶ Expands the counties to Baker, Clay, Dade, Duval, Escambia, Nassau, Okaloosa, Santa Rosa, St. Johns, Walton and Pinellas Counties that AHCA is authorized to provide a behavioral health managed care model.
- ▶ In counties that have over 300,000 Medicaid recipients, it requires AHCA to award one contract for every 100,000 Medicaid recipients.
- ▶ Requires AHCA to set allowable medical/loss ratio to limit administrative cost.
- ▶ Requires AHCA to consult and coordinate with the Department of Children and Family Services and the Department of Juvenile Justice in the development of the behavioral health care prepaid plan procurement document. The Department of Children and Family Services must approve the sections of the procurement document that relates to children in the care and custody of the Department of Children and Family Services and requires the Department of Juvenile Justice to approve the sections of the procurement document that relates to children in the care and custody of the Department of Juvenile Justice.
- ▶ Excludes counties where a provider service network is in operation on October 1, 2000, from the planning elements delineated in paragraph (b) of subsection (3).
- ▶ Defines the term "behavioral health care" to include mental health and substance abuse services. Also defines "therapeutic or supportive foster care homes," "district," "specialized therapeutic foster homes."
- ▶ 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.
- ▶ Prohibits AHCA from including in the behavioral health care managed care expansion: -
  - Dependent children placed by the Department of children and Family Services or a licensed child placing agency into a licensed residential group care facility which is operated by a Medicaid community mental health provider.
  - Dependent children of the department receiving therapeutic or supportive foster home care.
  - Services to children in the care or custody of the department while they are in an emergency shelter.
  - Children served under the community mental health program specialized therapeutic foster care.
- ▶ Requires AHCA to include in the behavioral health care managed care expansion provider network any existing licensed child caring or child placing agency that is also a Medicaid community mental health program.
- ▶ Requires AHCA and the department to approve behavioral health care criteria and protocols for services provided to children referred from the child protection team for follow-up services.
- ▶ 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 to be included in any provider network for prepaid behavioral health service.

- ▶ Requires AHCA to reimburse substance abuse providers in the expansion on fee-for-service basis from state Medicaid funds until such time as the agency determines that adequate funds are available for prepaid methods.
- ▶ Requires AHCA to ensure that any contractors for prepaid behavioral health services propose practical methods of integrating mental health and substance abuse services, including opportunities for community-based substance abuse agencies to become partners in the provider networks.
- ▶ Requires AHCA to notify the Legislature of the status and plans to expand the behavioral managed care projects to those counties designated in this paragraph by October 1, 2001. In any county or district in which expansion of behavioral managed care projects cannot be accomplished within the 3-year time frame, the plan must clearly state the reasons the time frame cannot be met and the efforts that should be made to address the obstacles. The plan must also address the status of services to children and their families in the care and custody of the department and Juvenile Justice. The plan must address how the services for those children and families will be integrated into the comprehensive behavioral health care program or how services will be provided using alternative methods over the 3-year phase-in.
- ▶ Requires that for counties not specifically designated in this paragraph, a local planning process shall be completed prior to AHCA expanding behavioral managed care projects to other areas. The planning process shall be completed with local community participation, including, input from community-based mental health, substance abuse, child welfare, and delinquency providers currently under contract with the Department of Children and Family Services, Department of Juvenile Justice, or AHCA. Facilities licensed under chapter 395 must also be included in the local planning process.

Section 2. Specifies an effective date for the act of October 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.

V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

N/A

B. RULE-MAKING AUTHORITY:

N/A

C. OTHER COMMENTS:

N/A

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

On April 11, 2000 , the Committee on Health & Human Services Appropriations adopted one amendment, made the bill a committee substitute and reported the substitute favorably:

**Amendment 1** - Added Pinellas county to the list of counties under which AHCA may adopt a managed care model.

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**DATE:** April 11, 2000

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VII. SIGNATURES:

COMMITTEE ON CHILDREN AND FAMILIES:

Prepared by:

Staff Director:

Dr. Glen Mitchell

Bob Barrios

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

Prepared by:

Staff Director:

Lynn Dixon

Lynn Dixon