

**STORAGE NAME:** h2329a.hhs

**DATE:** April 26, 2000

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

**BILL #:** HB 2329 (PCB HCS 00-06)

**RELATING TO:** Health Care/Medicaid

**SPONSOR(S):** Committee on Health Care Services, Rep. Peadar

**TIED BILL(S):**

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

- (1) HEALTH CARE SERVICES YEAS 17 NAYS 0
  - (2) HEALTH AND HUMAN SERVICES APPROPRIATIONS YEAS 10 NAYS 0
  - (3)
  - (4)
  - (5)
- 

**I. SUMMARY:**

HB 2329 primarily relates to the Florida Medicaid Program. The bill:

- Increases the annual adult hospital outpatient services cap from \$1,000 to \$1,500;
- Initiates a Children's Hospital Disproportionate Share Program;
- Authorizes the transfer of specified funds to the Agency for Health Care Administration as follows:
  - ▶ From the Department of Children and Family Services to provide additional state match for targeted case management services, and
  - ▶ From the Department of Elderly Affairs unexpended funds for the Assisted Living for the Elderly Medicaid waiver to fund Medicaid-reimbursed nursing home care;
- Provides additional authority to AHCA for denial of Medicaid provider applications;
- Authorizes AHCA to seek a federal waiver for a demonstration project for a coordinated care system for adult ventilator dependent patients;
- Authorizes university laboratory schools to participate in Medicaid certified school match funding;
- Restores rulemaking authority of the Department of Children and Family Services with respect to Medicaid eligibility determinations and clarifies responsibilities relating to this function; and
- Repeals s. 409.912(4)(b), F.S., relating to AHCA's ability to contract for prepaid health care services with entities that provide only Medicaid services on a prepaid basis, and which are exempt from part I of ch. 641, F.S.

The bill also provides, in statute, for the ongoing adjustment in Optional State Supplementation based on the federal benefits rate, rather than re-authorizing such adjustments in each year's General Appropriations Act.

The bill's effective date is July 1, 2000.

The fiscal impact of the bill is as follows. The increase in the annual cap on Medicaid hospital outpatient services for adults from \$1,000 to \$1,500 will cost \$17.36 million (\$7.53 million state and \$9.83 million federal). The children's hospital disproportionate share program is anticipated to cost \$3.5 million (\$1.5 million in state, derived from local government, and \$2 million federal) and will be derived from an existing disproportionate share program. These funds are included in the Governor's budget recommendations for FY 2000-2001.

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 administering the Florida Medicaid Program. The statutory provisions for the Medicaid Program appear in ss. 409.901 through 409.9205, F.S. The state budget for the program for the current fiscal year is \$7,416,045,061, and the program anticipates serving 1,607,144 clients this year.

**Adult Outpatient Hospital Services Cap**

Section 409.905(6), F.S., requires AHCA to pay for preventive, diagnostic, therapeutic, or palliative care and other services provided to a Medicaid recipient in the outpatient portion of a hospital. Payment is limited to \$1,000 per state fiscal year per adult recipient.

Section 409.908(1)(a), F.S., limits Medicaid reimbursement for hospital outpatient services to \$1,000 per fiscal year per adult recipient except for renal dialysis services and for other exceptions made by AHCA. The exceptions are for services that can be safely performed in the hospital outpatient setting and are more cost-effective when done in the outpatient setting rather than in the inpatient setting.

The agency indicated that the last increase in the cap for hospital outpatient services occurred in 1987. Over the past thirteen years, the cost of medical care has risen substantially, while the level of reimbursement cap for hospitals providing outpatient care to adults who are eligible under Medicaid has not changed.

**Medicaid Fraud and Abuse**

The Legislature, the Attorney General's Office, and specifically the Medicaid Fraud Control Unit under the Attorney General, the Agency for Health Care Administration, the Office of Statewide Prosecutor, and the federal government have taken numerous steps over the past several years to combat fraud and abuse within the Florida Medicaid program. Past

initiatives have included: claims payment analyses and controls, provider surety bonds and financial background checks, on-site provider visits, Level I and Level II criminal background checks, additional Medicaid Management Information System edits, and improved interagency coordination. Current initiatives include: pharmacy audits, including on-site audits and audits specific to overpayments, an explanation of medical benefits mailing to some recipients; pharmacy lock-in, whereby a federal waiver has been obtained to permit the state to lock-in an abusive Medicaid recipient to a single pharmacy; recipient fingerprinting demonstration project, at approximately 200 pharmacies to ensure that only the eligible recipient or an authorized representative is picking up prescribed drugs; enhanced claims analysis and automated fraud and abuse detection capabilities; additional pharmacy fraud and abuse controls, including surety bonds and on-site inspections prior to entering provider agreements; fraud detection system enhancements to identify patterns of fraud; and physician practice pattern review, including drug usage evaluation, prescribing profiles, physician education, and outcomes analysis.

As part of its fraud and abuse efforts, the agency has made two recommendations for revisions to s. 409.907, F.S., relating to Medicaid provider agreements, to aid in the prevention of fraud and abuse in the Medicaid program. The agency is proposing that, instead of a surety bond fixed at a flat amount of \$50,000, the surety bond should be based on the amount of Medicaid billings submitted or anticipated to be submitted by a Medicaid provider, where appropriate. The agency currently requires a \$50,000 surety bond from specific provider types, including durable medical equipment (DME) providers, home health agencies, home and community based providers who provide DME, physician groups and clinics where 50% or more of the practice is owned by non-physicians, specified transportation providers, and independent laboratories.

The agency is currently authorized to deny potential applicants based on 11 specific criteria, primarily related to being convicted of criminal offenses under either federal or state law. Secondly, the agency is requesting additional authority to deny Medicaid provider applications. This revision is designed to allow the agency the ability to make a determination regarding a provider applicant with whom the agency may have had prior experience, but for whom there may not necessarily be a criminal record, for instance.

**Disproportionate Share Program**

Currently under the Florida Medicaid program, there are seven separate programs specifically designed to provide enhanced Medicaid reimbursement for certain classes of hospitals rendering services to Medicaid recipients and indigent clients. These programs, their respective authorization, and current total funding (in millions) are as follows:

<u>Statute</u>	<u>Program</u>	<u>Funding</u>
s. 409.911	Regular hospitals	\$153.4
s. 409.9112	Regional Perinatal Intensive Care Centers	\$6.9
s. 409.9113	Teaching hospitals	\$19.8
s. 409.9115	Mental health hospitals	\$147.8
s. 409.9116	Rural hospitals	\$9.8
s. 409.9117	Primary care hospitals	\$6.5
s. 409.9118	Specialty (tuberculosis) hospital	\$4.3
	<b>TOTAL</b>	<b>\$348.5</b>

While the federal government, via the Balanced Budget Act of 1997, has imposed limits on the total amount of each state's Medicaid budget can flow through the disproportionate share program and specific limits on mental health disproportionate share, each state has the flexibility to array these expenditures as the state sees fit. One of the Governor's budget recommendations for fiscal year 2000-2001 is the creation of a children's hospital disproportionate share program, targeting specifically All Children's (Pinellas) and Miami Children's (Miami-Dade) hospitals.

### **Medicaid Prepaid Health Care Services**

Section 409.912(2), F.S., authorizes AHCA to enter comprehensive risk contracts serving the general Medicaid population with entities certified by the Department of Insurance (DOI) under part I of ch. 641, F.S. By contrast, s. 409.912(4)(b), F.S., authorizes AHCA to contract with entities that only serve Medicaid members, and which entities are exempt from regulation by DOI under the provisions of part I of ch. 641, F.S. This exemption dates back to early attempts by Medicaid to contract with any entity willing to provide prepaid plan services to Medicaid recipients, and more recent Medicaid attempts to contract with specific publicly-funded entities for such services, namely a consortium of federally-funded community health centers. In the recent past, AHCA has concluded that Medicaid recipients should have the benefit of the protections afforded every other citizen of Florida under part I of ch. 641, F.S., regardless of whether their health plan of choice offers commercial products or not.

Part I, ch. 641, F.S., encompasses a number of requirements which AHCA regards as critical to any sound and responsible risk-based contractor. These requirements include surplus requirements to promote fiscally sound plans, and requirements for subcontractors and regulations on marketers and marketing practices (historically a source of many complaints from Medicaid members).

The Department of Insurance is also tasked, through part I, ch. 641, F.S., with specific responsibilities in the event a health plan becomes insolvent. Those responsibilities include the provision of administrative supervision, rehabilitation, and potentially liquidation of an insolvent health plan. The Department of Insurance has the expertise and resources for these activities; AHCA does not. Dealing with insolvent contractors has presented problems for AHCA in the past since AHCA does not have the staff or experience necessary to competently administer the post-closure affairs of an insolvent plan.

Prior to the adoption of the requirements of s. 409.912(2), F.S., AHCA contracted with a number of Medicaid prepaid health plans that were not certified under part I, ch. 641, F.S. AHCA had two difficult experiences where AHCA was forced to terminate the contract due to the inability of the contractor to meet its current financial obligations. There were several other instances where only "last minute" mergers or acquisitions prevented the similar demise of health plans. Since AHCA began dealing only with DOI certified plans, AHCA has not had the frequency of this phenomenon, and with the cooperative working relationship between AHCA and DOI, AHCA has been much better able to deal with the consequences of the financial failure of contracted plans.

### **Budget Transfer Authority**

Under s. 216.292, F.S., agencies may, following executive and legislative review and approval processes, transfer specific budgeted funds. This is a regular and ongoing process during any state fiscal year. On an ongoing basis, the Agency for Health Care Administration must seek such authority with sister agencies in order to meet certain

programmatic and budget expectations. For example, the agency works very closely with the Department of Children and Family Services in ensuring adequate funding for targeted case management services rendered to those with mental health conditions. The agency reimburses for Medicaid targeted case management services to clients served by the Office of Alcohol, Drug Abuse and Mental Health in the Department of Children and Family Services and Children's Medical Services in the Department of Health. Case management is defined as activities associated with ensuring access to necessary medical, social, educational, and other services required by the individual. The Medicaid appropriation for targeted case management for adults served by the Mental Health program is funded by federal funds, matching state general revenue funds appropriated directly to Medicaid, and by general revenue funds transferred from the Department of Children and Family Services if the state match requirement exceeds the general revenue appropriated in Medicaid. In prior years the General Appropriations Acts have included proviso permitting the transfer of general revenue funds from the Department of Children and Family Services.

The same is true with regard to the Assisted Living for the Elderly Medicaid waiver in conjunction with the Department of Elderly Affairs. The Assisted Living for the Elderly (ALE) Waiver is a home and community-based services program that was implemented statewide on February 1, 1995, for recipients who reside in qualified Assisted Living Facilities (ALFs). The Department of Elderly Affairs operates the waiver, and Medicaid provides federal matching funds. The waiver includes case management and assisted living services. Assisted living services include: attendant call system, attendant care, behavior management, chore, companion services, homemaker, incontinence supplies, intermittent nursing, medication administration, occupational therapy, personal care, physical therapy, specialized medical equipment and supplies, speech therapy, and therapeutic social and recreational services. The Medicaid appropriation for the waiver is funded by federal funds and matching state general revenue funds appropriated directly to the Department of Elderly Affairs. Medicaid pays the waiver claims and bills the Department of Elderly Affairs for the state share.

One of the revisions sought as part of the Governor's budget recommendations for the 2000 session is authority for these type recurring transfers to take place apart from the s. 216.292, F.S., review process.

### **Medicaid Eligibility Determination**

During the 1999 Legislative Session, a Reviser's Bill replaced the word "department," which referred to the Department of Children and Family Services (DCF), with the word "Agency," which referred to the Agency for Health Care Administration (AHCA), in certain sections of ch. 409, F.S. Specifically, s. 409.919, F.S., provides statutory authority for rulemaking in the Medicaid program. DCF performs Medicaid eligibility determinations through an interagency agreement with AHCA. Prior to the 1999 amendment to s. 409.919, F.S., DCF had rulemaking authority to adopt rules under which it would conduct Medicaid eligibility determinations. The result of the amendment to this section was to remove DCF's rulemaking authority to adopt rules under which to conduct Medicaid eligibility determinations.

The Department of Children and Family Services is currently involved in litigation in federal court regarding Medicaid-related disability determinations and it is anticipated that any settlement would necessitate adopting additional rules or revisions to existing rules to implement.

### **Medicaid School Health Services Certified Match Program and Developmental Research Schools**

Sections 236.0812, 409.9071, and 409.908(21), F.S., authorize the school districts to certify to the Florida Medicaid program their expenditures for school health services rendered to Medicaid eligible students; AHCA in turn certifies these amounts to the Health Care Financing Administration; and HCFA provides federal matching funds for these expenditures. As established annually as part of the General Appropriations Act, there is an annual expenditure cap of \$50 million on such certifications under this program. For the current fiscal year, the Social Services Estimating Conference meeting of February 18, 2000, projected an expenditure of \$37.8 million under this program.

Developmental research schools, as authorized under s. 228.053, F.S., may be established by a state university to serve as a vehicle for the conduct of research, demonstration, and evaluation regarding management, teaching, and learning as part of the participating university's curriculum. Currently, developmental research schools exist at Florida Agricultural and Mechanical University (FAMU), Florida State University (FSU), Florida Atlantic University (FAU), and University of Florida (UF). The number of students in attendance ranges from around 500 students at FAMU and FAU, to over 1,000 students at FSU and UF.

Because the requirements for the certified school match program target school districts, and because developmental research schools are organizationally part of the universities with which they are affiliated and not part of the respective school district, the developmental research schools have not been part of the Medicaid certified match program for school health services.

### **Care for Adult Ventilator Dependent Individuals**

There is currently no statutory authorization for reimbursement for respiratory services for adult Medicaid recipients. Although respiratory equipment and supplies were made available to adult Medicaid recipients, effective October 1999, the professional services were not part of the authorization. Hospitals cannot discharge ventilator dependent adults who live alone or who cannot access professional respiratory care. Placements in skilled nursing facilities have been difficult, because no supplemental reimbursement is available to these facilities for this extra care. Hospitals are forced to keep these patients for 2 to 3 years, and sometimes for the rest of their lives. As a result, hospitals are absorbing costs in excess of one million dollars annually for each ventilator dependent person. At times, hospitals are able to establish an agreement with a nursing facility that allows the hospital to assist the nursing facility in the support of these patients. Some patients are relocated to other states, including Virginia, Maryland, and North Carolina, which becomes a hardship on families living in Florida. A recent survey, conducted by the Division of Vocational Rehabilitation, revealed that only 28 of 257 nursing facilities provide ventilator care.

### **Optional State Supplementation (OSS) Program**

Optional State Supplementation is a means-tested General Revenue funded public assistance program which supplements the federal Supplemental Security Income (SSI) of indigent elderly and disabled Floridians. This supplement increases the recipients' income to assist in paying for supportive living arrangements in the community in order to prevent unnecessary institutionalization (nursing home or mental hospital). To qualify for this program, applicants must: (1) be over age 65 or disabled; and (2) have a monthly income below \$697 and total assets under \$2,000.

According to the Department of Children and Family Services, the average annual cost to the state for an OSS-qualified person to reside in a nursing home is \$18,456. The annual cost to the State of Florida for the same individual to reside in an ALF is approximately \$2,544 -- a savings of over \$15,000 a year.

The two long term care environments used by OSS recipients are assisted living facilities (ALFs) and adult family care homes (AFCHs). To date, approximately 8,868 OSS recipients are cared for in assisted living facilities, and 372 are cared for in adult family care homes. Many ALF providers will not accept OSS clients because the reimbursement rate is lower than the actual cost to provide the care. The actual cost of care for these recipients, as determined by the Department of Children and Family Services and the OSS workgroup (established by the 1998 Legislature) is approximately \$850 a month.

Each year the federal government provides a cost of living allowance increase (COLA) to Social Security recipients. Prior to 1994, the State of Florida, in effect, took this increase away from OSS recipients, by reducing the state's contribution in the amount of the COLA increase. Beginning in 1995, the Legislature set a new precedent and allowed the pass-through of this increase to the recipient, without reducing the state contribution. This pass-through is continued each year by placing proviso language in the General Appropriations Act.

**C. EFFECT OF PROPOSED CHANGES:**

The bill addresses a number of different Medicaid topics. These include budget issues relating to the annual adult hospital outpatient cap, a children's hospital disproportionate share program, and specified fund transfer authority; Medicaid fraud issues specific to denial of provider applications; a pilot project specific to adult ventilator dependent adults; authorization for laboratory schools to participate in the Medicaid certified school match program; and Medicaid eligibility rulemaking authority for the Department of Children and Family Services. The bill repeals s. 409.912(4)(b), F.S., relating to AHCA's ability to contract for prepaid health care services with entities that provide only Medicaid services on a prepaid basis, and which are exempt from part I of ch. 641, F.S. The bill also provides, in statute, for the ongoing adjustment in Optional State Supplementation based on the federal benefits rate, rather than re-authorizing such adjustments in each year's General Appropriations Act.

**D. SECTION-BY-SECTION ANALYSIS:**

**Section 1.** Amends s. 409.212, F.S., to add as a new subsection (6) authorization for the ongoing adjustment in the optional state supplementation rate based on the cost of living adjustment to the federal benefits rates. [NOTE: This authorization is typically a part of the General Appropriation Act; this provision puts into statute what is a recurring budget proviso item.]

**Section 2.** Amends subsections (3), (15), and (18) of s. 409.901, F.S., relating to Medicaid definitions, to substitute "department" for "agency" for purposes of submission of applications for medical assistance under Medicaid and add Social Security Administration for purposes of submission of applications for Supplemental Security Income.

**Section 3.** Amends s. 409.902, F.S., relating to the designation of a single state agency for purposes of the Medicaid program to designate that the Department of Children and Family Services is responsible for Medicaid eligibility determinations, including policies, rules, and

the agreement with the Social Security Administration for Medicaid eligibility determinations for Supplemental Security Income recipients.

**Section 4.** Amends s. 409.903, F.S., relating to mandatory payments for Medicaid eligible persons, to incorporate conforming references to the Department of Children and Family Services and Social Security Administration.

**Section 5.** Amends subsection (6) of s. 409.905, F.S., relating to the hospital outpatient services requirements as part of mandatory Medicaid services, to increase the annual adult outpatient services cap from \$1,000 to \$1,500.

**Section 6.** Amends subsection (5) of s. 409.906, F.S., relating to case management services as an optional Medicaid service, to specifically authorize the Department of Children and Family Services to transfer general funds to the Agency for Health Care Administration to cover state match requirements exceeding the amount specified in the General Appropriations Act for targeted case management services, notwithstanding the provisions of s. 216.292, F.S., relating to the non-transferability of appropriated funds by state agencies.

**Section 7.** Amends subsections (9) and (10) of s. 409.907, F.S., relating to Medicaid provider agreements, to: authorize the agency to deny a provider agreement if the agency determines that such denial is in the best interest of the agency, and in so doing deletes the limitation that such denials be based solely on the grounds contained in subsection (10) of this section, but instead can also be based on, but not limited to, current availability of care, services, or supplies, taking into account geographic location and reasonable travel time; and specify that the factors listed be used in *considering*, rather than *denying*, provider participation in Medicaid.

**Section 8.** Amends s. 409.908(1)(a), F.S., relating to Medicaid hospital reimbursement, to increase the annual adult hospital outpatient services reimbursement cap from \$1,000 to \$1,500.

**Section 9.** Creates s. 409.9119, F.S., to provide for a children's hospital disproportionate share program. Specifically included are: guidelines and requirements for creation of this program; an exemption from contributions from counties under Medicaid matching fund requirements; factors to be used in determining amounts to be earned by children's hospitals and additional amounts to be paid to hospitals; and compliance requirements for receipt of funds.

**Section 10.** Amends subsection (9) of s. 409.912, F.S., relating to waivers as a cost-effective means of purchasing health care under Medicaid, to direct the Department of Elderly Affairs to transfer to the Agency for Health Care Administration any unexpended funds for the Assisted Living for the Elderly Medicaid waiver, notwithstanding the provisions of s. 216.292, F.S., relating to the nontransferability of appropriated funds by state agencies. Such funds must, in turn, be used by the agency to fund Medicaid-reimbursed nursing home care.

**Section 11.** Amends s. 409.919, F.S., relating to Medicaid rules, to require the Department of Children and Family Services to adopt rules to comply with sections 409.901-409.906, F.S., and other provisions necessary for Medicaid eligibility determination.

**Section 12.** Authorizes developmental research schools to participate in the Medicaid certified school match program.



**Section 13.** Directs the Agency for Health Care Administration to submit to the Health Care Financing Administration a waiver request for a pilot project to implement a coordinated system of care for adult ventilator dependent patients. The pilot will use a network of skilled nursing facilities that agree to participate on a capitated basis. Evaluation must focus on overall cost-effectiveness and participant outcomes. Waiver submission and preliminary and final report timeframes are specified.

**Section 14.** Repeals paragraph (b) of subsection (4) of s. 409.912, F.S., relating to Medicaid's authority to contract for prepaid health care services with entities that provide only Medicaid services on a prepaid basis, and which are exempt from part I of ch. 641, F.S.

**Section 15.** Provides a July 1, 2000, effective date.

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:

The increase in the annual cap on Medicaid hospital outpatient services for adults from \$1,000 to \$1,500 is estimated by AHCA to cost \$17.36 million. The state will provide \$7.53 million and the federal government will provide the remaining \$9.83 million in matching funds. These funds are included in the Governor's budget recommendations for FY 2000-2001.

The children's hospital disproportionate share program is anticipated to require \$1,516,349 in state funds, which would be derived from local government via inter-governmental agreements, which would draw down \$1,978,349 in federal matching funds, for a total of \$3.5 million. These funds are included in the Governor's budget recommendations for FY 2000-2001. An existing disproportionate share program will need to be reduced by an equal amount of funding.

The bill provides authority for the agency to apply for a federal waiver to implement a pilot project for adult ventilator dependent persons. It is assumed that the services will be required to be at least budget neutral under any federal waiver, therefore there is no fiscal impact on the Medicaid program.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Some providers wishing to enter or continue Medicaid provider agreements can expect to face higher surety bond requirements. This should be viewed as a cost of doing business.

Adult Medicaid recipients using hospital outpatient services will have more of such services available to them.

D. FISCAL COMMENTS:

N/A

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 action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

The bill does not reduce the authority that counties or municipalities have to raise revenues in the aggregate.

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:

The bill does not provide new rulemaking authority. It merely corrects an inadvertent error in drafting of a reviser's bill, restoring to the department specific rulemaking authority for Medicaid eligibility determinations.

C. OTHER COMMENTS:

N/A

**STORAGE NAME:** h2329a.hhs

**DATE:** April 26, 2000

**PAGE 11**

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

When the Committee on Health Care Services heard PCB HCS 00-06 on March 30, 2000, several amendments were adopted which: provided, in statute, for the ongoing adjustment in Optional State Supplementation based on the federal benefits rate, rather than re-authorizing such adjustments in each year's General Appropriations Act; deleted from the bill any change to current law relating to surety bond amounts under Medicaid; and deleted from existing statutes an obsolete and potentially confusing provision relating to Medicaid's ability to contract with prepaid plan providers that are not in full compliance with Department of Insurance standards for health maintenance organizations.

**STORAGE NAME:** h2329a.hhs

**DATE:** April 26, 2000

**PAGE 12**

On April 26, 2000, the Committee on Health and Human Services Appropriations adopted three amendments as follows:

- **Amendment #1** amended the outpatient cap from \$1,000 to \$1,500 per recipient per year in the Medicaid program and stated that the Long-Term Care Reimbursement Plan in Medicaid may not grant interim rate increases in the cost of general or professional liability insurance.
- **Amendment #2** authorized the agency to require a surety bond for Medicaid providers.
- **Amendment #3** authorized the agency to extend or renew the contract with the Medicaid fiscal agent at the agency's discretion.

VII. SIGNATURES:

COMMITTEE ON HEALTH CARE SERVICES:

Prepared by:

Staff Director:

Phil E. Williams

Phil E. Williams

AS REVISED BY THE COMMITTEE ON HEALTH AND HUMAN SERVICES

APPROPRIATIONS:

Prepared by:

Staff Director:

Lynn Dixon

Lynn Dixon