

# SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: SB 2058  
 SPONSOR: Senator Silver  
 SUBJECT: Federally Qualified Health Centers  
 DATE: March 9, 2002 REVISED: 03/11/02 \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Munroe</u>	<u>Wilson</u>	<u>HC</u>	<u>Favorable</u>
2.	<u>Wilson</u>	<u>Wilson</u>	<u>GO</u>	<u>Fav/1 Amendment</u>
3.	_____	_____	<u>AHS</u>	_____
4.	_____	_____	<u>AP</u>	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

## I. Summary:

The bill creates a program to provide financial assistance to federally qualified health centers that apply and demonstrate a need for such assistance in order to sustain or expand their provision of primary and preventative health care to low-income Floridians. The Department of Health must develop a program for the expansion of federally qualified health centers for the purpose of providing comprehensive primary and preventative health care services that may reduce morbidity, mortality, and the cost of care among the uninsured population in Florida. A seven-member review panel must be established, made up of four persons appointed by the Secretary of the Department of Health and three persons appointed by the chief executive officer of the Florida Association of Community Health Centers, Inc., to review all applications for financial assistance under the program. Criteria for the evaluation of the applications are specified and the panel must determine the weight for scoring and evaluating specified elements.

This bill creates one section of law that has not been designated in the Florida Statutes.

## II. Present Situation:

There are 27 federally funded migrant/community health centers in Florida that provided primary health care to 456,000 patients at 128 clinic locations during 2000 according to federal Uniform Data System reports. These health centers receive federal funding to provide primary health care services for medically underserved and special populations, that include migrant and seasonal farm workers, the homeless, and public housing residents.<sup>1</sup> Approximately one-half of the patients served are uninsured and another 25 percent of the patient's health care is primarily covered by the Medicaid program. Other significant providers of health care to low-income or uninsured Florida residents are county health departments, who serve an estimated 200,000

<sup>1</sup> Section 330 of the Public Health Service Act (42 U.S.C. 254b et seq.).

patients, and various “free” or volunteer clinics operated by hospitals and other agencies and organizations.

The Department of Health must conduct a primary and preventive health care program as part of fulfilling its public health mission. The program must include but is not limited to: acute and episodic care; prenatal and postpartum care; child health services; school health services; dental health services; nutrition services; chronic disease prevention; family planning services; childhood immunizations; health education and promotion; and the regulation of the practice of midwifery.<sup>2</sup>

Part V, ch. 154, F.S., is the Primary Care for Children and Families Challenge Grant Act. Pursuant to s.154.505, F.S., any county or counties which desire to receive state funding must submit an application to the Department of Health. The department must develop an application process for the Primary Care for Children and Families Challenge Grant Program.

Under the Primary Care for Children and Families Challenge Grant Program, applications must be competitively reviewed by an independent panel appointed by the Secretary of the Department of Health. The panel must determine the weight for scoring and evaluating each of the following elements to be used in the evaluation process: the target population to be served; the benefits to be provided; the proposed service network, including health care providers and facilities that will participate in the service network on a paid or voluntary basis; the methods that will be used to measure cost effectiveness; how patient and provider satisfaction will be measured; the proposed internal quality assurance process; projected health status outcomes; the manner in which data to measure the cost-effectiveness, outcomes, and overall performance of the program will be collected; and all local resources that will be dedicated to the proposal.

Funding under the Primary Care for Children and Families Challenge Grant Program is awarded based on specified preferences to proposals which:

- Exceed the minimum contribution requirements;
- Demonstrate broad-based local support for the project, including agreements to participate in the service network, letters of endorsement, or other forms of support;
- Demonstrate a high degree of participation by health care providers on a free or volunteer basis, or through financial participation;
- Are submitted by counties with a high proportion of children and families living in poverty and with poor health status indicators; and
- Demonstrate coordinated service delivery with existing publicly financed health care programs.

### III. Effect of Proposed Changes:

**Section 1.** Creates an undesignated section of law, to specify legislative findings that more than 2 million low-income Floridians continue to lack access to basic health services and legislative intent that recognizes the significance of increased federal investments in federally qualified health centers and to leverage that investment through the creation of a program to provide for

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<sup>2</sup> See section 381.005, Florida Statutes.

the expansion of the primary and preventative health care services offered by federally qualified health centers.

The Department of Health must develop a program for the expansion of federally qualified health centers for the purpose of providing comprehensive primary and preventative health care services that may reduce morbidity, mortality, and the cost of care among the uninsured population in Florida. The program must provide for the distribution of financial assistance to federally qualified health centers that apply and demonstrate a need for such assistance in order to sustain or expand the delivery of primary and preventative health care services. In selecting centers to receive this financial assistance, the program:

- Shall give preference to communities that have few or no community-based primary care services or in which the current services are unable to meet the community's needs.
- Shall require that primary care services be provided to the medically indigent using a sliding fee schedule based on income.
- Shall allow innovative and creative uses of federal, state, and local health care resources.
- Shall require that the funds provided be used to pay for operating costs of a projected expansion in patient caseloads or services, or for capital improvement projects.
- May require in-kind support from other sources.
- May encourage coordination among federally qualified health centers, other private sector providers and publicly supported programs.

A seven-member review panel must be established that is made up of four persons appointed by the Secretary of the Department of Health and three persons appointed by the chief executive officer of the Florida Association of Community Health Centers, Inc., to review all applications for financial assistance under the program. Criteria for the evaluation of the applications is specified and the panel must determine the weight for scoring and evaluating the following elements: the target population to be served; the health benefits to be provided; the methods that will be used to measure cost-effectiveness; how patient satisfaction will be measured; the proposed internal quality assurance process; how data will be collected to measure cost-effectiveness, health status and overall achievement of the goals of the proposal; and all resources that will be dedicated to the proposal.

The Department of Health is authorized to contract with the Florida Community Health Centers, Inc., to administer the program and provide technical assistance to the federally qualified health centers selected to receive financial assistance.

**Section 2.** Provides and effective date of July 1, 2002.

#### **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 Art. VII, s. 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 Art. I, s. 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 Art. III, s. 19(f) of the Florida Constitution.

**V. Economic Impact and Fiscal Note:****A. Tax/Fee Issues:**

None.

**B. Private Sector Impact:**

To the extent that the Legislature appropriates funding to implement the bill, it may assist federally qualified health centers that receive financial assistance to provide health services to medically indigent people.

**C. Government Sector Impact:**

The Department of Health will incur costs to implement the financial assistance program for federally qualified health centers as provided by the bill. The department estimates that it will need one half time staff person and a total expense of \$21,840 for fiscal year 2002-2003 and \$21,840 for fiscal year 2003-2004.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

The bill provides that a seven-member review panel must be established that is made up of four persons appointed by the Secretary of the Department of Health and three persons appointed by the chief executive officer of the Florida Association of Community Health Centers, Inc., to review all applications for financial assistance under the program. The bill authorizes the Department of Health to contract with the Florida Community Health Centers, Inc., to administer the program and provide technical assistance to the federally qualified health centers selected to receive financial assistance. A similar financial assistance program, the Primary Care for Children and Families Challenge Grant Program requires applications for financial assistance to be competitively reviewed by an independent panel appointed by the Secretary of the Department of Health. The bill does not provide safeguards to ensure an independent panel will implement a competitive review of the applications for financial assistance or prohibit appointment to the panel of persons who have a *financial interest or other potential or actual conflict of interest* in the program's distribution of financial assistance.

The above issue is noted in light of legislation enacted in 2000 that provided for an alternative delivery system for services to people with disabilities. That system endured awkward circumstances in which members of the body appointed to execute the statutory responsibilities were themselves in situations in which their public actions could easily have become compromised by their private interests. Legislation to disband this arrangement has been introduced in the 2002 Legislature. Having an advocacy and membership organization in the position of acting as a financial intermediary requires a significant distancing of the members from such circumstances.

The bill does not provide any requirement for the financial awards to give priority to proposals that have funding sources that will be matched.

The Department of Health is not given specific rulemaking authority to administer the program, including definitions, and establishing criteria for awarding financial assistance under the program. In accordance with s. 120.536, F.S., the department in addition to the specific law to be implemented would need specific rulemaking authority for the rule. See *St. Petersburg Kennel Club v. Department of Business and Professional Regulation, Div. Of Pari-Mutuel Wagering*, 719 So.2d 1210, 1211 (Fla.2d DCA 1998) in which the Second District Court of Appeal found that an administrative rule adopted by the Department of Business and Professional Regulation was an invalid exercise of delegated legislative authority because the law relied upon by the department did not provide specific rulemaking authority for the rule.

Section 402.73, F.S., places requirements on the Department of Children and Family Services in the execution of agreements with contract vendors. Of principal note is subsection (11) that requires the department to preserve a security interest in any capital outlay extended to such contractors. This bill envisions a similar arrangement. Extension of the provisions of this subsection is recommended to ensure that a similar security interest in the asset is preserved. The impetus for this security interest was noted in an interim report of a Florida Senate committee in 1997.

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

#1 by Governmental Oversight and Productivity:

Requires the grant agency to preserve its security interest in the asset and improvements or renovations consistent with s. 402.73(11), F.S.