### 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.)

SB 968				
Senator Silver				
The Florida Heal	thy Kids Corporation			
January 25, 2002	REVISED:			
NALYST -	STAFF DIRECTOR Wilson	REFERENCE HC GO AHS AP	ACTION Favorable	
	Senator Silver The Florida Heal January 25, 2002	Senator Silver  The Florida Healthy Kids Corporation  January 25, 2002 REVISED:  NALYST STAFF DIRECTOR	Senator Silver  The Florida Healthy Kids Corporation  January 25, 2002 REVISED:  NALYST STAFF DIRECTOR REFERENCE Wilson HC GO AHS	Senator Silver  The Florida Healthy Kids Corporation  January 25, 2002 REVISED:  NALYST STAFF DIRECTOR REFERENCE ACTION Wilson HC Favorable  GO AHS

## I. Summary:

Senate Bill 968 provides authority for the Florida Healthy Kids Corporation to establish and manage an operating account not to exceed twenty five percent of the Corporation's annualized expenses.

The bill creates an undesignated section of law.

#### II. Present Situation:

The Florida Healthy Kids Corporation (Corporation) was created by the 1990 Legislature as a private, not for profit corporation, to facilitate the provision of comprehensive health insurance coverage to school aged children. The statutory authority for the Corporation is found in s. 624.91, F.S. Healthy Kids is one of several programs available to uninsured children under Florida's Kidcare program. Financing for the Healthy Kids program is derived from a variety of sources, including federal, state, and county funds, and family contributions. These funds are used to provide comprehensive health and dental insurance coverage to children and to cover the operating expenses of the Corporation.

State funds that are appropriated to the Corporation by the Legislature are done so through the Agency for Health Care Administration's budget. Annually, a contract must be executed between the parties in order to release the state funds and associated matching federal Title XXI funds to the Corporation.

The prepaid nature of insurance premiums requires that the Corporation must expend in excess of \$20 million on the first of each month to cover insurance premiums for its enrollees. This expenditure is made in advance of the receipt of the state and federal matching funds. Federal

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funds are distributed on a reimbursement basis only. The Corporation reports that on average, it takes 23 days after the funds have been expended for the Healthy Kids program to receive either the federal or state reimbursement. When cash is not available to meet premium costs or operational expenses, the Corporation must exercise a line of credit. By maintaining an operating fund, the need to exercise the Corporation's line of credit and associated interest charges is avoided.

Currently, it is the Corporation's policy to maintain a reserve fund equivalent to the amount needed to continue premiums for enrollees for a thirty (30) day period and to allow for a six month dissolution of the Corporation. The Corporation estimates that an operating fund equal to 25 percent of annual expenditures would be sufficient to meet the Corporation's fiscal management needs.

# III. Effect of Proposed Changes:

Senate bill 968 allows the Florida Healthy Kids Corporation to maintain an operating fund equal to 25 percent of annualized operating expenses. The bill requires that any remaining cash balances of state funds shall be returned to the state upon the dissolution of the Corporation.

The effective date of the bill is 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:

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Λ	Tax	/	Issues:	

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

None.

# VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

## VIII. Amendments:

None.

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