

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 276
 SPONSOR: Health, Aging, and Long-Term Care Committee
 SUBJECT: The Florida Kidcare Program
 DATE: February 12, 2003 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Liem</u>	<u>Wilson</u>	<u>HC</u>	<u>Favorable</u>
2.	<u> </u>	<u> </u>	<u>AHS</u>	<u> </u>
3.	<u> </u>	<u> </u>	<u>AP</u>	<u> </u>
4.	<u> </u>	<u> </u>	<u> </u>	<u> </u>
5.	<u> </u>	<u> </u>	<u> </u>	<u> </u>
6.	<u> </u>	<u> </u>	<u> </u>	<u> </u>

I. Summary:

Senate Bill 276 repeals a section of the Laws of Florida which repeals the Florida Kidcare Act if the federal government reduces the match rate for Title XXI of the Social Security Act to less than 65 percent or reduces Florida’s allotment of federal funds below \$250 million annually. The bill appropriates funds from the Medical Care Trust Fund and the General Revenue Fund to create an electronic data interchange between the FLORIDA system and the data system of the Florida Healthy Kids Corporation fiscal agent.

This bill repeals s. 57 of chapter 98-288, L.O.F., and creates an undesignated section of law.

II. Present Situation:

Florida’s Kidcare program was created by the 1998 Legislature to make affordable health insurance available to low and moderate income Florida children. Kidcare is an “umbrella” program that currently includes the following four components: Medicaid for children; Medikids; the Healthy Kids program; and the Children’s Medical Services (CMS) Network, which includes a behavioral health component. The Kidcare program is designed to maximize coverage for eligible children and federal funding participation for Florida, while avoiding the creation of an additional entitlement program under Medicaid. The Kidcare Coordinating Council, located in the Department of Health, is charged with responsibility for making recommendations concerning the implementation and operation of the program.

The Florida Healthy Kids program component of Kidcare is administered by the non-profit Florida Healthy Kids Corporation (FHKC), established in s. 624.91, F.S. Florida’s Healthy Kids program existed prior to the implementation of the federal Title XXI State Child Health Insurance Program. Florida was one of three states to have the benefit package of an existing

child health insurance program grandfathered in as part of the Balanced Budget Act of 1997, which created the federal State Child Health Insurance Program. The Healthy Kids Corporation contracts with a fiscal agent to perform initial eligibility screening for the program and final eligibility determination for children who are not Medicaid eligible. The fiscal agent refers children who appear to be eligible for Medicaid to the Department of Children and Family Services (DCF) for Medicaid eligibility determination and children who appear to have a special health care need to Children's Medical Services for evaluation. The Healthy Kids Corporation fiscal agent generates bills for co-payments for those participants who are required to pay a portion of the premium for their coverage.

The eligibility requirements for the four Kidcare components are as follows:

Medicaid - for children who qualify for Title XIX under the following income limits: ages 0 up to 1 up to 200 percent of the Federal Poverty Level (FPL); ages 1 up to 5 up to 133 percent of FPL; and ages 6 up to 19 up to 100 percent FPL.

Medikids - for children ages 1 up to 4 who qualify for Title XXI with incomes up to 200 percent FPL.

Healthy Kids - for children ages 5 up to 19 who qualify for Title XXI up to 200 percent FPL. A limited number of children who have family incomes over 200 percent of FPL are enrolled in the Florida Healthy Kids Corporation full-pay category. In this category, the family pays the entire cost of coverage.

The CMS Network acts as a "wrap around" service – providing care to children in any of the Kidcare eligibility categories who have serious health care problems.

Medikids uses the Medicaid infrastructure, offering the same provider choices and package of benefits. Healthy Kids contracts with managed care plans throughout the state. All applicants for Florida Kidcare complete one simplified application. Pursuant to federal law, each application is screened for the child's eligibility for Title XIX Medicaid. If eligible, the child is enrolled immediately into that program. If not eligible, the application is processed for Title XXI and if eligible, the child is enrolled into the appropriate Kidcare component. With the exception of the Medicaid component, the Florida Kidcare program is not an entitlement.

Since the inception of the program, the agencies that operate Kidcare have made continual efforts to smooth the flow of applications through and between their programs in an effort to reduce the time it takes to process an application and to enroll eligible children in the appropriate program component. Ensuring compliance with federal and state law regarding placement of a child in the appropriate program component, and efficient use of state funds requires that a child's initial application and subsequent updates of that information be screened by state agencies. The agencies screen each application to either rule out or confirm eligibility factors that would render the applicant ineligible for the program entirely (such as being the dependant of a state employee) or suggest that an applicant might be eligible for one of the Kidcare program components (such as a child with special health care needs who should be enrolled in the CMS Network).

In late 2001, in response to criticism that the Kidcare programmatic and administrative structures were causing difficulties for families applying for entrance into the system and transitioning between components in the system, the Healthy Kids Corporation contracted with Maximus Incorporated to perform a review of the Kidcare eligibility determination process to identify changes that could improve system functioning. Maximus performed its analysis in the context of three goals:

Reduce the time it takes to process an application and enroll an eligible child into Kidcare;

Facilitate enrollment of children in the correct Kidcare program; and

Reduce the chances of a break in coverage for a child who is moving from Medicaid to a non-Medicaid Kidcare component.

Maximus developed 28 recommendations specific to these goals, grouped into those that could be implemented with relatively little lead time or planning, those that would require six to eight months to implement, and long-term recommendations that would take considerable time and effort to implement. The recommendations were presented to the Healthy Kids Corporation Board of Directors and the Kidcare Coordinating Council in April and June, 2002. As of December 1, 2002, many of the short-term recommendations had been implemented, others, such as processing all applications in Florida, re-engineering the Medicaid re-determination process, and authorizing the Healthy Kids fiscal agent to perform Medicaid eligibility determinations, are still being evaluated in terms of difficulty and cost.

Creating a two-way automated data interface between Healthy Kids and DCF to reduce gaps in coverage for children transitioning between Kidcare programs has proven to be one of the most complex and expensive of the recommendations to implement. An analysis from DCF indicates that the cost to re-program the FLORIDA system to accept data from the Healthy Kids system is approximately \$740,000. Exchanging information in the opposite direction, from the DCF FLORIDA system to the Healthy Kids system has a cost of approximately \$87,000. This second, lower cost portion of the interface is currently being developed.

CHIP Dip and the Repeal of the Florida Kidcare Act

Congress set aside approximately \$40 billion over ten years for the State Child Health Insurance Program (SCHIP). The Balanced Budget Act of 1997, which created SCHIP, reduced funding to states by 26 percent, or more than \$1 billion, in federal fiscal year 2002 and is scheduled to remain at this level for each of the next two fiscal years. This reduction was in response to budget constraints rather than for policy reasons.

Section 57 of the bill that created Kidcare (CS/HB 4415) provides for an automatic repeal of the Kidcare program, subject to legislative review, under certain circumstances:

Sections 409.810 through 409.820, Florida Statutes, as created by this act, are repealed, subject to prior legislative review, on the first July 1 occurring at least 1 year

after the effective date of an act of the United States Congress or the federal Health Care Financing Administration which:

- (1) Reduces Florida's federal matching rate under Title XXI of the Social Security Act to less than 65 percent federal match; or
- (2) Reduces the federal funds allotted to Florida under Title XXI of the Social Security Act to less than \$250 million annually.

This provision was intended to protect Florida from a reduction in federal funds and the resulting deficit had the state been unable to control entrance into the program. However, state law in s. 409.813, F.S., clearly defines the Title XXI portions of Kidcare as a non-entitlement program. The entities operating the Kidcare program are required by s. 409.8134, F.S., to cease enrollment if insufficient funds are available to finance the program.

III. Effect of Proposed Changes:

Section 1. Repeals s. 57 of chapter 98-288, L.O.F., which created an automatic repeal of the Kidcare Act when certain federal triggers are reached.

Section 2. Appropriates \$527,085 from the Medical Care Trust Fund and \$212,683 from the General Revenue Fund to the Agency for Health Care Administration for fiscal year 2003-2004 for the purpose of creating an electronic data interchange between the FLORIDA system and the data system of the Florida Healthy Kids Corporation fiscal agent.

Section 3. Provides an effective date of July 1, 2003.

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 Article VII, Section 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 Article III, Subsection 19(f) of the Florida Constitution.

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

None.

B. Private Sector Impact:

This bill will prevent the repeal of the entire Florida Kidcare Act in the event that federal funds are decreased below specified levels. Creating a data interchange system between the DCF FLORIDA system and the Healthy Kids Corporation will ensure smoother transitions for children who are transferring from one Kidcare component to another, and fewer gaps in coverage. This will benefit providers who render care to these children.

C. Government Sector Impact:

The bill appropriates the sum of \$527,085 from the Medical Care Trust Fund and \$212,683 from the General Revenue Fund to the Agency for Health Care Administration for fiscal year 2003-2004 for electronic data interchange between the FLORIDA system and the data system of the Florida Healthy Kids Corporation fiscal agent.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.