

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

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

Prepared By: The Professional Staff of the Health Regulation Committee

BILL: SB 510

INTRODUCER: Senators Rich and Lynn

SUBJECT: Florida Kidcare Program

DATE: January 3, 2012 REVISED: 01/09/12 _____

ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1. Wilson	Stovall	HR	Pre-meeting
2.		BC	
3.			
4.			
5.			
6.			

I. Summary:

The bill amends the law that establishes eligibility requirements for the Florida Kidcare program (Kidcare) to make children of state employees who meet other eligibility requirements eligible for the subsidized portion of Kidcare. Children of state employees are currently prohibited from obtaining health insurance coverage through Kidcare, even if the family would otherwise be financially eligible. The bill also removes a requirement that, for enrollment in the Children's Medical Services Network component of Kidcare, the application must include a medical or behavioral health screening.

This bill substantially amends the following sections of the Florida Statutes: 409.8132, 409.814, and 409.816.

II. Present Situation:

Florida Kidcare Program

The Kidcare program was created by the Florida Legislature in 1998 in response to the federal enactment of the State Children's Health Insurance Program in 1997, later known more simply as the Children's Health Insurance Program (CHIP). The federal authority for the CHIP is located in Title XXI of the Social Security Act.¹ Initially authorized for 10 years and then

¹ Title XXI – State Children's Health Insurance Program. Found at: <http://www.ssa.gov/OP_Home/ssact/title21/2100.htm> (Last visited on January 3, 2012).

recently re-authorized² through 2019 with federal funding through 2015, the CHIP provides subsidized health insurance coverage to uninsured children who do not qualify for Medicaid but who meet other eligibility requirements. The state statutory authority for Kidcare is found in part II of ch. 409, F.S.

Kidcare encompasses four programs: Medicaid for children, the Medikids program, the Children's Medical Services Network, and the Florida Healthy Kids program. Kidcare coverage is funded by state and federal funds through Title XIX (Medicaid) and Title XXI (CHIP) of the federal Social Security Act. Families also contribute to the cost of the coverage under the Title XXI-funded components of Kidcare based on their household size, income, and other eligibility factors. For families with incomes above the income limits for premium assistance or who do not otherwise qualify for assistance, Kidcare also offers an option under the Healthy Kids component and the Medikids component for the family to obtain coverage for their children by paying the full premium.

Eligibility for the Kidcare components that are funded by Title XXI is determined in part by age and household income as follows:³

- Medicaid for Children: Title XXI funding is available from birth until age 1 for family incomes between 185 percent and 200 percent of the Federal Poverty Level (FPL).
- Medikids: Title XXI funding is available from age 1 until age 5 for family incomes between 133 percent and 200 percent of the FPL.
- Healthy Kids: Title XXI funding is available from age 5 until age 6 for family incomes between 133 percent and 200 percent of the FPL. For age 6 until age 19, Title XXI funding is available for family incomes between 100 percent and 200 percent of the FPL.
- Children's Medical Services Network: Title XXI and Title XIX funds are available from birth until age 19 for family incomes up to 200 percent of the FPL for children with special health care needs. The Department of Health assesses whether children meet the program's clinical requirements.

Kidcare is administered jointly by the Agency for Health Care Administration, the Department of Children and Families, the Department of Health, and the Florida Healthy Kids Corporation. Each entity has specific duties and responsibilities under Kidcare as detailed in part II of ch. 409, F.S. The Department of Children and Families determines eligibility for Medicaid, and the Florida Healthy Kids Corporation processes all Kidcare applications and determines eligibility for the CHIP, which includes a Medicaid screening and referral process to the Department of Children and Families, as appropriate.

To enroll in Kidcare, families utilize a form that is both a Medicaid and CHIP application. Families may apply using the paper application or an online application. Both formats are available in English, Spanish, and Creole. Income eligibility is determined through electronic

² Children's Health Insurance Program Reauthorization Act of 2009, Public Law 111-3. Found at: <http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_public_laws&docid=f:publ003.111.pdf%20> (Last visited on January 3, 2012).

³ Florida Kidcare Eligibility. Found at: <<http://www.doh.state.fl.us/alternatesites/kidcare/images/data/FKC-eligibilityflag-accessible.pdf>> (Last visited on January 3, 2012).

data matches with available databases or, in cases where income cannot be verified electronically, through submission of current pay stubs, tax returns, or W-2 forms.

The 2011-2012 General Appropriations Act appropriated \$520,962,322 for Kidcare, including \$61,436,037 in General Revenue.⁴ The Social Services Estimating Conference convened on December 12, 2011, to adopt a caseload and expenditure forecast for Kidcare through June 2015. For the current fiscal year the program is projected to end the year with a surplus of \$39.4 million with \$12.8 million of the surplus being General Revenue.⁵ For FY 2012-2013, the projected expenditures for General Revenue are \$6.2 million below the current year appropriation.

Eligibility of Children of State Employees

Title XXI of the Social Security Act, as established in the Balanced Budget Act of 1997, excluded from the definition of “targeted low-income child” a “child who is a member of a family that is eligible for health benefits coverage under a State health benefits plan on the basis of a family member’s employment with a public agency in the State.” When Florida enacted Kidcare in 1998, a similar exclusion was included in s. 409.814, F.S. The effect of this exclusion is that children of state employees who would otherwise be eligible for Kidcare have been unable to enroll in Kidcare and receive premium assistance through Title XXI.

In 2010, Congress amended Title XXI of the Social Security Act to provide states the option to receive Federal matching funds for coverage of children of state employees through the CHIP.⁶ A state may receive Federal funding to extend CHIP eligibility to otherwise eligible children of state employees in cases where the state has maintained its contribution levels for health coverage for employees with dependent coverage, or can demonstrate that the state employees’ health benefits plan’s out-of-pocket costs pose a financial hardship for families. The Agency for Health Care Administration has indicated that Florida would meet one or both of these conditions.⁷

On April 4, 2011, the Centers for Medicare and Medicaid Services of the U.S. Department of Health and Human Services issued a letter providing guidance on implementation of the new state option for CHIP coverage of children of public employees.⁸ The letter addresses how states can demonstrate that they meet either the maintenance of agency contribution condition or the hardship condition. States wishing to elect this coverage option may submit a CHIP State Plan amendment at any time.

⁴ See ch. 2011-69, L.O.F., line item 151.

⁵ Social Services Estimating Conference – Kidcare Program, September 16, 2011. Found at: <<http://edr.state.fl.us/Content/conferences/kidcare/index.cfm>> (Last visited on January 3, 2012).

⁶ See s. 10203(b)(2)(D) of the Patient Protection and Affordable Care Act (Public Law 111-148) as amended by s. 205 of the Medicare and Medicaid Extenders Act of 2010 (Public Law 111-309).

⁷ See Agency for Health Care Administration 2012 Bill Analysis and Economic Impact Statement for SB 510 – on file with the Senate Health Regulation Committee.

⁸ Letter to State Health Officials from the Centers for Medicare and Medicaid Services regarding CHIP coverage of children of public employees. Found at: <<http://ccf.georgetown.edu/index/cms-filesystem-action?file=policy/2009%20schip%20reauth/sho-4-04-11.pdf>> (Last visited on January 3, 2012).

On average, 2,702 dependents of state employees apply for Title XXI Kidcare each year and 177 enroll in the full-pay coverage option. This implies that 2,525 dependents of state employees are either without health care coverage or the family elected to purchase state employee family coverage.⁹

III. Effect of Proposed Changes:

Section 1 amends s. 409.8132, F.S., relating to the Medikids program component of Kidcare, to change a cross-reference to reflect the addition, in section 2 of the bill, of the children of certain state employees as a category of children eligible for Kidcare. The effect of the cross-reference change is to include children of state employees as being eligible for the Medikids program component of Kidcare.

Section 2 amends s. 409.814, F.S., relating to eligibility for Kidcare, to remove the requirement that, for enrollment in the Children's Medical Services Network, a complete application must include the medical or behavioral health screening. The bill removes the ineligibility for Kidcare of a child who is eligible for coverage under a state health benefit plan on the basis of a family member's employment with a public agency in the state (state employee children). Instead, the bill provides eligibility for a child who is eligible for a state-sponsored health benefit plan through a family member *or guardian* employed by the state if the child meets the eligibility requirements for the subsidized portion of Kidcare.

Section 3 amends s. 409.816, F.S., relating to limitations on premiums and cost-sharing in Kidcare, to make a conforming change in a cross-reference.

Section 4 provides an effective date of July 1, 2012.

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 the bill have no impact on public records or open meetings issues under the requirements of Article I, Section 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.

⁹ See Agency for Health Care Administration 2012 Bill Analysis and Economic Impact Statement for SB 510 – on file with the Senate Health Regulation Committee.

V. Fiscal Impact Statement:**A. Tax/Fee Issues:**

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

The bill would have a Title XXI fiscal impact based on the additional children receiving coverage; however, there is a projected overall savings to the State when the savings from not insuring these children through the state employee plan is considered.

Based on the number of state employees who have applied and were denied coverage or who are receiving full-pay coverage, it is estimated that the average monthly Title XXI caseload will increase by 225 as a result of this bill. For FFY 2012-2013, the state will pay 29.70 percent of this qualified expenditure and the federal government under Title XXI covers the remaining 70.30 percent. It is estimated that 2,702 additional children will be covered during the first 12 months. The total additional cost is estimated to be \$447,055, with \$124,504 from General Revenue.¹⁰

According to the Florida Healthy Kids Corporation, there would be minimal costs associated with the reprogramming needed to stop the current practice of checking applications to see if a child is a dependent of a state employee.

VI. Technical Deficiencies:

None.

VII. Related Issues:

Removing the requirement for the application for enrollment in the Children's Medical Services Network to include the medical or behavioral health screening could create ambiguity about the need for screening.

Since the bill removes the exclusion of children of state employees from Title XXI Kidcare, it is not necessary to add a new subsection (4) in s. 409.814, F.S., to make these children eligible.

It is unclear whether families that are currently enrolled under the State Group Health Insurance plan will be permitted to cancel only their dependant coverage to enroll their child in Kidcare outside of an open enrollment period. Will passage of this bill be considered a qualifying event that would permit families to make a change outside of the open enrollment period? If families

¹⁰ *Id.*

drop their dependent coverage under the State Group Insurance plan, will the 60-day waiting period before coverage under Kidcare apply to them?

VIII. Additional Information:

- A. **Committee Substitute – Statement of Substantial Changes:**
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

- B. **Amendments:**

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
