

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/HB 689 Florida Kidcare Program
SPONSOR(S): Healthy Families Subcommittee; Harrell
TIED BILLS: **IDEN./SIM. BILLS:** SB 548

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Healthy Families Subcommittee	12 Y, 0 N, As CS	Poche	Schoolfield
2) Health Care Appropriations Subcommittee			
3) Health & Human Services Committee			

SUMMARY ANALYSIS

The Florida Kidcare Program (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 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 the Program is found in part II of ch. 409, F.S.

The Program consists of Medicaid, MediKids, the Children's Medical Services Network, and Florida Healthy Kids. Program 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.

Children who apply for coverage in the Program following the loss of other health care coverage currently face a gap in access to health care services while the application is being processed. There is no provision in state law to deem a child presumptively eligible while the application is being considered so that the child can continue to receive medical treatment until a final eligibility determination is made, usually within 45 to 60 days.

House Bill 689 grants presumptive eligibility to children under the age of 19 who apply for Program coverage through a qualified entity to close the current gap in access to health care coverage while the application is being processed for eligibility through the Program.

The bill has a significant fiscal impact of \$14,398,681, for FY 2013-2014.

The bill provides an effective date of January 1, 2014.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Background

Florida Kidcare Program

The Florida Kidcare Program (Kidcare or 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 recently re-authorized through 2019 with federal funding through 2015,² 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 the Program 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 Program 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 (AHCA), the Department of Children and Families (DCF), the Department of Health (DOH), and the Florida Healthy Kids Corporation (FHKC). Each entity has specific duties and responsibilities under Kidcare as detailed in

¹ Title XXI – State Children's Health Insurance Program, available at http://www.ssa.gov/OP_Home/ssact/title21/2100.htm (last visited on March 9, 2013).

² Children's Health Insurance Program Reauthorization Act of 2009, Public Law 111-3; available at http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_public_laws&docid=f:publ003.111.pdf%20 (last viewed on March 9, 2013).

³ Florida Kidcare Eligibility, available at <http://www.doh.state.fl.us/alternatesites/kidcare/images/data/FKC-eligibilityflag-accessible.pdf> (last viewed on March 9, 2013).

part II of ch. 409, F.S. The DCF determines eligibility for Medicaid, and the FHKC processes all Kidcare applications and determines eligibility for the CHIP, which includes a Medicaid screening and referral process to the DCF, 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 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. Children are then determined to be eligible for the appropriate Program component based on the applicable income standards or they are determined to be ineligible for the Program based on applicable income standards. Currently, Florida Healthy Kids Corporation receives all Florida KidCare applications and screens for Medicaid eligibility. Families can apply for Medicaid for children or the Title XXI programs using the Florida KidCare application. Families may also apply for Medicaid using the DCF form, Request for Assistance. The DCF Request for Assistance form cannot be used to apply for the Title XXI programs. Families can apply for both programs online. Florida KidCare applications for children potentially eligible for Medicaid are electronically sent to the DCF for a complete Medicaid eligibility determination. If the child is not eligible for Medicaid, Florida Healthy Kids Corporation is notified to continue the Title XXI eligibility determination. Florida Healthy Kids Corporation determines eligibility for all of the Title XXI programs.⁴

The 2012-2013 General Appropriations Act appropriated \$539,160,556 for the Title XXI (CHIP) Program.⁵ The Medicaid for Children portion of Kidcare had expenditures last fiscal year of \$5,400,970,052.⁶ As of February 2013, a total of 2,075,649 children are enrolled in the Program. The following chart details the enrollment totals for each component of the Program⁷:

PROGRAM	ENROLLMENT
Medicaid- Title XIX	1,786,226
Healthy Kids - Title XXI	234,188
CMS Network- Title XXI	21,866
MediKids- Title XXI ("full pay" enrollees)	32,628 (4,348)
TOTAL	2,075,649

The Social Services Estimating Conference convened on November 16, 2012 to adopt a caseload and expenditure forecast for the KidCare Program through June 2016. Caseload projections under the new forecast for Healthy Kids are slightly lower than the estimates adopted in June 2012. For fiscal year 2012-13, the program is projected to end the year with a General Revenue surplus of \$9.8 million. For fiscal year 2013-14, the projected expenditures for General Revenue are \$4.0 million below the current year recurring appropriation.

Presumptive Eligibility

Presumptive eligibility is a state option under CHIP and Medicaid Programs.⁸ Florida law currently only provides presumptive eligibility for pregnant women and newborns of mothers who were Medicaid eligible at the time of birth.⁹ The state does not currently recognize a presumptive eligibility period for other children to receive medical care while applications for the Program are pending.

⁴ Agency for Health Care Administration, *2013 Bill Analysis for HB 689*, page 2 (on file with Healthy Families subcommittee staff).

⁵ S. 3, Ch. 2012-188, L.O.F. (Specific Appropriations 161-166).

⁶ Email dated 3/12/13 from Kristin Sokoloski, AHCA, "Children's Medicaid" (on file with Healthy Families subcommittee staff).
S. 3, Ch. 2012-188, L.O.F. (Specific Appropriations 161-166).

⁷ Florida Agency for Health Care Administration, *Florida KidCare Enrollment Report-February 2013*, received February 14, 2013 (on file with Healthy Families subcommittee staff).

⁸ See supra, FN 4.

⁹ S. 409.903(5) and (6) and 409.904(7), F.S.

The Affordable Care Act (ACA) with provisions implemented on January 1, 2014, will provide hospitals participating in the Medicaid program the option of providing presumptive eligibility for children under age 19.¹⁰

Qualified Entities in Applicable Federal Law

As it relates to presumptive eligibility for Medicaid services to children, federal law defines the term “qualified entity”. A qualified entity is determined by the State to be capable of making determinations of presumptive eligibility for children, and that:

- (1) Furnishes health care items and services covered under the approved plan and is eligible to receive payments under the approved plan;
- (2) Is authorized to determine eligibility of a child to participate in a Head Start program under the Head Start Act;
- (3) Is authorized to determine eligibility of a child to receive child care services for which financial assistance is provided under the Child Care and Development Block Grant Act of 1990;
- (4) Is authorized to determine eligibility of an infant or child to receive assistance under the special nutrition program for women, infants, and children (WIC) under section 17 of the Child Nutrition Act of 1966;
- (5) Is authorized to determine eligibility of a child for medical assistance under the Medicaid State plan, or eligibility of a child for child health assistance under the State Children's Health Insurance Program;
- (6) Is an elementary or secondary school, as defined in section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801);
- (7) Is an elementary or secondary school operated or supported by the Bureau of Indian Affairs;
- (8) Is a State or Tribal child support enforcement agency;
- (9) Is an organization that—
 - (i) Provides emergency food and shelter under a grant under the Stewart B. McKinney Homeless Assistance Act;
 - (ii) Is a State or Tribal office or entity involved in enrollment in the program under Title XIX, Part A of Title IV, or Title XXI; or
 - (iii) Determines eligibility for any assistance or benefits provided under any program of public or assisted housing that receives Federal funds, including the program under section 8 or any other section of the United States Housing Act of 1937 (42 U.S.C. 1437) or under the Native American Housing Assistance and Self Determination Act of 1996 (25 U.S.C. 4101 et seq.); and
- (10) Any other entity the State so deems, as approved by the Secretary.¹¹

The determination by a qualified entity that a child's estimated gross family income or, where applicable, the estimated family income after applying disregards does not exceed the applicable income standard permits the state agency to provide health care services to the child during one or more periods of presumptive eligibility.¹²

Effect of Proposed Changes

The bill requires a child who applies for any portion of the Kidcare Program through a qualified entity, as defined in 42 C.F.R. 435.1101, to be offered the opportunity to be presumptively eligible for health care services while the application is being processed. The bill adds a new category of eligibility to the Program to encompass presumptively eligible children. As a result, children who are deemed presumptively eligible will be able to receive medical care from authorized providers while waiting for eligibility to be processed.

The state will be required to obtain approval from the federal government of an amendment to the state plan under Titles XIX and XXI due to the proposed change in eligibility standards.¹³

¹⁰ §2202(a)(3) ACA (amending s. 1902(a)(47) of the Social Security Act (42 U.S.C. 1396(a)(47))).

¹¹ 42 C.F.R. §435.1101

¹² 42 C.F.R. §435.1102(a)

¹³ 42 C.F.R. §457.60(b)(1)

The bill provides an effective date of January 1, 2014. Hospitals have the option under ACA, beginning on January 1, 2014, to provide presumptive eligibility to children under the age of 19. The effective date of the bill ensures that presumptive eligibility for children under the age of 19 will be offered by hospitals and qualified entities at the same time to capture as many uninsured children as possible.

B. SECTION DIRECTORY:

Section 1: Amends s. 409.814, F.S., relating to eligibility.

Section 2: Provides an effective date of January 1, 2014.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

Eligibility Expenditures

AHCA expects a recurring fiscal impact of \$2,699,385 for Title XXI (CHIP) and \$10,357,296 for Title XIX (Medicaid) for a total impact of **\$13,056,681** for fiscal years 2013-2014 and the same amount recurring in FY 2014-2015. The General Revenue impact in this total is **\$5,015,486**.¹⁴ The fiscal impact is a result of an additional 7,803 children made eligible under CHIP annually and 1,886 children under Medicaid made eligible monthly (and recurring) for a 60 day presumptive eligibility period.

CHIP	\$2,699,385	(\$734,822 general revenue)
Medicaid	\$10,357,296	(\$4,280,670 general revenue)

The additional number of children in Medicaid is based on the number and percentage of applicants for Kidcare during FY2011-12 who were denied or did not follow through with the application to completion. This accounted for 26% of Florida Kidcare applicants. This number was used to estimate the number of applicants who would receive presumptive eligibility when applying for services at a county health unit or federally qualified health center. This number of additional children to receive presumptive eligibility is projected to occur monthly throughout the fiscal year. The calculation of cost is based on the "per member per month" cost (PMPM), which reflects each of the Kidcare populations who would be covered by presumptive eligibility. These estimates are also projected to be recurring for future fiscal years.

The additional number of CHIP children who would receive presumptive eligibility when applying for services at a county health department or federally qualified health center was estimated using the annual number of Medicaid children who had accessed a county health department or federally qualified health center in the past year as a proxy. Historically, CHIP enrollment is equal to 10.9% of the total KidCare Medicaid enrollment; therefore, 10.9% of the annual number of Medicaid Children who accessed a CHD of FQHC was used to represent the potential annual number of CHIP children with each child receiving two additional months of coverage. The calculation of cost is based on the "per member per month" (PMPM) cost which reflects each of the KidCare CHIP

¹⁴ Agency for Health Care Administration, *2013 Bill Analysis and Economic Impact Statement for HB 689*, pages 4-5 (on file with Healthy Families subcommittee staff).

populations who would be covered by presumptive eligibility. These estimates are also projected to be recurring for future fiscal years.

Informational Technology Expenditures

DCF expects a negative, non-recurring fiscal impact for fiscal year 2013-2014 of **\$542,000** in state funds for programming changes to FLORIDA and ACCESS eligibility system components to reflect the presumptively eligible category of children in the Program.¹⁵ The estimate is based on a blended hourly rate of services of \$100 and a total of 5,420 hours to complete the programming. Specific aspects of the programming required to implement the new eligibility category include analysis and design of the changes needed to FLORIDA and ACCESS eligibility system components, coding and unit testing of the changes, system integration testing, user testing, and project management.

FHKC expects a negative, non-recurring fiscal impact for fiscal year 2013-2014 of **\$800,000** in state and federal funds for the necessary computer system changes to recognize the modification in eligibility as a result of enacting presumptive eligibility.¹⁶ The estimate is based on an hourly rate of services of \$100 per hour and a total of 8,000 hours of work estimated by FHKC's third party administrator to implement the changes made by the bill.

Total

The total expected negative fiscal impact for fiscal year 2013-2014 is **\$14,398,681**, of which at least **\$5,557,486** is from General Revenue. The total expected negative fiscal impact for fiscal year 2014-2015 is **\$13,056,681**, of which **\$5,015,486** is from General Revenue.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Health care providers will treat children they otherwise would not have seen during the 60 day presumptive eligibility period and bill the appropriate Program component for services rendered within that time frame.

D. FISCAL COMMENTS:

The bill does not address reimbursement to the Program by families or providers if, after the presumptive eligibility period, the child is determined not to be eligible, but has received health care services during the period. In addition, the bill does not address whether or not the family pays the

¹⁵ Department of Children and Families, *Staff Analysis and Economic Impact- HB 689-Fiscal Note*, page 4 (March 6, 2013)(on file with Healthy Families subcommittee staff).

¹⁶ Florida Healthy Kids Corporation, *Bill Analysis for HB 689-2013*, page 2 (on file with Healthy Families subcommittee staff).

premium under CHIP during the presumptive eligibility period. If the premium is waived, there will be an additional fiscal impact to the state to cover expenses for the presumptively eligible group that would normally be covered by the premium payments.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. This bill does not appear to affect county or municipal governments.

2. Other:

See section III(C), below, for further discussion.

B. RULE-MAKING AUTHORITY:

The DOH, the DCF, and the AHCA have appropriate rule-making authority to implement the provisions of the bill.

C. DRAFTING ISSUES OR OTHER COMMENTS:

The Agency for Health Care Administration in their analysis of HB 689 expressed concern that the Centers for Medicaid and Medicare Services (CMS) might not grant a state plan amendment that limits presumptive eligibility to any group of children less than the entire population of children under the age of 19. The bill grants the opportunity for presumptive eligibility only to children who apply to the Program for coverage through a qualified entity, which may or may not represent a restriction of opportunity for presumptive eligibility that CMS would view unfavorably when considering the state plan amendment.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

On March 13, 2013, the Healthy Families Subcommittee adopted two amendments for House Bill 689. The amendments made the following changes to the bill:

- Changed the term “qualified provider” to “qualified entity” and incorporated the definition of “qualified entity” found in 42 C.F.R. 435.1101.
- Changed the effective date of the bill to January 1, 2014.

The bill was reported favorably as a committee substitute. The analysis reflects the committee substitute.