

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 Committee on Governmental Oversight and Accountability

BILL: CS/SB 694

INTRODUCER: Governmental Oversight and Accountability Committee and Senators Garcia and Flores

SUBJECT: Diabetes Advisory Council

DATE: March 14, 2014 **REVISED:** _____

| | ANALYST | STAFF DIRECTOR | REFERENCE | ACTION |
|----|----------------------|----------------|------------|------------------|
| 1. | <u>Peterson</u> | <u>Stovall</u> | <u>HP</u> | Favorable |
| 2. | <u>McVaney/Jones</u> | <u>McVaney</u> | <u>GO</u> | Fav/CS |
| 3. | _____ | _____ | <u>AHS</u> | _____ |
| 4. | _____ | _____ | <u>AP</u> | _____ |

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Substantial Changes

I. Summary:

CS/SB 694 directs the Diabetes Advisory Council, in conjunction with the Department of Health (DOH), the Agency for Health Care Administration (AHCA), and the Department of Management Services (DMS), to prepare a report regarding the impact of diabetes on state-funded or operated programs, including Medicaid, the State Group Insurance Program, and public health programs. Required components of the report include: the health consequences and financial impact of diabetes; the effectiveness of diabetes programs implemented by each agency; a description of the coordination among the agencies; and development and ongoing revision of an action plan for reducing and controlling the incidence of diabetes.

The report is due to the Governor, the President of the Senate, and the Speaker of the House of Representatives by January 10 of each odd-numbered year.

II. Present Situation:

Diabetes is a group of diseases in which the body produces too little insulin,¹ is unable to use the insulin efficiently, or both. When diabetes is not controlled, glucose and fats remain in the blood and, over time, damage vital organs.

¹ Insulin is a hormone that allows glucose (sugar) to enter cells and be converted to energy.

The most common forms of diabetes are:

- **Type 1:** usually first diagnosed in children and young adults and accounts for about 5 percent of all diagnosed cases. Type 1 diabetes is an autoimmune disease that may be caused by genetic, environmental, or other risk factors. At this time, there are no known ways to prevent type 1 diabetes and treatment requires the use of insulin by injection or pump.
- **Type 2:** accounts for about 95 percent of diagnosed diabetes in adults and is usually associated with older age, obesity and physical inactivity, family history, or a personal history of gestational diabetes. Studies have shown that healthy eating, regular physical activity, and weight loss can prevent or delay the onset of type 2 diabetes.
- **Gestational diabetes:** develops and is diagnosed as a result of pregnancy in 2 to 10 percent of pregnant women. Gestational diabetes can cause health problems during pregnancy for both the child and mother. Children whose mothers have gestational diabetes have an increased risk of developing obesity and type 2 diabetes.

Complications of diabetes include: heart disease and stroke, high blood pressure (hypertension), blindness and eye problems, kidney disease, nervous system disease, and amputations. Death rates for heart disease and the risk of stroke are about two to four times higher among adults with diabetes than among those without diabetes. However, diabetes and its potential health consequences can be managed through physical activity and diet, self-management training, and, when necessary, medication.

People with “prediabetes” are at high risk of developing type 2 diabetes, heart disease, and stroke. Their blood glucose levels are higher than normal, but not high enough to be classified as diabetes. Although an estimated 33 percent of U.S. adults have prediabetes, less than 10 percent of them report having been told they have the condition. Thus, awareness of the risk is low. People with prediabetes who lose 5 to 7 percent of their body weight and get at least 150 minutes per week of moderate physical activity can reduce the risk of developing type 2 diabetes by 58 percent.²

Minorities have a higher prevalence of diabetes than whites, and some minorities have higher rates of diabetes-related complications and death. Studies have found that African Americans are from 1.4 to 2.2 times more likely to have diabetes than whites. Hispanic Americans have a higher prevalence of diabetes than non-Hispanic people, with the highest rates for type 2 diabetes among Puerto Ricans and Hispanic people living in the Southwest and the lowest rate among Cubans.³

Currently, 25.8 million people in the United States (8.3 percent of the population) have diabetes. Of these, 7.0 million have undiagnosed diabetes. The CDC estimates that if current trends continue, one in three adults in the United States will have diabetes by 2050.⁴ According to the

² U.S. Department of Health and Human Services, Centers for Disease Control and Prevention, *Diabetes Report Card* (2012), available at <http://www.cdc.gov/diabetes/pubs/reportcard.htm> (last visited March 10, 2014).

³ Agency for Healthcare Research and Quality, *Diabetes Disparities Among Racial and Ethnic Minorities* <http://www.ahrq.gov/research/findings/factsheets/diabetes/diabdsp/index.html>.

⁴ *Supra* note 2.

DOH, 10.4 percent of adults with diabetes living in Florida have received a diagnosis. Approximately 767,666 are undiagnosed.⁵

In 1994, 25 states had prevalence⁶ of diagnosed diabetes among adults aged 18 years of age or older of less than 4.5 percent, 24 states, including Florida, had prevalence of 4.5 to 6.0 percent, and only one state had prevalence greater than 6.0 percent. In 2010, all states had prevalence greater than 6.0 percent, 15 of these exceeded 9.0 percent.⁷ In 2012, prevalence of diagnosed diabetes in Florida adults is estimated at 11.4 percent, or 1.7 million people.⁸ Diabetes is the sixth leading cause of death in Florida.⁹

The American Diabetes Association has recently released a report updating its earlier studies (2002, 2007) estimating the economic burden of diagnosed diabetes. In 2012, the total estimated cost of diagnosed diabetes in the United States was \$245 billion, including \$176 billion in direct medical costs and \$69 billion in reduced productivity. This represents a 41 percent increase over the 2007 estimate. The largest components of these costs are hospital inpatient care (43 percent) and medications to treat complications (18 percent). People with diagnosed diabetes incur average medical costs of about \$13,700 per year, of which about \$7,900 is attributed to diabetes. Care for people with diagnosed diabetes accounts for more than one in five dollars spent on health care in the United States, and more than half of that is attributable to diabetes. Overall, average medical expenses for a person with diabetes are 2.3 times higher than they are for a person without diabetes.¹⁰

Diabetes Advisory Council

The Diabetes Advisory Council (Council) was created to guide statewide policy on diabetes prevention, diagnosis, education, care, treatment, impact, and costs. It serves in an advisory capacity to the DOH, other agencies, and the public. The Council consists of 26 members appointed by the Governor who have experience related to diabetes. Twenty-one of the members are representatives of a broad range of health and public health-related interests. The remaining five members are representatives of the general public, at least three of whom are affected by diabetes. The Council meets annually with the Surgeon General to make recommendations regarding the public health aspects of the prevention and control of diabetes.¹¹

⁵ Florida Department of Health, *Florida State Health Improvement Plan 2012 – 2015* (April 2012), available at: <http://www.floridahealth.gov/public-health-in-your-life/about-the-department/documents/state-health-improvement-plan.pdf> (last visited March 10, 2014).

⁶ Percentage of the specified population with the condition.

⁷ U.S. Department of Health and Human Services, Centers for Disease Control and Prevention, *Maps of Trends in Diagnosed Diabetes* (Nov. 2011), available at http://www.cdc.gov/diabetes/statistics/slides/maps_diabetesobesity_trends.pdf (last visited March 10, 2014).

⁸ E-mail from Trina Thompson, Florida Department of Health, to Bryan Wendel, Government Analyst, Florida Department of Health (Feb. 12, 2014) (on file with the Senate Health Policy Committee). County-level data, including information about risk factors, is posted on *Florida Charts*, <http://www.floridacharts.com/charts/ChronicDiseases/> (last visited March 10, 2014).

⁹ *Florida Mortality Atlas*, <http://www.floridacharts.com/charts/MortAtlas.aspx> (last visited March 10, 2014).

¹⁰ American Diabetes Association, *Economic Costs of Diabetes in the U.S. in 2012*, *Diabetes Care* 36: 1033 – 146, 2013, available at <http://care.diabetesjournals.org/content/36/4/1033.full.pdf+html> (last visited March 10, 2014).

¹¹ Section 385.203, F.S. The 2013 recommendations of the Council are on file with the Senate Health Policy Committee.

Florida Diabetes Prevention and Control

The Bureau of Chronic Disease Prevention and Health Promotion (Bureau) within the DOH was established in 1998 to improve individual and community health by preventing and reducing the impact of chronic diseases and disabling conditions, including diabetes. Diabetes-related activities of the Bureau include:

- Providing support to the Diabetes Advisory Council and the Florida Alliance for Diabetes Prevention and Care.
- Compiling, analyzing, translating, and distributing diabetes data.
- Increasing access to diabetes self-management education.
- Increasing access to diabetes medical care by advocating for the use of community health workers.
- Preventing diabetes in populations disproportionately affected by diabetes.
- Increasing diagnosis and treatment for prediabetes.
- Managing the Insulin Distribution Program.¹²

The Office of Minority Health administers the Closing the Gap grant program, which seeks to improve health outcomes and eliminate racial and ethnic health disparities in Florida by providing grants to increase community-based health promotion and disease prevention activities, including diabetes prevention.¹³

Medicaid

Medicaid is a joint federal and state funded program that provides health care for low income Floridians. The program is administered by the AHCA and financed with federal and state funds. Over 3.3 million Floridians are currently enrolled in Medicaid and the program's estimated expenditures for the 2012-2013 fiscal year were approximately \$21 billion.¹⁴ The statutory authority for the Medicaid program is contained in ch. 409, F.S.

In 2011, the Legislature passed HB 7107, creating the Statewide Medicaid Managed Care (SMMC) program as part IV of ch. 409, F.S.¹⁵ The program has two primary components: Managed Medical Assistance Program (MMAP) and Long Term Care Program. To implement MMAP, the law requires the AHCA to create an integrated managed care program for Medicaid enrollees that incorporates all of the minimum benefits for the delivery of primary and acute care.¹⁶ The enabling statute requires statewide implementation of MMAP to be completed by October 1, 2014.

¹² Florida Department of Health, *Resource Manual for the Florida Department of Health* (fiscal year 2012-2013) (on file with the Senate Health Policy Committee).

¹³ Sections 381.7353 – 381.7356, F.S.

¹⁴ Agency for Health Care Administration, *Florida Medicaid*, <http://ahca.myflorida.com/Medicaid/index.shtml> (last visited March 10, 2014).

¹⁵ See ch. 2011-134, L.O.F.

¹⁶ Health and Human Services Committee, Fla. House of Representatives, *PCB HHSC 11-01 Staff Analysis*, 25 (March 25, 2011).

State Group Insurance Program

Section 110.123, Florida Statutes, creates the State Group Insurance Program. As implemented by the DMS, the program offers four types of health plans from which an eligible employee may choose: a standard statewide Preferred Provider Organization (PPO) Plan, a Health Investor PPO Plan, a standard Health Maintenance Organization (HMO) Plan, or a Health Investor HMO Plan. In the 2012-2013 fiscal year, the State Group Insurance Program covered 169,804 members at a cost of \$1.85 billion.¹⁷

III. Effect of Proposed Changes:

The bill directs the Diabetes Advisory Council, in conjunction with the DOH, the AHCA, and the DMS, to submit a report by January 10 in each odd-numbered year to the Governor, the President of the Senate, and the Speaker of the House of Representatives, regarding the impact of diabetes on state funded or operated programs. Specifically, the report must include:

- Information on the public health consequences and financial impact of diabetes and its complications on the state, including the number of persons covered by Medicaid and the State Group Insurance Program, and the number of persons impacted by state diabetes programs and activities;
- A description and assessment of the effectiveness of diabetes programs and activities implemented by the agencies, the amount and source of their funding, and the cost savings they achieve;
- A description of the coordination among the agencies of programs, activities, and communications related to diabetes prevention and treatment;
- A detailed action plan for reducing and controlling the number of new cases of diabetes, including action steps to reduce its impact, expected outcomes of the plan, and benchmarks;

The bill has an effective date of July 1, 2014.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

¹⁷ Florida Department of Management Services, Division of State Group Insurance, *State Employees' Group Health Self-Insurance Trust Fund, Report on the Financial Outlook* (Dec. 13, 2013), available at <http://edr.state.fl.us/Content/conferences/healthinsurance/HealthInsuranceOutlook.pdf> (last visited March 8, 2014).

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None

C. Government Sector Impact:

This bill will have an indeterminate fiscal impact on the DOH in its capacity as staff support to the Diabetes Advisory Council, and a lesser, but still indeterminate, impact on the DOH, the AHCA and the DMS, in staff time needed to collect the data required by the bill.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends section 385.203 of the Florida Statutes.

IX. Additional Information: Florida Statutes:

A. Committee Substitute – Statement of Substantial Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Governmental Oversight and Accountability on March 13, 2014:

The CS deletes from the bill a requirement that the Diabetes Advisory Council develop a detailed budget request.

B. Amendments:

None.