

**STORAGE NAME:** h1633a.flc

**DATE:** April 11, 1997

**HOUSE OF REPRESENTATIVES  
COMMITTEE ON  
FAMILY LAW AND CHILDREN  
BILL RESEARCH & ECONOMIC IMPACT STATEMENT**

**BILL #:** HB 1633

**RELATING TO:** Maximization of federal funding for children and families

**SPONSOR(S):** Representative Frankel and others

**STATUTE(S) AFFECTED:** Section 409.912, F.S. and creating section 409.9072

**COMPANION BILL(S):** SB 1044

**ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:**

- (1) FAMILY LAW AND CHILDREN YEAS 8 NAYS 0
- (2) CHILDREN AND FAMILY EMPOWERMENT
- (3) HEALTH AND HUMAN SERVICES APPROPRIATIONS
- (4)
- (5)

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**I. SUMMARY:**

The bill authorizes the Department of Children and Family Services (DCF) to develop policies and procedures necessary to certify local public funds that would be used to match Title IV-E funds in those service districts with foster care privatization model programs. Local funds certified by DCF must be spent on allowable services provided to foster care children who are under the custody of the department. The federal reimbursements in excess of those anticipated in the General Appropriations Act that result from local matching funds must be returned to the district that generated the funds.

The bill authorizes the Agency for Health Care Administration (AHCA) to develop mechanisms to certify local public funds that would be used to match for covered Medicaid services which are provided by the Office of Family Safety and Preservation of DCF and its privatization projects. The certification of match will apply only to services provided to Medicaid eligible children and their families.

The bill also provides that DCF and AHCA may withhold sufficient funds from federal revenues earned to cover the costs of the additional infrastructure needed to implement the provisions of this act.

The bill is predicted to have a positive fiscal impact.

II. SUBSTANTIVE RESEARCH:

A. PRESENT SITUATION:

In an effort to strengthen families and increase program accountability and efficiencies, the 1996 legislature enacted CS/HB 347, codified as section 409.1671, F.S. This bill directed the Department of Health and Rehabilitative Services (subsequently renamed the Department of Children and Family Services) to contract with private community-based agencies for foster care and related services. The bill also required DCF to establish a minimum of five model programs in districts 1, 4, 13, in subdistrict 8A, and in a fifth district to be determined by DCF. The community-based agencies contracting with DCF were directed to participate in and cooperate with any federal program that would assist in the maximization of federal support for those services.

Public Law 96-272, the Adoption Assistance and Child Welfare Act of 1980, established a new part E under Title IV for the Social Security Act. Title IV-E is a federal entitlement program that reimburses states for foster care maintenance costs and certain administrative activities that support the foster care process, such as case management, aftercare, licensing, and training. DCF projects that total FY 1996-97 earnings under Title IV-E will be \$96.2 million dollars. State general revenue funds are the only dollars that are used currently to match Title IV-E funds.

According to DCF, additional Title IV-E funds could be earned if additional public dollars were available for match purposes. DCF reports that local agencies and some Florida counties are currently spending local public funds on foster care maintenance activities that could be used to match Title IV-E funds.

In order for these local agencies to earn Title IV-E funds, DCF must certify that the local agency is a Title IV-E eligible agency, that the public funds are not matched to any other federal funds, and that the county match is available to support the amount of the claim. As the state grantee for Title IV-E funds, DCF is the only agency that can make this claim on behalf of the local agency.

B. EFFECT OF PROPOSED CHANGES:

Counties that spend money on child welfare services will be able to draw down new federal dollars through the Title IV-E federal program and Title XIX Medicaid for allowable activities they are already providing, using county dollars (or state dollars allocated to the district) for match. In effect, the local dollars that are already being spent for child welfare services will be leveraged to further enhance local child welfare initiatives.

The bill authorizes DCF to develop policies and procedures necessary to certify local public funds that would be used to match Title IV-E funds in those service districts with foster care privatization model programs established under s. 409.1671(5), F.S., 1996 Supplement. The bill requires that local funds certified for this purpose must be spent on allowable services provided to foster care children who are under the custody of DCF. Any federal Title IV-E reimbursement that exceeds those anticipated in the General Appropriations Act resulting from local matching funds must be returned to the district that generated those funds.

The bill also proposes the same concept be used to earn additional Title XIX Medicaid funds. Title XIX means Medicaid-covered rehabilitation and targeted case management services where the non-federal share of the cost is paid by state or local public funds not already being used to support other federally reimbursed services. These services would be outside the current rehabilitative mental health services now being reimbursed by Medicaid at the community level.

Counties will be able to draw down new federal dollars through Title IV-E and Title XIX for allowable activities they are already performing, using local dollars (or state dollars allocated to the district) as match. No new state funds are required, as the "match" (the non-federal share of the cost of an entitlement program) will come out of current expenditures. AHCA is permitted to develop new Medicaid services for children served by the Office of Family Preservation and Safety at DCF. The non-federal share of the cost of these services will not come from the agency budget, but from current expenditures at the state and local level. These new services will help privatization projects serve children and families by drawing down additional federal dollars.

**C. APPLICATION OF PRINCIPLES:**

1. Less Government:

a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

No.

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

The bill privatizes portions of the child protection / foster care process.

(3) any entitlement to a government service or benefit?

No.

b. If an agency or program is eliminated or reduced:

This section is not applicable to the bill.

(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

(2) what is the cost of such responsibility at the new level/agency?

(3) how is the new agency accountable to the people governed?

2. Lower Taxes:

a. Does the bill increase anyone's taxes?

No.

b. Does the bill require or authorize an increase in any fees?

No.

c. Does the bill reduce total taxes, both rates and revenues?

No.

d. Does the bill reduce total fees, both rates and revenues?

No.

e. Does the bill authorize any fee or tax increase by any local government?

No.

3. Personal Responsibility:

a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

No.

b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

No.

4. Individual Freedom:

- a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

Yes, it allows for the private entities to obtain federal funds for provision of services for foster care and related services, when contracting with the department.

- b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

No.

5. Family Empowerment:

- a. If the bill purports to provide services to families or children:

The bill does not provide services to families or children.

(1) Who evaluates the family's needs?

(2) Who makes the decisions?

(3) Are private alternatives permitted?

N/A

(4) Are families required to participate in a program?

N/A

(5) Are families penalized for not participating in a program?

N/A

- b. Does the bill directly affect the legal rights and obligations between family members?

No.

- c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

This bill does not change or create a program providing services to families or children.

(1) parents and guardians?

N/A

(2) service providers?

N/A

(3) government employees/agencies?

N/A

**D. SECTION-BY-SECTION RESEARCH:**

**Section 1.** Creates s. 409.9072, F.S., to provide for the Agency for Health Care Administration (AHCA) to develop mechanisms to allow for the certification of match for covered Medicaid services which are provided by the Office of Family Safety and Preservation of the Department of Children and Family Services (DCF) and its privatization projects. The following provisions shall apply:

- (1)the certification of match shall apply only to services provided to Medicaid-eligible children and their families.
- (2)DCF and its privatization projects shall be responsible for identifying local and state dollars which are eligible for federal match and shall work with the agency to establish procedures to appropriately designate these funds as matching dollars for eligible Medicaid services.
- (3)any state-appropriated or local funds certified pursuant to this section shall be for services to children who are eligible for Medicaid and who receive protective services from the Office of Family Safety and Preservation.
- (4)any state-appropriated or local funds certified pursuant to this section may also be used for allowable administrative activities.
- (5)the agency is authorized to develop additional Medicaid-reimbursable services to be provided to this population within the availability of the additional funds generated through the certification process.

Privatization projects designated by the Office of Family Safety and Preservation must be preapproved by DCF and AHCA to participate in any certification of match. Other public agencies may participate in certification of match projects with the prior approval of DCF and AHCA. A privatization project must:

- (6)demonstrate that it has the clinical and administrative capability to provide Medicaid covered services in accordance with the state Medicaid plan.
- (7)be responsible for verifying that children and their families are Medicaid-eligible at the time services are provided.
- (8)develop and maintain the financial records needed to document the appropriate use of state and federal funds.
- (9)comply with all state and federal Medicaid laws, rules, regulations and policies which regulate Medicaid services.

- (10)be responsible for reimbursing the cost of any state or federal disallowance that results from failure to comply with state or federal Medicaid laws, rules, or regulations.

Privatization projects may be reimbursed for services either on a fee-for-service basis or a capitation basis.

**Section 2.** Provides that subject to any limitations provided for in the General Appropriations Act and in compliance with appropriate federal authorities, DCF shall develop policies and procedures to allow for certification of local funds which have been publicly appropriated or generated in other ways for services to the department's clients or administrative activities.

Any federal Title IV-E reimbursement that is received as a result of matching funds generated at the district level, that is above that which is anticipated in the General Appropriations Act, and that is generated as a result of local publicly appropriated funds shall be returned to the district that generated those funds.

**Section 3.** Amends s. 409.912, F.S., 1996 Supplement to allow AHCA to contract with entities that provide behavioral health care, through a child welfare privatization project approved by DCF, to Medicaid recipients enrolled in the Medipass program. Payments may be made on a prepaid capitation or fixed-sum basis. Services may be provided either directly or through arrangements with other providers.

**Section 4.** Provides that the DCF and the AHCA may withhold sufficient funds from federal revenues earned to cover the costs of the additional infrastructure needed to implement the provisions of this act.

**Section 5.** Provides for an effective date of July 1, 1997.

### III. FISCAL RESEARCH & ECONOMIC IMPACT STATEMENT:

#### A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

See fiscal comments.

2. Recurring Effects:

See fiscal comments.

3. Long Run Effects Other Than Normal Growth:

See fiscal comments.

4. Total Revenues and Expenditures:

See fiscal comments.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

None.

2. Recurring Effects:

None.

3. Long Run Effects Other Than Normal Growth:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

See fiscal comments.

2. Direct Private Sector Benefits:

See fiscal comments.

3. Effects on Competition, Private Enterprise and Employment Markets:

See fiscal comments.

D. FISCAL COMMENTS:

DCF estimates that \$179,974 is needed for FY 1997-98 and \$166,767 is needed for FY 1998-99 to implement the provisions of HB 1633. The bill will not require any new state general revenue funds to establish these positions. Title IV-E funds can be used to establish the administrative infrastructure for the certification process, oversight, and monitoring.

The bill will result in the earning of additional federal Title IV-E and Medicaid funds in those service districts with available local public match funds.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to spend funds or to take an action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill does not reduce the percentage of a state tax shared with counties or municipalities.

V. COMMENTS:

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

VII. SIGNATURES:

COMMITTEE ON Family Law and Children:  
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