

STORAGE NAME: s0660z.cf

DATE: June 1, 1999

****FINAL ACTION****

****SEE FINAL ACTION STATUS SECTION****

**HOUSE OF REPRESENTATIVES
AS REVISED BY THE COMMITTEE ON
CHILDREN & FAMILIES
FINAL ANALYSIS**

BILL #: CS/CS/SB 660 (Chapter 99-206, Laws of Florida)

RELATING TO: Foster care and related services

SPONSOR(S): Governmental Oversight and Productivity Committee, Children & Families Committee, and Senator Brown-Waite

COMPANION BILL(S): HB 2091 (Similar)

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

- (1) Senate Children and Families Committee
- (2) Senate Governmental Oversight and Productivity
- (3)
- (4)
- (5)

I. FINAL ACTION STATUS:

Committee Substitute for Committee Substitute for Senate Bill 660 was approved by the Governor on May 26, 1999 and became Chapter 99-206, Laws of Florida.

II. SUMMARY:

The bill makes changes to s. 409.1671, F.S., and other sections of law to address the continued expansion of the privatization of child welfare services. The bill makes the following changes:

- ▶ Provides more specific duties for the child welfare estimating conference.
- ▶ Specifies certain insurance requirements and liability limits for community-based agencies and their subcontractors. In particular, these provisions require lead agencies to obtain general liability insurance and subcontractors to be covered by general liability insurance. They specify that the agencies and their subcontractors will be responsible for net economic damages in any claims successfully brought by an injured party. The bill provides a cap on economic damages of \$1 million, a cap on noneconomic damages of \$200,000, an insurance requirement for foster care providers of \$1 million per claim/\$3 million per incident, and revised legislative intent language. The bill also clearly provides that claimants may assert claims over the statutory caps through the claims process.
- ▶ Gives hiring preference to employees of the department whose positions are being privatized for positions in community-based child welfare agencies.
- ▶ Allows substitute care providers (e.g., foster care) to also be licensed simultaneously as family day care homes and receive both child care and foster care monthly payments for eligible children in care.
- ▶ Requires the department to give federal earnings generated by a community-based agency back to the community-based agency for the purpose of providing additional child welfare services.
- ▶ Requires the Department of Insurance to extend the general liability coverage afforded to family foster homes operated by the department to foster homes operated by community-based agencies under contract with the department under s. 409.1671, F.S.
- ▶ Allows the Agency for Health Care Administration, in consultation with the Department of Children and Families (DCF), to establish a targeted case-management pilot project in counties identified by DCF and in Sarasota and Manatee counties. The projects are to determine the impact of targeted case management on the child welfare program, and will use existing funds. Future additional projects must be approved by the Legislature.
- ▶ Allows AHCA to establish a targeted case management program within the geographic area served by the community-based agency providing child welfare services.
- ▶ Establishes legislative findings and intent for goals for Dependent Children in Shelter and Foster Care. The bill specifies 23 goals for children in the custody of the Department of Children and Family Services who have been placed in shelter or foster care.
- ▶ The bill shall become effective on becoming law.

III. SUBSTANTIVE ANALYSIS:

A. PRESENT SITUATION:

Child Welfare

Child welfare generally refers to child abuse/neglect investigations, protective services, family reunification services, shelter care, foster care, residential group care and adoption services. The primary chapters of law that provide the framework for child welfare services include chapters 39, 63, 409, and 415, F.S.

Section 409.1671

Provisions in s. 409.1671, F.S., require the Department of Children & Family Services to privatize state child welfare services by January 1, 2003. The department is required to develop a plan that meets specific conditions to guide the conversion from state operated to a private system including alternative strategies for areas of the state where obstacles exist to meeting the time frame for this effort. Services that would be privatized include family preservation, independent living, emergency shelter, residential group care, foster care, therapeutic foster care, intensive residential treatment, foster care supervision, case management, post placement supervision, permanent foster care, and family reunification services.

The department must establish a quality assurance program for the privatization of services. The quality assurance program must include standards for each specific component of these services. Each program operated must be evaluated annually by the department or by an objective competent entity designated by the department. The department is also required to submit an annual report regarding quality performance, outcome measure attainment, and cost efficiency to the Legislature.

The privatization of the children's welfare system began in 1992 with a project in District 1 (Pensacola). Three other projects have been added. All projects are being evaluated by the independent consultant under contract with the department to determine the impact and effect of these efforts.

The following pilot projects have been established under s. 409.1671, F.S.

- Homeward Bound Project in District 1 (Escambia and Santa Rosa counties). Serves children from birth to age 18 in substitute care for the first time, and children previously in the program who have returned due to placement disruption. This program has been in effect since 1992.
- Family Services Coalition in District 4 (Nassau, Duval, Clay, St. Johns, and Baker counties). Serves children in foster care aged 12 to 17, and youth over 18 who are in independent living. The coalition is made up of the Baptist Home for Children, the Boys Home Association, the Children's Home Society and the Jacksonville Youth Sanctuary. The program was implemented in January of 1997.
- Sarasota County Coalition for Families & Children in District 8 (Sarasota County). The program serves all children in Sarasota County needing protective services, foster care, and adoption services. The Youth & Family Services arm of the local YMCA in Sarasota County serves as the administrative support/home to the coalition. The program was implemented in January of 1997.
- Bridges Program in District 13 (Lake and Sumter counties). The program serves all children entering care for the first time through the department's shelter care system. The program operates out of the Lake County Boys Ranch, and was implemented on January 1, 1997.

Estimating Conference

Section 216.136, F.S., establishes an estimating conference process to provide an estimate and forecast of future caseloads for the purpose of providing information for planning and budgeting. A Child Welfare System Estimating Conference was established in 1990 to develop information relating to the child welfare system of the state to include forecasts of child abuse/neglect reports. The members of the Child Welfare System Estimating Conference include staff from the Executive Office of the Governor, the Division of Economic and Demographic Research of the Joint Legislative Management Committee, the department, the House and Senate.

Sovereign Immunity

Sovereign immunity is an ancient doctrine firmly anchored in common law which insulates the state and any governmental officers, employee, or agent acting on behalf of the state, from a lawsuit. As explained by Justice Holmes, "a sovereign is exempt from suit, not because of any formal conception or obsolete theory, but on the logical and practical ground that there can be no legal right as against the authority that makes the law on which the right depends." Although the extent of immunity has been considerably eroded by both federal and state legislation, it is still retained under a social policy of protecting the state from burdensome interference with the performance of its governmental functions and excessive encroachments on the public treasury. The immunity is absolute and unqualified. However, Article X, Section 13, of the State Constitution permits the Legislature to waive sovereign immunity by general law.

The Tort Claims Act, s. 768.28, F.S., enacts the state's waiver of sovereign immunity. Immunity is waived only to the extent that the state or any of its agencies or subdivisions would be liable if a private person would be liable to a claimant. Further, liability does not include punitive damages, interest accrued, nor claims in excess of \$100,000 per person, or \$200,000 per incident. Employees, constitutional officers, and agents of the state and its subdivisions are immune from personal liability unless they act in bad faith, with malicious purpose, or in a grossly negligent manner. Any judgment above the cap must be sought from the Legislature through a claims bill.

The state and its agencies and subdivisions are authorized to be self-insured, enter into risk management programs, or purchase liability insurance for whatever coverage they choose. For those state executive agencies participating in risk management programs administered by the Department of Insurance, agency premiums are calculated on the basis of the agency's loss experience. For those choosing to purchase insurance, sovereign immunity may be waived to the extent of the insurance coverage. Although all claims against state agencies or subdivisions in excess of the sovereign immunity cap must be approved by the Legislature in the municipalities, hospital districts, or other political subdivisions of the state they are almost always directed toward the local governmental entity rather than state general revenue.

Agents of the state are generally covered by the state's sovereign immunity, and may include persons or entities, not permanently employed by the state, who enter into contracts with the state. To be considered an agent, rather than an independent contractor, a certain degree of control or supervision must be exerted by the governmental entity over the activities the agent undertakes on the entity's behalf. The resolution of whether an individual is an agent of the government is a mixed question of law and fact. To invoke sovereign immunity, the agency relationship must not only be expressed contractually, but must be established factually in the actual execution of the contract.

Entities acting as instrumentalities of the state also come within the purview of s. 768.28, F.S. Like in the case of agents, the state must exercise sufficient control over the instrumentality in order for the instrumentality to receive the protection of the statute.

Currently, s. 768.28, F.S., applies to many different private providers under contract with state agencies. For example, under s. 768.28(10)(a), F.S., health care vendors under contract with the Department of Corrections to provide health care services to inmates of the state correctional system are considered agents of the state. Section 768.28(11)(a), F.S., specifies that providers under contract with the Department of Juvenile Justice providing services to children in need of services, families in need of services, or juvenile offenders are also agents of the state.

In the area of foster care, section 409.175(14)(a), F.S., directs the Division of Risk Management of the Department of Insurance to provide coverage through the department to any person who owns or operates a licensed family foster home for the department in her or his place of residence. The coverage is provided from the general liability account of the Florida Casualty Insurance Risk Management Trust Fund and is limited to general liability claims arising from the provision of family foster home care pursuant to an agreement with the department and pursuant to guidelines established through policy, rule, or statute.

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With the exception of family foster homes as defined in s. 409.175(14), F.S., licensed providers of child foster care services who contract with the department are considered independent contractors by the Division of Risk Management, and thus ineligible to invoke the protection of the limitation on tort actions contained in s. 768.28, F.S. This exposure can result in civil damage awards against the provider exceeding the \$100,000/\$200,000 limits applicable to the state.

Federal Earnings

Federal support for child welfare, foster care and adoption assistance programs is authorized under titles IV-B and IV-E of the Social Security Act. Title IV-B authorizes funds to states for a broad range of child welfare services, including family preservation and family support services. Title IV-E provides funding for the Foster Care, Independent Living, and Adoption Assistance Programs. The IV-B and IV-E programs are intended to operate in consort to help prevent the need for out-of-home placement of children, and in cases where such placement is necessary, to provide protections and permanent placement for the children involved. Funding is provided under the Foster Care Program to assist states with the maintenance costs of low-income children in foster care. The Independent Living Program is intended to help states facilitate the transition of older children from foster care to independent living. The Adoption Assistance Program helps states support the adoption of low income or SSI-eligible children with "special needs," such as minority status, age, membership in a sibling group, or a mental or physical handicap.

The state appropriates trust funds to the department based on projected earnings. The department bills Title IV-E for eligible services defined and in a state plan approved by the federal department of Health & Human Services. Federal dollars received by the department are deposited in a general unrestricted cash account. The department through a budget amendment process uses these funds for program needs based on the decisions of the Secretary. Obtaining federal dollars is a process which involves many people in different areas of the department. The ability to claim federal reimbursement begins when the child's eligibility is determined. How the payment is processed through the Child Welfare Vouchering System determines how the payment will be coded in the state's accounting system. Eventually, the total expenditures, for the maintenance cost of children in out-of-home care, are entered into a data system that allocates costs against federal grants. With each report submitted, the department must certify that for the expenditures reported, the accurate amount of match (or general revenue) was available.

The Legislature appropriates to the department anticipated IV-E earnings through a trust fund. The department uses the federal earnings and General Revenue to reimburse providers for services provided to the child. IV-E earning in excess of contract cost may be used for other child welfare services. Presently, community-based providers only receive a projected amount of federal earnings as stated in their contract with the department. The Legislature and department used excess earnings to provide funds for other statewide child welfare projects. The child welfare information system [SACWIS], revenue maximization positions, and child welfare training have received these dollars.

Section 215.425, F.S.

Section 215.425, F.S., prohibits additional compensation to any officer, agent, employee, or contractor after the service has been rendered or the contract made.

Agency for Health Care Administration

Section 409.912, F.S., allows the Agency for Health Care Administration to contract for services for Medicaid recipients in the most cost-effective manner consistent with the delivery of quality medical care and allows the agency to contract with certain providers to achieve this objective.

B. EFFECT OF PROPOSED CHANGES:

Child Welfare System Estimating Conference

The bill will provide more specific detail regarding the responsibilities of the estimating conference. These responsibilities include estimating the number of children who are in need of protective services, family reunification, emergency shelter, foster care, residential group care, adoptive services and other related services.

Insurance Requirements

The bill will specify certain insurance requirements and liability limits for community-based agencies and their subcontractors. In particular, these provisions require lead agencies to obtain general liability insurance and subcontractors to be covered by general liability insurance.

Limitation on Damages

Specifies certain insurance requirements and liability limits for community-based agencies and their subcontractors. In particular, these provisions require lead agencies to obtain general liability insurance and subcontractors to be covered by general liability insurance. They specify that the agencies and their subcontractors will be responsible for net economic damages in any claims successfully brought by an injured party. The bill provides a cap on economic damages of \$1 million, a cap on noneconomic damages of \$200,000, an insurance requirement for foster care providers of \$1 million per claim/\$3 million per incident, and revised legislative intent language. The bill also clearly provides that claimants may assert claims over the statutory caps through the claims process.

Exception to Limitations

The immunity provided to covered foster care providers and their subcontractors is limited by an exception for defendants who act in a culpably negligent manner or with unprovoked physical aggression when such acts result in injury or death proximately caused by such acts.

Hiring Preference for State Employees

The bill gives hiring preference to employees of the department whose positions are being privatized for positions in community-based child welfare agencies.

Annual Report Date

The bill changes the date of the annual report regarding quality performance, outcome measure and cost efficiency from January 31 to November 30.

Dual Licensure of Foster Care and Day Care Providers

The bill allows substitute care providers (e.g., foster care) to also be licensed simultaneously as family day care homes and receive both child care and foster care monthly payments for eligible children in care. The foster home must meet the standards of a family day care home and must have a Gold Seal Quality Care designation to participate.

District V Privatization Deadline

The bill changes the date for which all foster care and related services in District 5 (Tampa & vicinity) must be privatized from December 1, 1999 to June 30, 2000.

Expansion of Privatization Model in District 12

The bill requires the expansion of the privatization care model in District 12 (Volusia and Flagler County)

Federal Funds

The bill requires the department to distribute federal funds earned by the department and community-based agencies that exceed the amount appropriated by the Legislature. The distribution of funds based on a schedule and methodology developed by the department and approved by the Executive Office of the Governor. It also requires the department to transfer additional funds for community-based agencies that are appropriated by the Legislature or made available through a budget amendment process. Community-based agencies must spend these funds to provide child welfare services. The department is required to amend an agency's contract to allow the expenditure of these funds. The bill will require the Department of Children and Families to give federal earnings generated by a community-based agency back to the community-based agency for the purpose of providing additional child welfare services.

Community-Based Provision of Child Welfare Services

The bill allows the Agency for Health Care Administration to contract for mental health and substance abuse services for Medicaid recipients through a community-based agency providing child welfare services under s. 409.1671, F.S. A waiver must first be obtained from AHCA. Payments to the community-based provider can be based on a prepaid capitated rate or a fixed-sum basis.

AHCA is allowed to establish a targeted case management program within the geographic area served by the community-based agency providing child welfare services. Match for these services is limited to those available under the contract for services with the lead agency.

Severability

The bill contains a standard severability clause.

Goals for Children in Shelter and Foster Care

The bill establishes legislative findings and intent for goals for Dependent Children in Shelter and Foster Care. The bill specifies 23 goals for children in the custody of the Department of Children and Family Services who have been placed in shelter or foster care.

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?

N/A

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

The bill requires the state to indemnify covered providers for noneconomic damages in excess of \$200,000.

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

The bill entitles covered providers to indemnification from the state for noneconomic damages which exceed \$200,000.

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

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

Requires the department to give federal earnings generated by a community-based agency back to the community-based agency for the purpose of providing additional child welfare services.

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

The cost will be negotiated and stipulated through a contract.

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

The community-based agencies are accountable through provisions stipulated in a contract. The Department of Children & Family Services must monitor the fiscal and programmatic provisions of a contract.

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?

No.

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

The bill limits an injured party's ability to recover full compensation for his or her injuries.

5. Family Empowerment:

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

- (1) Who evaluates the family's needs?

Community-based agencies under contract with the Department of Children & Family Services.

- (2) Who makes the decisions?

Community-based agencies under contract with the Department of Children & Family Services.

- (3) Are private alternatives permitted?

Yes

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

Only if required by existing law or court ordered.

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

Only if they violate certain existing laws or a court order.

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

The bill limits an injured party's ability to recover full compensation for his or her injuries.

- 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:

- (1) parents and guardians?

No.

- (2) service providers?

Community-based agencies under contract with the Department of Children & Family Services.

- (3) government employees/agencies?

Community-based agencies under contract with the Department of Children & Family Services.

C. STATUTE(S) AFFECTED:

Sections 216.136, 409.1671, 409.175, F.S.

D. SECTION-BY-SECTION ANALYSIS:

Section 1. Amends s. 216.136, F.S.

Provides more specific detail regarding the responsibilities of the estimating conference. These responsibilities include estimating the number of children who are in need of protective services, family reunification, emergency shelter, foster care, residential group care, adoptive services and other related services.

Section 2. Amends s. 409.1671, F.S.

Specifies certain insurance requirements and liability limits for community-based agencies and their subcontractors. In particular, these provisions require lead agencies to obtain general liability insurance and subcontractors to be covered by general liability insurance. They also specify that the agencies and their subcontractors will be responsible for net economic damages in any claims successfully brought by an injured party. The effect of these provisions will be that the state will not be responsible for such damages. This requirement underscores that an "employee or agency relationship" does not exist between the department and the community-based organizations and their subcontractors.

Requires the state to hold harmless the private providers for non-economic damages over \$200,000 pursuant to s. 768.28.

Creates an exclusiveness of liability for providers of foster care and related services and an exception to the limits of non-economic damages for a defendant who acted in a culpably negligent manner.

Contains a severability clause intended to save any part of the subsection from being invalidated if another passage was declared invalid.

Gives hiring preference to employees of the department whose positions are being privatized for positions in community-based child welfare agencies.

Changes the date of the annual report regarding quality performance, outcome measure and cost efficiency from January 31 to November 30.

Allows substitute care providers (e.g., foster care) to also be licensed simultaneously as family day care homes and receive both child care and foster care monthly payments for eligible children in care. The foster home must meet the standards of a family day care home and must have a Gold Seal Quality Care designation to participate.

Changes the date for which all foster care and related services in District V (Tampa & vicinity) must be privatized from December 1, 1999 to June 30, 2000.

Requires the expansion of the privatization care model in District 12 (Volusia and Flagler County)

Requires the department to distribute federal funds earned by the department and community-based agencies that exceed the amount appropriated by the Legislature. The distribution of funds based on a schedule and methodology developed by the department and approved by the Executive Office of the Governor. It also requires the department to transfer additional funds for community-based agencies that are appropriated by the Legislature or made available through a budget amendment process. Community-based agencies must spend these funds to provide child welfare services. The department is required to amend an agency's contract to allow the expenditure of these funds.

Section 3. Amends s. 409.903, F.S.

Allows the Agency for Health Care Administration, in consultation with the Department of Children and Families (DCF), to establish a targeted case-management pilot project in counties identified by DCF and in Sarasota and Manatee counties. The projects are to determine the impact of targeted case management on the child welfare program, and will use existing funds. Future additional projects must be approved by the Legislature.

Section 4. Provides that if any provision of this act is held invalid by a court, the invalidity does not affect other provisions or applications of the act which are not effected.

Section 5. Creates s. 39.4085, F.S.

Establishes legislative findings and intent for goals for dependent children in shelter and foster care. The bill specifies 23 goals for children in the custody of the Department of Children and Family Services who have been placed in shelter or foster care. The provisions of this section establish goals and not rights. The bill provides that these provisions shall not be interpreted as requiring the delivery of any particular service or level of service in excess of existing appropriations. In addition, no person shall have a cause of action against the state or any of its subdivisions, agencies, contractors, subcontractors, or agents, based upon the adoption of or failure to provide adequate funding for the achievement of the goals by the Legislature.

Section 6. Provides that the act takes effect upon becoming law.

IV. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

N/A

2. Recurring Effects:

Excess federal earnings are currently used by the Legislature and department to provide funds to statewide projects. The child welfare information system [SACWIS], revenue maximization positions, and child welfare training have received these dollars. If these dollars are no longer available for that purpose an alternate funding source (general revenue) must be found or the program eliminated.

3. Long Run Effects Other Than Normal Growth:

N/A

4. Total Revenues and Expenditures:

N/A

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

N/A

2. Recurring Effects:

N/A

3. Long Run Effects Other Than Normal Growth:

N/A

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

N/A

2. Direct Private Sector Benefits:

The bill limits the exposure to liability by a community-based agency under contract with the Department of Children & Family Services.

The bill requires the department to give federal earnings generated by a community-based agency back to the agency for the purpose of providing additional child welfare services.

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

To the extent the bill caps liability for private community-based agencies, it reduces the need to purchase liability insurance from the private sector for amounts above the caps.

D. FISCAL COMMENTS:

N/A

V. 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 expend funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce revenue raising authority.

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.

VI. COMMENTS:

N/A

VII. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

VIII. **FINAL ANALYSIS PREPARED BY THE COMMITTEE ON CHILDREN & FAMILIES:**

Prepared by:

Staff Director:

Bob Barrios

Bob Barrios