



## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. HOUSE PRINCIPLES ANALYSIS:

**Provide limited government**—The bill provides 12 months instead of six months eligibility for Medicaid services before redetermination of assistance.

**Empower families**—The bill removes barriers to enrollment of eligible children in KidCare by simplifying the enrollment process, the transition between eligibility groups, and administration. It increases families' choices of health care plans that meet the needs of their children.

#### B. EFFECT OF PROPOSED CHANGES:

HB 7189 removes barriers to enrollment of eligible children in the Florida KidCare program of health coverage for children by simplifying the enrollment process, the transition between eligibility groups, and administration.

The bill eliminates MediKids as a component and removes provisions for employer-sponsored plans. To remove barriers to enrollment and eligibility, the bill restructures and simplifies existing enrollment and eligibility provisions. It clarifies separate eligibility provisions for the program overall and eligibility provisions for premium assistance. The bill provides that all children in Florida are eligible for the KidCare program, and some children are eligible for premium assistance. The bill allows children of state employees, non-citizens and non-qualified aliens to be eligible for premium assistance funded by general revenue and local contributions, if specifically appropriated. The bill provides 12 months of continuous eligibility for premium assistance, and allows electronic verification of income. To increase enrollment, the bill requires the Community Access Network, associated with the Department of Children and Families, to administer a statewide outreach program. The bill provides for plan choice and choice counseling, gives enrollees 90 days to change plans, and gives enrollees individualized annual reenrollment dates to change plans.

The bill changes statutory language to require benefits in all program components to meet federal Medicaid Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) standards. This replaces the current specific detailed services spelled out as "benchmark" services for Healthy Kids. The bill allows for provision of additional benefits. The bill removes the requirement for the Office of Insurance Regulation to certify benefits of employer-based health plans to be actuarially equivalent to the "benchmark" services in current law.

The bill restructures and simplifies provisions for funding of premium assistance and cost sharing. It establishes basic criteria for premium rates based on age, gender, and location. The bill allows for seamless transition between program components by allowing premiums to be drawn from the appropriate funding source and follow patients as they move to other components or change plans. Premiums can be applied to any KidCare plan or Medicaid managed care plan administered by the program, regardless of the funding source. It allows for waiver of cost sharing requirements for Healthy Kids. The bill provides that all correspondence related to the program be identified with the KidCare program as a whole.

The bill changes the duties of agencies responsible for KidCare as follows:

- The Department of Children and Families is required to develop a standardized intake process for KidCare regardless of the funding source of premium assistance, provide outreach through the Community Access Network, and ensure follow-up procedures for choice counseling;
- The Department of Health is required to determine eligibility for Children's Medical Services. The bill removes provisions establishing the KidCare coordinating council and DHO responsibilities for designing the eligibility process;

- The Agency for Health Care Administration is authorized to seek federal waivers to implement changes to KidCare and continue its role in fiscal management of federal funds; and
- Florida Healthy Kids Corporation is responsible for marketing the entire KidCare program and providing choice counseling.

Effective July 1, 2010, the bill consolidates administration of KidCare under AHCA to provide for unified management of Healthy Kids with Medicaid, which covers over five times as many children. AHCA will make payments, manage contracts collect premiums, quality assurance and fiscal management of all components of KidCare program. DCF will do marketing of KidCare as single program and provide toll-free account information line.

AHCA is required to develop a plan for consolidation by November 1, 2009, and to manage the consolidation process. AHCA is required to seek federal waivers to Medicaid and Title XXI state plans to implement consolidation, and contract for independent third party evaluation of effects of bill, including enrollment, process simplification and KidCare organizational structure.

The bill repeals the Florida Healthy Kids Corporation Act (s. 624.91, F.S.) that established the corporation for administration of the Healthy Kids program, effective July 1, 2010. The legislature may appoint a select committee to review sunset of Florida Healthy Kids Corporation Act.

Additional provisions of the bill allow the parent or guardian of an enrollee to obtain the child's coverage information, and establish Leon County as the venue for all civil and administrative actions against the Florida Healthy Kids Corporation.

## CURRENT SITUATION

Over 500,000 children are uninsured in Florida, 170,000 of them in families with incomes below the Federal Poverty Level of \$18,850 for a family of four in 2004.<sup>1</sup> Because lack of health insurance is a substantial barrier to health care, these uninsured children are more likely to go without, or delay, needed health care. Uninsured children are less likely to receive the proper care for childhood illnesses that can lead to more expensive and debilitating diseases if untreated. Children who do have health insurance are more likely to have a medical "home" and receive regular preventive and needed care.

In its first five years of implementation, Florida's KidCare program of federal, state, local, and family funding of children's health insurance coverage, helped reduce the percentage of children without health insurance from 13.9% in 1999 to 12.1% in 2004. This reduction occurred despite the decline in employer-sponsored insurance, which covers over half of Florida children under 19.

Making it easier for qualified, uninsured children to get coverage through Florida KidCare is Idea 86 in *100 Innovative Ideas for Florida's Future*. The federal State Children's Health Insurance Program (SCHIP)<sup>2</sup> pays seventy one cents of every dollar spent on eligible children. With expected costs of about \$120 per member per month in Florida KidCare, the state can offer comprehensive healthcare coverage, with minimal family premiums and co-pays, to children at less than \$35 per month per child in state dollars.

<sup>1</sup> Florida Health Insurance Study, Report on Health Insurance Coverage Among Children in Florida, University of Florida, August, 2005.

<sup>2</sup> SCHIP is the federal State Children's Health Insurance Program established as Title XXI of the Social Security Act in the Balanced Budget Act of 1997.

## Uninsured Children in Florida

The Florida Health Insurance Study<sup>3</sup> found that even with the successful reduction in uninsured children due to KidCare, a large number of children in Florida – over a half million – are still without health insurance. Uninsurance rates vary by socioeconomic and demographic characteristics. Rates of uninsurance are particularly high among Hispanic children, children of very low-income families, and children between the ages 10 to 18.

According to the Florida Health Insurance Study, preschoolers and infants (aged 0 to 4 years) benefited the most from Florida KidCare with their lack of insurance coverage dropping from 11.9% in 1999 to 8.1% in 2004. Levels of uninsurance among older children mirrored nationwide levels and remained relatively flat over the five year period from 1999 to 2004.

Among households with annual earnings at 100% or less of the Federal Poverty Level (FPL), the Florida Health Insurance Study found 21.6% of children were without coverage. In comparison, only 5.7% of children were uninsured in households with income levels above 200% of FPL (In 2004, a family of four was considered to be at 200% of FPL if annual household income equaled \$37,700).

Uninsured Florida Children  
By Household Income and Age of Child

Household Income as Percent of Federal Poverty Level*	Percent Uninsured All Children (0-18 yrs)	Percent Uninsured Age less than 1 yr	Percent Uninsured Age 1-5 yrs	Percent Uninsured Age 6-18 yrs	Number of Uninsured Children (0-18 yrs)
100% FPL or less	<b>21.6%</b>	8.6%	12.5%	25.9%	<b>170,000</b>
100-133% FPL	<b>20.0%</b>	2.3%	15.7%	22.6%	<b>69,000</b>
134-185% FPL	<b>17.9%</b>	14.7%	14.0%	19.4%	<b>109,000</b>
186-200% FPL	<b>16.5%</b>	4.5%	15.1%	17.6%	<b>26,000</b>
Greater than 200% FPL	<b>5.7%</b>	5.9%	3.8%	6.4%	<b>128,000</b>
<b>All Income Levels</b>	<b>12.1%</b>	<b>7.6%</b>	<b>8.5%</b>	<b>13.7%</b>	<b>** 504,000</b>

Source: 2004 Florida Health Insurance Study

\*In 2004, a family of four was considered to be at:

100% of the FPL if annual household income equaled \$18,850, and

200% of the FPL if annual household income equaled \$37,700.

\*\*Numbers may not sum to a meaningful total due to rounding effects

Overall, Hispanic children had the highest rates of uninsurance in 2004, followed by Black children. Hispanic children were twice as likely to lack health insurance coverage as non-Hispanic Whites (17.4% vs. 8.5%).

## Florida KidCare

The Legislature established the Florida KidCare Program in 1998 to reduce the number of uninsured children in Florida through a combination of Medicaid expansions and public/private partnerships.

The Florida KidCare program provides health care coverage to over 1.4 million children in Florida. KidCare is an “umbrella” program that includes:

- Medicaid,
- The Florida Healthy Kids Program,
- MediKids, and
- The Children’s Medical Services Network for children with special health care needs.

<sup>3</sup> The Florida Health Insurance Study by the Florida Center for Medicaid and the Uninsured, at the University of Florida, is the most reliable information available on uninsured children in Florida. It is based on telephone interviews with 17,435 Florida households, collecting information on approximately 46,876 individuals under age 65.

Eligibility for the different program components is based on age, family income, and whether the child has a serious health condition. Florida KidCare primarily targets uninsured children under age 19 whose family income is at or below 200 percent of the federal poverty level (\$40,000 for a family of four in 2006). Detailed eligibility and enrollment information on the different program components is provided below. (See Eligibility.)

Florida's Healthy Kids Program existed prior to the implementation of the federal Title XXI, State Children's Health Insurance Program (SCHIP). Florida was one of three states with an existing child health insurance program grandfathered in as part of the Balanced Budget Act of 1997, which created SCHIP. The Florida KidCare Program is established in sections 409.810 through 409.821, F.S. The non-profit Florida Health Kids Corporation that manages the Healthy Kids component of KidCare is established in s. 624.91, F.S.

### **KidCare Funding Sources**

Medicaid is the largest source of health care support for children in Florida. As of April 2007, 1,150,275 children are covered under the Medicaid program. Medicaid is authorized by Title XIX of the Social Security Act. It is a federal/state entitlement program that pays for medical assistance for pregnant women and children, and certain other individuals with low incomes and limited resources.

The State Children's Health Insurance Program (SCHIP) is the main source of non-Medicaid, KidCare funding. It covers 214,988 children. The SCHIP program was established in 1997 as Title XXI of the Social Security Act, to cover children not eligible for Medicaid, whose families do not make enough money to purchase private insurance. Florida's Healthy Kids is the main SCHIP funded component of KidCare. In KidCare, it fills the gap for children who are ineligible for Medicaid because of family income, but who are still below 200% of the Federal Poverty Level. SCHIP is a federal/state partnership, similar to Medicaid, except that under SCHIP, the federal government provides a capped amount of funds to states on a matching basis. It is the single largest expansion of health insurance coverage for children since the initiation of Medicaid in the mid-1960s. MediKids is part of the Healthy Kids program for young children, which provides the same services as Medicaid.

The Florida KidCare Program has carried a roll-over balance of the federal SCHIP allotment each federal fiscal year since 1999. The balance has shifted from a high of \$510,283,294 at the end of federal fiscal year 2000 during the early implementation phase, to an anticipated balance of \$114,084,215 by federal fiscal year 2008. If the program is not reauthorized in 2007, the roll-over balance will cover program expenditures until approximately federal fiscal year 2009.

State federal allotments balances have been discussed on the state and national level throughout the program's history. Since federal fiscal year 1998 Florida has had a total of \$139,658,003 redistributed from their allotments. Florida has also been the recipient of \$169,271,566 in federal redistributions leaving the state with \$29,613,563 in net increased funding distributions.

Congress must reauthorize SCHIP in 2007 for federal financing to continue.

Other sources of state, local, and family payments support an additional 26,146 children.

2006-2007 Funding Sources for  
Non-Medicaid, KidCare Program Components

Source	Amount
Federal Title XXI	\$255,577,884
State-Tobacco	\$87,546,411
State-General Revenue	\$16,073,041
Florida Healthy Kids Corp. Cash	\$1,900,000
Local Share	\$730,956
Family Contributions	\$60,869,576
<b>Total Funds</b>	<b>\$422,697,868</b>

Source: Agency for Health Care Administration

### Enrollment Challenges Facing the Florida KidCare Program

States, including Florida, have faced challenges enrolling eligible children and controlling costs in the SCHIP program. The Florida Legislature has responded to continuing shifts in enrollment and budget projections by amending the program's statutory provisions every year since its inception. For example, enrollment in the SCHIP, Healthy Kids component of KidCare rose from 264,278 in July 2002, to a high of 336,689 in April 2004. To avoid deficits in federal funding, the Legislature then put restrictions on the enrollment process that resulted in a sharp drop in enrollment to 186,080 by January 2006.<sup>4</sup> In 2006-2007 the Legislature budgeted an increase and enrollment is growing.

Title XXI Enrollment (April, 2007)

Program Component	Actual Enrollment	Budgeted Target
Healthy Kids	179,001	195,867
Children's Medical Services Network	12,835	11,292
MediKids	22,057	21,000
<b>Total*</b>	<b>214,988</b>	<b>228,159</b>

Source: Agency for Health Care Administration

\*An additional 1,095 Medicaid covered infants under age one are covered with Title XXI funds up to 200% FPL.

The history of fluctuating enrollment and costs of Florida KidCare in Florida has made budget projections and management difficult. The Florida Healthy Kids Corporation reports that:

In 2001-2002, Healthy Kids became well known and enrollment reached 250,000. The Legislature responded to the rapid growth by eliminating state funded outreach and requiring local matching funds.

In 2002-2003, enrollment increased by another 62,000, leading to projections of significant deficits in the federal allotment. The Legislature adopted a no growth budget, increased monthly premiums and co-payments, and limited benefits.

In 2003-2004, enrollment peaked at 337,000. Premium increases were implemented, but then reversed. Enrollment exceeded the appropriation and was closed, with 90,000 children put on a waiting list. The Legislature responded by funding the waiting list, but added new requirements to limit future enrollment growth.

To limit enrollment growth, SB 2000, passed by the Legislature in 2004, included provisions that:

- Replaced continuous enrollment with a 30-day open enrollment period, with applications taken on a first-come, first-served basis.

<sup>4</sup> Source: The Florida Healthy Kids Corporation.

- Required proof of family income and a statement from the applicant that employer insurance is not available.
- Provided for the withholding of benefits, and prosecution for fraudulent applications.
- Repealed language related to outreach programs operated by the Department of Health.

In 2004-2005, enrollment dropped sharply because of the new eligibility requirements and limited enrollment periods. The Legislature reopened year round open enrollment and eased paperwork requirements, but enrollment continued to decline. The Legislature appropriated \$40,000 for outreach to assist enrollment.

In 2005-2006, with year round enrollment, back to school postcards, a statewide ad campaign, and on-line applications, enrollment began to rise from its lowest level of 186,000 children. The Legislature responded by budgeting 20% growth in enrollment, providing \$1 million for community matching grants, and reducing local match requirements.

As of April 2007, Healthy Kids enrollment has risen in the current year to 214,988.

### **Background Information on the Florida KidCare Program**

There are four administrative components of the KidCare program:

The **Agency for Health Care Administration (AHCA)** administers the Medicaid and MediKids programs. AHCA serves as the state contact with the federal Centers for Medicare and Medicaid. It distributes federal funds, monitors program enrollment ceilings, and manages the Florida Healthy Kids Corporation contract. AHCA develops and maintains the Title XXI, Florida KidCare State Plan agreement with the federal government.

The **Department of Children and Families** performs Medicaid (Title XIX) eligibility determination, and administers the Behavioral Health Network, which is part of the Children's Medical Services Network for children with special needs.

The **Department of Health** administers the Children's Medical Services (CMS) Network for children with special needs, and staffs the Florida KidCare Coordinating Council.

The **Florida Healthy Kids Corporation**, under contract with AHCA, performs administrative functions for the overall KidCare program, and administers the SCHIP, Healthy Kids program. The corporation handles eligibility determination, premium billing and collection, refunds, and customer service for KidCare, except for the large Medicaid component that is administered by AHCA and the Department of Children and Families.

The Florida Healthy Kids Corporation contracts with managed care plans throughout the state for the provision of health care coverage. The Corporation also contracts with a fiscal agent to perform initial eligibility screening for the program and final eligibility determination for children who are not eligible for Medicaid.

### **Enrollment**

The application form for Florida KidCare is a simplified form that serves applicants for the Title XXI funded, SCHIP Healthy Kids program, and the Title XIX, Medicaid program. Pursuant to federal law, each KidCare application is screened for Medicaid eligibility. If an applicant appears to be eligible for Medicaid the Healthy Kids fiscal agent refers the application to the Department of Children and Families for Medicaid eligibility determination. Children who appear to have special health care needs are referred for evaluation to the Children's Medical Services Network of the Department of Health.

If a child is eligible for Medicaid, the child is immediately enrolled into that program. If the child is not eligible for Medicaid, the application is processed for Title XXI, SCHIP eligibility and enrolled in the appropriate program component.

## Eligibility

Eligibility for the different KidCare program components is based on age, family income, and whether the child has a serious health condition. Income eligibility is based on the Federal Poverty Level (FPL).

2006 Federal Poverty Level

Persons in Family (Household)	100%	133%	200%
1	\$9,800	\$13,034	\$19,600
2	\$13,200	\$17,556	\$26,400
3	\$16,600	\$22,078	\$33,200
4	\$20,000	\$26,600	\$40,000

Eligibility requirements and current enrollment for the four KidCare components (January 2007) are as follows:

Title XIX, Medicaid for children — total enrollment: 1,150,275.

- Birth to age 1, with family incomes up to 200 percent of the Federal Poverty Level (FPL).<sup>5</sup>
- Ages 1 through 5, with family incomes up to 133 percent of the FPL.
- Ages 6 through 18, with family incomes up to 100 percent of the FPL.
- Ages 19 through 20, with family incomes up to 24 percent of the FPL.

Title XXI, Healthy Kids — total enrollment: 179,001.

- Children age 5, with family incomes above 133 percent and up to 200 percent of the Federal Poverty Level (FPL).
- Children age 6 through 18, with family incomes above 100 percent and up to 200 percent of the FPL.
- A limited number of additional children (22,333), who have family incomes above 200 percent of the FPL, are enrolled in the unsubsidized full-pay option. The family pays the entire cost of the premium, including administrative costs.
- Some 2,715 are paid for by the state without federal subsidy.

Title XXI, MediKids - total enrollment: 22,057.

- Children ages 1 through 4 with family incomes above 133 percent up to 200 percent of the Federal Poverty Level.

Children's Medical Services (CMS) Network - total enrollment: 12,835.

- Children ages birth through age 18 who have serious health care problems.
- Title XXI covered children with special health care needs are funded by a capitated payment from the Agency for Health Care Administration.
- Children who do not qualify for Title XIX or Title XXI-funded coverage, receive limited services subject to the availability of funds.

## Full-Pay Families

Section 409.814(5), F.S., allows a child whose family income is above 200 percent of the Federal Poverty Level (FPL), or a child who is not eligible for premium assistance, to participate in Healthy Kids if the family pays the full premium (22,715 were enrolled in January, 2007). The Healthy Kids full-pay

<sup>5</sup> 1,033 infants also receive Title XXI support up to 200% FPL.

premium is \$110 per child per month. Current law limits the participation of full-pay families to no more than 10 percent of total enrollees, based on the possibility of adverse selection through enrollment of families with expensive health care needs. Section 409.814(5), F.S., excludes the Medicaid component of KidCare from the full-pay provision.

### Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) Benefits

Federal law – including statutes, regulations, and guidelines – requires that Medicaid cover a very comprehensive set of benefits and services for children, different from adult benefits. The Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) program is the children’s health coverage package of Medicaid. It is a mandatory set of services and benefits for all individuals under age 21 who are enrolled in Medicaid. All medically necessary diagnostic and treatment services within the federal definition of Medicaid medical assistance must be covered, regardless of whether or not such services are otherwise covered under the state Medicaid plan for adults ages 21 and older.

EPSDT is designed to help ensure access to needed services, including assistance in scheduling appointments and transportation assistance to keep appointments. Since 1967, the purpose of the EPSDT program has been "to discover, as early as possible, the ills that handicap our children" and to provide "continuing follow up and treatment so that handicaps do not go neglected." It has been shaped to fit the standards of pediatric care and to meet the special physical, emotional, and developmental needs of low-income children.

Under the Deficit Reduction Act of 2005 (DRA), enacted February 2006), states have the option to modify the approach to delivery of services to children enrolled in Medicaid. Two DRA changes Medicaid law may have direct impact on EPSDT.

The DRA gives states the option to restructure their approach to benefits under Medicaid without a federal waiver, using the state plan amendment process. Under this option, states may enroll certain groups (mainly those in optional eligibility groups) in benchmark or benchmark equivalent benefit packages, and wrap-around benefits, consisting of EPSDT benefits for any child under age 19 covered under a state plan.

The DRA also includes a more specific definition of case management and places limits on use of targeted case management and administrative case management. Since State Medicaid agencies use both EPSDT case management and targeted case management for infants, children, and adolescents, such programs may be affected by the DRA provisions.

Currently for the Florida Healthy Kids component of KidCare the “benchmark,” EPSDT equivalent services for Healthy Kids, are specified in detail in s. 409.815, F.S., including specific services for preventive health, inpatient hospital, emergency, organ transplant, outpatient, maternity, behavioral health, durable medical equipment, health practitioner, laboratory and X-ray, nursing facility, therapy, transportation, and dental services, and prescribed drugs.

### C. SECTION DIRECTORY:

**Section 1.** Amends s. 408.915, F.S., relating to comprehensive eligibility access system, with technical changes to conform.

**Section 2.** Amends s. 409.1451, F.S., relating to independent living services, to remove cross-reference to conform.

**Section 3.** Amends s. 409.811, F.S., relating to KidCare definitions, with technical changes to conform.

**Section 4.** Amends s. 409.812, F.S., relating to purpose of KidCare, to make technical correction.

- Section 5.** Amends s. 409.813, F.S., relating to KidCare components, specifying components, and limiting cause of action.
- Section 6.** Repeals s. 409.8132, F.S., relating to the Medikids program component.
- Section 7.** Amends s. 409.8134, F.S., relating expenditure ceilings, to simplify.
- Section 8.** Amends s. 409.814, F.S., relating to eligibility, to substantially rewrite provisions.
- Section 9.** Creates s. 409.8141, F.S., relating to premium assistance, to simplify eligibility for assistance.
- Section 10.** Creates s. 409.8142, F.S., relating to penalties, to insert existing provisions.
- Section 11.** Creates s. 409.8149, F.S., relating to enrollment, to move provisions and provide for plan choice, and choice counseling.
- Section 12.** Amends s. 409.815, F.S., relating to Medicaid benefits, to simplify.
- Section 13.** Amends s. 409.816, F.S., relating to premiums, to substantially rewrite, and provide rate-setting requirements, transitioning of premium assistance, and simplified premium and cost sharing requirements.
- Section 14.** Amends s. 409.817, F.S., relating to approval of coverage and assistance, to remove the requirement that certain plans be certified as actuarially equivalent.
- Section 15.** Amends s. 409.8177, F.S., relating to program evaluation to conform.
- Section 16.** Amends s. 409.818, F.S., relating to administration, revising agency duties.
- Section 17.** Amends s. 409.821, F.S., relating to public records exemption, to revise applicability of consent provisions.
- Section 18.** Creates s. 409.822, F.S., relating to KidCare program consolidation to provide for consolidation under the Agency for Health Care Administration by July 1, 2010.
- Section 19.** Amends s. 624.91, F.S., relating to the Florida Healthy Kids Corporation; to revise intent, eligibility for state-funded assistance, and duties, and specify venue for civil and administrative actions.
- Section 20.** Repeals s. 624.91, F.S., to remove provisions for Florida Healthy Kids Corporation to conform to consolidation, effective July 1, 2010.
- Section 21.** Provides an appropriation to fund the provisions of the bill.
- Section 22.** Provides an effective date of July 1, 2007.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

### A. FISCAL IMPACT ON STATE GOVERNMENT:

#### 1. Revenues:

\$12,933,206 in recurring federal revenues through the Title XIX (Medicaid) and/or Title XXI (SCHIP)

2. Expenditures:

Issue	Family Contribution	State Funds	Federal Funds	Total
Elimination of MediKids as a separate component				Indeterminate
Remove the 10% cap on Healthy Kids Full Pay Clients				Indeterminate
Remove waiting period for program application if employer-sponsored insurance was voluntarily cancelled within the previous six Months.	\$107,829	\$464,407	\$1,089,833	\$1,662,069
Extend Title XIX continuous eligibility from 6 months to 12 months for children age 6 to 19.		\$8,967,334	\$11,843,373	\$20,810,707
Medicaid recipients to choose the Healthy Kids Benchmark Plan.				Indeterminate
<b>Total</b>	<b>\$107,829</b>	<b>\$9,431,741</b>	<b>\$12,933,206</b>	<b>\$22,472,776</b>

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The bill removes the limit on the number of full-pay enrollees in the program and will extend coverage to currently ineligible individuals, which could result in a larger of number of children being served in the state sponsored health plan.

D. FISCAL COMMENTS:

The bill provides a mechanism for enrollees who do not reside in a household where the family income is equal to or less than 200 percent of the federal poverty level, who are non-citizens, or who are not qualified aliens. Premium assistance for these individuals is subject to a specific appropriation. The Agency for Health Care Administration indicates that providing coverage to non-qualified legal aliens will cost a total of \$13,124,257 with \$12,257,356 being the state fund portion. The cost to expand Non-Title XXI coverage to state employees would be \$1,533,345 with \$1,434,148 being the state fund portion. HB 5001, Engrossed 1, line 3003, includes \$5 million in state funds to cover up to 1,000 children of state employees for 3 years.

The bill provides that subject to specific appropriation the Florida Healthy Kids Corporation shall establish penalties of at least 30 days before reinstatement of coverage for non payment of premiums. (The current penalty is 60 days before reinstatement.)

The bill appropriates \$8,967,334 in recurring funds from the General Revenue Fund and \$11,843,373 from the Medical Care Trust Fund to the Agency for Health Care Administration for the purpose of implementing s. 409.814(1)(b) and appropriates the sum of \$464,407 in recurring funds from the General Revenue Fund, \$107,829 from the Grant and Donations Trust Fund, and \$1,089,833 from the Medical Care Trust to the Agency for Health Care Administration for the purpose of implementing s. 409.814(3)(b), F.S. Total appropriation in the bill is \$22,472,776 (\$9,431,741 GR + \$13,041,035 TF).

### III. COMMENTS

#### A. CONSTITUTIONAL ISSUES:

##### 1. Applicability of Municipality/County Mandates Provision:

This bill does not appear to require counties or municipalities to take an action requiring the expenditure of funds, reduce the authority that counties or municipalities have to raise revenue in the aggregate, nor reduce the percentage of state tax shared with counties or municipalities.

##### 2. Other:

None.

#### B. RULE-MAKING AUTHORITY:

None.

#### C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

#### D. STATEMENT OF THE SPONSOR

None.

### IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES

On April 17, 2007, the Healthcare Council adopted a strike-all amendment to the PCB and three amendments to the strike-all, and adopted the bill favorably as amended.

- The strike-all amendment added provisions to consolidate administration of KidCare under the Agency for Health Care Administration, effective July 1, 2010. A plan for consolidation is required by November 1, 2009. The bill repeals the Florida Healthy Kids Corporation Act (s. 624.91, F.S.), effective July 1, 2010. It requires a third party evaluation of consolidation and AHCA to seek federal waivers needed to implement consolidation.
- Three amendments to the strike-all specified that monthly copays for the Healthy Kids component of the program are per family not per child, and required automatic assignment of special needs children to the Children's Medical Services Network, with the ability to opt out.

On April 23, 2007, the Policy and Budget Council adopted three amendments to the bill:

- Amendment 1 appropriates the following to the Agency for Health Care Administration:
  - \$8,967,334 in recurring General Revenue funds, and
  - \$11,843,373 from the Medical Care trust fund fund for implementing s. 409.814(1)(b), F.S., of the bill, and
  - \$464,407 in recurring General Revenue funds,
  - \$107,829 from the Grant and Donations trust fund, and,
  - \$1,089,833 from the Medical Care trust fund to implement s. 409.814(3)(b), F.S.
  - **Total \$22,472,776 (\$9,431,741 GR + \$13,041,035 TF).**
- Amendment 2 requires the evaluation of KidCare consolidation to assess whether an independent entity should monitor administration of the KidCare and if so to make recommendations regarding the entity.
- Amendment 3 provides that subject to specific appropriation the Florida Healthy Kids Corporation shall establish penalties of at least 30 days before reinstatement of coverage for non payment of premiums. (Current penalty is 60 days.)

The bill was reportedly favorably as a Council Substitute, to which this analysis is drafted.