HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/HB 121 Florida Kidcare Program Eligibility
SPONSOR(S): Healthcare Regulation Subcommittee, Bartleman and others
TIED BILLS: **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Healthcare Regulation Subcommittee	17 Y, 0 N, As CS	Calamas	McElroy
2) Health Care Appropriations Subcommittee			
3) Health & Human Services Committee			

SUMMARY ANALYSIS

The Florida Kidcare Program implements the federal Children's Health Insurance Program (CHIP) in Florida. The CHIP provides federal matching funds to states to subsidize health insurance coverage for children in families with incomes too high to qualify for Medicaid and meet other eligibility requirements.

Kidcare is governed by part II of ch. 409, F.S., and is administered jointly by the Agency for Health Care Administration (AHCA), the Department of Children and Families (DCF), the Department of Health (DOH), and the Florida Healthy Kids Corporation (Corporation) established in ch. 624, F.S.

Eligibility for the CHIP-funded program components of Kidcare is determined by household annual income, and set as a factor of the Federal Poverty Level (FPL). Children in families with incomes up to 200% FPL ($60,000 for a family of four) are currently eligible for CHIP-subsidized coverage.

Families enrolled in CHIP-subsidized Kidcare programs pay a monthly, per-household premium of $15 or $20, depending on income level.

HB 121 increases eligibility for CHIP-subsidized Kidcare programs to 300% FPL ($90,000) for a family of four), with a two-year phase-in process. In addition, the bill requires the Corporation to establish new monthly premiums for enrollees in households over 150% FPL. The Corporation must establish the new premiums in at least three, but no more than five, income-based tiers.

The bill has a significant, recurring, negative impact on the state and federal governments, and no impact on local governments. See Fiscal Analysis.

The bill provides an effective date of July 1, 2023.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:
Background

Florida Kidcare Program

The Florida Kidcare Program (Kidcare or Program) was created by the Florida Legislature in 1998 in response to the passage of the Children's Health Insurance Program (CHIP) in 1997.[1] The CHIP provides federal funding to states to provide subsidized health insurance coverage to uninsured children in families with incomes that are too high to qualify for Medicaid but who meet other eligibility requirements. When created, CHIP was initially authorized and allotted funding for 10 years. However, due the program's capped funding structure, the federal government has had to repeatedly reauthorize and extend funding.[2] Most recently, the 2023 Consolidated Appropriations Act extended federal funding for CHIP through fiscal year 2029.[3]

Kidcare encompasses four programs.

1. Medicaid for children
2. The Medikids program
3. The Children's Medical Services Network (for children with special needs)
4. The Florida Healthy Kids program

Kidcare is governed by part II of ch. 409, F.S., and is administered jointly by the Agency for Health Care Administration (AHCA), the Department of Children and Families (DCF), the Department of Health (DOH), and the Florida Healthy Kids Corporation (Corporation) established in ch. 624, F.S. The chart below delineates the roles of each agency and the Corporation.

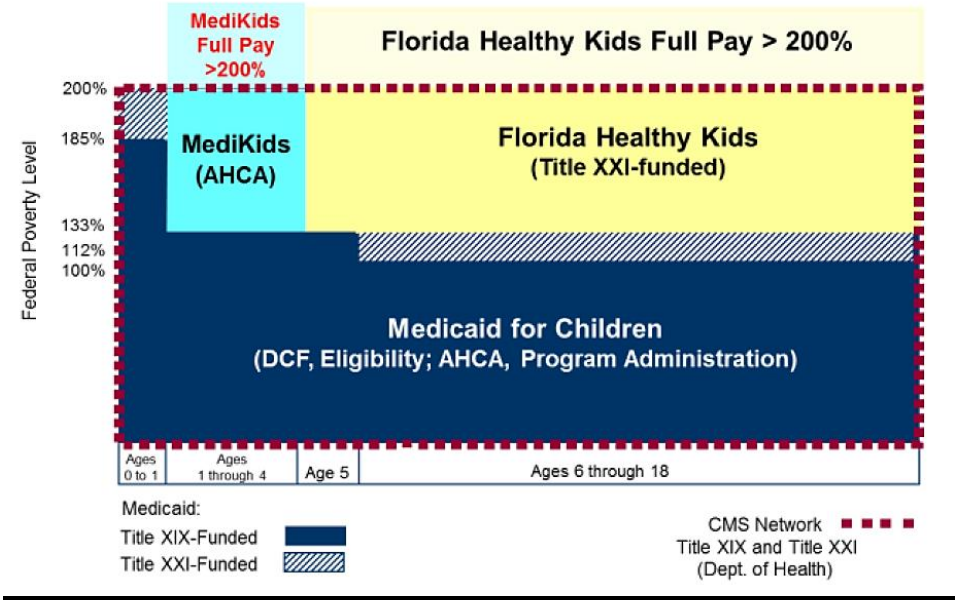
State Agency	Responsibilities
Agency for Health Care Administration (AHCA) (MediKids)	• Administers the Medicaid program (Title XIX) • Administers the MediKids program (Title XXI, ages 1-4) • Serves as lead Title XXI contact with the federal Centers for Medicare and Medicaid Services • Distributes federal funds for Title XXI programs • Manages the Florida Healthy Kids Corporation contract • Develops and maintains the Title XXI Florida KidCare State Plan
Department of Children and Families (DCF) (Medicaid for Children)	• Determines Medicaid (Title XIX) eligibility • Administers the CMS Behavioral Health Network (Title XXI, ages 0-18)
Department of Health (Children's Medical Services)	• Administers Children's Medical Services (Titles XIX and XXI, ages 0-18 with special health care needs)
Florida Healthy Kids Corporation (Healthy Kids)	• Performs administrative functions for Florida KidCare (eligibility determination, premium collection, marketing, and customer service) • Administers Florida Healthy Kids program (Title XXI, ages 5-18)

Funding

[1] CHIP was created as part of the Balanced Budget Act of 1997 (BBA 97, Pub. L. No. 105.33, s. 4901).
[2] The Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA, Pub. L. No. 111–3, s.101) reauthorized CHIP through fiscal year (FY) 2013, the Patient Protection and Affordable Care Act of 2010, (ACA, Pub. L. No. 111–148, s. 10203) extended CHIP funding through FY 2015, the Medicare Access and CHIP Reauthorization Act of 2015 (Pub. L. No. 114–10, s. 301) extended funding through FY 2017, the Healthy Kids Act extended funding to FY 2023 (Pub. L. No. 115-120, s. 3002), and the Bipartisan Budget Act of 2018, (Pub. L. No. 115-123, s. 50101) extended funding for CHIP through 2023.
[3] Consolidated Appropriations Act, 2023, Pub. L. No. 117-328, s. 5111.

Kidcare coverage is funded by state and federal funds through Title XIX (Medicaid) and Title XXI (CHIP) of the federal Social Security Act. The federal government provides matching funds for state expenditures, called the Federal Medical Assistance Percentage (FMAP). The Medicaid (Title XIX) FMAP is approximately 60%, meaning the federal government pays 60% of service costs, while the state pays 40%. The CHIP (Title XXI) has a higher FMAP, at approximately 72%; the state pays 28%.[4]

The following chart summarizes funding by eligibility category for the programs within Kidcare.[5]



Eligibility and Cost-Sharing

Eligibility is determined in part by age and household income, as a percent of the Federal Poverty Level (FPL), as indicated by the table below.

Program	Ages	Family Income Eligibility		Monthly Premium	Copay (*some services*)
		FPL Threshold	Annual Income[6]		
Medicaid for Children	0-1	185-200% FPL	$55,500-$60,000	$0	$0
Medikids	1-4	133-200% FPL	$41,400-$60,000	$15 for 133-158% FPL $20 for 158-200% FPL (*per household*)	Up to $10
Healthy Kids	5	133-200% FPL	$41,400-$60,000		Up to $10
	6-18	100-200% FPL	$30,00-$60,000		Up to $10
Children's Medical Services	0-18	Up to 200% FPL	$0-$60,000		$0
Full-Pay (Medikids & Healthy Kids)	1-18	Over 200% FPL	Over $60,000	$210 - Medikids $259 - Healthy Kids (*per child*)	$10 or $15

Families contribute to the monthly premium cost of the coverage under the Title XXI-funded (CHIP) components of Kidcare based on their household size, income, and other eligibility factors. Household

[4] Both program FMAPs temporarily increased as a result of time-limited pandemic funding: 6.2% in Medicaid and 4.34% in the CHIP. The increased FMAPs will phase out quarterly in 2023. See, *infra*, note 10.
[5] Institute for Child Health Policy at University of Florida, *Florida KidCare Program Evaluation 2015*, available at http://ahca.myflorida.com/medicaid/Policy_and_Quality/Policy/program_policy/FLKidCare/PDF/2015_Florida_Kidcare_Evaluation_Report.pdf (last viewed March 13, 2023).
[6] Based on a family of four.

monthly premiums are $15 or $20, depending on income level, as indicated by the table above. Similarly, nominal service copays are also based on income level, as indicated by the table above.

Currently, these limited premium and copay ranges reflect the only income-based tiers for enrollee cost-sharing in the subsidized Kidcare programs.

For families with incomes above the income limits for monthly premium assistance, Kidcare also offers an option under the Healthy Kids component (ages 5-18) and the Medikids component (ages 1-4) for the family to obtain coverage for their children by paying the full premium. This "Full-Pay" program has premium for Healthy Kids is $259 a month, or $3,114 annually, and the Full-Pay program requires a $5 or $10 copay for some services.[7] Currently, nearly 25,000 children are in Full-Pay program (3,312 in Medikids and over 21,000 in Healthy Kids).

The increase from a $20 household-wide premium to a $259 per-child premium may be triggered by a much lesser increase in income. For example, an income increase equating to 1% of the federal poverty level is a $300 annual income increase (for a family of four). This small increase can move a family from subsidized eligibility to Full-Pay eligibility, resulting in an increased annual coverage cost of $5,748 (assuming the family of four has 2 children). This may cause a family to drop child coverage, or limit coverage to the most medically needy child.

Enrollment

As of January, 117,092 children are enrolled in Kidcare.[8] Most of those children (80,258) are enrolled in Healthy Kids (the Title XXI CHIP-subsidized program); 21,424 children are in the Full-Pay program.[9]

Caseload growth in Kidcare is generally 2-3 percent per year; however, Fiscal Year 2023-2024 projections assume that Medicaid redeterminations,[10] which will begin in April 2023, will cause a 76.54% caseload growth in the Title XXI-funded (CHIP) part of program that year, as indicated by the graph below.[11]

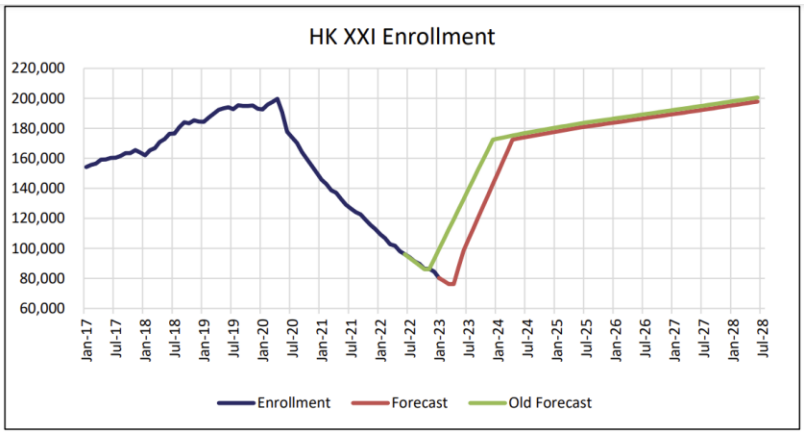
[7] While s. 409.814(7), F.S., requires Full-Pay enrollees to pay the entire cost of the premium, including administrative costs, in 2019 the legislature began subsidizing those costs through the General Appropriation Act, to reduce significant premium increases caused by a shrinking risk pool. *See,* Fiscal Year 2019-202 General Appropriation Act Line 178, Ch. 2019-115 Laws.

[8] Caseload Social Services Estimating Conference, Florida KidCare Program, Feb. 13, 2023.

[9] AHCA 2023 Agency Legislative Bill Analysis, HB 121, dated Jan. 10, 2023.

[10] The federal Coronavirus Aid, Relief, and Economic Security (CARES) Act provided an enhanced federal matching rate of 6.2 percentage points for states during the COVID pandemic. The enhanced rate was conditioned on states agreeing to provide continuous eligibility through the end of the federally declared public health emergency. Under that requirement, Medicaid eligibility has not been reviewed since March, 2020, meaning there may be many enrollees who no longer meet the income eligibility requirements for the program. This contributed to a 1.8 million increase in enrollment since 2020. The federal Consolidated Appropriations Act of 2023 ended the continuous coverage policy effective April 1, 2023, and established a quarterly reduction in the enhanced match rate through December 2023. *See*, Medicaid Redetermination, AHCA and DCF presentation in the Health and Human Services Committee, Jan. 18, 2023.

[11] While many families no longer eligible may no longer need health coverage, many may be at income levels too high for Medicaid but too low for other forms of coverage. These families may enroll their children in KidCare, resulting in this increased enrollment in the 2023-2024 fiscal year. The graph also notes the sudden decline in CHIP enrollment starting in Spring 2020, coinciding with the beginning of the pandemic. Many of those CHIP families may have experienced a decline in income at that time and become eligible for Medicaid; the redetermination process may shift those families back to CHIP.



In 2021,[12] 327,200 children in Florida were uninsured. Of those, 163,700 are in families with income levels below 200% of the federal poverty level; that is, they were eligible for coverage under Kidcare (or regular Medicaid).[13]

Of the uninsured children in Florida, 42,073 children are in families with income levels between 200% and 300% of the federal poverty level. These children are not currently eligible for (subsidized) Kidcare coverage, but are eligible for the Full-Pay option.

Effect of Proposed Changes

HB 121 expands eligibility for CHIP-funded Kidcare programs to children in families with household incomes up to 300% of the federal poverty level (FPL), from the current 200% FPL threshold. In addition, the bill authorizes the Florida Healthy Kids Corporation and AHCA to establish new premium tiers for enrollees above 150% FPL, including the new expansion group.

Eligibility

The bill raises the eligibility income threshold for the CHIP-funded Medikids, Healthy Kids, and Children's Medical Services programs, all currently capped at 200% FPL, to 300%. The bill requires the Corporation and AHCA to implement this expansion in two phases:

1. Expand to 250% FPL effective July 1, 2023
2. Expand to 300% FPL effective July 1, 2024

Subsidized Enrollment Impact

Assuming the higher threshold attracts more families to the subsidized program, the bill could increase CHIP-subsidized Kidcare enrollment compared to current projections. In addition, the Medicaid redetermination process[14] will likely increase enrollment in CHIP-subsidized Kidcare, as current Medicaid enrollees with income levels too high for Medicaid disenroll and look for other coverage options.

Full-Pay Enrollment Impact

Currently 24,736 children are in the Full-Pay program, all with household incomes higher than 200% FPL. The Corporation estimates 8,610 of these children (7,617 in Healthy Kids and 993 in Medikids) have household incomes under the expansion threshold of 300% FPL.[15] Under the bill, children in this

[12] 2021 is the most recent year for which there is federal census data.
[13] Health Insurance Coverage of Low Income Children 0-18, 2021, Kaiser Family Foundation State Health Facts Data, available at https://www.kff.org/other/state-indicator/health-insurance-coverage-of-low-income-children-0-18-under-200-fpl/?state=FL (last viewed March 5, 2023).
[14] *Supra,* note 10.
[15] Florida Healthy Kids Corporation, 2023 Legislative Bill Analysis: HB 121, March 1, 2023.

group would automatically move from Full-Pay to subsidized status, on the effective date of the applicable household income level. This will have a negative fiscal impact on the state and federal governments.

The Medicaid redetermination process is already projected to increase enrollment in Full-Pay, as current Medicaid enrollees with income levels too high for Medicaid *and* too high for CHIP-subsidized Kidcare disenroll and look for other coverage options. The Corporation estimates 10,431 children with household incomes under 300% FPL will enroll in Full-Pay Kidcare in the first phase of the bill's implementation, when eligibility rises to 250% FPL; 8,131 in Healthy Kids and 2,300 in Medikids.[16] Some of this increase will be a result of Medicaid redetermination; some reflecting the usual enrollment trend.

Children moving from Medicaid to Full-Pay will have a positive fiscal impact on the state and federal governments. However, an unknown number of these new Full-Pay children will later shift to CHIP-subsidized status in the second phase of the bill's implementation, when eligibility rises to 300% FPL. This would have a negative fiscal impact on the state and federal governments (but a smaller impact than when they were enrolled in Medicaid).

Cost-Sharing

The bill also amends the structure of household premiums for CHIP-subsidized Kidcare. Currently the premium is $15 a month, per household, for households with incomes 133-158% FPL, and $20, per household, for households with incomes 158-200% FPL. Current law caps limits premiums for households with incomes 150%-200% FPL to no more than 5% of the household's annual income.

The bill requires the Corporation to establish premium tiers based on household income for all enrollees with household incomes over 150% FPL. The bill's requirement applies both to current enrollees at 150%-200% FPL, and to the new eligibility group at 200%-300% FPL. The Corporation must establish at least three tiers, but no more than five tiers, of premiums.

The bill does not address copays for the new eligibility group or amend them for existing eligibility groups.

The bill provides an effective date of July 1, 2023.

B. SECTION DIRECTORY:

Section 1: Amends s. 409.814, F.S., relating to eligibility.
Section 2: Amends s. 409.8132, F.S., relating to Medikids program component.
Section 3: Amends s. 409.814, F.S., relating to eligibility.
Section 4: Amends s. 409.814, F.S., relating to eligibility.
Section 5: Amends s. 409.816, F.S., relating to limitations on premiums and cost sharing.
Section 6: Amends s. 624.91, F.S., relating to the Florida Healthy Kids Corporation Act
Section 7: Amends s. 624.91, F.S., relating to the Florida Healthy Kids Corporation Act.
Section 8: Providing an effective date of July 1, 2023.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

[16] *Id.*

The Corporation will experience increased revenue due to the the bill requirement of new, tiered premiums (see Fiscal Comments). The Corporation will experience reductions in revenue related to Full-Pay families moving to subsidized coverage.

2. Expenditures:

The Corporation projects over 10,000 additional children will enroll in the first implementation phase (250% FPL group), and assumes a six-month delay in the effective date for that group (see Fiscal Comments). For the second implementation phase (300% FPL group), the Corporation projects over 23,000 additional children will enroll in FY 2024-2025.[17]

Expenditure data and out-year enrollment projections are reflected in the table below.

	Baseline	300% FPL - 2 Tiers Effective January 2024 - 2-year Phase-In Per-Household Contributions	
		Total Expenditures	Difference From Baseline
SFY 2024			
Total Children Enrolled	174,785	185,146	10,360
New Children Enrolled [2]	-	10,360	10,360
Average Monthly Premium per Child [3]	$ 242.94	$ 242.47	$ (0.46)
Total Computable Expenditures - Gross [4]	$ 509,545,479	$ 538,717,710	$ 29,172,231
Family Contributions	$ 24,344,285	$ 29,901,813	$ 5,557,527
Total Computable Expenditures - Net	$ 485,201,194	$ 508,815,898	$ 23,614,704
State Expenditures [5]	$ 137,272,845	$ 144,053,671	$ 6,780,826
Federal Expenditures [6]	$ 347,928,349	$ 364,762,227	$ 16,833,879
SFY 2025			
Total Children Enrolled	221,764	245,487	23,724
New Children Enrolled [2]	-	23,724	23,724
Average Monthly Premium per Child [3]	$ 271.13	$ 272.75	$ 1.61
Total Computable Expenditures - Gross [4]	$ 721,528,089	$ 803,468,035	$ 81,939,946
Family Contributions	$ 30,763,551	$ 50,566,974	$ 19,803,422
Total Computable Expenditures - Net	$ 690,764,537	$ 752,901,062	$ 62,136,524
State Expenditures [5]	$ 203,062,501	$ 221,343,105	$ 18,280,604
Federal Expenditures [6]	$ 487,702,037	$ 531,557,957	$ 43,855,920
SFY 2026			
Total Children Enrolled	230,257	265,312	35,056
New Children Enrolled [2]	-	35,056	35,056
Average Monthly Premium per Child [3]	$ 282.58	$ 284.00	$ 1.43
Total Computable Expenditures - Gross [4]	$ 780,778,872	$ 904,190,047	$ 123,411,175
Family Contributions	$ 31,916,519	$ 63,294,966	$ 31,378,447
Total Computable Expenditures - Net	$ 748,862,353	$ 840,895,081	$ 92,032,728
State Expenditures [5]	$ 222,041,324	$ 249,332,103	$ 27,290,779
Federal Expenditures [6]	$ 526,821,029	$ 591,562,978	$ 64,741,949
SFY 2027			
Total Children Enrolled	237,262	275,131	37,869
New Children Enrolled [2]	-	37,869	37,869
Average Monthly Premium per Child [3]	$ 294.59	$ 295.61	$ 1.01
Total Computable Expenditures - Gross [4]	$ 838,747,934	$ 975,965,273	$ 137,217,339
Family Contributions	$ 32,889,195	$ 67,546,712	$ 34,657,516
Total Computable Expenditures - Net	$ 805,858,739	$ 908,418,561	$ 102,559,822
State Expenditures [5]	$ 238,036,058	$ 268,330,972	$ 30,294,914
Federal Expenditures [6]	$ 567,822,681	$ 640,087,590	$ 72,264,908
SFY 2028			
Total Children Enrolled	244,144	282,631	38,487
New Children Enrolled [2]	-	38,487	38,487
Average Monthly Premium per Child [3]	$ 307.04	$ 307.69	$ 0.65
Total Computable Expenditures - Gross [4]	$ 899,542,288	$ 1,043,554,636	$ 144,012,348
Family Contributions	$ 33,855,497	$ 70,227,570	$ 36,372,073
Total Computable Expenditures - Net	$ 865,686,791	$ 973,327,066	$ 107,640,274
State Expenditures [5]	$ 251,840,126	$ 283,155,911	$ 31,315,785
Federal Expenditures [6]	$ 613,846,666	$ 690,171,155	$ 76,324,489

In addition, the Corporation estimates implementation will generate administrative costs:

[17] *Id.*

- $800,000 in non-recurring funds in FY 2023-2024 for third-party administrator contracted services to implement the new eligibility tiers.
- $117,793 in recurring funds in FY 2023-2024, increasing in to $269,742 in recurring funds in FY 2024-2025, for additional third-party administrator fees for enrollee services based on the projected enrollment increase.

Similarly, AHCA anticipates indeterminate one-time administrative implementation costs to update the Florida Medicaid Management Information System (FMMIS).[18]

In addition, the Corporation requests additional non-recurring funds for a statewide, two-year, marketing campaign, in the amount of $1,224,000 in FY 2023-2024 and $1,179,000 in FY 2024-2025.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

   None.

2. Expenditures:

   None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Additional subsidized coverage at the income levels established in the bill may reduce use of employer-based dependent child coverage, assuming any newly-eligible family uses such coverage now.

D. FISCAL COMMENTS:

The Corporation's fiscal analysis is based on some policy assumptions not directly addressed in the bill.

1. The bill requires the Corporation to establish "at least three but no more than five" tiers of premiums scaled to household income for enrollees with incomes over 150% of the federal poverty level. This would apply to an income group currently eligible for subsidized Kidcare: those with incomes 150%-200% of the federal poverty level.

   The Corporation's fiscal estimate assumes that the bill's directive to develop tiered premiums does not apply to the current 150%-200% FLP group, but instead applies only to the new eligibility category (the 200%-300% FPL group). In addition, the Corporation applied *two* premium tiers, not the minimum three required by the bill. The Corporation may need additional statutory guidance on these points.

2. Current law requires the Corporation to set cost-sharing totaling no higher than 5% of a family's annual income.

   Addressing only the new eligibility group, the Corporation established two premium tiers: one at 2% of annual income (for households at 200-250% FPL) and one at 3% of annual income (for households at 250-300% FPL). Both premium tiers are a factor of the highest income in the tier.

3. The current subsidized program uses a per-household monthly premium of $15 or $20 (depending on income level), and does not vary the premium by the number of people, or children, in the household. Current law does not specify the per-household approach, but that model has been

[18] Agency for Health Care Administration, 2023 Legislative Bill Analysis: HB 121, Jan. 10, 2023 (received Feb. 16, 2023). The AHCA analysis appears to incorporate both AHCA and Corporation administrative costs, without breaking out the FMMIS update item.

used historically in the program. By contrast, the current Full-Pay program uses a per-child premium, for actuarial soundness.

The bill is silent as to which approach should be used for the new eligibility group. The Corporation's fiscal impact estimate uses a per-household premium, and varies the premium by number of people in the *household* (not the number of children enrolled).

These assumptions generated the tiered premium structure in the table below.

Household Size	Tier 1 250% FPL at 2%	Monthly Premium	Tier 2 300% FPL at 3%	Monthly Premium
1	$36,450	**$60.75**	$43,740	**$109.35**
2	$49,300	**$82.17**	$59,160	**$147.90**
3	$62,150	**$103.58**	$74,580	**$186.45**
4	$75,000	**$125.00**	$90,000	**$225.00**
5	$87,850	**$146.42**	$105,420	**$263.55**
6	$100,700	**$167.83**	$120,840	**$302.10**
7	$113,550	**$189.25**	$136,260	**$340.65**
8	$126,400	**$210.67**	$151,680	**$379.20**

4. According to the Corporation, implementation of the first phase will take six months, making the July 1, 2023, effective date for the first eligibility group administratively unreasonable.

   The Corporation assumed a January 1, 2024, effective date for the first phase (250% FPL group), and the bill's July 1, 2024, effective date for the second phase (300% FPL group).

The Corporation's fiscal analysis applies the two-step implementation required by the bill. However, the Corporation recommends implementation to the 300% FPL level in one step, to avoid unnecessary administrative costs.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

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

2. Other:

   None.

B. RULE-MAKING AUTHORITY:

AHCA has sufficient rule-making authority to implement the provisions of the bill, if necessary.

C. DRAFTING ISSUES OR OTHER COMMENTS:

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

On March 16, 2023, the Healthcare Regulation Subcommittee adopted one amendment and reported the bill favorably as a committee substitute. The committee substitute corrected drafting error to change a reference to a percent of the federal poverty level to conform to like changes elsewhere in the bill.