

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Fiscal Policy

BILL: CS/SB 246

INTRODUCER: Appropriations Committee on Health and Human Services and Senator Calatayud and others

SUBJECT: Florida Kidcare Program Eligibility

DATE: April 19, 2023

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Stovall</u>	<u>Brown</u>	<u>HP</u>	<u>Favorable</u>
2.	<u>McKnight</u>	<u>Money</u>	<u>AHS</u>	<u>Fav/CS</u>
3.	<u>Stovall</u>	<u>Yeatman</u>	<u>FP</u>	<u>Pre-meeting</u>

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Substantial Changes

I. Summary:

CS/SB 246 raises the income eligibility limits for the subsidized MediKids, Florida Healthy Kids, and Children’s Medical Services Network programs within the Florida Kidcare program from 200 percent to 300 percent of the federal poverty level (FPL). The bill requires the Florida Healthy Kids Corporation to establish new monthly premiums for enrollees in households over 150 percent of the FPL and develop a minimum of three, but not more than six, income-based tiers.

The bill has a significant negative fiscal impact to the Florida KidCare program. *See* Section V of this analysis.

The bill takes effect upon becoming a law, except as otherwise expressly provided in the bill.

II. Present Situation:

The Florida KidCare (KidCare) program was established in 1998 as a combination of Medicaid delivery systems and public and private partnerships, with a wrap-around delivery system serving children with special health care needs.¹ The KidCare program, codified in ss. 409.810 through 409.821, F.S., encompasses four government-sponsored health insurance programs

¹ Chapter 1998-288, Laws of Fla.

serving Florida's children: MediKids, Florida Healthy Kids (Healthy Kids), Children's Medical Services (CMS) Network, and Medicaid for children.²

Three of the four programs, MediKids, Healthy Kids, and CMS, directly receive federal Children's Health Insurance Program (CHIP) funding and constitute Florida's CHIP program. The CHIP was designed as a federal and state partnership, similar to Medicaid, with the goal of expanding health insurance to children whose families earn too much income to be eligible for Medicaid, but not enough money to purchase private, comprehensive health insurance. The federal CHIP is authorized and funded through Fiscal Year 2029.³

CHIP funding is also used to enhance the match rate for some children in Medicaid. More specifically:

- *MediKids* is a Medicaid "look-alike" program administered by the Agency for Health Care Administration (AHCA) for children ages 1 through 4 who are at or below 200 percent of the federal poverty level (FPL).⁴ Families whose income exceeds 200 percent of the FPL can elect to participate in the MediKids full-pay premium option.⁵
- *Healthy Kids* is for children ages 5 through 18 and administered by the Florida Healthy Kids Corporation (FHKC). Children in families with income between 133 percent and 200 percent of the FPL (\$33,383 and \$50,200 for a family of four) are eligible for subsidized coverage through the Healthy Kids program.⁶ Families whose income exceeds 200 percent of the FPL can elect to participate in the Healthy Kids full-pay option.⁷
- *Children's Medical Services (CMS) Network* is a program for children from birth through age 18 with special health care needs.⁸ The Department of Health (DOH) operates the program which is open to all children who meet the clinical eligibility criteria that are Medicaid or Title XXI eligible.⁹
- *Medicaid* eligibility is determined by the Department of Children and Families (DCF) and provides Title XIX coverage to infants from birth to age 1 who are at or below 200 percent of the FPL and children ages 1 through 18 who are at or below 133 percent of the FPL.¹⁰

Families who receive Medicaid are not responsible for paying premiums or co-payments. Families with children that qualify for other KidCare program components are responsible for paying monthly premiums and co-payments for certain services. The Healthy Kids program¹¹

² Florida KidCare, available at <https://www.floridakidcare.org/> (last visited Mar. 13, 2023).

³ Consolidated Appropriations Act, 2023, Public Law No. 117-328 (2022).

⁴ Section 409.8132(6), F.S.

⁵ Agency for Health Care Administration, Florida KidCare, *Welcome to MediKids*, https://ahca.myflorida.com/medicaid/Policy_and_Quality/Policy/program_policy/FLKidCare/PDF/FLORIDA_MEDIKIDS_INFORMATION_2019.pdf (last visited Mar. 13, 2023).

⁶ Florida Healthy Kids Corporation, *Subsidized Premiums/Copays*, <https://www.healthykids.org/cost/subsidized/> (last visited Mar. 13, 2023).

⁷ *Id.*

⁸ See ch. 391, F.S.

⁹ *Id.*

¹⁰ Florida Healthy Kids, *Florida KidCare Health and Dental Insurance Program Eligibility Overview*, https://www.floridakidcare.org/docs/Florida_KidCare_Income_Guidelines.pdf (last visited Mar. 13, 2023).

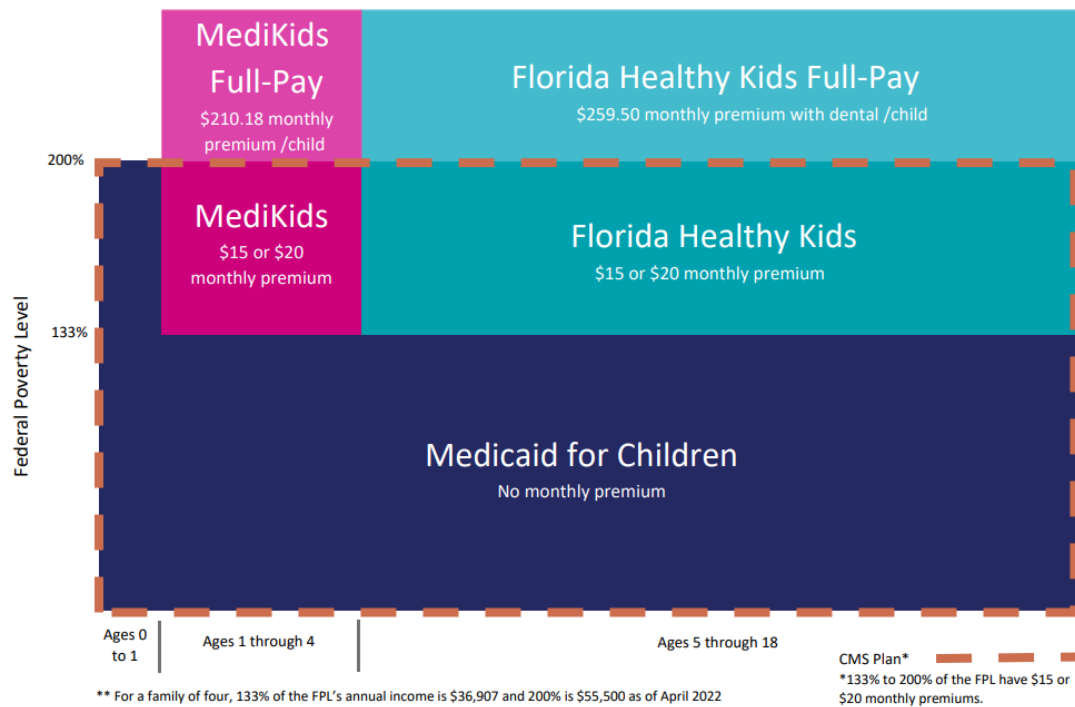
¹¹ Chapter 2019-115, Laws of Fla., Specific Appropriation 178.

and the MediKids program¹² both utilize a combined-risk premium model of Title XXI-subsidized and full-pay enrollments for medical insurance payments.

The total monthly family payment for CHIP enrollees is \$15 or \$20 for families with incomes between 133 percent and 200 percent of the FPL.¹³ The per-child monthly premium rate is \$210.18 for full-pay MediKids coverage and \$259.50 for full-pay Healthy Kids coverage, including dental coverage.¹⁴

As of March 2023, 4,883 children are enrolled in subsidized MediKids; 3,280 children are enrolled in MediKids under the full-pay option; 76,340 children are enrolled in subsidized Healthy Kids; 21,650 children are enrolled in Healthy Kids under the full-pay option; 6,575 children are enrolled in CMS; and 2,466,597 children are enrolled in the Medicaid program.^{15, 16}

The following chart provides an eligibility overview of the KidCare program.¹⁷



¹² Chapter 2020-111, Laws of Fla., Specific Appropriation 185.

¹³ Florida Healthy Kids Corporation, *Florida KidCare Health and Dental Insurance Program Eligibility Overview*, https://www.floridakidcare.org/docs/Florida_KidCare_Income_Guidelines.pdf (last visited Mar. 13, 2023).

¹⁴ *Id.*

¹⁵ Agency for Health Care Administration, Florida KidCare, *Florida KidCare Enrollment Report, March 2023* (on file with the Senate Appropriations Committee on Health and Human Services).

¹⁶ Florida KidCare program enrollment has been affected by federal Medicaid maintenance of effort (MOE) requirements outlined in the Families First Coronavirus Response Act (Public Law No. 116-127). The Act provided for states to receive a 6.2% enhancement to the customary Medicaid Federal Medical Assistance Percentage (FMAP) for the duration of the federal public health emergency (PHE). In return, states are required to provide continuous eligibility to Medicaid enrollees. This Medicaid MOE requirement has resulted in a sharp enrollment decline in the Title XXI, KidCare programs. Children that might have otherwise transferred to KidCare programs are required to remain in Medicaid. The Title XXI enrollment decline is expected to reverse after the PHE ends and the MOE expires.

¹⁷ Florida KidCare, *Program Eligibility Overview*, available at https://www.floridakidcare.org/docs/Florida_KidCare_Income_Guidelines.pdf (last visited Mar. 29, 2023).

The KidCare program is jointly administered by the Agency for Health Care Administration, the Florida Health Kids Corporation, the Department of Health, the Department of Children and Families, and the Office of Insurance Regulation. The general KidCare program responsibilities of each agency are outlined in the following table:

Entity	Responsibilities
Agency for Health Care Administration ¹⁸	<ul style="list-style-type: none"> • Administration of the state Medicaid program that serves individuals eligible for Medicaid under Title XIX. • Administration of the MediKids program that serves Title XXI children from age 1 through age 4. • The Title XXI state contact with the federal Centers for Medicare & Medicaid Services. • Distribution of federal funds for Title XXI programs. • Management of the contract with the FHKC. • Development and maintenance of the Title XXI Florida KidCare State Plan.
Department of Children and Families ¹⁹	<ul style="list-style-type: none"> • Processing Medicaid applications and determining children’s eligibility for Medicaid.
Department of Health ²⁰	<ul style="list-style-type: none"> • Administration of the CMSN that offers a range of services to Title XIX and XXI children from birth through age 18 who have special health care needs. • Chair of the Florida KidCare Coordinating Council. • In consultation with the FHKC and the DCF, establishment of a toll-free telephone line to assist families with questions about the program.
Florida Healthy Kids Corporation ²¹	<ul style="list-style-type: none"> • Under a contract with the AHCA, perform the administrative KidCare functions including eligibility determination, premium billing and collection, refunds, and customer service. • Administration of the Florida Healthy Kids program for Title XXI children from age 5 through age 18.
Office of Insurance Regulation ²²	<ul style="list-style-type: none"> • Certification that health benefits coverage plans seeking to provide services under the KidCare program, aside from services provided under Healthy Kids and CMSN, meet, exceed, or are equivalent to the benchmark benefit plan and that the health insurance plans will be offered at an approved rate.

III. Effect of Proposed Changes:

Section 1 amends s. 409.8132, F.S., relating to eligibility for MediKids (age 1-4), to increase the eligibility threshold from 200 percent to 300 percent of the Federal Poverty Limit (FPL).

¹⁸ See part II of ch. 409, F.S.

¹⁹ Section 409.818(1), F.S.

²⁰ See ch. 391 and s. 409.818(2), F.S.

²¹ Section 624.91, F.S.

²² Section 409.818(4), F.S.

Section 2 amends s. 409.814, F.S., relating to eligibility for Healthy Kids (age 5-18) and the Children's Medical Services Network (children with special health care needs), to increase the eligibility threshold from 200 percent to 300 percent of the FPL.

The bill also provides that if the eligibility determination and redetermination for the KidCare program cannot be verified using reliable data sources in accordance with federal requirements, then the applicant must provide secondary sources of information.

Section 3 amends s. 409.816, F.S., relating to limitations on premiums and cost sharing in the KidCare program to require that enrollment fees, premiums, copayments, deductibles, coinsurance, or similar charges must be based on a minimum of three, but no more than six, tiers of uniform premiums scaled to the FPL, by tier.

Section 4 amends s. 624.91, F.S., relating to the Florida Healthy Kids Corporation, to conform the increased eligibility thresholds to 300 percent of the FPL.

Section 5 provides the bill takes effect upon becoming a law, except as otherwise expressly provided in the bill.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Increasing the eligibility threshold to 300 percent of the federal poverty level (FPL) will convert a portion of current full-pay enrollees to the Children's Health Insurance Program (CHIP) subsidized payment category. Current CHIP full-pay enrollees with household incomes between 200 to 300 percent FPL will experience lower monthly premium costs, and new potential enrollees may find coverage less expensive compared to the current CHIP full-pay structure and cost.

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

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

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

According to the 2021 U.S. Census Report, 68,455 Florida children have household incomes between 200.01 to 300 percent of the FPL and have no health insurance coverage.²³

C. Government Sector Impact:

Mercer Government Human Services Consulting (Mercer) conducted an actuarial analysis dated March 22, 2023, on behalf of the Florida Healthy Kids Corporation (FHKC), to support discussion of increasing the KidCare program's income eligibility upper income limit for the CHIP program.²⁴

For Fiscal Year 2023-2024, the bill is estimated to increase state expenditures by \$22.2 million, of which \$6.5 million is from general revenue funds. The Florida Healthy Kids Corporation (FHKC) projects 18,575 additional children will enroll.²⁵

- Mercer estimates that implementation of SB 246 will result in recurring expenditures to the Florida KidCare program of \$19.4 million, of which \$5.7 million is from

²³ Florida Healthy Kids Corporation, SB 246 Bill Analysis (Mar. 7, 2023) (on file with the Senate Appropriations Committee on Health and Human Services).

²⁴ Email from Florida Healthy Kids Corporation to the Senate Appropriations Committee on Health and Human Services (Apr. 10, 2023) (on file with the Senate Appropriations Committee on Health and Human Services).

²⁵ *Id.*

general revenue funds. Recurring expenditures are projected to increase in out years, as more eligible children obtain coverage in the KidCare program.²⁶

- The Florida KidCare eligibility system’s third-party administrator has estimated the programming changes required to comply with the provisions of the bill will result in \$800,000 one-year nonrecurring expenditures, of which approximately \$235,424 is from general revenue funds.²⁷
- The FHKC also estimates a funding need of \$1.6 million in nonrecurring expenditures in Fiscal Year 2023-2024, of which \$470,848 is from general revenue funds, associated with a statewide marketing campaign.²⁸

Family Premium Model – 6 Tiers, Set Premium Household Size of 2.57:²⁹

		FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Florida Healthy Kids						
Enrollment ¹		13,629	20,381	29,676	33,065	33,443
Recurring - Medical Carrier Payments ¹	GR	\$ 761,044	\$ 4,088,548	\$ 8,063,746	\$ 9,559,593	\$ 9,625,620
	Fed TF	\$ 1,825,078	\$ 9,786,995	\$ 19,124,756	\$ 22,802,411	\$ 23,458,204
	Total	\$ 2,586,122	\$ 13,875,543	\$ 27,188,502	\$ 32,362,004	\$ 33,083,824
Recurring - Dental Carrier Payments ¹	GR	\$ 361,064	\$ 1,105,321	\$ 1,669,702	\$ 1,911,064	\$ 1,949,653
	Fed TF	\$ 865,875	\$ 2,646,266	\$ 3,960,608	\$ 4,558,566	\$ 4,751,514
	Total	\$ 1,226,939	\$ 3,751,587	\$ 5,630,310	\$ 6,469,630	\$ 6,701,167
Recurring - TPA Administration Fees ²	GR	\$ 116,600	\$ 415,034	\$ 375,014	\$ 427,286	\$ 420,899
	Fed TF	\$ 279,622	\$ 993,771	\$ 889,830	\$ 1,019,181	\$ 1,025,689
	Total	\$ 396,222	\$ 1,408,805	\$ 1,264,844	\$ 1,446,467	\$ 1,446,588
Nonrecurring - TPA Implementation Fees ³	GR	\$ 235,424				
	Fed TF	\$ 564,576				
	Total	\$ 800,000				
Nonrecurring - Marketing Campaign ⁴	GR	\$ 470,848				
	Fed TF	\$ 1,129,152				
	Total	\$ 1,600,000				
	GR	\$ 1,944,980	\$ 5,608,903	\$ 10,108,462	\$ 11,897,943	\$ 11,996,172
	Total Fed TF	\$ 4,664,303	\$ 13,427,032	\$ 23,975,194	\$ 28,380,158	\$ 29,235,407
	Total	\$ 6,609,283	\$ 19,035,935	\$ 34,083,656	\$ 40,278,101	\$ 41,231,579
MediKids (Excludes family contributions deposited and used from the Grants and Donations Trust Fund)						
Enrollment ¹		3,494	4,497	5,545	5,913	5,959
Recurring - Medical/Dental Carrier Payments ¹	GR	\$ 936,924	\$ 2,523,533	\$ 3,294,551	\$ 3,578,981	\$ 3,600,700
	Fed TF	\$ 2,246,860	\$ 6,042,024	\$ 7,815,813	\$ 8,536,900	\$ 8,775,253
	Total	\$ 3,183,784	\$ 8,565,557	\$ 11,110,364	\$ 12,115,881	\$ 12,375,953
Children's Medical Services (Excludes family contributions deposited and used from the Grants and Donations Trust Fund)						
Enrollment ¹		1,452	2,263	2,898	3,146	3,152
Recurring - Medical/Dental Carrier Payments ¹	GR	\$ 3,643,829	\$ 11,636,288	\$ 15,626,744	\$ 17,651,663	\$ 18,231,116
	Fed TF	\$ 8,738,354	\$ 27,860,379	\$ 37,069,137	\$ 42,105,721	\$ 44,434,056
	Total	\$ 12,382,183	\$ 39,496,667	\$ 52,695,881	\$ 59,757,384	\$ 62,665,172
KidCare Administration (Excludes family contributions deposited and used from the Grants and Donations Trust Fund)						
Contracted Services ²	GR	\$ 20,758	\$ 79,354	\$ 71,030	\$ 80,843	\$ 79,575
	Fed TF	\$ 49,781	\$ 190,008	\$ 168,539	\$ 192,829	\$ 193,916
	Total	\$ 70,539	\$ 269,361	\$ 239,569	\$ 273,672	\$ 273,491
Enrollment ¹		18,575	27,141	38,119	42,124	42,554
	GR	\$ 6,546,491	\$ 19,848,078	\$ 29,100,786	\$ 33,209,430	\$ 33,907,563
	Total-All Fed TF	\$ 15,699,298	\$ 47,519,443	\$ 69,028,683	\$ 79,215,608	\$ 82,638,632
	Total	\$ 22,245,789	\$ 67,367,521	\$ 98,129,470	\$ 112,425,038	\$ 116,546,195

²⁶ Email from Florida Healthy Kids Corporation to the Senate Appropriations Committee on Health and Human Services (Apr. 10, 2023) (on file with the Senate Appropriations Committee on Health and Human Services).

²⁷ *Id.*

²⁸ *Id.*

²⁹ *Id.*

According to the Agency for Health Care Administration, indeterminate one-time administrative implementation costs may be associated with updating the Florida Medicaid Management Information System (FMMIS).³⁰

The FHKC’s fiscal analysis is based on policy assumptions not directly addressed in the bill.

- The bill requires the FHKC to establish “at least three but no more than six” tiers of premiums scaled to household income for enrollees with incomes over 150 percent of the FPL. This would apply to an income group currently eligible for subsidized Kidcare: those with incomes between 150 to 200 percent of the FPL.
- The FHKC’s fiscal impact estimate uses a per-household premium and assumes 2.57 children per household.

The assumptions referenced above create the following monthly premium schedule based on 2023 FPLs:³¹

Family Premium Model - 6 Tiers Based on Household Size of 2.57													
Family Size	100%	Tier 1		Tier 2		Tier 3		Tier 4		Tier 5		Tier 6	
	FPL	150%-175%	Premium	175%-200%	Premium	200%-225%	Premium	225%-250%	Premium	250%-275%	Premium	275%-300%	Premium
1	\$14,580	\$25,515	\$17.00	\$29,160	\$38.00	\$32,805	\$64.00	\$36,450	\$94.00	\$40,095	\$130.00	\$43,740	\$170.00
2	\$19,720	\$34,510	\$17.00	\$39,440	\$38.00	\$44,370	\$64.00	\$49,300	\$94.00	\$54,230	\$130.00	\$59,160	\$170.00
3	\$24,860	\$43,505	\$17.00	\$49,720	\$38.00	\$55,935	\$64.00	\$62,150	\$94.00	\$68,365	\$130.00	\$74,580	\$170.00
4	\$30,000	\$52,500	\$17.00	\$60,000	\$38.00	\$67,500	\$64.00	\$75,000	\$94.00	\$82,500	\$130.00	\$90,000	\$170.00
5	\$35,140	\$61,495	\$17.00	\$70,280	\$38.00	\$79,065	\$64.00	\$87,850	\$94.00	\$96,635	\$130.00	\$105,420	\$170.00
6	\$40,280	\$70,490	\$17.00	\$80,560	\$38.00	\$90,630	\$64.00	\$100,700	\$94.00	\$110,770	\$130.00	\$120,840	\$170.00
7	\$45,420	\$79,485	\$17.00	\$90,840	\$38.00	\$102,195	\$64.00	\$113,550	\$94.00	\$124,905	\$130.00	\$136,260	\$170.00
8	\$50,560	\$88,480	\$17.00	\$101,120	\$38.00	\$113,760	\$64.00	\$126,400	\$94.00	\$139,040	\$130.00	\$151,680	\$170.00

VI. Technical Deficiencies:

The bill takes effect upon becoming a law, except as otherwise expressly provided in the bill. However, no other effective dates are provided in the bill. Therefore, the bill will take effect upon becoming a law. The Florida Healthy Kids Corporation (FHKC) recommends a January 1, 2024, implementation date due to the needed development, programming, and testing required to migrate children from full-pay programs to the Children’s Health Insurance Program (CHIP).³² Further, Mercer Government Human Services Consulting’s actuarial analysis and FHKC’s projected fiscal impact is based on a January 1, 2024 effective date. If the intent of the bill is to take effect on January 1, 2024, the bill will need to be amended to reflect an effective date of January 1, 2024.

VII. Related Issues:

Implementing the proposed changes requires the Agency for Health Care Administration to seek approval from the federal Centers for Medicare & Medicaid Services through a state plan amendment.³³

³⁰ Agency for Health Care Administration, SB 246 Bill Analysis (Jan. 10, 2023) (on file with the Senate Healthy Policy Committee.)

³¹ Email from Florida Healthy Kids Corporation to the Senate Appropriations Committee on Health and Human Services (Apr. 12, 2023) (on file with the Senate Appropriations Committee on Health and Human Services).

³² Florida Healthy Kids Corporation, SB 246 Bill Analysis (Mar. 7, 2023) (on file with the Senate Appropriations Committee on Health and Human Services).

³³ *Supra* note 30.

VIII. Statutes Affected:

This bill substantially amends the following sections of the Florida Statutes: 409.8132, 409.814, 409.816, and 624.91.

IX. Additional Information:

- A. **Committee Substitute – Statement of Substantial Changes:**
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Appropriations Committee on Health and Human Services on April 12, 2023:

The committee substitute:

- Removes the two-year phase-in for income eligibility increases and requires income eligibility to increase to 300 percent of the federal poverty level.
- Requires the Florida Healthy Kids Corporation to establish new premiums for no less than three but no more than six income-based tiers.
- Removes “Whereas” clauses and clarification that changes made under the bill are subject to federal approval through a waiver or state plan amendment.
- Removes requirement for the Agency for Health Care Administration to notify the Division of Law Revision within 10 days after receiving federal approval through a waiver or state plan amendment.
- Amends effective date to take effect upon becoming a law, except as otherwise expressly provided in the bill.
- Makes technical changes.

- B. **Amendments:**

None.