

Florida's Governor Signs Bill Providing Medicaid Recipients Choice of Health Services

On December 16 Governor Jeb Bush signed a Medicaid reform implementation bill (HB 3B) into law, saying that "by transforming Medicaid, we are creating a system that empowers Florida's most vulnerable citizens, brings continuity to the care they receive and expands access to meet the individual needs." The bill authorizes the implementation of a federal Medicaid waiver allowing recipients to choose their own managed care health services. The measure was approved by the Florida Legislature on December 8.

The legislation directs the Agency for Health Care Administration (AHCA) to begin in July 2006 the first phase of the reform in Broward and Duval Counties and to expand to Baker, Clay, and Nassau Counties within one year after becoming operational in Duval County. Building on best practices in the phase one counties, the AHCA will then expand the program statewide in five years.

Supporters say the reform will bring predictability to state Medicaid spending (currently funded at \$15 billion and expected to consume 60 percent of the state budget by 2015 in the absence of reform).

Medicaid reform was first proposed in January 2, 2005 by Governor Bush, who in June signed S.B. 838 authorizing the AHCA to develop a Section 1115 demonstration waiver application to phase in the reform. The waiver application was approved by federal regulators in October 2005.

The consumer group, Families USA, and some Democrats have criticized the proposal as likely to erode health care and increase cost for low income residents. Link to Families USA statement: <http://www.familiesusa.org/resources/newsroom/statements/gov-bush-signs-damaging.html>

The Reform bill:

- Authorizes AHCA to implement the reforms as established by the waiver that includes requiring Medicaid provider service networks (PSNs) to comply with certain federal solvency requirements rather than state solvency requirements for health maintenance organizations, according to a committee staff analysis of the bill.
- Facilitates establishment of PSNs by "removing the requirement that contracts for [PSNs] be competitively bid, so hospitals and other provider networks can be established to participate in Medicaid reform."
- Allows Medicaid participants to choose from a range of plans to be offered by provider networks, which would be paid a monthly, risk-adjusted premium for patients (the federal Centers for Medicare & Medicaid Services (CMS) said in a written statement when the application was approved).
- Allows plans to offer customized benefit packages, although each plan must cover all mandatory services. Plans may enhance their benefit packages to attract more enrollees.
- Beneficiaries, for the first time, can opt out of Medicaid and receive subsidies to purchase employer-sponsored insurance.

- Allows current capitated, behavior health programs to continue in non-reform counties and allows for participation by Federally Qualified Health Centers.
- Authorizes AHCA to seek options to make direct payments to state medical school hospitals and physicians.
- Requires PSNs to continue sharing savings with the state as PSNs transition to managed care reform plans.
- Establishes detailed measures that require quality assurance, patient satisfaction, utilization, and performance standard reporting by managed care reform plans.
- Establishes detailed standards for managed care plan compliance, including patient encounter reporting requirements.
- Establishes detailed requirements to minimize the risk of Medicaid fraud and abuse in all plans operating in the Medicaid managed care pilot program.
- Requires AHCA to assign Medicaid recipients who are currently in a Medicaid managed care plan and who do not make a choice of a plan at the point of eligibility redetermination into the most appropriate reform plan operated by the recipient's current managed care organization.
- Requires AHCA to convene a technical advisory panel to advise the agency on risk adjustment and rate setting, encounter data, and choice counseling.
- Requires a two year phase in of risk-adjusted rate setting, with a 10% limit on variation in rates, and provides for exceptions for plans serving high risk populations.
- Establishes a Joint Legislative Committee on Medicaid Reform Implementation for reviewing readiness criteria related to expansion.
- Establishes detailed requirements for readiness that must be met before expansion into other counties can be considered beginning in year two. At least two plans in the expansion area must meet readiness criteria.
- Mandates the assignment of Medicaid recipients in non-reform counties to a managed care plan when they fail to select a service delivery system.

Analysis of the bill, as well as text of H.B. 3B and other information, can be access at:
http://www.flsenate.gov/session/index.cfm?Mode=Bills&SubMenu=1&BI_Mode=ViewBillInfo&BillNum=0003&Year=2005B&Chamber=House#Analysis

To access Gov. Bush's Press Release click on:
http://www.myflorida.com/myflorida/eogadmin/showPress.jsp?press_id=6827

January 2, 2006