

HB 121:Florida's Children Health Insurance Program

Implementation and Barriers

House Health Care Facilities & Systems Subcommittee
February 4, 2025

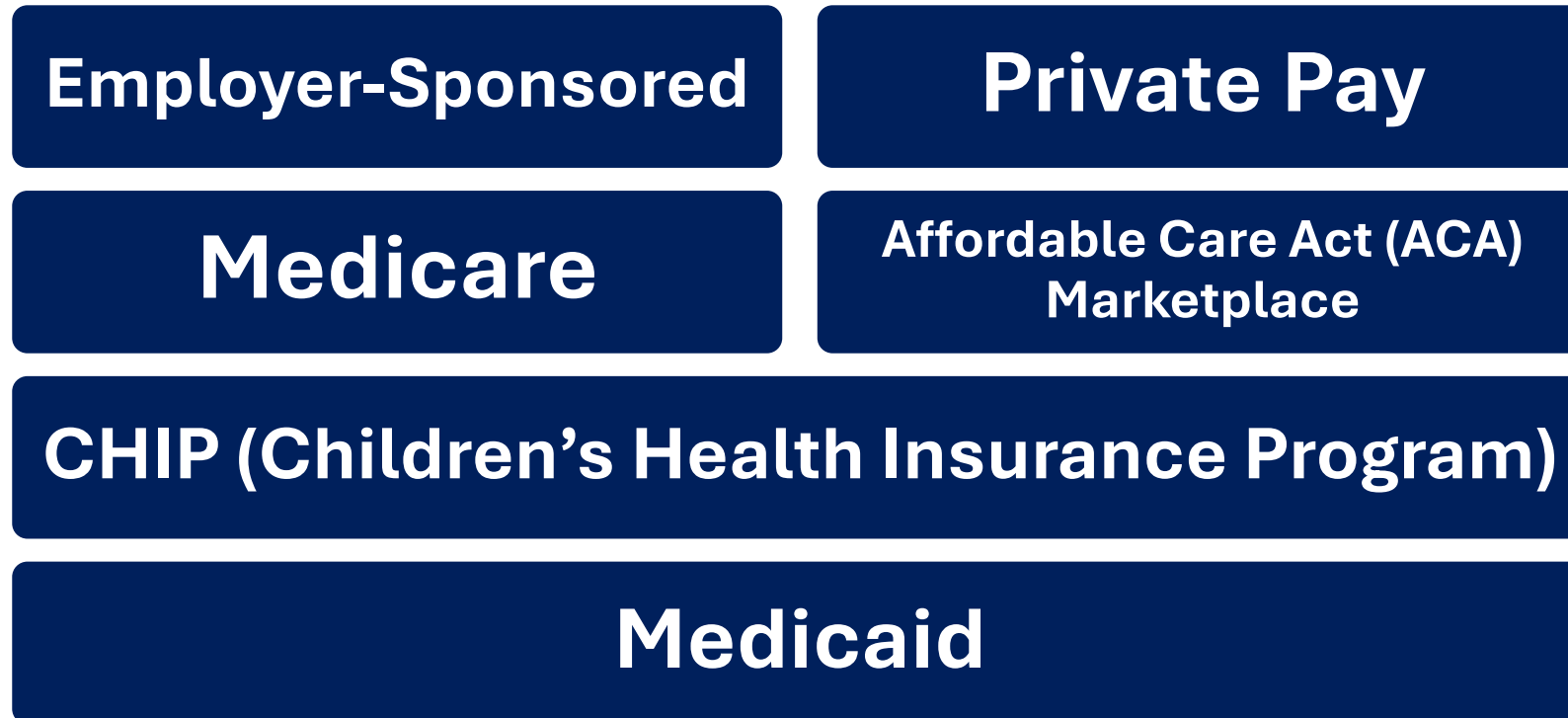


Introduction

- Over the past 60 years, Congress has created healthcare programs that are now available broadly to Americans:
 - Medicaid and Medicare (1965)
 - Children's Health Insurance Program (1997)
 - Patient Protection and Affordable Care Act (2010)
- For lower income Americans, each of these programs can offer subsidized access to health care.
- Regardless of politics, it is evident that Congress acted deliberately to create a tiered system where, as a family becomes more economically self-sufficient:
 - Their personal responsibility or share of cost increases and they pay a larger percent of the health care costs, and
 - The state sponsored subsidy decreases.

United States Healthcare System

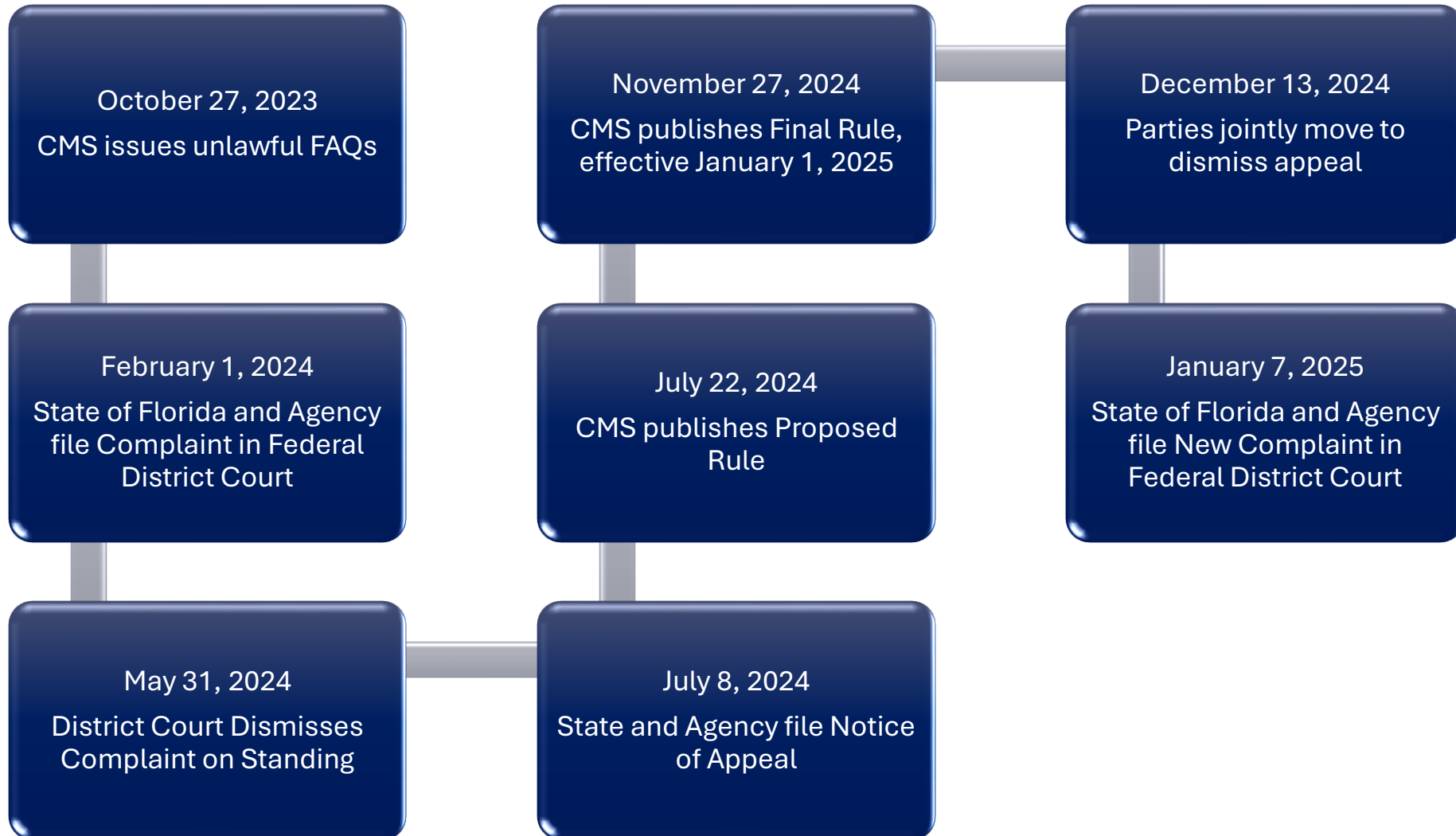
- The overall US health care system is similarly tiered with employer sponsored insurance and other private pay models in the top tier. No premium assistance or other subsidies are available for these programs.
- The United States does not have a free or subsidized universal health care system with a single payor.



Maintaining the Integrity of Florida's KidCare Program

- The Florida Legislature had the vision in 1998 to design a KidCare program to provide Floridians with subsidized access to free and low-cost health care while supporting independence and a ladder towards economic self sufficiency.
- The Florida legislature has consistently included the premium requirements for KidCare, and the KidCare partners have maintained the integrity of the program through routine premium collection and adherence to program disenrollment policies, in those rare instances where premium payments are not made.
- The tiered premiums in HB 121 are designed to increase as a family becomes more economically self-sufficient and prepare them for a transition to private insurance.
- Administrative agencies of Washington should not subvert the intent of Congress and of state Legislatures through their arcane interpretation of law.
- Federal CMS has consistently erected barriers to the implementation of this legislation, and to the continuation of Florida's Kidcare program as designed.
- The Agency for Health Care Administration is fighting to uphold the integrity of the program as designed.

Litigation Timeline



Subsidized Children's Health Insurance Programs

- There are two main federally authorized subsidized health insurance programs for children:

Medicaid

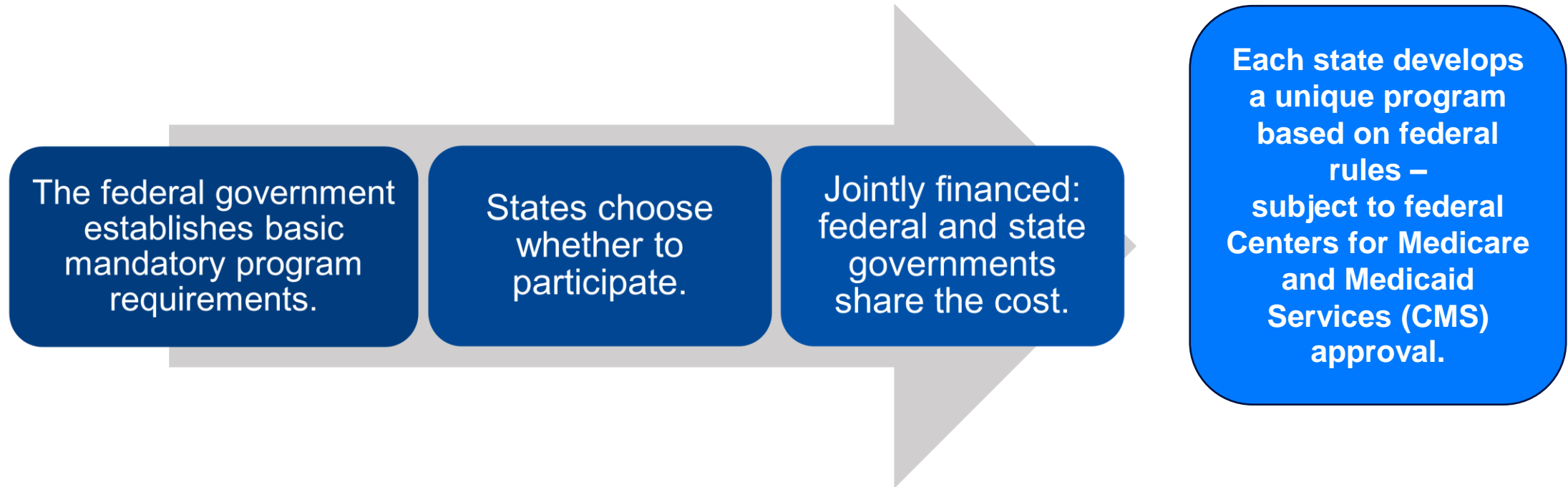
- Created by Congress in 1965 as Title XIX of the Social Security Act
- Florida Program began in 1970
- Covers 2,268,615 children under the age of 21
- Medicaid also provides free health care to low-income families, elders, and people with disabilities
- No monthly premium

Children's Health Insurance Program

- Know as CHIP
- Created by Congress in 1997 as Title XXI of the Social Security Act
- Florida Program began in 1998
- Covers 172,021 children under the age of 19
- Florida Healthy Kids program created in 1990 was the foundation
- Monthly premiums required since FHK and CHIP program inception

Subsidized Children's Health Insurance Programs

- Both Medicaid and CHIP are federal programs through which states partner with the federal government to provide health care coverage to low-income children.



Florida KidCare Program

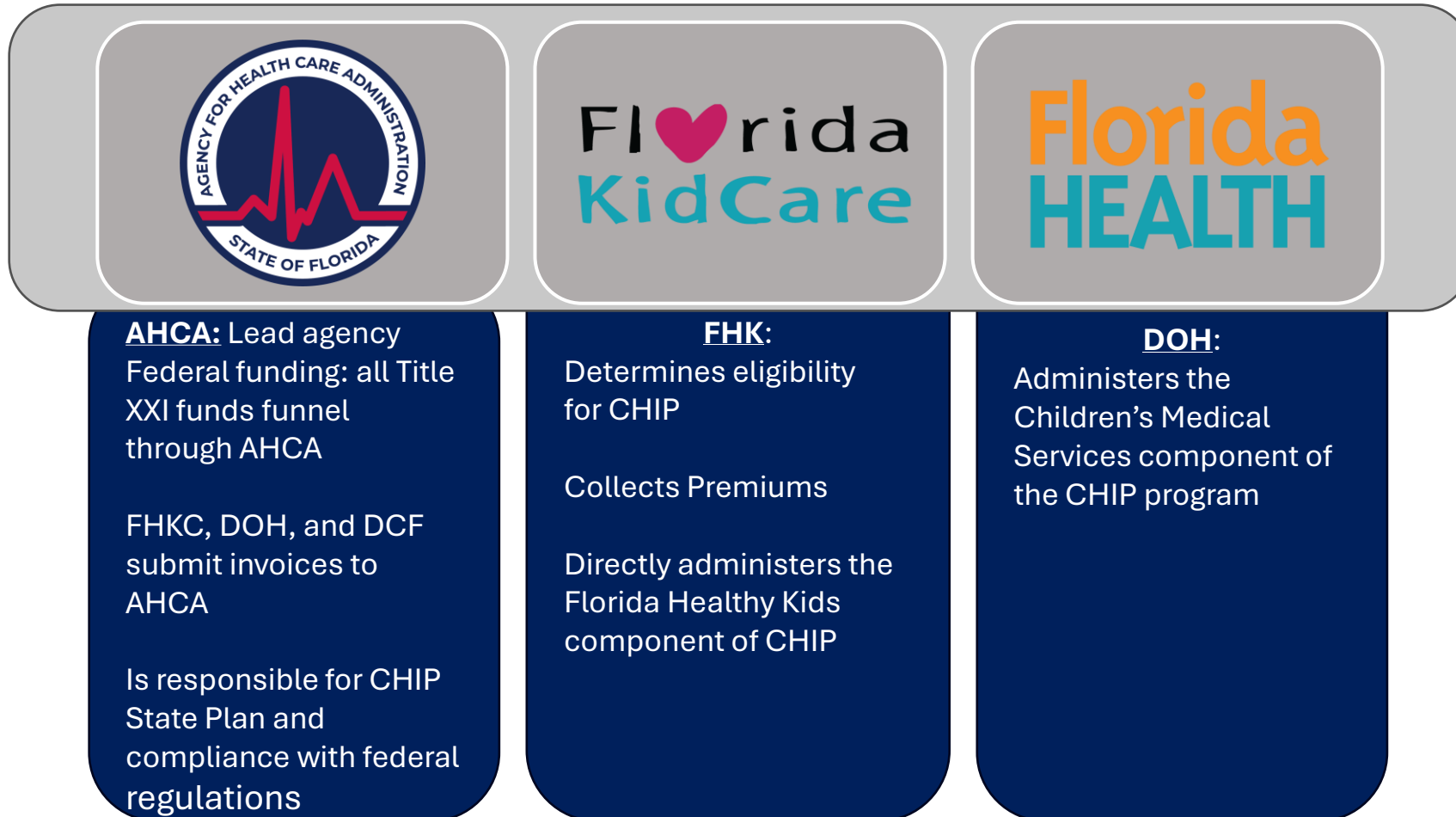
- Florida KidCare is the umbrella name for both CHIP and Medicaid for children in Florida.



- Together, currently the two programs provide free or low-cost health insurance to children in families with incomes below 200% of the federal poverty level.

Florida KidCare Program

- There are three core partners for the CHIP:



United States Healthcare System

- The United States has a tiered health care system:
 - Medicaid
 - CHIP
 - Health Insurance Marketplace
 - Medicare
 - Employer Sponsored and other Private Insurance

Tiered Federal Health Care Programs

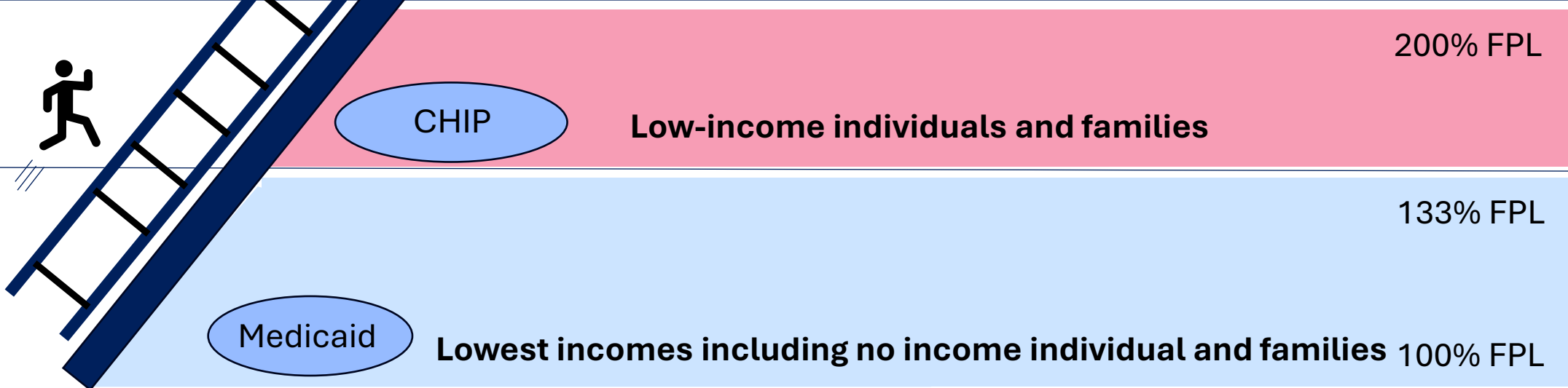
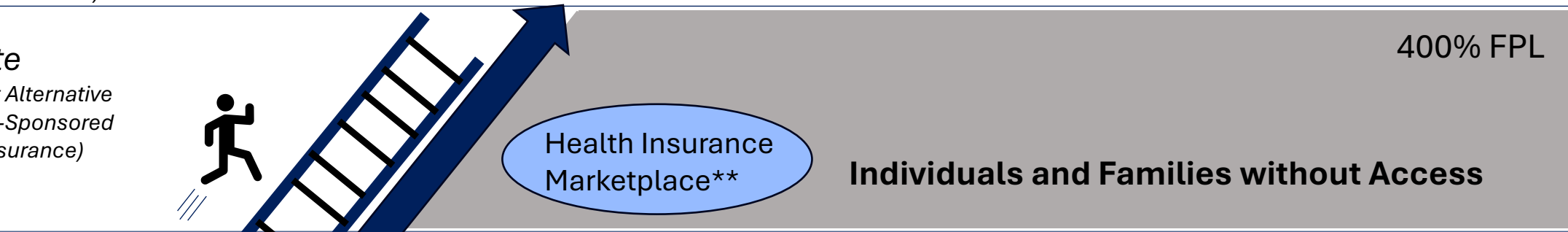
Monthly Premiums
after Subsidy

Variable
(Based on Individual
Choice and Utilization)

Moderate
(Lower-Cost Alternative
to Employer-Sponsored
or Private Insurance)

Minimal

None



Federally Subsidized H.I.M. Premiums: 100-400% FPL

Federal/State Subsidized Premiums: Medicaid and CHIP

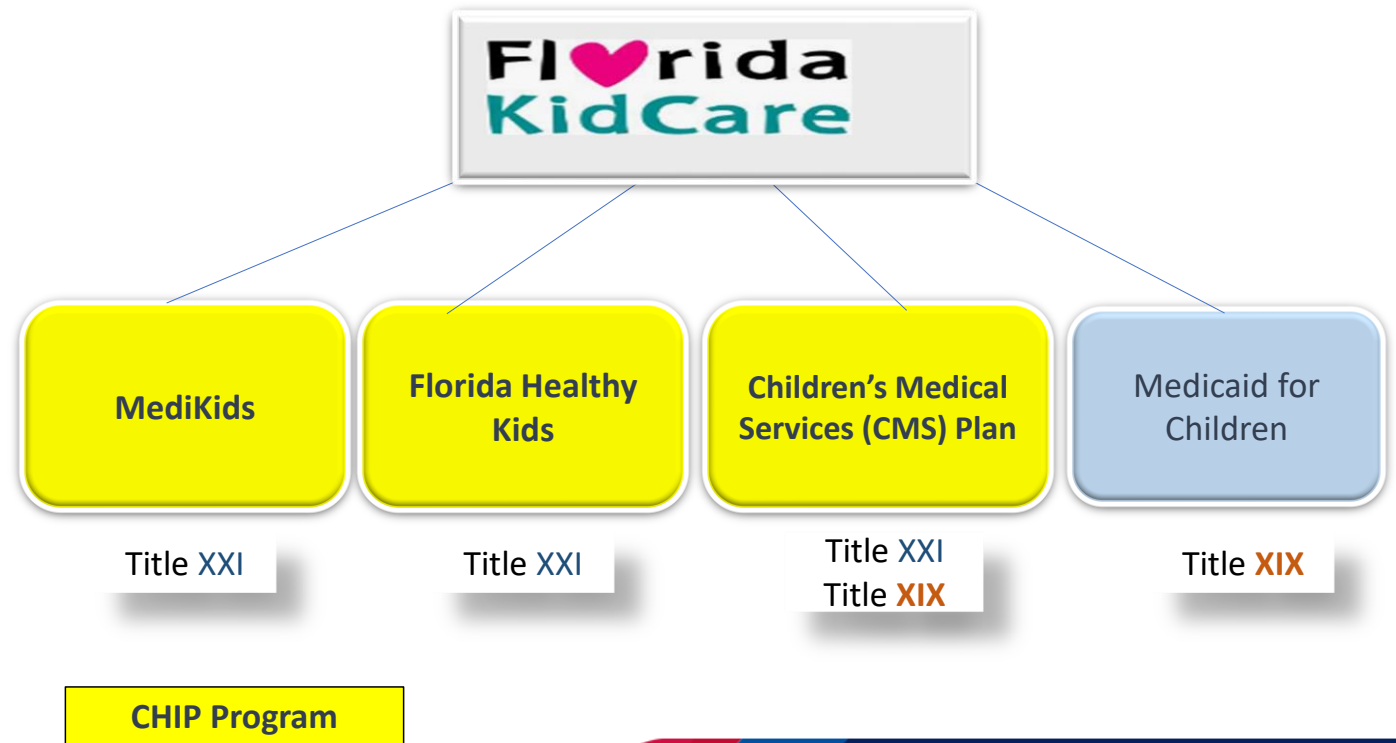
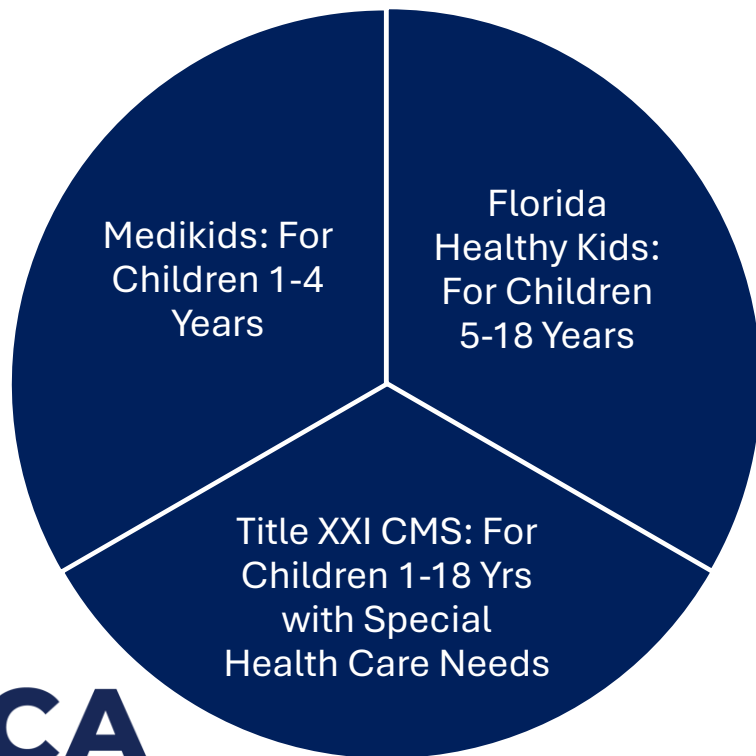
*Medicare contains subsidies for low-income seniors. Those seniors are usually dually eligible for Medicaid
 **Health Insurance Marketplace is subsidized premium assuming enhanced subsidy goes away 2025)
 • All state Medicaid programs must cover children up to 133% FPL
 • Chip programs must have an income limit of 200% FPL

Tiered Florida Health Care Programs

- Florida's KidCare program has always embodied this same approach:
 - Provide free health care to those most in need, while requiring that, as a family's income increases, they become responsible for the payment of low monthly premiums of \$15 or \$20.
 - Premiums tiered based on increasing income levels,
 - Premiums must be paid monthly to access services.
- Florida's KidCare program serves as the initial tiers in the Florida health insurance marketplace, with lower costs for families than other available health care programs.

HB 121 – Florida KidCare Program Eligibility Enhancement

- During Florida’s 2023 Legislative Session, HB 121 passed and signed by the Governor which made changes to Florida’s CHIP program.
- The changes in HB 121 impact the three CHIP components of the Florida Kidcare program:



HB 121: Core Components

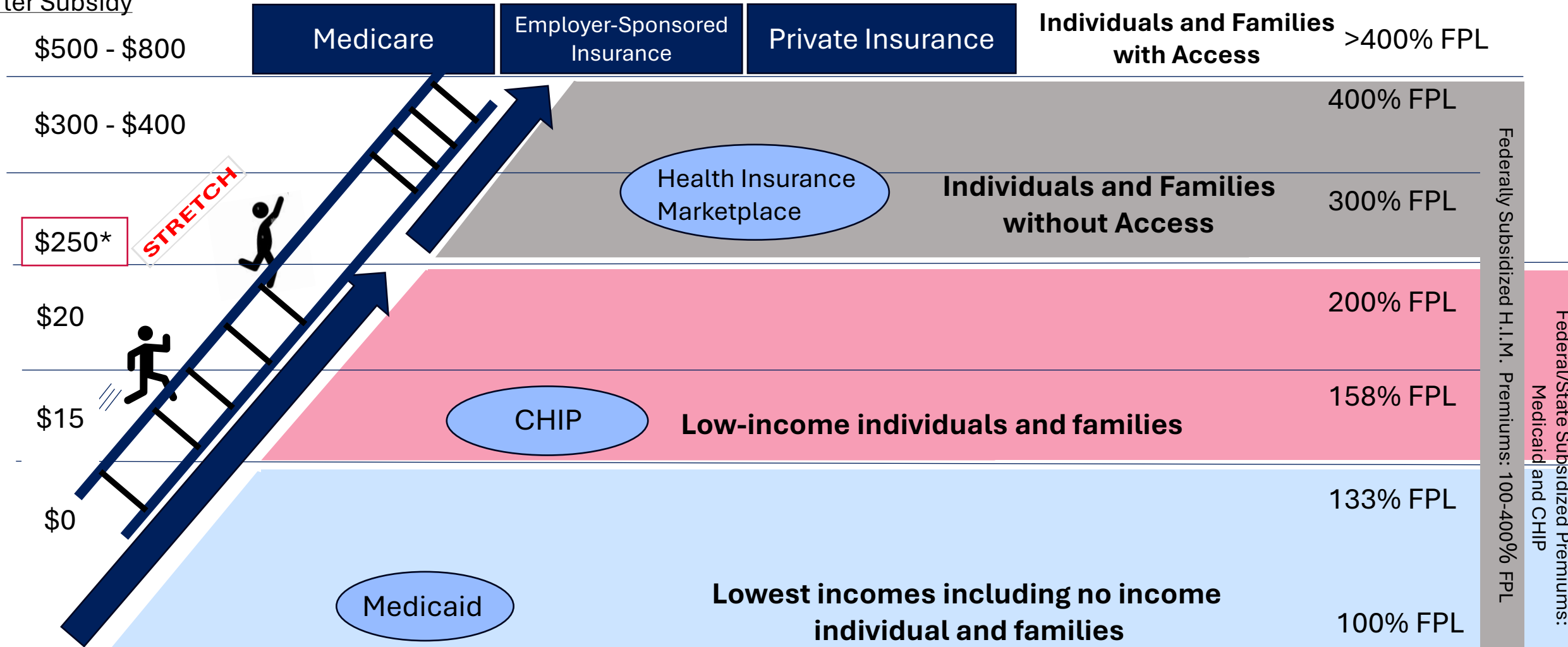
- In the passage of HB 121 in 2023, the Florida Legislature recognized that changes could be made to Florida’s CHIP program that would create a bridge for Floridians to close the gap between the cost of the premiums for subsidized CHIP coverage for those with incomes under 200% FPL and the cost of insurance premiums available in the marketplace. HB 121 made the following change:

CHIP Component	Current	Change after HB 121 Implementation
Income Limit for Subsidized Coverage	200% FPL*	300% FPL*
Monthly Premium’s	<p>Monthly premium payment is required to receive services.</p> <p>Families pay a monthly premium of \$15 per family (for family income between 133% to 150% FPL) or \$20 per family (for family income above 150% up to 200% FPL).</p> <ul style="list-style-type: none"> • If the family income is reduced during the year they are placed into a lower tier. 	<p>Monthly premium payment is required to receive services.</p> <p>AHCA is directed to establish new premium tiers for families with incomes above 150% FPL.</p> <p>Corporation is directed to establish at least 3 but no more than 6 tiers of premiums.</p> <ul style="list-style-type: none"> • If the family income is reduced during the year they are placed into a lower tier.

*Income limits after disregards are 206 - 210%

Tiered Health Care Options/Costs in Florida Before HB 121

Monthly Premiums
after Subsidy

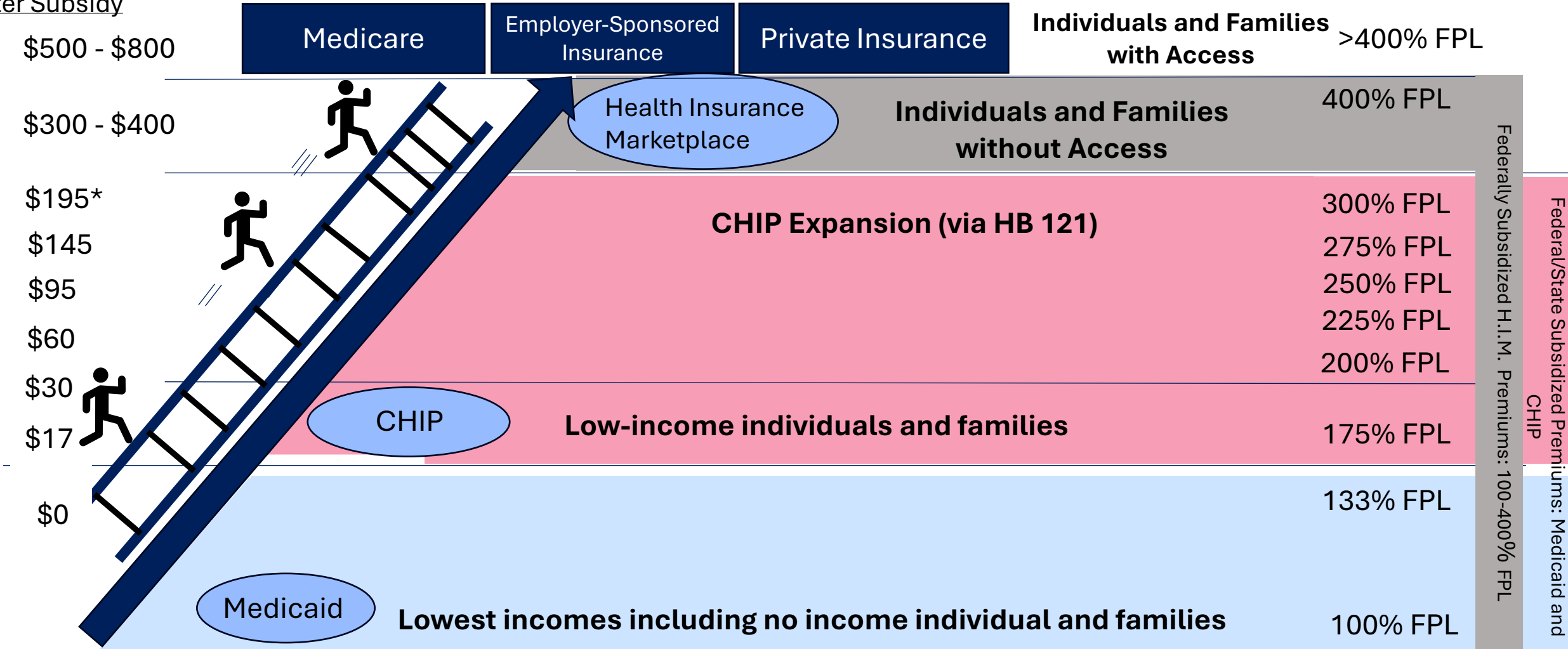


*CHIP Full-Pay is available to families who want to 'buy-in' to the CHIP program coverage but have higher income above 200% of the FPL.

*Income limits after disregards are 206 - 210%

Tiered Health Care Options/Costs in Florida with HB 121 Implementation

Monthly Premiums
after Subsidy



*CHIP Full-Pay is available to families who want to 'buy-in' to the CHIP program coverage but have higher income above 300% of the FPL.

*Income limits after disregards are 206 - 210%

HB 121: Barriers to Federal Authority

- Several barriers to federal authority were raised by CMS during the implementation planning:
 - No state plan option available
 - Proposed premium tiers not allowable
 - Radical change to interpretation of federal law related to collection of monthly premiums

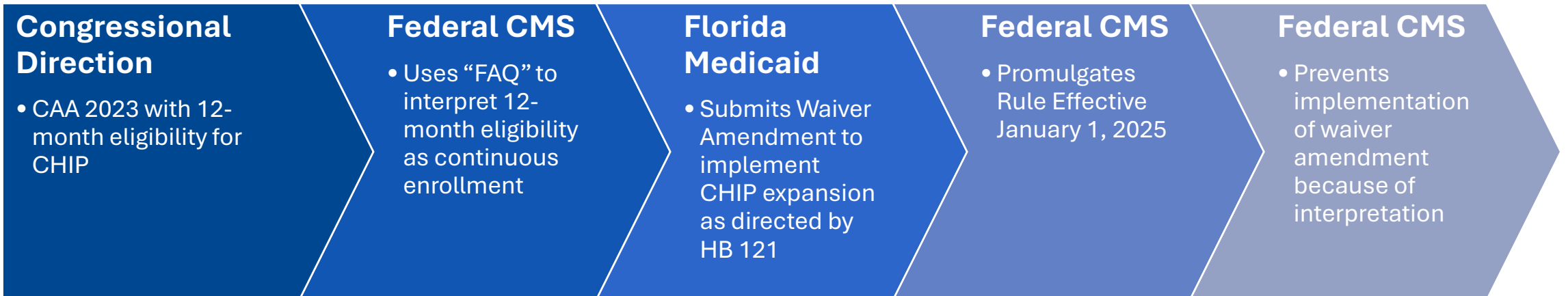
HB 121: Barriers to Federal Authority

- No state plan available:
 - As the state prepared to submit a routine state plan amendment to change the upper income limit for its CHIP program, Federal Centers for Medicare and Medicaid Services (CMS) provided a new interpretation of law and advised that that State plan authority previously available to states who wanted to increase their CHIP income level was no longer available.
 - Florida was presented with two options, Health Services Initiative (HSI) and 1115 waiver
- Proposed Premium Tiers no longer allowable:
 - Federal CMS then provided a new interpretation of Maintenance of Effort (MOE) for CHIP and advised that the new premium tiers developed during the 2023 session for the purposes of analysis of HB 121 would be in violation of that MOE in that they might overall result in a decrease in program enrollment.
 - Florida was advised that they must decrease the proposed premiums for those between 175-200 percent FPL due to the MOE.

HB 121: Barriers to Federal Authority

- Radical change to interpretation of federal law related to collection of monthly premiums
 - Congress passed, as part of the Consolidated Appropriations Act of 2023 (December 2022), a requirement that states have continuous 12-month eligibility for children in their Medicaid and CHIP programs.
 - In October of 2023 (11 months after passage), federal CMS posted “FAQ’s” in which they included an interpretation that would reverse the long-standing, and federally approved, practice of disenrolling children from CHIP services if their family failed to pay the required monthly premium.
 - This would mean that a family could pay one monthly premium and receive a full 12-months of care for all of the children in their family.
 - Currently, if a family has a loss of income, they can receive more assistance and a lower premium. If a family misses the date to pay their monthly premium, they have a 30-day grace period to make the payment and will receive retroactive coverage during that 30 day period.
 - CMS explicitly outlined that the state would be required to cover the cost of the lost revenue and the federal matching funds would not be available for the cost to the state of lost premium revenue.

Radical change to interpretation of federal law



HB 121: Implementation Steps

Steps	Status	Partner
Establish new tiers and premiums	Completed	Florida Healthy Kids Corporation
Complete Operational Preparedness (systems, communications, etc.)	Completed	Florida Healthy Kids Corporation, Department of Children and Families, Department of Health
Draft and submit request for Federal approval	Completed	Agency
Receive Federal approval	Blocked	None

Waiver Submission

- Ultimately, the Agency requested federal authority from CMS to implement the CHIP Eligibility Extension through a five-year 1115 research and demonstration waiver.
- Negotiation of the waiver terms and conditions is at an impasse.
- The KidCare partners have maintained the integrity of the program through routine premium collection. As directed by statute, monthly premiums are collected, and families are temporarily disenrolled if they do not pay their premium.

Federal Approval Timeline



THANK YOU



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