

TO: Juvenile Welfare Board Members
 FROM: James E. Mills, Executive Director *JEM*
 Lisa A. Sahulka, Director of Programs & Finance *LAS*

Requested Action

Healthy Kids of Pinellas (HKP) requests the Board allocate emergency funding for the following anticipated funding shortfalls: 1) June 2000 - \$13,237; 2) July 1-September 30, 2000 - \$88,727. In addition, the agency is requesting base level funding of \$135,344 for FY 00-01. HKP's total request is \$237,308.

Options

1. Allocate \$13,237 for the June 2000 shortfall.
2. Allocate \$88,727 for the 4th quarter of FY 99-00
3. Allocate \$135,344 for FY 00-01
4. Use FY 00-01 (\$59,580) and 01-02 (\$46,980) allocations to fund the FY 99-00 shortfalls and then discontinue funding. Remove the incentive match requirements for these funds.
- 5a.

FY 99-00		FY 00-01	FY 01-02
June	July 1 to Sept. 30	Oct. 1 - June 30	
\$13,237 shortfall	1/6 of \$88,727, which is \$14,788	1/6 of \$135,344 request which is \$22,557	
		Budgeted Allocation \$59,580	Rescind budgeted allocation of \$46,980

TOTAL: \$28,025 \$82,137 \$813,238 (Original JWB Commitment completed)

TOTAL NEW ALLOCATION: \$50,582
 TOTAL ALLOCATION: \$110,162

- 5b. Remove the incentive requirement for all remaining JWB allocations.
6. Allocate an alternative amount.
7. Deny the request.
8. Any other action the Board deems appropriate.

Recommended Action

5a.

FY 99-00		FY 00-01	FY 01-02
June	July 1 to Sept. 30	Oct. 1 - June 30	
\$13,237 shortfall	1/6 of \$88,727, which is \$14,788	1/6 of \$135,344 request which is \$22,557	
		Budgeted Allocation \$59,580	Rescind budgeted allocation of \$46,980

TOTAL: \$28,025 \$82,137 \$813,238 (Original JWB Commitment completed)

- 5b. Remove the incentive requirement for all remaining JWB allocations.

Source of JWB Funds

FY 99-00 Program Contingency funds.

FY 99-00 Transitional Unallocated funds.

FY 00-01 Transitional Unallocated funds (\$46,980 would be released from Board designated funds.)

Fiscal Impact

1. Transfer \$28,025 from Program Contingency to Transitional Unallocated. Program Contingency would be reduced from \$30,072 to \$2,047.
2. FY 99-00 Transitional Unallocated would be increased by \$28,025 and then reduced to \$0.
3. FY 00-01 Transitional Unallocated would be reduced by \$22,557 from \$450,000 to \$427,443.
4. Board designated funds (ending FY 99-00) would be reduced from \$209,042 to \$162,062.
5. Funds would not be budgeted for Healthy Kids of Pinellas in FY 01-02.

Narrative

- ◆ Staff has met with Chuck Hall, Healthy Kids of Pinellas and Elizabeth Rugg, Suncoast Health Council, and been in contact by e-mail and phone, in an effort to resolve this issue.
- ◆ Florida is the only state to require a local match. Healthy Kids of Pinellas' local match requirement for FY 00-01 (July – June 2001) is \$404,899. They have reported securing the following match:

Pinellas County Government	\$68,748
United Way	\$52,500
- ◆ The match is unevenly administered and local levels are individually negotiated. For example, the Pinellas match was negotiated from over \$500,000 to the present level of \$404,899. The HKF annual report identifies \$11,251,316 in local match for FY 99 though the audit identified only \$4,874,683 actually received down from \$5,574,170 the prior fiscal year (FY98). This was before provider match was barred.

- ◆ The maximum number of children by subsidy status is as follows:

Full-pay:	242 enrollment
Subsidized:	2,759 children currently enrolled; 3,804 originally proposed but reduced due to increase in premium fee and loss of local match
Base enrollment:	3,185 (Fully funded by the State of Florida)
Total Enrollment:	6,186 children

- ◆ The current enrollment status as of June 2000 by subsidy status is as follows:

Full-pay:	189 enrollment
Subsidized:	2,759 children currently enrolled; 3,804 originally proposed but reduced due to increase in premium fee and loss of local match
Base enrollment	2,875 (Fully funded by the State of Florida)
Total Enrollment	5,823 children

- ◆ In 1998, the Florida Legislature created KidCare, which includes the component of Healthy Kids. KidCare was created to offer health care coverage to previously uninsured children. Healthy Kids covers children ages 5 to 19. The original Healthy Kids Pinellas included 3-5 year olds at the urging of JWB. These children were identified through the subsidized child care system. Coverage for 3-5 year olds was eliminated by the current insurer.
- ◆ If the remaining local match is not secured, children will not be actively disenrolled, but the enrollment will be decreased through attrition. This is the manner in which Coordinated Child Care manages the child-care waiting list (currently +2,000 children).
- ◆ If a consumer fails to pay the HKP premium, or loses health insurance for other reasons, children will be placed back on the waiting list.
- ◆ Currently no wait list exists for Healthy Kids of Pinellas County, however, applications for 748 children are "in process". Approximately 500 of those children will be approved for enrollment in Healthy Kids effective July or August 2000. Many of the remaining children will be enrolled in Medicaid.
- ◆ In April 1997, the Juvenile Welfare Board approved a declining five-year plan of support for Healthy Kids Pinellas totaling \$813,238. The final three years of the support, for FY 99-00 through FY 2001-2002 were incentive-based payments. The rationale was that additional long-term contributors, whose mission is more directly related to health care, would assume the ongoing responsibility for the local match.
- ◆ Staff is proposing to use the remaining FY 01-02 Board designated funds to support this emergency request in addition to funds already budgeted (\$59,580). Staff is recommending 1/6th of the request (July 1 – June 30th) to give the hospital foundations (eligible if no more than 25% of foundation revenue is provided by hospital operations) of Morton Plant and Bayfront along with other corporate or private providers the opportunity to support HKP. (The other two identified funders are Pinellas County and United Way.) Total payments as proposed would be \$816,840 which is \$3,602 more than originally committed.
- ◆ Staff has been in contact with the hospital foundations. Morton Plant has indicated an application would be considered, All Children's cites their legal charter as an impediment to their participation. Bayfront/St Anthony's has not responded, but it is understood that a significant portion of their revenue may be generated from hospital operation.
- ◆ Staff does not recommend funding for HKP after June 30, 2001, because it is inconsistent with JWB Board policy regarding funding health care. Further, the commitment of match requirement undermines arguments to eliminate the match in the 2001 Legislature. In addition, there is an uncontrollable liability inherent in funding HKP, because the rising cost of health insurance is not within the control of any of the participating parties. The premium cost, for example, increased by 64% from FY 97-98 to FY 99-00. Current premiums are guaranteed only through February of 2002.
- ◆ HKP identified the anticipated shortfall in September 1999. JWB staff scheduled a meeting with Elizabeth Rugg and Dr. Chuck Hall in October 1999. Dr. Hall was unable to attend, and this meeting could not be rescheduled due to Dr. Hall's unavailability.
- ◆ In November 1999, the federal Health Care Financing Administration (HCFA), issued a formal opinion to Florida Healthy Kids explaining that provider funds could not be used as state match for federal dollars (Note: This ruling was further clarified On June 20, 2000

by Paula Kieger of Healthy Kids of Florida in a conference call in which JWB staff, Healthy Kids of Pinellas and Suncoast Health Council participated). Ms. Kieger stated that hospital dollars can be utilized towards a county's local match requirement, however, these funds cannot be used by Florida to fulfill the federal match requirement. Counties are required to report provider dollars to Healthy Kids of Florida.

- ◆ The issue was discussed at the quarterly Healthy Kids Pinellas joint meeting of the Advisory Council and Board of Directors in January 2000.
- ◆ JWB staff has attempted to meet with HKP to resolve this identified problem for eight (8) months. The requested funds are a short-term solution to give HKP time to more actively pursue corporate and foundation funding.

Staff Resource Person: Pam Needham
Karen Perkins