



Annual Report 2015

HealthyKids™

Florida's quality, affordable
health insurance for children
ages 5 through 18

February 2016



As Chief Executive Officer, I am pleased to present the Florida Healthy Kids Corporation's 2015 annual Report. 2015 was the silver anniversary of the creation of the Florida Healthy Kids Corporation—a joint effort by the Governor and Legislature to provide comprehensive children's health insurance coverage through a unique public/private partnership. In July 2016, we will celebrate the 25th anniversary of the enrollment of the first child in Florida Healthy Kids, a start to what has become a health care lifeline to millions of Florida children and accompanying peace of mind for their parents.

Florida Healthy Kids is part of Florida KidCare, which is composed of four programs that collectively cover children from birth through the end of age 18. The affordability and child-centered nature of these four programs have been instrumental in helping our state reduce the number of uninsured children. Florida's number of uninsured children has dramatically declined over the years, decreasing by more than 280,000 children since 2008.

Since joining Florida Healthy Kids in March 2015, I have had the opportunity to travel and meet with legislators, local leaders, advocates, and business professionals; talk with parents of enrolled children; and collaborate with the publicly-minded and committed professionals who serve on our Board of Directors. While these individuals represent a variety of perspectives, they share the common conviction that Florida Healthy Kids is an essential program because it provides access to the full range of medical and dental services school-aged children need to have successful, fulfilling childhoods—at a price that most families can afford. It is an honor to be part of an organization that such a diverse group of Floridians respects, values, and supports.

As you will see in this report, 2015 was a year of change, challenges, and accomplishments. Our health plan contracts were re-procured, our funding model was modified to receive a significantly higher proportional federal contribution, and our marketing and outreach strategies were tailored to utilize new data resources available for the first time. Understanding the need for flexibility in the ever-evolving national health care landscape, the Corporation and its Board of Directors adopted a three-year strategic plan that will enhance the program's continued commitment to children's health care.

Early in 2015, Congress funded the Children's Health Insurance Program (CHIP) for two more years, ensuring the Corporation's role in our state's health care system through at least September 2017 (with the federal program authorized through 2019). The national debate over the ongoing need for CHIP received further attention when Health and Human Services Secretary Burwell determined that no federal or state Marketplace Silver Level Plans were comparable to CHIP in terms of benefits and cost to families. For these reasons, we will be monitoring federal and state efforts related to CHIP and the need for funding through 2019.

The Florida Healthy Kids silver anniversary could not have happened without the participation and involvement of our stakeholders, supporters, and—most importantly—the Florida families we serve. It is a privilege to lead an organization that does such important work to help so many children obtain access to affordable and quality health care. I look forward to continuing the efforts of this partnership that prioritizes the health and well-being of our state's children.

Please visit our website at www.HealthyKids.org to learn more about Florida Healthy Kids and Florida KidCare. If you have any questions or comments concerning this report, I encourage you to contact us.

Sincerely,

A handwritten signature in black ink, appearing to read 'Rebecca Matthews', written over a light blue horizontal line.

Rebecca Matthews
Chief Executive Officer

The Florida Healthy Kids Corporation at a Glance

The Florida Healthy Kids Corporation was created in 1990 by the Florida Legislature as a public-private effort to improve access to health insurance for the state's uninsured children.

Identified as one of three state programs that were grandfathered into the original Children's Health Insurance Program (CHIP) legislation in 1997, Florida Healthy Kids was joined with two other existing state health care programs for children (Medicaid and Children's Medical Services) and a new program (MediKids) to create Florida's KidCare program in 1998. This multi-program implementation of a state-designed CHIP program is unique in the nation.

Florida Healthy Kids serves Florida children ages 5 through 18 years old who are not eligible for Medicaid.

Key Florida Healthy Kids Responsibilities

In addition to providing affordable, quality health care to school-aged children, Florida Healthy Kids administers CHIP by processing applications, determining eligibility, collecting monthly premiums, maintaining enrollment, and operating a customer service call center. Florida Healthy Kids also promotes the Florida KidCare program through community-based grants to local partners throughout the state, in addition to conducting trainings, marketing, and outreach assistance.

Child-Centered Coverage

The Florida Healthy Kids benefits package and provider networks are specifically designed to provide comprehensive medical, dental, and preventive services that children need at each stage of their growth and development. The services are delivered by health plans that are held to high standards of quality, accessibility, and customer satisfaction. Florida Healthy Kids doctors, specialists, dentists, clinics, and hospitals

are devoted to caring for children. Each plan must have enough medical and dental providers to meet the needs of the families that have put their trust in the program.

The Florida KidCare Umbrella

Since its inception, the Florida KidCare program has been a productive partnership among four entities—three state agencies and one nonprofit—whose responsibilities and missions complement and reinforce one another.

In addition to the nonprofit Florida Healthy Kids, the Florida KidCare partners are:

- The Florida Agency for Health Care Administration (AHCA): Runs the Medicaid for Children and MediKids programs and is the single state contact with the federal government on policy and financing issues related to Medicaid and the Children's Health Insurance Program (CHIP).
- The Florida Department of Health (DOH): Administers Children's Medical Services (CMS) for Medicaid- and CHIP-eligible children who have special health care needs.
- The Florida Department of Children and Families (DCF): Primary state eligibility agency with responsibility for the ACCESS online portal and electronic interfaces with the federal marketplace for applications and the federal data hub for income and citizenship verification.

A representative for each of these Florida KidCare entities has a seat on the Florida Healthy Kids Corporation Board of Directors, making it a natural focal point for interagency discussion, innovation, and consensus-building.



Florida Healthy Kids Corporation Board of Directors

A Board of Directors oversees Florida Healthy Kids and provides strategic direction and support to its executive team. As outlined in the enabling statute, Section 624.91, Florida Statutes, the Board is composed of a diverse group of health care providers, child health advocates, and state agency representatives who are knowledgeable and passionate about children's health care. The Board's commitment to quality and access is evident by a 25-year-long track record of helping Florida families.

Officers

Wendy Link: Chairperson
Peter Claussen, D.D.S.: Vice Chair
Philip Boyce: Secretary/Treasurer

Members

Jose Armas, M.D.: Child Health Policy Expert
Elizabeth Dudek: Secretary, Florida Agency for Health Care Administration
George Hutter, M.D.: Florida Academy of Family Physicians
Beth Kidder: Medicaid Expert, Florida Agency for Health Care Administration
Jennifer Lange: Florida Department of Children and Families
Sandra Murman: Hillsborough County Commissioner, Florida Association of Counties
Vacant: Children's Medical Services, Florida Department of Health
Celeste Philip, M.D.: Florida Department of Health
Tommy Schechtman, M.D.: Florida Chapter of the American Academy of Pediatrics
Penny Taylor: Florida Department of Education

Ad Hoc Members

Tami Cullens
Joe Davis
Steve Freedman, Ph.D.
David Leidel
Henry Martell
Paul Whitfield
Bryan Wilkinson

Florida Healthy Kids Executive Team

Rebecca Matthews: Chief Executive Officer
Fred Knapp: Chief Operating Officer
Jeff Dykes: Chief Financial Officer
Amber Floyd: Chief Administrative Officer
Steven Malono: Corporate Counsel

Mission:

To ensure the availability of child-centered health plans that provide comprehensive, quality health care services.

Reducing the Number of Uninsured Children in Florida

An Encouraging Trend Continues in 2015

With Florida KidCare as the foundation, the Sunshine State continues to make notable strides in reducing the number of its uninsured children. In fact, according to a report released in October 2015 from Georgetown University, Florida had one of the greatest declines in the nation in the number of uninsured children from 2013 to 2014.¹

However, the number of children who remain uninsured in Florida—377,987 in 2014 as identified by this same report—continues to demand statewide attention. This underscores the need for, and importance of, the Florida KidCare program as the primary means of addressing this problem.

Many of these uninsured children are eligible for subsidized health insurance for as little as \$15 or \$20 a month—or even nothing at all. In fact, according to 2014 U.S. Census Bureau data, approximately 230,000 Florida children under age 18 are likely to be eligible for subsidized coverage but are not enrolled—about two

Medicaid-eligible children for each CHIP-eligible child.² That number could approach 250,000 when uninsured 18-year-olds—who could also be covered through Medicaid or CHIP until the end of age 18—are included.

Florida’s Role in the National Uninsured Children Landscape

- Four of Florida’s counties—Miami-Dade, Palm Beach, Broward, and Orange—are included in the nation’s top 20 counties with the highest number of uninsured children.¹
- From 2008 to 2014, the number of uninsured children in Florida dropped by 289,771.¹
- While progress is clearly being made, there is still great opportunity for improvement. Only Texas has a higher percentage of uninsured kids.¹
- Florida is one of 13 states with an uninsured rate higher than the national rate.¹

Florida’s Uninsured Children¹

Year	Number of Uninsured Children	Percent Uninsured
2008	667,758	16.7%
2009	600,537	14.8%
2010	506,934	12.7%
2011	475,112	11.9%
2012	436,166	10.9%
2013	445,035	11.1%
2014	377,987	9.3%

¹ Children’s Health Insurance Rates in 2014: ACA Results in Significant Improvements, Georgetown Health Policy Institute’s Center for Children and Families, October 2015

² American Community Survey, U.S. Census Bureau, 2014



Outreach Efforts to Cover More Florida Children

Marketing Florida KidCare

Florida Healthy Kids is statutorily tasked with marketing the Florida KidCare program. This responsibility is particularly important because lack of awareness, rather than cost, is the primary barrier to coverage for over 80% of Florida's uninsured children.

The Corporation cultivates awareness, provides information, educates, and promotes Florida KidCare throughout the state through multi-tiered efforts of targeted outreach by local organizations, strategic media placement, and effective statewide partnerships.

Outreach Grantees and Community Partners

In April 2008, the Corporation began its outreach campaign targeting organizations and associations whose membership and clientele focus on families potentially eligible for the Florida KidCare program. The Corporation continues to work with partners around the state to complement the program's existing marketing and outreach efforts and to encourage participation in areas of the state where no formalized marketing or outreach activities are underway.

Florida KidCare Outreach Grantees:

Outreach grantees are tasked with providing targeted innovative activities, ideas, and methods to facilitate the enrollment and retention of enrollees. Grantees promote the Florida KidCare program, assist families with the Florida KidCare application process, and recruit and train local organizations to assist with outreach efforts.

Florida KidCare Back-to-School Community Partners:

Back-to-School partners are responsible for promoting the Florida KidCare program in their areas during the back-to-school season. Back-to-school community grantees bring together like-minded organizations through community partnerships, sponsor and promote local events, and distribute Florida KidCare materials throughout their community in late summer and early fall.

These marketing, outreach, and retention strategies and efforts are flexible and dynamic, helping to drive down the number of uninsured children and increase access to comprehensive medical and dental services.



2015/2016 Outreach Grantees and Back-to-School Community Partners

Outreach Grantees	Counties Covered
90 Works	Holmes, Jackson, Okaloosa, Santa Rosa, Walton, and Washington
Family Healthcare Foundation	Hillsborough, Pasco, Pinellas, and Polk
Florida Department of Health in Broward County	Broward
Florida Department of Health in Union County	Bradford, Columbia, Hamilton, Marion, Putnam, and Union
Health Council of Southeast Florida	Indian River, Martin, Okeechobee, and St. Lucie
Health Planning Council of Southwest Florida	Collier, Desoto, Glades, and Hendry
Lee Memorial Health System	Lee
Volusia County Schools	Volusia
United Way of Brevard County	Brevard
Back-to-School Community Partners	Counties Covered
Healthy Start Coalition of Jefferson, Madison, and Taylor Counties, Inc.	Jefferson, Madison, and Taylor
United Way of Central Florida-Success By 6	Hardee, Highlands, and Polk
Wolfson Children’s Hospital	Baker, Clay, Duval, Nassau, and St. Johns

The Corporation works with Florida Covering Kids & Families (housed within the University of South Florida College of Public Health) to recruit, train, and monitor grantee efforts and many other partnerships and initiatives that are coordinated throughout the state annually.

A Year of Change for Florida Healthy Kids

The Affordable Care Act's Impact on Florida Healthy Kids Families

The Florida Healthy Kids Corporation's emphasis on services tailored to children and its commitment to high standards have been a hallmark of the program since its inception, and they were fully in evidence in 2015. However, that occurred within an environment of change that began in 2014 with the full implementation of the federal Affordable Care Act (ACA), including the transition of certain low-income children to Medicaid.

Florida families have access to Florida Healthy Kids coverage on a subsidized or full-pay basis, depending on their income and household size. For children in most families with incomes between 133% and 200% of the federal poverty level (\$33,950 - \$48,500 for a family of four in 2015), coverage costs no more than \$20 a month. Families with higher incomes, or those with children who have been legal permanent residents for less than five years, pay the entire premium amount, or what is referred to as the "full-pay" monthly premium.

Until 2015, Florida Healthy Kids coverage was identical between the subsidized and full-pay populations; however, the monthly premiums

were different based on income eligibility levels. However, that changed in 2015 because of ACA provisions that relate to the individual responsibility requirement, or what is more commonly called the "individual mandate."

Full-Pay Coverage: Then and Now

With only a few exceptions, Florida families with incomes above the poverty line must have health insurance for each family member or pay a tax penalty for each month that coverage was lacking. To avoid the penalty, an individual must have health insurance that meets the definition of "minimum essential coverage" (MEC): inclusion of ten "essential health benefits" and compliance with all of the ACA market reform requirements that are intended to maximize access to health insurance, regardless of age, health status, or medical need.

While certain kinds of services can be limited to a set number per year—physical therapy is a good example—those limits cannot be more restrictive than the state's "benchmark" plan, and no annual or lifetime limits are allowed.

Florida Healthy Kids Eligibility Guidelines for 2015-2016

Guidelines reset annually each April

Family Size	\$15/Family	\$20/Family	Full-Pay Premium
1	\$1,305.01 - \$1,550	\$1,550.01 - \$1,962	\$1,962.01 & over
2	\$1,766.01 - \$2,098	\$2,098.01 - \$2,655	\$2,655.01 & over
3	\$2,227.01 - \$2,646	\$2,646.01 - \$3,349	\$3,349.01 & over
4	\$2,688.01 - \$3,193	\$3,193.01 - \$4,042	\$4,042.01 & over
5	\$3,149.01 - \$3,741	\$3,741.01 - \$4,735	\$4,735.01 & over
6	\$3,610.01 - \$4,289	\$4,289.01 - \$5,429	\$5,429.01 & over

Even though the MEC definition is specific and detailed, there are a number of general types of health insurance that are automatically considered MEC, and CHIP is one of them—but the full-pay program is not considered CHIP coverage because families not eligible for CHIP pay for it without any financial contribution from the federal government.

In creating Florida KidCare, the Legislature placed several limits on the CHIP benefits package to balance cost with access to care. The most important of these is a \$1 million lifetime limit. These limits are acceptable under the ACA if they are part of a state's CHIP design, but they are not allowed for individual market coverage. With those features, the full-pay program would not be MEC-compliant, meaning that Florida full-pay families would be at risk of a tax penalty.

The Florida Healthy Kids Board of Directors considered several options to address this situation, including the possibility of eliminating the full-pay program altogether because of the coverage options available through the federally facilitated marketplace (otherwise known as the “FFM” or www.healthcare.gov).

Recognizing the need for child-centered coverage, continuity of care, and preservation of trusted provider relationships—particularly for children with ongoing medical needs—the Board decided to preserve the full-pay program with modifications to make it MEC-compliant. It would be priced separately from the subsidized population for the first time, requiring a re-procurement of the health plan contracts one year ahead of schedule.

Because health plan procurement is a time-consuming process, the Florida Healthy Kids staff negotiated with the Federal Centers for Medicare and Medicaid Services (CMS) for



full-pay MEC certification, retroactive to January 1, 2015. CMS agreed to grant this certification if the Florida Healthy Kids Corporation incorporated the following changes in the new full-pay health plan contract:

- Remove the lifetime limit
- Align any service limits with the State of Florida benchmark plan
- Incorporate habilitative services
- Change the limit on eyeglasses from one pair every two years to one pair per year

In order to prevent any affected families from incurring a tax penalty, this agreement ensured that all Florida Healthy Kids full-pay enrollees would have MEC for each month they were covered in 2015, even though the coverage changes went into effect October 1, 2015.

New Health Plan Choices as of October 2015

Early in 2015, the Florida Healthy Kids Corporation released an Invitation to Negotiate, soliciting separate benefits packages and rates for the CHIP plan and the new full-pay benefits package.

At its April Board meeting, the Board of Directors voted to award new health plan contracts to four plans for the subsidized population across the 11 Statewide Medicaid Managed Care regions, each contract lasting for an initial two-year period, based on current federal funding, with two additional one-year options.

Because many Florida Healthy Kids enrollees would have to switch to a new health plan, the Corporation developed and implemented a comprehensive and integrated communications plan to notify and inform affected families and providers of plan options, benefit changes,



and premiums under the new contracts. This effort—which included letters, emails, phone calls, faxes, social media, and ongoing website updates—began in July 2015 and continued into the fall.

With the exception of Region 11 (Miami-Dade and Monroe counties), Florida Healthy Kids CHIP enrollees would have a choice of two health plans. Region 11 enrollees could choose among three.

For the 148,932 Florida Healthy Kids subsidized enrollees who were already enrolled in one of these plans, their coverage did not change. The remaining 68,756 children were administratively transitioned to a different health plan based on enrollment criteria designed to protect continuity of care. If the families wished to opt for a different health plan, they had a 90-day choice period, beginning September 1, 2015, during which they could change the health plan provider.



Florida Healthy Kids Full-Pay Plan Options

The Board agreed to contract with Sunshine Health Plan for full-pay coverage with two pricing approaches. The first plan option—Sunshine Health Stars Plus, which is actuarially equivalent to a platinum plan on the federal Marketplace—has a cost-sharing structure that mirrors the original full-pay design: no deductible and nominal co-pays. While the out-of-pocket costs remain low, the premium rate nearly doubled from \$153 to \$299 (with dental) or \$284 (without dental).

The second plan option—Sunshine Health Stars, which is actuarially equivalent to a silver plan on the federal Marketplace—costs \$220 a month, or \$205 without dental. To receive services under this plan design, families are responsible for the following charges:

- \$3,000 per-child deductible for medical services
- \$1,500 per-child pharmacy deductible
- Co-pays for doctor visits, therapy sessions, ER visits, transportation, and non-specialty prescriptions

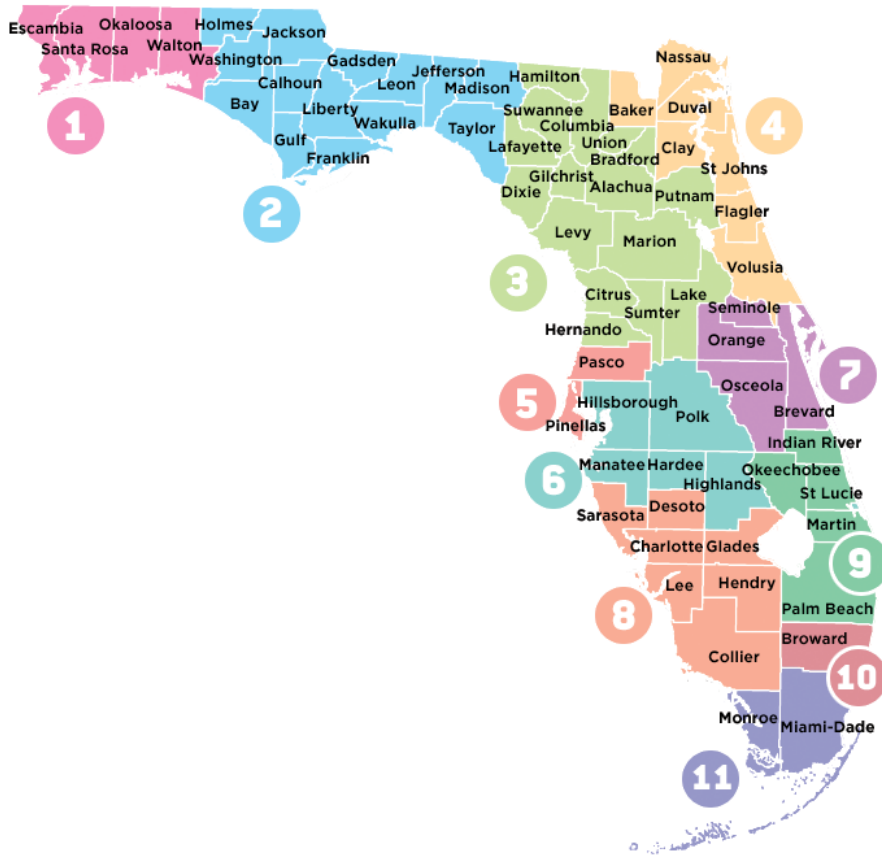
- 25% coinsurance for inpatient services, outpatient procedures, and specialty drugs

All children whose families chose to keep them in the full-pay program were transitioned and auto-assigned to the new platinum-equivalent plan option, Sunshine Health Stars Plus. These families had a 90-day choice period to switch from that plan to the less expensive silver-equivalent alternative. In September 2015, a total of 35,856 children were enrolled in the full-pay option. After the October transition, 16,748 children remained.

Sunshine Health Stars Plus	Sunshine Health Stars
\$299 with dental	\$220 with dental
\$284 without dental	\$205 without dental

**Please see page 27 of the Appendix for a complete side-by-side comparison of the two full-pay plans.*

Florida Healthy Kids Health Plans by Region



Subsidized			
Region	Plan		
1	Coventry	Staywell	
2	Coventry	Staywell	
3	Coventry	Staywell	
4	United	Staywell	
5	Coventry	Staywell	
6	Amerigroup	Coventry	
7	Amerigroup	Coventry	
8	Coventry	Staywell	
9	Coventry	Staywell	
10	Amerigroup	Staywell	
11	Amerigroup	Coventry	Staywell

Full-Pay – All Regions: Sunshine Health

Special Enrollment Period for the Federally Facilitated Marketplace

Although the Corporation believes that Florida Healthy Kids still provides Florida's children with the best possible care in the state, its top priority during this period of change was to keep children covered with some form of quality health insurance and minimize the risk of coverage gaps. That meant informing full-pay families of their full range of options, including possible application to www.healthcare.gov, where many of them may have qualified for reduced-cost coverage.

Qualified Health Plans available through the federal marketplace, and the subsidies that go with them, are usually available in only two types of circumstances: annual open enrollment; and special enrollment periods tied to qualifying events defined in federal rules, such as the loss of a job, birth of a child, or a change in marital status.

Because it was important to offer the broadest array of coverage options for full-pay families, Florida Healthy Kids staff reached out to federal officials to propose the possibility of a one-time-only special enrollment period for Florida children who would be transitioning to the new coverage. A special enrollment period of September 1, 2015 – November 30, 2015 was granted by federal CMS for Florida Healthy Kids full-pay families. Depending on when a full-pay family applied to the federal marketplace, enrollment began on October 1, November 1, or December 1 of 2015.

Full-Pay Family Survey

When the new full-pay health plan went into effect on October 1, 2015, a total of 16,852 children remained enrolled while 15,405 children were unenrolled by their families. To learn why these families dropped coverage, as well as determine the health insurance status of those children, Florida Healthy Kids sent a survey to 11,606 families and received 3,499 responses—a statistically valid sample within a 2% margin of error.



Key findings included:

- 43% of the disenrolled children had been in the full-pay program for three or more years
- Of the 59% with new health insurance, a roughly equal share of this percentage was covered through a job or www.healthcare.gov
- 44% of families with new coverage added their children to an existing policy, while 43% applied for new coverage just for their children
- 96% cited “cost” as the reason their children were no longer enrolled in the full-pay program
- Only 6% said they dropped coverage because better health insurance options were available, and less than 1% said their children no longer needed health insurance
- 41% reported that their children no longer had health insurance
- Of those families whose children remain uninsured, 73% said health insurance was “too expensive” and 47% said they were still looking for “the right plan”

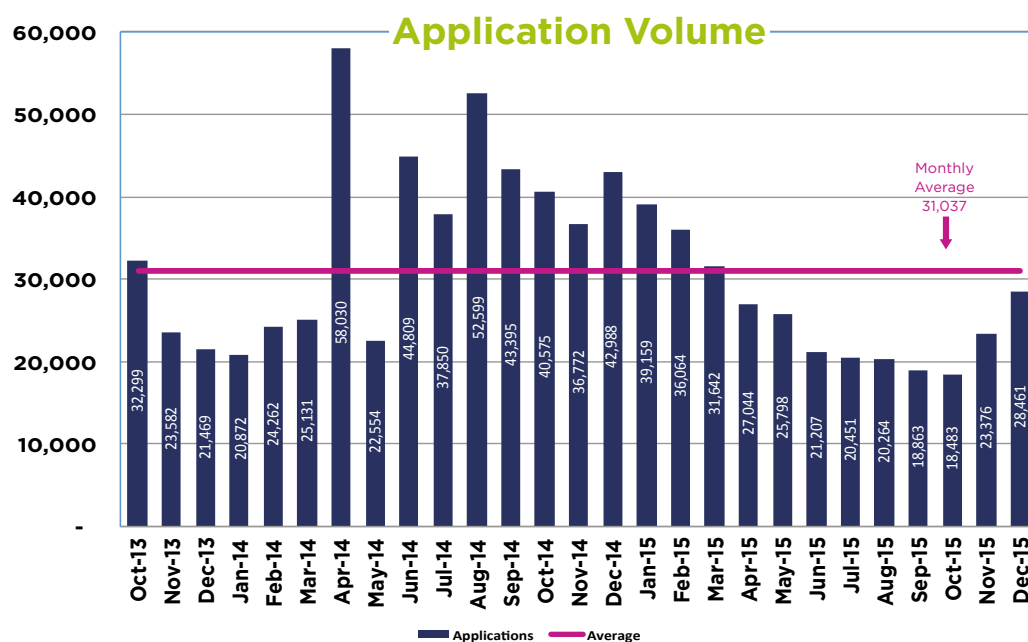
In February 2016, the Corporation will conduct a follow-up survey with the families whose children no longer had health insurance to assess their current insurance status and document the most common barriers to obtaining coverage.

How Florida Healthy Kids and Florida KidCare Stacked Up in Enrollment

Unique Enrollment Trends of 2015

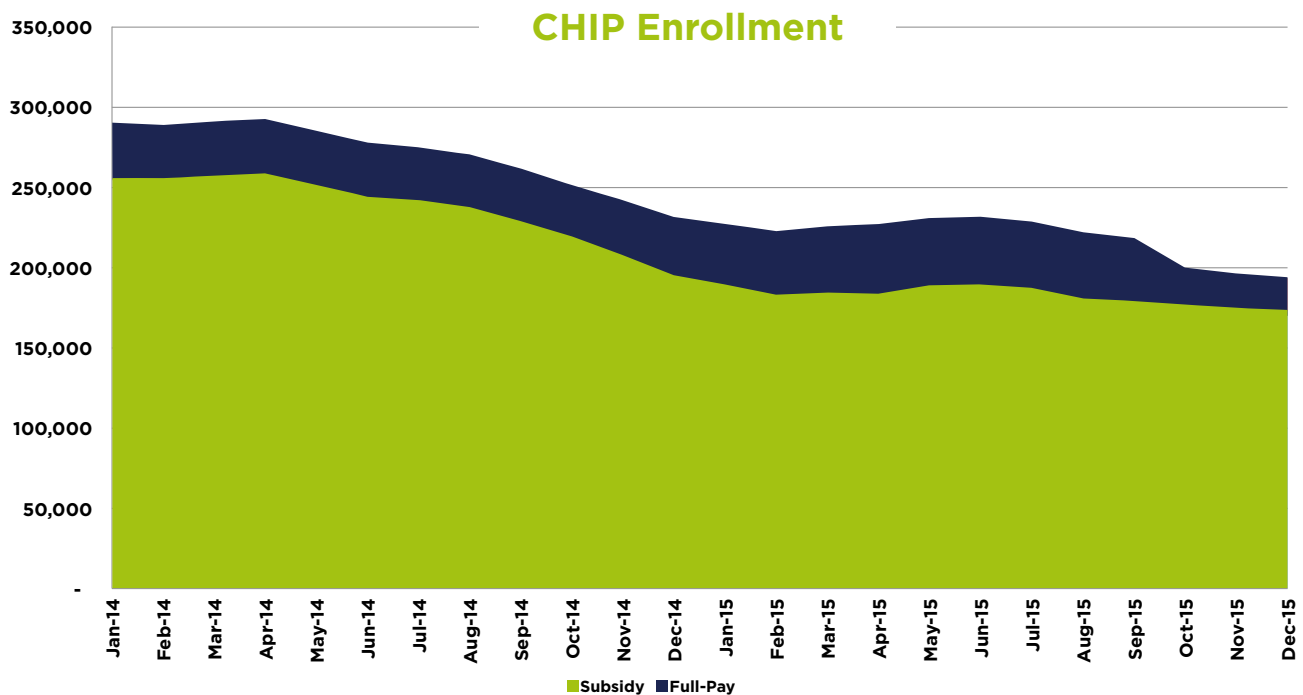
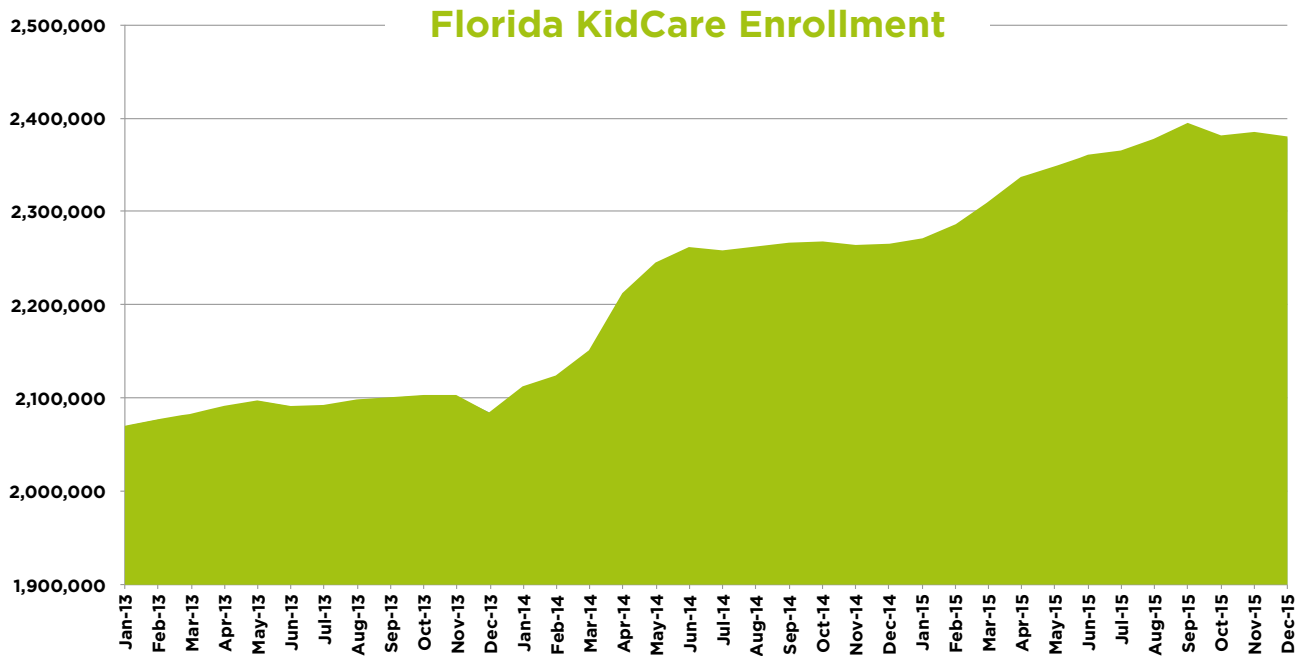
The ACA continues to influence application and enrollment trends in Florida KidCare generally, and the Florida Healthy Kids program specifically. While the rate of applications resulting in Florida KidCare eligibility is at historically high levels, applications to Florida Healthy Kids—from the Florida Healthy Kids website and referrals from the Florida Department of Children and Families—dropped throughout 2015. Similarly, overall Florida KidCare enrollment reached record levels in 2015—totaling 2,381,458 children in November 2015—but CHIP enrollment dropped by 1.9%. Several interrelated ACA policies explain this seemingly contradictory situation:

- Florida families have more options for applying for government-sponsored health insurance, including the federal www.healthcare.gov portal and customer service center.
- More application options—three different online portals, several call centers, multiple mailing addresses, and in-person assistance by federally sponsored “navigators”—means more applications in total, many of which produce Medicaid and CHIP eligibility determinations for children in applicant families. However, a larger applicant pool that includes adults means some applications do not lead to enrolled children.
- Children of families with incomes between 100% and 133% of the federal poverty level who used to be eligible for CHIP now qualify for Medicaid. This was a key ACA-related change that went into effect in 2014, when almost 72,000 children were transitioned from Florida Healthy Kids to Children’s Medicaid. The trend continued in 2015, with declining CHIP enrollment more than offset by higher Medicaid enrollment.
- The significant premium increase in the full-pay program also contributed to the overall decline in Florida Healthy Kids enrollment, with approximately half of full-pay children leaving the program on October 1, 2015.
- Since 2014, eligibility for Medicaid and CHIP has been calculated based on guidelines published by the Internal Revenue Service. For CHIP-eligible families, this involves relationships among household members



based on income tax filing status. If the correct tax filer information is not provided on an application or renewal form, it is considered incomplete and CHIP enrollment cannot be completed. However, many children can be determined eligible for Medicaid without tax

filer information. Therefore, it is possible that the income eligibility standard based on “modified adjusted gross income” (MAGI) may have affected Florida KidCare enrollment trends, with Medicaid rising and CHIP declining.





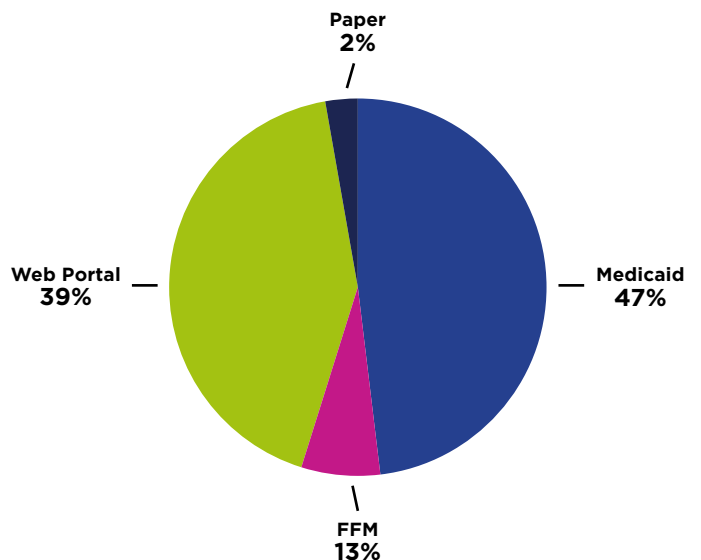
Maximizing Enrollment of CHIP-Eligible Children

One of the principal benefits of the Florida KidCare design is the streamlined and efficient way in which children move between Medicaid and CHIP as their family situations change. Much of this process is automated. However, when children transition from Medicaid to CHIP, the enrollment cannot be completed until an initial premium payment is made.

Historically, many families whose eligibility is changing from Medicaid to subsidized CHIP have failed to take this critical step and their children have lost coverage. To reduce this preventable outcome, and help families make a smooth and timely transition, Florida Healthy Kids staff began

making live outbound calls in June 2015 to remind and encourage affected families to make their first premium payment. This was in addition to the longstanding follow-up communication channels of mailed letters, emails, and automated calls. This targeted outreach effort has resulted in approximately six in ten contacted parents making a timely premium payment.

Florida Healthy Kids Applications By Source



Florida Healthy Kids Individual Health and Dental Plan Enrollment

Enrollment numbers for each individual health plan, pre- and post-health plan transition, as well as most recent dental plan enrollment numbers, are as follows:

Health Plan Enrollment for September 2015 (Prior to Health Plan Transition in October)	
Health Plan	Enrollees
WellCare	58,585
UnitedHealthcare	52,220
Aetna/Coventry	14,378
Amerigroup	40,169
Florida Health Care Plan	2,803
Sunshine Health Plan	1,177
Florida Blue	169

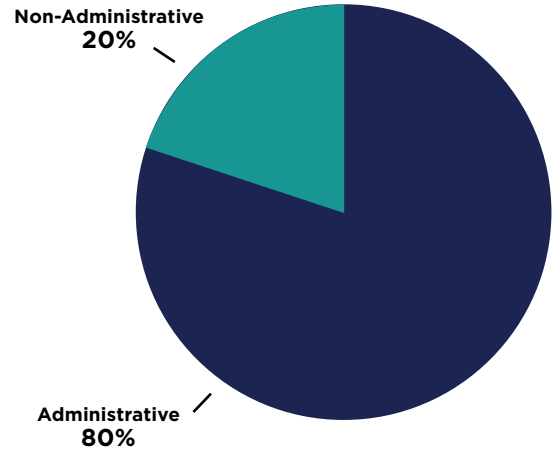
Health Plan Enrollment for December 2015 (Post-Health Plan Transition)	
Subsidized Health Plans	
Health Plan	Enrollees
Staywell Kids	55,154
Amerigroup	41,595
Coventry Health Care of Florida	36,689
UnitedHealthcare Community Plan	7,168
Full-Pay Health Plan Options	
Sunshine Health Stars Plus	12,640
Sunshine Health Stars	1,996

Dental Plan Enrollment for December 2015	
Dental Plan	Enrollment
DentaQuest	68,006
MCNA	64,721
Argus	19,783

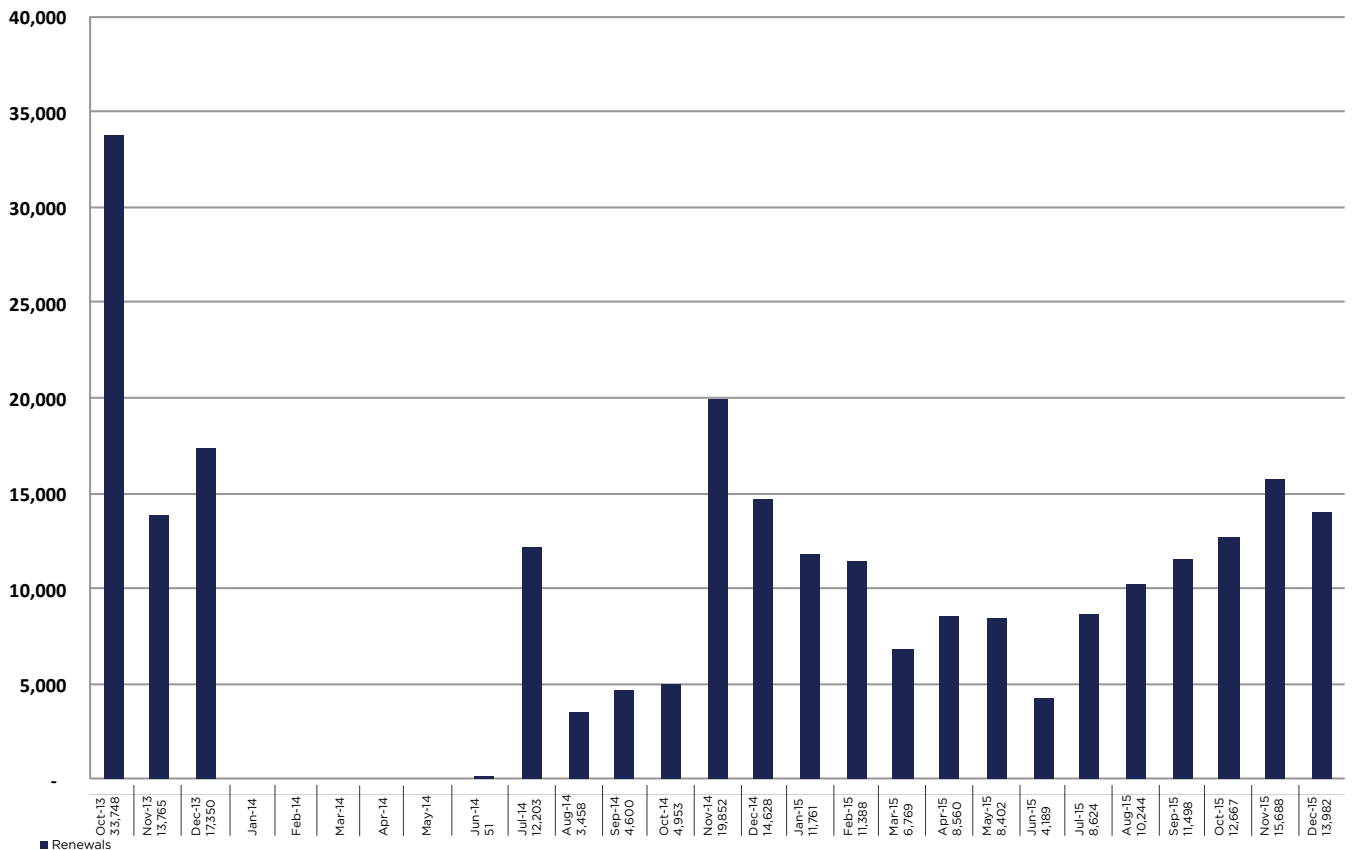
Keeping Kids Enrolled

Because ensuring that enrollees experience no gaps in health insurance coverage is a top priority, the Corporation continues to identify the most common reasons eligible children exit the program so that these preventable adverse outcomes can be addressed through strategic remedies. Administrative renewal—which reduces the risk of a disenrollment because a family missed a step in the process—began in November 2014 and has demonstrably increased retention rates.

CHIP Renewals by Type



CHIP Renewals



The renewal gap in this chart is explained by the following: Federal CMS allowed states to suspend renewals for the first quarter of calendar year 2014 due to the implementation of the Affordable Care Act. Florida was granted a slightly larger extension to align with the statewide roll-out of Medicaid Managed Care to ensure continuity of care for members.



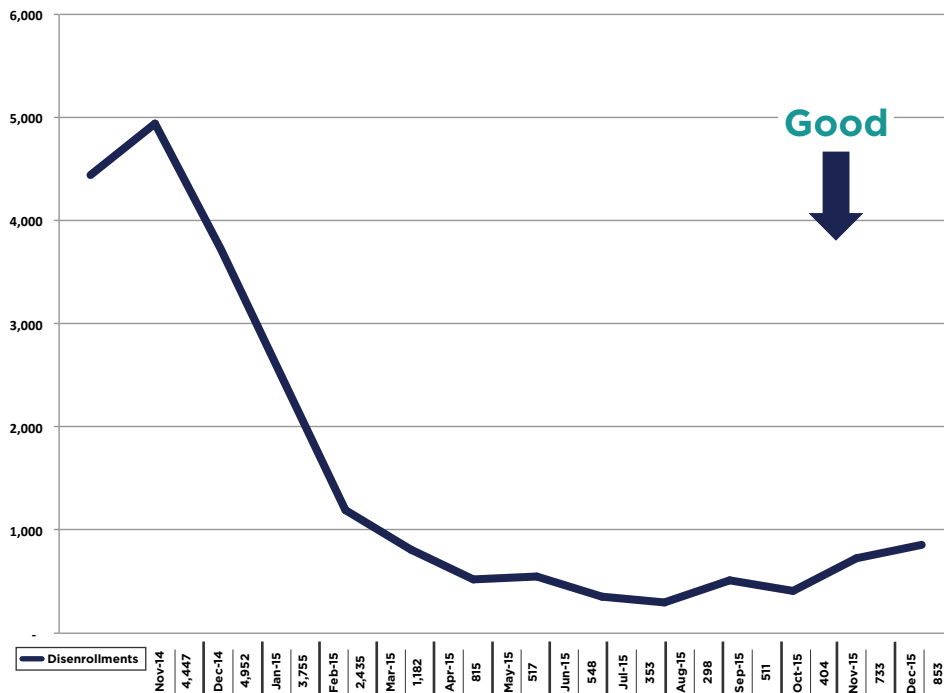
Administrative Renewal

Through coordination with program partners, the Corporation pre-populates renewal forms with the most current eligibility-related information that is necessary to complete renewal for the majority of families. This information is used to determine whether a child qualifies for a subsidy and at what cost for the upcoming coverage year. Families are sent a letter with the critical account information, most of which

is obtained from federal or state databases. If the information is correct, all the family needs to do is pay the monthly premium amount for their renewal to be considered complete. The family has the option to update any information on the form or add any missing information that was not obtained through electronic sources.

This streamlined renewal process, which accounts for 80% of all renewals, continues to drive higher retention rates.

Renewal Non-Compliance



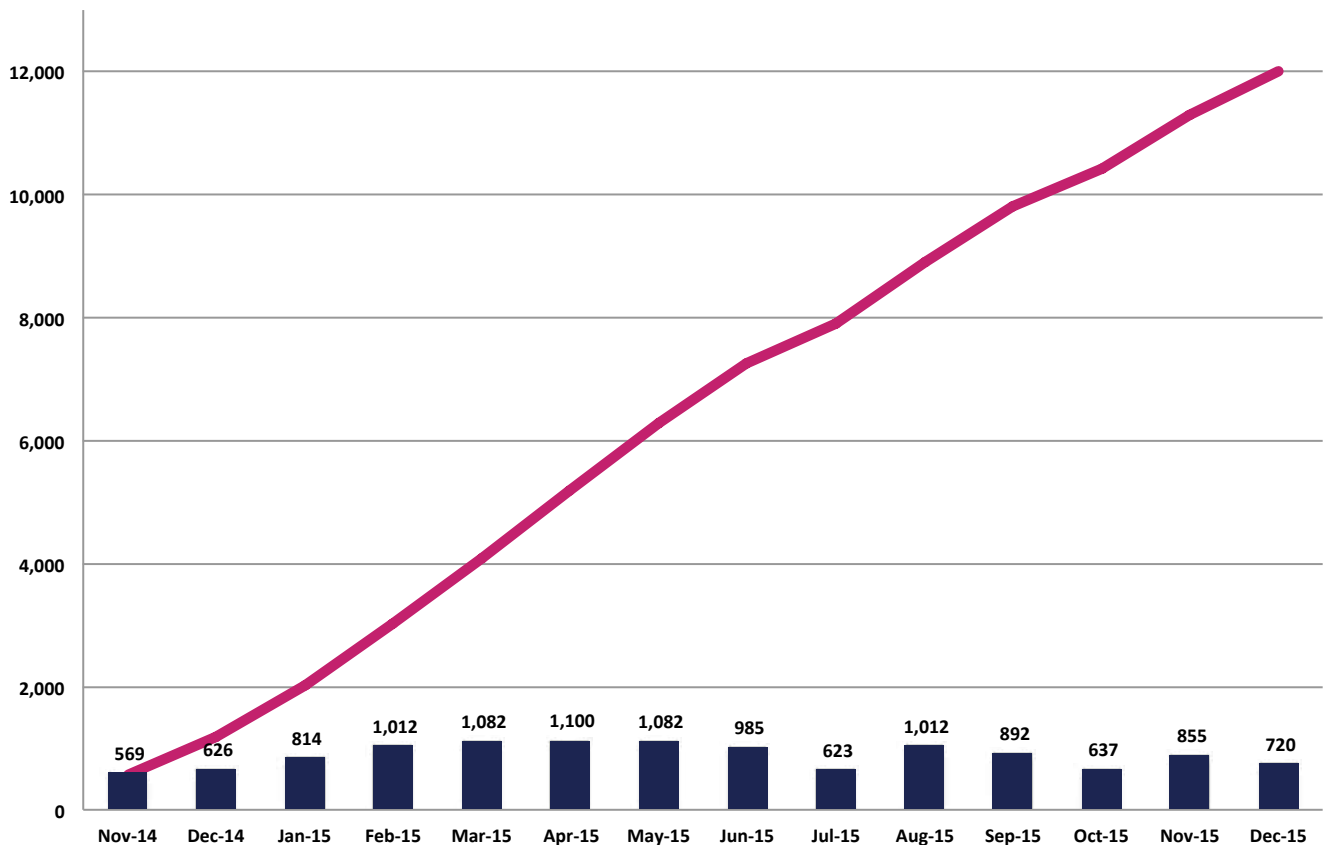
Disenrollment for Non-Payment

Non-payment is another significant reason why potentially eligible children drop off of the program. Among several payment options, Florida Healthy Kids offers online “Auto Pay,” which allows premium payments to be automatically drafted each month once a family has opted into it. This streamlined option greatly reduces the risk of disenrollment because a family forgot to make a timely payment, and it is also the most cost-effective from a processing standpoint.

Auto Pay Campaign

To make the Auto Pay option more attractive, the Corporation waived the \$1.50 convenience fee during a consecutive 12-month period for families that newly enrolled in the Auto Pay Program in 2014, yielding an \$18 overall value to families. To date, almost 10,000 families are enrolled in this program. Based on the success of this initiative, the Corporation agreed to continue this program for another 12-month period.

New Enrollees in CHIP Auto Payment



Performance and Accountability

A Data-Driven Approach

The Florida Healthy Kids Corporation applies nationally accepted methodologies for measuring:

- The qualitative experience of Florida KidCare families
- The quality of care as delivered by the health and dental plans and their provider networks

Based on telephonic and mail-based survey data, the Consumer Assessment of Healthcare Providers and Systems (CAHPS) documents various statistical measures regarding provider relationships and access to care in the six months preceding the survey. These qualitative data provide a way to evaluate Florida KidCare performance in relation to national standards.

Highlights from the 2014 survey include:

- Florida KidCare results exceeded the national benchmarks for three of the four CAHPS consumer experience composite ratings
- On a scale of 1 through 10, 76% of families rated their primary provider as a “9” or “10” and 71% rated their specialists with similarly high scores
- Over three out of four families reported positive experiences with care coordination
- On a scale of 1 through 10, two-thirds of Florida KidCare families rated their health care experience as a “9” or “10”

The Corporation analyzes the quality of care provided by its health and dental plans within the framework of the nationally recognized Healthcare Effectiveness Data and Information Set (HEDIS). This rigorous methodology is used to document and evaluate the performance of more than 90% of America’s health plans. Florida Healthy Kids data is compared to national results from Medicaid managed

care entities because no comparable CHIP health plan data is available. In general, the national benchmark is the median (50th percentile) for participating Medicaid health plans.

Florida Healthy Kids exceeds the national Medicaid median for the following categories:

- Immunizations for adolescents
- Access to care and preventive visits for children 7 years and older
- Annual dental visits
- Use of appropriate medications for enrollees with asthma

Areas targeted for improvement include access and well-child care for 5- and 6-year-olds, behavioral health, and female health.

Performance Improvement Projects

When HEDIS data identifies opportunities for health plan improvement, performance improvement projects (PIPs) are established. Besides providing a coherent, systematic, and traceable framework for quality improvement, PIPs are one of the quality-related activities mandated by federal law. Each Florida Healthy Kids health plan has a PIP targeted to improve the rate of well-child visits for 5- and 6-year-olds, and the dental plans have PIPs designed to improve the rate of annual dental check-ups. In 2015, the health plans began to implement an additional PIP of their choice, based on plan-specific HEDIS results.

Financial Position of the Corporation

Financial Highlights

During fiscal years 2014 and 2015, Florida Healthy Kids experienced a significant enrollment decline resulting from a change in Medicaid eligibility pursuant to the requirements of the ACA. As a result, operating revenues and expenses decreased proportionately, 12.7% and 13.2% respectively. However, fund net position increased by \$1.5 million in 2015 compared to 2014 due to the recognition of revenue from the assessment

of liquidated damages against the current Third-Party Administrator for noncompliance with contractual performance requirements. Total liabilities and fund net position decreased by \$3.1 million as compared to the previous fiscal year due to reduced revenues combined with the timing of accounts receivable and payable. Fund net position and total liabilities were \$41.9 million as of June 30, 2015, down from \$45 million as of June 30, 2014.

Statement of Fund Net Position

Years Ended June 30	2015	2014	Change
Assets			
Current Assets	\$ 24,741,985	\$ 28,189,799	-12.23%
Restricted Cash	17,147,153	16,762,955	2.29%
Equipment	10,378	28,357	-63.40%
Total Assets	41,899,516	44,981,111	-6.85%
Liabilities			
Current Liabilities	19,986,920	24,579,738	-18.69%
Total Liabilities	19,986,920	24,579,738	-18.69%
Fund Net Position			
Invested in Capital Assets	10,378	28,357	-63.40%
Unrestricted	21,902,218	20,373,016	7.51%
Total Fund Net Position	21,912,596	20,401,373	7.41%
Total Liabilities and Fund Net Position	\$ 41,899,516	\$ 44,981,111	-6.85%

Changes in Fund Net Position

Years Ended June 30	2015	2014	Change
Operating Revenues	\$ 348,441,394	\$ 399,264,657	-12.73%
Operating Expenses	348,598,839	401,652,688	-13.21%
Net Operating Gain (Loss)	(157,445)	(2,388,031)	-93.41%
Non-Operating Revenues	1,668,668	5,657,357	-70.50%
Increase in Net Position	1,511,223	3,269,326	-53.78%
Fund Net Position, Beginning	20,401,373	17,132,047	19.08%
Fund Net Position, Ending	\$ 21,912,596	\$ 20,401,373	7.41%

Florida Healthy Kids State and Federal Funding

Florida Healthy Kids is funded through a combination of state and federal dollars. The federal contribution rate is established in Title XXI of the Social Security Act. The Affordable Care Act increased the CHIP contribution rate by 23 percentage points for the period that began on October 1, 2015 and ends on September 30, 2019.

One state dollar currently draws down 24 federal dollars.

Funding from the state's General Revenue fund and specified trust funds is appropriated annually by the Florida Legislature. The amounts of state and federal funds appropriated to Florida Healthy Kids for medical and dental insurance expenditures for the most recent fiscal years are shown below.

Funding Source	FY 2015-16	FY 2014-15	Change
State Funds	26.7	89.0	(62.3)
Federal Funds	229.0	224.7	4.3
Total	255.7	313.7	(58.0)

In Millions

Enhanced Federal Medical Assistance Percentages

July - September	71.80%	71.15%
October - June	95.47%	71.80%

Building a Strong and Coherent Foundation for the Future

For much of its history, Florida KidCare has operated in a relatively stable policy and financing environment, but full implementation of the ACA means that is no longer the case. In August 2015, the Florida Healthy Kids Board adopted a comprehensive strategic plan influenced by this newly dynamic environment characterized by:

- ACA requirements related to comprehensive benefits packages and a more accessible and seamless application and enrollment process
- New health insurance options through the federal marketplace (www.healthcare.gov)
- The extension of CHIP federal funding through September 2017
- Federal authorization for CHIP through September 2019

- A growing consensus regarding the need for health insurance that explicitly responds to the unique needs of children at each developmental stage

In contemplating how to respond to these changing circumstances, the Board wanted to lay a foundation for the next three years. The goal was not to set a specific course but rather to outline principles and objectives that would guide future committee work, stakeholder discussions, policy recommendations, and tactical planning. In recent years, the Board held its annual strategic planning session to discuss and evaluate recent accomplishments and challenges, and establish short-term goals. The strategic plan adopted at the August 2015 Board meeting is more expansive, ambitious, and holistic. It was the culmination of months of work.

The new strategic plan will guide the Board and Corporation staff as they navigate Florida KidCare and Florida Healthy Kids through a dynamic and evolving health care landscape. It begins with new vision and mission statements:

Vision: All Florida's children have comprehensive, quality health care services.

Mission: To ensure the availability of child-centered health plans that provide comprehensive, quality health care services.

The plan's centerpiece consists of three strategic objectives that, in turn, give rise to a set of complementary critical initiatives.

Strategic Objective: Authority on Child Insurance—Become the recognized leader for access to Florida children's health insurance and known by Florida families as the trusted source of children's health insurance options

Critical Initiatives:

- Enhance stakeholder engagement
- Increase community awareness and support
- Enhance marketing strategies

Strategic Objective: Data-driven Programs and Operations—Utilize a structured Data, Analytics, and Metrics program to support and improve programs and operations

Critical Initiative:

- Build a Data, Analytics, and Metrics Program

Strategic Objective: Unifying Policy and Financing—Develop a long-term plan for unified child health care policy development and financing

Critical Initiative:

- Develop and Promote Future State Model(s) and Business Case

Because the strategic plan is grounded in practicality and a spirit of accountability, each critical initiative includes goals, key tasks, success criteria, risks, challenges, and budgetary impact. Key stakeholders are identified as well as primary staffing resources. The initiatives will happen under the direction and oversight of restructured Board committees that will include ad hoc public members with relevant experience and expertise, including a parent of enrolled children.

In launching these strategic objectives—and particularly the one related to unified policy and financing—the Board’s vision and mission will ensure ideas and solutions that put the health care interests of Florida children ahead of any particular organizational model or distribution of responsibility among the Florida KidCare entities.

This commitment to children, and openness to new ideas, means 2016 will be an exciting year for Florida Healthy Kids. At a minimum, it will be a time of study, discussion, and renewed consensus-building. It may also be the beginning of significant change, with steps taken to modernize and more fully integrate the Florida KidCare programs, beginning with Florida Healthy Kids.



Appendix

2015-2016 Federal Poverty Guidelines for Program Eligibility

Guidelines reset annually each April

Federal Poverty Level Guidelines							
<i>(Premium Payments are not required for this program)</i>							
Family Size	100% FPL	133% FPL		158% FPL	200% FPL		MAGI 5% Disregard**
			Standard 7% Disregard*			Standard 10% Disregard	
1	\$981	\$1,305	\$69	\$1,550	\$1,962	\$98	\$49
2	\$1,328	\$1,766	\$93	\$2,098	\$2,655	\$133	\$66
3	\$1,675	\$2,227	\$117	\$2,646	\$3,349	\$168	\$84
4	\$2,021	\$2,688	\$141	\$3,193	\$4,042	\$202	\$101
5	\$2,368	\$3,149	\$166	\$3,741	\$4,735	\$237	\$118
6	\$2,715	\$3,610	\$190	\$4,289	\$5,429	\$272	\$136
7	\$3,061	\$4,071	\$214	\$4,837	\$6,122	\$306	\$153
8	\$3,408	\$4,532	\$239	\$5,384	\$6,815	\$341	\$170
9	\$3,755	\$4,994	\$263	\$5,932	\$7,509	\$376	\$188
10	\$4,101	\$5,455	\$287	\$6,480	\$8,202	\$410	\$205
11	\$4,448	\$5,916	\$311	\$7,028	\$8,895	\$445	\$222
12	\$4,795	\$6,377	\$336	\$7,575	\$9,589	\$480	\$240

Notes: * Only children aged 1 through 5 receive the standard disregard. All children get the 5% MAGI disregard if needed.
 ** MAGI - The 5% MAGI disregard is used in a budget only if it makes a "failing individual" pass.

MediKids, CMS, and Healthy Kids Premium Guidelines

(Premium Payments are required for this program)

Family Size	Plan Two 133.01-158% FPL \$15/Family	Plan Three 158.01-200% FPL \$20/Family	Plan Four (HK & MK only) 200.01% FPL and over Full-Pay Premium/Child
1	\$1,305.01 - \$1,550	\$1,550.01 - \$1,962	\$1,962.01 & over
2	\$1,766.01 - \$2,098	\$2,098.01 - \$2,655	\$2,655.01 & over
3	\$2,227.01 - \$2,646	\$2,646.01 - \$3,349	\$3,349.01 & over
4	\$2,688.01 - \$3,193	\$3,193.01 - \$4,042	\$4,042.01 & over
5	\$3,149.01 - \$3,741	\$3,741.01 - \$4,735	\$4,735.01 & over
6	\$3,610.01 - \$4,289	\$4,289.01 - \$5,429	\$5,429.01 & over
7	\$4,071.01 - \$4,837	\$4,837.01 - \$6,122	\$6,122.01 & over
8	\$4,532.01 - \$5,384	\$5,384.01 - \$6,815	\$6,815.01 & over
9	\$4,994.01 - \$5,932	\$5,932.01 - \$7,509	\$7,509.01 & over
10	\$5,455.01 - \$6,480	\$6,480.01 - \$8,202	\$8,202.01 & over
11	\$5,916.01 - \$7,028	\$7,028.01 - \$8,895	\$8,895.01 & over
12	\$6,377.01 - \$7,575	\$7,575.01 - \$9,589	\$9,589.01 & over

Full-Pay Benefits Comparison - Effective October 1, 2015

	Sunshine Health Stars Plus	Sunshine Health Stars
Medical Deductible*	None	\$3,000 per child
Pharmacy Deductible*	None	\$1,500 per child
Medical Out-of-Pocket Maximum	5% of household income (combined with Pharmacy)	\$4,250
Pharmacy Out-of-Pocket Maximum	5% of household income (combined with Medical)	\$2,350
A. Inpatient Services	\$0 copay**	25% coinsurance‡ after deductible
B. Emergency Services	\$10 copay	\$100 copay
C. Maternity Services and Newborn Care	\$0 copay	25% coinsurance after medical deductible
D. Organ Transplantation Services	\$0 copay	25% coinsurance after medical deductible
E. Outpatient Services		
1. Facility	\$0 copay	25% coinsurance after medical deductible
2. Non-Facility	<ul style="list-style-type: none"> ◦ \$0 copay for well visit ◦ \$5 copay for office visit 	<ul style="list-style-type: none"> ◦ \$0 copay for well visit ◦ \$25 for Primary Care ◦ \$40 for Specialist
F. Mental Health Services	<ul style="list-style-type: none"> ◦ Inpatient - \$0 copay ◦ Outpatient - \$5 copay 	<ul style="list-style-type: none"> ◦ Inpatient - 25% coinsurance after medical deductible ◦ Outpatient - \$25 copay
G. Substance Abuse Services	<ul style="list-style-type: none"> ◦ Inpatient - \$0 copay ◦ Outpatient - \$5 copay 	<ul style="list-style-type: none"> ◦ Inpatient - 25% coinsurance after medical deductible ◦ Outpatient - \$25 copay
H. Therapy Services	\$5 copay	\$40 copay
I. Home Health Services	\$5 copay	\$25 copay
J. Hospice Services	\$5 copay	\$40 copay
K. Nursing Facility Services	\$0 copay	25% coinsurance after medical deductible
L. Durable Medical Equipment and Prosthetic Devices	\$0 copay	25% coinsurance after medical deductible

chart continued on next page

	Sunshine Health Stars Plus	Sunshine Health Stars
M. Refractions	<ul style="list-style-type: none"> ◦ \$5 copay per visit ◦ \$10 copay for corrective lenses 	<ul style="list-style-type: none"> ◦ \$5 copay per visit ◦ \$10 copay for corrective lenses
N. Pharmacy	\$5 copay per prescription every month	<ul style="list-style-type: none"> ◦ Generic = \$5 copay ◦ Preferred Brand = \$25 copay, after pharmacy deductible ◦ Non-Preferred Brand = \$50 copay, after pharmacy deductible ◦ Specialty Drugs = 25% coinsurance after pharmacy deductible
O. Transportation Services	\$10 copay per trip	\$10 copay per trip

*** DEDUCTIBLE** - the amount you pay for covered health care services **BEFORE** your health insurance or plan starts to pay. For example, if your deductible is \$3,000, your health plan will not pay anything until you have met your \$3,000 deductible.

**** COPAY** - the set amount you pay for a covered health care service at the time you get the service.

‡ COINSURANCE - your share of the costs of a covered health care service (calculated as a percent - 25% for example) of the allowed amount for the service. You pay coinsurance plus any deductibles you owe. For example, if the health insurance or plan's allowed amount for an office visit is \$100 and you've met your deductible, your coinsurance payment of 25% would be \$25. The health insurance or plan pays the rest of the allowed amount.

Note: Copays, coinsurance, and annual deductibles count toward annual out-of-pocket maximum.

Healthcare Effectiveness Data and Information Set (HEDIS) Data

Measure	Age Range	2014 FHKC Mean	2013 FHKC Mean	2012 FHKC Mean
Children and Adolescents' Access to Primary Care Practitioners	Ages 2-6 Years (FHKC Eligibility: 5-6 Years)	83.4%	87.0%	88.9%
	Ages 7-11	92.9%	93.4%	93.2%
	Ages 12-19 (FHKC Eligibility: 12-18 Years)	90.7%	90.9%	90.9%
Initiation of Drug Dependence Treatment Alcohol and Other	13-17 Years	42.8%	31.8%	38.0%
Engagement of Drug Dependence Treatment Alcohol and Other	13-17 Years	7.9%	8.3%	7.6%
Well-Child Visits in the 3rd, 4th, 5th, and 6th Years of Life	FHKC Eligibility: 5-6 Years	62.8%	64.4%	64.7%
Adolescent Well-Care Visits		57.0%	57.7%	31.7%
Chlamydia Screening in Women 16-20 Years	FHKC Eligibility: 16-18 Years	41.5%	41.4%	39.2%
HPV Vaccine for Female Adolescents		22.2%	23.2%	17.5%
Immunizations for Adolescents		71.6%	72.0%	65.0%
Appropriate Testing for Children with Pharyngitis		74.7%	71.9%	71.4%
Appropriate Treatment for Children with Upper Respiratory Infection		85.9%	84.7%	85.1%
Use of Appropriate Medications for People with Asthma	5-11 Years	94.4%	93.6%	86.3%
	12-18 Years	89.9%	90.9%	83.3%
Follow-Up Care for Children Prescribed ADHD Medication	Initiation	36.4%	38.1%	38.0%
	Continuation and Maintenance	41.0%	44.3%	47.4%
Follow-Up After Hospitalization for Mental Illness	7 Days	44.0%	41.8%	39.7%
	30 Days	63.9%	62.5%	59.9%
Annual Dental Visit	Ages 2-6 Years (FHKC Eligibility: 5-6 Years)	58.2%	59.4%	57.0%
	Ages 7-10	66.0%	63.9%	63.5%
	Ages 11-14	61.5%	60.1%	58.9%
	Ages 15-18	54.6%	53.5%	52.8%

Consumer Assessment of Healthcare Providers and Systems (CAHPS) Data

N/R = Not Reported (sample size less than 50)

Composite Measure	FHKC 2015	National Average 2015	KidCare Average 2015	FHKC 2014
Getting Needed Care	74%	85%	82%	79%
Getting Care Quickly	89%	90%	90%	92%
How Well Doctors Communicate	89%	93%	91%	90%
Health Plan Customer Service	89%	88%	88%	88%
Child's Personal Doctor	85%	89%	88%	82%
Shared Decision Making	81%	N/R	80%	N/R
Getting Specialized Services	N/R	76%	68%	N/R
Care Coordination	N/R	76%	77%	N/R
Individual Question Summary Rates				
Access to Prescription Medicines	82%	91%	88%	88%
Getting Needed Information	82%	89%	88%	79%
Overall Ratings				
Overall Rating: All Health Care	70%	66%	67%	68%
Overall Rating: Personal Doctor	75%	73%	76%	72%
Overall Rating: Specialist Seen Most Often	75%	70%	71%	65%
Overall Rating: Health Plan	65%	67%	65%	62%



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