

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** CS/HB 437 Diabetes Advisory Council

**SPONSOR(S):** Health Quality Subcommittee; Trujillo

**TIED BILLS:** **IDEN./SIM. BILLS:** SB 694

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Health Quality Subcommittee	11 Y, 0 N, As CS	Dunn	O'Callaghan
2) Health Care Appropriations Subcommittee	12 Y, 0 N	Pridgeon	Pridgeon
3) Health & Human Services Committee		Dunn	Calamas

### SUMMARY ANALYSIS

Diabetes is a group of diseases characterized by high blood glucose (blood sugar), due to the body's inability to produce insulin or inability to effectively use insulin. Diabetes is a major cause of heart disease and stroke. The economic impact of diabetes rising. Diabetes is a leading cause of death in Florida, and Florida's high diabetes rate ranks 43rd among the states. The Diabetes Advisory Council (Council) is an advisory entity to the Department of Health, government agencies, professional organizations, and the general public. The Council's purpose is to guide a statewide comprehensive approach to diabetes prevention, diagnosis, education, care, treatment, impact, and costs.

This bill amends s. 385.203, F.S., to require the Council, in conjunction with the Department of Health, the Agency for Health Care Administration, and the Department of Management Services, to submit by January 10 of each odd-numbered year a report on diabetes in Florida to the Governor, the President of the Senate, and the Speaker of the House of Representatives.

The report must provide:

- The public health consequences and financial impact on the state from all types of diabetes and resulting health complications;
- A description and an assessment of the effectiveness of state agency diabetes programs and activities, the funding of such programs and activities, and cost-savings associated with such programs and activities;
- A description of the coordination among state agencies of programs, activities, and communications designed to manage, treat, and prevent all types of diabetes; and
- A detailed action plan for reducing and controlling the number of new cases of diabetes, which must include proposed steps to reduce the impact of all types of diabetes, expected outcomes from implementing the action plan, and benchmarks for preventing and controlling diabetes.

The bill has an insignificant negative fiscal impact on the Department of Health. The bill has no fiscal impact on local governments.

The bill provides an effective date of July 1, 2014.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. EFFECT OF PROPOSED CHANGES:

##### Current Situation

Diabetes is a group of diseases characterized by high blood glucose (blood sugar), due to the body's inability to produce insulin or inability to effectively use insulin. Uncontrolled glucose build up can lead to death or serious health complications, such as vision loss, kidney failure, and amputations of legs or feet. Diabetes is a major cause of heart disease and stroke, with death rates two to four times higher for adults with diabetes than those without.<sup>1</sup>

The three common types of diabetes are:<sup>2</sup>

- **Type 1:** accounts for about five percent of all diagnosed cases. Type 1 is typically diagnosed in children and young adults. Currently, there are no known ways to prevent type 1 diabetes.
- **Type 2:** accounts for about 95 percent of all diagnosed cases. Diagnosis among adults aged 65 years or older is seven times higher than those aged 20–44 years. Research shows that healthy eating, regular physical activity, and medication if prescribed can control, prevent, or delay type 2 diabetes.
- **Gestational diabetes:** develops and is diagnosed as a result of pregnancy in two to ten percent of pregnant women. Gestational diabetes increases the risk of developing type 2 diabetes in both the mother and the child.

Risk factors for diabetes include:<sup>3</sup>

- Being over the age of 45;
- Being overweight;
- Having a parent or sibling with diabetes;
- Having a minority family background;
- Developing diabetes while pregnant; and
- Being physically active less than three times per week.

Persons with any of the above risk factors are at risk of developing pre-diabetes. Pre-diabetes is a condition where blood sugar levels are higher than normal, but not high enough for a diagnosis of diabetes. Persons with pre-diabetes are five to fifteen times more likely to develop type 2 diabetes, heart disease, and stroke.<sup>4</sup> The Centers for Disease Control and Prevention (CDC) estimates that 33 percent of U.S. adults have pre-diabetes.<sup>5</sup>

Nationally, the CDC estimates that 25.8 million people have diabetes.<sup>6</sup> Of those estimated to have diabetes, only 18.8 million have been diagnosed.<sup>7</sup> Men are slightly more likely to have diabetes than women.<sup>8</sup> Minorities are at a greater risk of having diabetes than non-Hispanic white adults, with a 66

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<sup>1</sup> Centers for Disease Control and Prevention, *Diabetes Report Card 2012*, 2012, at 1, available at <http://www.cdc.gov/diabetes/pubs/reportcard.htm> (last visited Mar. 26, 2014).

<sup>2</sup> *Id.*

<sup>3</sup> Fla. Dep't of Health, *Diabetes*, <http://www.floridahealth.gov/diseases-and-conditions/diabetes/> (last visited Mar. 26, 2014).

<sup>4</sup> *Id.*

<sup>5</sup> Centers for Disease Control and Prevention, *Diabetes Report Card 2012*, *supra* note 1, at 4.

<sup>6</sup> Centers for Disease Control and Prevention, *2011 National Diabetes Fact Sheet*, available at <http://www.cdc.gov/Diabetes/pubs/estimates11.htm> (last visited Mar. 26, 2014).

<sup>7</sup> *Id.*

<sup>8</sup> *Id.* (stating that 13 million men have diabetes compared to 12.6 million women).

percent higher risk for Hispanics and a 77 percent higher risk for non-Hispanic blacks.<sup>9</sup> Based on current trends, the CDC has projected that one in three U.S. adults could have diabetes by 2050.<sup>10</sup>

### Economic Impact of Diabetes

The American Diabetes Association estimates that the total cost of diagnosed diabetes rose 41 percent from 2007 to 2012 to \$245 billion, which includes \$176 billion in direct medical costs and \$69 billion in reduced productivity.<sup>11</sup> Direct medical costs consist of hospital inpatient care, prescription medications, anti-diabetic supplies, physician visits, and nursing stays.<sup>12</sup> The largest factors attributing to reduced productivity costs are the absenteeism, inability to work due to disease related disability, and lost productive capacity due to early mortality.<sup>13</sup> The average diabetic patient spends about \$7,900 per year on diabetes costs, making diabetes patient's average medical expenditures 2.3 times higher than non-diabetic persons.<sup>14</sup>

### Diabetes in Florida

Diabetes is the sixth leading cause of death in Florida.<sup>15</sup> In 2010, Florida's high diabetes rate of 10.4 percent compared poorly to other states, with Florida being ranked 43rd among the states.<sup>16</sup>

Florida's population contains significant concentrations of groups at risk of developing diabetes. In 2010, 37.8 percent of Floridians were overweight.<sup>17</sup> In addition, Florida has over 8.3 million residents over the age of 45, and Florida has over 3.2 million residents over the age of 65, one of the populations most vulnerable to diabetes.<sup>18</sup> Florida's number of residents over the age of 65 is expected to rise to 24.4 percent by 2040 from 17.3 percent in 2011.<sup>19</sup> Moreover, Florida's population is comprised of 39.8 percent of Hispanics and African Americans, two groups that have a higher risk of developing diabetes.<sup>20</sup>

### Diabetes Advisory Council

The Diabetes Advisory Council (Council) is an advisory entity to the Department of Health, government agencies, professional organizations, and the general public. The Council's purpose is to guide a statewide comprehensive approach to diabetes prevention, diagnosis, education, care, treatment, impact, and costs. The 26 members of the Council are appointed by the Governor and are comprised of health care professionals and members of the public, three of whom must be affected by diabetes. The Council meets once per year with the State Surgeon General to make specific recommendations regarding the public health aspects of the prevention and control of diabetes.<sup>21</sup>

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<sup>9</sup> *Id.*

<sup>10</sup> Centers for Disease Control and Prevention, *Diabetes Report Card 2012*, *supra* note 1, at 2.

<sup>11</sup> American Diabetes Association, *Economic Costs of Diabetes in the U.S. in 2012*, 36 DIABETES CARE 1033, 1033 (2013), available at <http://care.diabetesjournals.org/content/36/4/1033.full.pdf+html> (last visited Mar. 26, 2014).

<sup>12</sup> *Id.* (noting that the hospital care accounts for 43 percent and medications account for 18 percent).

<sup>13</sup> *Id.*

<sup>14</sup> *Id.*

<sup>15</sup> Fla. Dep't of Health, *Florida Mortality Atlas: 2011 Mortality Atlas*, <http://www.floridacharts.com/charts/MortAtlas.aspx> (last visited Mar. 26, 2014).

<sup>16</sup> Fla. Dep't of Health, *Florida State Health Improvement Plan 2012 – 2015*, April 2012, at B14, available at [http://www.floridahealth.gov/public-health-in-your-life/about-the-department/\\_documents/state-health-improvement-plan.pdf](http://www.floridahealth.gov/public-health-in-your-life/about-the-department/_documents/state-health-improvement-plan.pdf) (last visited Mar. 26, 2014) (compared to 8.7 percent national rate).

<sup>17</sup> *Id.*

<sup>18</sup> Florida Demographic Estimating Conference, February 2013 and the University of Florida, Bureau of Economic and Business Research, *Florida Population Studies*, Bulletin 166, June 2013, available at <http://edr.state.fl.us/Content/population-demographics/data/> (follow "Florida Census Day Population: 1970-2040" hyperlink) (last visited Mar. 26, 2014).

<sup>19</sup> *Id.*

<sup>20</sup> U.S. Census Bureau, *State and County Quick Facts: Florida*, available at <http://quickfacts.census.gov/qfd/states/12000.html> (last modified Jan. 6, 2014) (citing population percentages of 23.2 Hispanic and 16.6 African American).

<sup>21</sup> Section 385.203, F.S.

## Effect of Proposed Changes

The bill amends s. 385.203, F.S., to require the Diabetes Advisory Council (Council), in conjunction with the Department of Health, the Agency for Health Care Administration, and the Department of Management Services, to submit by January 10 of each odd-numbered year a report on diabetes in Florida to the Governor, the President of the Senate, and the Speaker of the House of Representatives.

The report must provide:

- The public health consequences and financial impact on the state from all types of diabetes and the resulting health complications;
- The number of persons with diabetes covered by Medicaid<sup>22</sup> or the Division of State Group Insurance;<sup>23</sup>
- The number of persons impacted by state agency diabetes programs and activities;
- A description and an assessment of the effectiveness of state agency diabetes programs and activities;
- The amount and source of funding for state agency diabetes programs and activities;
- The cost-savings realized by state agency diabetes programs and activities;
- A description of the coordination among state agencies of programs, activities, and communications designed to manage, treat, and prevent all types of diabetes; and
- The development of and revisions to a detailed action plan for reducing and controlling the number of new cases of diabetes and proposed steps to reduce the impact of all types of diabetes, including expected outcomes and benchmarks if the plan is implemented.

The bill provides an effective date of July 1, 2014.

### B. SECTION DIRECTORY:

**Section 1.** Amends s. 385.203, F.S., relating to Diabetes Advisory Council; creation; function; membership.

**Section 2.** Provides an effective date of July 1, 2014.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

### A. FISCAL IMPACT ON STATE GOVERNMENT:

#### 1. Revenues:

None.

#### 2. Expenditures:

The Department of Health has reported that, although the department's workload will be increased due to the amount of information required by the bill to be provided to the Council, the increase in workload can be handled within existing department resources.<sup>24</sup>

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<sup>22</sup> Medicaid is a joint federal and state funded program that pays for health care for low income Floridians and is administered by the Agency for Health Care Administration, pursuant to ch. 409, F.S. Over 3.3 million Floridians are currently enrolled in Medicaid and approximately \$21 billion was spent on Florida Medicaid in FY 2012-2013. Agency for Health Care Administration, "Florida Medicaid," available at: <http://ahca.myflorida.com/Medicaid/index.shtml> (last visited Mar. 26, 2014).

<sup>23</sup> The Florida Department of Management Services administers the State Group Insurance Program created under s. 110.123, F.S. The program offers four types of health plans from which an eligible employee may choose. In FY 2012-2013, the program covered 169,804 employees at a cost of \$1.8 billion. Florida Department of Management Services, Division of State Group Insurance, "State Employees' Group Health Self-Insurance Trust Fund, Report on the Financial Outlook," December 13, 2013, available at:

<http://edr.state.fl.us/Content/conferences/healthinsurance/HealthInsuranceOutlook.pdf> (last visited Mar. 26, 2014).

**B. FISCAL IMPACT ON LOCAL GOVERNMENTS:**

1. Revenues:

None.

2. Expenditures:

None.

**C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:**

None.

**D. FISCAL COMMENTS:**

None.

**III. COMMENTS**

**A. CONSTITUTIONAL ISSUES:**

1. Applicability of Municipality/County Mandates Provision:

Not applicable. This bill does not appear to affect county or municipal governments.

2. Other:

None.

**B. RULE-MAKING AUTHORITY:**

No additional rule-making authority is necessary to implement the provisions of the bill.

**C. DRAFTING ISSUES OR OTHER COMMENTS:**

None.

**IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES**

On March 5, 2014, the Health Quality Subcommittee adopted an amendment to HB 437 and reported the bill favorably as a committee substitute. The amendment removes the requirement that the Diabetes Advisory Council include a detailed budget request in the report submitted to the Governor and Legislature. This analysis is drafted to the committee substitute.

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<sup>24</sup> Florida Department of Health, 2014 Agency Legislative Bill Analysis, HB 437, February 7, 2014, on file with committee staff.