

Tab 1

Board and Ad Hoc Member List

**Florida Healthy Kids Corporation
Board and Ad Hoc Member List**

OFFICERS:

Scott Fennell

Board Chair

Florida Department of Financial Services

Peter Claussen, DDS

Board Vice Chair

Florida Dental Association Representative

Vacant

Board Secretary/Treasurer

Bridget Royster

Delegate

Department of Children and Families

AD HOC MEMBERS:

Steve Freedman, PhD

University of South Florida College of Public Health

Paul Whitfield

Florida Department of Financial Services

MEMBERS:

Jose Armas, MD

Child Health Policy Expert Representative

Peggy Aune, EdD

Florida Department of Education

Commissioner Dave Eggers

Florida Association of Counties Representative

Robert English, MD, FAAP, FACC, FSCAI

Florida Chapter of the American Academy of
Pediatrics

Andrea Gary

Children's Medical Services Representative
Department of Health

Robert Karch, MD, MPH, FAAP

Florida Department of Health Representative

Brian Meyer

Delegate
Florida Agency for Health Care Administration

Amra A. Resic, MD, FAFP

Florida Academy of Family Physicians Representative

Tab 2

Consent Agenda

**FLORIDA HEALTHY KIDS CORPORATION
BOARD OF DIRECTORS MEETING
October 23, 2025**

Consent Agenda

Behind Tab II is the Consent Agenda. As you know, these items are considered routine and are enacted by one motion. There will be no separate discussion of these items unless removal of the item from the Consent Agenda is requested by a Board Member, at which time we will take it off the agenda and discuss it separately. You have all been provided with copies of the items in advance of today's meeting, and the supporting documents for each of these items are in the Consent Agenda located behind the referenced tab in your materials.

Consent Item (1)

Approve Minutes of the Board of Directors Meeting – June 19, 2025

Summary: The Board of Directors of the Florida Healthy Kids Corporation (FHKC) met via Microsoft Teams on June 19, 2025. The agenda included a welcome and introduction from the Chair; as well as reports from the Chair, Chief Executive Officer, Chief Marketing Officer, Chief Operating Officer, and Finance and Audit Committee. The Board voted to approve the Consent Agenda for the meeting, AHCA Contract Amendment, Medical Services and Coverage Contract Amendment, Dental Services and Coverage Contract Amendment, Amendment to Fiscal Year 2024-25 Approved Budget, Fiscal Year 2025-26 Proposed Budget, Internal Audit Reports, and Internal Audit Contract Amendment.

FLORIDA HEALTHY KIDS CORPORATION
Board of Directors Meeting
Microsoft Teams
June 19, 2025
9:00 A.M. – 12:00 P.M.

Board of Directors Present:

Mr. Scott Fennell, Chair
Dr. Peter Claussen, Vice Chair
Mr. Philip Boyce, Secretary/Treasurer
Commissioner Dave Eggers, Florida Association of Counties
Ms. Andrea Gary, Children's Medical Services Designee, Florida Department of Health
Dr. Robert Karch, Florida Department of Health Designee
Mr. Brian Meyer, Agency for Health Care Administration Designee
Ms. Bridget Royster, Florida Department of Children & Families Designee
Mr. Paul Whitfield, Ad Hoc Board Member

Board of Directors Absent:

Dr. Jose Armas, Child Health Policy Expert
Dr. Peggy Aune, Florida Department of Education
Dr. Robert English, Florida Chapter of the American Academy of Pediatrics
Dr. Amra Resic, Florida Academy of Family Physicians
Dr. Steve Freedman, Ad Hoc Board Member

Others in attendance:

Daniel Acloque, MCNA
Tyreana Andre, Florida Healthy Kids Corporation
Kendra Aracena, MCNA
Leon Biegalski, Florida Healthy Kids Corporation
Hugh Black, Florida Healthy Kids Corporation
Precious Boatwright, Florida Healthy Kids Corporation
Ashley Carr, Florida Healthy Kids Corporation
Frank Castaneda, Community Care Plan
Kim Chope, Aetna
Olivia Davidson, Florida Healthy Kids Corporation
Jeff Dykes, Florida Healthy Kids Corporation
Kenneth Fisher, Maximus
Serina Frazier, Agency for Health Care Administration
Suzetta Furlong, Florida Healthy Kids Corporation
Joy Garner, Florida Healthy Kids Corporation
Daralice Gomez, Simply Healthcare Plans
Jena Grignon, Florida Healthy Kids Corporation
Erik Harris, Maximus
Laura Herold, Florida Healthy Kids Corporation
Kaitlyn Hunt, Florida Healthy Kids Corporation
Jon Ingram, Law, Redd, Crona & Munroe
Keenan Jenkins, Florida Healthy Kids Corporation

Jennifer Johnson, Maximus
Gisella Lamkin, Maximus
Shannon Lepage, MCNA
Lindsay Lichti, Florida Healthy Kids Corporation
Julie Lauder, Aetna
Jack McDermott, Florida Healthy Kids Corporation
Shane McPherson, Florida Healthy Kids Corporation
Moline Parke Wilson, MCNA
Stacy Plymale, DentaQuest
Arvind Rampersaud, Community Care Plan
Lupe Rivero, Community Care Plan
Debbie Shoup, Florida Healthy Kids Corporation
Matt Sirmans, Florida Healthy Kids Corporation
Harry Sundberg, Maximus
Kumara Tadepalli, Florida Healthy Kids Corporation
Suzanne Tamargo, Community Care Plan
Mayre Thompson, MCNA
David Tillotson, Florida Healthy Kids Corporation
Anne Tills, Maximus
Jay Wells, Maximus
Ryan West, Florida Healthy Kids Corporation
Shannon Windle, Maximus

MINUTES:

I. Welcome and Introductions

Scott Fennell, Board Chair

Scott Fennell, Board Chair, called the meeting of the Florida Healthy Kids Corporation (FHKC or Corporation) Board of Directors (Board) to order at 9:02 a.m. Mr. Fennell reminded Board members of their fiduciary duty to act in the best interests of FHKC and the children and families it serves. He also reminded members of their primary duty to exercise independent judgment for the overall benefit of the Corporation and not for the constituency, association, or agency they otherwise represent. Precious Boatwright called the roll and determined a quorum was present.

II. Consent Agenda

Leon Biegalski, Florida Healthy Kids Corporation

Leon Biegalski, Chief Legal Officer, was recognized to present the items on the Consent Agenda. Mr. Fennell offered the Consent Agenda for consideration as a single motion. Commissioner Dave Eggers moved the motion; Dr. Robert Karch seconded the motion.

**ACTION: Approve the Consent Agenda.
This motion was approved.**

III. Executive Reports

Chair Report

Mr. Scott Fennell, Board Chair

Mr. Fennell shared a story from one of the CHIP families FHKC serves. This story was submitted to the Corporation by one of the health plans to showcase the program's real-life impact.

Chief Executive Officer Report

Ryan West, Florida Healthy Kids Corporation

Leon Biegalski, Florida Healthy Kids Corporation

A. AHCA Contract Amendment

Ryan West, Chief Executive Officer, introduced the Amendment to the contract with the Agency for Health Care Administration (AHCA) and asked Chief Legal Officer Leon Biegalski to present the changes.

FHKC and AHCA are parties to an existing contract, which is a standard agreement that includes a project work plan specifying AHCA's and the Corporation's responsibilities and services regarding the Florida Healthy Kids program, as well as for Florida KidCare administration.

The project workplan, or Scope of Services, also specifies the amount of government funding AHCA has available for the Corporation resulting from legislation and the KidCare Expenditures Social Services Estimating Conference.

The agreement also reflects the requirements the Corporation must follow for the draw down, use, and accounting of appropriated funds.

The contract has been in place for several years, and it is time to replace this contract with a new contract. From an operational standpoint, there are no substantive changes, just some rearranging of the order of some of the provisions listed in the previous contract. ACHA has updated their standard agency contract, and this reflects that update. All the responsibilities are the same, and there is no change in the relationship between FHKC and AHCA or the manner of operation.

There will be some differences in the version presented today and that which is executed, as AHCA must fill in some items, number attachments, and add Corporation information. Nothing substantive will change. The new Contract will become effective July 1, 2025.

Mr. Fennell asked for a motion to approve the AHCA Contract Amendment. Philip Boyce moved the motion; Dr. Peter Claussen seconded the motion.

**ACTION: Approve the AHCA Contract Amendment.
This motion was approved.**

B. Legislative Update

Mr. West explained the Corporation uses a two-pronged approach in tracking the Legislative session – budget and policy. As it relates to the budget, FHKC was operationally fully funded once again. The separate request for the hurricane premium credit reimbursement was not funded. This means no funding was allocated for the premium credits the Corporation provided during the 2024 hurricane season for the two hurricanes that impacted the state last year. As the Board had been informed previously, reimbursement is not guaranteed.

As for policy, Senate Bill (SB) 1490 passed requiring some Healthy Kids operational changes, and changes to the Children’s Medical Services (CMS) program. In years past, the CMS program was fully managed by the Department of Health (DOH). SB 1490 transfers operation of the CMS health plan and related contracts to AHCA. However, clinical eligibility screenings completed to ensure children’s medical needs qualify them to participate in the CMS plan – remain housed within DOH.

The Operations and the Maximus teams are working closely with AHCA and DOH to make necessary system and operational adjustments before the bill’s effective date of July 1, 2025. Getting this work completed on time requires a shuffling of priorities.

C. KidCare+

The Corporation remains in a holding pattern as it relates to the implementation of the KidCare+ initiative. The state continues to work through litigation in Federal Court with federal CMS regarding disenrollment of families that fail to pay their monthly premium. Approval for the state to move forward with its waiver to implement KidCare+ is dependent on resolution of the pending litigation. Federal CMS has recently asked the Court for a 60-day extension to file its answer to the AHCA complaint, which makes that date in mid-to-late July.

FHKC is staying engaged with state agency partners and Maximus to ensure alignment if final federal CMS approval is granted. There will be a gap between any potential approval and go live to properly communicate with families about the impacts on their premiums and complete system changes. Mr. West will give an update on this issue at the August Board meeting.

D. New Maximus Contract Implementation

The Operations team is working alongside Maximus to finalize changes required by SB 1490 and are on track to be ready by the bill’s July 1, 2025, implementation date. While SB 1490 and continued work on KidCare+ have divided the teams’ bandwidth, significant progress has been made in recent months on implementing the new third-party administrator system. Almost all the required development work is finished, moving the teams to the testing stage, which is both time and staff intensive to ensure what has been built is ready to go. Incremental testing has been ongoing, meaning pieces and parts of the overall system have been tested as they have been built. This has enabled the Maximus team to identify and begin early work on defects.

Development for data conversion and migration is also complete. Maximus is now actively moving data from the current system to the new system. Development of system letters and attachments in English, Spanish, and Haitian Creole is nearly completed – 114 documents total – and testing is underway.

A more definitive timeline for completion will be shared at the August Board meeting. By that Board meeting, work on SB 1490 will be concluded and FHKC will be postured to better frame a specific go-live date or window at that time.

Chief Marketing Officer Report
Ashley Carr, Florida Healthy Kids Corporation

A. Community Outreach and Marketing Update

Ashley Carr, Chief Marketing Officer, provided an update about the Parent Portal – one year later. FHKC worked with the TPA, Maximus, to overhaul the self-sufficiency system to make it more user friendly and accessible on mobile devices which allows parents to log on to apply for coverage, add/remove family members, change health plans, and make payments. It was launched last May 10 and has over 260,000 registered users and Maximus won the 2025 Hermes Creative Platinum Award associated with this.

The current marketing campaign is Health Insurance 101 to increase insurance literacy. This is a direct response to a significant lack of information regarding basic insurance terms. The informational landing page can be found at floridakidcare.org/health-insurance. A custom partner toolkit and shareable digital assets are also available. They look forward to providing the final advertising metrics at the next Board meeting.

Florida KidCare’s Back-to-School Campaign, Mind Matters, will begin in July. This campaign is designed to help parents get their children in a positive mindset as they head back to the classroom. The campaign includes social media, programmatic display, digital out of home, and streaming audio and video advertising. For last year’s back to school campaign, Sachs Media Group won a North American SABRE award for best health care campaign.

The Back-to-School funding Initiative kicked off June 10. The mini grant had 35 applicants (the most ever received). FHKC had funding to partner with 14 organizations (five brand new partners) representing 64 of the 67 Florida counties. A free package of marketing materials (brochures, postcards, and informational materials) was provided to the remaining applicants. The partners will work through October to help extend FHKC’s reach.

B. Budget Breakdown – Fiscal Year 2025-2026

They are allotted a \$1.05 million budget each year, and the funds are almost evenly split between Strategic Partnerships & Outreach Services (\$472,000) and Advertising & Creative Services (\$578,000). The bulk of the budget went to existing outreach partner initiatives and traditional and digital advertising with the remaining going to other partner initiatives, sponsorships, printing and promotional costs; graphic design, production, and consulting; and correspondence costs.

A. Medical Services and Coverage Contract Amendment

Suzetta Furlong, Chief Operating Officer, reviewed the Medical Services and Coverage Contract Amendment being put before the Board for a vote.

The changes in the contract amendment apply to all Florida Healthy Kids (FHK) medical services and coverage contracts. This amendment aligns the FHKC regions with the new Medicaid regions and provides minor updates to comply with new federal regulations (enrollee rights, in lieu of services, and overpayment requirements).

The amendment also revises rates for the new plan year that starts July 1. As expected, the recommended medical carrier rates represent an increase across the board. Medical and pharmacy trends continue to drive the increase, with specialty drugs and full-pay utilization remaining the top cost drivers. Multiple rates discussions were held with the medical carriers and FHKC's actuary, Milliman. The aggregate per member per month premiums presented to the Board were calculated using January 2025 enrollment. The Finance and Audit Committee previously reviewed these rates for budget sufficiency and approved them.

Mr. Fennell asked for a motion to approve the Medical Services and Coverage Contract Amendment. Dr. Karch moved the motion; Dr. Claussen seconded the motion.

**ACTION: Approve the Medical Services and Coverage Contract Amendment.
 This motion was approved.**

B. Dental Services and Coverage Contract Amendment

The contract amendment presented for the FHKC dental carriers aligns certain provisions to the medical contracts, as well as aligns the FHKC regions with the new Medicaid regions. As with the medical carrier contract amendment, this amendment provides minor updates to comply with new federal regulations.

Rates for each of the dental carriers are increasing, although staff recommend a lower increase than requested by the carriers. Experience from the most recent fiscal period remained high, demonstrating higher rates are needed to support the FHKC dental program going forward. The rates remain within the dental proviso limit set for in the General Appropriations Act and were reviewed by the Finance and Audit committee for budget sufficiency and subsequently approved.

Mr. Fennell asked for a motion to approve the Dental Services and Coverage Contract Amendment. Andrea Gary moved the motion; Dr. Claussen seconded the motion.

**ACTION: Approve the Dental Services and Coverage Contract Amendment.
 This motion was approved.**

IV. Finance and Audit Committee Report

Philip Boyce, Chair

Jeff Dykes, Florida Healthy Kids Corporation

Jon Ingram; Law, Redd, Crona & Munroe

Mr. Fennell recognized Mr. Boyce, Chair of the Finance and Audit Committee, to provide the Report. He provided a summary of the meeting and recognized Jeff Dykes, Chief Financial Officer, to provide the Report.

A. Year-to-Date Financial Activity

The issue with the unintended hurricane premium credits combined with the fiscal impact mitigation process needed new, multi-month reconciliations to ensure that the financial statements are fairly stated when completed. This reconciliation process was dependent on enrollment and financial data provided by Maximus. The Corporation initially targeted the February/March period for Maximus to start reporting, which was contingent on factors associated with the requirements FHKC had established for the mitigation process that would have allowed the preparation of financial statements for the June Board meeting.

However, due to reasons associated with the mitigation process, management decided to wait on this report and requested Maximus to start the reporting in May. Consistent with that decision, FHKC received the enrollment and financial data mid-May.

Now the Corporation is in receipt of this data, the focus is on the steps necessary to make the financials right and current. FHKC has started this process, including conversations with the auditors as the Corporation is approaching year end to ensure a proper and prompt fiscal year end close out, and a timely audit.

Although the financial statements are not available today, other than the effects of the unintended hurricane premium credits, the Corporation's financial activity throughout the year has continued as expected.

Based on routine accounting activities and procedures:

- The Corporation's revenues and expenditures are within budget for both the operating and use of Corporate funds; however, a budget amendment proposal will be requested to increase the budget for consulting services as more money may be required prior to year end.
- The Corporation's Title XXI program continues to perform in a revenue neutral state.
- The full-pay program is financially performing as intended.
- Bank accounts and balances are in order.
- All other aspects of the Corporation's accounting and financial operations are in check.

The mitigation strategy has proven to be a success. The Corporation implemented the fiscal impact mitigation process targeting the hurricane premium credits given in error. In collaboration with the insurance carriers and Maximus, the impact mitigation process was designed to reduce the overall fiscal impact on public funds and the Corporation's private

funds without jeopardizing coverage for the affected participants who received a premium credit in error for November coverage and sought health care services during that month.

A part of the impact mitigation process was to ensure that public and Corporate funds were responsibly managed by the Corporation and released to parties in a controlled manner to avoid incorrect payments requiring a full or partial claw back of funds. This approach has also proven to be a success.

As stated last time, tens of thousands of kids were enrolled unintentionally by receiving premium credits in error potentially affecting Corporate funds by about \$7.5 million. The new data shows that of this population about 5,500 kids sought health care services in November for an impact to Corporate funds of \$475,000 for the Healthy Kids program. Once the other KidCare populations are included, the expectation of the total impact on Corporate funds is about \$1 million or 13 percent of the \$7.5 million cost starting point.

FHKC is seven months into the mitigation process, and Maximus will continue to report monthly impacts until further direction is provided by management. At this point of data reporting, it is expected that the runout liability will be exceedingly small because the carriers report that approximately 98 percent of the claims have already been submitted. The Corporation is not expecting much change to the \$1 million impact estimate over the next several months.

Separately, and as addressed earlier on the call, the Board of Directors voted to use the Corporation's private funds in the amount of approximately \$6.5 million to provide hurricane premium credits for November coverage for all KidCare CHIP and Full Pay participants based on specific criteria.

As communicated by the CEO, the FHKC legislative request for reimbursement was not fulfilled. In total, this means that the Corporation expended \$7.5 million from its cash surpluses for the intended and unintended premium credits without matching revenue. The effect of this on the Corporation's net position is that the Corporation started the fiscal year with a net position of \$17.1 million with the \$7.5 million premium credit outlay combined with estimated full pay program activity, MLR rebates in the full pay program, interest earnings, and liquidated damages estimation of the year end net position will be around \$11 million to \$11.5 million. If this estimation holds true, it will be the lowest net position the Corporation has experienced in over 25 years, but this estimated balance poses no risk to the Corporation's operations or cash flows.

Ms. Gary asked about establishing an interest-bearing hurricane mitigation fund. Mr. Dykes responded that there have been internal conversations regarding reasonable policies staff would recommend to the Board that consider the financial implications and ensure FHKC is financially prepared. Consideration must be given to what populations of children will be covered and how it will be financed (especially given the lesson from the 2025 legislative session that there are no guarantees of reimbursement). Any solutions considered will be brought to the Board for a decision in the future.

B. Amendment to Fiscal Year 2024-25 Approved Budget

This amendment is the third and final amendment this fiscal year to keep the Corporation's operating budget aligned with the state's budgeting system and to ensure the Corporation has adequate budget. The adjustments are based on the most recent KidCare caseload and expenditures Social Services Estimating Conferences (SSEC). The outcome of these conferences helps to create a final fiscal year budget assessment for the Healthy Kids program, and for the KidCare program in general.

Based on a couple of months of added enrollment and trend data following the December estimating conferences, these conferences allowed FHKC the opportunity to make a slight downward correction to the Corporation's CHIP and Full Pay enrollment projections and to realign the projected distribution of the CHIP and full-pay enrollments to better assess the level of premium subsidization for the full pay program. This is also an opportunity to refine trends and budget expectations for medical, dental, and contracted TPA administrative services.

This budget amendment also proposes an increase to Professional & Consulting Services, for increased actuarial consulting support and for increased consulting services in support of the new TPA contract transition. The balancing budget offset is to Salaries & Benefits, as there is a budget surplus for employee costs due to vacancies.

In net, the adjustments to the approved operating budget decreased revenues by \$3.2 million or less than one percent.

The amended operating budget is balanced as there is no change in the calculated Change in Fund Net Position. This amendment also proposes adjustment to the use of the Corporation's private funds.

Consistent with a long-standing agreement with legislative staff associated with the current TPA contract, TPA Services is increased by \$189,000, or \$63,000 per month to continue TPA payment subsidizations due to the postponement of the transition to the new contract with Maximus to the new fiscal year.

Consulting Support is being zeroed out due to budget analyses showing that all payments for consulting services for the rest of the fiscal year can be absorbed by the operating budget when considering the proposed adjustment to the Professional & Consulting Services budget previously mentioned. This budget approach avoids the unnecessary burndown of the Corporation's private funds. Staff strive to take any opportunity to realign budget between Corporate funds and operating budget to maintain as much cash surplus as possible to help with future hurricane premium credits.

Mr. Fennell asked for a second as the Finance and Audit Committee recommendation acted as a motion to approve the Amendment to Fiscal Year 2024-25 Approved Budget. Dr. Claussen seconded the motion.

**ACTION: Approve the Amendment to Fiscal Year 2024-25 Approved Budget.
This motion was approved.**

C. Fiscal Year 2025-26 Proposed Budget

The Consolidated Budget Proposal for the 2025-26 fiscal year addresses the Corporation's Operating Budget which is funded by taxpayer dollars and family premium contributions as well as addressing a budget for use of the Corporation's private funds to ensure appropriate transparency as well as the authority to expend the Corporation's assets.

The Operating Budget is based on the results of the February 2025 KidCare caseload and expenditures estimating conferences, legislative budget decisions provided in the conference report on SB 2500, contractual arrangements, analyses, and general-spending expectations.

The budget bill was passed earlier this week with the next stop being the Governor's Office for review and sign-off. FHKC is expecting that there will be no line-item vetoes impacting the KidCare program.

The proposed budget excludes projected revenues and expenditures associated with the implementation of HB 121. A separate budget impact conference will be held at the Capitol once the legal process concludes, and final approvals are given by the state to implement the bill. At that time, the Corporation will propose an amended budget to the Board. There are no expected changes in revenue sources or funding methodologies for the budget year or the nature of program expenditures.

As discussed in the past, the Corporation's budget is a function of enrollment. It is expected that enrollment will grow by 6,182 kids, or 3.7 percent, by fiscal year-end 2026. This will bring the Healthy Kids projected enrollment at the end of June 2026 to about 172,000 kids.

The operating revenue sources are budgeted at \$75 million or 16.1 percent over the current year's funding. Estimated revenue for the budget year is \$539.6 million. Nonoperating revenue, such as MLR rebates, interest earnings, and liquidated damages are not budgeted. This revenue is recorded in the financials when earned.

Public funds represent \$431.1 million or 80 percent with participant premiums representing about 20 percent of total revenue, or \$108.5 million.

Payments for Medical Carriers, Dental Carriers and Service Organizations are paid from the operating budget and represent 98.7 percent of the Corporation's budget.

The Corporation's in-house administration is budgeted items based on contract costs, analyses, or general spend expectations. Salaries & Benefits include a two percent competitive pay adjustment for staff effective July 1 consistent with legislative budget decisions for state employees. The budget for in-house administration is \$7 million which is sufficient to cover known operational obligations through the fiscal year. The in-house administration budget is 1.3 percent of the total operating budget.

Overall, the proposed operating budget adequately addresses carrier payments for child medical and dental insurance coverages and outsourced services to support the Corporation's mission and legal operational requirements. The budget also provides

adequate funding for the Marketing unit's plans to promote the KidCare program as presented earlier. It also provides adequate funding for general administrative support, employee costs, consultants, and other necessary operational activities. The Operating Budget is balanced as there is no increase or decrease in the Change in Fund Net Position.

The Corporation's private funds are used for expenditures that are not reimbursable per state and federal laws and regulations, or expenditures that are reimbursable but not appropriated or estimated expenditures that have not been vetted with the SSEC. A separate budget for these expenditures continues transparency and seeking the Board's authority to utilize funds anytime changes are needed.

TPA Services is used to subsidize the current monthly contractual TPA payment consistent with past years. Consulting Support is budget proposed as a reserve for consulting support associated with actuarial and TPA implementation services. This budget will only be used if the operating budget becomes insufficient to cover these and other consulting costs. This is a necessary contingency.

The KidCare+ Enhanced Marketing Campaign was initially approved by the Board at a meeting held on August 10, 2023, in connection with HB 121. The year-end unexpended balances have been carried forward each fiscal year and will continue to be carried forward until used by the Marketing unit.

In total, the proposed use of the Corporation's private funds is approximately \$1.6 million. It is expected that gains resulting from the full pay program due to the premium increases that will go into effect in June for July coverage while not designed to be significant will partially offset the use of these funds and create a replenishment opportunity.

The combined budget proposal for the operating budget and use of the Corporation's private funds is \$541.2 million.

Mr. Fennell asked for a second as the Finance and Audit Committee recommendation acted as a motion to approve the Fiscal Year 2025-26 Proposed Budget. Commissioner Dave Eggers seconded the motion.

**ACTION: Approve the Fiscal Year 2025-26 Proposed Budget.
This motion was approved.**

D. Internal Audit Reports

Jon Ingram of Law Redd Crona and Monroe was welcomed to present two internal audit reports. Mr. Ingram began with the Payroll and Related Human Resources Processes Audit. The focus of this audit was for a 12-month period beginning October 1, 2023, and ending September 30, 2024. It involved all 21 employees employed as of October 25, 2024, and involved general payroll and related HR procedures to ensure payroll was processed accurately and as authorized. New hires were tested to ensure they were processed appropriately, and their records/pay were set up as authorized. Terminations were tested to ensure final payments were made according to authorized pay rates and, where applicable, the terminal leave payments were accurate. Four different pay periods were included in

testing with no findings or recommendations in this audit. It was concluded that for the employees and pay periods tested these were complete and demonstrated compliance with Healthy Kids payroll and related HR management policies and procedures.

The second audit was related to the procurement and monitoring of the Healthy Kids contract with Sachs Media, Inc. The focus was on the current contract for the period of July 1, 2021, through June 30, 2026. This audit evaluated procedures and controls over procurement and monitoring of the contract including the solicitation and award process, evaluation of deliverables for the period of January 1, 2024, through December 31, 2024, and approving vendor payment requests. It was concluded that Healthy Kids has documented processes in place for the procurement and monitoring of its contract with Sachs Media, and the deliverable and approval documentation was complete, demonstrating compliance with management policies. There were no findings or recommendations resulting from this audit.

Mr. Boyce suggested both audits be approved as one motion as done in the committee meeting. Mr. Fennell agreed and asked for a second as the Finance and Audit Committee recommendation acted as a motion to approve the Internal Audit Reports. Mr. Boyce seconded the motion.

ACTION: Approve the Internal Audit Reports.
This motion was approved.

E. Internal Audit Contract Amendment

The initial term of this contract was for two years starting July 1, 2021, through June 30, 2023. The contract specified FHKC could renew the contract beyond the initial term for up to two years in multiple or single-year increments at the Corporation's sole discretion.

Based on determinations that Law Redd Crona and Monroe was performing satisfactorily, the Corporation renewed the term of the contract for Fiscal Year 2023-24 and again for Fiscal Year 2024-25 -- both renewals were approved by the Board. Each time the contract was renewed, the contract remained in full force and effect without change to any provisions, including cost.

Given other competing priorities, FHKC believes it is in the Corporation's best interest to amend the contract to extend services for the 2025-26 fiscal year under the same terms and conditions, including no change to the fee structure.

This contract extension determination is based on the multiple in-depth audits successfully performed over the last four years. Law Redd's knowledge and understanding of the Corporation's operations supports a smooth continuation of audit services and indicates continued satisfactory performance.

The Corporation will look to pursue a procurement in early 2026 for a new internal audit services contract effective July 1, 2026. Right now, it is in the best interest of FHKC to extend this contract for one final year.

Mr. Fennell asked for a second as the Finance and Audit Committee recommendation acted as a motion to approve the Internal Audit Contract Amendment. Ms. Gary seconded the motion.

ACTION: Approve the Internal Audit Contract Amendment.
This motion was approved.

V. Other Business

Mr. Fennell opened the floor to the Board and then the public for comment. Hearing none, he opened the floor to the Board extending the opportunity to share any announcements.

Mr. Fennell shared the next Board meeting will be a virtual meeting on August 14; with no other business to discuss, Mr. Fennell requested a motion to adjourn the meeting. Mr. Boyce moved the motion. Ms. Gary seconded the motion. The meeting adjourned at 10:21 a.m.

ACTION: Adjourn Meeting.
This motion was approved.

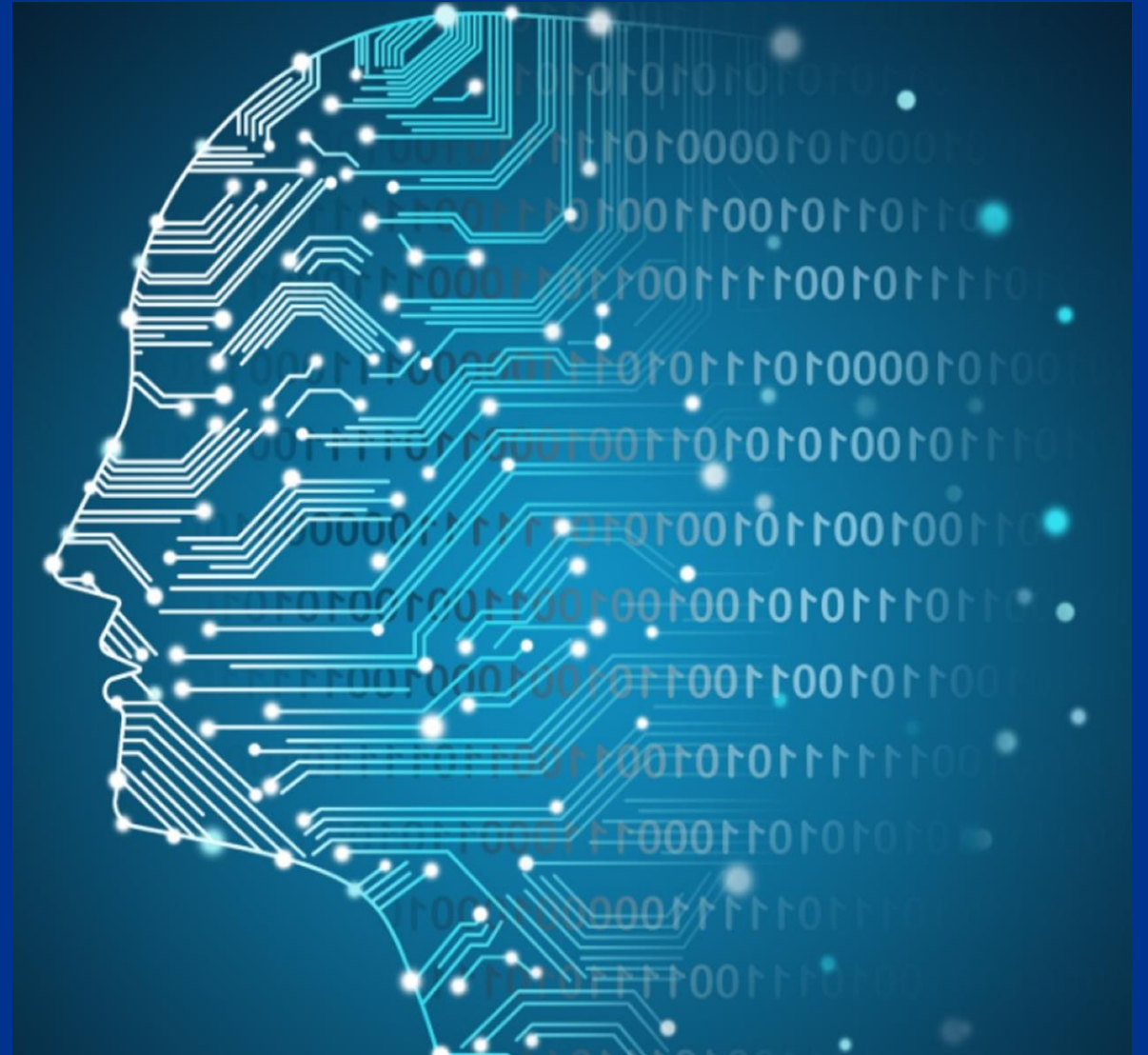
Tab 3

Chief Executive Officer Report



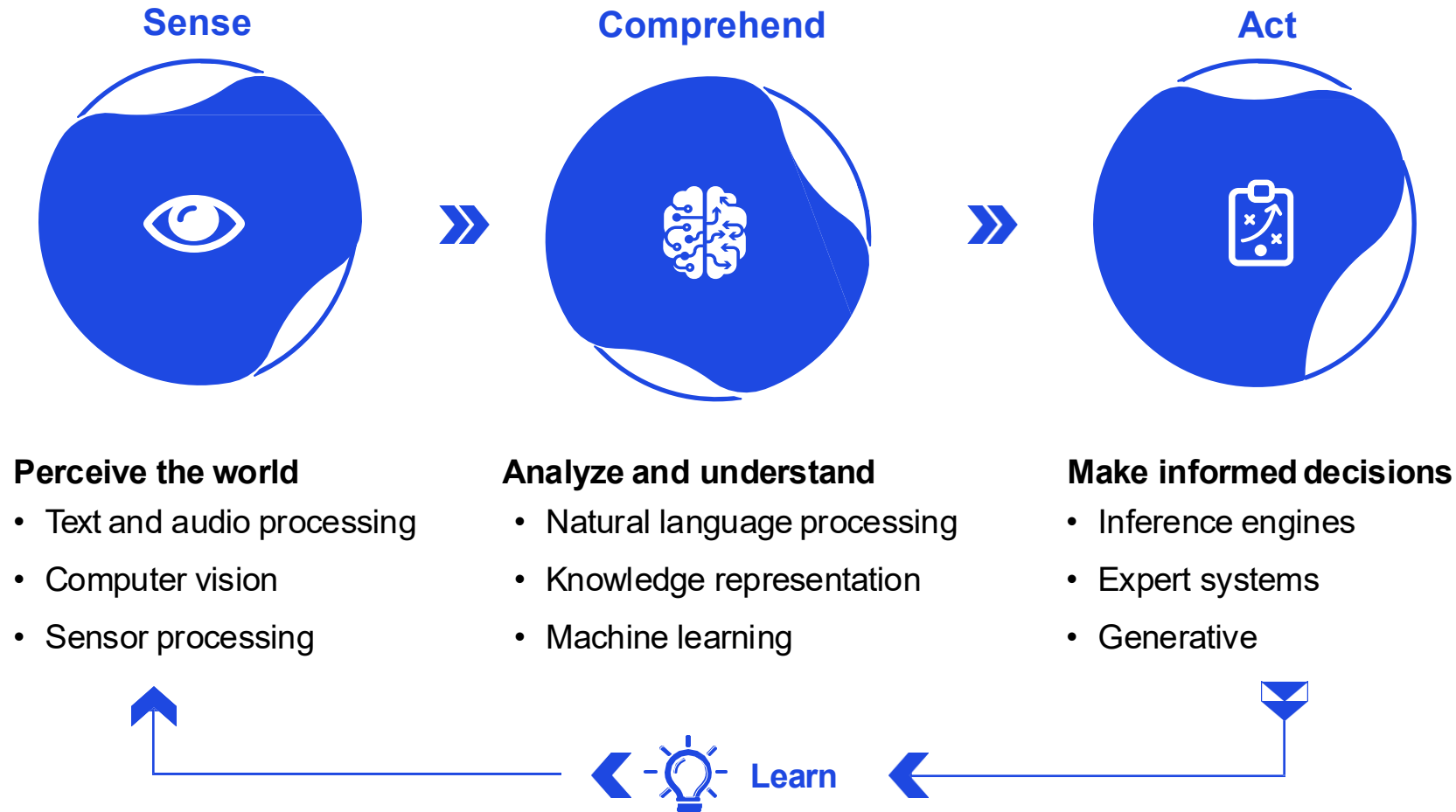
Using AI Responsibly and Ethically in Healthcare

Bobby Gorantla
KPMG Data & AI Partner



How can we best define AI?

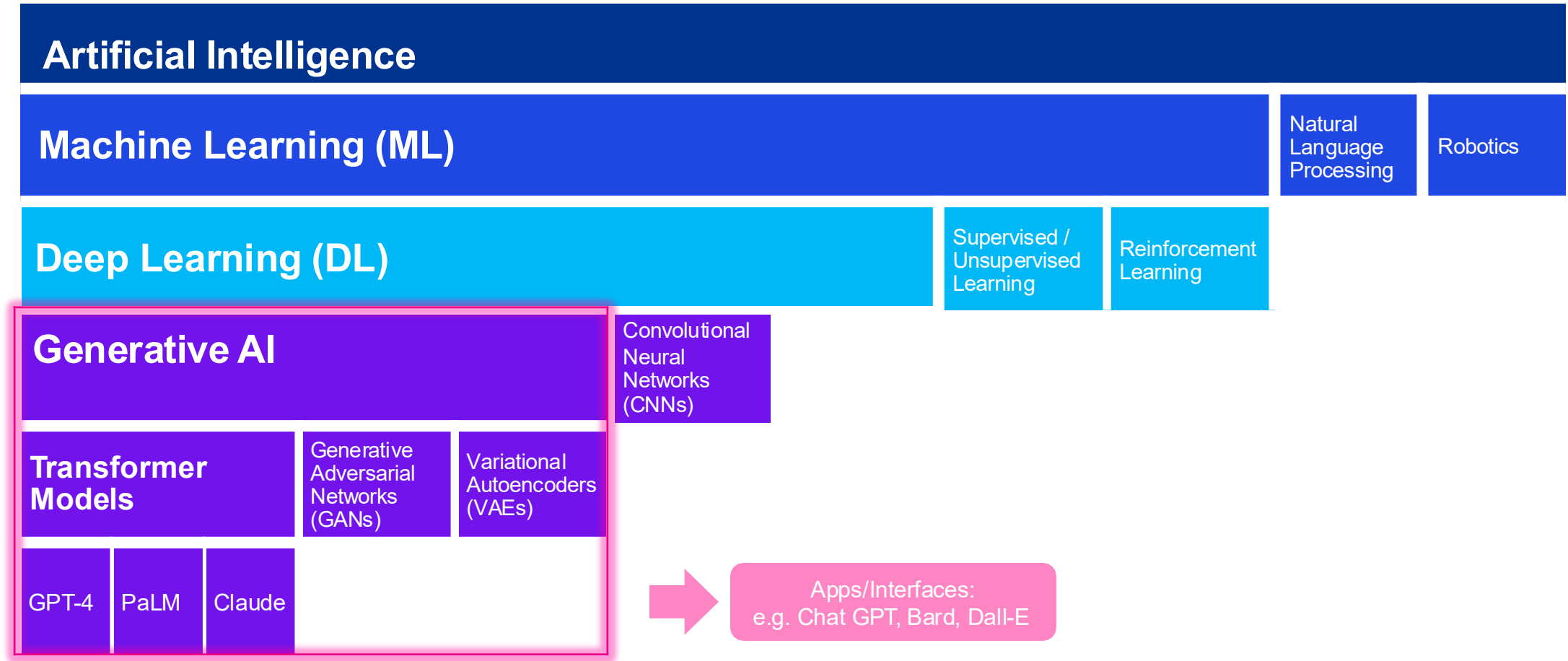
It's combination of systems, tools and methodologies enabling machines to sense, comprehend, act, and learn on their own or with minimal human augmentation.



Generative AI is a branch of deep learning that involves unsupervised and semi-supervised algorithms to **generate new content and data faster than ever before.**

- **Pre-trained:** the “P” in GPT means they models are built in advance on these large volumes of data and can therefore provide results extremely quickly
- **Large language models-** These models are big (>175 billion parameters in GPT3 and >100 trillion in GPT4)
- **Tabular data augmentation** to increase sample size, data quality and improve model performance
- **Natural Language Functionality** is built in by default so you can seamlessly interact with the models

How does Generative AI fit within the overall AI Landscape?



Generative AI can create value in many ways

“62% face significant pressure from shareholders to show immediate ROI on AI”



1



Drive labor productivity

Free up time for knowledge workers
Re-invest in more volume and/or value
Automate where possible

2



Boost revenue from existing clients

Boost sales and marketing, offer better products & services; Improve customer experience
Dynamic pricing

3



Reduce Risk / Improve Security

Better security or techniques
Compliance with regulations
Identification & remediation of risks.

4



Improve employee experience

Job satisfaction
Reduce time spent
Less friction and waste

5



Better decision making

More data and better insights
Smarter forecasting
Risk avoidance

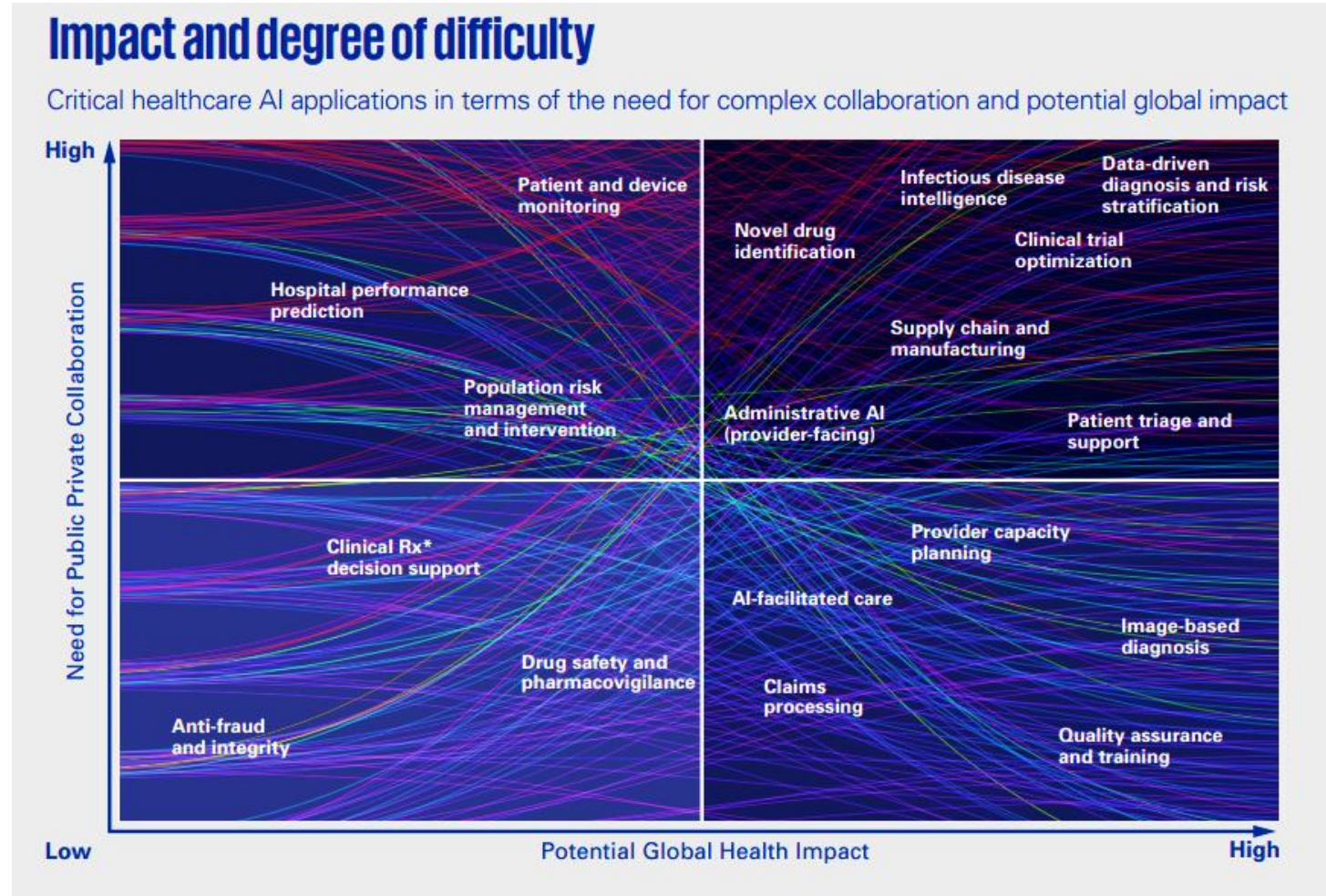
Source: A Boardroom lens on
Generative AI; KPMG, Feb 2025

The promise of AI in healthcare exists, but there will be challenges...

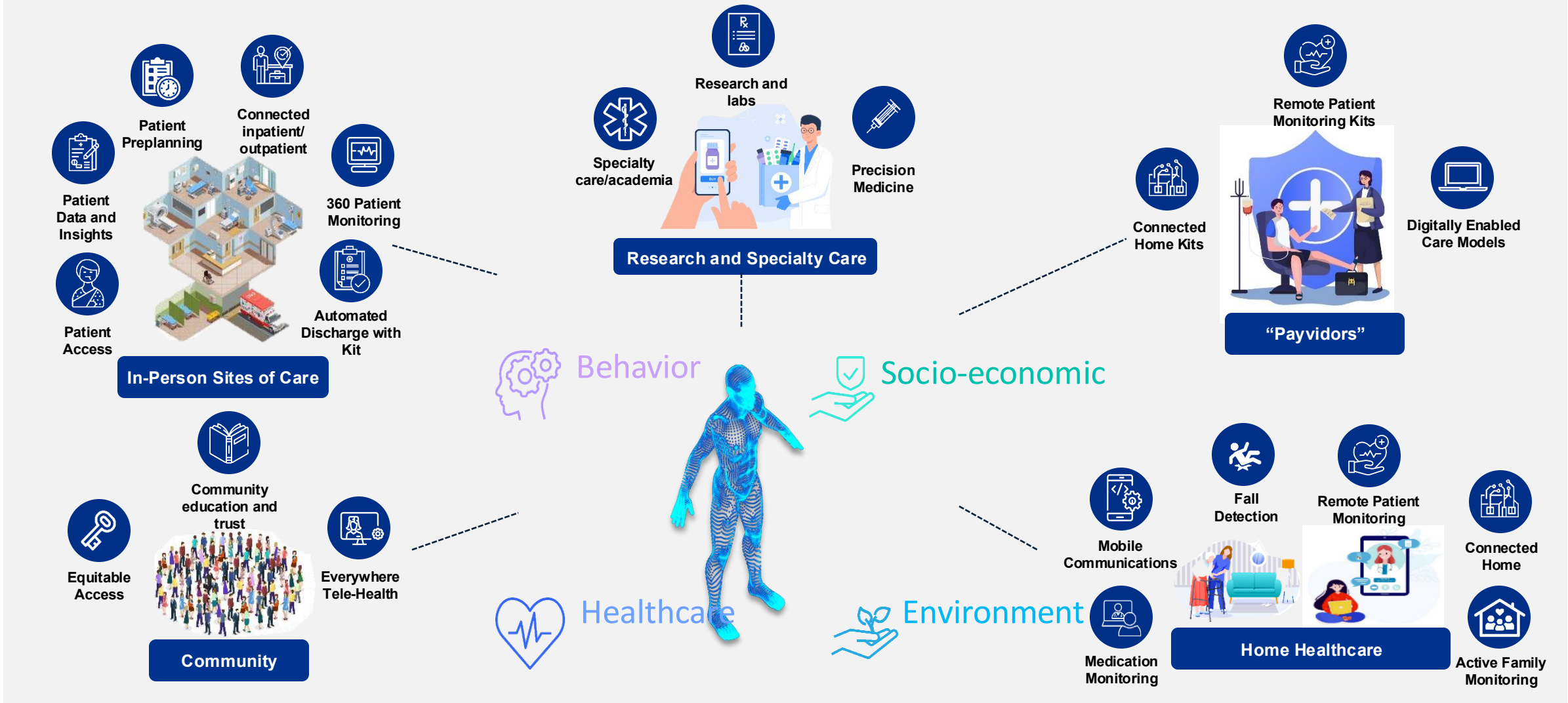
Short Term (up to 2025): Advances in Gen AI fundamentals such as language modeling, text generation, and the initial development of synthetic images and data for training purposes.

Mid Term (up to 2028): Rapid expansion of Gen AI's healthcare literacy through examination of various types of data text, voice, images, videos and increased speed and value of human like creative outputs.

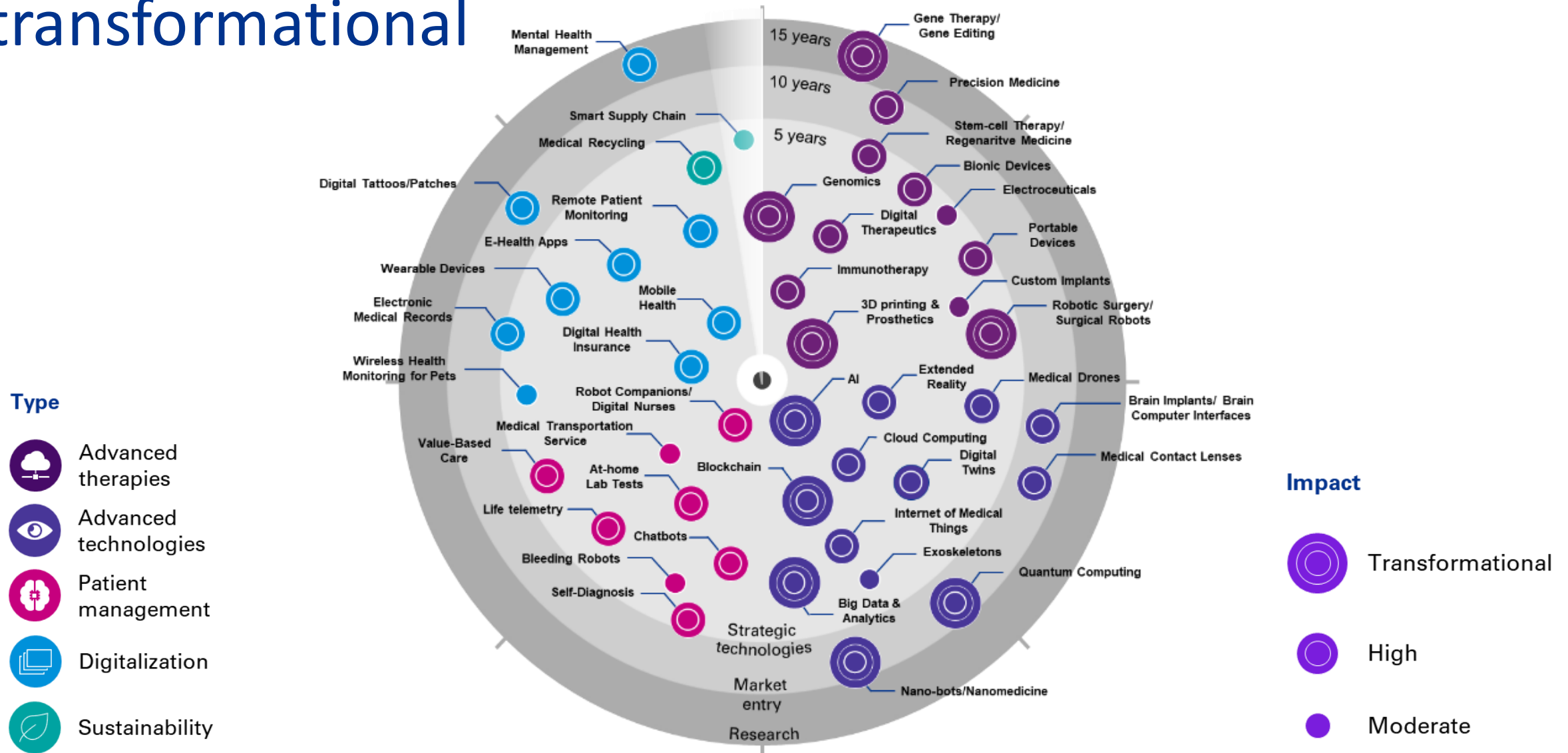
Long Term (beyond 2029): Emergence of mostly autonomous AI systems capable of complex data synthesis and outputs, including diagnostics, discoveries, and preventive measures, all under human oversight.



Healthcare data will be expansive and will need to be harnessed



The impact of technology in healthcare will be transformational



AI presents challenges and risks, some new and some familiar



Primarily an IT function responsibility



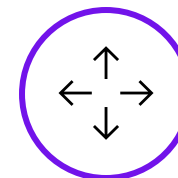
Primarily a business responsibility



A lack of explanation on the decisions made



Security risks and algorithm vulnerabilities



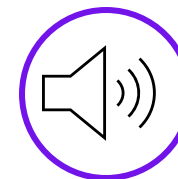
Rapid changes to AI environment



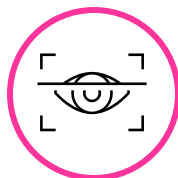
Bias and discrimination can be amplified



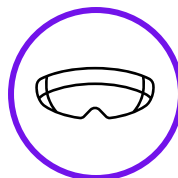
Loss of control with AI going rogue



Deepfakes – fabricated audio-visual content



Privacy concerns



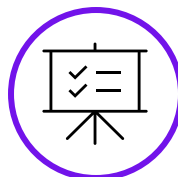
Dependence on AI and automated insights



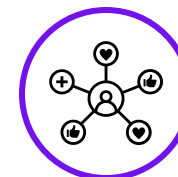
Keeping up with evolving AI regulation



AI systems making unfair decisions



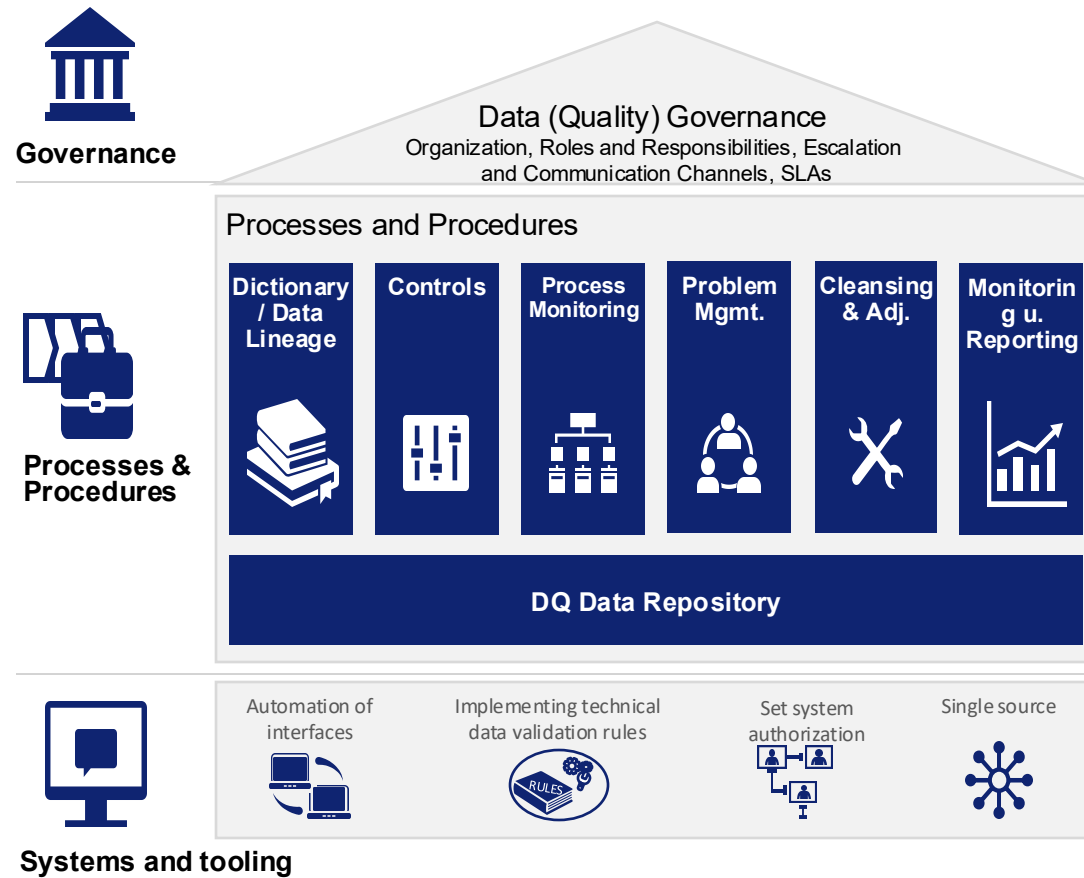
Misalignment of AI goals



Concentration of power and economic influence

Effective Data Governance & Interoperability will set the foundation

Data Governance and Interoperability

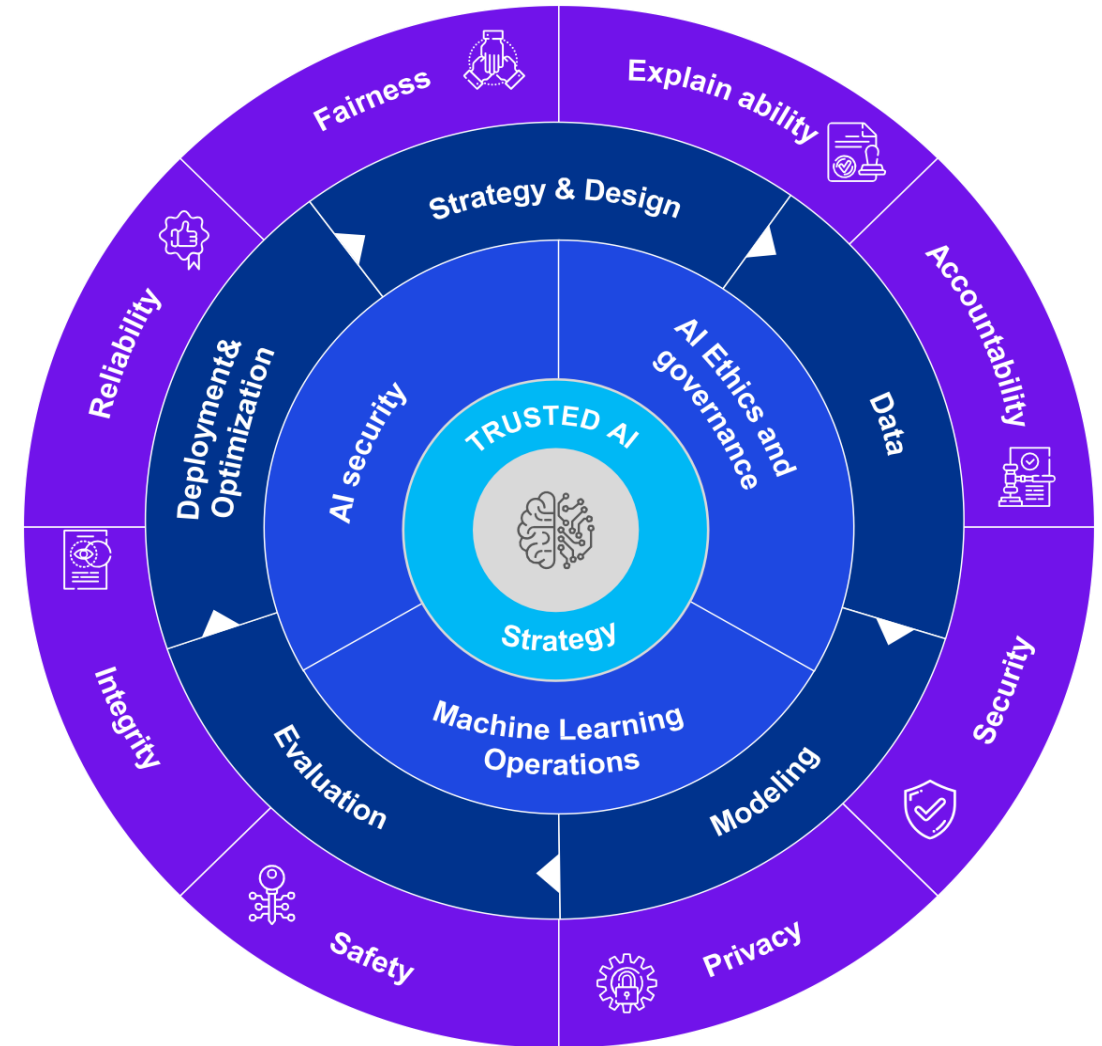
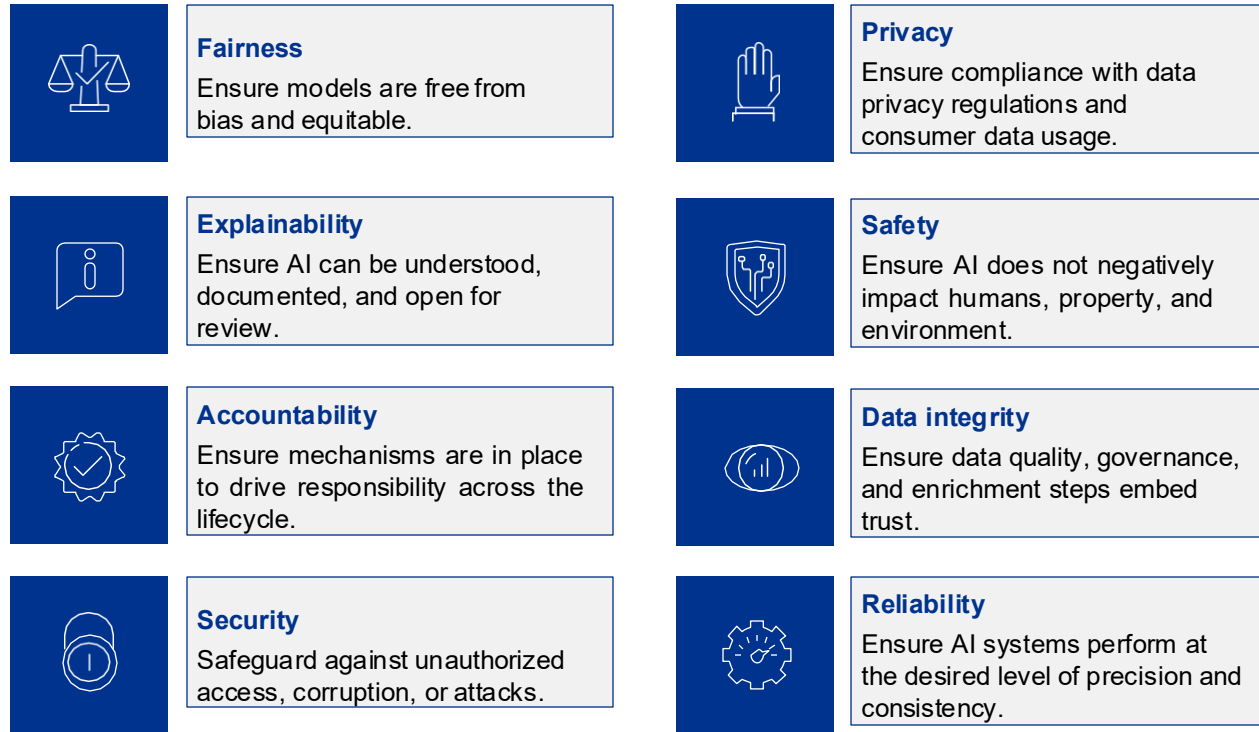


Refined Target Operating Model

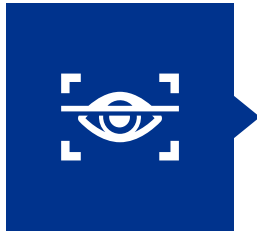
Data Governance drives the Target Operating Model to ensure that business and group functions adopt the right data protocols and standards into their daily operations.



But, *Trust* will be critical to the successful adoption of AI solutions...



...as well as, addressing key business & regulatory considerations



Security & Privacy

The use of Generative AI poses security and privacy risks, which could result in data breaches, reputational damage, or privacy regulation violations. Increasing sophistication from threat actors and velocity of malware and cyber attacks.



Regulatory & Professional Standards

Regulators have not provided clear guidance on the use of Generative AI. Navigating regulatory requirements and adhering to our professional standards may pose challenges due to unclear guidance.



Data quality, integrity, and bias

Generative AI presents potential risks to data quality, integrity, and bias. If not managed properly, it could result in inaccurate or biased outcomes, leading to legal liabilities, loss of client trust and reputational damage.



Policy

Organizations must amend existing IT policies by identifying scenarios for use, aligning with data governance and ethical standards, and provide adequate training to users. Failure to do so may result in policy violations, legal liabilities, and ethical concerns.



Intellectual Property

Lack of U.S. legislation defining ownership of AI generated content may result in the inability to obtain copyright of content produced. Additionally, unclear terms of use may result in unintended violation of intellectual property rules.



Brand & Compliance

May perpetuate or amplify existing biases in the marketing and branding. Can result in negative impact on brand image and market share. An overreliance on AI generated content may lead to a lack of creativity and originality in marketing campaigns.

And, not to mention the Ethical concerns and evaluations...

Ensuring Patient Privacy

Patient privacy is a key ethical concern in applying Generative AI in healthcare due to the sensitive patient data involved. It's crucial to have robust data protection measures, adhere to strict privacy regulations, and implement transparent consent processes. This highlights the importance of strong data governance for ethical AI implementation in healthcare.

Addressing Algorithm Bias

Algorithmic bias in Generative AI, if not addressed, can perpetuate existing biases and lead to healthcare disparities. To mitigate this, healthcare organizations should use diverse datasets for AI training and implement regular audits and monitoring of AI systems to identify and rectify biases, ensuring fair healthcare outcomes.

Ensuring Transparency

Transparency is key in using Generative AI in healthcare, helping maintain trust and accountability. It's important for healthcare professionals and patients to understand how AI works and generates results. Organizations should provide clear explanations of the AI's functioning, limitations, and potential uncertainties, fostering trust and enabling informed decision-making.

Developing Trust

Trust is crucial in AI implementation in healthcare, with patients needing data security assurance and healthcare professionals requiring reliable AI systems. The industry faces the challenge of medical errors, the third leading cause of death in the U.S., while embracing technology. Balancing these aspects may require human oversight and prioritizing clinician efficiency, even if it means a short-term sacrifice. Regular audits, independent oversight, and ongoing monitoring are necessary to build and maintain trust and ensure ethical standards compliance in using generative AI in healthcare.

Opportunity- Risk Comparison

While **addressing risks** and **ethical dilemmas** of Generative AI in healthcare is challenging, the **opportunities it presents outweigh these risks**. AI can revolutionize healthcare aspects like diagnostics and drug discovery, accelerating research and improving outcomes. By proactively addressing ethical concerns, we can harness AI's power, safeguard patient privacy, mitigate bias, ensure transparency, and avoid errors.

Conclusion

The bottom line, Generative AI has significant potential for healthcare, but its implementation must prioritize ethical considerations to maintain trust, protect patient privacy, address bias, and ensure transparency. As we progress, continuous dialogue, clear guidelines, and a collective commitment to responsible practices are essential to navigate the challenges of implementing Generative AI in healthcare, unlocking its full potential and revolutionizing healthcare.

...that lead to the *5 Guiding Pillars*

- 1) **Transforming the Workplace** – clearly communicate the benefits of AI adoption
- 2) **Establishing Oversight & Governance** – establish enterprise-wide policies
- 3) **Aligning Cybersecurity with Ethical AI** – build security into the algorithms
- 4) **Mitigating Bias** – incorporate your organizations values and principles
- 5) **Increasing Transparency** – show the lineage of the model and underlying data



Transformative Potential of Generative AI – Use Cases:



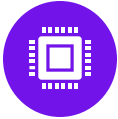
Personalized Medicine

Personalized medicine, also known as precision medicine, represents a transformative approach to healthcare. This medical model categorizes individuals into distinct groups, allowing for medical decisions, practices, interventions, and products to be customized to each patient. This customization is based on the predicted response or risk of disease specific to the individual.



Potential of Generative AI in Personalized Medicine:

Generative AI is reshaping personalized medicine by accelerating drug discovery through virtual compound generation, enabling rapid and precise identification of therapeutic candidates. It predicts individual drug responses, crafting personalized treatment plans that enhance therapeutic effectiveness. By simulating disease patterns and outcomes, Gen AI aids in accurate diagnosis and individualized treatment strategies. It also bolsters remote monitoring with personalized care plans and timely alerts, while empowering patients with tailored education and self-care advice for proactive health management. This multifaceted impact of Gen AI is making healthcare more personalized, efficient, and patient-focused.



Benefits of Generative AI in Personalized Medicine:

Generative AI is transforming personalized medicine by enhancing patient outcomes through customized treatments, reducing healthcare costs via efficient resource allocation, and increasing patient satisfaction with tailored care plans. It also provides healthcare providers with a competitive edge by enabling innovative, AI-driven medical services. This multifaceted impact leads to more effective, economical, and patient-centric healthcare, positioning Gen AI as a pivotal technology in the evolution of personalized medicine.



Challenges of Generative AI in Personalized Medicine:

The deployment of Generative AI in personalized medicine faces critical challenges, including the need to protect the confidentiality and security of sensitive genetic and medical data. Ethical concerns also arise, such as potential biases in AI algorithms, the need for transparency, and preserving patient autonomy in decision-making. Additionally, the technical complexity of AI systems demands specialized expertise and infrastructure for effective implementation and maintenance. Moreover, strict regulatory compliance with healthcare standards is essential to ensure patient safety and data protection. Addressing these challenges is vital for the responsible integration of Generative AI into personalized medicine, ensuring its benefits are realized without compromising ethical and legal standards.

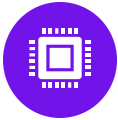


Using AI to Detect Upcoding in Claims



Challenge

Healthcare payors face a significant financial challenge from improper billing practices, including Diagnosis-Related Group (DRG) upcoding.^{1,2} These practices are often difficult to detect using traditional, rules-based methods. A top 5 commercial payor requested that we construct a statistical model to detect cases of DRG shifts from commercial claims, where DRGs are manipulated to elevate reimbursement, using machine learning techniques. KPMG further invested resources into detecting anomalous billing patterns using an unsupervised learning model, which does not require records to be labeled as potential upcoding. Once built, these models can be integrated into the claims adjudication process to flag potentially questionable claims before payment.



Service Description

The KPMG team developed and delivered an upcoding detection model, providing the client with actionable breakdowns by DRG, hospital, and state of service. This service first leveraged supervised machine learning techniques to successfully identify classic DRG shifts within the client's commercial claims data, using key claims characteristics. Building on this success, KPMG internally funded the development of a more advanced unsupervised learning model using neural networks. This cutting-edge approach identifies a broader range of anomalous billing patterns without requiring claims to be pre-labeled as suspicious. The combination of these robust models offers a powerful, multi-faceted solution that can be integrated directly into a payor's claims adjudication process.



Challenges of Generative AI in Personalized Medicine:

The upcoding detection model successfully demonstrated its capability to identify DRG shifts within commercial claims. For a sample of 10 selected DRG Families within the commercial line of business, our analysis identified approximately 3,000 hospital stays with potential upcoding, projecting estimated savings ranging from \$10 million to \$50 million. Further investigation using the neural network model detected cases like these as well as more subtle cases where an inpatient acute stay may not have been necessary.

These findings underscore the effectiveness of our machine learning approach in both targeted detection and broad anomalous pattern identification, proving that integration of these models into the claims adjudication process can drive substantial prospective savings and enhance payment integrity.

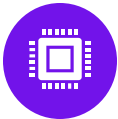


Standardizing Policies



Challenge

A healthcare provider with over 100,000 employees embarked on a major transformation as part of a broader ERP implementation. KPMG was engaged to harmonize the organization's knowledge content and policies across the enterprise using Gen AI to compare, analyze, and identify opportunities. 65 site repositories contained over 7,700 documents, including over 500 policies, many of which were conflicting across regions, duplicative, and outdated. Inconsistent policy development practices, lack of true centralized oversight, and poor maintenance practices. Varying policy templates, including inconsistent voice and tone.



Service Description

Created a comprehensive inventory, compared and analyzed current state policies, identified variations and opportunities to harmonize. Designed a standardized, harmonized policy governance model. Utilized Gen AI to draft policies and incorporated leading practices.



Challenges of Generative AI in Personalized Medicine:

Reduced the number of policies by 73% by sunseting or harmonizing policies, while also creating a single, centralized policy repository to ensure the most relevant policies were provided to meet organizational needs. Established a formal governance structure with defined roles, policy request workflow, central oversight, and governing bodies and practices. Harmonized policies with uniform format and structure, consistent voice and tone, enhanced quality, all drafted within a quick timeframe.



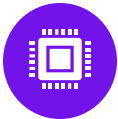
Medical Image Analysis

Medical imaging is a technique and procedure of generating visual exemplification of internal parts of the body for medical assessment, and clinical healthcare organizations have started to incorporate blockchain technology for medical image management, information management, and patient identity.



Potential of Generative AI in Medical Image Analysis:

Generative AI is revolutionizing medical image analysis by generating synthetic images to diversify training data and enhance machine learning model accuracy. It also improves image quality, making diagnostic markers clearer and more useful for early detection. Additionally, Generative AI's ability to segment images aids in identifying anatomical structures, crucial for diagnosis and treatment planning. Synthesizing images for various health conditions further supports medical training and therapy design. Overall, Generative AI is elevating medical imaging to new levels of precision and utility, contributing to more accurate diagnoses and better patient care.



Benefits of Generative AI in Medical Image Analysis:

Generative AI is set to revolutionize medical image analysis by enhancing accuracy with synthetic data that enriches training sets for machine learning models. This leads to more precise diagnostics. It also promises to cut costs by reducing reliance on real patient data, which is expensive and complex to gather. By automating tasks like image enhancement and segmentation, Generative AI boosts efficiency, freeing up healthcare professionals for higher-level tasks. Moreover, it enables personalized medicine by creating digital twins for patient-specific treatment planning. Overall, Generative AI's contributions to medical imaging are paving the way for more personalized, efficient, and cost-effective healthcare solutions..



Current Challenges in Medical Image Analysis:

Generative AI's potential is tempered by significant challenges, notably data privacy, as the synthetic data it generates could potentially lead to patient re-identification. Algorithmic bias is another critical issue, with the possibility of producing skewed or unfair outcomes, which is particularly problematic in sensitive areas like healthcare. Additionally, the complexity of Generative AI models often results in a lack of interpretability, making it difficult to trace and understand their decision-making processes. These challenges underscore the need for careful consideration and proactive strategies to ensure ethical, transparent, and fair AI applications. Addressing these concerns is crucial for the responsible use of Generative AI and maintaining trust in its advancements.



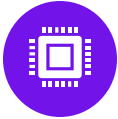
Virtual Assistants

A type of artificial intelligence that specializes in creating new data, is revolutionizing virtual assistants in healthcare. These intelligent virtual companions are transforming patient care by providing personalized support, real-time information, and enhanced communication.



Potential of Generative AI in Virtual Assistants:

Generative AI is set to revolutionize virtual assistants in healthcare by providing personalized patient support, including tailored health guidance and self-care tips. It enables real-time health insights, monitoring parameters, and delivering early intervention alerts, which are vital for proactive health management. These AI-enhanced virtual assistants also improve communication, serving as a bridge between patients and providers for quick responses and continuous support. Additionally, they automate administrative tasks like scheduling and record-keeping, freeing healthcare professionals to focus on patient care. The adoption of generative AI in virtual assistants promises a more personalized, efficient, and patient-centric healthcare experience.



Benefits of Generative AI in Virtual Assistants:

Generative AI in virtual assistants is transforming healthcare by improving patient outcomes through self-care education, remote monitoring, and tailored treatment plans. It reduces costs by automating administrative duties and streamlining resource use. Enhanced patient satisfaction comes from 24/7 support and quick, personalized responses. Additionally, healthcare providers gain a competitive edge by offering innovative AI-powered services, setting them apart in the market and attracting patients seeking technologically advanced care.



Challenges of Generative AI in Virtual Assistants:

Integrating AI into healthcare necessitates careful consideration of data privacy and security to protect sensitive patient information. Ethical challenges include ensuring AI models are unbiased and transparent, and addressing concerns about the displacement of healthcare workers. The technical complexity of AI demands specialized skills and infrastructure for effective implementation. Additionally, strict adherence to regulatory standards is essential to ensure patient safety and data protection. Addressing these challenges is crucial for the responsible adoption of AI in healthcare, balancing innovation with ethical and legal obligations.



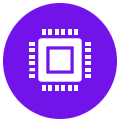
Medical Report Generation

Medical Report Generation (MRG) is an innovative application of Artificial Intelligence (AI) that aims to automate the creation of professional medical reports based on input image data. This technology is designed to assist clinicians in making faster, more accurate decisions, thereby enhancing patient care.



Potential of Generative AI in Medical Report Generation:

Generative AI streamlines medical report generation by automating the process from image data, saving time and reducing manual work. It improves report accuracy by analyzing genetic and clinical data for precise drug targeting and personalized treatment plans. In diagnostics, it enhances disease detection and enables earlier, more effective treatment through detailed data analysis. Generative AI also supports remote care with customized health plans and alerts, and it empowers patient self-care with personalized education and lifestyle guidance, fostering proactive health management.



Benefits of Generative AI in Medical Report Generation:

Generative AI improves medical report generation by delivering accurate, personalized reports that enhance patient outcomes and reduce adverse effects. It cuts healthcare costs by automating the creation of reports and increasing diagnostic precision, thus minimizing unnecessary procedures. This technology boosts patient satisfaction by providing tailored self-care information and care plans, improving treatment adherence. Healthcare providers using Generative AI for report generation gain a competitive edge with innovative services that distinguish them in the market and appeal to patients desiring advanced medical care.



Challenges of Generative AI in Medical Report Generation:

Implementing Generative AI in medical report generation involves navigating challenges such as ensuring data privacy and security for sensitive medical information used in AI models. Ethical considerations around bias, transparency, and patient autonomy must be addressed. Technical complexity demands specialized expertise and infrastructure for effective AI system management. Moreover, strict adherence to regulatory standards is required to ensure patient safety and data protection in healthcare AI applications. These considerations are crucial for the responsible and successful use of Generative AI in medical reporting.



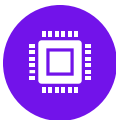
Healthcare Education & Training

Healthcare Education & Training equips healthcare professionals and patients with essential health management skills through curriculum development, e-learning, practical training, and continuous education. Generative AI enhances this process by creating personalized, interactive content and providing immediate feedback, thereby improving health literacy and patient care.



Potential of Generative AI in Healthcare Education & Training:

Generative AI offers transformative potential in healthcare education and training by fostering cultural competency with content that reflects diverse demographics, personalizing learning experiences for greater engagement, and providing real-time feedback to support informed decisions and behavior change. It leverages social determinants of health data for targeted care and continually updates educational content to align with the latest medical insights. Additionally, generative AI enhances interprofessional collaboration and promotes inclusive education, leading to improved learner retention and patient outcomes. This technology is instrumental in modernizing healthcare education, ensuring it is adaptive, inclusive, and effective.



Benefits of Generative AI in Healthcare Education & Training:

Generative AI enhances healthcare education and training by creating diverse, culturally competent content and personalizing learning to boost engagement and understanding. It offers real-time feedback; aiding behavior change and informed decision-making. Leveraging social health determinants, it informs care interventions and keeps educational materials current with rapid content development. Generative AI also fosters collaborative practice and cultural competence among healthcare teams. These benefits lead to improved learner retention and patient outcomes, underscoring generative AI's transformative role in healthcare education.



Challenges of Generative AI in Healthcare Education & Training:

The challenges of implementing Generative AI in healthcare education and training involve ensuring the cultural accuracy and appropriateness of content, balancing personalization with data privacy, and providing accurate real-time feedback to support behavior change. Careful use of social determinants of health data is necessary to prevent biases. Continual content development with Generative AI requires oversight for quality and relevance. Integrating AI into diverse training components must maintain consistency and adhere to evidence-based medicine. Responsible and ethical use of Generative AI is essential to overcome these challenges and fully realize its benefits in healthcare education.





Tab 4

Chief Financial Officer Report

Tab 4A

Fiscal Year Ending June 30, 2025,
Financial Statements

Florida Healthy Kids Corporation
Financial Statements Overview
For the Year Ended June 30, 2025

Statement of Revenues and Expenses Compared to Budget

Category	June	Annual Budget	% of Budget
Operating/Nonop Revenues	\$ 453,600,974	\$ 464,594,903	97.6%
Program Services	449,084,869	463,930,376	96.8%
General and Administrative	537,792	664,527	80.9%
Corporate Funds	8,264,360	15,501,007	53.3%
Change in Net Position	\$ (4,286,047)	\$ (15,501,007)	

Statement of Revenues, Expenses, and Changes in Net Position by Program

Program	YTD Status	Change in Net Position
Title XXI Program	Revenue Neutral	\$ -
KidCare Administration	Revenue Neutral	-
Full Pay Program	Net Gain	3,351,194
Corporate Funds	Net Loss	(7,637,240)
Change in Net Position		\$ (4,286,046)

Statement of Net Position

Total Assets	\$ 36,739,040
Total Liabilities	24,044,725
Net Position*	\$ 12,694,314

* \$12,694,314 is available for use at the discretion of the Board of Directors

The accompanying financial statements support this overview

Audited

Florida Healthy Kids Corporation
Consolidated Statement of Revenues and Expenses Compared to Budget
For the Year Ended June 30, 2025
Audited

	Actual FY 2024-25	Approved Budget	Over / (Under)	% of Budget
Operating Budget				
Revenues				
1 Federal	\$ 242,546,770	\$ 247,931,013	\$ (5,384,243)	97.8%
2 State	103,147,209	105,522,690	(2,375,481)	97.7%
3 Participant Premiums	100,749,949	106,176,362	(5,426,413)	94.9%
4 KidCare Administration	4,652,199	4,964,838	(312,639)	93.7%
5 Interest Income (net) ¹	445,249	-	445,249	-
6 Miscellaneous / LD's ¹	200,902	-	200,902	-
7 Medical Loss Ratio Rebates ¹	1,858,696	-	1,858,696	-
8 Total Revenues	\$ 453,600,974	\$ 464,594,903	\$ (10,993,929)	97.6%
Program Services				
9 Medical Carriers	\$ 395,179,332	\$ 407,217,945	\$ (12,038,613)	97.0%
10 Dental Carriers	29,274,930	30,173,008	(898,078)	97.0%
11 Service Organizations	18,603,279	20,181,606	(1,578,327)	92.2%
12 Salaries and Benefits	3,208,662	3,383,965	(175,303)	94.8%
13 Marketing and Outreach	1,003,917	1,050,000	(46,083)	95.6%
14 External Quality Review	531,852	531,852	-	100.0%
15 Professional and Consulting Services	1,282,897	1,392,000	(109,103)	92.2%
16 Total Program Services	\$ 449,084,869	\$ 463,930,376	\$ (14,845,507)	96.8%
General and Administrative				
17 Occupancy - Bldg. Lease	\$ 147,772	\$ 148,376	\$ (604)	99.6%
18 IT Services and Communications	250,934	253,500	(2,566)	99.0%
19 Meetings and Travel	5,372	50,000	(44,628)	10.7%
20 Corporate Insurance	33,888	40,000	(6,112)	84.7%
21 Training	150	12,500	(12,350)	1.2%
22 Office	66,124	95,000	(28,876)	69.6%
23 Depreciation	33,552	65,151	(31,599)	51.5%
24 Total General and Administrative	\$ 537,792	\$ 664,527	\$ (126,735)	80.9%
25 Total Operating Expenses	\$ 449,622,661	\$ 464,594,903	\$ (14,972,242)	96.8%
26 Change in Net Position	\$ 3,978,313	\$ -	\$ 3,978,313	-
Corporate Funds				
27 Staff and Board	\$ 5,358	\$ 7,000	\$ (1,642)	76.5%
28 TPA Services	756,000	756,000	-	100.0%
29 KidCare+ Enhanced Mktg. Campaign ²	-	750,000	(750,000)	-
30 Hurricane Premium Credits ³	7,459,975	13,975,507	(6,515,532)	53.4%
31 Other	43,027	12,500	30,527	344.2%
32 Total Use of Corporate Funds	\$ 8,264,360	\$ 15,501,007	\$ (7,236,647)	53.3%
33 Adjusted Change in Net Position	\$ (4,286,047)	\$ (15,501,007)	\$ 11,214,960	-

¹ Nonoperating revenue, such as medical loss ratio rebates, interest earnings and liquidated damages, is not budgeted and recorded when received.

² At a meeting held on August 10, 2023, the Board of Directors approved use of the Corporation's private funds in the amount of \$750,000 for a statewide marketing campaign in response to House Bill 121 passed by the Florida Legislature and signed by the Governor in 2023 (Ch. 2023-277, Laws of Florida) – this law increases the income eligibility limit for CHIP coverage from 200% to 300% of the federal poverty level. The unexpended fiscal year-end balances have been carried forward. The unexpended balance for FY 2024-25 was 750,000. This amount has been carried forward to FY 2025-26. These funds will be used in connection with implementation of the law once federal-level decisions and ongoing legal disputes are resolved.

³ Consistent with previous hurricanes, the Board of Directors approved use of the Corporation's private funds to provide premium credits for KidCare CHIP and Full Pay participants residing in one of the 52 counties, plus the Miccosukee Indian Reservation, declared by FEMA as eligible for individual assistance due to Hurricanes Helene and/or Milton. Premium credits were intended to provide financial relief for families to ensure child health insurance coverage was continuously protected. Historically, the Florida Legislature has appropriated public funds to reimburse the Corporation for use of its private funds. The Corporation was not reimbursed by the Florida Legislature for the premium credits associated with Hurricanes Helene and/or Milton. The total fiscal impact of premium credits was \$7,459,975.

Florida Healthy Kids Corporation
Consolidated Statement of Revenues, Expenses, and Changes in Net Position by Program
For the Year Ended June 30, 2025
Audited

	Title XXI	KidCare Administration	Full Pay	Corporate Funds	Total
Revenues					
1 Federal	\$ 242,546,770	\$ -	\$ -	\$ -	\$ 242,546,770
2 State	103,147,209	-	-	-	103,147,209
3 Participant Premiums	18,772,709	-	81,977,240	-	100,749,949
4 KidCare Administration	-	4,652,200	-	-	4,652,200
5 Interest Income (net) ¹	-	-	-	445,249	445,249
6 Miscellaneous / LD's ¹	-	-	19,030	181,871	200,901
7 Medical Loss Ratio Rebates ¹	-	-	1,858,697	-	1,858,697
8 Total Revenues	\$ 364,466,688	\$ 4,652,200	\$ 83,854,967	\$ 627,120	\$ 453,600,975
Program Services					
9 Medical Carriers	\$ 322,235,521	\$ -	\$ 72,943,812	\$ -	\$ 395,179,333
10 Dental Carriers	24,997,940	-	4,276,989	-	29,274,929
11 Service Organizations	12,748,070	3,437,142	2,418,068	756,000	19,359,280
12 Hurricane Premium Credits ²	-	-	-	7,459,974	7,459,974
13 Salaries and Benefits	2,193,882	591,822	422,958	36,048	3,244,710
14 Marketing and Outreach	684,823	186,211	132,882	-	1,003,916
15 External Quality Review	363,536	98,164	70,152	-	531,852
16 Professional and Consulting Services	873,648	240,577	168,673	-	1,282,898
17 Total Program Expenses	\$ 364,097,420	\$ 4,553,916	\$ 80,433,534	\$ 8,252,022	\$ 457,336,892
General and Administrative					
18 Occupancy - Bldg. Lease	\$ 101,010	\$ 27,270	\$ 19,491	\$ -	\$ 147,771
19 IT Services and Communications	172,602	45,688	32,644	-	250,934
20 Meetings and Travel	3,647	1,007	719	1,162	6,535
21 Corporate Insurance	23,163	6,255	4,469	-	33,887
22 Training	102	28	20	-	150
23 Office	45,782	11,862	8,480	4,196	70,320
24 Depreciation	22,962	6,174	4,416	-	33,552
25 Other	-	-	-	6,980	6,980
26 Total G&A Expenses	\$ 369,268	\$ 98,284	\$ 70,239	\$ 12,338	\$ 550,129
27 Total Expenses	\$ 364,466,688	\$ 4,652,200	\$ 80,503,773	\$ 8,264,360	\$ 457,887,021
28 Change in Net Position	\$ -	\$ -	\$ 3,351,194	\$ (7,637,240)	\$ (4,286,046)

¹ Nonoperating revenue, such as medical loss ratio rebates, interest earnings and liquidated damages, is not budgeted and recorded when received.

² Consistent with previous hurricanes, the Board of Directors approved use of the Corporation's private funds to provide premium credits for KidCare CHIP and Full Pay participants residing in one of the 52 counties, plus the Miccosukee Indian Reservation, declared by FEMA as eligible for individual assistance due to Hurricanes Helene and/or Milton. Premium credits were intended to provide financial relief for families to ensure child health insurance coverage was continuously protected. Historically, the Florida Legislature has appropriated public funds to reimburse the Corporation for use of its private funds. The Corporation was not reimbursed by the Florida Legislature for the premium credits associated with Hurricanes Helene and/or Milton. The total fiscal impact of premium credits was \$7,459,975.

Florida Healthy Kids Corporation
Statement of Net Position
For the Year Ended June 30, 2025
Audited

	<u>Total</u>
Assets	
Current Assets:	
Unrestricted cash	\$ 16,414,849
Restricted cash	18,796,461
Accounts receivable, net	832,723
Prepaid expenses	<u>228,539</u>
Total Current Assets	<u>36,272,572</u>
Noncurrent Assets:	
Property and equipment, net	35,725
Right of use asset, net	<u>430,743</u>
Total Noncurrent Assets	<u>466,468</u>
Total Assets	<u><u>\$ 36,739,040</u></u>
Liabilities and Net Position	
Current Liabilities:	
Insurance premiums collected in advance	\$ 16,535,435
Accounts payable and accrued expenses	3,915,134
Due to AHCA	2,450,080
Accrued compensated absences	655,690
Building lease payable - due within one year	<u>141,806</u>
Total Current Liabilities	<u>23,698,145</u>
Noncurrent Liabilities	
Building lease payable - due in more than one year	<u>346,580</u>
Total Noncurrent Liabilities	<u>346,580</u>
Total Liabilities	<u><u>\$ 24,044,725</u></u>
Net Position:	
Unrestricted net assets	\$ 11,944,314
Board designated net assets	<u>750,000</u>
Total Net Position	<u><u>\$ 12,694,314</u></u>
Total Liabilities and Net Position	<u><u>\$ 36,739,040</u></u>

Tab 4B

Fiscal Year Ending June 30, 2025,
Draft Audit Report and Auditor
Required Communication

FLORIDA HEALTHY KIDS CORPORATION

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2025

FLORIDA HEALTHY KIDS CORPORATION
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JUNE 30, 2025

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Florida Healthy Kids Corporation:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Florida Healthy Kids Corporation (the Corporation) (a component unit of the State of Florida), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of June 30, 2025, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS) issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Implementation of New Accounting Standard

As discussed in Note 11 to the financial statements, the Corporation adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, (GASB101). Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 to be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Florida Healthy Kids Corporation's basic financial statements. The Schedule of Expenditures of Federal Awards and State Matching Funds, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the Schedules of Revenues, Expenses, and Changes in Net Position by Program are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and State Matching Funds and the Schedule of Revenues, Expenses, and Changes in Net Position by Program are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and State Matching Funds and the Schedule of Revenues, Expenses, and Changes in Net Position by Program are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2030, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

James Moore & Co., P.L.

Tallahassee, Florida
January 30, 2030

FLORIDA HEALTHY KIDS CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025

The Florida Healthy Kids Corporation (Corporation or Healthy Kids) Fiscal Year 2024-25 financials consist of two parts: management discussion and analysis and financial statements. As management of the Corporation, we offer readers this narrative overview and analysis of the Corporation's financial activities for the year ended June 30, 2025.¹

The Corporation is a component unit of the state of Florida and follows enterprise fund reporting. Therefore, financial statements are presented in a manner like that of a non-governmental business using the economic resources measurement focus and the accrual basis of accounting.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Corporation's financial position is measured in terms of resources owned (assets) and obligations (liabilities) owed on a given date. This information is reported in the Statement of Net Position and shows the Corporation ended the fiscal year with a reduced net position of \$12,694,315, down from the 2023-24 fiscal year net position of \$17,117,522. The table below shows a summary of the Corporation's net position on June 30, 2025, and 2024.

STATEMENTS OF NET POSITION

	2025	2024	2024 – 25 Change
Assets			
Current and other assets	\$ 17,476,110	\$ 21,642,363	\$ (4,166,253)
Restricted cash	18,796,461	14,696,354	4,100,107
Capital assets	466,469	622,028	(155,559)
Total assets	<u>\$ 36,739,040</u>	<u>\$ 36,960,745</u>	<u>\$ (221,705)</u>
Liabilities ²			
Current liabilities	\$ 23,698,145	\$ 19,355,119	\$ 4,343,026
Long-term liabilities	346,580	488,104	(141,524)
Total liabilities	<u>\$ 24,044,725</u>	<u>\$ 19,843,223</u>	<u>\$ 4,201,502</u>
Net position			
Net investment in capital assets	\$ (21,917)	\$ (714)	\$ (21,203)
Unrestricted	12,716,232	17,118,236	(4,402,004)
Total net position	<u>\$ 12,694,315</u>	<u>\$ 17,117,522</u>	<u>\$ (4,423,207)</u>
Total liabilities and net position	<u>\$ 36,739,040</u>	<u>\$ 36,960,745</u>	<u>\$ (221,705)</u>

¹ This overview and analysis meet generally accepted accounting principles as stated in the United States of America (GAAP) in Governmental Accounting Standards Board Statement No. 34, *Basis Financial Statements- and Management's Discussion and Analysis – for State and Local Governments* (GASB 34).

² The Corporation adopted GASB Statement No. 101 associated with recognition of liabilities for compensated absences.

FLORIDA HEALTHY KIDS CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025
(Continued)

Changes in net position resulting from the Corporation's annual revenues and expenses are shown in the Statement of Revenues, Expenses and Changes in Net Position. The table below shows a summary of the Corporation's changes in net position for the fiscal years ending June 30, 2025, and 2024. The Corporation's revenues and expenses were within budgets approved by the Board of Directors.

CHANGES IN NET POSITION

	2025	2024	2024 – 25 Change
Operating revenues	\$ 451,096,127	\$ 344,196,780	\$ 106,899,347
Operating expenses	(457,887,121)	(344,425,117)	(113,462,004)
Net operating income (loss)	<u>\$ (6,790,994)</u>	<u>\$ (228,337)</u>	<u>(6,562,657)</u>
Nonoperating revenues	\$ 2,504,847	\$ 900,338	\$ 1,604,509
Increase (decrease) in net position	<u>\$ (4,286,147)</u>	<u>\$ 672,001</u>	<u>(4,958,148)</u>
Net position , beginning of year ³	<u>\$ 16,980,462</u>	<u>\$ 16,445,521</u>	<u>\$ 534,941</u>
Net position , end of year	<u>\$ 12,694,315</u>	<u>\$ 17,117,522</u>	<u>\$ (4,423,207)</u>

³ The beginning balance for FY 2024-25 is different from the ending balance for FY 2023-24 due to the implementation of GASB Statement No. 101 associated with recognition of liabilities for compensated absences and the accounting treatment that impacts the Corporation's Net Position.

Financial Highlights

The Corporation closed the fiscal year ending June 30, 2025, with a decrease in net position of \$4,286,147. This decrease is the result of gains in the Corporation's Full-Pay program of \$3,351,194 plus nonoperating revenues of \$627,120 less use of the Corporation's private funds totaling \$8,264,360.

The Corporation's Children's Health Insurance Program (CHIP) was revenue-neutral at year-end resulting in no impact to net position. Additionally, the Corporation received revenue in the amount of \$4,652,200 as reimbursement for administration services provided to participating KidCare programs that resulted in no impact to net position. The Corporation ended the fiscal year with a reduced net position of \$12,694,315, down from the 2023-24 fiscal year net position of \$17,117,522.

In the prior fiscal year ending June 30, 2024, the Corporation closed the fiscal year with an increase in net position of \$672,001. This increase was the result of gains in the Corporation's Full-Pay program of \$988,418 plus nonoperating revenues of \$900,338 less use of the Corporation's private funds totaling \$1,216,755.

FLORIDA HEALTHY KIDS CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025
(Continued)

The CHIP was revenue-neutral at year-end resulting in no impact to net position. The Corporation received revenue in the amount of \$4,170,338 as reimbursement for administration services provided to participating KidCare programs that resulted in no impact to net position. The Corporation ended the fiscal year with a strong net position of \$16,980,462, up from the 2022-23 fiscal year net position of \$16,445,521.

The accompanying financial statements and disclosures for Fiscal Year 2024-25 present the activities that affected net position and the underlying decrease of \$4,286,147. The following financial highlights are relevant to the change in net position.

- **Child enrollment** in the Corporation's CHIP and Full-Pay programs is the key driver of its revenues and expenses. During the 2021-22 fiscal year, the Corporation's CHIP enrollment sustained month-over-month decline caused by the COVID-19 pandemic and the Medicaid eligibility requirements of the Federal Public Health Emergency (PHE). For most of the 2022-23 fiscal year, the Corporation's CHIP enrollment continued to decline month-over-month caused by the prolonged Medicaid eligibility requirements due to the recurring extensions of the PHE. H.R. 2617 - Consolidated Appropriations Act, 2023, ended the continuous coverage provision for Medicaid on March 31, 2023. This allowed Medicaid eligibility redeterminations to begin in April 2023.

The redetermination process continued until the spring of 2024 resulting in significant child enrollment growth in the Corporation's CHIP, and the KidCare Program in general, with many children returning that previously disenrolled from CHIP and transferred to Medicaid. The Corporation's CHIP enrollment grew by 73% from July 1, 2023, through June 30, 2024, or an increase of 56,608 kids. CHIP enrollment was 133,698 on June 30, 2024. Enrollment in the Corporation's Full-Pay program grew by 16.5%, or an increase of 3,425 kids. Full Pay program enrollment was 24,137 on June 30, 2024.

CHIP enrollment stabilized in Fiscal Year 2024-25 with slight change as compared to the ending enrollment for the 2023-24 fiscal year. Ending 2024-25 fiscal year enrollment was 133,498. Enrollment in the Corporation's Full Pay program grew by 11.3%, or an increase of 2,733 kids. Full Pay program enrollment was 26,870 on June 30, 2025.

- **The Corporation's Full-Pay Program** experienced an operating gain of \$3,351,194. This gain was due to the collection of participant premiums exceeding carrier insurance payments and administration costs; collection of medical loss ratio rebates earned in a previous year; and the impact of hurricane premium credits. This gain increased the Corporation's net position, accordingly.

During a portion of the fiscal year, the Corporation used net assets from earlier program gains to subsidize insurance and administration costs prior to a premium increase that was approved by the Board of Directors on March 5, 2025. The premium increase was effective for July 2025 coverage and developed based on a two-year life cycle. The adjusted premiums include consideration for the reinvestment of collected medical loss ratio rebates to keep premiums lower than would otherwise be actuarially necessary.

FLORIDA HEALTHY KIDS CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025
(Continued)

- **Non-operating revenue** resulting primarily from liquidated damages and interest income totaled \$646,151. This revenue increased the Corporation's net position, accordingly. Pursuant to the agreement with the Florida Agency for Health Care Administration, interest income earned from public funds while in the custody of the Corporation must be remitted to the agency. The amount remitted was \$387,650 from total interest earnings of \$832,899.
- **The Corporation's private funds** were used for expenses totaling \$8,264,360. The Board of Directors authorized the use of the Corporation's private funds for expenses not reimbursable pursuant to state and federal laws and regulations, or for expenses that were reimbursable but not legislatively appropriated. These expenses decreased the Corporation's net position, accordingly.

Specifically, the Corporation's private funds were partially used for usual and expected costs for unappropriated Third-Party Administration contract costs totaling \$756,000, and \$48,386 for other ancillary costs.

Consistent with previous hurricanes, the Board of Directors approved use of the Corporation's private funds to provide premium credits for KidCare CHIP and Full Pay participants residing in one of the 52 counties, plus the Miccosukee Indian Reservation, declared by FEMA as eligible for individual assistance due to Hurricanes Helene and/or Milton. Premium credits were intended to provide financial relief for families to ensure child health insurance coverage was continuously protected. Historically, the Florida Legislature has appropriated public funds to reimburse the Corporation for use of its private funds for this purpose. The Corporation was not reimbursed by the Florida Legislature for the premium credits associated with Hurricanes Helene and/or Milton. The total fiscal impact of premium credits was \$7,459,974.

At a meeting held on August 10, 2023, the Board of Directors approved use of the Corporation's private funds in the amount of \$750,000 for a statewide marketing campaign in response to House Bill 121 passed by the Florida Legislature and signed by the Governor in 2023 (Ch. 2023-277, Laws of Florida) – this law increases the income eligibility limit for CHIP coverage from 200% to 300% of the federal poverty level. These funds will be used in connection with the implementation of the law once federal level decisions and ongoing legal disputes are resolved. As in past fiscal years, the unexpended fiscal year-end balance has been carried forward to fiscal year 2025-2026. The Corporation's net position will be reduced by the amount of funds used at that time.

Future trends and outcomes may affect the Corporation's budget and financial statements for FY 2025-26 to the extent that actual enrollment, carrier insurance payments, and other obligations differ from the outcome of the KidCare Social Services Estimating Conferences and other legislative budget development processes.

For example, HB 121 (Ch. 2023-277, Laws of Florida) passed during the 2023 Legislative Session will lead to increased enrollment. This law will have direct enrollment, revenue, and cost implications when implemented.

FLORIDA HEALTHY KIDS CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025
(Continued)

Request for Information

This report is designed to provide a general overview of the Florida Healthy Kids Corporation finances. Questions concerning any of the information in this report or requests for additional information should be addressed as follows:

Florida Healthy Kids Corporation
1203 Governors Square Blvd., Suite 400
Tallahassee, FL 32301

DRAFT

FLORIDA HEALTHY KIDS CORPORATION
STATEMENT OF NET POSITION
JUNE 30, 2025

ASSETS

Current assets

Cash and cash equivalents	\$ 18,675,875
Restricted cash and cash equivalents	16,535,435
Grants receivable	828,455
Accounts receivable, net of allowance	4,268
Prepaid expenses	228,538
Total current assets	<u>36,272,571</u>

Non-current assets

Capital Assets	466,469
Total non-current assets	<u>466,469</u>

Total Assets

\$ 36,739,040

LIABILITIES AND NET POSITION

Current liabilities

Accounts payable and accrued expenses	\$ 3,915,134
Insurance premiums collected in advance	16,535,435
Accrued compensated absences	655,690
Due to AHCA	2,450,080
Due within one year - lease	141,806
Total current liabilities	<u>23,698,145</u>

Noncurrent liabilities

Due in more than one year - lease	346,580
Total noncurrent liabilities	<u>346,580</u>

Total Liabilities

\$ 24,044,725

Net position

Net investment in capital assets	\$ (21,917)
Unrestricted	12,716,232
Total net position	<u>12,694,315</u>

Total Liabilities and Net Position

\$ 36,739,040

The accompanying notes to the financial statements
are an integral part of this statement.

FLORIDA HEALTHY KIDS CORPORATION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025

Operating revenues

Program specific operating grants:	
Federal	\$ 242,546,770
State of Florida	103,147,209
KidCare administration	4,652,200
Participant insurance premiums	100,749,948
Total operating revenue	<u>451,096,127</u>

Operating expenses

Insurance premiums	424,454,261
Contract services	28,634,001
Salaries and benefits	3,244,710
Printing and marketing	1,003,918
Office	335,747
Meetings and travel	6,536
Training and licensing	150
Depreciation and amortization	166,832
Insurance and other	40,966
Total operating expenses	<u>457,887,121</u>

Operating loss	<u>(6,790,994)</u>
----------------	--------------------

Nonoperating revenues (expenses)

Interest income	445,249
Miscellaneous income	200,902
Medical loss ratio rebate income	1,858,696
Total nonoperating revenues	<u>2,504,847</u>

Change in net position	<u>(4,286,147)</u>
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Net position, beginning of year, as restated	16,980,462
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Net position, end of year	<u><u>\$ 12,694,315</u></u>
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The accompanying notes to the financial statements
are an integral part of this statement.

FLORIDA HEALTHY KIDS CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

Cash flows from operating activities

Cash received from participants	\$ 102,593,183
Cash received from program specific grants	349,305,980
Cash receipts from KidCare administration	4,652,200
Cash payments to insurers	(424,454,261)
Cash payments to employees	(3,172,888)
Cash payments for other operating expenses	(29,828,850)
Net cash provided by (used in) operating activities	<u>(904,636)</u>

Cash flows from capital and related financing activities

Payments on lease liability	(134,356)
Purchase of property and equipment	(11,273)
Net cash provided by (used in) capital and related financing activities	<u>(145,629)</u>

Cash flows from investing activities

Interest receipts	445,249
Miscellaneous receipts	2,059,598
Net cash provided by (used in) investing activities	<u>2,504,847</u>

Net increase (decrease) in cash and cash equivalents	<u>1,454,582</u>
--	------------------

Cash and cash equivalents, beginning of year	33,756,728
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Cash and cash equivalents, end of year	<u>\$ 35,211,310</u>
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Reconciliation of operating loss to net cash provided by (used in) operating activities

Operating loss	\$ (6,790,994)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:	
Depreciation and amortization	166,832
(Increase) decrease in grants receivables	1,534,525
(Increase) decrease in prepaid expenses	(17,951)
(Increase) decrease in account receivables	4,154
Increase (decrease) in accounts payable and accrued interest	210,419
Increase (decrease) in insurance premiums collected in advance	1,839,081
Increase (decrease) in accrued compensated absences	71,822
Increase (decrease) in due to AHCA	2,077,476
Total adjustments	<u>5,886,358</u>

Net cash provided by (used in) operating activities	<u>\$ (904,636)</u>
--	----------------------------

The accompanying notes to the financial statements
are an integral part of this statement.

FLORIDA HEALTHY KIDS CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

(1) Summary of Significant Accounting Policies:

The following is a summary of the more significant accounting policies and practices of Florida Healthy Kids Corporation (the “Corporation”) which affect significant elements of the accompanying financial statements:

(a) **Reporting entity**—Florida Healthy Kids Corporation (“the Corporation”) was established in 1990. The Florida Legislature passed the Florida Healthy Kids Corporation Act establishing Florida Healthy Kids Corporation and directing it to create a comprehensive insurance product for Corporation-aged children and to facilitate the provision of preventive health care for children. The Corporation is a component unit of the State of Florida and, as such, its financial information is included in the State of Florida’s financial statements.

The Corporation operates in all 67 Florida counties and insured over 160,000 children as of June 30, 2025. The Corporation contracts with managed care organizations and other licensed insurers to provide health and dental insurance to Corporation-aged children who are not covered under Medicaid or private insurance. Premiums may be subsidized depending on family size and income.

The United States Congress enacted Title XXI of the Social Security Act in 1997, which created the Children’s Health Insurance Program for uninsured children under age 19. The State of Florida’s plan was implemented on April 1, 1998 under the Florida Kidcare Act. In addition to providing insurance for children under their Title XXI program, the Corporation performs administrative functions via a third-party administrator for the State of Florida’s other Title XXI programs (Children’s Medical Services and MediKids). These administrative duties include Medicaid eligibility screening, application processing, premium administration, call center services, and record keeping functions for approximately 37,700 additional children as of June 30, 2025. In addition, the Corporation is statutorily required to promote the overall KidCare program.

Funding for the programs is provided through the Federal Government under Title XXI, the State of Florida and family paid premiums.

(b) **Basis of accounting**—The financial statements of the Corporation have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America as applied to enterprise funds of governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events. The Corporation’s financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When both restricted and unrestricted resources are available for use, it is the Corporation’s policy to use restricted resources first, then unrestricted resources as they are needed.

FLORIDA HEALTHY KIDS CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

(1) **Summary of Significant Accounting Policies:** (Continued)

(c) **Cash and cash equivalents**—The Corporation considers all highly liquid investments with an initial maturity of three months or less, including cash on hand and demand deposits to be cash and cash equivalents. Demand deposits of the Corporation are fully insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized with securities in Florida's multiple financial institution collateral pool pursuant to Chapter 280, Florida Statutes.

The Corporation considers the Insurance Premiums Collected in Advance and the balance in the Premium Refund accounts to be restricted cash and cash equivalents. The balances represent funds paid to the Corporation by families for future months of insurance coverage for unearned premium revenue and family refunds. The restricted cash and cash equivalents balances on June 30, 2025 were \$16,535,435.

(d) **Grants and accounts receivable**—Grants and accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the history with grantors having outstanding balances and current relationships with them, an allowance for uncollectible grant receivables has not been recorded as all amounts are deemed by management to be collectible. An allowance of \$17,635 for uncollectible accounts receivable has been recorded based on historical data related to insurance premium collections.

(e) **Capital Assets**—Capital assets acquired by the Corporation are considered to be owned by the Corporation. Property and equipment is reported at cost less accumulated depreciation. Additions, improvements, and other capital outlays that are \$5,000 or more and significantly extend the useful life of the asset are capitalized. Right-to-use lease assets is reported at cost less accumulated amortization. Right-to-use lease assets that are \$25,000 or more are capitalized. All capital assets are depreciated and amortized using the straight-line method over their estimated useful lives, which range from the following:

<u>Assets</u>	<u>Years</u>
Furniture	7 – 10
Computers and software	3 – 5
Leasehold improvements	Remaining lease term

Right-to-use lease buildings are amortized over the life of the associated contract.

(f) **Revenue recognition**—The Corporation receives all of its grant revenue from federal and state sources. Grant revenue is recognized as operating revenue (up to the grant ceiling) on a reimbursement basis over the related grant period, to the extent that allowable expenses are incurred and conditions of the grant are satisfied. Revenue is not recognized in advance of incurring eligible costs, and amounts received in excess of costs incurred are recorded as deferred revenue (a liability) until earned. Conversely, allowable expenses incurred in excess of funds received are recorded as grant receivables. Operating revenue does not include liquidated damages or other disallowed costs.

(g) **Insurance premiums collected in advance**—Insurance premiums collected in advance represent the balance of family premium payments received by the Corporation in advance of their use for insurance coverage and is included in restricted cash and cash equivalents.

FLORIDA HEALTHY KIDS CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

(1) **Summary of Significant Accounting Policies:** (Continued)

(h) **Due to AHCA**—The amounts due to AHCA represent both federal and state refundable advances and other amount due to AHCA, including Medical Loss Ratio rebates. Refundable advances represent the liability for funds received from funding agencies but not yet earned as of the end of the reporting period. Amounts due to AHCA were \$2,450,080 of federal and state funds at June 30, 2025. Of the total due to AHCA, refundable advances were \$0 on June 30, 2025.

(i) **Income taxes**—The Corporation is generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the accompanying financial statements. The Corporation files income tax returns in the U.S. Federal jurisdiction. The Corporation's income tax returns for the past three years are subject to examination by taxing authorities and may change upon examination.

The Corporation has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements.

(j) **Use of estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates and are not considered significant.

(k) **Accrued compensated absences**—It is the Corporation's policy to permit employees to accumulate earned but unused vacation and sick benefits. The Corporation recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the financial statements. The liability for compensated absences includes salary-related benefits, where applicable.

(l) **Leases**—The Corporation leases a building. The Corporation determines if an arrangement is a lease at inception. The Corporation recognize intangible right-to-use (RTU) assets and corresponding lease liabilities for all leases that are not considered short-term. RTU assets represent the Corporation's right to use an underlying asset for the lease term and lease liabilities represent the Corporation's obligation to make lease payments arising from the lease. RTU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term.

Basis of lease classification – Leases that meet the following requirements will not be considered short term: the maximum possible lease term(s) is non-cancelable by both lessee and lessor, and is more than 12 months.

Discount Rate – Unless explicitly stated in the lease agreement, known by the Corporation, or the Corporation is able to determine the rate implicit within the lease, the discount rate used to calculate lease right-to-use assets and liabilities will be the Corporation's estimated borrowing rate at the time of lease inception.

FLORIDA HEALTHY KIDS CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

(2) Concentrations:

As of June 30, 2025, approximately 23% of the Corporation's operating revenues were state of Florida funds, which are renewed on an annual basis. The receipt of Title XXI federal funds (which comprise approximately 54% of the Corporation's operating revenues) is dependent on the continuation of matching funds from the state.

Appropriations to be provided to the Florida Agency for Health Care Administration (AHCA) for the period from July 1, 2024 to June 30, 2025 to fund the Corporation include \$103,147,209 and \$242,546,770 from state and federal funds, respectively. Total state and federal funds appropriated to AHCA for the period July 1, 2024 to June 30, 2025 for administration of the KidCare program is \$4,652,200. Depending on actual funding needs, these appropriations are subject to change pursuant to the State's budget amendment laws. Grant revenue is contingent upon legislative appropriations.

(3) Concentrations of Credit Risk:

The more significant concentrations of credit risk are as follows:

Accounts and grants receivable—The Corporation's accounts and grants receivable are for amounts due under grants with the state of Florida and federal government agencies, and premiums due from family plan participants. The Corporation has no policy requiring collateral or other security to support its grants receivable.

Demand deposits—The Corporation maintains cash deposits with one financial institution. The Corporation has no policy requiring collateral to support its cash deposits, although accounts at the bank are insured by the Federal Deposit Insurance Corporation up to FDIC limits or collateralized with securities in Florida's multiple financial institution collateral pool pursuant to Chapter 280, Florida Statutes.

(4) Retirement Plan:

On July 1, 2002, the Corporation adopted a Tax Sheltered Annuity Plan 403(b) Plan, (the Plan). Under the Plan, the Corporation contributes an amount equal to 15% of eligible employees' compensation and an additional 100% match of employee participant contributions up to a maximum of 2%. Changes to the plan provisions are made by adoption of a plan amendment. During the year ended June 30, 2025, the Corporation contributed \$353,236 and participants contributed \$116,214 to the Plan.

FLORIDA HEALTHY KIDS CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

(5) Capital Assets:

Capital asset activity for the fiscal year ended June 30, 2025, is as follows:

	Balance July 1, 2024	Additions	Disposals	Balance June 30, 2025
Capital assets, being depreciated and amortized:				
Right-to-use asset - building	\$ 1,094,867	\$ -	\$ -	\$ 1,094,867
Furniture	95,197	-	-	95,197
Computers and software	253,168	11,273	-	264,441
Leasehold improvements	154,114	-	-	154,114
Total capital assets, being depreciated and amortized	<u>1,597,346</u>	<u>11,273</u>	<u>-</u>	<u>1,608,619</u>
Less accumulated depreciation and amortization:				
Right-to-use asset - building	(530,844)	(133,280)	-	(664,124)
Furniture	(78,593)	(8,940)	-	(87,533)
Computers and software	(220,325)	(16,213)	-	(236,538)
Leasehold improvements	(145,556)	(8,399)	-	(153,955)
Total accumulated depreciation and amortization	<u>(975,318)</u>	<u>(166,832)</u>	<u>-</u>	<u>(1,142,150)</u>
Capital assets, net	<u>\$ 622,028</u>	<u>\$ (155,559)</u>	<u>\$ -</u>	<u>\$ 466,469</u>

Depreciation and amortization for the years ended June 30, 2025, were \$166,832.

(6) Long-term Liabilities:

The Corporation is the lessee in one lease agreement for one building facility. A lease liability and a right-to-use asset was recorded for this lease.

In 2018, the Corporation entered into a 72-month lease agreement with Richard H. Evans and Victoria M. Evans Revocable Living Trust for building space. The initial lease expired in October 2024 but was renewed for an additional four-year period. A right-to-use asset and initial lease liability was recorded by the Corporation during the year ended June 30, 2022. As of June 30, 2025, the values of the lease liability was \$488,386. The Corporation is required to make annual principal and interest payments of \$148,848, that increase by 3.0% annually. The Corporation's incremental borrowing rate (IBR) was calculated at 2.5% at June 30, 2022, and was the discount rate utilized in the current year for this lease. The value of the right-to-use asset as of June 30, 2025 was \$1,094,867 and had accumulated amortization of \$664,124.

Long-term liability activity for the year ended June 30, 2025, was as follows:

	Balance July 1, 2024	Additions (Deletions)	Balance June 30, 2025	Due within one year
Lease liability	\$ 622,742	\$ (134,356)	\$ 488,386	\$ 141,806
Compensated absences	583,868	71,822	655,690	655,690
	<u>\$ 1,206,610</u>	<u>\$ (62,534)</u>	<u>\$ 1,144,076</u>	<u>\$ 797,496</u>

FLORIDA HEALTHY KIDS CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

(6) Long-term Liabilities: (Continued)

Lease expense for the right-to-use asset for the year ended June 30, 2025, was as follows:

Amortization expense	\$ 133,280
Interest expense	14,493
	<u>\$ 147,773</u>

The principal and interest requirements to maturity for the lease liability as of June 30, 2025, is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 141,806	\$ 10,594	\$ 152,400
2027	149,242	6,965	156,207
2028	156,970	3,146	160,116
2029	40,368	167	40,535
Total future minimum lease payments	<u>\$ 488,386</u>	<u>\$ 20,872</u>	<u>\$ 509,258</u>

(7) Unspent State Funds:

State of Florida funds are released to the Agency for Healthcare Administration (AHCA) and passed to the Corporation in accordance with a funding agreement between the Corporation and AHCA. The agreement stipulates the use of funds for the Corporation's statutory purposes and the payment dates and amounts from AHCA to the Corporation. Unspent funds are required to be returned upon dissolution of the Corporation, any remaining cash balances of state funds shall revert to the General Revenue Fund, or such other state funds consistent with the appropriated funding, as provided by law. The Corporation is authorized by statute to create and maintain an operating fund. The amount that can be accumulated in this fund is limited to no more than 25% of the Corporation's annualized operating expenditures. Amounts above this threshold are required to be returned to the state of Florida.

(8) Liquidated Damages:

In accordance with the Corporation's contracts with its third-party administrator (TPA), liquidated damages are to be assessed against the TPA when specific, monthly performance measures are not met. The Corporation assessed liquidated damages of approximately \$26,250 against its current TPA. Additionally, the Corporation assessed liquidated damages of approximately \$155,250 against its managed care organizations, both of which are included in miscellaneous income for the year ended June 30, 2025.

(9) Board Designated Net Position:

In August 2023, the board designated \$750,000 for a statewide marketing campaign in response to House Bill 121, which increases the eligibility threshold for the CHIP from 200% to 300% of the Federal Poverty Level. As of June 30, 2025, the total balance of board designated net assets is approximately \$750,000, which is anticipated to be spent during the 2025-26 fiscal year, and is included as part of the unrestricted net position on the statement of net position.

FLORIDA HEALTHY KIDS CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

(10) Medical Loss Ratio Rebates:

Medical loss ratio rebates are legally required of the medical and dental carriers if utilization experience comes in below a minimum medical loss ratio of 85%. The medical carriers provided a net refund to the Corporation of \$17,004,348 for the Children's Health Insurance Program (CHIP), based primarily on an audit initiated by the Corporation related to experience reporting for calendar years 2020 and 2021. The medical and dental subsidized medical loss ratio rebates have been remitted to AHCA as a pass-through item. The Corporation received a medical loss ratio rebate refund from medical and dental carriers of approximately \$1,858,696 related to the Full Pay Program for the year ended June 30, 2025.

(11) Recently Issued Accounting Pronouncements:

The Governmental Accounting Standard Board (GASB) issued GASB Statement No. 101, *Compensated Absences*, in June 2022. GASB Statement No. 101 amends various provisions regarding the calculation methodology and required disclosures related to the liability for compensated absences. The provisions for GASB 101 are effective for fiscal years beginning after December 15, 2023. The Corporation implemented GASB No. 101 in fiscal year 2025. As a result, the Corporation included in their compensated absences liability the estimated leave to be used while the employee is employed plus the estimate for leave that would be paid out upon termination. Previously, GASB only required reporting the estimate for the leave paid upon termination. GASB 101 dictates that this implementation be treated as a change in an accounting principle and requires the Corporation's beginning net position to be restated. This resulted in a \$137,060 reduction of beginning net position from \$17,117,522 to \$16,980,462.

GASB issued Statement No. 102, *Certain Risk Disclosures*, in December 2023. GASB Statement No. 102 amends GASB Statement No. 62 regarding the disclosure of a government's vulnerability to risks related to certain concentrations and constraints that limit its ability to acquire resources or control spending. The provisions for GASB 102 are effective for fiscal years beginning after June 15, 2024. The Corporation implemented GASB No. 102 in fiscal year 2025, however, its adoption did not have a material impact on the Corporation's financial statements.

GASB issued Statement No. 103, *Financial Reporting Model Improvements*, in April 2024. The objective of GASB 103 is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The effective date for implementation is fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, in September 2024. GASB Statement No. 104 requires governments to disclose separate information about specific types of capital assets and establishes criteria for identifying and reporting capital assets held for sale. The objective of GASB 104 is to enhance transparency and improve the usefulness of financial statements for stakeholders by providing more detailed information on these assets. The provisions are effective for fiscal years beginning after June 15, 2025.

OTHER INFORMATION

DRAFT

FLORIDA HEALTHY KIDS CORPORATION
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BY PROGRAM
FOR THE YEAR ENDED JUNE 30, 2025

	Title XXI	KidCare Administration	Full Pay	Corporate	Total
Operating revenues					
Program specific operating grants:					
Federal	\$ 242,546,770	\$ -	\$ -	\$ -	\$ 242,546,770
State of Florida	103,147,209	-	-	-	103,147,209
KidCare administration	-	4,652,200	-	-	4,652,200
Participant insurance premiums	18,772,708	-	81,977,240	-	100,749,948
Total operating revenue	<u>364,466,687</u>	<u>4,652,200</u>	<u>81,977,240</u>	<u>-</u>	<u>451,096,127</u>
Operating expenses					
Insurance premiums	347,233,460	-	77,220,801	-	424,454,261
Contract services	13,985,254	3,775,883	2,656,893	8,215,971	28,634,001
Salaries and benefits	2,193,882	591,822	422,958	36,048	3,244,710
Printing and marketing	684,823	186,211	132,884	-	1,003,918
Office	228,181	60,295	43,075	4,196	335,747
Meetings and travel	3,647	1,007	719	1,163	6,536
Training and licensing	102	28	20	-	150
Depreciation and amortization	114,175	30,699	21,958	-	166,832
Insurance and other expenses	23,163	6,255	4,568	6,980	40,966
Total operating expenses	<u>364,466,687</u>	<u>4,652,200</u>	<u>80,503,876</u>	<u>8,264,358</u>	<u>457,887,121</u>
Operating (loss) income	<u>-</u>	<u>-</u>	<u>1,473,364</u>	<u>(8,264,358)</u>	<u>(6,790,994)</u>
Nonoperating revenues (expenses)					
Interest income	-	-	-	445,249	445,249
Miscellaneous income	-	-	19,030	181,872	200,902
Medical loss rebate income	-	-	1,858,696	-	1,858,696
Total nonoperating revenues	<u>-</u>	<u>-</u>	<u>1,877,726</u>	<u>627,121</u>	<u>2,504,847</u>
Increase (decrease) in net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,351,090</u>	<u>\$ (7,637,237)</u>	<u>\$ (4,286,147)</u>

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT
AUDITING STANDARDS***

To the Board of Directors,
Florida Healthy Kids Corporation:

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Florida Healthy Kids Corporation (the "Corporation"), which comprise the statement of net position as of June 30, 2025, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 30, 2030.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Florida Healthy Kids Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Florida Healthy Kids Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Florida Healthy Kids Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

 James Moore & Co., P.L.

Tallahassee, Florida
January 30, 2030

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

To the Board of Directors,
Florida Healthy Kids Corporation:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Florida Healthy Kids Corporation's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Florida Healthy Kids Corporation's major federal programs for the year ended June 30, 2025. Florida Healthy Kids Corporation's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Florida Healthy Kids Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Florida Healthy Kids Corporation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Florida Healthy Kids Corporation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Florida Healthy Kids Corporation's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Florida Healthy Kids Corporation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Florida Healthy Kids Corporation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Florida Healthy Kids Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Florida Healthy Kids Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Florida Healthy Kids Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

James Moore & Co., P.L.

Tallahassee, Florida
January 30, 2030

FLORIDA HEALTHY KIDS CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE MATCHING FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

Federal Grantor/State Grantor/Pass Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Contract Number	Expenditures
FEDERAL AWARDS			
U.S. Department of Health and Human Services			
Passed through State of Florida Agency for Health Care Administration:			
Children's Health Insurance Program (Title XXI Health Insurance)	93.767	MED140	\$ 242,546,770
Children's Health Insurance Program (KidCare Administration)	93.767	MED140	2,823,008
Total Federal Awards			<u>245,369,778</u>
STATE MATCHING FUNDS			
General Revenue			
Medical, Dental, and Administration Appropriation	N/A	MED140	103,147,209
KidCare Appropriation	N/A	MED140	1,200,889
Total State Matching Funds			<u>104,348,098</u>
Total Federal Awards and State Matching Funds			<u><u>\$ 349,717,876</u></u>

FLORIDA HEALTHY KIDS CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE
MATCHING FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards and State Matching Funds (the Schedule) includes the federal awards and state matching fund activity of Florida Healthy Kids Corporation under programs of the federal and state government for the year ended June 30, 2025 in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Florida Healthy Kids Corporation it is not intended to and does not present the financial position, changes in net assets, or cash flows of Florida Healthy Kids Corporation.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Note 3. De Minimis Indirect Cost Rate Election

Florida Healthy Kids Corporation has elected not to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.

Note 4. Subrecipients

For the year ended June 30, 2025, there were no pass through amounts to subrecipients.

**FLORIDA HEALTHY KIDS CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

I. Summary of Auditors' Results:

Financial Statements

Type of audit report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiencies identified? _____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

Federal Awards

Internal control over major Federal programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiencies identified? _____ yes X none reported

Types of auditors' report issued on compliance for major Federal programs:

Unmodified

Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ yes X no

Identification of major Federal programs:

<u>Federal Program</u>	<u>Federal Assistance Listing Number</u>
Children's Health Insurance Program	93.767
Dollar threshold used to distinguish between type A and type B Federal programs:	\$ 3,000,000
Auditee qualified as low-risk auditee	<u> X </u> yes _____ no

II. Financial Statement Findings: None.

III. Federal Award Findings and Questions Costs: None.

IV. Federal Award Summary Schedule of Prior Year Findings: There were no audit findings for the year ended June 30, 2025.



Date of audit

Board of Directors,
Florida Healthy Kids Corporation:

We have audited the financial statements of Florida Healthy Kids Corporation (the “Corporation”) as of and for the year ended June 30, 2025, and have issued our report thereon dated (date of audit). Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Comparative Financial Statement Audit

As communicated in our letter dated September 19, 2025, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Corporation solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm has complied with all relevant ethical requirements regarding independence.

In order to eliminate threats to independence related to nonattest services that we provide you, we have instituted a quality control review over all nonattest work. In addition, in the engagement letter, we identified a person within your Corporation with the skills, knowledge and expertise to review our nonattest work on your behalf.

Significant Risks Identified

We have identified the following significant risks as part of the planned scope of the audit, as required by Statement on Auditing Standards 134:

- Override of internal controls by management. Our responses to the significant risk included incorporating an element of unpredictability in designing audit procedures, obtaining an understanding of the process and related controls over journal entries and other adjustments, testing journal entries and other adjustments, reviewing significant accounting estimates for evidence of management bias, and obtaining an understanding of management's rationale for significant and unusual transactions.
- Management improperly recognizing revenue due to fraud. Our responses to the significant risk included substantively testing of revenues through third-party confirmations and performing predictive tests over revenue.
- Improper use of restricted resources. Our response to the significant risk included testing of allocation of expenses and performing and confirmation of revenues.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Corporation is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during year ended June 30, 2025. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates and Related Disclosures

Accounting estimates and related disclosures are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements for the year ended June 30, 2025 are:

Management's estimate of Net Position by Program is based on the costs of providing the various programs and other activities. We evaluated the key factors and assumptions used to develop the Net Position by Program allocation in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting Florida Healthy Kids Corporation's financial statements relate to: concentrations.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. We identified no such transactions.

Significant Difficulties Encountered during the Audit

We encountered no difficulties in dealing with management relating to the performance of our audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Corporation's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated (date of audit).

Management's Consultations with Other Accountants

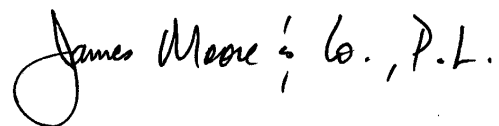
In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that there were consultations with other accountants regarding auditing and accounting matters. The Corporation engaged an outside accountant for completion of a Quality Assurance Review.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Corporation, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year and operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Corporation's auditors.

This report is intended solely for the use of the Board of Directors and management of the Corporation and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive, flowing style.

James Moore & Co., P.L.

Tab 4C

Amendment to
Fiscal Year 2025-26
Approved Budget

Florida Healthy Kids Corporation
Proposed Amendment to the Consolidated Budget
Fiscal Year 2025-26

	[A]	[B]	[B]-[A]=[C]
	2025-26 Approved Budget (Initial)	2025-26 Approved Budget (First Amend)	Increase/ (Decrease)
Operating Budget			
Revenues			
1 Federal	\$ 297,957,561	\$284,277,616	\$ (13,679,945)
2 State	\$ 127,420,337	\$121,570,133	\$ (5,850,204)
3 Participant Premiums	\$ 108,463,531	\$105,169,319	\$ (3,294,212)
4 KidCare Administration	\$ 5,762,736	\$ 5,117,070	\$ (645,666)
5 Total Revenues	\$ 539,604,165	\$ 516,134,138	\$ (23,470,027)
Program Services			
6 Medical Carriers	\$ 471,676,151	\$453,398,969	\$ (18,277,182)
7 Dental Carriers	\$ 38,065,351	\$ 36,342,314	\$ (1,723,037)
8 Service Organizations	\$ 22,840,319	\$ 19,300,511	\$ (3,539,808)
9 Salaries & Benefits	\$ 3,526,735	\$ 3,596,735	\$ 70,000
10 Marketing & Outreach	\$ 1,050,000	\$ 1,050,000	\$ -
11 External Quality Review	\$ 544,881	\$ 544,881	\$ -
12 Professional & Consulting Services	\$ 1,231,263	\$ 1,231,263	\$ -
13 Total Program Services	\$ 538,934,700	\$ 515,464,673	\$ (23,470,027)
General & Administrative			
14 Occupancy	\$ 153,314	\$ 153,314	\$ -
15 IT Services & Communications	\$ 253,500	\$ 253,500	\$ -
16 Meetings & Travel	\$ 50,000	\$ 50,000	\$ -
17 Corporate Insurance	\$ 40,000	\$ 40,000	\$ -
18 Training	\$ 12,500	\$ 12,500	\$ -
19 Office	\$ 95,000	\$ 95,000	\$ -
20 Depreciation	\$ 65,151	\$ 65,151	\$ -
21 Total General & Administrative	\$ 669,465	\$ 669,465	\$ -
22 Total Operating Expenses	\$ 539,604,165	\$ 516,134,138	\$ (23,470,027)
23 Change in Fund Net Position	\$ -	\$ -	\$ -
Corporate Funds			
24 Staff & Board	\$ 7,000	\$ 7,000	\$ -
25 TPA Services	\$ 567,000	\$ 567,000	\$ -
26 Consulting Support	\$ 250,000	\$ 250,000	\$ -
27 KidCare+ Enhanced Mktg. Campaign ¹	\$ 750,000	\$ 750,000	\$ -
28 Other	\$ 12,500	\$ 12,500	\$ -
29 Total Use of Corporate Funds	\$ 1,586,500	\$ 1,586,500	\$ -
30 Adjusted Change in Fund Net Position	\$ (1,586,500)	\$ (1,586,500)	\$ -

Nonoperating revenue, such as medical loss ratio rebates, interest earnings and liquidated damages, is not budgeted and recorded when received.

Notes:

¹ The Board of Directors authorized the use of the Corporation's private funds in the amount of \$750,000 for a marketing campaign to promote HB 121 (increases the income eligibility limit for CHIP coverage from 200% to 300% of the federal poverty level) at a meeting held on August 10, 2023. The unexpended 2023-24 year-end balance of \$750,000 was carried forward to FY 2024-25. The unexpended 2024-25 year-end balance of \$750,000 was carried forward to FY 2025-26.

Tab 5

Chief Operating Officer Report



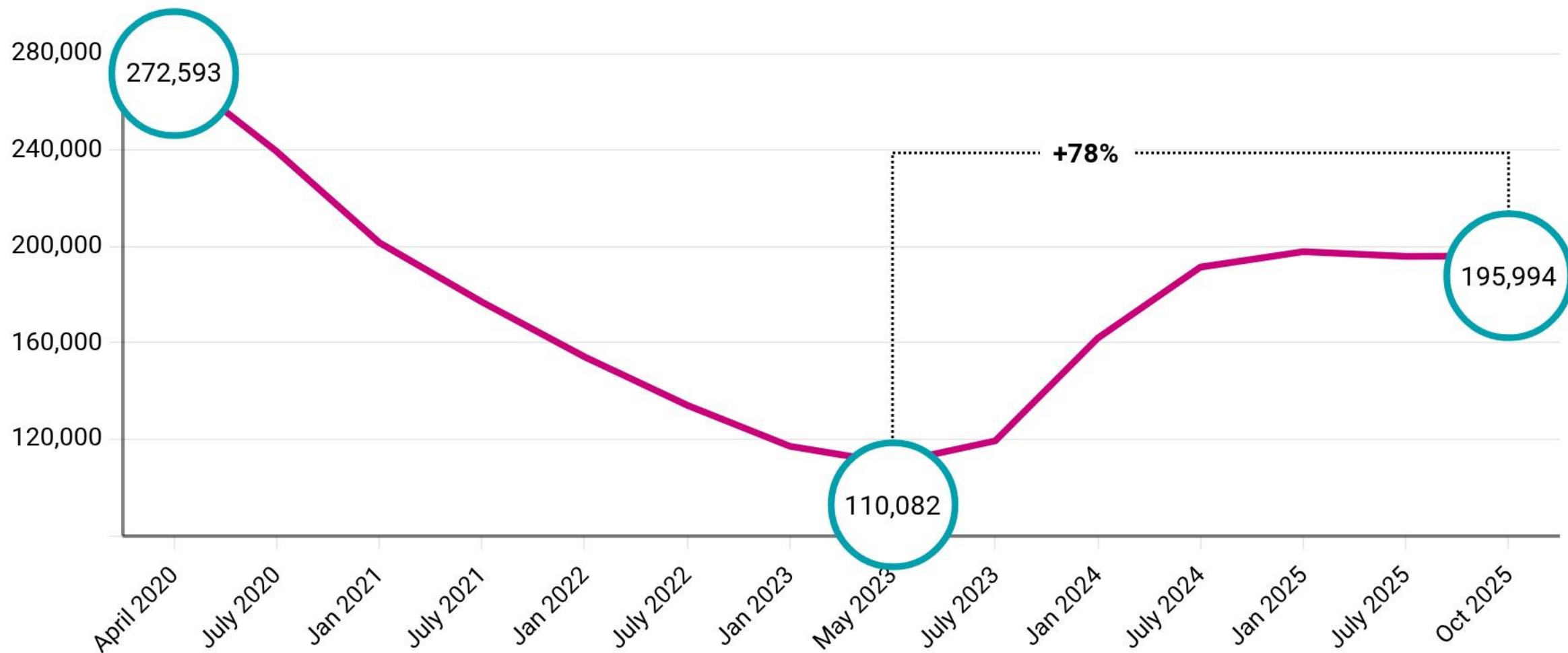
Chief Operating Officer Report

October 23, 2025



KidCare Enrollment

CMS Health Plan, Healthy Kids CHIP and Full Pay, MediKids CHIP and Full Pay

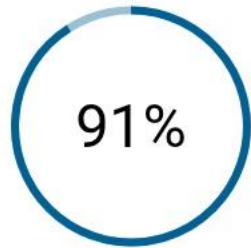




Florida Healthy Kids Dental Plan Performance

Potential Enrollee Impact

Dental Plans Average Performance July 2024 through June 2025



Average Speed to Answer

90% answered within 30 seconds.



First Call Resolution

90% of initial calls addressed during the first call



Enrollment Files

100% in 2 days



Call Quality Assurance Monitoring

95% average score



Blocked Call Rate

Zero calls blocked



Enrollment Packages

100% in 5 days



Call Abandonment Rate

Less than 97% of all calls abandoned



Independent External Review

100% completed within timeframes



Ad Hoc Enrollment Data

100% in 1 day



Potential Provider Impact

Dental Plans Average Performance July 2024 through June 2025

100%

Claims Payment
Financial Accuracy

98% free of errors

100%

Paper Claims
Processing

90% within 20 days

100%

Nonfinancial Claims
Payment Accuracy

95% free of errors

99%

Provider
Overpayment
Recovery

80% recovered in 60
days

100%

Electronic Claims
Processing

90% within 15 days



Potential Enrollee & Provider Impact

Dental Plans Average Performance July 2024 through June 2025

100%

Standard Prior
Authorization

100% in 14 days

93%

Appointment Access
Standards

90% within timeframes

100%

Expedited Prior
Authorization

100% in 72 hours

100%

Grievance and Appeal
Resolution

100% within timeframes

100%

Systems Availability

100% available within 48
hours



Florida Healthy Kids Health Plan Performance

Potential Enrollee Impact

Health Plans Average Performance CY 2024 through June 2025



Average Speed to Answer
90% answered within 30 seconds.



First Call Resolution
90% of initial calls addressed during the first call



Enrollment Files
100% in 2 days



Call Quality Assurance Monitoring
95% average score



Blocked Call Rate
Zero calls blocked



Enrollment Packages
100% in 5 days



Call Abandonment Rate
Less than 97% of all calls abandoned



Independent External Review
100% completed within timeframes



Ad Hoc Enrollment Data
100% in 1 day



Potential Provider Impact

Health Plans Average Performance CY 2024 through June 2025

97.6%

Claims Payment
Financial Accuracy

98% free of errors

98.6%

Paper Claims
Processing

90% within 20 days

99.4%

Nonfinancial Claims
Payment Accuracy

95% free of errors

98.1%

Provider Overpayment
Recovery

80% recovered in 60 days

98.8%

Electronic Claims
Processing

90% within 15 days



Potential Enrollee & Provider Impact

Health Plans Average Performance CY 2024 through June 2025

100.0%

Standard Prior
Authorization

100% in 14 days

98.8%

Prescription Drug Prior
Authorization

100% in 24 hours

99.9%

Expedited Prior
Authorization

100% in 72 hours

95.6%

Appointment Access
Standards

90% within timeframes

100.0%

Systems Availability

100% available within 48
hours

99.9%

Grievance and Appeal
Resolution

100% within timeframes

Population Health Report



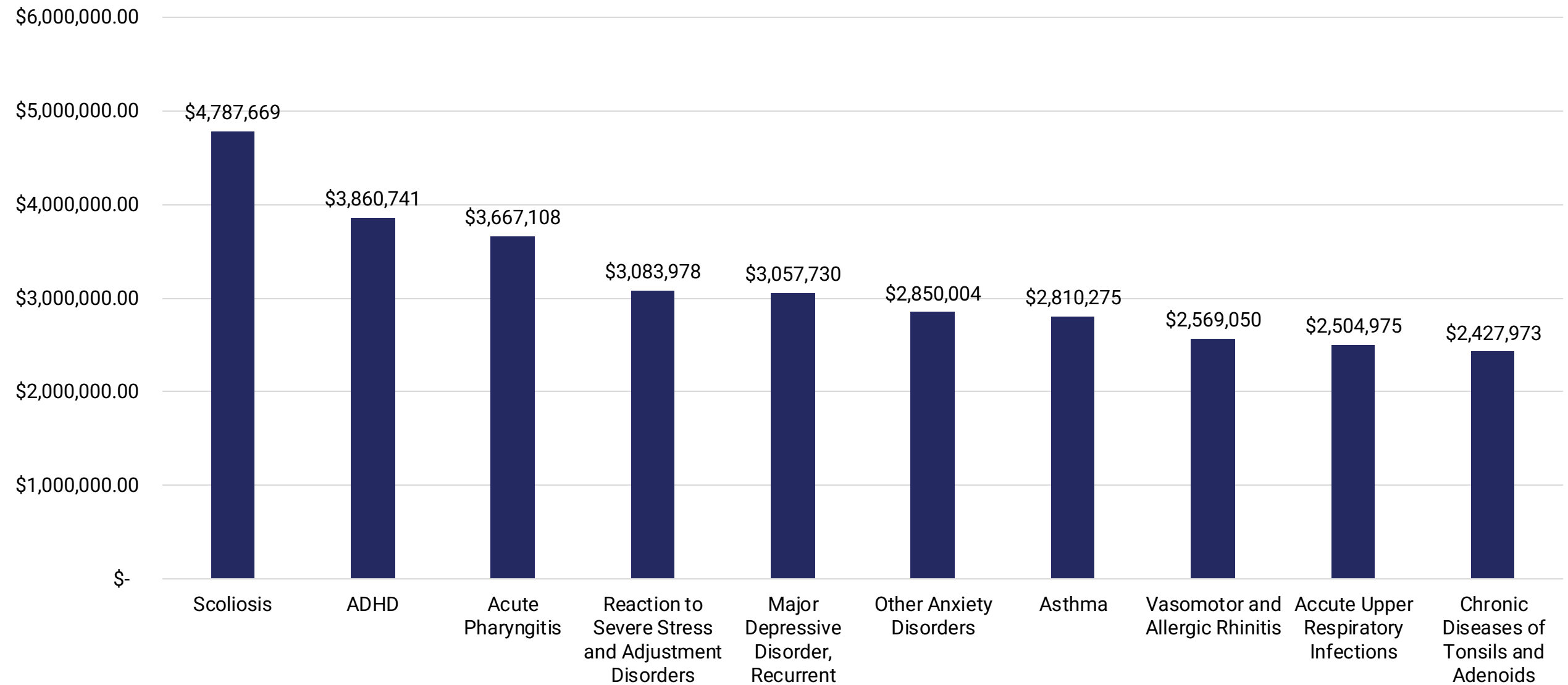


Top Diagnoses by Cost



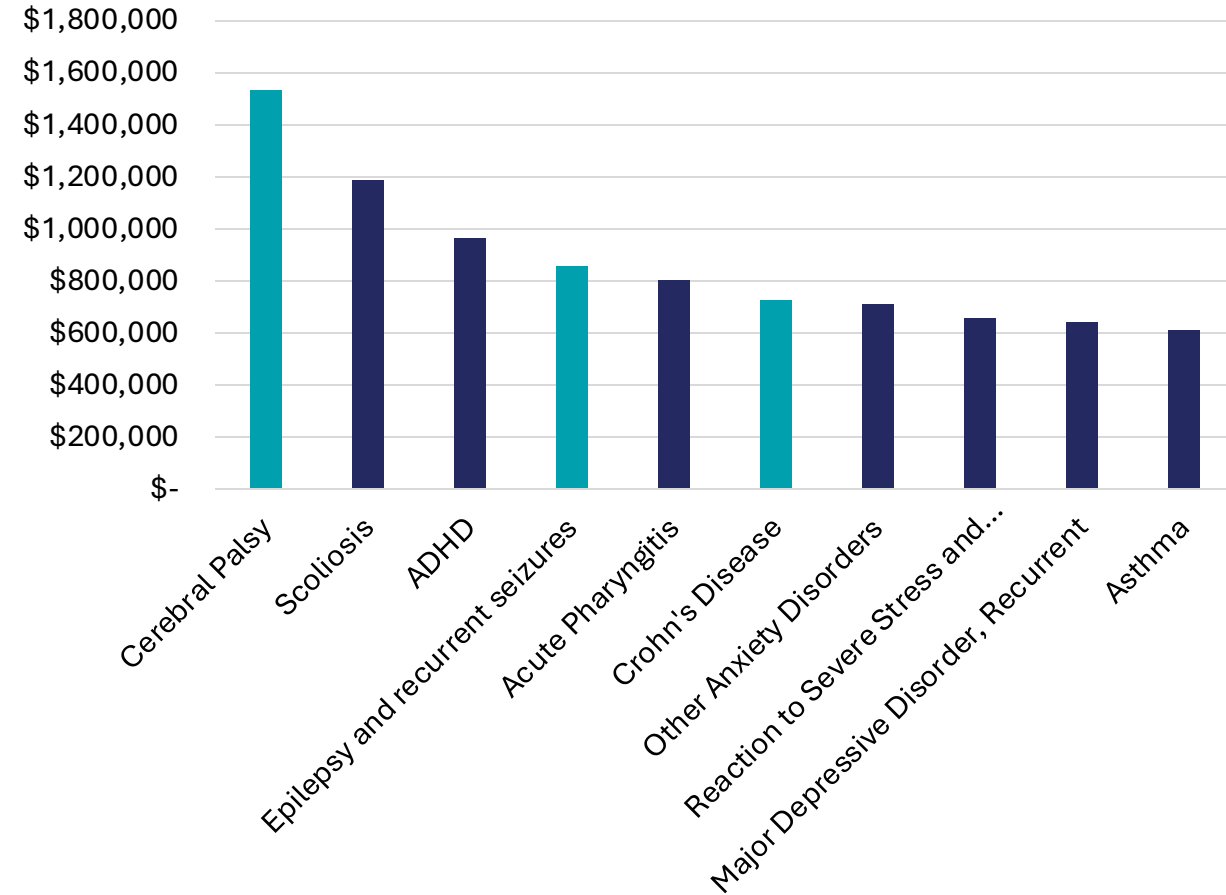
■ Musculoskeletal ■ Behavioral Health ■ Respiratory System

Top 10 Diagnoses by Cost

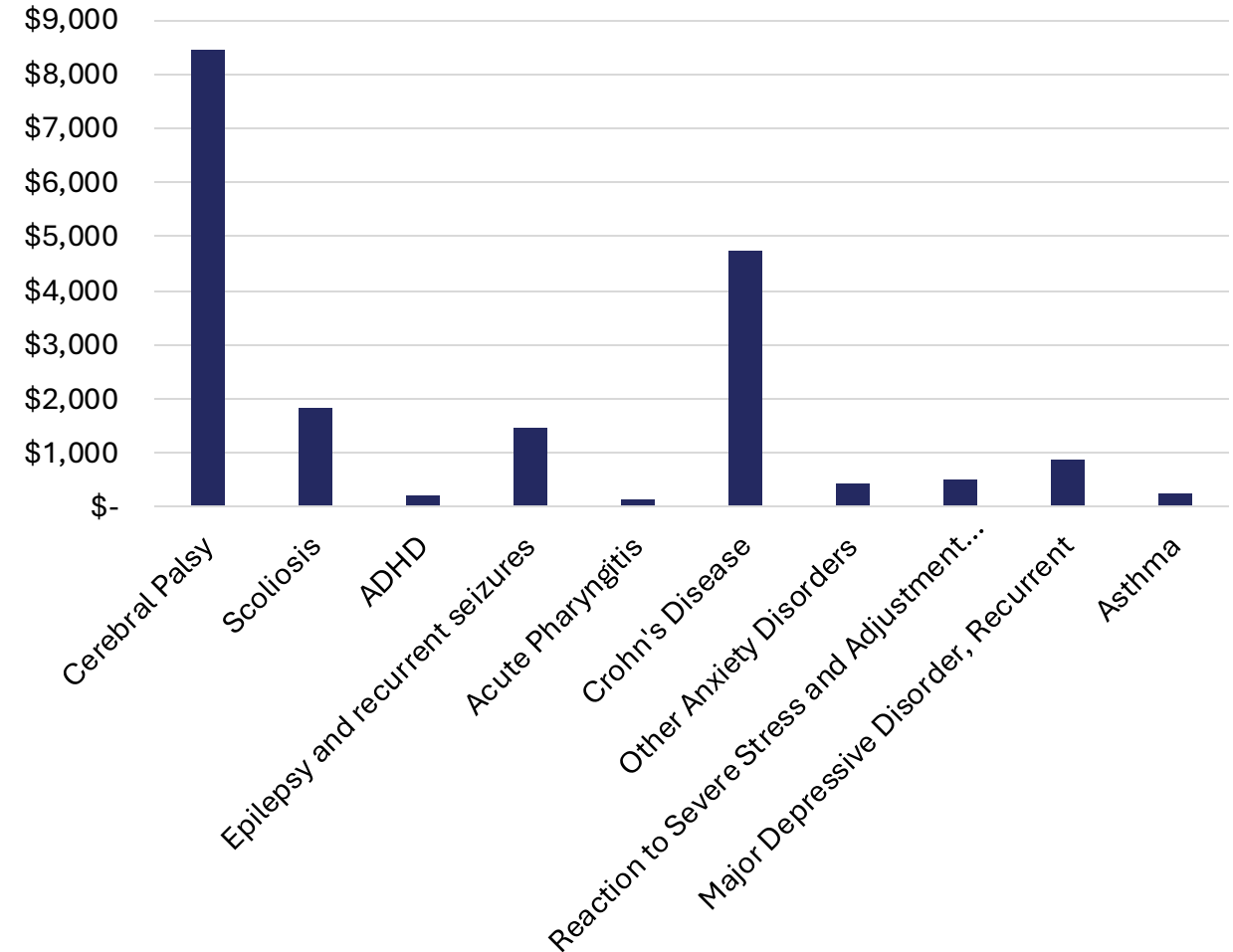


Top 10 Diagnoses by Cost, Full-Pay

Total Cost



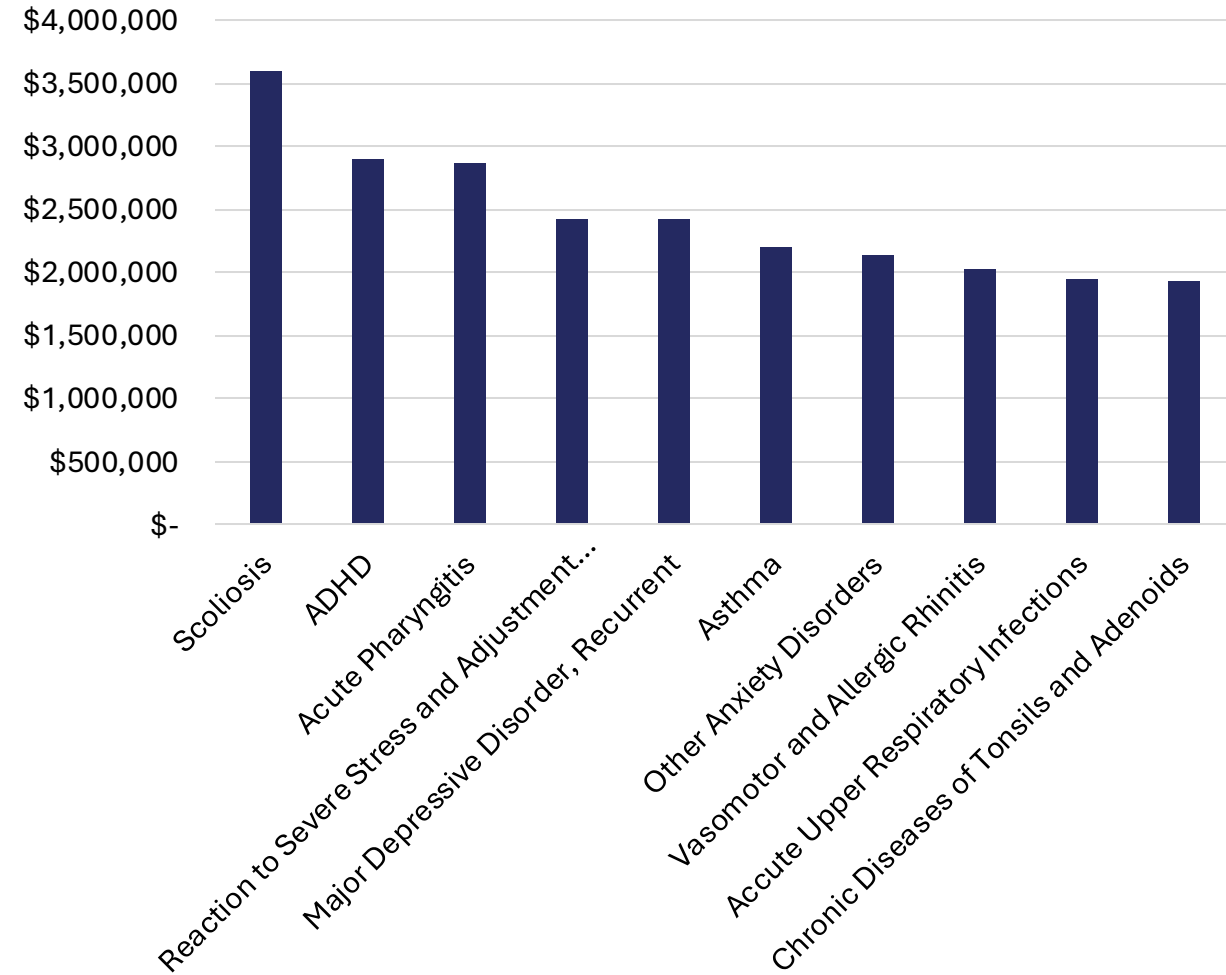
Cost per Unique Enrollee



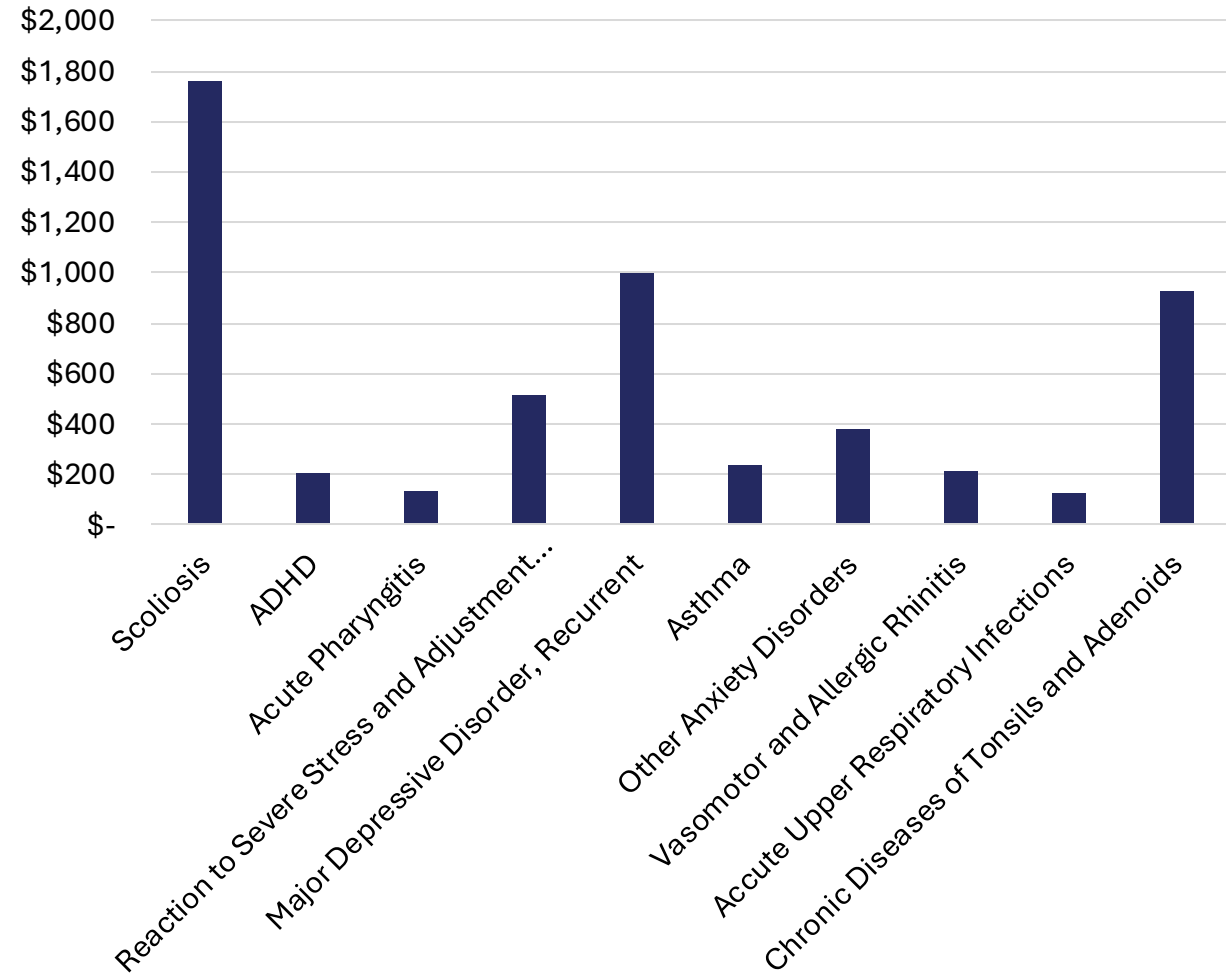
Teal bars are not in the overall top 10 on previous slide

Top 10 Diagnoses by Cost, Subsidized

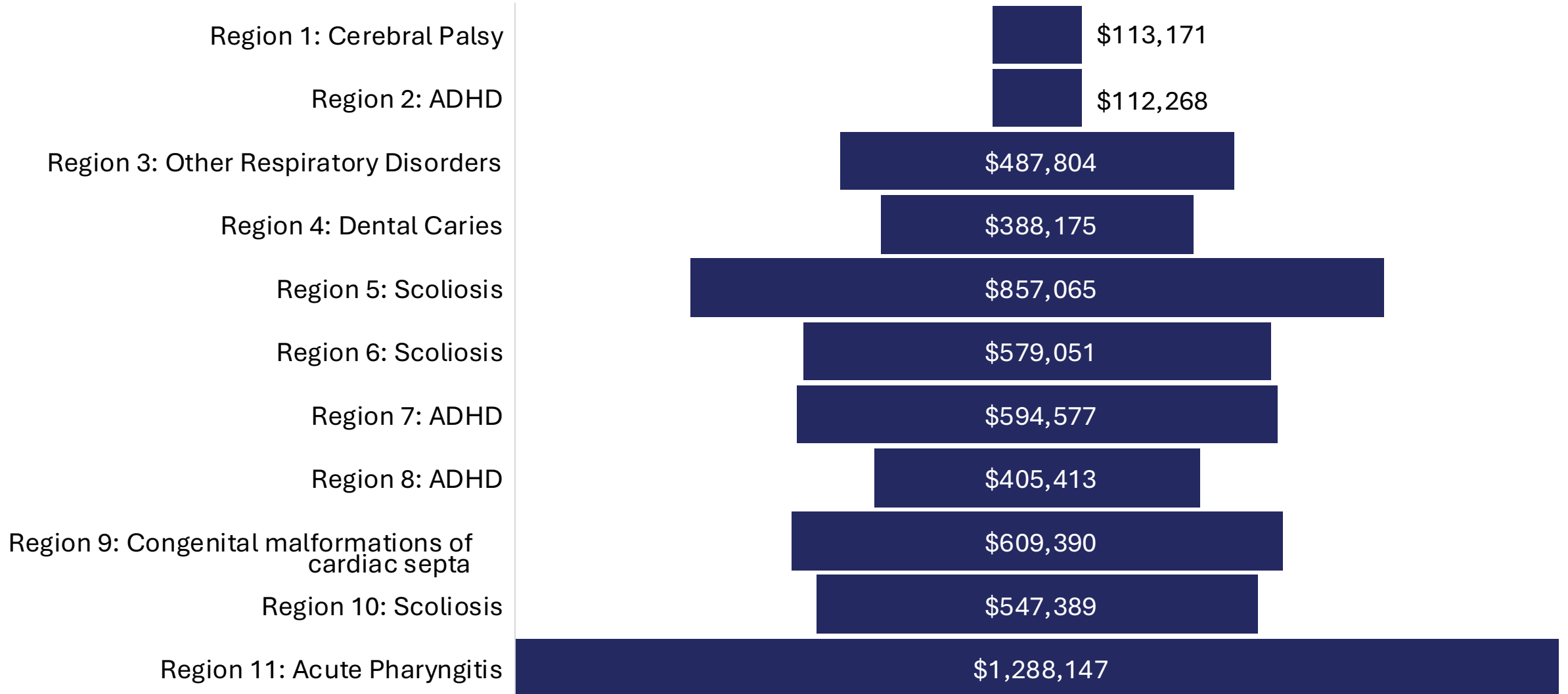
Total Cost



Cost per Unique Enrollee

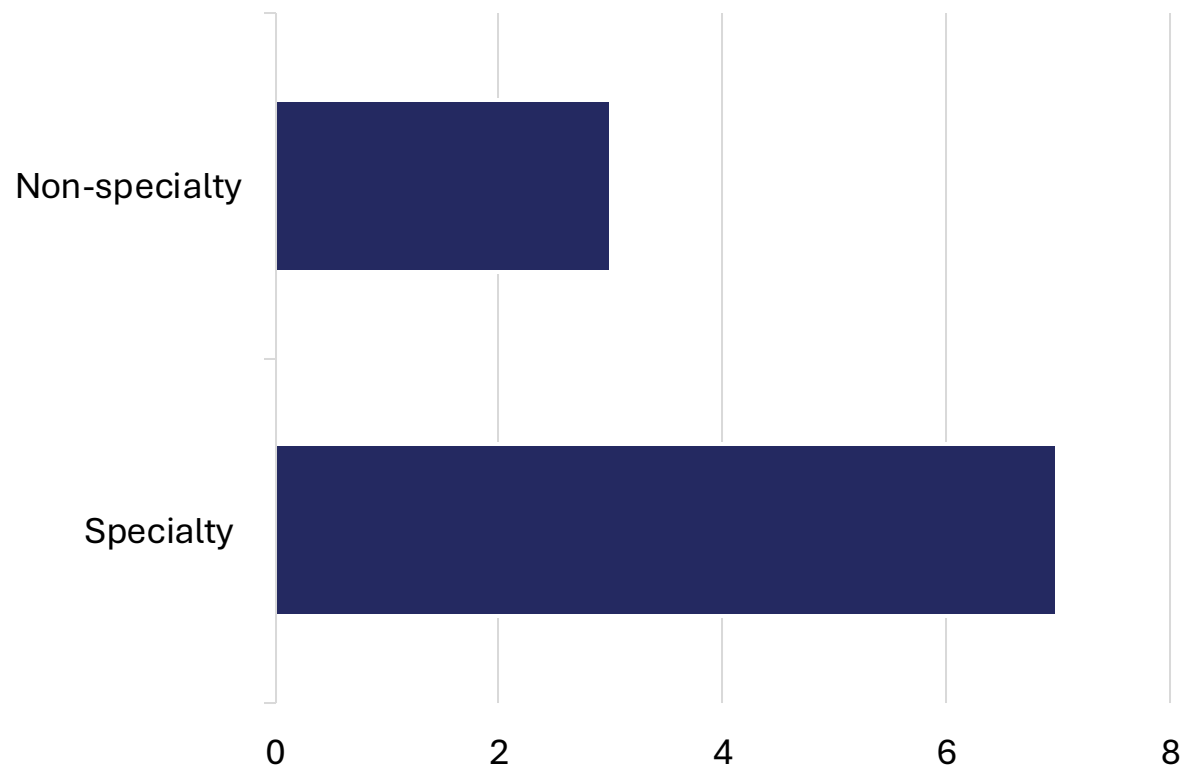


Top Diagnosis by Cost in Each Region

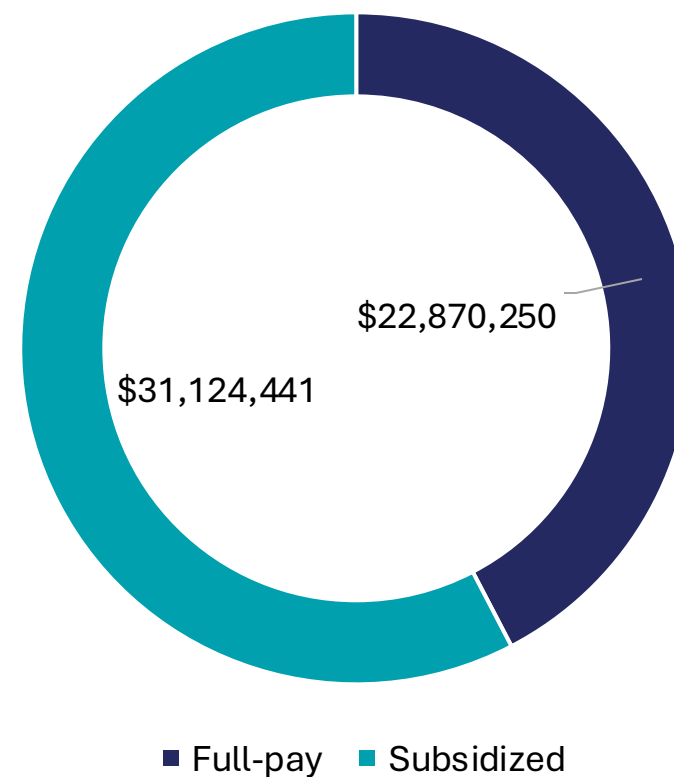


Top 10 Prescription Drugs by Cost

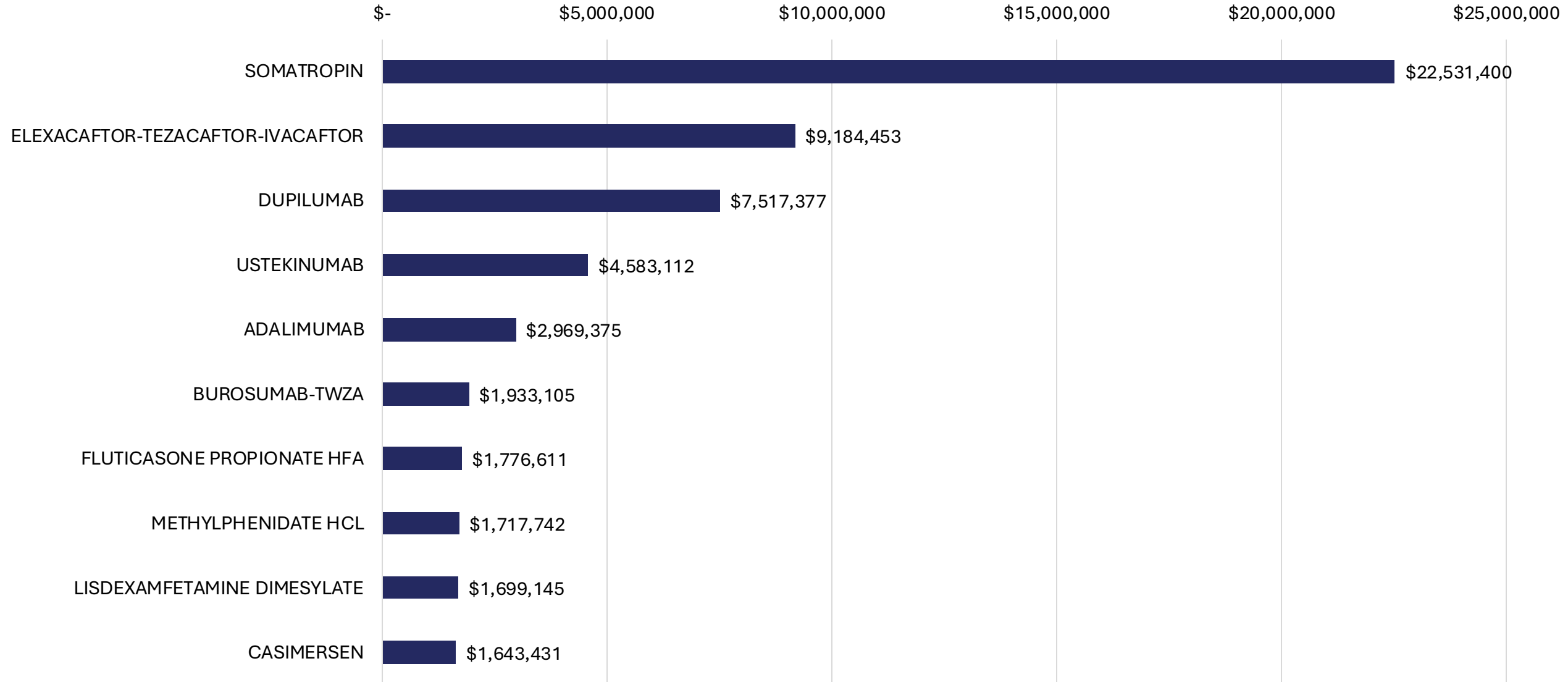
Non-specialty vs. Specialty



Subsidized vs. Full-Pay

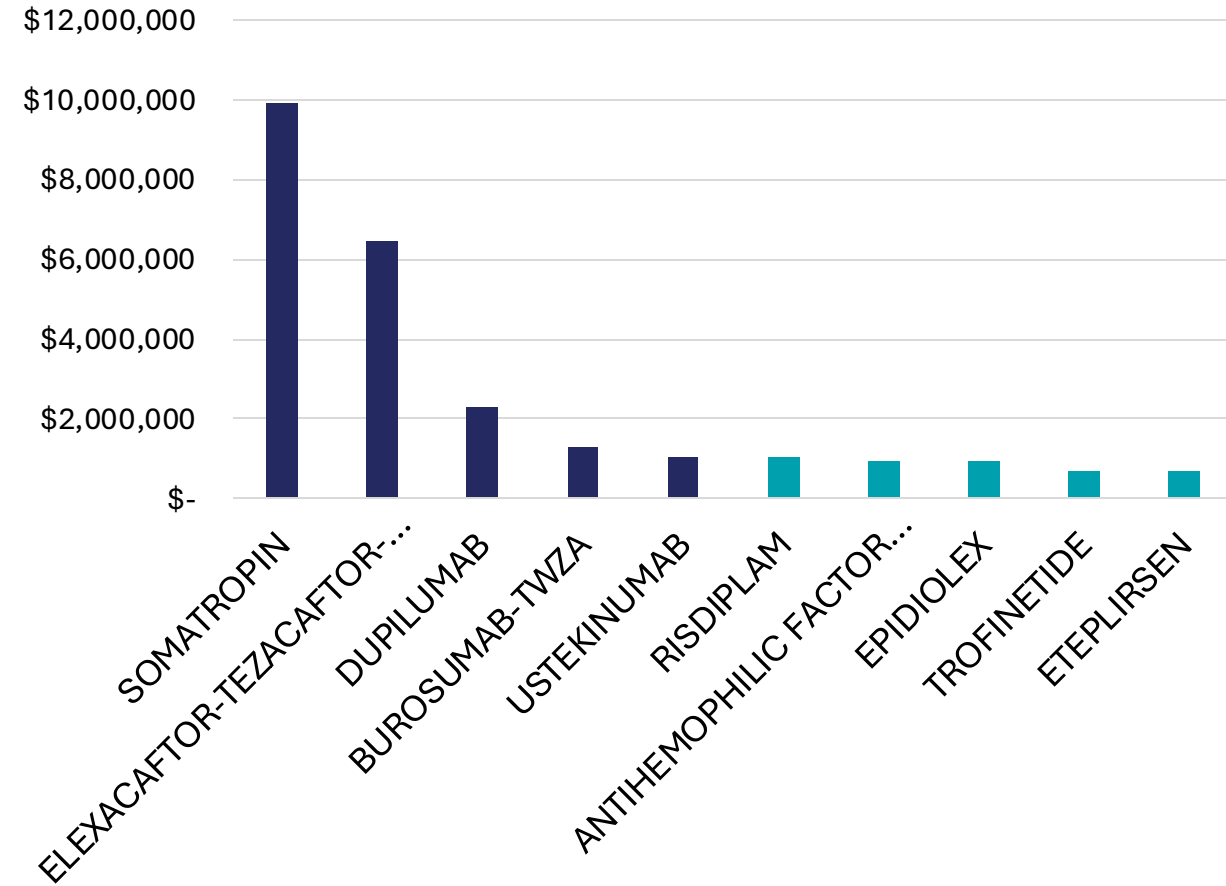


Top Prescription Drugs by Cost

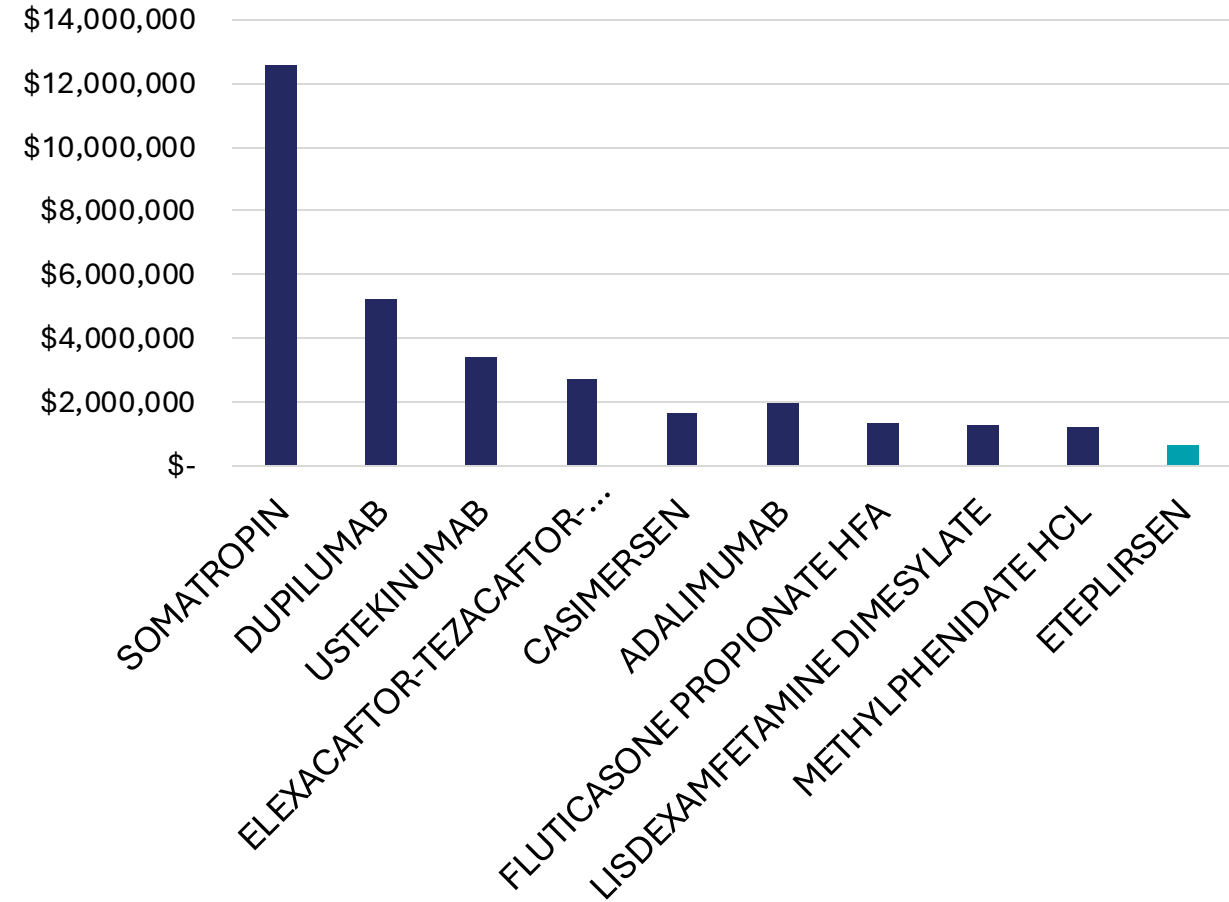


Top Prescription Drugs by Cost

Full-Pay

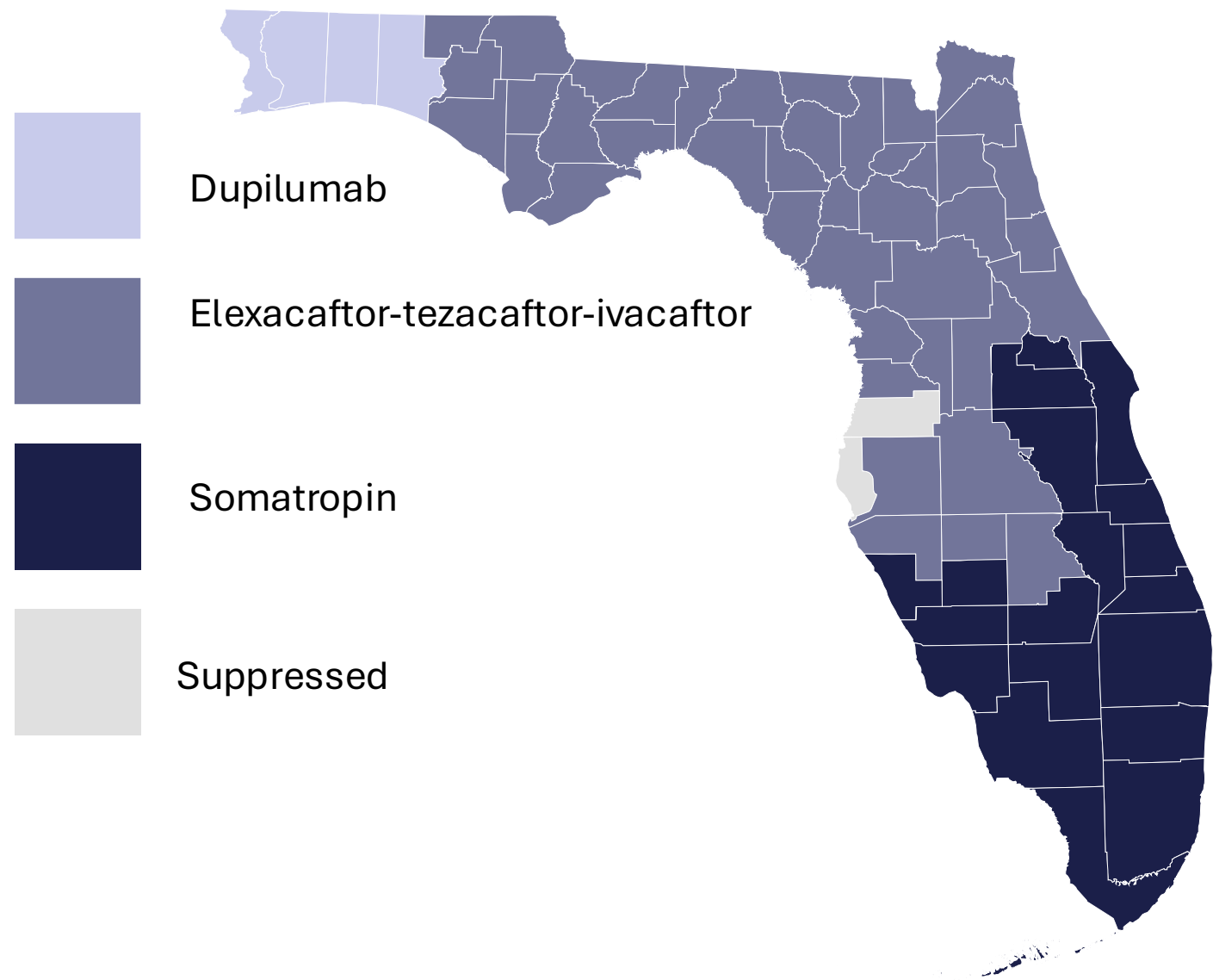


Subsidized



Teal bars are not in the overall top 10 on previous slide

Top Drug by Cost by Region

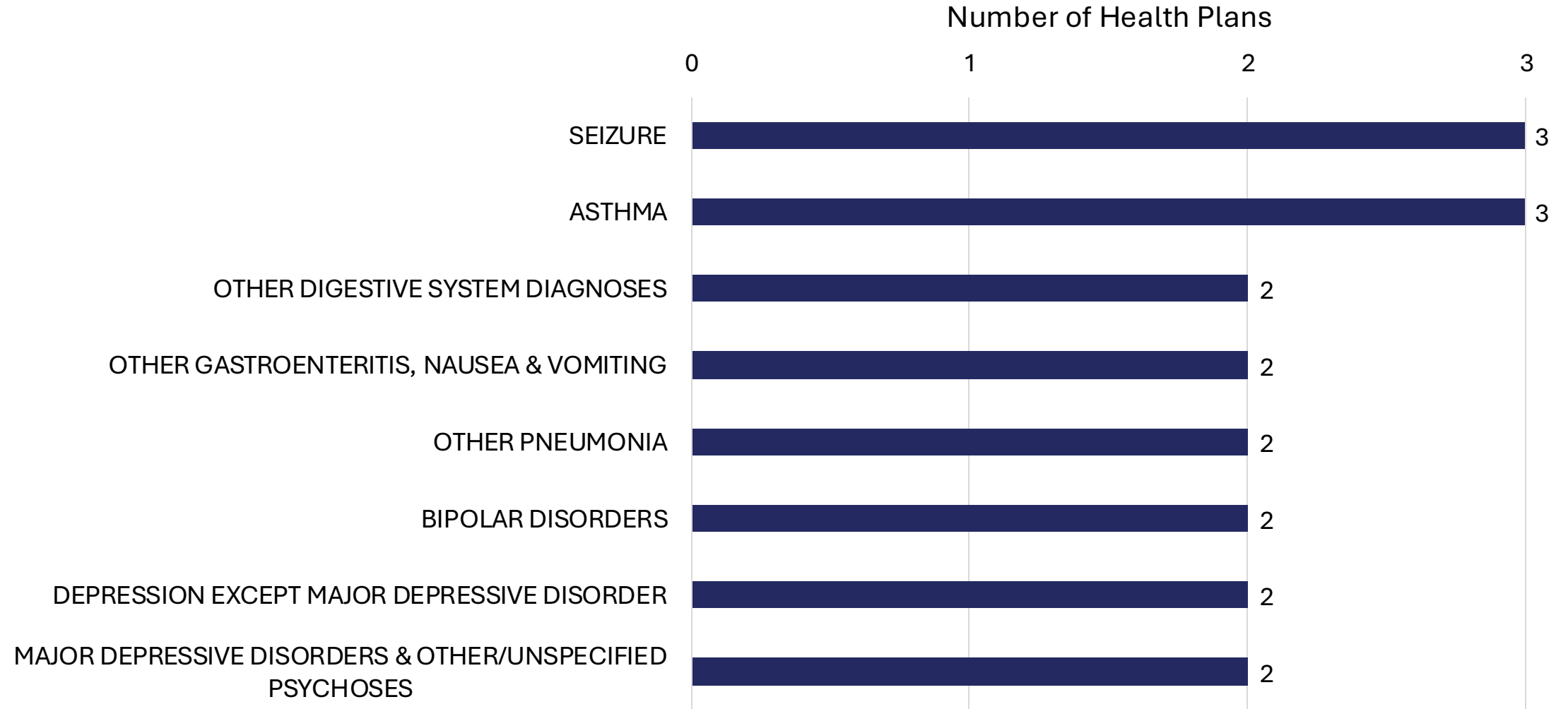


Potentially Preventable Events

- Software provides analysis of claims data
- Used to monitor trends
- Can help determine how to focus quality-related activities
- Available for hospital admissions, hospital readmissions, and emergency department visits



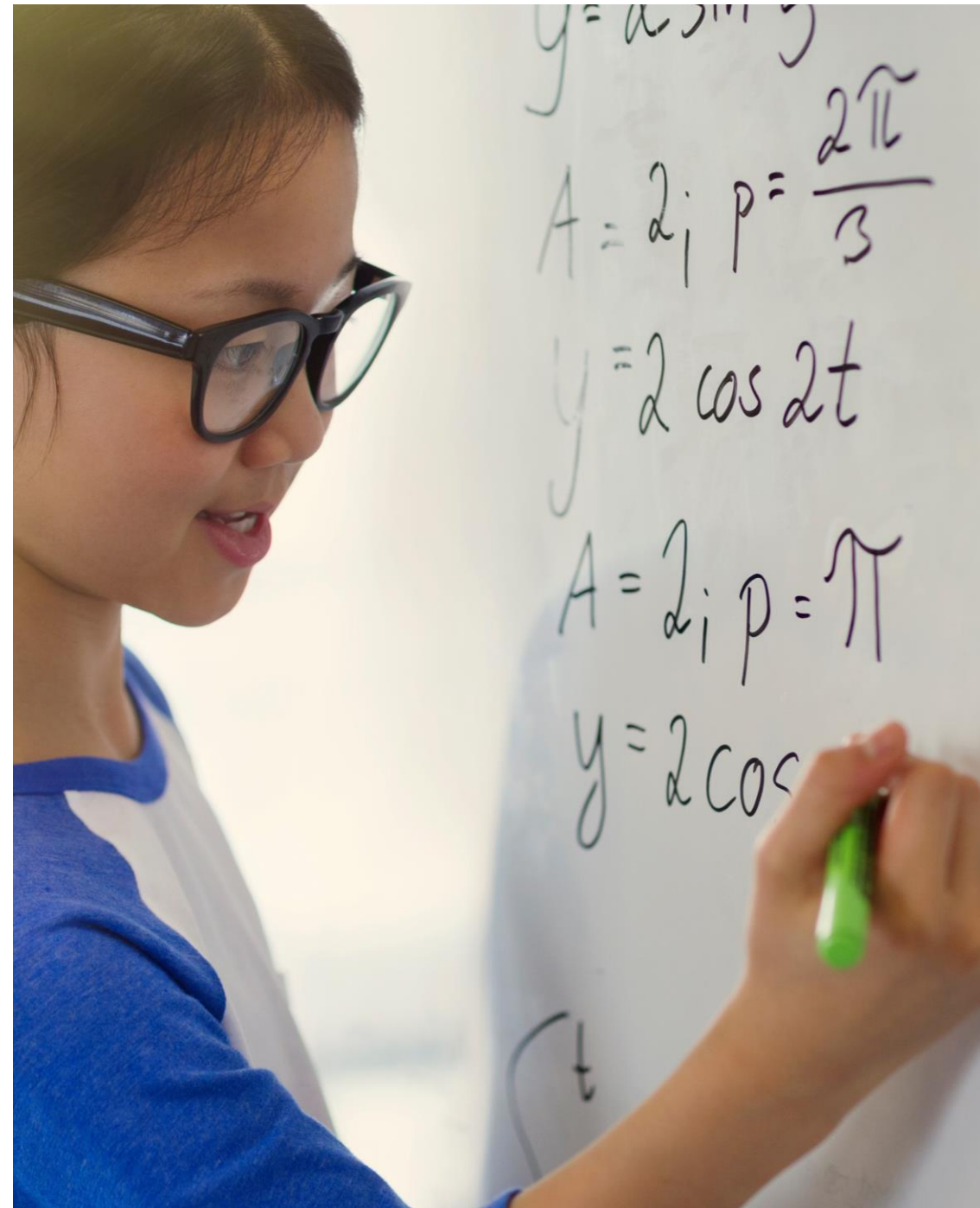
Potentially Preventable Admissions



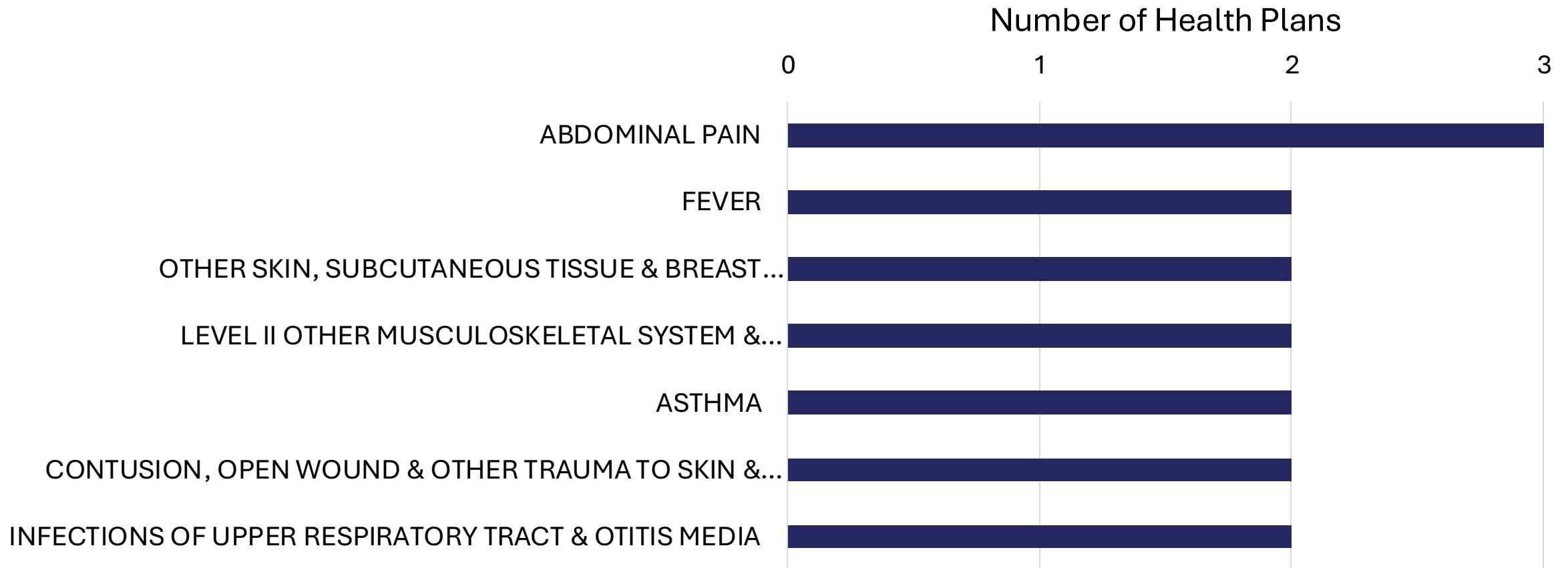
Potentially Preventable Readmissions



- Behavioral Health
- Skin and Subcutaneous Tissue
- Nervous System



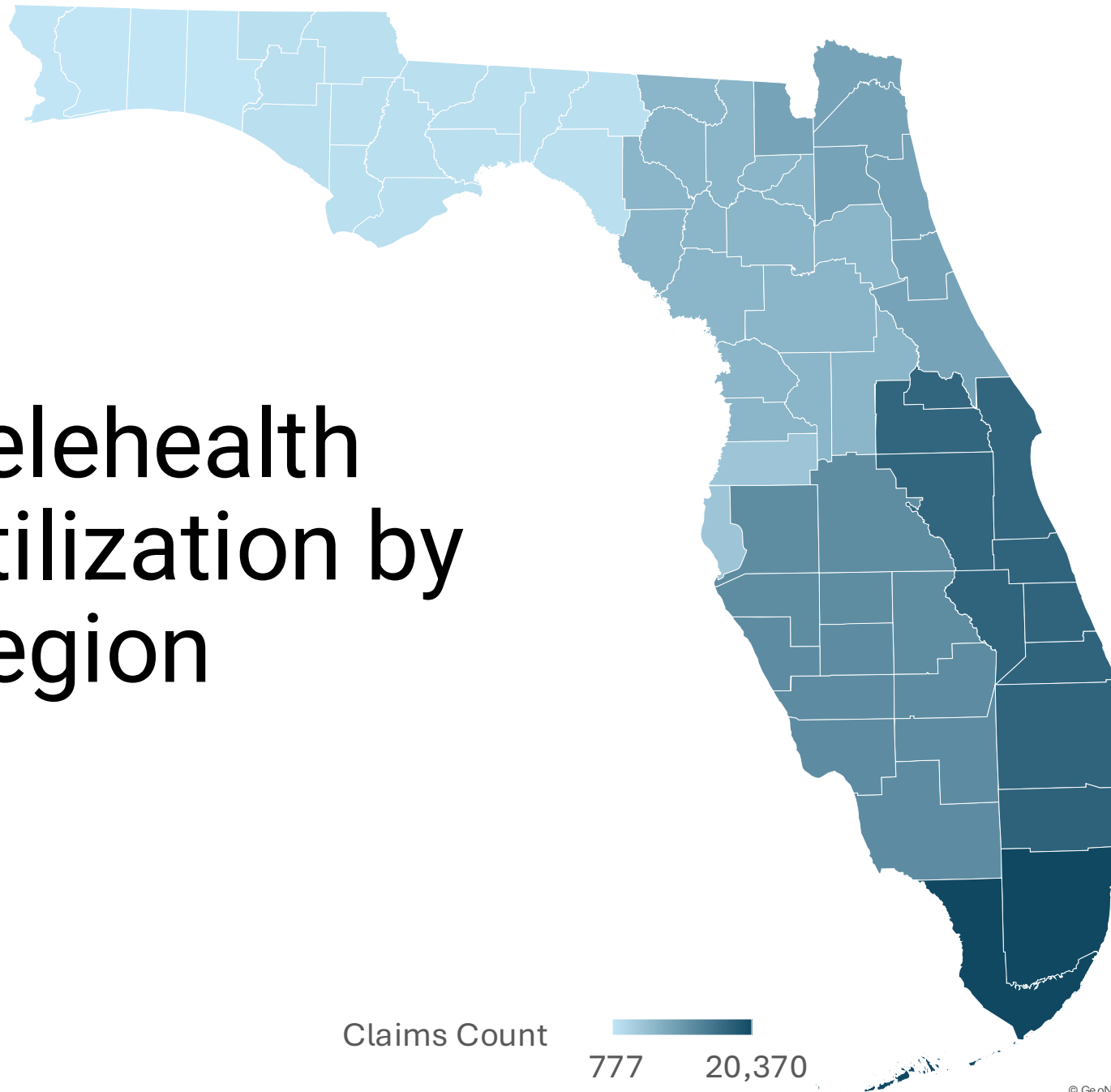
Potentially Preventable ED Visits



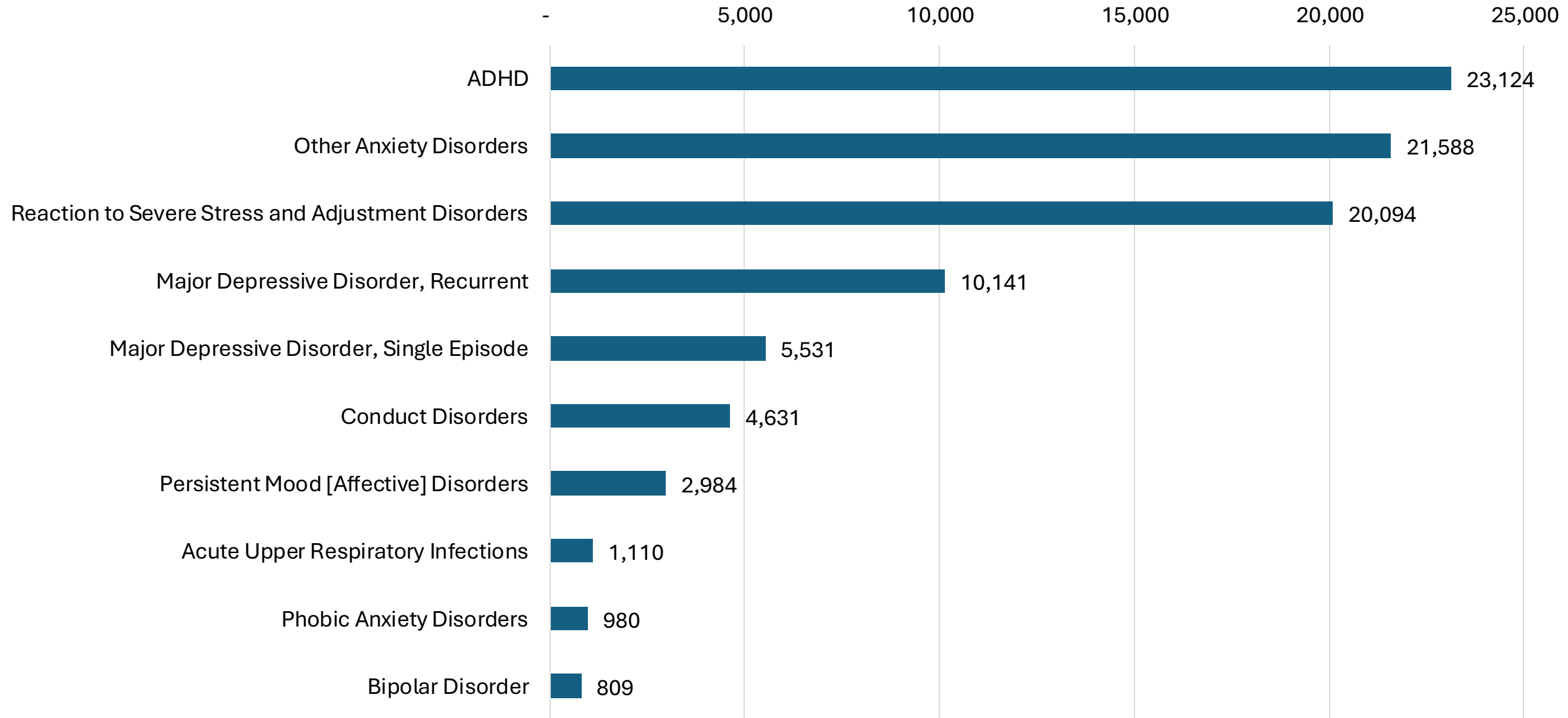
Primary Care Providers with Open Panels

Results 
79% 96%

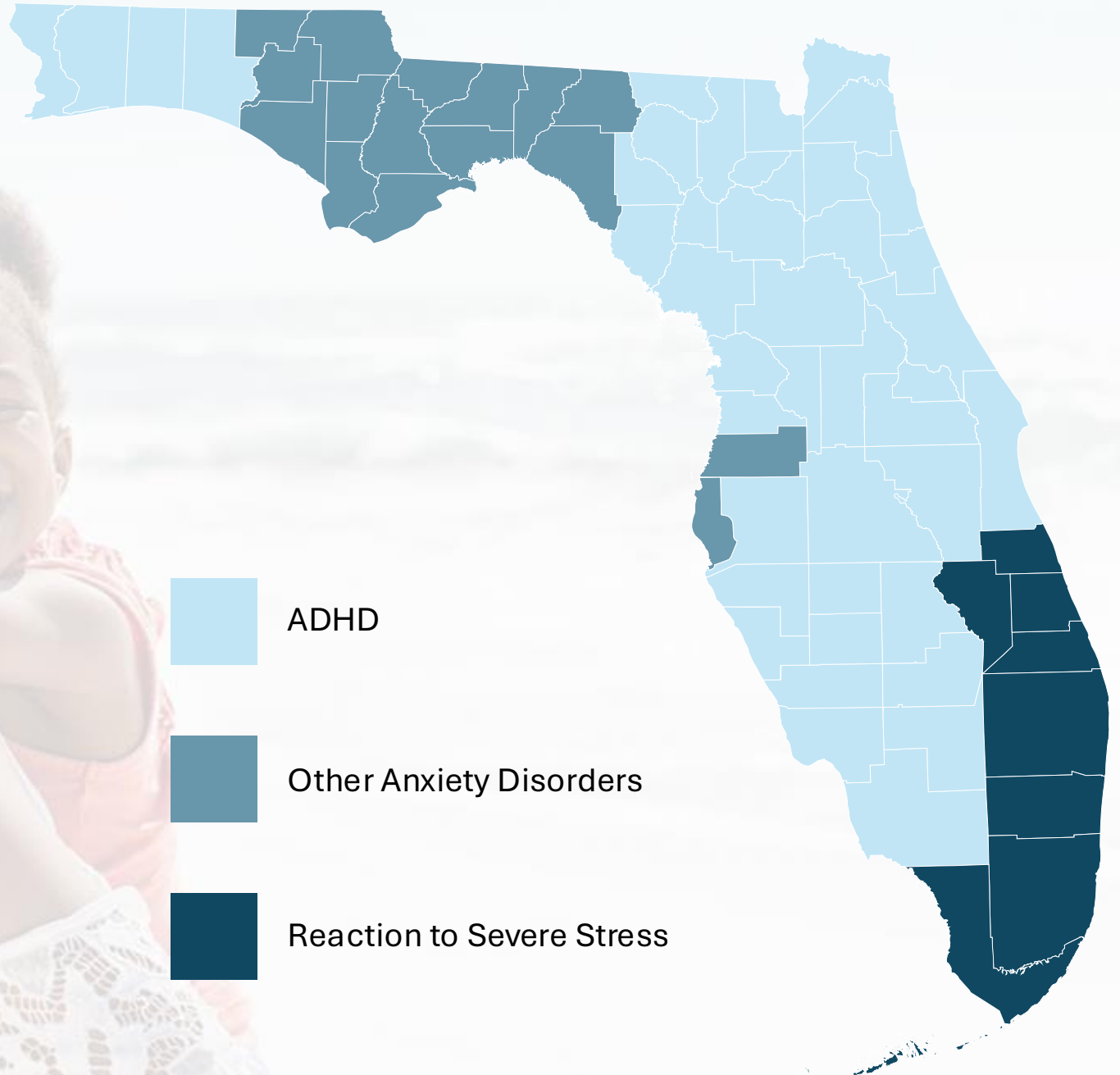
Telehealth Utilization by Region



Top 10 Telehealth Diagnoses by Claims Count

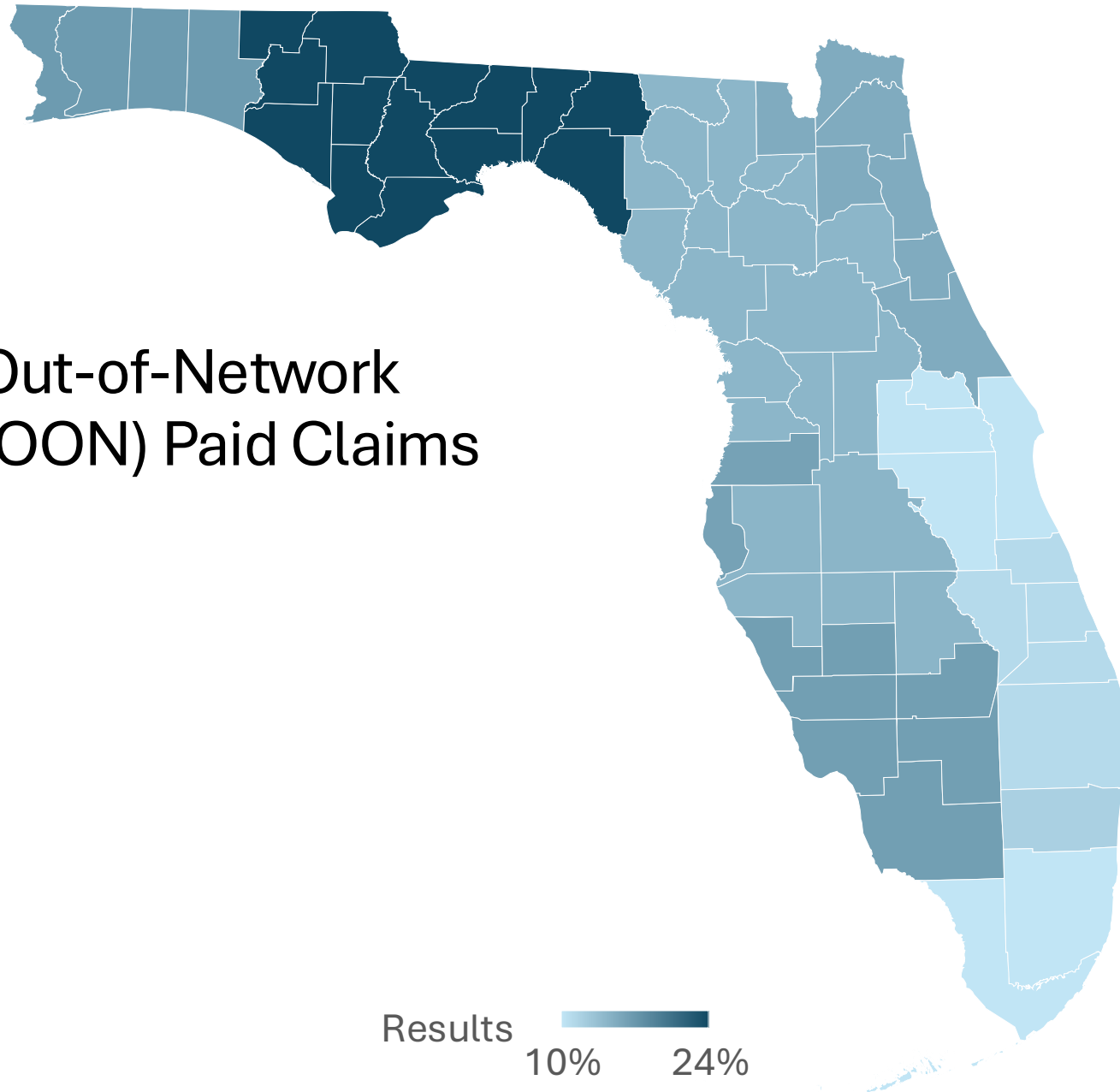


Telehealth Most Common Diagnosis by Region

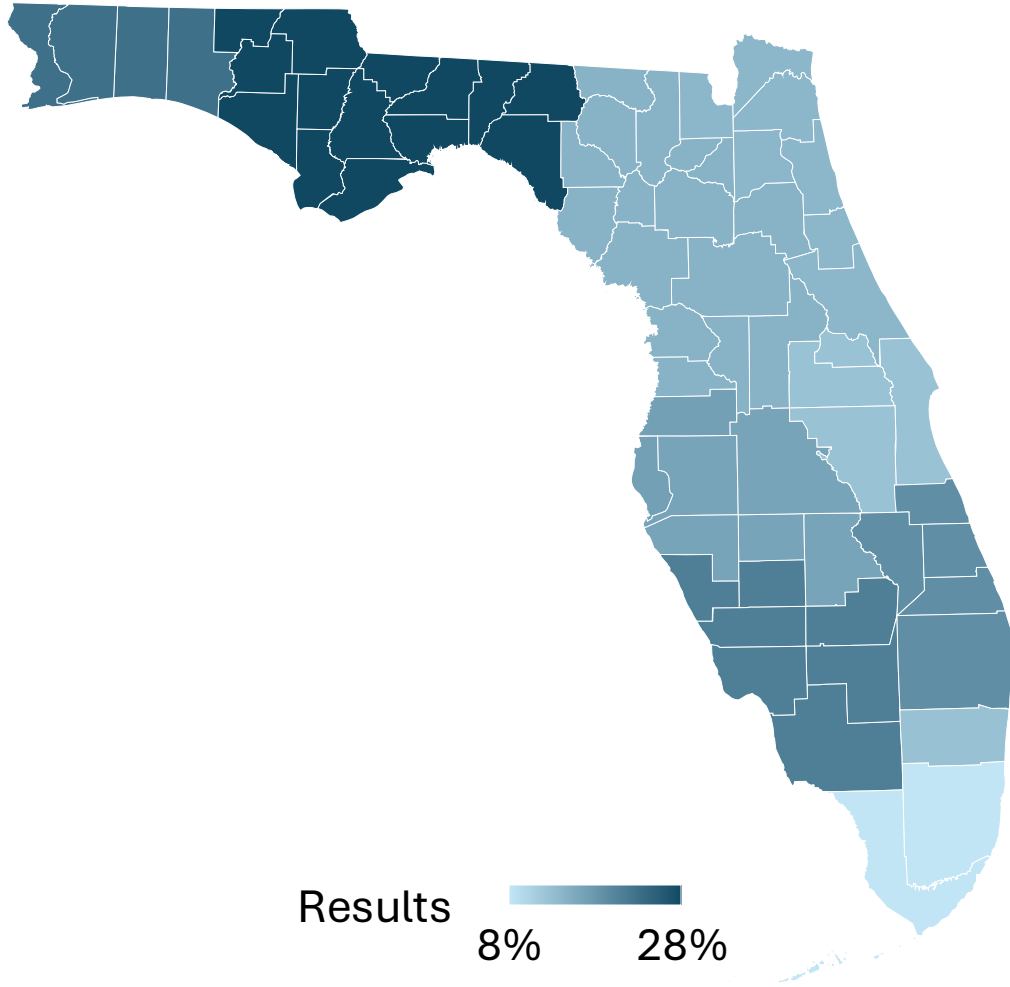




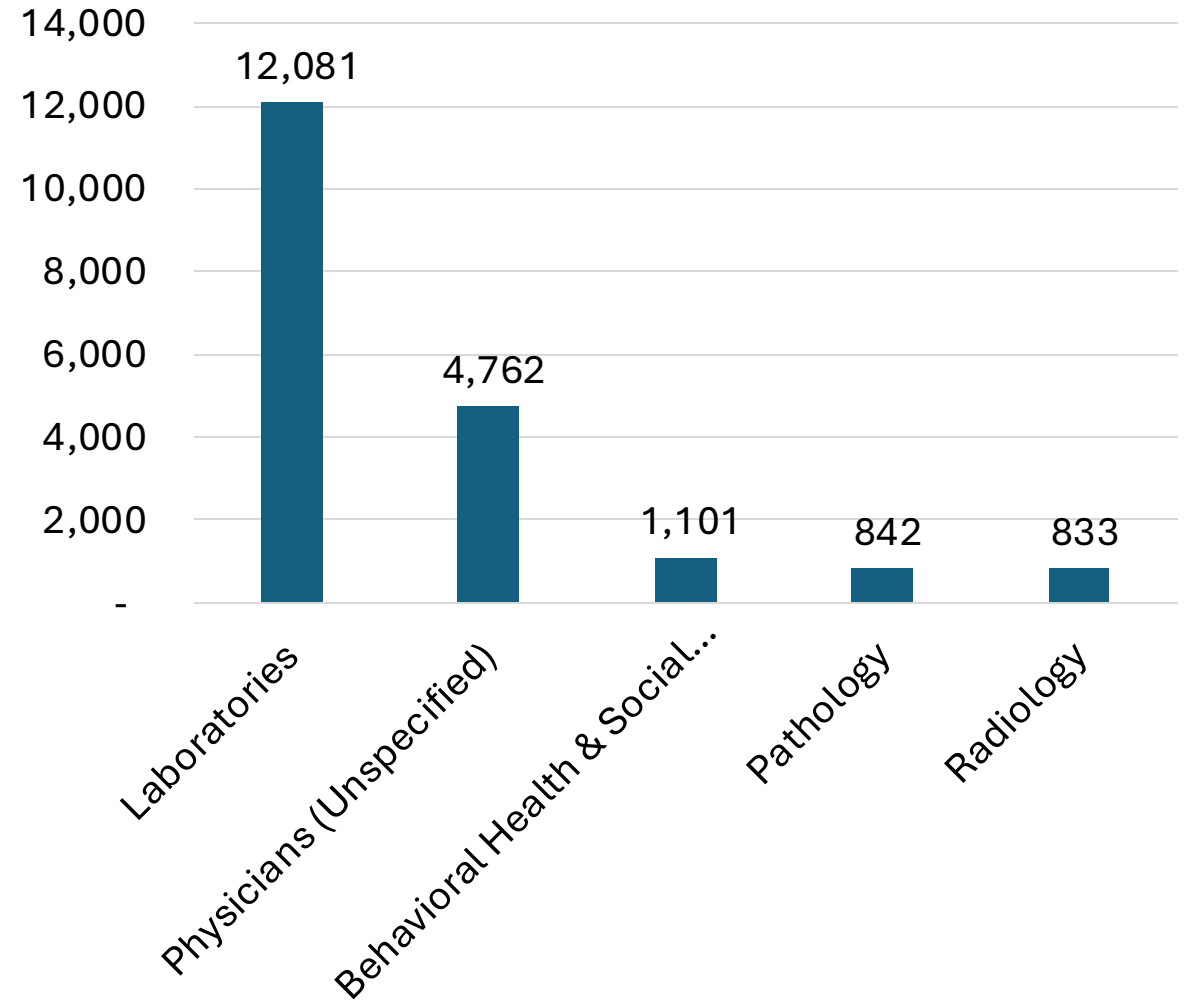
Out-of-Network (OON) Paid Claims



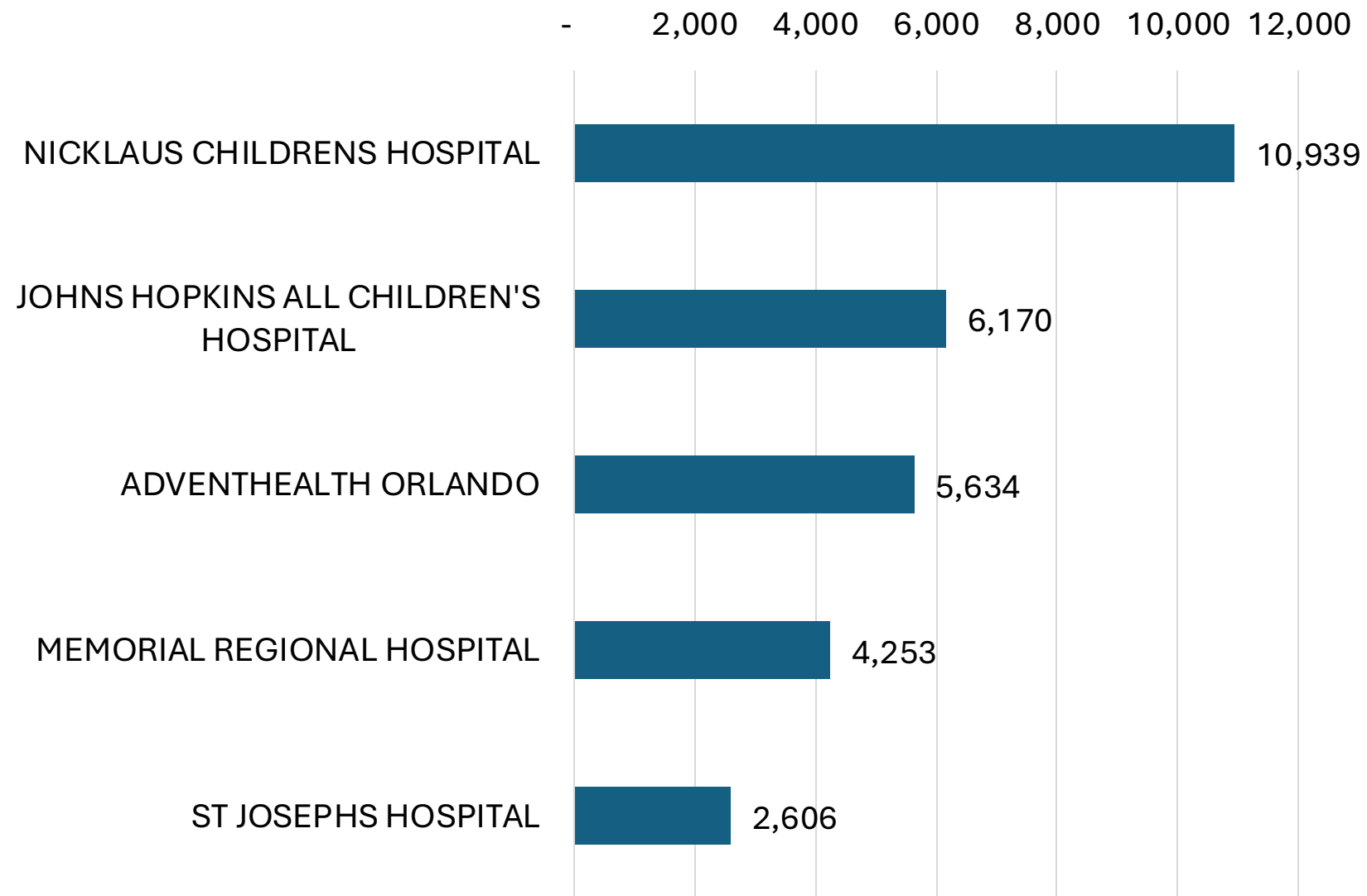
00N Denied Claims



By Provider Type



Top Facilities by Claims Count



Presentation

Resources

Slide 2: KidCare Enrollment

- FHKC October 2025 Enrollment Data

Slides 4-7: Dental Performance Standards

- Monthly and quarterly Performance Guarantee Reports from DentaQuest, Liberty Dental, and MCNA Dental

Slides 8-10: Health Plan Performance Standards

- Monthly and quarterly Performance Guarantee Reports from Aetna Better Health of Florida, Community Care Plan, and Simply Healthcare Plans

Slides 12-31: Population Health Report

- 2024 Key Metrics Reports from Aetna Better Health of Florida, Community Care Plan, and Simply Healthcare Plans

Tab 6

Chief Marketing Officer Report



Healthy**kids**[™]

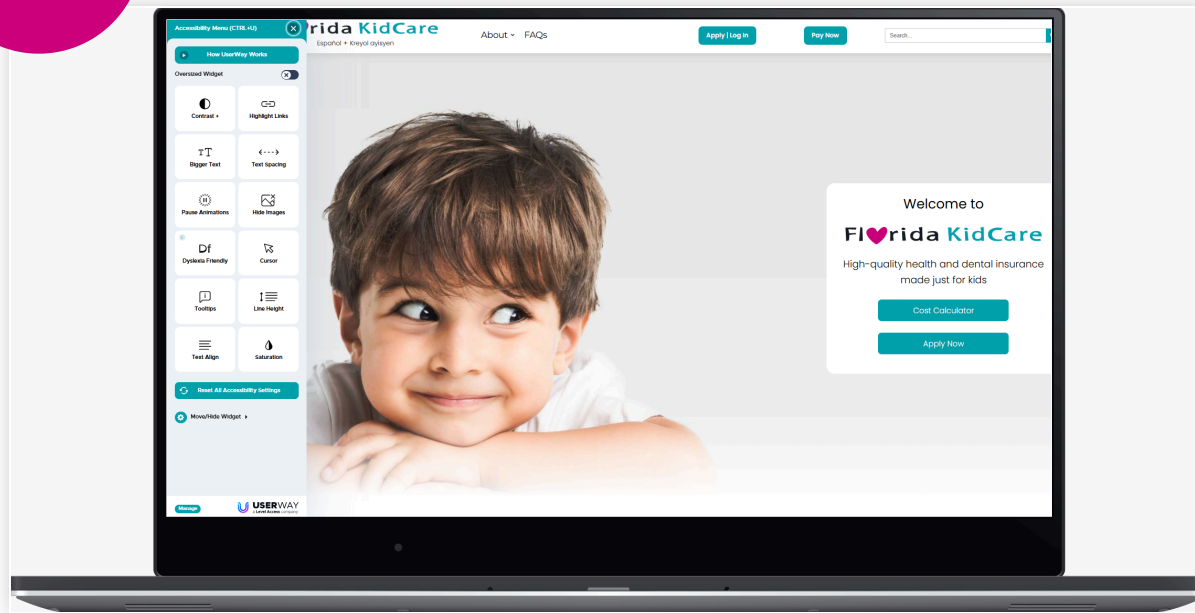
a Fl♥rida KidCare partner

CMO Update

October 23, 2025

Upcoming Website Enhancements

COMING
SOON!



Accessibility widget

Interface that allows users to customize their browsing experience according to their needs



Custom map feature

Data-driven map plugin that connects families with application assistants in their local area



Streamlined translations

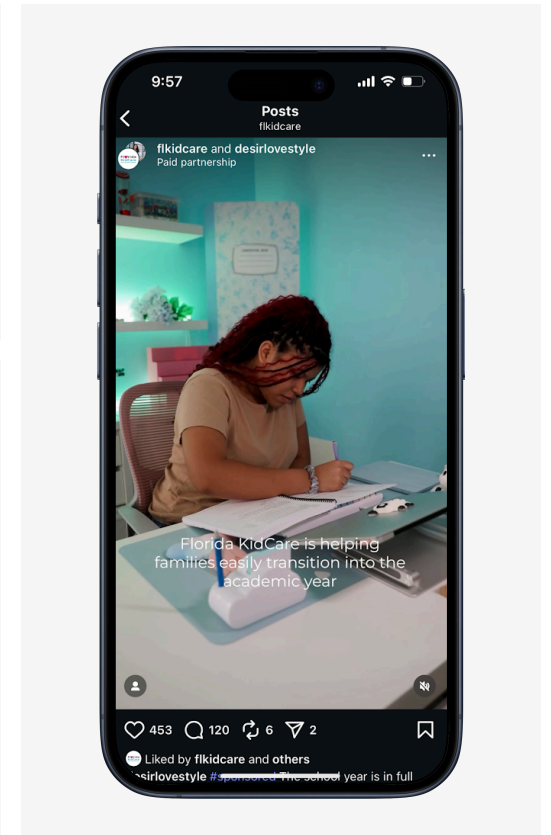
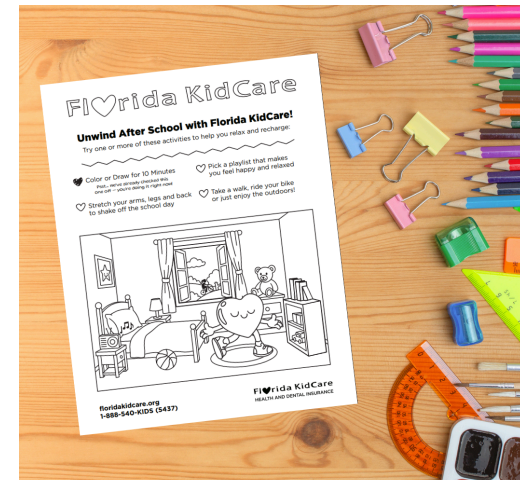
Plugin automatically translates pages and eliminates the need for third-party translations and language-specific urls

Back-to-School Campaign

Mind Matters

July - September

- **2.4M** impressions across all advertising channels
- **2K** social media interactions
- **2K+** landing page visits
- Influencer partnerships
 - Nearly **40K** impressions
 - **2.7K+** social media interactions

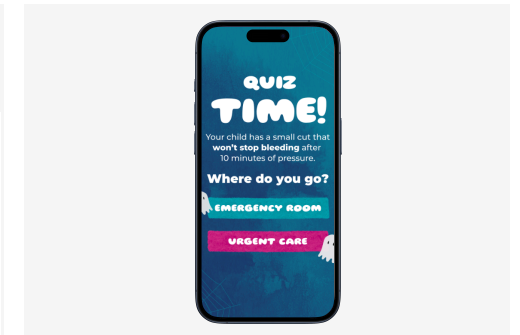
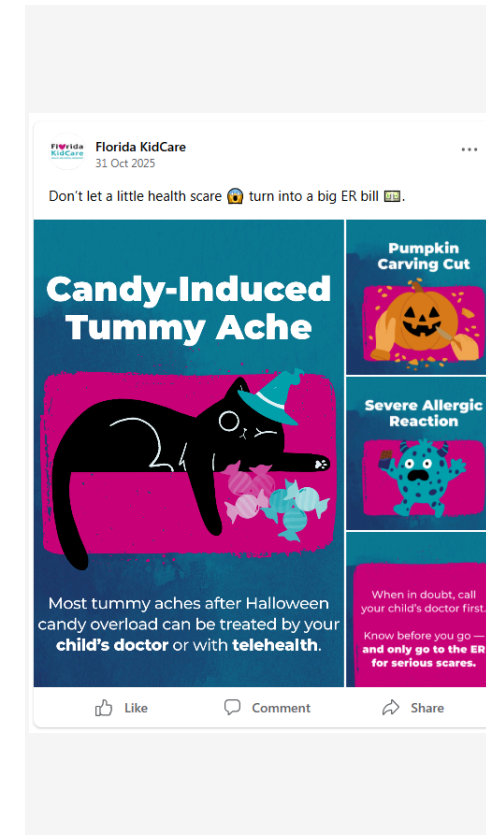


Fall Campaign

Not All Boo Boos Need the ER

October 2025

- Digital advertising campaign
 - Myth-busting social media videos
 - Carousel ads
 - Interactive quizzes
- Partner handout



ACA Open Enrollment Campaign

Drop the Cost - Not the Care

November 2025 - January 2026

- Targeted digital advertising campaign
- Out-of-home advertising
 - Grocery stores
 - Gas stations
 - Convenience stores
- Influencer Advertising
- Community Partner Toolkit



New 2025 Back-to-School Partners

- 1 | Boys & Girls Club of NW Central Florida
Serving Lafayette and Taylor Counties
- 2 | EatWell Exchange
Serving Broward and Miami-Dade Counties
- 3 | Florida Community Centers
Serving Glades, Hendry, Martin, Okeechobee, Palm Beach, St. Lucie Counties
- 4 | School District of Volusia County
Serving Volusia County
- 5 | Suwannee River AHEC
Serving Alachua, Bradford, Columbia, Dixie, Gilchrist, Hamilton, Lafayette, Levy, Marion, Putnam, Suwannee, Union Counties

BTS BY THE NUMBERS

Community Events

230

Social Media Posts

260

Speaking Opportunities/Published Materials

287

Individuals Educated

75,601



BTS EVENT SPOTLIGHT



The Florida Kids & Family Expo is the largest back-to-school event in the country

- Provided families with Florida KidCare information and Application Assistance
- Served more than **10K** families in:
 - Orange
 - Osceola
 - Brevard
 - Seminole
- Thank you to our partners at True Health!

Tab 7

Strategic Plan



2025 Recap & Proposed Roadmap for 2026

2023-2027

Strategic Plan



Vision & Mission

Vision

All of Florida's children have affordable, comprehensive, quality health care

Mission

Increase the number of insured kids by developing child-centered health plans and connecting families to coverage

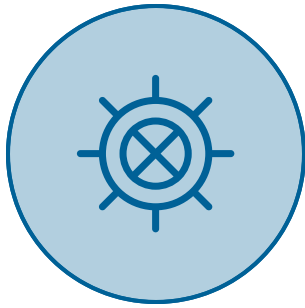
Corporate Values



We are **Family-Focused, Responsible Stewards** providing:

- High-quality, child-centered, income-based health and dental insurance coverage
- A streamlined customer experience and outstanding customer service
- Options to achieve program growth, retention, and provider network service quality and adequacy
- Accountability to the public trust
- Protection of personal health information for all program participants
- Safeguards for assets entrusted by public and private entities for the beneficial use of families served
- Evidence-based decisions to optimize organizational resources

Corporate Pillars



Organizational Leadership

Efficient, flexible and productive organization

Sponsor: Ryan West/Executive Leadership Team



Customer Experience and Quality of Care

Connecting families to quality health care coverage and facilitating access to health care services

Sponsors: Ashley Carr/Community Outreach and Marketing Committee, and Suzetta Furlong/Operational Efficiency and Quality Committee

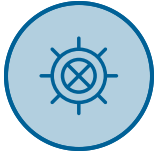


Financial Responsibility

Responsible stewardship of financial resources

Sponsor: Antonio Murphy/Finance and Audit Committee

Pillars Defined



Organizational Leadership

- Strengthen strategic partnerships
- Effective procurement and contract management
- Support people, processes and technology
- Promote risk management and compliance



Customer Experience and Quality of Care

- Build awareness
- Increase enrollment and retention
- Encourage appropriate utilization
- Procure effective partners that provide high-quality, child-centered health care services
- Streamline transition between programs
- Improve customer service experience



Financial Responsibility

- Maintain effective cost management
- Adhere to professional accounting standards
- Provide accurate and transparent reporting
- Sustain efficient cashflow management

Customer Experience & Quality of Care

Recap of 2025 Projects

Initiative	Build Awareness	Increase enrollment & retention	Encourage appropriate utilization	Streamline transition between programs	Improve customer service experience
Maintain Application to Enrollment Conversion	✓	✓			
Combined Website Launch	✓	✓			✓
MediKids Program Transition	✓			✓	✓
Special Needs Dental PIPs			✓		✓
Child Core Set Enhancement			✓		
Net Promoter Score Pilot		✓		✓	✓
Provider Directory Verification		✓	✓		✓

Proposed 2026 Roadmap

Organizational Leadership

-  **Strategic Partnerships:** Enhance community outreach strategies through increased collaboration with health and dental plans
-  **Strategic Partnerships:** Implement feedback loop with community partners to collect information from families for program improvement
-  **People, Processes and Technology:** Transition to a modern TPA system

Customer Experience and Quality of Care

-  **Quality + Awareness:** Develop coordinated communication campaign to encourage appropriate ER usage
-  **Customer Journey + Experience:** Create education materials to smooth member milestone transitions
-  **Customer Journey:** Enhance technology processes to expedite enrollment timeline
-  **Experience:** Implement self-service webchat

Financial Responsibility

-  **Budget and Cost Control:** Control costs within legislative and board-approved budgets
-  **Accounting Standards and Financial Reporting:** Achieve unqualified opinion from an external auditor