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# Healthcare Council

**Tuesday, February 12, 2008  
9:30 AM  
Morris Hall**

**Marco Rubio  
Speaker**

**Aaron Bean  
Chair**

# Council Meeting Notice

## HOUSE OF REPRESENTATIVES

**Speaker Marco Rubio**

### Healthcare Council

**Start Date and Time:** Tuesday, February 12, 2008 09:30 am  
**End Date and Time:** Tuesday, February 12, 2008 04:00 pm  
**Location:** Morris Hall (17 HOB)  
**Duration:** 6.50 hrs

#### Budget Workshop:

Presentation of Governor's Budget Recommendations

Agency Updates of Recommended Reductions

LIP Council Recommendations

Public Comments

Discussion of Council Priorities

Members of the public who want to address the Council at the February 12th meeting must sign up before the meeting. Please call the Healthcare Council at (850) 414-5600 by 12:00 noon on Monday, February 11, 2008, to identify the speaker and the projects/topics to be discussed.

NOTE: The Healthcare Council will break for lunch from 12:00 - 1:30.

**NOTICE FINALIZED on 02/05/2008 14:41 by BAI**

**Presentation of Gov.  
Budget Recommendations**

# Presentation of Governor's Budget Recommendations

Bob Brown-Barrios, Policy Coordinator  
Office of Policy & Budget  
Health and Human Services

# **Governor Charlie Crist**

## **Lt. Governor Jeff Kottkamp**

The People's Governor



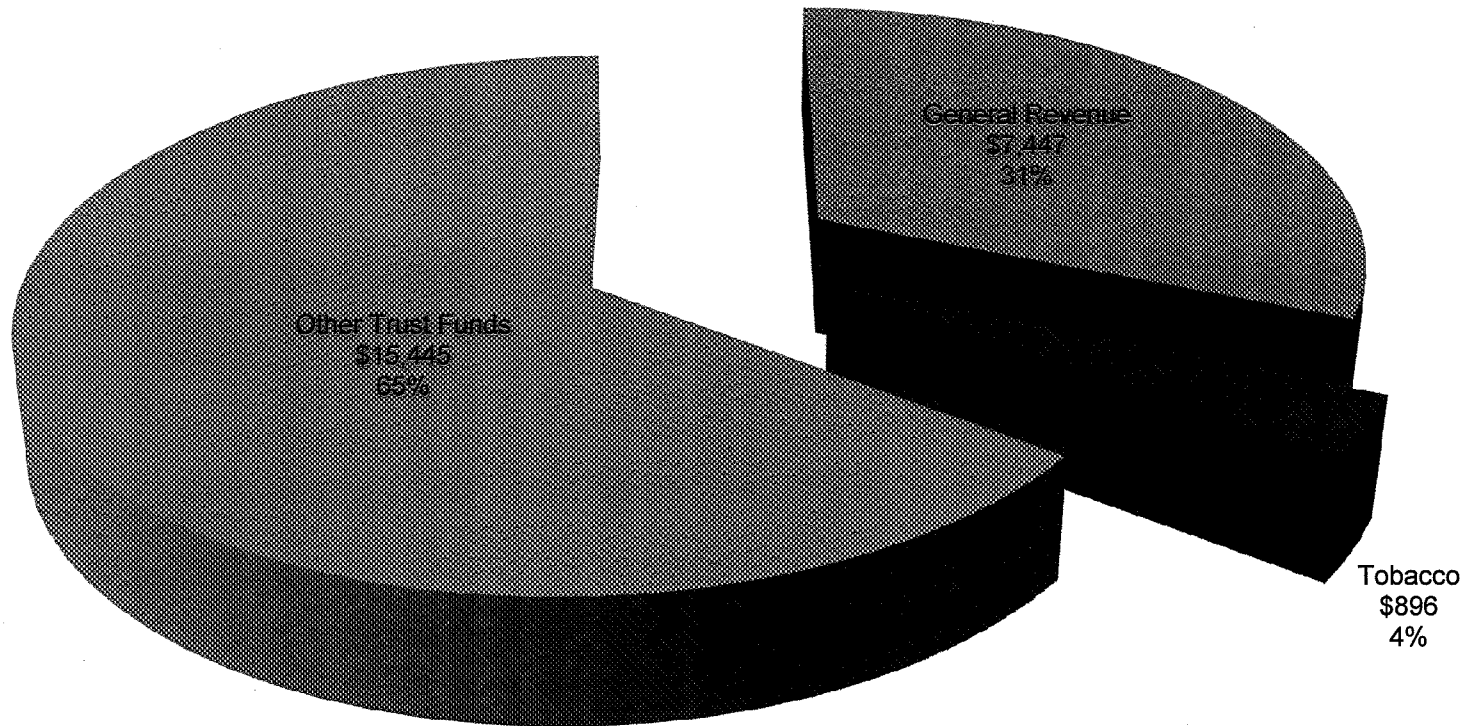
The People's Budget

***Policy and Budget Recommendations***  
***Fiscal Year 2008-09***

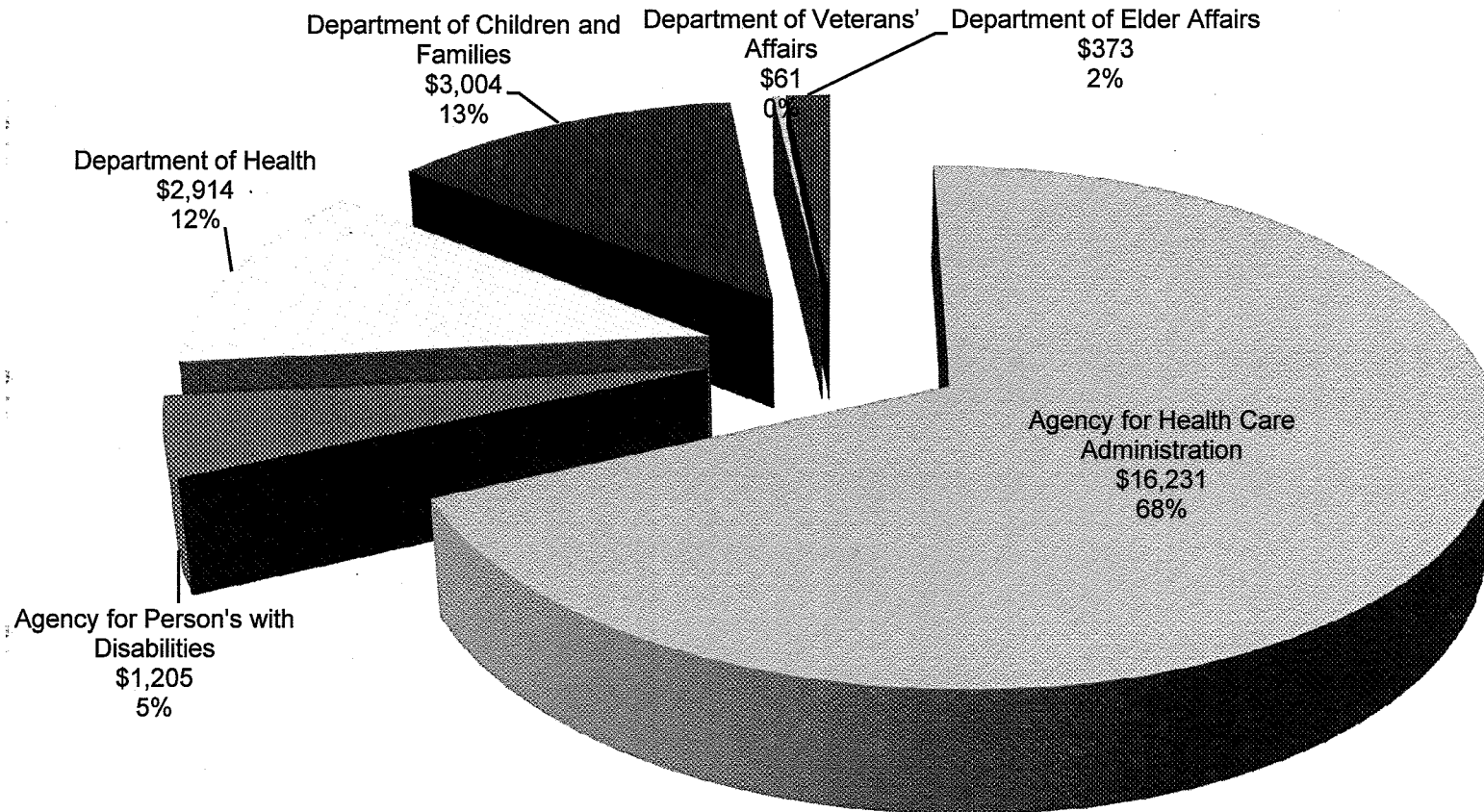
# The Governor's Budget Recommendations

- **Florida's economy will improve!** It's not a question of 'If', but 'When?'
  
- The Governor believes we must **'Maintain our Momentum'**
  - **Maintain the gains** Florida has achieved over the past 5 years in Health & Human Services;
  - **Protect children, elderly, and disabled**
  - **Protect critical programs** that provide direct services

# Health and Human Services FY 2008-09 Governor's Recommended Budget of \$23.8 *In Billions*

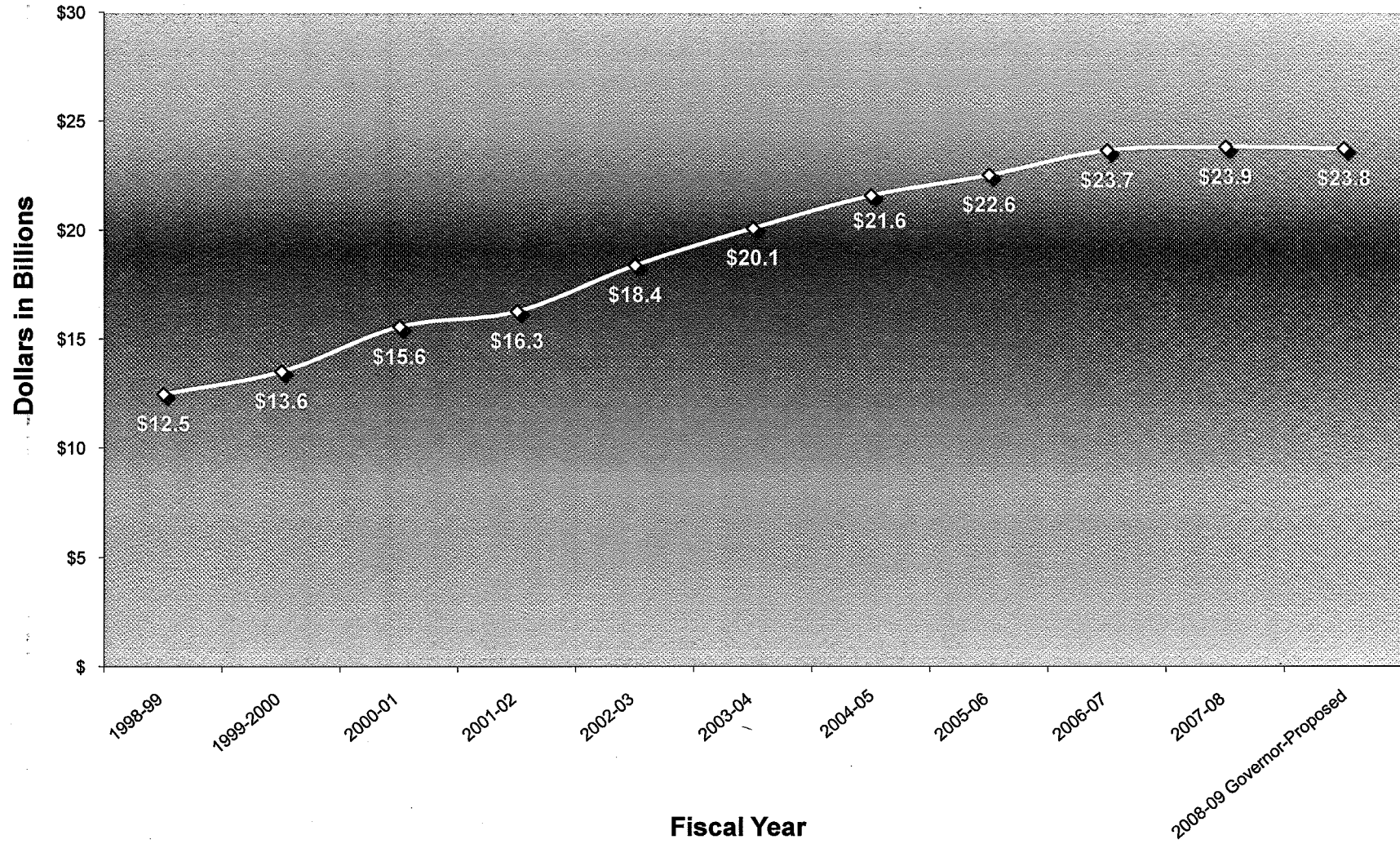


# Allocation of Health and Human Services FY 2008-09 Governor's Recommended Budget

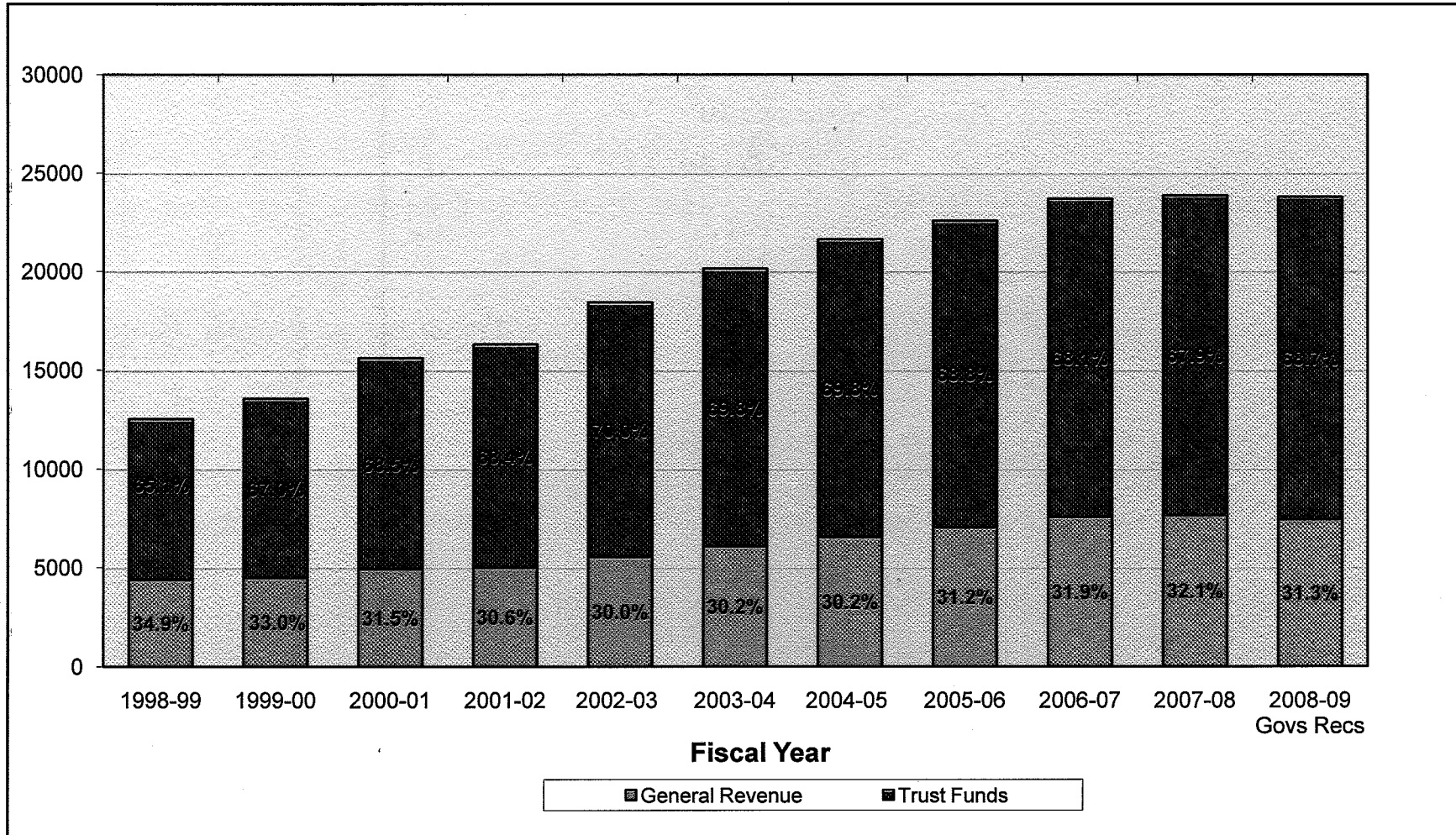




## 10 Year Appropriations History Health and Human Services



# History of General Revenue Funding



## Nonrecurring Revenue Sources - *In Millions*

### Lawton Chiles Endowment Fund

■ New Issues/Additional Funding	\$353.4
■ Florida Health Care Access Program	\$28.5
■ Rhea Chiles Center for Mothers and Babies	\$.6
■ Influenza Preparedness	\$11.5

**Total** **\$394**

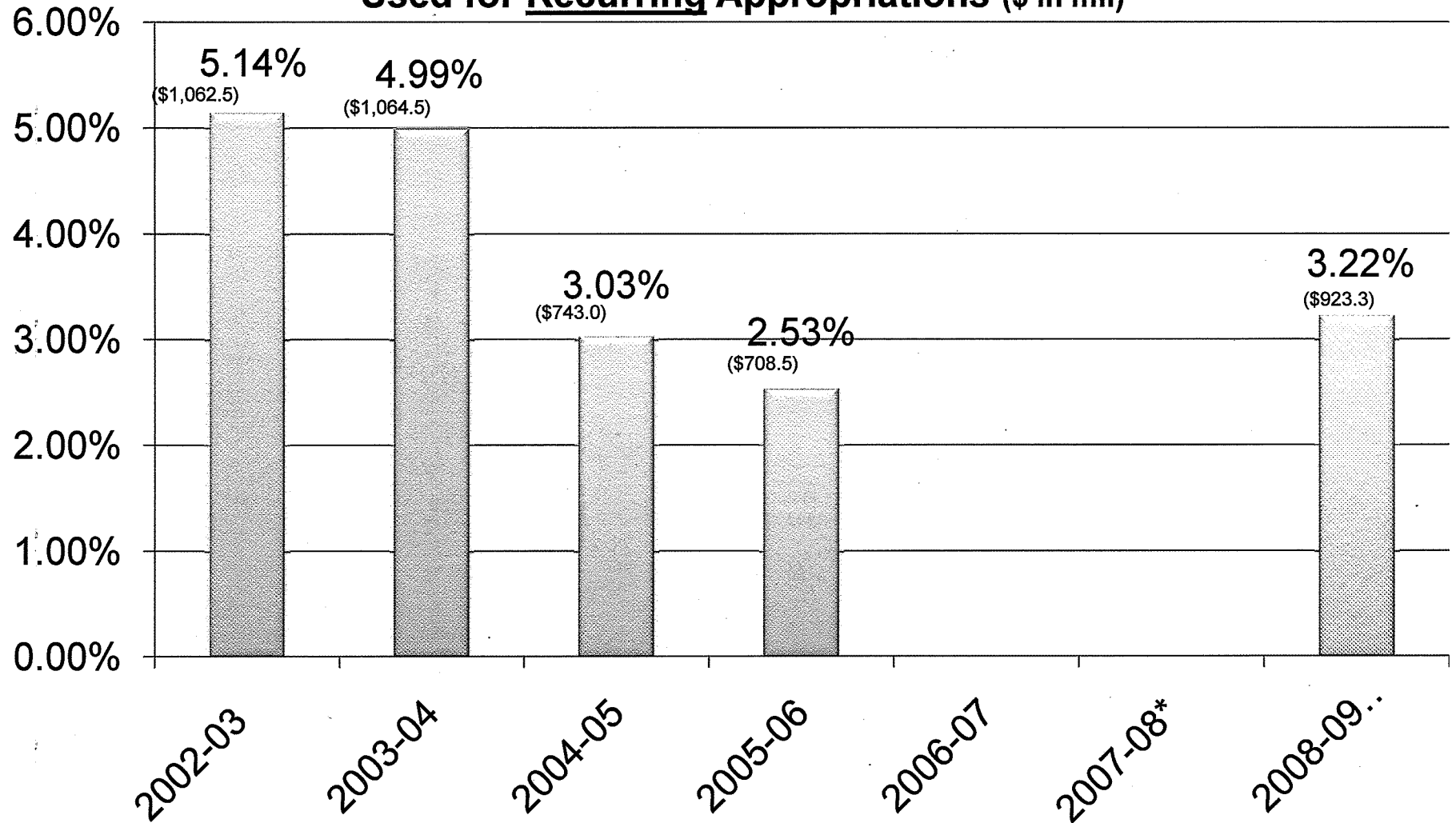
**Trust Fund Reserves** **\$52.8**

■ Department of Children and Families	\$22.6
■ Agency for Persons with Disabilities	\$16.7
■ Department of Health	\$13.5

**Tobacco Settlement Trust Fund** **\$8.3**

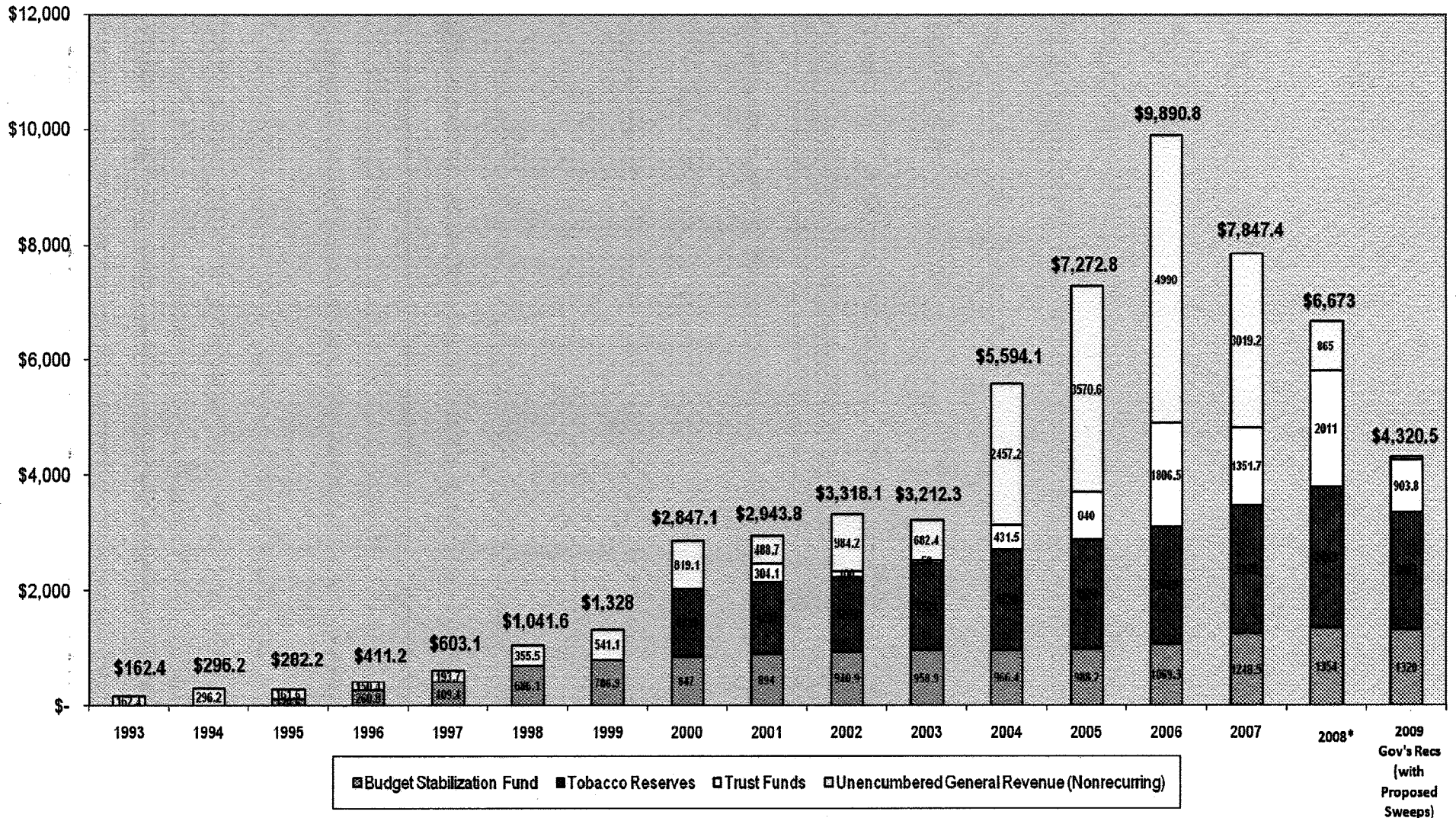
**Total Nonrecurring Revenue for New Issues** **\$455.1** (1.9% of Total HHS  
Recommended Budget)

## Percentage (%) of Non-Recurring General Revenue for Total Governor's Recommended Budget (\$70B) Used for Recurring Appropriations (\$ in mil)



\*First Fiscal Year (following November 2006 vote) for which Amendment 1 to Article III of Section 19 of the Florida Constitution applies limiting the amount of nonrecurring General Revenue which may be appropriated for recurring purposes to 3% of the total General Revenues available unless otherwise approved by a three fifths vote of the Legislature.

# Florida Reserves



\*Change in Accounting Methodology for calculating Trust Fund Reserves. All Unencumbered Trust Fund balances are reflected in total.

# Allocation of Health and Human Services FY 2008-09 Governor's Recommended Budget

Agency or Department	Appropriations FY 2007-08	Gov's Recommended Budget FY 2008-09	Percent change	Allocation of Total FY 2008-09 Budget
Agency for Health Care Administration	\$16,393,980,675	\$16,230,829,476	-1.0%	68.2%
Agency for Persons with Disabilities	\$1,190,816,530	\$1,205,232,782	1.2%	5.1%
Department of Health	\$2,800,898,763	\$2,913,848,167	4.0%	12.2%
Department of Children and Families	\$2,959,403,295	\$3,003,896,518	1.5%	12.6%
Department of Veterans' Affairs	\$58,480,127	\$60,532,698	3.5%	0.3%
Department of Elder Affairs	\$382,985,655	\$372,902,839	-2.6%	1.6%
Total	\$23,786,565,045	\$23,787,242,480	0.0%	100.00%

# Allocation of Health and Human Services FY 2008-09 Governor's Recommended Budget

Agency or Department	Appropriations FY 2007-08	Gov's Recommended Budget FY 2008-09	Percent change	Increase in positions
Agency for Health Care Administration	1,707.5	1,707.5	0.0%	0
Agency for Persons with Disabilities	3,703	3,710	0.2%	7
Department of Health	3,175.5	3,188.5	0.4%	13
Department of Children and Families	13,533	13,658	0.9%	125
Department of Veterans' Affairs	668.5	927.5	38.7%	259
Department of Elder Affairs	411.5	427.5	3.9%	16
Total	23,199	23,619	1.8%	420

# Health and Human Services

## Major Reductions Recommended

### Agency for Health Care Administration

- Reduce HMO Service Provider Rates - \$61.8M [\$26.5M GR + \$35.3M TF]
- Eliminate the Florida Senior Care Program - \$665,804 [\$332,903 GR + \$332,901TF]
- Eliminate Contract With Teaching Nursing Home - \$625,000 GR
- Eliminate Contract With The Patient Safety Corp. - \$750,000 GR

### Department of Children and Family Services

- Reduce S. Florida Hospital Cost of Living Increase - \$1.0M GR

### Department of Elder Affairs

- Reduce Funding for J. Byrd Alzheimer's Center & Research Institute - \$8.5M GR



## No Across-the-Board Price Level Increases

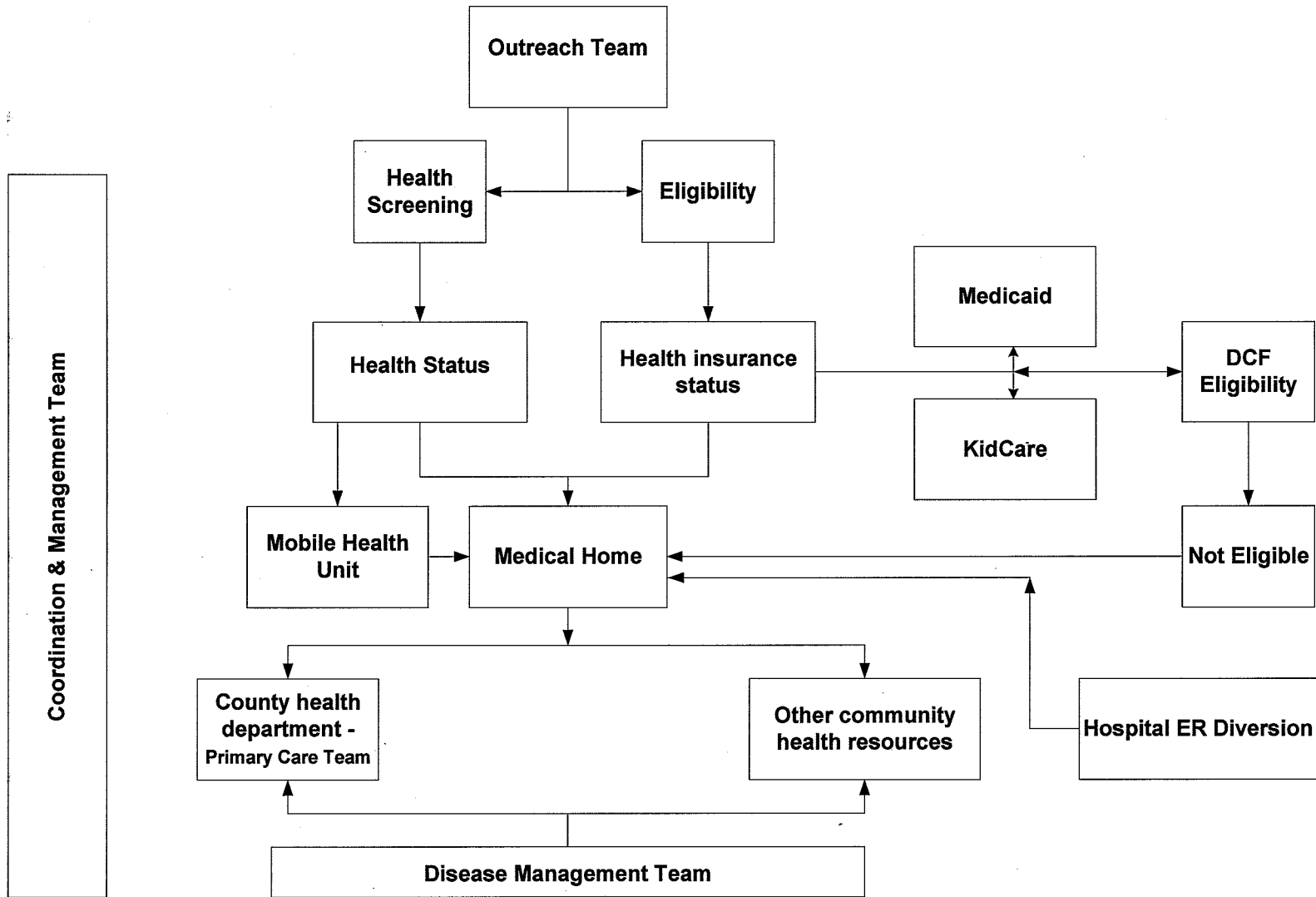
- The Governor's Recommended Budget **does not** include a Medicaid price level increase of \$529.7 million (\$219.3M GR & \$310.4M TF) for institutional, prescribed medicine, nursing home care, and prepaid health plan providers.
  
- The Governor's Recommended Budget **does** include a price increase of \$53.3 million (\$25.7M Tobacco & \$27.6M TF) to fund federal mandates, which include:
  - Supplemental Medical Insurance
  - Payment for Medicare Part D
  - Hospice Services
  - Hospital Insurance Benefits
  - Rural Health Clinics

## **Governor's Budget Major Recommendations**

### **\$63.9M - Florida Health Care Access Program**

- **3 year pilot (\$20M per year) In Escambia, Santa Rosa, Okaloosa, Gadsden, Duval, Alachua, Orange, Osceola, Hillsborough, Sarasota, Palm Beach, Broward, Dade and Monroe counties**
- **Partnership among hospitals, county health departments and others**
- **Targets areas with high rates of uncompensated care and uninsured.**
- **Outreach teams**
- **Health screening and eligibility referral**
- **Preventive and primary health care services**
- **Mobile Health Units and Medical Home**
- **Disease management teams**
- **Coordination Team**
- **Reduces ER visits and costly deep-end services**

# Florida Health Care Access Program



Coordination & Management Team

# Agency for Health Care Administration Major Recommendations

- **\$53.3M - Medicaid Price Increase for Federal Mandates**
- **\$60.6M - Increase Funding for KidCare**
- **\$15.9M - Fee Increase for Specialty Physicians**
- **\$21.8M – Fee Increase for Dentists**
- **\$11.9M – Rate Increase for Home Health, Private Duty Nursing and Personal Care**

# Agency for Persons with Disabilities Major Recommendations

- **\$54.9M - Restore Nonrecurring Waiver Funding**
- **\$11.5M - Enhancement and Changes to APD Information Systems (ABC system)**
- **\$5.9M - Allows 250 Crisis Cases to Enroll in the Waiver**
- **\$1.3M – 74 Additional Full Time Positions for the Mentally Retarded Defendant Program**

# Department of Children and Families

## Major Recommendations

- **\$16.8M - Increase Capacity for Independent Living**
- **\$15M - Additional 3,109 Adoption Subsidies for Special Needs Children**
- **\$5.1M - 150 Full Time Positions for Eligibility Determination Functions (ACCESS)**
- **\$3.2M - 20 Additional Beds for Juveniles Incompetent To Proceed**
- **\$4.3M - Greater Capacity in the Violent Sexual Predator Program**
- **\$9.8M - Technology to Document Visits with Children and Adult Victims**

## **Department of Elder Affairs Major Recommendations**

- **\$6.3M - Increase Enrollment in the Aged and Disabled Waiver**
- **\$2M - Increase Funding for the Community Care for the Elderly Program**
- **\$837,233 - Increase Capacity of Alzheimer's Respite Services**
- **\$931,136 - Wireless Tablets for 232 CARES Field Workers**

# Department of Health Major Recommendations

- **\$6.6M - Tobacco Constitutional Amendment**
- **\$1.8M - Statewide Pharmacy System**
- **\$8M - Restore School Health Services**
- **\$11.5M - Influenza Preparedness**



# Department of Veterans' Affairs

## Major Recommendations

- **\$313,585 – 9 Full Time Positions to Staff New St. Johns Veterans' Home**
- **\$7.1M – 210 Full Time Positions to Convert Nursing Contract to State Operations**
- **\$1.2 M – 36 Full Time Positions to Convert Food Services Contract to State Operations**
- **\$232,408 – 4 Full Time Positions for Veterans' Benefits and Assistance Program**

**Questions?**

**Thank You!**

**Agency Updates on  
Rec. Reductions**

**No Materials Available At This Time**

**LIP Council  
Recommendations**



# **LOW INCOME POOL COUNCIL RECOMMENDATIONS FY 2008-09**

Florida House of Representatives – Healthcare Council  
Presented by Paul Belcher  
Chair, Low Income Pool Council

# Low Income Pool Council



The Low Income Pool Council is established in section 409.911(9), of the Florida Statutes and consists of 17 members which includes representatives from local governments, various public, teaching, rural, for-profit, and not-for-profit hospitals.

The Council is responsible for the following:

- Providing recommendations on the financing of and distribution of funds for the Low Income Pool and Disproportionate Share hospital programs;
- Advising the Agency for Health Care Administration on the development of the Low Income Pool Plan required by the waiver;
- Advising the Agency for Health Care Administration on the distribution of hospital funds used to adjust inpatient hospital rates, rebase rates, or otherwise exempt hospitals from reimbursement limits as financed by intergovernmental transfers.
- Submitting its findings and recommendations to the Governor and the Legislature no later than February 1 each year.



# Council Challenges

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- Loss of non-recurring General Revenue, which lowers state participation in the program.
- Federal matching requirement increases of 1.43% or approximately \$14 million in local funding.
- Impacts of proposed property tax change on the availability of \$526 million of local matching funds.
- Addressing the service costs of the increasing number of uninsured in Florida.
- Declining state revenues and cuts to Medicaid reimbursement rates for hospitals.
- Changes in federal rules/regulations regarding allowable IGTs and definitions of public hospitals.



# **Low Income Pool (LIP)**

## **Definition**

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“A Low Income Pool will be established to ensure continued government support for the provision of health care services to Medicaid, underinsured and uninsured populations. The low-income pool consists of a capped annual allotment of \$1 billion total computable for each year of the 5-year demonstration period.”



# LIP and Related Programs

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- **Low Income Pool** - \$1.0 billion to cover Medicaid, the uninsured and underinsured.
- **Disproportionate Share Hospital Program (DSH)** - \$229.3 million for hospitals which provide significant levels of charity care.
- **Exemptions Program** - \$677.2 million to allow 55 hospitals to be exempt from certain Medicaid reimbursement limitations.

# Summary of LIP Program FY2008-09

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■ Special LIP	\$ 112.3
■ LIP	862.7
■ LIP Non-Hospital	<u>25.0</u>
■ Total LIP (Billion)	\$1.000

Disp. Share Hosp.	\$ 229.3
■ Exemptions	<u>\$ 677.2</u>
■ Total LIP Related (Mil.)	\$ 906.5

# LIP Match Sources

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- The primary funding source for the state share will be through \$797.2 million of Intergovernmental Transfers (IGTs) from local governments.
  - LIP - \$395.6 million
  - Related Programs - \$401.6 million
- General Revenue match is requested at a level of \$70.7 million, **an increase of \$43.1 million from FY08-09 base funding.**
- Total match required - \$867.9

# State Match for Hospital Services

State funds provide match for hospital services as follows:

- Inpatient Services - 12.9%
- Outpatient Services – 33.2 %
- Combined – 17.3%

***Normal Medicaid Match – 44.54%***

**Goal: Achieve State match equal to 17.3% over 3 years for LIP**

# LIP ALLOCATIONS

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- **\$815.1M:** Funds are allocated to hospitals where the local governments are providing local tax dollars for healthcare. The funds are distributed to the hospitals based on a 20% allocation factor which is applied to local matching funds provided for exemptions and the LIP Program.

# LIP ALLOCATIONS

- **\$47.6M:** Funds are allocated based on a hospital's Medicaid, charity care and 50% bad debt days to the total for the hospitals. To receive funds the hospital's Medicaid, charity care and bad debt days divided by total days must equal or exceed 10%. The 2006 Financial Hospital Uniform Reporting System (FHURS) reports are used to compute the Medicaid, charity care and bad debt days.

# Special LIP - \$112.3M

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- The Special LIP consists of \$112.3M for the following:

■ Rural	\$ 7.3M
■ Primary Care	\$ 10.6M
■ Trauma	\$ 10.8M
■ Safety Net/Hold Harmless	<u>\$ 81.9M</u>
<b>Total Base Special LIP</b>	<b>\$112.3M</b>



# LIP Non-Hospital Programs

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- **\$25.0 M:** Initiatives focused on primary care, emergency room diversion, disease management and poison control. Services are primarily delivered through either federally qualified health centers or county health departments. An increase of \$3.5 million is recommended for these programs and new programs presented to the Council.
- The Federally Qualified Health Center Projects and the Poison Control Centers should be held harmless from a Council recommended funding criteria process which would include assessing statewide benefits, sustainability, access to care improvements, ER diversion potential, and healthcare innovations which are replicable.

# Exemptions

- **\$677.2 M** - Fifty-five hospitals, plus rural hospitals, are recommended to be exempt from Medicaid targets/ceilings for their rates. Hospitals are exempt under the following categories:
  - Statutory Teaching Hospitals
  - Comm. Health Education Program/Specialty Hospitals
  - Trauma Centers - 7.3% threshold
  - Medicaid/Charity Care - 11% threshold
  - Rural Hospitals – General Revenue funded

# Disproportionate Share Hospital Program (DSH)

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- **\$231.3 M** - The DSH Program is designed to provide financial support to hospitals serving a significant number of low-income patients. It is a federally capped program with limited allotments to each state. Sixty-seven hospitals plus the rural hospitals receive Medicaid DSH payments.

# Summary of Key Council Recommendations

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- Provide \$43 million in GR to increase state funds to the equivalent level of Inpatient and Outpatient Services.
- Increase local IGTs by \$66.6 million by using traditional IGTs and new public operating funds as IGTs.
- Eliminate LIP 1, 2, and 3 and create a modified version of LIP 2 using a 20% allocation factor and a \$47.6 million charity distribution pool.
- Adjust exemption payments for the 2% trauma buy-back from Special Session C.