



Healthcare Council

Tuesday, February 6, 2007

1:00 PM

Morris Hall

Action Packet

COUNCIL MEETING REPORT

Healthcare Council

2/6/2007 1:00:00PM

Location: Morris Hall (17 HOB)

Attendance:

	<i>Present</i>	<i>Absent</i>	<i>Excused</i>
Aaron Bean (Chair)	X		
Thomas Anderson			X
Loranne Ausley	X		
Bill Galvano			X
Rene Garcia	X		
Hugh Gibson	X		
Gayle Harrell	X		
D. Alan Hays	X		
Ed Hooper	X		
Jimmy Patronis	X		
Ari Porth	X		
Elaine Schwartz	X		
Kelly Skidmore	X		
Priscilla Taylor	X		
Juan Zapata	X		
Totals:	13	0	2

Committee meeting was reported out: Tuesday, February 06, 2007 4:08:10PM

COUNCIL MEETING REPORT

Healthcare Council

2/6/2007 1:00:00PM

Location: Morris Hall (17 HOB)

Other Business Appearance:

Base Budget Review, Department of Elderly Affairs

J. Alex Kelly (Lobbyist) (State Employee) (At Request Of Chair) - Information Only

Department of Elderly Affairs

4040 Esplanade Way

Tallahassee FL 32399-7000

Phone: (850) 414-2155

Base Budget Review, Department of Health

Bob Eadie (State Employee) (At Request Of Chair) - Information Only

Department of Health

4052 Bald Cypress Way

Tallahassee FL 32399-1701

Phone: (850) 245-4343

Discussion of Medicaid Rates

Tom Arnold (Lobbyist) (State Employee) (At Request Of Chair) - Information Only

Agency for Health Care Administration

2727 Mahan Drive

Tallahassee FL 32308-5403

Phone: (850) 488-3560

Introduction of new Secretary, Department of Health

Ana M. Viamonte Ros, M.D., MPH (Lobbyist) (State Employee) - Information Only

Department of Health

4052 Bald Cypress Way

Tallahassee FL 32399-1701

Phone: (850) 245-4321

Committee meeting was reported out: Tuesday, February 06, 2007 4:08:10PM

COUNCIL MEETING REPORT

Healthcare Council

2/6/2007 1:00:00PM

Location: Morris Hall (17 HOB)

Summary: No Bills Considered

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Overview of Florida Medicaid Reimbursement Methods

***Thomas W. Arnold
Deputy Secretary for Medicaid***

***Presented to the House Healthcare
Council***

February 6, 2007

Florida Medicaid Reimbursement Methods

- There are three methods by which Medicaid Providers are reimbursed:
 - Fee for Service
 - Cost based
 - Capitation

Fee for Service Reimbursement

- An established fee is paid for services provided by specific Medicaid provider types
- The fees are established either in Statute, the General Appropriations Act, or—as is the case for physician services—are set for periodic adjustment via federal directive (based on updates to the Resource Based Relative Value Scale, which requires budget neutrality as part of adjustments)

Fee for Service Reimbursement

- Specific services reimbursed by fee for service payments are:
 - Physicians/Nurses,
 - Dentists,
 - Pharmacies,
 - Laboratories,
 - DME Suppliers,
 - Home Health Agencies,
 - Dialysis Centers,
 - Emergency Transportation,
 - Clinics

Cost Based Reimbursement

- Fees are established periodically for provider types based on provider's historic cost of providing services
- Adjustments are typically indexed to predetermined health care inflation indices, for institutional providers

Cost Based Reimbursement

- Specific providers reimbursed by cost based means are:
 - Hospitals,
 - Nursing Homes,
 - ICF/DDs,
 - Rural Health Clinics,
 - County Health Departments,
 - Hospices, and
 - FQHCs

Cost Based Institutional Rates

- Florida Medicaid's current system:
 - Allowable cost:
 - Historical financial information reported via Medicaid cost report
 - Subject to audit
 - Limitations for what is considered allowable as defined in CMS Publication 15-1 (Provider Reimbursement Manual) and the Florida Title XIX Reimbursement Plans

Cost Based Institutional Rates

- Limitations to reimbursement
 - Nursing homes have ceilings separately established for patient care costs, operationing costs, and property costs.
 - Hospitals have ceilings separately established for inpatient variable costs, property costs, and outpatient costs.
 - Ceilings limited to predetermined rates of growth (e.g. target rate class ceilings).
 - Facility specific costs limited to predetermined rates of growth (e.g. facility specific target rates).

Capitation Rates

- Section 409.9124, Florida Statutes -- Managed care reimbursement
 - Requires use of fee-for-service expenditures
 - Requires actuarially sound rates for comparable recipients
 - Compliant with federal laws and regulations
 - Requires removal of prior year adjustments that are not appropriate or for policies that have not been implemented

Capitation Rates

- Federal regulations require approval by the Centers for Medicare and Medicaid Services (CMS), and certification of actuarial soundness.
- Methodology is specified in Rule 59G-8.100, Florida Administrative Code – Payment Methodology for Participating Medicaid Managed Care Plans (July 2005)

Capitation Rates

- Rates are set annually and are based upon two years of fee-for-service (FFS) claims for all recipients eligible for enrollment in an HMO. Current rates are based on SFY 2003-04 and 2004-05 data. This is the most current, complete data available for rate setting.
- The FFS base is separated into the following categories:
 - TANF, SSI no Medicare, SSI Medicare Parts A and B, and SSI Medicare Part B only.
 - Geographic areas (AHCA Areas 1-11).
 - Age/gender bands (birth-2 months, 3-11 months, 1-5, 6-13, 14-20 Female, 14-20 Male, 21-54 Female, 21-54 Male, 55+).

Capitation Rates

- Rates are based upon:
 - 25 service categories (e.g. hospital inpatient, lab, x-ray, prescribed medicine, etc.),
 - Prescribed medicine is computed net of rebates,
 - A series of adjustments specific to:
 - Claims incurred but not reported,
 - Third party liability claims, and
 - Area discount factors.

Capitation Rates

- Other elements of the Medicaid Reform capitation rate methodology:
 - Risk Adjustment
 - Kick Payments
 - Enhanced Benefits
 - Phase-In
 - Risk Corridor