

Low Income Pool Council Recommendations for State Fiscal Year 2012-2013

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Low Income Pool (LIP) Program

- The Low-Income Pool (LIP) program was implemented July 1, 2006 as part of the Medicaid Reform 1115 Research and Demonstration Waiver, and the waiver was extended for three years December 15, 2011.
- Per Special Term and Condition (STC) #51 of the 1115 Wavier:
 - “The Low Income Pool provides government support for the safety net providers that furnish uncompensated care to the Medicaid, underinsured and uninsured populations. The LIP is also designed to establish new, or enhances existing, innovative programs that meaningfully enhance the quality of care and the health of low income populations.”

Low Income Pool – Provider Access Systems

- Funding in the LIP Program allows many Provider Access Systems (PAS) in Florida to receive additional payments to cover the cost of providing services to Medicaid, uninsured, and underinsured individuals. PAS entities are defined in the waiver as providers with access to LIP funding and services funded from LIP.
- PAS entities include entities such as hospitals, clinics, or other provider types and entities designated by Florida Statutes to improve health services access in rural communities, which incur uncompensated medical care costs in providing medical services to the uninsured and underinsured.

Low Income Pool Council

- Council Authority and Membership:
 - The Low Income Pool (LIP) Council is created by Section 409.911(10), F.S.
 - » Twenty-four members including representatives from local governments, various public, teaching, rural, for-profit, not-for-profit hospitals, federally qualified health centers, the Department of Health, and the Agency for Health Care Administration (the Agency).
 - » Twenty members are appointed by the Secretary of AHCA. Two members are appointed by the Senate President; two by the Speaker of the House of Representatives.
 - » The Council is Chaired by the Agency's Secretary or designee. The Chair is a non-voting member.

Low Income Pool Council

- Per the statute, the Council is an advisory body responsible for:
 - Providing recommendations on the financing of and distribution of funds for the LIP and Disproportionate Share Hospital (DSH) programs.
 - Advising the Agency on the development of the LIP Plan required by the waiver.
 - Advising the Agency 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.

Low Income Pool Permissible Expenditures

- “Funds from the LIP may be used for health care costs (medical care costs or premiums) that would be within the definition of medical assistance in Section 1905(a) of the Act. These health care costs may be incurred by the State, by hospitals, clinics, or by other provider types to furnish medical care for the uninsured and underinsured for which compensation is not available from other payors, including other Federal or State programs. Such costs may include premium payments, payments for provider access systems (PAS) and insurance products for such services provided to otherwise uninsured individuals, as agreed upon by the State and CMS. These health care costs may also include costs for Medicaid services that exceed Medicaid payments (after all other Title XIX payments are made, including disproportionate share hospital payments).”

* Special Term and Condition #54



LIP Council Funding Elements

- Pursuant to statute, the Council makes recommendations for financing and distribution of funds outside of the annual \$1 billion in Low Income Pool funds available under the 1115 Waiver.
 - Distribution of Low Income Pool funds
 - Distribution of Disproportionate Share Hospital (DSH) programs.
 - Distribution of hospital funds used to adjust inpatient hospital rates, rebase rates, or otherwise exempt hospitals from reimbursement limits as financed by intergovernmental transfers.
 - Exemptions
 - Buy-Backs

Medicaid Payments to Hospitals:

- Under the Medicaid program, rates for institutional providers, such as hospitals, are set on a facility specific basis, based on each facility's reported costs.
- Rates are established once a year, and are all inclusive, “per diem” rates, based on reported costs for services provided by the hospital to Medicaid recipients on a fee-for-services basis.
- Rates are set for Inpatient and Outpatient services.

Council Challenges in the Development of recommendations for SFY 2012-2013

- Declining state revenues and state matching funds and the resulting consideration of cuts to Medicaid reimbursement rates for hospitals and Medicaid funding in general.
- Reductions to Medicaid reimbursement rates for hospitals and the use of Intergovernmental Transfer (IGT) funds as a source of funds for rate buy backs and the resulting impact on IGTs as matching funds under the LIP program.
- The change from a twice per year to an annual rate setting process for hospitals as required in HB 7107, and the requirement that Letters of Agreement (the source of IGTs) be executed by mid-September for purposes of finalizing hospital rates by September 30, 2011, for SFY 2011-12.

Council Challenges in the Development of recommendations for SFY 2012-2013

- The Status of the 1115 Waiver extension request: The uncertainty and timing of approval by federal CMS of the requested extension to the 1115 Waiver, the level of LIP funding included in an extension, and what the resulting changes might be to the Special Terms and Conditions.
- A level of turnover in LIP Council membership that has not previously occurred.

Low Income Pool Council

- The Council held 8 public meetings during state fiscal year 2011-12 between August 17, 2011, and January 5, 2012.
- A total of 19 different funding models, and variations of those models, were considered by the Council.
- For the first time in its the history, the Council adopted a recommended model without objection.

LIP Council Recommendations

Following are the LIP Council recommended funding levels for SFY 2012-13 (in millions):

	Council Recommended
Low Income Pool -	\$1,000.3
Exemptions Program -	\$648.5*
Disproportionate Share -	\$260.0
Medicaid “Buy-Backs” Program -	<u>\$130.6</u>
Total	\$2.04 billion



Comparison of SFY 2011-12 Appropriation to SFY 2012-13 LIP Council Recommendations (in millions)

Low Income Pool:	<u>SFY 2011-12 GAA</u>	<u>Recommended for SFY 2012-13</u>
• LIP	\$ 821.5	\$771.6
• Special LIP	98.4	113.4
• LIP Non-Hospital	<u>80.3</u>	<u>115.3</u>
• Total LIP (millions)	\$1,000.2	\$1,000.3
 Related Programs:		
• Disproportionate Share Hospital	\$ 260.0	\$260.0
• Exemptions	655.4	648.5
• Medicaid “Buy-Back” Program	<u>125.0</u>	<u>130.5</u>
• Total LIP Related (millions)	\$ 1,040.4	\$1,039.0
 Total LIP and Related Programs	 <u>\$2,040.6</u>	 <u>\$2,039.3</u>

Summary of Funding Sources: SFY 2012-2013 Recommendations

Where do the dollars come from?

State General Revenue	\$ 18.7 million
Local Taxes & Other Agencies	\$ 864.1 million
Federal Funds	<u>\$ 1,156.5 million</u>
Total	\$ 2,039.3 billion

Sources of Matching Funds

Matching funds (all programs):

- \$18.7 million in total state GR match.
- \$864.1 million in local Intergovernmental Transfers (IGTs) are provided using local tax dollars, other Agencies' funds and public hospital operating funds. Twenty-seven local governments contribute these funds.
- The Council Recommendations for SFY 2012-13 include a decrease of \$31.5 million in local IGTs.

Hospital IGT Contributors

	State and Local Government	Statewide Issues	DSH	LIP & Program Exemption and Buy-Backs	Total
1	Hospital Issues				
2	General Revenue			250,000	250,000
3	General Revenue Recurring		750,000	14,326,670	15,076,670
4	Citrus County Hospital Board		-	7,215,882	7,215,882
5	Collier County			-	-
6	Duval County	1,506,817	4,711,475	3,004,512	9,222,804
7	Halifax Hospital Medical Center Taxing District		4,287,288	27,609,172	31,896,460
8	Health Care District of Palm Beach County			3,104,200	3,104,200
9	Health Central			2,370,438	2,370,438
10	Hillsborough County	2,188,721	3,322,203	15,636,140	21,147,064
11	H. Lee Moffitt			1,129,580	1,129,580
12	Indian River Taxing District			8,915,254	8,915,254
13	Lake Shore Hospital Authority			2,571,995	2,571,995
14	Lee Memorial Health System		6,049,515	16,377,741	22,427,256
15	Marion County			2,935,137	2,935,137
16	Miami-Dade County	12,094,236	44,640,135	316,170,556	372,904,927
17	North Broward Hospital District	4,216,371	20,507,701	143,290,372	168,014,444
18	North Lake Hospital Taxing District			510,029	510,029
19	Orange County		2,878,180	-	2,878,180
20	Pinellas County			-	-
21	Sarasota County Public Hospital Board			19,232,905	19,232,905
22	South Broward Hospital District	2,761,135	10,523,471	102,874,740	116,159,346
23	St. Johns County			-	-
24	South Lake Hospital Taxing District			-	-
25	Munroe Hospital Board (DSH)		1,129,937	-	1,129,937
26	Gulf County			417,604	417,604
27	IGT UNDETERMINED		3,065,154	-	3,065,154
28	Taylor County			903,737	903,737
29	Bay County			5,348,464	5,348,464
30	North Brevard Hospital District			1,055,929	1,055,929
31	New General Revenue for Buybacks			-	-
32	Manatee County			1,606,915	1,606,915
33	DSH (Shands-UF General Revenue)		5,852,899		5,852,899
34	Total Government Transfer (Hospitals)	22,767,280	107,717,958	696,857,974	827,343,212



Recommended LIP Program

LIP Allocated and Proportional Distributions

Recommended Funding of \$771.6 million

- The Council recommends the distribution methodology approved in the 2011 GAA with minor policy modifications
- Allocation factor is 8.5%
- Rural Hospitals are held harmless in this calculation at \$2.4 million.

Special Hospital LIP

Council Recommended funding of \$113.4 million for the following initiatives:

– Rural	\$ 5.7 m
– Primary Care	\$ 10.0 m
– Specialty Pediatric	\$ 1.4 m
– Trauma	\$ 8.6 m
– STC 61 Quality Measures	\$ 15.0 m
– Safety Net	<u>\$ 72.7 m</u>

Total Special LIP \$ 113.4 m

LIP “Below the Line” Programs

Recommended funding of \$115.3 million

- Initiatives focused on primary care, emergency room diversion, disease management, poison control, and continued initiatives related to premium assistance programs for uninsured and underinsured individuals.
- Federally Qualified Health Centers, County Health Departments, Hospital based Primary Care Programs benefit from continued funding.
- Projects Include:
 - Poison Control Centers
 - Federally Qualified Health Centers
 - County Health Initiatives
 - Hospital Based Primary Care Initiatives
 - Premium Assistance Programs
 - Manatee, Sarasota, and Desoto County Emergency Room Diversion
 - New STC Tier One milestone distribution

Allocation of \$50 million per STC 61

- The LIP Council recommends that \$15 million be allocated to those hospitals which meet specific quality thresholds as follows:
 - 50% of funds to be distributed based on whether an individual hospital has met the federal CMS core measures criteria
 - 50% of funds to be distributed based on whether an individual hospital has met the Agency developed outcome measures (as developed by the Florida Center for Health Information and Policy Analysis)
- Available funding will be allocated proportionally based on which specific measures hospitals meet. (There are 61 hospitals that meet these criteria. This listing of hospitals can be viewed in Table 1, of the LIP Council Recommendations).

Allocation of \$50 million per STC 61

- The LIP Council recommends that \$35 million be distributed via an open competitive process to be administered by the Agency. Criteria for distribution include:
 - An indication of relationships and integration with community partners, as in a joint effort among hospitals, FQHCs, CHDs, and other community based partners
 - Initiatives targeting community health issues, as evidenced by community needs assessments
 - An indication of commitment of allowable IGTs from a known source
 - Preference for those hospitals which must implement three initiatives under STC 62
 - A maximum of \$4 million per funded project

Disproportionate Share Hospital Program (DSH)

Recommended funding \$260 million

- The DSH Program provides financial support to hospitals serving a significant number of low-income patients.
 - Federally capped program with limited allotments to each state.
 - Seventy hospitals including the rural hospitals are recommended for Medicaid DSH payments.
- The DSH Program distribution method remains the same as SFY 2011-12.
- DSH is authorized under federal law and not part of the 1115 Waiver LIP Pool.

Exemption Program

Recommended funding of \$638.6 million*

- Qualifying hospitals are eligible for Medicaid reimbursement that is exempt from specific ceilings and targets
- Uses the policy parameters as approved for SFY 2010-11.
- Exemption Level:
 - Children’s Hospitals 89.00%
 - Statutory Teaching Hospitals and Public 71.00%
 - Trauma, Specialty and GAA Hospitals 66.48%
 - Hospitals with greater than 15% Charity Care 66.48 %
 - CHEP Hospitals 66.48 %
 - Hospitals with Charity Care $\geq 11\%$ but $< 15\%$ 66.48 %
- Authority for any Medicaid hospital not otherwise qualified to “self-exempt” using local funds

Buy-Back Program

Recommended funding of \$130.5 million

- Authority was granted in the 2008 Legislative Session to allow qualifying hospitals to “Buy Back” required rate reductions. This results in increased reimbursement paid by Medicaid. The Authority was modified and expanded in the 2009 Session and again in the 2010 and 2011 Sessions.
- Rate Buy-Backs - Medicaid trend adjustments (current year rate cuts) and rate reductions are partially restored for certain hospitals.
- Hospitals with qualifying IGTs will be allowed to maximize funds to restore reimbursement rate reductions.

Questions?



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