

Low Income Pool

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The Low Income Pool: 2016-2017

- The Low Income Pool (LIP) program has a total funding amount of \$1 billion for Demonstration Year 10 (DY 10)/ State Fiscal Year (SFY) 2015-2016.
- Final Special Terms and Conditions for the Florida Managed Medical Assistance Program Waiver (Waiver) related to LIP for DY 11/ SFY 2016-2017 were received from federal CMS on October 15, 2015.
- The total amount of LIP funding for SFY 2016-2017 is approximately \$608 million (\$607,825,452).



The Low Income Pool: 2016-2017

- For DY 11/ SFY 2016-2017, LIP funds may be used for health care costs that would be within the definition of medical assistance in Section 1905(a) of the Social Security Act
- For SFY 2016-2017 these health care costs may be incurred by the state or by providers to furnish uncompensated medical care as **charity care** for low-income individuals that are uninsured. The costs must be incurred pursuant to a **charity care** program that adheres to the principles of the Healthcare Financial Management Association.



Historical Low Income Pool Funding

State Fiscal Year (SFY) / Demonstration Year (DY)	Total LIP Funding Amount
SFY 2006-2007 (DY 1)	\$ 1 billion
SFY 2007-2008 (DY 2)	\$ 1 billion
SFY 2008-2009 (DY 3)	\$ 1 billion
SFY 2009-2010 (DY 4)	\$ 1 billion
SFY 2010-2011 (DY 5)	\$ 1 billion
SFY 2011-2012 (DY 6)	\$ 1 billion
SFY 2012-2013 (DY 7)	\$ 1 billion
SFY 2013-2014 (DY 8)	\$ 1 billion
SFY 2014-2015 (DY 9)	\$ 2.17 billion
SFY 2015-2016 (DY 10)	\$ 1 billion
SFY 2016-2017 (DY 11)	\$ 608 million



Basic Parameters SFY 2016-2017

- Total LIP funding of \$608 million.
- Distribution can include both hospital providers and medical school faculty plan providers.
- For each provider type included, the LIP distribution model:
 - Must rank providers by their amount of uncompensated charity care costs or charges as a percentage of their privately insured patient care costs or charges (commercial pay).
 - Can include up to four tiers for distribution
 - Must pay providers for the same percentage of their charity care cost within each tier.



Basic Parameters 2016-2017

- Hospital Participation Requirements: In order to qualify for LIP funding for SFY 2016-2017, hospitals must:
 - Contract with at least 50% of the Standard Managed Care Plans in their region
 - Contract with at least one Specialty Plan serving each specialty population in their region
 - Be enrolled Medicaid providers
 - Have a minimum of 1 percent Medicaid utilization
 - This includes 204 hospitals for SFY 2016-2017
 - Using 2014 accepted FHURS data.
 - Have a charity care program in place by the end of DY 10/ SFY 2015-2016



Basic Parameters 2016-2017

- Medical school faculty plan Participation Requirements: In order to qualify for LIP funding for SFY 2016-2017, medical school faculty plans must:
 - Participate in the Florida Medical School Quality Network
 - Be enrolled Medicaid providers and have a minimum of 1 percent Medicaid utilization
 - This includes all Florida medical school faculty plans
 - Have a charity care program in place by the end of DY 10/SFY 2015-2016



Basic Parameters and Flexibility

- The basic parameters for LIP funding distribution for SFY 2016-2017 are outlined in the Special Terms and Conditions and are not flexible.
- The state cannot develop a distribution model that:
 - Includes a guaranteed return
 - Makes funding allocations based on anything other than the ratios of charity care/commercial pay (cannot allocate based on hospital type, such as public hospital, teaching hospital, children's hospital)
 - Includes provider types other than hospital providers and medical school faculty plan providers



Basic Parameters and Flexibility

- There are a number of areas where the state has the flexibility in creating the distribution model for SFY 2016-2017. Questions that will need to be answered are:
 - Which providers to include?
 - What portion of the \$608 million should be allocated to each provider type included?
 - How many tiers should the model include?
 - What should the thresholds be for each tier?
 - How much funding should be allocated to each individual tier?
 - Which dataset should be used for the charity care/ commercial care ratio?



Included Providers

- The state has the flexibility to choose whether to include in the distribution model:
 - Hospitals only; or
 - Medical school faculty plans only; or
 - Both hospitals and medical school faculty plans.



Total Funding Amount for Each Provider Type

- If including both hospitals and medical school faculty plans, the state has the flexibility to decide:
 - How much of the total LIP funding will be allocated for each provider type. If including both hospitals and medical school faculty plans:
 - The state must determine a total funding amount for hospital providers (what portion of the \$608 million will go to hospitals).
 - The state must determine a total funding amount for medical school faculty plan providers (what portion of the \$608 million will go to medical school faculty plans).

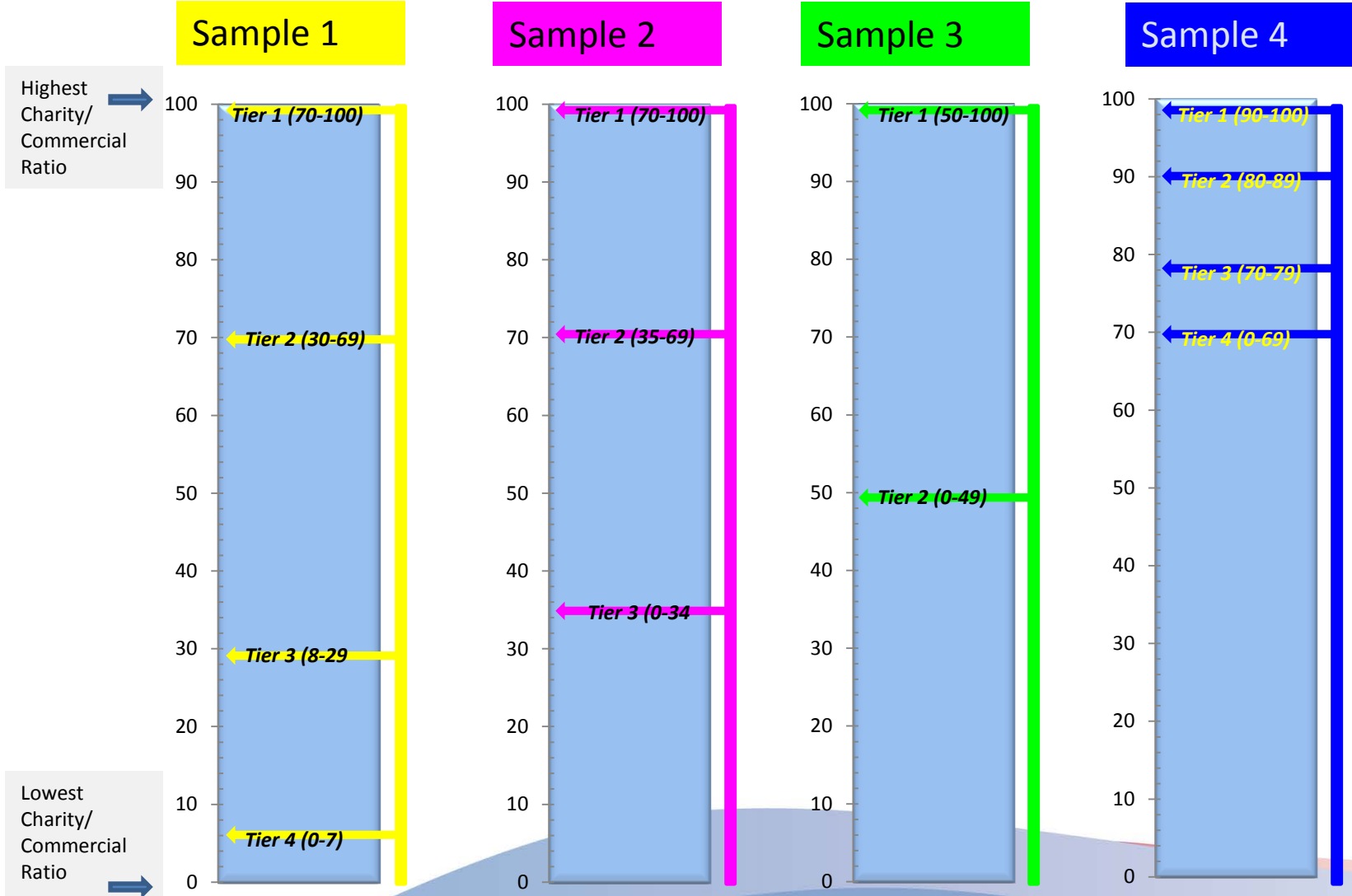


Design of Tiers

- The state has the flexibility to develop the tier structure to be used in the distribution model, including:
 - Determining the number of tiers. The Special Terms and Conditions allow for **up to four tiers**.
 - Determining where the thresholds are between tiers.



Design of Tiers



Design of Tiers

- The state has the flexibility to determine the total funding amount to be allocated to each tier in the tier structure:
 - Each provider within a tier must be paid the same percentage of their charity care cost as all of the other providers in that same tier.
 - For example, in Sample 1 on the prior slide, the state could decide that all providers falling into tier four would receive funding for 5% of their charity care, all providers in tier 3 would received funding for 10% of their charity care, etc.



Design of Tiers

- If the state decides to include both hospitals and medical school faculty plans in the SFY 2016-2017 distribution, a separate tier structure will need to be developed for each provider type
 - The tier structures could be the same or different for each included provider type.
 - The total funding amount for hospital providers (portion of the \$608 million) will be distributed through the hospital tier structure.
 - The total funding amount for medical school faculty plan providers (portion of the \$608 million) will be distributed through the medical school faculty plan tier structure.



Selection of Dataset

- The state has the flexibility to determine which dataset to use in the tier structure:
 - Can choose to use data from 2013, 2014 or 2015.
 - Determination of the provider rankings by the ratio of charity care/ commercial pay for the tier structure “may be effectuated using contemporaneous uncompensated care data, or equivalent data from a prior year not more than three years prior to the DY.”



Special Terms and Conditions 2016-2017: The Process

May 2015	Letter received from CMS: \$600 million for DY 11/ SFY 2016-2017
June 2015	Letter of Agreement received from CMS: \$608 million for DY 11/ SFY 2016-2017
July - October 2015	Worked intensively, in partnership with hospitals, to finalize STCs <ul style="list-style-type: none">• Meetings (AHCA/ Hospitals)• Calls (AHCA/CMS/Hospitals)• Models forwarded to CMS (AHCA/Hospitals)• Draft STC language shared (AHCA/CMS/Hospitals)



Special Terms and Conditions 2016-2017: The Process

- During the discussions that the state and the hospitals had with CMS, several requests were made regarding the final STCs that ultimately were denied:
 - Requested the ability to develop tiers based on hospital type in addition to the charity care ratio
 - Requested the ability to have up to five tiers in the distribution model
 - Requested a “Subcap” for DY 11, to allow a certain percentage of the total funding to be distributed outside of the “tier” model
 - Requested consideration of increased total funding level for DY 11
 - Requested separate pool for medical schools.



Questions?

