



***Low Income Pool Council
Recommendations for SFY 2010-11***

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Low Income Pool (LIP)

- The Low-Income Pool (LIP) program was implemented July 1, 2006 as part of the Medicaid Reform 1115 Research and Demonstration Waiver.
- Per Special Term and Condition (STC) #91 of the 1115 Wavier:
 - “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.”

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

- 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.

Council Challenges

- Declining state revenues, less state match for Medicaid and cuts to Medicaid reimbursement rates for hospitals.
- Addressing the service costs of the increasing number of uninsured in Florida and targeting resources to need.
- Uncertainty of the continuation of the enhanced Federal Medical Assistance Percentage (FMAP) as authorized via the American Recovery and Reinvestment Act of 2009, scheduled to end December 31, 2010.
- Uncertainty of approval by the federal Centers for Medicare and Medicaid Services of the request to amend STC #105 specific to the availability of \$300 million of LIP funding for SFY 2010-11.

LIP Council Recommendations

Following are the LIP Council recommended funding levels for SFY 2010-11 (in millions):

Low Income Pool -	\$1,000.3
Exemptions Program -	\$714.1
Disproportionate Share -	\$260.6
PSN/Children's/Rural/Trauma Buy-Backs -	<u>\$271.9</u>
Total	\$2.25 billion

Comparison of SFY 2009-10 Appropriation to SFY 2010-11 LIP Council Recommendations (in millions)

Low Income Pool:	<u>SFY 2009-10</u>	<u>SFY 2010-11</u>
➤ LIP	\$ 846.4	\$839.3
➤ Special LIP	102.6	104.7
➤ LIP Non-Hospital	<u>51.3</u>	<u>56.3</u>
➤ Total LIP (millions)	\$1,000.3	\$1,000.3
 Related Programs:		
➤ Disproportionate Share Hospital	\$ 260.6	\$260.6
➤ Exemptions	776.9	714.1
➤ Medicaid “Buy-Back” Program	<u>87.3</u>	<u>271.9</u>
➤ Total LIP Related (millions)	\$ 1,124.8	\$1,246.6
➤ Total LIP and Related Programs	<u>\$2,125.1</u>	<u>\$2,246.9</u>

Summary of Funding Sources

Where do the dollars come from?

State General Revenue	\$ 27.0 million
Local Taxes & Other Agencies	\$ 750.1 million
Federal Funds	<u>\$1,469.8 million</u>
Total	\$2,246.9 million

Sources of Matching Funds

Matching funds (all programs):

- \$27.0 million in total state GR match.
- \$750.1 million in local Intergovernmental Transfers (IGTs) are provided using local tax dollars, other Agencies' funds and public hospital operating funds. Twenty-four local governments contribute these funds (along with four other local governments with available additional funds).
- The Council recommendations for SFY 2010-11 include an increase of \$36 million in local IGTs.

Hospital IGT Contributors

<u>Local Government/ Special Taxing Authority</u>	<u>IGTs Contributed</u>
Bay County	4,850,770
Citrus County Hospital Board	6,294,426
Collier County	2,332,661
Duval County	20,323,124
Gulf County	836,340
Halifax Hospital Medical Center Taxing District	29,579,506
Health Care District of Palm Beach County	18,183,458
Health Central	2,149,860
Hillsborough County	29,056,792
Indian River Taxing District	8,085,657
Lake Shore Hospital Authority	2,332,661
Lee Memorial Health System	11,302,886
Manatee County	4,200,955
Marion County	3,180,783
Miami-Dade County	312,004,250
North Brevard Hospital District	957,671
North Broward Hospital District	129,754,816
North Lake Hospital Taxing District	10,210,235
Orange County	10,502,488
Pinellas County	20,394,722
Sarasota County Public Hospital Board	17,443,214
South Broward Hospital District	78,087,646
South Lake Taxing Hospital Taxing District	3,506,530
St. Johns County	298,208
TOTAL	725,869,659

Recommended LIP Program

LIP Allocated and Proportional Distributions – Recommended funding of \$839.3 million

- Uses the LIP model approved in the 2009 GAA with minor policy modifications.
- Allocation factor remained at 15%.
- Proportional allocations were funded at a level of \$120.7 million with an allocation policy of Medicaid, charity and 50% of bad debt and a threshold qualification level of 10%.

Special Hospital LIP

Recommended funding of \$104.7 million for the following initiatives:

▪ Rural	\$ 6.3 m
▪ Primary Care	\$ 10.1 m
▪ Specialty Pediatric	\$ 1.6 m
▪ Trauma	\$ 9.7 m
▪ Safety Net	\$ 77.0 m
Total Special LIP	\$ 104.7 m

Disproportionate Share Hospital Program (DSH)

Recommended funding \$260.6 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.
 - Sixty-five hospitals including the rural hospitals are recommended for Medicaid DSH payments.
- The DSH Program distribution method remains the same as SFY 2009-10.

Exemption Program

Recommended funding of \$714.1 million

- Qualifying hospitals are eligible for Medicaid reimbursement that is exempt from specific ceilings and targets
- Uses the policy parameters as approved for SFY 2009-10.
- Qualification thresholds remain at 11% for most hospitals and 7.3% for trauma hospitals. Sixty-six hospitals would qualify plus 25 rural hospitals.
- Authority for public hospitals to self-exempt rates using qualifying local funds.

Buy-Back Program

Recommended funding of \$271.9 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.
- 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.

LIP Non-Hospital Programs

Recommended funding of \$56.3 million

- Initiatives focused on primary care, emergency room diversion, disease management, poison control, and continued initiatives related to premium assistance programs.
- Federally Qualified Health Centers, County Health Departments, Hospital based Primary Care Programs benefit from continued funding.
- The Council's recommendations for SFY 2010-11 include an increase of \$5 million for LIP Non-Hospital programs.

Low Income Pool Independent Consultant

- The 2009-10 General Appropriations Act, Specific Appropriation 171, directed the Agency to contract with an independent consultant to prepare recommendations on the financing and the distribution of funds for the Low Income Pool and Disproportionate Share Hospital program.
- The Agency issued a Request for Quotes (RFQ) for these services to entities on the state's vendor list on 9/9/09, with a 9/23/09 response deadline.
- There were two RFQ responses for these services.
- The Agency secured North Highland to evaluate the Low Income Pool Council's recommendations.
- The consultant's findings and recommendations are to be submitted within 15 days after the Low Income Pool Council's recommendations are submitted for Fiscal Year 2010-2011.



Questions?