



House Health Care Appropriations

February 15, 2021

Agency for Health Care Administration

Tom Wallace, Assistant Deputy Secretary for Medicaid
Finance and Data Analytics



Medicaid Supplemental Payment Overview

- Low Income Pool (LIP)
- Disproportionate Share Hospital (DSH)
- Graduate Medical Education (GME)
- Physician Supplemental Payment (PSP)
- Multi-Visceral Transplant Program
- Florida Cancer Hospital Program (FCHP)
- Public Emergency Medical Transportation (PEMT)
- Directed Payment Program (DPP) - Proposed

What are Supplemental Payments?

- Payments made to Medicaid providers in addition to the Medicaid reimbursement they received for services provided.
- The state share funding source is generally funded through non-General Revenue funds.
- Authorized by the Legislature either through statute or the General Appropriations Act and approved by the federal Centers for Medicare and Medicaid Services.
- Florida currently has 8 supplemental payment programs.

Intergovernmental Transfers Overview

- The Agency collects Intergovernmental Transfers (IGTs) to pay the state match for Medicaid supplemental payments.
- IGTs are the transfer of funds from a governmental entity (other than Medicaid) such as:
 - Counties
 - Local health care taxing districts
 - Providers operated by state or local government.
- Entities planning providing IGTs sign a Letter of Agreement (LOA) with the Agency each state fiscal year stating the amount of funds they plan on contributing.
- The Agency uses IGTs to draw down federal funds based on the Federal Medical Assistance Percentage (FMAP).



History of IGTs

- Local government funds have supported the Medicaid program since 1992 beginning with Disproportionate Share Hospital (DSH).
- The growth of the DSH program and the implementation of the Low Income Pool (LIP) program increased the need for local government funds in order to sustain both programs.
- In state fiscal year 1992-93, **three** local governments helped fund the Medicaid DSH program.
- In SFY 2017-18, **41** local governments helped fund DSH along with several other Medicaid supplemental payment programs.
- By SFY 2020-21, **97** local governments helped fund these same programs along with a few additional programs.

Low Income Pool: History

- Began in 2006 as part of Medicaid Reform pilot
- Original purpose:
 - Provide supplemental funding to hospitals, clinics, and other entities to improve access to health care services in rural communities.
 - Ensure continued government support for the provision of health care services to the uninsured and underinsured.
- Current purpose:
 - Provide government support for the costs of uncompensated care for low-income individuals who are uninsured.



LIP: How it Works

- Local government entities put money into the pool through Intergovernmental Transfers (IGTs).
 - The Agency draws matching funds from the federal government based on the Federal Medical Assistance Percentage (FMAP).
- The Agency distributes the combined local and federal funds to qualified providers based on a legislatively approved distribution funding model.

History of LIP Funding

State Fiscal Year (SFY)	Total LIP Allotment
SFY 2006-2007 through SFY 2013-2014	\$ 1 billion
SFY 2014-2015	\$ 2.17 billion
SFY 2015-2016	\$ 1 billion
SFY 2016-2017	\$ 608 million
SFY 2017-2018 through SFY 2021-2022	\$ 1.5 billion



Low Income Pool Provisions for SFYs 2018-2030

- Approximately \$1.5 billion through SFY 2021-22
- In SFY 2022-23, a reassessment of the amount of uncompensated charity care cost will take place to update the LIP limit not to exceed approximately \$2.17 billion.
- Provides support for safety net providers for the costs of uncompensated charity care for low-income individuals who are uninsured.
- It does not include uncompensated care for individuals with insurance, bad debt, or Medicaid or CHIP “shortfall.”
 - “Shortfall” is the difference between what Medicaid or CHIP pays and the providers cost.



Who Can Receive LIP Funds

- Provider groups that can participate:
 - Hospitals
 - Federally Qualified Health Centers and Rural Health Clinics (FQHCs/RHCs)
 - Medical School Faculty Physician Practices
 - Community Behavioral Health providers
- Each group may be divided in up to five tiered subgroups, any of which may be based on:
 - Ownership
 - Publicly Owned, Privately Owned, statutory teaching, freestanding children's hospital status, and Regional Perinatal Intensive Care Center (RPICC) hospital status
 - Uncompensated Charity Care ratio
 - Section 330 Public Health Service Act grant type and FQHC Look-Alike status (for FQHCs/RHCs only)



Participation Requirements

- All providers must be enrolled in Medicaid
- Hospitals must:
 - Contract with:
 - At least 50% of the standard Medicaid health plans in their region.
 - At least one Medicaid specialty plan for each target population that is served by a specialty plan in their region.
 - Participate in the Encounter Notification System
 - Have at least 1% Medicaid utilization



Participation Requirements

- Medical School Physician Practices:
 - Must participate in the Florida Medical Schools Quality Network.
 - Must have at least 1% Medicaid utilization.
- Federally Qualified Health Centers/Rural Health Clinics:
 - Must contract with at least 50 percent of the Medicaid health plans in their region.
- Community Behavioral Health Providers
 - Must be a designated Central Receiving System



LIP SFY 2020-21 Model: Hospitals

Tier	Hospital Qualifications	Percent of Charity Care Paid by LIP
1	Private Hospitals with a Uncompensated Care (UC) ratio greater than or equal to 17% and less than 51.5%	8.9%
2	All Public Hospitals, All Freestanding Children's Hospitals, Statutory Teaching Hospitals with UC ratio greater than or equal to 19%, and Private Hospitals with UC ratio greater than or equal to 51.5%	100.0%
3	Statutory Teaching Hospitals with UC ratio less than 19%	58.4%
4	Regional Perinatal Intensive Care Centers (non-Public), and Statutory Teaching Regional Perinatal Intensive Care Centers with a UC ratio greater than or equal to 15% and less than 17%.	100.0%
5	Private Hospitals with a UC ratio less than 17%.	1.0%



LIP SFY 2020-21 Model: Other Provider Types

Provider Type	Percent of Charity Care Paid by LIP
Medical School Physician Practice	100.0%
Federally Qualified Health Center/ Rural Health Clinic	18.7%
Community Behavioral Health Central Receiving System	100.0%



LIP SFY 2020-21 Funding

Programs	Category	Total Funds for SFY 20-21
Low Income Pool Program	Low Income Pool - Group 1 (Hospitals)	\$ 885,028,626
	Low Income Pool - Group 2 (Medical Schools)	\$ 107,338,940
	Low Income Pool - Group 3 (FQHCs/RHCs)	\$ 59,178,866
	Low Income Pool - Group 4 (Behavioral Health)	\$ 16,464,388
	Total Low Income Payments	\$ 1,068,010,820



Disproportionate Share Hospital

- DSH was created under federal law to compensate hospitals that have provided a disproportionate share of Medicaid or charity care services.
- Federal law establishes an annual DSH allotment for each state that limits Federal Financial Participation for payments made to hospitals.
- Florida began receiving IGTs to fund the state share of DSH programs in SFY 1992-93.
- Currently there are 73 Florida hospitals participating in 8 DSH categories:
 - Public DSH
 - Provider Service Network DSH
 - Graduate Medical Education DSH
 - Family Practice DSH
 - Specialty DSH
 - Mental Health DSH
 - Rural DSH
 - Specialty Hospitals for Children DSH



Disproportionate Share Hospital

- Although DSH is a federal program, state matching funds are required every year for the Agency to distribute payments.
- The state match for DSH is funded through the receipt of IGTs except for the following DSH categories:
 - Rural DSH: Funded through Grants and Donations (Other Fraud Recoveries) and Medical Care Trust Fund.
 - Mental Health DSH: Funded through Certified Public Expenditures (CPEs) and Medical Care Trust Fund.
 - Specialty DSH: Funded through CPEs and Medical Care Trust Fund.
 - Specialty Hospital's for Children's DSH: Funded through General Revenue and Medical Care Trust Fund.



DSH SFY 2020-21 Funding

Programs	Category	Total Funds for SFY 20-21
Disproportionate Share Hospital Program	Regular Disproportionate Share	\$ 224,432,482
	Mental Health Disproportionate Share	\$ 77,180,240
	Children's Hospital Disproportionate Share	\$ 17,130,976
	Rural Disproportionate Share	\$ 10,260,193
	Specialty Hospital Disproportionate Share	\$ 1,443,885
	Total DSH Programs Payments	\$ 330,447,776



Graduate Medical Education Statutory Programs

Graduate Medical Education (GME) currently consists of eight programs:

- The **Statewide Medicaid Residency Program** is established to improve the quality of care and access to care for Medicaid recipients, expand graduate medical education on an equitable basis, and increase the supply of highly trained physicians statewide.
 - Funded by General Revenue and the Medical Care Trust Fund.
 - Began in SFY 2012-13.
- The **Startup Bonus Program** provides funding to hospitals with newly accredited physician residency positions or programs in the statewide supply-and-demand deficit specialties or subspecialties.
 - Funded by IGTs and the Medical Care Trust Fund.
 - Began in SFY 2013-14.



Graduate Medical Education Proviso Programs – Beginning SFY 2018-19

These programs began in SFY 2018-19 and are funded by IGTs and the Medical Care Trust Fund:

- The **High Tertiary Program** distributes funding to teaching hospitals which provide highly specialized tertiary services, have greater than \$10 million in charity care costs and provide highly specialized tertiary care including: comprehensive stroke and Level 2 adult cardiovascular services; NICU II and III; and adult open heart.
- The **Severe Deficit Program** aims to address the declining Graduate Medical Education in severe deficit physician specialties. The program funds up to \$100,000 per-FTE to residency positions in urology, thoracic surgery, nephrology, and ophthalmology.
- The **Primary Care Program** funds up to \$150,000 per full time resident in primary care and training in Medicaid regions with primary care demand greater than supply by 25% or more.



Graduate Medical Education Proviso Programs – Beginning in SFY 20-21

These programs began in SFY 2020-21 and are funded by IGTs and the Medical Care Trust Fund:

- The **Mental/Behavioral Health Program** distributes funding for residents, fellows or interns who rotate through mental health and behavioral health facilities to address the severe deficit of physicians trained in these areas.
- The **Primary Care in Region 1** distributes funding for each full-time employee in family medicine, general internal medicine, general pediatrics, preventive medicine, geriatric medicine, osteopathic general practice, obstetrics and gynecology, emergency medicine, general surgery, and psychiatry.
 - This payment will not be made as the intergovernmental transfers were not provided.
- The **Tallahassee Memorial Healthcare** payment distributes funding for each internal medicine residency slot at this hospital.
 - This payment will not be made as no IGTs were provided.



GME SFY 2020-21 Funding

Programs	Category	Total Funds for SFY 20-21
Graduate Medical Education Program	Startup Bonus	\$ 100,000,000
	Statewide Medicaid Residency Program	\$ 97,300,000
	High Tertiary	\$ 30,000,000
	Severe Deficit	\$ 30,000,000
	Primary Care	\$ 10,535,000
	Region 1 Primary Care	\$ 7,929,000
	Tallahassee Memorial	\$ 2,096,436
	Mental/Behavioral Health	\$ 2,000,000
	Psychiatry/FQHC	\$ 525,000
	Total GME Program Payments	\$ 280,385,436



Physician Supplemental Payment

- Physician Supplemental Payment provides supplemental payments based on the calculation of the difference between the base Medicaid payment and supplemental payment for allowable procedure codes.
- Payments are made to medical school faculty physician practice plans at eligible universities.
- Payments made through both fee-for-service and a directed payment, which is paid through the Medicaid health plans.
- The state share is funded through IGTs.
- Program began in SFY 2016-17.



PSP SFY 2020-21 Funding

Programs	Category	Total Funds for SFY 20-21
Physician Supplemental Payments Program	Uniform Increase Payments (MCO)	\$ 255,537,882
	Fee-For-Service Payments	\$ 60,064,789
	Total Physician Supplemental Payments	\$ 315,602,671



Multi-Visceral Transplant

- A per Medicaid recipient global fee is paid to approved intestine and multi-visceral transplant facilities.
- The global fee is an all-inclusive payment that includes 365 days of transplant related care.
- The state share is funded through IGTs for the physician and hospital inpatient reimbursements.
- There is currently 1 provider participating.
- Program began in SFY 2009-10.



Multi-Visceral SFY 2020-21 Funding

Programs	Category	Total Funds for SFY 20-21
Multi-Visceral Transplant Program	Global Reimbursement	\$ 7,370,018
	Total Multi-Visceral Transplant Program	\$ 7,370,018



Florida Cancer Hospital Program

- Provides supplemental payments to Florida cancer hospitals that meet the criteria in 42 USC s. 1395ww(d)(1)(B)(v).
- Providers are reimbursed up to their respective upper payment limit gap for inpatient and outpatient services.
- Payments made through both fee-for-service and a directed payment, which is paid through the Medicaid health plans.
- The state share is funded through IGTs.
- There are currently 2 providers participating.
- Program began in October 2017.



FCHP SFY 2020-21 Funding

Programs	Category	Total Funds for SFY 20-21
Florida Cancer Hospital Program	Uniform Increase Payments (MCO)	\$ 115,332,462
	Fee-For-Service Payments	\$ 24,358,783
	Total FCHP Program Payments	\$ 139,691,245



Public Emergency Medical Transportation

- Provides supplemental payments for eligible Public Emergency Transportation providers for allowable costs that are in excess of other Medicaid revenue that the entities receive for services to Medicaid recipients.
- Payments made through both fee-for-service and a directed payment, which is paid through the Medicaid health plans.
- The state share is funded through Certified Public Expenditures for the fee-for-service portion and IGTs for the directed payment portion.
- This program began in October 2015.
- There are currently 81 providers participating.



PEMT SFY 2020-21 Funding

Programs	Category	Total Funds for SFY 20-21
Public Emergency Medical Transportation Program	Uniform Increase Payments (MCO)	\$ 54,786,711
	Fee-For-Service Payments	\$ 35,000,000
	Total PEMT Program Payments	\$ 89,786,711



Hospital Directed Payment Program

- Included in the Governor's Florida Leads Budget.
- Will provide a directed payment to hospitals in an amount up to the Medicaid shortfall.
- Medicaid shortfall is the difference between the cost of providing care to Medicaid-eligible patients and the payments received for those services.
- A separate uniform rate will be established for inpatient and outpatient services and for the three identified provider classes: private hospitals, public hospitals, and cancer hospitals.
- The uniform percentage increases will be set by Medicaid region.
- Within each region, the payment arrangement will direct payments equally to all hospitals within each class for hospital services provided by hospitals and paid by Medicaid health plans.



Hospital Directed Payment Program

- Will be implemented as a directed payment through the Medicaid health plans.
- Federal CMS approval must be obtained prior to implementation of a directed payment.
- The State must identify how the payment arrangement will advance at least one of the goals and objectives in its comprehensive quality strategy.
- The payment arrangement aligns with the Agency's quality goals to reduce:
 - Cesarean Sections (C-sections)
 - Potentially Preventable Hospital Readmissions, and
 - Healthcare Associated Infections.



Hospital Directed Payment Program

- The state share of the payment arrangement will be funded through provider assessments and the receipt of IGTs.
- A regional assessment structure will be implemented for the private provider class.
- The assessment per region would be based on the amount needed to fund the cost of the rate increases to the hospitals in that area.



DPP SFY 2020-21 Funding

Programs	Category	Total Funds for SFY 20-21
Directed Payment Program (Proposed)	Uniform Increase Payments (MCO)	\$ 2,250,000,000
	Total Directed Payment Program	\$ 2,250,000,000



Programs	Category	Total Funds for SFY 20-21
Low Income Pool Program	Low Income Pool - Group 1 (Hospitals)	\$ 885,028,626
	Low Income Pool - Group 2 (Medical Schools)	\$ 107,338,940
	Low Income Pool - Group 3 (FQHCs/RHCs)	\$ 59,178,866
	Low Income Pool - Group 4 (Behavioral Health)	\$ 16,464,388
	Total Low Income Pool Payments	\$ 1,068,010,820
Disproportionate Share Hospital Program	Regular Disproportionate Share	\$ 224,432,482
	Mental Health Disproportionate Share	\$ 77,180,240
	Children's Hospital Disproportionate Share	\$ 17,130,976
	Rural Disproportionate Share	\$ 10,260,193
	Specialty Hospital Disproportionate Share	\$ 1,443,885
	Total DSH Programs Payments	\$ 330,447,776
Graduate Medical Education Program	Startup Bonus	\$ 100,000,000
	Statewide Medicaid Residency Program	\$ 97,300,000
	High Tertiary	\$ 30,000,000
	Severe Deficit	\$ 30,000,000
	Primary Care	\$ 10,535,000
	Region 1 Primary Care	\$ 7,929,000
	Tallahassee Memorial	\$ 2,096,436
	Mental/Behavioral Health	\$ 2,000,000
	Psychiatry/FQHC	\$ 525,000
	Total GME Program Payments	\$ 280,385,436
Physician Supplemental Payments Program	Uniform Increase Payments (MCO)	\$ 255,537,882
	Fee-For-Service Payments	\$ 60,064,789
	Total Physician Supplemental Payments	\$ 315,602,671
Multi-Visceral Transplant Program	Global Reimbursement	\$ 7,370,018
	Total Multi-Visceral Transplant Program	\$ 7,370,018
Florida Cancer Hospital Program	Uniform Increase Payments (MCO)	\$ 115,332,462
	Fee-For-Service Payments	\$ 24,358,783
	Total FCHP Program Payments	\$ 139,691,245
Public Emergency Medical Transportation Program	Uniform Increase Payments (MCO)	\$ 54,786,711
	Fee-For-Service Payments	\$ 35,000,000
	Total PEMT Program Payments	\$ 89,786,711
Directed Payment Program (Proposed)	Uniform Increase Payments (MCO)	\$ 2,250,000,000
	Total Directed Payment Program Payments	\$ 2,250,000,000
Total for All Supplemental Payments		\$ 4,481,294,677



Questions

