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

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

• 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

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
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<tbody>
<tr>
<td>May 2015</td>
<td>Letter received from CMS: $600 million for DY 11/ SFY 2016-2017</td>
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<tr>
<td>June 2015</td>
<td>Letter of Agreement received from CMS: $608 million for DY 11/ SFY 2016-2017</td>
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<tr>
<td>July - October 2015</td>
<td>Worked intensively, in partnership with hospitals, to finalize STCs</td>
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<tr>
<td></td>
<td>• Meetings (AHCA/ Hospitals)</td>
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<td></td>
<td>• Calls (AHCA/CMS/Hospitals)</td>
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<tr>
<td></td>
<td>• Models forwarded to CMS (AHCA/Hospitals)</td>
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<tr>
<td></td>
<td>• Draft STC language shared (AHCA/CMS/Hospitals)</td>
</tr>
</tbody>
</table>
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?