## Medicaid Supplemental Hospital Funding Programs
## Fiscal Year 2014-2015

| Low Income Pool Funding (LIP) | |
|---|---|
| General Revenue | $9,119,726 |
| Grants and Donations Trust Fund | $867,606,672 |
| Medical Care Trust Fund | $1,291,241,942 |
| **Total** | **$2,167,968,340** |

| Special LIP | |
|---|---|
| Rural | $5,622,242 |
| Proportional Primary Care Hospitals | $12,004,728 |
| Trauma Level I | $3,772,467 |
| Trauma Level II or Pediatric Trauma | $3,300,257 |
| Trauma Level II and Pediatric Trauma | $1,753,963 |
| Safety Net | $73,129,526 |
| Specialty Pediatrics | $1,409,166 |
| Quality Measures (STC 61) | $15,000,000 |
| Independent Report | $500,000 |
| **Total Special LIP** | **$116,492,350** |

Special LIP Summary – Hospital Provider Access Systems:

- Rural LIP distributions are provided to providers who qualify for Rural Disproportionate Share Hospital (DSH) / Rural Financial Assistance Program (RFAP) payments. The distributions are made in proportion to their Rural DSH/FAP payments.
- Trauma LIP distributions are provided to designated or provisional trauma centers divided into three categories, Level I trauma center, Level II or pediatric trauma center, or Level III and pediatric trauma center. The distributions are divided equally to the provider within the individual categories.
- Safety-Net LIP distributions are based on various specific legislative issues or hold harmless payments from previous DSH programs no longer funded.
- Specialty Pediatric LIP distributions are made to the specialty pediatric hospitals with 2,000 or more Medicaid days using the average of the 2005, 2006, and 2007 audited DSH data available as of March 1, 2014. In the event the agency does not have the prescribed three years of audited DSH data for a hospital, the agency shall use the average of the audited DSH data for 2005, 2006, and 2007 that are available. The payments are equally distributed.
- Quality Measures are based on the Special Terms and Conditions (STCs) as updated by the Centers for Medicare and Medicaid Services (CMS) in accordance with the extension of the CMS 1115 Waiver. Of the total, $400,000 is provided for the specialty children's hospitals to be distributed based on an allocation methodology incorporating quality measures that shall be developed by the agency for the specialty children's hospitals. $7,300,000 shall be allocated using the core measures as determined by CMS. The remaining $7,300,000 shall be distributed equally using the following six outcome measures:
    1. Mortality Hospital Risk Adjusted Rate (HRAR) Acute Myocardial Infarction (AMI) without transfers.
    2. Mortality HRAR Congestive Heart Failure (CHF)
    3. Mortality HRAR Pneumonia
    4. Risk Adjusted Readmission Rate (RARR) AMI
    5. RARR CHF
    6. RARR Pneumonia

- Hospitals receiving an allocation in this category are required to enhance existing, or initiate new, quality-of-care initiatives to improve their quality measures and identified patient outcomes, and to provide required documentation of this to the agency.

The Special LIP distribution detail is incorporated in the Medicaid Supplemental Hospital Funding Programs – Fiscal Year 2014-2015, Table 1. The distribution amounts for the Quality Measures (STC 61) category shall remain as represented in Table 1. The individual amounts for Rural Hospitals may be modified depending on updated Florida Hospital Uniform Reform System (FHURS) data, used in the Rural DSH calculations.

During the one year LIP extension, the Agency for Health Care Administration is required to commission a report from an independent entity on Medicaid provider payment that reviews the adequacy of payment levels, and the adequacy, equity, accountability and sustainability of the State's funding mechanisms for LIP payments. The report must recommend reforms to the Florida Medicaid financing system that can allow the state, beginning in SFY 2015, to move toward Medicaid fee-for-service and managed care payments that ensure access for Medicaid beneficiaries to providers without payments through LIP. A final report is due no later than March 1, 2015.

| **LIP - 4** | |
|---|---|
| **LIP - 4** | **$764,004,489** |

Funds in LIP - 4 are first allocated to hospitals where local government funds are transferred to the State of Florida for use in the LIP and Exemption programs. The distribution is the local government fund multiplied by an allocation factor. For State Fiscal Year 2014-2015, the allocation factor is 108.5 percent.

Distributions in LIP - 4 are contingent upon a Letter of Agreement (LOA) between the Agency for Health Care Administration and the local government. Distributions in this category may be modified during the state fiscal year based on the LOA contracting process.

The LIP - 4 distribution detail is incorporated in the Medicaid Supplemental Hospital Funding Programs – Fiscal Year 2014-2015, Table 2, column "Preliminary Amount of Local Funding."

| **LIP - 5** | |
|---|---|
| **LIP - 5** | **$2,419,573** |

Rural hospitals with Medicaid, charity and 50 percent of bad debt days equal to or greater than 10 percent are eligible for the $2,419,573 LIP - 5 pool. Distributions are based on the percent of Medicaid, charity, and bad debt days to total of all qualified hospitals using the 2011 FHURS.

The LIP - 5 distribution detail is incorporated in the Medicaid Supplemental Hospital Funding Programs – Fiscal Year 2014-2015, Table 2, column "Proportional Adjust. For Rural Hospitals."

| **LIP - 6** | |
|---|---|
| **LIP - 6** | **$963,184,508** |

The funds in LIP - 6 are provided for hospitals to receive a distribution on a quarterly basis, as delineated in Medicaid Supplemental Hospital Funding Programs – Fiscal Year 2014-2015, Table 2a.

Distributions in LIP - 6 are contingent on the nonfederal share of matching funds being provided by local governmental entities to support the distribution. In the event the qualified nonfederal share of matching funds is not provided by local governmental entities to support the distribution for an individual hospital the agency may allow another hospital with access to qualified nonfederal share of matching funds to participate in the LIP 6 distribution not to exceed the $963,184,508 threshold.

In order for the agency to certify the qualified nonfederal share of matching funds, a local governmental entity must submit a final, executed letter of agreement to the agency, which must be received by October 1 of the fiscal year and provide the total amount of nonfederal share of matching funds authorized by the entity under this paragraph or the General Appropriations Act. These distributions are for hospitals that meet participation requirements in the Low Income Pool as agreed upon between the Agency and the Centers for Medicare and Medicaid Services (CMS), and as a further condition of receipt of funds through the Low Income Pool program, participating hospitals shall not include these values in reimbursement made to the hospital from managed care plans.

| **Other Provider Access Systems** | |
|---|---|
| Poison Control Programs | $3,172,805 |
| Federally Qualified Health Clinics (FQHC) | $18,276,256 |
| County Initiative – Department of Health (DOH) | $4,534,727 |
| Hospital Based Primary Care Initiatives | $3,000,000 |
| HCDPBC - Premium Assistance Programs | $15,867,014 |
| Miami Dade – Premium Assistance Programs | $250,000 |
| Manatee ER Diversion | $1,200,000 |
| Hospital Primary Care | $34,032,786 |
| Primary Care Initiatives per Tier-one Milestones (STC 61) | $35,000,000 |
| County Health Department - Primary Care Initiative | $2,000,000 |
| Teaching Physicians | $204,533,833 |
| **Total Other LIP Provider Access Systems** | **$321,867,421** |

Poison Control Programs - Funds are provided to make Medicaid low-income pool payments to hospitals. These payments shall be used, in collaboration with the Department of Health, to provide funding for hospitals providing poison control programs.

FQHC - Funds are provided to make Medicaid low-income pool payments to Federally Qualified Health Centers. These payments may be used to provide funding for Federally Qualified Health Centers supporting primary care services in medically underserved areas.

County Initiative – Department of Health (DOH) - Funds are provided for county health initiatives emphasizing the expansion of primary care services and rural health networks. The DOH will

develop the funding criteria processes, which include assessing statewide benefits, sustainability, access to primary care improvements, ER diversion potential, and health care innovations that are replicable and with a three-year limit on low-income pool funding.

Hospital Based Primary Care Initiatives - Funds are provided to make Medicaid low-income pool payments to hospitals. These payments shall be used, in collaboration with the DOH, to provide funding for hospitals with hospital based primary care initiatives.

Miami Dade – Premium Assistance Programs - Funds are provided to make health insurance premium payments for low-income residents enrolled in the Miami-Dade Premium Assistance Program.

HCDPBC Premium Assistance Program (Health Care District of Palm Beach County) - Funds are provided to make Medicaid low-income pool payments for premium assistance programs operated by Palm Beach County Health Care District.

Manatee ER Diversion - Funds are provided to continue the primary care and emergency room diversion program in Manatee, Sarasota and DeSoto counties.

County Health Department - Primary Care Initiative -Funds are provided for county health department clinics to enhance primary care health services, targeting low-income, uninsured, and under-insured individuals, in the following counties:

Bay.....$518,987
Okaloosa.....$555,412
Walton.....$172,760
Holmes.....$150,000
Washington.....$150,000
Jackson.....$152,476
Gadsden.....$150,365
Gulf.....$150,000

Primary Care Projects (New Primary Care Initiatives) – Funds are provided to continue the primary care grants.

Funding for Hospitals with Primary Care services is provided to providers who received Primary Care DSH payments during State Fiscal Year 2003-2004. The funds shall be distributed as specified in Table 1 in the column labeled “Primary Care” as incorporated in the Medicaid Supplemental Hospital Funding Programs – Fiscal Year 2014-2015.

The Other Provider Access Systems distributions are incorporated in the Medicaid Supplemental Hospital Funding Programs – Fiscal Year 2014-2015, Table 3, after the Hospital Provider Access Systems.

Tier-one Milestone Distributions (STC 61) are included as a portion of the total of the $50 million in new funds required by updated STCs from CMS. The distribution of the $35 million in this section will be determined by the agency based upon the requirements herein. A total of $20 million will be used for the start-up of new primary care programs and a total of $15 million will be used to meaningfully enhance existing primary care programs. There is a cap of $4 million per grant proposal. The CMS Tier-one Milestones are for the establishment of new, or

enhancement of existing, innovative primary care programs that meaningfully enhance the quality of care and the health of low income populations. The new or enhanced primary care programs must broadly drive from the three overarching goals of CMS's Three-Part Aim.

1. Better care for individuals, including safety, effectiveness, patient centeredness, timeliness, efficiency, and equity.
2. Better health for populations by addressing areas such as poor nutrition, physical activity, and substance abuse; and
3. Reducing per capita-costs.

Within these broad goals, the agency will establish further requirements for new or enhanced primary care programs to provide the services most needed by the local community, such as needed physician, dental, nurse practitioner, or pharmaceutical services; expand local capacity to treat patients; and provide for extended service hours. Additionally, reduction of unnecessary emergency room visits and preventable hospitalizations will be components of new or enhanced primary care programs.

Funding for Teaching Physicians are for services provided by doctors of medicine and osteopathy, as well as other licensed health care practitioners acting under the supervision of those doctors pursuant to existing statutes and written protocols, employed by or under contract with a medical school in Florida. These distributions are for Medical Schools that meet participation requirements in the Low Income Pool.

| **DRG Add-on, Exemptions, Buy Back, and Liver** | |
|---|---|
| General Revenue | $10,056,000 |
| Grants and Donations Trust Fund | $316,289,517 |
| Medical Care Trust Fund | $480,641,419 |
| **Total** | **$806,986,936** |

| **DRG Add-on and Exemptions** | | | |
|---|---|---|---|
| **Exemptions** | **Inpatient $562,390,224** | **Outpatient $104,118,259** | **Total $666,508,483** |
| Hospital Classification and Allowable Percent of Exemption: | | | |
| a) Specialty Children's Hospitals | | | 88.76826% |
| b) Public | | | 70.76825% |
| c) Statutory Teaching | | | 70.76825% |
| d) Designated Trauma (greater than 7.3% Medicaid utilization) | | | 66.18086% |
| e) Specialty Hospitals (Eye, TB [Tuberculosis], Teaching) | | | 66.18086% |
| f) Specific Legislative | | | 66.18086% |

| | | |
|---|---|---|
| g) | Medicaid and Charity Utilization (greater than 15%) | 66.18086% |
| h) | Community Hospital Education Program (CHEP) | 66.18086% |
| i) | Medicaid and Charity Utilization (11%-14.999%) | 66.18086% |
| j) | Trauma Add On (for qualified exempt hospitals) | 1.50000% |
| k) | Pediatric Add On | explicit $ |

Providers in the exemption category are those who are exempt from the ceiling and target-limitations. Qualifying, providers are allowed to receive a specific percentage of the exemption based on the provider's classification.

Hospitals qualifying based on utilization are determined using the average of the 2005, 2006, and 2007 audited DSH data available as of March 1, 2014. In the event the agency does not have the prescribed three years of audited DSH data for a hospital, the agency shall use the average of the audited DSH data for 2005, 2006, and 2007 that are available. Designated trauma hospitals qualify when Medicaid days as a percentage of total hospital days are greater than 7.3 percent. Hospitals whose charity care and Medicaid days, as a percent of total adjusted hospital days, equaling or exceeding 11 percent are included in the Medicaid and Charity Utilization classification.

Specific legislative qualifying hospitals include those meeting one or more of the following definitions:

- Level III Neonatal Intensive Care Units that have a minimum of three of the following designated tertiary services as regulated under the Certificate of Need Program: pediatric bone marrow transplantation, pediatric open heart surgery, pediatric cardiac catheterization, and pediatric heart transplantation.

Hospitals that have a minimum of ten licensed Level II Neonatal Intensive Care Beds and are located in Trauma Services Area 2.

Hospitals with pediatric facilities are designated $19,866,022 of the total exemption funds. This amount is included with the inpatient exemption costs in the Medicaid Supplemental Hospital Funding Programs – Fiscal Year 2014-15, Table 3

The calculation for inpatient and outpatient exemptions, for qualified hospitals is as follows:

1. Qualified hospitals will be tiered at the percent indicated above, items (a) through (i).

2. The trauma add on percent, item (j) will be applied to all hospitals that are qualified in the exemption program and that are also designated trauma centers.

3. The pediatric add on is applied to the inpatient exemption for the hospitals listed in the Medicaid Supplemental Hospital Funding Programs – Fiscal Year 2014-15, Table 3.

4. For every hospital exempt from inpatient targets and ceilings whose Medicaid inpatient variable cost per Medicaid inpatient day decreased 20% or more from the Medicaid per diem rate calculation effective July 1, 2011 to the Medicaid per diem rate calculation effective July 1, 2012, an incentive shall be added to the hospital to increase the hospital inpatient exemption from inpatient targets and ceilings to 100%.

The qualifying hospitals for exemptions through the LIP program are provided in the Medicaid Supplemental Hospital Funding Programs – Fiscal Year 2014-15, Table 3. The exemptions list is all inclusive; no additional providers may qualify for exemptions through the LIP program during State Fiscal Year 2014-15.

| **DRG Add-on and Medicaid Trend Adjustment Buy Back** | | | |
|---|---|---|---|
| | Inpatient | Outpatient | Total |
| Provider Service Network (PSN) | $37,183,693 | $7,676,928 | $44,860,621 |
| Specialty Children's | $19,548,787 | $5,641,392 | $25,190,179 |
| Rural | $6,840,837 | $4,418,619 | $11,259,456 |
| Designated Trauma and/or Statutory Teaching | $40,841,970 | $8,394,228 | $49,236,198 |
| **Total Buy Back** | **$104,415,287** | **$26,131,167** | **$130,546,454** |

The "Buy Back" mechanism allows for the partial or full restoration of the rate reductions applied to hospitals. The rate reductions are reflected as a Medicaid trend adjustment (MTA) on each hospital's rate sheet developed by the Agency for Health Care Administration as part of the annual hospital rate setting.

PSN hospitals include those who are part of a system that operates a provider service network. Specialty Children's hospitals include those licensed as a children's specialty hospital licensed as of January 1, 2013. Hospitals qualifying for the designated trauma buy back must be designated as trauma hospitals on or before February 1, 2013. Statutory Teaching hospitals include those who are defined in s. 408.07 (45), Florida Statutes.

The qualifying hospitals for the MTA buy back through the LIP program are provided in the Medicaid Supplemental Hospital Funding Programs – Fiscal Year 2014-15, Table 4. The MTA buy back provider list for PSN and Trauma/Teaching is all inclusive; no additional providers may qualify for the MTA buy back through the LIP program during State Fiscal Year 2014-15. For the PSN, Trauma/Teaching MTA buy back, those funds shall be distributed as specified in the Medicaid Supplemental Hospital Funding Programs – Fiscal Year 2014-15, Table 4.

| **Liver** | |
|---|---|
| **Liver Transplant Global Fee** | **$9,932,000** |

Funds are provided to make Medicaid payments for multi-visceral transplant and intestine transplants in Florida. The Agency for Health Care Administration shall establish a reasonable global fee for these transplant procedures and the payments shall be used to pay approved multi-visceral transplant and intestine transplant facilities a global fee for providing transplant services to Medicaid beneficiaries. Payment of the global fee is contingent upon the nonfederal share being provided through grants and donations from state, county, or other governmental funds. The agency is authorized to seek any federal waiver or state plan amendment necessary to implement this provision

The total amount of allowable funds is provided in the Medicaid Supplemental Hospital Funding Programs – Fiscal Year 2014-15, Table 5, in the column titled "Exemptions & Liver Global Fee."

| **Disproportionate Share Hospital (DSH)**<br>**Public, PSN, Teaching, and Children's DSH** | |
|---|---|
| Regular / Public | $142,723,153 |
| PSN | $8,685,415 |
| Family Practice Teaching DSH | $10,884,810 |
| Graduate Medical Education (GME) | $65,673,522 |
| Specialty Children's | $753,926 |
| **Total DSH Distributions** | **$228,720,826** |

Public DSH - $142,723,153 – The program is provided for public hospitals and funds are allocated based on the methodology in section 403.911, Florida Statutes.

GME DSH - $76,558,332 – These funds are split between the statutory teaching hospitals - $65,673,522, including $1,884,814 for hospitals participating in GME initiatives, specifically consortiums engaged in developing new GME positions and programs and family practice teaching hospitals - $10,884,810. Funds are allocated in the following manner:

- The funds for statutory teaching hospitals are allocated based on the formula using the 2012 accepted FHURS data for medical programs, students, residents, service values and Medicaid payments;
    - Prior to distribution of these funds, $6,487,220 shall be allocated to Shands Jacksonville Hospital, $2,660,440 shall be allocated to Tampa General Hospital and $1,083,512 shall be allocated to Shands Teaching Hospital.
    - No teaching hospital shall have a loss in funding of more than $750,000 when compared to State Fiscal Year 2011-2012.
    - For State Fiscal Year 2014-2015, any teaching hospital not receiving GME DSH in the prior state fiscal year shall receive the lower of the amount calculated or $1,715,000.
    - Using the criteria described, the GME DSH payments for State Fiscal Year 2014-2015 shall be as follows:
        - Jackson Memorial Hospital - $14,814,468
        - Shands Teaching Hospital - $13,263,312
        - Tampa General Hospital - $9,003,036
        - Shands Jacksonville Hospital - $11,590,514
        - Orlando Health - $3,913,286
        - Mt. Sinai Medical Center - $3,314,300
        - Florida Hospital - $1,715,181
        - Mayo Clinic Florida - $1,715,181
        - Largo Medical Center - $1,523,262
        - H. Lee Moffitt - $1,715,181
        - University of Miami - $1,319,747
- The funds for statutory teaching hospitals are allocated based on the formula (using medical residents and programs) for state fiscal year 2004-05.
- The funds for family practice hospitals are allocated evenly among the hospitals.
- Funds are provided for Graduate Medical Education (GME) initiatives, specifically consortiums engaged in developing new graduate medical education positions and programs. Consortiums shall consist of a combination of statutory teaching hospitals, statutory rural hospitals, hospitals with existing accredited graduate medical education

positions, medical schools, Department of Health clinics, federally qualified health centers, and where possible, the Department of Veterans' Affairs clinics. Ideally, each consortium will have at least five residents per training year. Each consortium must include primary care providers and at least one hospital, and consortium residents shall rotate between participating primary care sites and hospitals. All consortiums that were selected and funded in state Fiscal Year 2009-2010 shall continue to receive funding for Fiscal Year 2014-2015.

Children's Specialty DSH - $753,926 – The funds are provided to the specialty pediatric hospitals with 2,000 or more Medicaid days using the average of the 2005, 2006, and 2007 audited DSH data available as of March 1, 2014. In the event the agency does not have the prescribed three years of audited DSH data for a hospital, the agency shall use the average of the audited DSH data for 2005, 2006, and 2007 that are available. The program is distributed equally to the hospitals licensed as specialty children's hospitals.

PSN DSH - $8,685,415 – The funds are provided for payments to PSN hospitals or systems proportionally based on the Fiscal Year 2006-07 PSN patient days from qualifying PSN hospitals or systems.

The DSH distributions are incorporated in the Medicaid Supplemental Hospital Funding Programs – Fiscal Year 2014-2015, Table 3.

| **Rural/RFAP, DSH** | |
|---|---|
| **Rural / Rural Financial Assistance Program (RFAP)** | **$10,305,414** |

Funds are provided for a federally matched Rural Hospital Disproportionate Share program and a state funded Rural Hospital Financial Assistance program as provided in s. 409.9116, Florida Statutes.

The distributions are incorporated in Medicaid Supplemental Hospital Funding Programs – Fiscal Year 2014-2015, Table 3. The individual amounts for Rural hospitals may be modified depending on updated Florida Hospital Uniform Reform System (FHURS) data. The calculations for Rural DSH may be found in s. 409.9116, Florida Statutes.