

Meeting Minutes

Low Income Pool (LIP) Council Meeting September 27, 2006 10:00am – 4:00pm

Members Present

1. Paul Belcher, Chairman
2. Judith Ploszer for Steve Short, TGH
3. Paul Rosenberg, Shands
4. Tony Carvalho, STHC
5. Michael Gingras, HMA
6. Steve Mason, Baycare Health System
7. Dee Schaeffer, Halifax
8. Mike Hutchins, Baptist Health Care
9. Lewis Seifert, Adventist Health System
10. Charlotte Mather, NBHD
11. Hugh Greene, Baptist Health (Phone)
12. Pete Clarke, Orange County Government (Phone)
13. Dave Ross, Tenet Health Systems (Phone)
14. Mike Marks, HCA (Phone)
15. John Benz for Frank Sacco, MHS
16. Frank Barrett for Marvin O'Quinn, Jackson (Phone)
17. Dwight Chenette, Health Care District of Palm Beach County (Phone)

Members Absent

None

Others in Attendance in Person

1. Tom Arnold, AHCA
2. Phil Williams, AHCA
3. Genevieve Carroll, AHCA
4. Edwin Stephens, AHCA
5. Lecia Behenna, AHCA
6. Christine Neuhoff, Shands Healthcare
7. Steve Grigas, Grey & Robinson
8. Bill Speir, Health Care Appropriations
9. James Estes, FHS
10. John Owens, FHS
11. Doug Mannheimer, Bethesda

12. Robert Butler, Wellcare
13. Phil Street, Department Of Health
14. Diane D'Imperio, St. John's River Rural Health Network
15. Belita Moreton, Shands
16. Dr. Niccie Mckay, UF
17. Patrick Hanlon, Baycare
18. Bob Broadway, Bethesda
19. Dave Musgrave, Shands Jacksonville
20. Kathy Holzer, FHA
21. R.H. Hahn, Vista Health Plan
22. Wes Hagler, HMA
23. Jared Smith, Mt. Sinai Medical Center
24. Mirene Charles, Mt. Sinai Medical Center
25. Matt Dull, Senate Appropriations
26. Kay Bowman, HCA East Florida Division
27. Joe Horsey, HCA
28. Sarah Fitzgerald, HFA
29. Mel Chang, DOH
30. Dr. Bonnie Sorenson, DOH
31. Brian Clark, Governor's Office of Policy And Budget
32. Jan Gorrie, TGH
33. Andy Behrman, FACHC
34. Scott Hopes, FACHC
35. Loren Dyer, TGH
36. Barbara Rearden, CMS
37. Mervyn Carrington, CMS
38. Geoffrey Becker, Metz, Husband & Daughton, P.A.
39. Stephen Bradley, AHCA

Others in Attendance by Phone

1. April Taylor, BayCare Health System
2. Brantz Roszel, Suncoast
3. Candace L. Paeper-Stone, HCA
4. Edward C. Mesco, Tenet Health Systems
5. Michelle McKay, Manatee Memorial Healthcare System
6. Scott Davis, MHS
7. Jeff Harris, Spivey & Harris
8. Eric Prutsman, Prutsman Law
9. Heather Youmans, Florida Association of Counties
10. Tom Magri, Bethesda
11. Marty Lucia, Miami-Dade
12. Janet Perkins, Miami-Dade
13. Dr. Kevin Sherin, Orange County Health Department
14. Ken Swann, Orange County Health Department
15. Deanna AmRhein, Orange County Health Department

16. Ross Dickinson, Orange County Health Department
17. Dr. Steven Hale, Orange County Health Department
18. Dr. Judith Hartner, Lee County
19. Clark R. Scott, Pinellas County
20. Arnie Paniagua Jackson Health System
21. Doug Duncan, Halifax Medical Center
22. Christine Thomas, Adventist Health System
23. Elizabeth Goodman, Genentech, Inc.
24. Frank Sacco, South Broward Hospital District
25. Tom Prevost, Shands
26. Dr. Marcos Lorenzo, TGH
27. Michael Sheedy, Florida Catholic Conference
28. Dennis L. Fuller, Shands
29. Elise Lipoff Mayer, Mount Sinai Medical Center
30. Jeff Feller, Wellcare
31. Carl Tremonti, Baycare Health Systems
32. Matt Muhart, Shands
33. Nikole Souder-Schale, AHA
34. Gwendolyn Myers, Hillsborough County BOCC
35. Debbie Hill, Hillsborough County BOCC
36. Rich Mutarelli, MRHS
37. Joanne Aquilina, Bethesda
38. Brian Bodi, Wuesthoff
39. David Raines, AHCA Medicaid, Area 4
40. Monica Rutkowski, Florida Office of Insurance Regulation
41. J.R. Richards, BCHC
42. David Pizzi, Blue Cross and BlueShield of Florida
43. Karen Dexter, AHCA

1. Welcome, Member Introductions, and Overview of Council Statutory Responsibilities – Paul Belcher

Paul Belcher, Council Chairman, opened the first meeting of the Low Income Pool (LIP) Council and welcomed everyone in attendance. A roll call of members present in person, by telephone, and those persons substituting for a LIP Council member was taken. The Chairman briefly reviewed the statutory requirements of the LIP Council found in § 409.911 F.S and § 409-9.1211 F.S. The Chairman also provided his thoughts regarding the challenges the Council will face during its initial year.

2. Overview of Sunshine Laws – Karen Dexter and Edwin Stephens

Karen Dexter, representing the Agency for Health Care Administration's General Counsel's Office, briefly reviewed the Sunshine Laws for the Council members. Karen emphasized the importance of the LIP Council giving adequate public notice to all

meeting dates and times, the Council must keep minutes of the meetings, and all documents discussed at the meeting are open to public record inspection. Also, Karen emphasized to the LIP Council members that they are not to discuss LIP Council business with each other when they are not at a public LIP Council meeting.

3. Overview of Fiscal Year 06-07 Plan/Status of Federal Approvals

a. Permissive Sources of Funding – Phil Williams

Phil Williams reviewed with the LIP Council members the available sources of non-federal funding for the LIP program as submitted to CMS on April 7, 2006. This included CMS' additional requested information from the original submission of the funding sources such as an identification of the funding mechanism (i.e. intergovernmental transfer) and a confirmation by AHCA that the transfer from the identified source will be sent directly to AHCA and that the funding source will be responsible for the transfer. Phil Williams reviewed a letter received from CMS dated June 30, 2006 that approved the sources of the non-federal share as previously submitted.

b. Reimbursement and Funding Methodology – Genevieve Carroll (attachment)

The Reimbursement and Funding Methodology Document that was submitted to CMS on June 26, 2006 was reviewed. The Agency received written comments from CMS on September 25, 2006 requesting additional detail on this document. These comments were shared to the LIP Council members.

4. Schedule of Disbursements/LIP Cost Limit, LIP/DSH – Paul Belcher, Phil Williams, and Genevieve Carroll (attachment)

Paul Belcher began the discussion of the schedule of disbursements. This was a detailed analysis of the LIP sources and the distributions and included a summary with six separate tables. Genevieve Carroll initiated a discussion of each table. The first document included for this discussion was a summary of the total for all the sources that make up the LIP funds and a summary of all the distribution categories for the LIP program. Following this summary was a discussion of each of the six tables as follow:

Table One: Provided a detail of special LIP payments by provider and program. These payments included rural, primary care, trauma and safety net hospitals. This spreadsheet is commonly referred to as the transitional distribution to providers or the base program. This spreadsheet included the first six categories of LIP distributions, found on the summary page.

Table Two: Provided a detail of LIP 1, LIP 2, & LIP 3 calculations and distributions. Specifically, this spreadsheet focused on the type of data that was used for a hospital to qualify for one of the three LIP categories. Hospitals included in LIP 1 & 2 use audited Disproportionate Share Hospital (DSH) data (currently the three year average of 2000, 2001 and 2002). Hospitals included in LIP 3 use the 2004, Florida Hospital Uniform

Reporting System (FHURS) data. LIP 1 is designated for public, non-state owned, hospitals. The distributions are separated into four tiers described in detail in the LIP Funding and Methodology document. The total distributions to the providers in this category are \$578,000,000.

LIP 2 is for providers in communities where the local government support for health care expenditures for the uninsured or underinsured to hospitals is greater than \$1,000,000. These providers will receive a total distribution of \$180,000,000.

LIP 3 hospitals include those that do not receive local government support for health care expenditures for the uninsured or underinsured, or whose local governments provide \$1,000,000 or less in support for the uninsured or underinsured. Additionally, to receive funds under this provision, a hospital's Medicaid days, charity care days and fifty percent of bad-debt days divided by the hospital's total days must equal or exceed ten percent.

Table Three: Provided a detail of LIP, DSH, and exemption payments by provider. This spreadsheet incorporated all provider payment types, such as LIP, DSH and the additional benefit providers receive by being exempt from reimbursement ceilings and targets. Tony Carvalho asked a question regarding the calculation of the 11% threshold using the average of the audited DSH data. The response was that this calculation includes Medicaid days (inpatient only) plus charity care days. Charity care days are calculated by taking the sum of outpatient and inpatient charity charges and dividing that sum by *adjusted* patient days. The effect of this formula, having one part with *only* inpatient days and the other part (charity days) with *both* inpatient and outpatient days, gives the appearance that an individual hospital's percent of total is lower than it actually is.

A request for clarification was received regarding the calculation of charity care days. The calculation is actually Net Charity Care divided by Gross Revenue Per Adjusted Patient Day. Noted October 23, 2006.

Table Four: Provided a breakdown of Medicaid issues funded with intergovernmental transfers for FY 2006-07. Specifically, this spreadsheet followed the layout used in the General Appropriations Act for the following categories: Hospital Outpatient Services, Hospital Inpatient Services, Low Income Pool Provider Access System Payments, and Disproportionate Share Hospital Programs.

Table Five: Provided a compilation of all previous tables and included intergovernmental transfers needed to fund the programs for FY 2006-07.

Table Six: Provided a comparison and contrast of the net payments estimated by the DSH Council in their recommendations to the Florida Legislature for FY 2006-07 and the net payments that have actually been calculated for SFY 2006 -07. This spreadsheet provided a quick reference by hospital to see a increase or decrease from what was originally recommended by the Council to what has been calculated for a payment.

5. Discussion of Definition and Description of Provider Access System (PAS) – Paul Belcher

Paul Belcher discussed the need to arrive at a clear definition of a provider access system (PAS) in the next few LIP Council meetings. The perception is that a PAS system is any entity that receives a LIP payment. However, the Council may need to expand on this concept. Lewis Seifert proposed the concept that the definition really has two main parts: the definition of a provider and then the separate definition of an access system. The chairman agreed that this would be a good starting point for the Council members to begin their analysis and arrive as a group to a very specific definition of a PAS. Phil Williams asked the Council to focus on Special Terms and Condition #101 that includes the definition of a PAS as “providers with access to the LIP and services funded from the LIP shall be known as the provider access system.” The Council agreed to use this description of a PAS as the basis for the formulation of a definition and description of a PAS.

6. Demonstration Year 1 & 2 Milestones – Special Terms and Conditions 101 – Paul Belcher and Phil Williams (attachment)

Paul Belcher discussed the importance of the reporting requirements found in STC #101. Specifically, STC 101 reads, in part: “... The State agrees that within 6 months of implementation of the demonstration it will submit a final document including CMS comments on the Reimbursement and Funding Methodology document ...The final document shall detail the payment mechanism for expenditures made from the LIP to pay for medical expenditures for the uninsured and qualified aliens including expenditures for 10 percent of the LIP used for other purposes...”

7. Evaluation Components – Dr. Niccie L. McKay, Ph.D., Associate Professor, Department of Health Services Research, University of Florida

Dr. McKay discussed that the University of Florida’s Department of Health Services Research has been selected to conduct a comprehensive five year evaluation study of the Medicaid Reform 1115 Demonstration Waiver, including the LIP program. The LIP evaluation, which is her responsibility, will include background reports, evaluation of the data and calculations used in the LIP program. She will be working closely with CMS and the Agency to develop very clear, measurable objectives of the LIP program to determine program effectiveness. Members of the LIP Council requested Dr. McKay’s contact information so they may be of assistance as needed.

8. Current and Future Cost (3 year projection) of Exemptions to Ceilings – Paul Belcher and Genevieve Carroll (attachment)

Genevieve Carroll discussed the projected costs of the continuation of exempting hospitals that meet specific criteria from ceiling limitations. A spreadsheet was reviewed that used July 2006 rates and compared the calculated provider exemption costs for both inpatient and outpatient hospitals with the current provider rebasing costs. Tony Carvalho emphasized the importance of the policy providing the exemptions to ceilings by explaining that the exemption policy is part of LIP even if the payments are completely separate. Tony Carvalho asked for an analysis which would determine the percentage of reimbursement for non-exempted hospitals relative to the amount they would receive if they were exempt from the ceilings/targets. Tony Carvalho observed that declining Medicaid caseloads may impact hospital reimbursement, and suggested that this potential impact be reviewed for the Council.

9. LIP Presentations

In accordance with Specific Appropriation 214A, 2006-07 General Appropriations Act, distributions to the Federal Qualified Health Centers (FQHC), in the amount of \$15,276,255 was appropriated. In addition, \$2,000,000 was provided for county health initiatives emphasizing the expansion of primary care services. Of the \$2,000,000, \$1,000,000 was provided to St. Johns River Rural Health Network to develop and fund Provider Access Systems for Medicaid and the uninsured in rural areas.

The remaining \$1,000,000 was provided to expand primary care services to low income, uninsured individuals and was allocated as follows: \$200,000 to Sarasota County, \$200,000 to Charlotte County, \$200,000 to Lee County, \$200,000 to Okaloosa County and \$200,000 to Walton County.. The total low-income pool payments provided in this proviso are contingent on the state share being provided through grants and donations from state, county or other governmental funds.

Overviews of proposed projects were presented by the following:

- a. **Diane D'Imperio, Representing the St. Johns River Rural Health Network**
- b. **Andy Behrman, President, Florida Association of Community Health Centers**
- c. **Summary Of Primary Care Services To Low Income, Uninsured Individuals in Sarasota, Charlotte, Lee, Okaloosa, and Walton Counties, provided by Genevieve Carroll.**

In addition, Dr. Bonnie Sorenson, Deputy State Health Officer, Florida Department of Health, presented a proposal for LIP funding for several county health department projects.

10. Selection of Meeting Dates – Paul Belcher

The Council agreed that in order to meet the February 1, 2007, deadline for submission of the Council's Findings and Recommendations to the Florida legislature, the LIP Council would need to meet at a minimum of one a month between October 2006 and January 2007. After further discussion, it was agreed that the LIP Council would need to meet twice in January 2007 to ensure the recommendations were completed. The Agency staff has many legislative commitments during the fall months so the LIP Council members asked to find the days that the Agency staff would be completely unavailable and those days would be removed from consideration of fall meeting dates. The LIP Council members asked to be sent both the days in October through January that Agency staff was unavailable and the days the Council would like to hold meeting dates. Once the days were agreed upon, public notice would be made.

11. Questions/Comments – All

No further items were brought to the Chairman for discussion and the meeting was adjourned.

Paul Belcher
LIP Council Chairman