FORMALLY ADOPTED 12/11/06

Meeting Minutes

Low Income Pool (LIP) Council
November 29, 2006
10:00am – 4:00pm

Members Present

1. **Paul Belcher, Chairman**
2. **Paul Rosenberg, Shands Hospital**
3. **Tony Carvalho, Statutory Teaching Hospital Council**
4. **Michael Gingras, Heath Management Associations (Phone)**
5. **Patrick Hanlon for Steve Mason, Baycare Health System**
6. **Dee Schaeffer, Halifax Community Health System**
7. **Mike Hutchins, Baptist Health Care (Phone)**
8. **Lewis Seifert, Adventist Health System (Phone)**
9. **Charlotte Mather, North Broward Hospital District**
10. **Pete Clarke, Orange County Government (Phone)**
11. **Jeanette Nunez for Marvin O'Quinn, Jackson Hospital (Phone)**
12. **Dwight Chenette, Health Care District of Palm Beach County (Phone)**
13. **Steve Short, Tampa General Hospital**
14. **Hugh Greene, Baptist Health**
15. **John Benz for Frank Sacco, Memorial Health Systems**
16. **Dave Ross, Tenet Health Systems (Phone)**

Members Absent

17. **Mike Marks, Hospital Corporation of America**

Others Participating in Person

1. Phil Williams, AHCA
2. Edwin Stephens, AHCA
3. Lecia Behenna, AHCA
4. Genevieve Carroll, AHCA
5. James Estes, FHS
6. Steve Grigas, NBHD
7. Wesley Hagler, HMA
8. Matt Dull, Senate
9. Phil Street, DOH
10. Geoffrey Becker, Metz, Husband & Daughton
11. Doug Mannheimer, Broad & Cassel
12. Dave Musgrave, Shands Jacksonville
13. Barbara Reardon, CMS
14. Jan Gorrie, TGH
15. Dr. Niccie L. McKay, PhD, University of Florida

FORMALLY ADOPTED 12/11/06

16. Diane Dimperio, St Johns River Rural Health Network
17. George Barton, Naples Community Hospital
18. D. Brian Clark, OPB
19. Loren Dyer, Tampa General Hospital
20. Roger "R.H." Hahn, Vista Health Plan
21. Scott Hopes, FACHC
22. Andy Behrman, FACHC
23. Eric Prutsman, Orlando Regional Healthcare
24. Belita Moreton, Shands Healthcare
25. Keith Arnold, Lee Memorial
26. Gail Allen, Walton County Health Department
27. Sarah Fitzgerald, Healthcare Financial Group
28. Joe Horsey, HCA
29. Kay Bowman, HCA
30. Robert Butler, WellCare
31. Michele McKay, Manatee Memorial
32. Stephen Bradley, AHCA
33. Larry Bebee, Charlotte County Health Department
34. M. Jeanne Wyman, Charlotte County Health Department

Others Participating by Telephone

35. Mirène D. Charles, Mount Sinai Medical Center
36. Jeanette Nunez, Jackson Memorial
37. Dawn Credle, Memorial Healthcare System
38. Scott Davis, MHS
39. Marty Lucia, Miami-Dade
40. Janet Perkins, Miami-Dade
41. Miriam Franchi-Alfaro, Miami -Dade
42. Kathy Holzer. FHA
43. Doug Duncan, Halifax Medical Center
44. Elizabeth Goodman, Genentech, Inc.
45. Michael Sheedy, Florida Catholic Conference
46. Carl Tremonti, Baycare Health Systems
47. Howard C. Lerner, Lake County Board of County Commissioners
48. Dennis L. Fuller, Shands
49. Edward C. Mesco, Tenet Health Systems
50. David A. Pizzi, BCBS
51. April Taylor, BayCare Health System
52. Barry Brennan, Miami Children's Hospital
53. Lance DeLaruelle, Bethesda
54. Sean White, Bethesda
55. Joanne Aquilina, Bethesda
56. Shira Kastan, Miami Children's Hospital
57. Rich Morrison, Florida Hospital
58. Rhonda Davis Poirier, JaxCare

59. Linda Merrell, Florida Child Healthcare Coalition
60. Bill Mallett, Lee County
61. Nikole Souder-Schale, American heart Association
62. Melanie Michael, Sarasota County Health Department
63. Brian Jogerst, All Children's, Miami Children's and Baptist/Jacksonville

1. Roll Call And Introductory Remarks

Paul Belcher, Council Chairman, opened the meeting of the LIP Council (the Council) with a roll call of members present in person or by telephone and those individuals filling in for a member unable to participate.

The Chairman began this meeting with the intent to begin the foundation of the final recommendations by the Council starting with this meeting and building on the discussions and distribution models it will review at each subsequent meeting. It will be important for the Council to be very clear on what distribution models it will need to review in order to meet the February 1, 2007 deadline for final recommendations to the Legislature.

2. Approval of October 20, 2006, Minutes

The Council members were asked to approve the meeting minutes from the October 20, 2006, LIP Council meeting. The minutes were unanimously approved and adopted.

3. Discussion of a Definition of a "Provider Access System" (PAS) – Paul Belcher

Chairman Belcher asked the Council members to review the revised definition of a PAS from the discussion during the October 20, 2006. Council member Hugh Greene asked why this definition specifies rural communities and the Council members discussed that the Special Terms and Conditions for the LIP program clearly do not include other insurance products as a PAS in their definition. Paul Rosenberg suggested removing the comma between clinics and other provider types and adding the word "or" and removing the word "or" after other provider types and adding the word "and." The Council members agreed to this clarification and the revised definition is as follows:

Provider Access System *– Entities such as hospitals, clinics or other provider types and entities designated by Florida Statute to improve health services access in rural communities which incur uncompensated medical care costs in providing medical services to the uninsured and underinsured, and which receive a Low Income Pool (LIP) payment shall be known as Provider Access Systems. Provider Access Systems funded from the LIP shall provide services to Medicaid recipients, the uninsured and the underinsured. Provider Access Systems shall be required to report data related to the number of individuals served and the types of services provided from LIP funding.*

4. Update on Status of Local Agreements and Timeframe for Disbursements – Genevieve Carroll

Genevieve Carroll informed the Council members that the quarterly distributions to providers, anticipated in October, will not occur until late December, possibly Janary 2007. Of the approximate total of $600 million needed for the hospital distributions, roughly $100 million has yet to be contracted for. The Agency has sent the Letters of Agreement (LOAs) for this amount however has not received a quick turn-around time from the local governments/taxing districts. Per CMS guidelines, the Agency may not make a distribution without an executed LOAs and a copy of any local provider agreement(s) that the participating taxing district/county has with their providers referencing the matching funds. Chairman Belcher asked for a list of the specific taxing districts/counties that were part of the delay. Ms. Carroll listed the following counties:

Collier County
Indian River County
Orange County
Pinellas
North Lake Taxing District
Health care District of Palm Beach
Hillsborough County
Health Care District of Palm Beach County

Paul Rosenberg was concerned that the taxing districts/counties knew of the requirements to submit their letters of agreements to AHCA and AHCA is doing a great job of trying to get all of the LOAs back in a timely fashion. Barbara Reardon, a representative from federal CMS, asked if there are ever any distributions of LIP funds without a signed LOA? Ms. Carroll quickly clarified that not only does the Agency require an executed LOA with the local government/taxing district participating in the LIP/DSH programs, the Agency also ensures that they will not make a distribution unless there is also a copy of any and all provider agreements that a local government/taxing district has with provider(s) in their community referencing the matching funds. The Agency is required to submit copies of both agreements to CMS and this requirement was noted as a change between SFY 2005-06 to 2006-07. Chairman Belcher summarized this change as simply more oversight from CMS in terms of the agreements the State has with the taxing districts/counties.

5. Update On *FINAL* Reimbursement and Funding Methodology Document Including Responses to CMS Questions – Phil Williams

Phil Williams discussed the revised *final* Reimbursement and Funding Methodology document that the Agency sent to CMS on November 22, 2006. This revised version was sent to the Council members on November 13, 2006, with the specific changes highlighted for their review and comments. Along with the revised *final* Reimbursement and Funding Methodology document, the Agency formally submitted to CMS the

answers to the CMS questions regarding the LIP program methodology that the Agency received on September 26, 2006.

The major changes in the revised Reimbursement and Funding Methodology document were as follows:

- In accordance with Special Terms and Conditions # 95, Low Income Pool Expenditures - Non-Qualified Aliens, LIP funds cannot be used for costs associated with the provisions of health care to non-qualified aliens. The methodology document was updated to reflect criteria this as part of the LIP Cost Limit worksheets.
- Sources of local funding has been updated
- Addition of LIP Cost Limit worksheets for Federally Qualified Health Centers (FQHCs) and County Health Departments (CHDs)
- Inclusion of the LIP Milestone Reporting Document

The Agency will stay in close communication with CMS on the revised *final* Reimbursement and Funding Methodology document and answer any additional questions or concerns CMS might have. All comments and revisions suggested by CMS will be sent to all LIP Council members.

Mr. Williams also noted that AHCA has a LIP website that will include many of documents discussed during the LIP Council meetings. The website is intended to increase availability and access to all the information used in the LIP program. The website can be found on the Medicaid Reform web page

http://ahca.myflorida.com/Medicaid/medicaid_reform/lip/lip.shtml.

6. Discussion on LIP Cost Limit Reports and PAS Data Reporting Form – Phil Williams

Phil Williams discussed the comments, questions and concerns that the Agency has received regarding the LIP cost limit reports and PAS data reporting form. The major concern has been a standardized set of definitions to be developed regarding the terms used in the cost reporting form. Paul Rosenberg suggested reconstituting the cost limit workgroup that worked previously with the Disproportionate Share Hospital (DSH) Council. That workgroup was chaired by Scott Davis; Paul Rosenberg motioned that Mr. Davis should also chair this workgroup. Mr. Davis was not present at the meeting to agree to chair the new workgroup however Paul Rosenberg stated that Mr. Davis would be willing to chair the workgroup again. There were no objections brought to the LIP Council chairman. Mr. Rosenberg stated that he felt the previous workgroup offered a financial expertise that was extremely beneficial to the Council. It was recommended that a representative from the non-hospital providers, who are also receiving LIP distributions, (e.g. FQHCs and CHDs) participate on the workgroup. Andy Behrman

(FQHC representative) and Phil Street (CHD representative) agreed to send some suggested names to Genevieve Carroll for membership on the workgroup.

7. Review of Exempt Rate Calculations for SFY2007-08 – Genevieve

Genevieve Carroll reviewed a spreadsheet that detailed the projected effects of proposed changes to hospital exemptions. This spreadsheet provided the results of updating the audited DSH data from 2000, 2001, and 2002 to 2001, 2002, and 2003. Six new providers qualify, five due to the 11% criteria language and one due to the 7.3% trauma criteria language.

Mr. Carvalho wanted to know if the reduction in hospital rates originating from the rate freeze in SFY 2004-05 was funded in the exemption program financed with local dollars. For example, will hospitals that are exempt from the cost cap still receive less than cost due to the rate freeze or has the exemption program offset this reduction through the use of local tax dollars.

Mr. Carvalho asked for follow-up information to know if the estimate of additional cost to continue the exemption/rebasing program includes the savings realized in the portion of the rate funded by the state when the legislature froze hospital rates 2 years ago. The effect of the freeze was to reduce hospital rates by about 5%. If the exempted/rebased hospital rates are adjusted every year to equal their full cost, did the State shift the effect of the freeze on the state portion of the rates to the rebased portion paid for by local dollars, and if so, how much was shifted?

The Agency staff agreed to research this concern and respond to Mr. Carvalho's questions at the next LIP Council meeting.

Estimated cost of rebasing includes two main components:

1. How much did we pay a hospital in their per diem?
2. How much did we pay a hospital for caseload?

Mr. Carvalho continued to state that the 2007-08 estimated caseloads are down 100,000 from 2006-07, possibly from an influx of insurance proceeds from natural disasters and partially from the state share of the FMAP increasing from 41.24% to 43.17%.

8. Review of Distributions as a Result of Applying Updated Audited DSH and FHURS Data to Current Program Totals and Methodologies

Genevieve Carroll reviewed a spreadsheet detailing the projected Public DSH total annual distributions. It was noted by Chairman Belcher that these totals were not final

numbers and were simply an estimate for discussion purposes only. The public DSH data was using updated 2001, 2002, and 2003 audited DSH data. For 2006-07, the total allocation was $141 million and for SFY 2007-08, the total allocation was projected to be $148 million taking into consideration the state share increase in local contributions of $7 million.

Ms. Carroll reviewed a spreadsheet containing the sources and distributions of LIP funds including updated FMAP percentages. The total additional need for state share, due to the decrease in the FMAP and the additional exemption costs is 94 million.

Table One contained special LIP payments for rural, primary care, trauma, and safety net programs.

Table Two contained the projected changes for SFY 2007-08 with current allocations, updated audited DSH data for 2001, 2002, and 2003, and updated FHURS data. The total of the SFY 2006-07 state share was listed as $345,792,935 and the total projected for SFY 2007-08 was $361,975,776. The cause for the increase was noted as the FMAP increases the state share from 41.23% to 43.17%. Tony Carvalho noted that although the LIP payments are capped, there will be a reduction in the net benefits to providers.

Table Three detailed the LIP, DSH, and exemption payments by provider for SFY 2007-08. Tony Carvalho noted that the $34 million shown as the total of additional funds needed to fund the current programs did not included the IGTs needed to fund the exemptions to ceilings program.

9. Review of Examples of Strategies to Address Impacts of Exempt Rate Costs on the LIP – Paul Belcher, Genevieve Carroll

Chairman Belcher began a review of suggested options and strategies for addressing the increase in the state share fir SFY 2007-08. The two main issues to deal with were identified as:

a. Increased state share requirements for Medicaid programs funded by local government/taxing districts; and
b. Increased exemption cost for hospital providers

In order to find a solution to these issues, the LIP Council reviewed 15 suggested solutions as a starting point for a final solution.

Tony Carvalho asked for the following models to be run:

a. LIP I, II, III and base run two ways:
-assume additional IGTs are available to pay for FFP rate change and hold harmless those contributing additional IGTs then prorate a reduction for everyone's net LIP benefit to keep within the $1 billion

- assume the current levels of IGTs and pro-rate everyone's net LIP benefit to be within financing limits.

b. DSH

-assume additional IGTs needed for FFP and prorate reduction between all participants net benefit
-assume no additional IGTs available and prorate reduction between all participants net benefits

c. Integrated model

-assume additional IGTs are available for DSH, exemptions and LIP program. Hold harmless those programs that are contributing the additional IGTs and prorate a the total reduction from everyone's total net benefit from all programs.
-assume no additional IGTs are available for DSH, exemptions and LIP program. Prorate everyone's total reduction from everyone's net benefit from all programs.

10. Presentations on Current LIP funded Projects for SFY 07-08

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 LIP payments provided through appropriations 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. St. John's River Rural Health Network - Diane D'Imperio
b. FACHC - Andy Behrman
c. Lee County Health Department – Phil Street
d. Walton County Health Department - Gail Allen
e. Sarasota County – Phil Street
f. Charlotte County – Larry Bebee and M. Jeanne Wyman
g. Okaloosa County – Phil Street

FORMALLY ADOPTED 12/11/06

11. Update on Evaluation Activities – Dr. Nicci McKay

Dr. McKay advised the LIP Council of her plans in the program evaluation process. Dr. McKay was concentrating on developing her evaluation through continued data collection and would be submitting a letter detailing the progress of her evaluation of the LIP program to CMS by December 17, 2006. She offered to share a copy of the letter to the LIP Council members once it was completed and submitted to CMS.

12. Closing Comments – Paul Belcher

Chairman Belcher asked for any additional topics for discussion from any member or non-member and no topics were brought to the Chairman's attention. A final request for any questions or concerns that were not addressed sufficiently during the meeting was made and no requests were made.

13. Discussion of Future Meeting Dates – Paul Belcher

The next meeting of the LIP Council was scheduled for December 11, 2006 at the Tampa Airport Aviation Authority.

_____

Paul Belcher Date
LIP Council Chairman