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Meeting Minutes

Low Income Pool (LIP) Council Conference Call September 11, 2007 1:30am – 2:30pm

Members Present

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

Members Absent

1. Steve Mason, Baycare Health System
2. Steve Short, Tampa General Hospital

Others Participants

1. Phil Williams, AHCA
2. Lecia Behenna, AHCA
3. Wesley Hagler, AHCA
4. Genevieve Carroll, AHCA
5. Edwin Stephens, AHCA
6. James Estes, FHS
7. Steve Grigas, Gray-Robinson
8. J. Eric Pridgeon, House Healthcare Council
9. Arnie Paniagua, Jackson Memorial
10. Doug Mannheimer, Broad & Cassel
11. Mel Chang, DOH
12. Dr. Niccie L. McKay, University of Florida
13. George Barton, Naples Community Hospital

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14. Keith Arnold, Lee Memorial
15. Phil Street, DOH
16. Michael C. Carroll, TriBrook Healthcare Consultants
17. Carol L. Bracy, Smith & Ballard
18. Deborah Breen, North Broward Hospital District
19. Christine Neuhoff, Shands HealthCare
20. Kathy Holzer, FHA
21. Brian Clark, Executive Office of the Governor
22. Clark Scott, Pinellas County
23. Tom Prevost, Shands
24. Fred Whitson Florida Medical Association
25. Mandy Clark, Harrison Rivard
26. Janet Perkins, Miami-Dade Office of Countywide Healthcare Planning
27. Miriam Franchi-Alfaro, Miami-Dade Office of Countywide Healthcare Planning
28. Christine Sexton, Florida Medical Business
29. Amy K. Guinan, Florida Legal Services, Inc.

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Roll Call and Introductory Remarks

Paul Belcher, Council Chairman, opened the meeting of the Low Income Pool (LIP) Council (the Council) with a roll call of members present and those individuals filling in for a member unable to participate. Chairman Belcher explained that the purpose of this meeting was organizational and it was his intent to update everyone on both administrative issues and the current budget issues as well.

Update on 2007-08 Letters of Agreements (LOA)

The first administrative issue was the current status of the SFY 2007-08 Letters of Agreement including payment amounts and payment schedules. Phil Williams gave a brief update explaining that all of the current Letters of Agreement have been sent out with the exception of those for the Federally Qualified Health Centers (FQHC) that were required for the FQHCs to secure their \$8 million in appropriated funding. The reason behind the delay in their Letters of Agreement was the inadvertent use of 2006-07 federal financial participation calculations instead of the 2007-08 calculations. The Agency has been in consistent communication with the FQHC association and this issue has been addressed. The Agency has sent out a total of 51 Letters of Agreement and has received 16 as fully executed. An additional 3 have been received and are being routed for final signature. Overall, Mr. Williams believed that the process of the Letters of Agreement was going smoothly and there were no immediate concerns or problems in the foreseeable future.

Tony Carvalho asked if there were any large or significant intergovernmental transfers (IGTs) that were not being accounted for on the Letters of Agreement and Phil Williams stated that the Agency had accounted for all the necessary IGTs and there was no reason to think any large IGTs would be problematic in the immediate future.

Paul Belcher asked Genevieve Carroll how the providers were dealing with the strict requirements of the Letters of Agreement as stipulated on the Special Terms and Conditions (STCs) of the reform waiver and Mrs. Carroll said she believed that since most of the providers had been through the process for one year that they had a clearer understanding of the requirements of the Letters of Agreement and this process should become even smoother as we go through the second year.

Mrs. Carroll followed up this discussion with the status of the LIP methodology document with the Centers for Medicare and Medicaid Services (CMS). Mrs. Carroll informed the Council that she has been discussion with Vanessa Johnson of CMS and the Agency is composing their official response to CMS' questions regarding the Reimbursement Funding and Methodology document that the Agency received in July of 2007. The main area of concern from CMS centered on permissible expenditures of the LIP program. The Agency feels the complete response should be completed by the end of September 2007. Mrs. Carroll emphasized that no LIP payments would be held up pending the Agency's response to CMS.

Finally, Mrs. Carroll emphasized the need for all LIP participants to fill out the necessary forms that establish their respective LIP cost limits. The cost limits were a very big part

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of the first year LIP milestones established in the Special Terms and Conditions of the LIP program and if a provider does not report its LIP cost limits to the Agency, the provider's payments will be held back until such time as the cost limit paperwork is satisfied. For SFY 2007-08, the Agency has received 38% of the 2007-08 LIP cost limit forms.

Tony Carvalho suggested a template that may lay out a listing of all hospitals participating in the LIP program with a clearly readable designation of which ones have complied with the cost limitation requirements and which ones have not. Mr. Carvalho added that he believed many of the larger hospitals simply may not have the correct person aware of the noncompliance and once the correct individuals are identified, the number of hospitals complying with the cost limit documentation would increase. Chairman Belcher agreed with the need for a template suggested by Mr. Carvalho and believed a similar document already exists.

Milestone data

Dr. Niccie McKay, from the University of Florida, provided an update of her evaluation of the LIP program as required by STC #102. Dr. McKay explained that she has prepared reports using 2 sets of FHURS data years: 2004-05 and 2005-06. These two years' worth of FHURS data will help her establish a baseline for evaluating the LIP. Dr. McKay emphasized the importance of providers submitting the required LIP milestone data for both 2005-06 and 2006-07 immediately in order for her evaluation to reflect a complete and accurate picture of the LIP program. She will prepare an evaluation report based on the milestone data by January 2008.

Property Tax Issues

Chairman Belcher gave a brief explanation of the ramifications of the current legislation regarding property taxes. Chairman Belcher explained the two current issues in the property tax discussion are the statutory reform and the constitutional reform. The statutory reform of the property taxes will probably not affect the 2007-08 IGTs but the constitutional reform that will be voted upon on January 29, 2008 may cause a dramatic loss of IGT revenue in 2008-09. Chairman Belcher continued to explain the constitutional reform allowing for 2 choices:

1. Continue the Save our Homes
2. Super Exemption

Currently, homeowners can take a homestead exemption of \$25,000 taken off the value of a home when their tax bills are calculated. But the heart of the current system is a 3 percent cap on how much their taxable values may increase annually. That's the Save Our Homes provision.

Under the super exemption, homesteaders would get what is initially a more generous tax shelter: a 75 percent exemption on the first \$200,000 in value of a home and an additional 15 percent on the second \$300,000 in value. The maximum exemption is \$195,000.

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If the super exemption option on the ballot for the January 29, 2008 vote passes, Chairman Belcher believes there is a good possibility that we may lose IGT for SFY 2008-09. Also, there are some unintended consequences in regard to the property tax issues. These consequences are the effect the property tax issue will have on local cities and counties and their ability to maintain their level of social services. The trickle down effect of the property tax issue at the state level could potentially cause the local governments to reduce their delivery of these social services.

Other possible effects could be the provision to hold public schools harmless in the amount of \$1.6 billion; the legislature may need to replace this shortfall with general revenue. If this replacement is needed, health and human services will likely get cut to bring the budget into balance, according to Chairman Belcher.

Tony Carvalho suggested the LIP Council begin looking into solutions to the replacement of the shortfall simply to be prepared for the constitutional amendment passing in January 2008. If the constitutional amendment were to be passed, Mr. Carvalho felt the LIP Council should be ready with a few different plans of action due to the big problems the passage of the constitutional amendment would cause.

Current budget shortfall and potential impact on LIP

Paul Belcher and Phil Williams began a discussion of the 2007-08 budget shortfall. Phil Williams explained to the LIP Council members that the Agency was assigned a 10% budget reduction mandate to recurring general revenue in the 2007-08 budget. However, in the pursuit of the 10% reduction, the funding for the LIP program was not to be touched and for SFY 2007-08 only, the LIP funding was to be held harmless.

Chairman Belcher continued this discussion by explaining that in SFY 2008-09, there will be approximately \$81 million in non-recurring funds that will automatically be deducted from the LIP appropriations.

Costs for exemptions using July 1, 2007 rates

All participants in the conference call were provided with a spreadsheet titled "Projected Effects of proposed Changes to Exemptions." This spreadsheet detailed the effect of additional changes to exemptions at any threshold plus the current cost of changes to exemptions. The data in this spreadsheet was based upon averaged 2001, 2002, and 2003 audited data. Using the July 1, 2007 rates, the total of the current provider exemption costs was shown to be \$611,709,321. This amount was explained to be less than the \$646 million figure used at the last LIP Council meeting held on January 24, 2007 that based its figures on the January 2007 rates. The difference in these amounts was attributed to using the updated July 2007 rates.

Chairman Belcher explained that if the rates stay the same in January 2008 and they are for July 2007, then the amount of funding needed for the exemption funding to make the Council's recommendations should still be approximately the same. Chairman Belcher emphasized the point that this amount needed has not become worse.

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Tony Carvalho added that if the rates for January 2008 do remain the same as the rates for July 2007, then we will have a small cushion of IGT available. Chairman Belcher added that the \$81 million must go away in 2008-09 simply because it was non-recurring dollars.

The Council then discussed a spreadsheet detailing all LIP appropriated funds for SFY 2007-08. This spreadsheet was simply updated from previous LIP Council meetings and no major discussion was necessary. Genevieve Carroll did explain that Table #6 detailed the \$81 million in non-recurring general revenue and a brand new table #7 displayed a comparison of LIP, Disproportionate Share, and Statewide issues for 2005-06, 2006-07, and 2007-08. This comparison displayed the funding by general revenue, local state share, total state share, federal share, and a grand total.

Next Meeting date(s)

Chairman Belcher told the LIP Council members that we would e-mail each of them a series of dates for October, November, December, and January and they could indicate their best days of availability.

With no additional discussion items brought before the Chairman, the meeting was adjourned

Paul Belcher	Date
LIP Council Chairman	