

**Agenda Item 2**

**Meeting Minutes**

**Low Income Pool (LIP) Council  
Tampa International Airport  
Tampa Aviation Authority Board Room  
3<sup>rd</sup> Floor Main Terminal  
5503 West Spruce Street  
Tampa, Florida 33607  
November 28, 2007  
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
5. Steve Mason, Baycare Health System
6. Dee Schaeffer, Halifax Community Health System
7. Mike Hutchins, Baptist Health Care
8. Lewis Seifert, Adventist Health System
9. Charlotte Mather, North Broward Hospital District
10. Pete Clarke, Orange County Government
11. Marvin O'Quinn, Jackson Memorial Hospital (phone)
12. Dwight Chenette, Health Care District of Palm Beach County (phone)
13. Hugh Greene, Baptist Health
14. John Benz, Memorial Health Systems
15. Dave Ross, Tenet Health Systems
16. Mike Marks, Hospital Corporation of America
17. Steve Short, Tampa General Hospital (phone)

**Members Absent**

None

**Others Participating in Person**

1. Phil Williams, AHCA
2. Genevieve Carroll, AHCA
3. Lecia Behenna, AHCA
4. Edwin Stephens, AHCA
5. Scott Hopes, FACHC
6. Joe Horsey, HCA

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7. Ronald Costanzo, HCA
8. Nancy Humbert, Miami Children's
9. Rhonda Acherbach, Florida Hospital
10. Tom Cleare, HCDPBC
11. Paul Metts, DOH
12. Sara Fitzgerald, HFG
13. Travis Coker, FACHC
14. Dave Musgrave, Shands Jacksonville
15. Lance DeLaruelle, Bethesda
16. Katherine Baird, Pinellas County
17. Brett Baust, Lee Memorial
18. Carl Temonti, Baycare
19. John Owens, FHS
20. Michael Carroll, TriBrook
21. Christine Neuhoff, Shands
22. Lindy Kennedy, Safety Net Hospital Alliance
23. Diane Settle, Sarasota Memorial
24. Casey Reed, Safety Net Hospital Alliance
25. Kay Bowman, HCA
26. Phil Street, DOH
27. Brian Jogerst, All Children's, Miami Children's and Baptist/Jacksonville
28. Dennis Fuller, Shands
29. Diane Dimperio, St. John's River Rural Health Network
30. Scott Davis, Memorial Healthcare Systems
31. Jan Gorrie, BIPC
32. Clark R. Scott, Pinellas County
33. Bill Little, Sarasota County
34. Wally Plosky, Duval County Health Department

## **Others Participating by Telephone**

35. Marcos Lorenzo, TGH
36. Roger Hahn, Vista HealthPlan
37. Michelle McKay, Manatee Memorial
38. Eric Pridgeon, House
39. Kathy Holzer, FACHE
40. Sean White, Bethesda
41. Deborah Breen, NBHD
42. Margret Brennan, Orange County
43. Lythia Oratokhai, Sarasota County
44. Margaret Kennedy, Sarasota County
45. Nancy Flow, Sarasota County
46. Devoelene Trusty, Sarasota County
47. Matt Dull, Senate
48. Carol Bracy, Smith and Ballard

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49. Frank Barrett, Jackson Memorial
  50. Dr. Niccie L. McKay, University of Florida
  51. Robert Butler, WellCare
  52. Heather Youmans, FAC
  53. Art Wallace, NBHD
  54. Jules Kariher, Jackson & Sacred Heart
  55. Linda Merrell, Florida Child Care Coalition
  56. Edward Mesco, Tenet
  57. Barbara Reardon, CMS
  58. Eric Prutsman, ORMC
  59. Michael Sheedy, Florida Catholic Conference
  60. Steve Grigas, ASE
  61. Brian Clark, EOG
  62. Miriam Franchi Alfaro, Miami-Dade
  63. Rae Hendlin, OPPAGA
  64. Jennifer Johnson, OPPAGA
  65. Amy Lowry, OPPAGA
  66. Mirène D. Charles, Mount Sinai Medical Center
  67. Marty Lucia, Miami-Dade
  68. Jeff Harris, Spivey/Harris Health Policy Group
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### **I. Roll Call and Introductory Remarks**

The meeting began promptly at 10:00am with a roll call of members present either in person or by telephone.

### **II. Approval of November 6, 2007 Minutes**

The meeting minutes from the November 6, 2007 LIP Council were unanimously adopted.

### **III. Update on General Revenue Forecast for FY 07-08 and 08-09 - Paul Belcher**

Chairman Belcher discussed that at the November 8, 2007 Revenue Estimating Conference, it was determined that for SFY 2007-08, the State of Florida will be roughly 1 billion dollars below its adjusted estimate and for SFY 2008-09 it will be roughly 1.5 billion dollars below its adjusted estimate. With these findings Chairman Belcher added that the housing market, energy costs and outcome of the January 29, 2008 constitutional amendment on property taxes will all affect the budget over the next several years. Additionally, Chairman Belcher discussed the General Revenue projections are forecasting an overall decrease over the next five years and combined with a decrease in IGT collections and the Governor's determination that the Florida schools will be held harmless in the property tax reductions; the anticipated budget shortfalls are a long term problem that the LIP Council will need to continue to be mindful of as they move forward.

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### **IV. AHCA Updates on Reporting, Contracts and Other Items – Lecia Behenna**

Lecia Behenna addressed the LIP Council to inform them that the Agency has sent out 67 Letters of Agreement (LOA) and received 36 back. This translates into about \$91 million outstanding in LIP funds. As IGTs have been received by Agency, a portion of LIP payments has been released for SFY 2007-08. Mrs. Behenna reminded the LIP Council that all LOAs must be executed and all IGTs received in full in order to release all LIP payments. Dwight Chenette noted that Palm Beach Health Care Taxing District will be sending in their LOAs very soon.

### **V. LIP Evaluation Status – Dr. Mckay**

Dr. Mckay gave an update of her LIP evaluation using the milestone data she has received. Her analysis included 2005-06 and 2006-07 milestone data she noted that for 2005-06 she received 146 of 163 hospital or 90% and 37 of 40 non-hospitals or 93%. For 2006-07, Dr. McKay received 139 of 163 hospitals (85%) and 29 of 40 non-hospitals (73%). Dr. McKay noted that this data was received by October 22, 2007 and her first draft of her evaluation was sent to Phil Williams, Lecia Behenna, and Genevieve Carroll at the Agency for their review and revisions on November 26, 2007. Mr. Williams assured the LIP Council that the Agency would review the first draft and get Dr. McKay their revisions promptly.

### **VI. Presentation of Current LIP Special Projects – Project Managers**

The LIP Council viewed presentations from the following entities and presenters:

- Florida Association of Community Health Centers (FACHC) by Mr. Travis Coker;
- St. John's River Rural Health Network by Mrs. Diane Dimperio; and
- Department of Health, County Health Departments with the following presenters:
  - Paul Metts, Deputy Secretary, Department of Health: Overview
  - Bill Little, Sarasota County Health Department
  - Melanie Michael, Sarasota County Health Department
  - Wally Plosky, Duval County
  - Phil Street: Okaloosa, Walton, Lee, and Charlotte County Health Departments

### **VII. Discussion of Special LIP Payments – Safety Net – Genevieve Carroll**

Genevieve Carroll discussed the historical and chronological changes to the safety net/hold harmless payments that are referred to as Special LIP payments. This comparison displayed the significant changes in the safety net payments beginning in SFY 2001-02 through SFY 2007-08. The LIP Council also reviewed a schedule of safety net payments by hospitals under the UPL/LIP programs corresponding with this same

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timeframe. Council member Mike Marks asked if there was a specific calculation that the Agency used to determine a facility's eligibility to receive a safety net payment or if it is simply based on each facility going to the legislature and asking for the money.

Chairman Belcher explained that the payments that the safety net hospitals receive are non-recurring funds and they must actively seek those funds from the legislature each year in order for the payments to continue. However, many hospitals have a trade off with its DSH payments or its UPL/LIP payments in relation to amount of the safety net payment. Tony Carvalho noted that the safety net appropriations were meant to free up IGT room for public hospitals and DSH payments did not go against the UPL cap. Chairman Belcher added that the safety net hospital payments reflect a policy decision to preserve room for the ability to draw down federal funds.

### **VIII. Discussion of DSH History and Growth – Genevieve Carroll**

The LIP Council members present in person were given a DSH payment summary that was not available for distribution before the meeting began. All members participating by telephone and any interested party that wanted the DSH payment summary would have the summary e-mailed to them following the meeting. The summary displayed the amount of the various DSH programs (Regular, GME, Children's, RPICC, Primary Care, Rural/RFAP) and displayed the total amount of funding beginning with SFY 2001-02 through 2007-08.

### **IX. Discussion of Available IGTs – Genevieve Carroll**

Genevieve Carroll discussed the availability of IGTs and the projected benefit of the trauma "Red Light Bill" funds from Chapter 2005-194, Laws of Florida. These funds could be a potential source of additional IGTs. The January 29, 2008 constitutional amendment vote could have a big impact in the availability of the IGTs. John Benz asked if the IGTs were limited to solely tax revenue or if the Governor had clarified the potential use of IGTs from other sources and Chairman Belcher responded that there was no clarification from the Governor's office on this issue. Tony Carvalho noted that it may be helpful to see if any other states have begun using IGTs from other revenue that was not limited to tax revenue. Chairman Belcher agreed and noted that with some lean fiscal times agreed, the LIP Council should explore all potential avenues to secure IGTs outside of just tax revenue.

### **X. Discussion of Medicaid Cost/Payment Percentages – Phil Williams**

Phil Williams discussed a comparison of hospitals that were currently exempt from ceilings versus hospitals that are currently not exempt from ceilings using July 1, 2007 rates as a basis. This comparison showed that hospitals that are exempted have 96.4% of costs covered by Medicaid while hospitals not exempt have 61.2% of costs covered by Medicaid for SFY 2007-08. For SFY 2006-07, this percentage was 95.25% for exempt

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hospitals and 61.39% for non-exempt hospitals. There was also a shift in the number of hospitals that met the 11% threshold criteria for SFY 2007-08 with 88 hospitals exempt in 2006-07 and 102 hospitals in 2007-08. Chairman Belcher asked if this analysis included rural hospitals and Phil Williams indicated that it did include the rural hospitals. Tony Carvalho asked if the percentages for 2007-08 included the 3% rate reduction planned for January 2008 and Phil Williams responded that it did not but offered to rerun this comparison with the January 2008 rates once they have been completed. Tony Carvalho noted that this comparison further highlights how the UPL/LIP program has always subsidized the basic Medicaid program.

### **XI. Discussion of Distribution Model Options – Council Members**

The LIP Council reviewed the following three models as a basis for dealing with the shortfall in the LIP program in 2008-09 and beyond. These models were not recommendations, but rather a beginning point to determine what direction the LIP Council wants to take when they formalize the final recommendations.

- a. **Model 1 – Full funding for exemptions and LIP with additional IGTs provided by State General Revenue Funds.** This model would simply allow for general revenue to pay for all the increased costs in the LIP program. Dwight Chenette offered the possibility of additional local match to prevent a bigger loss from a new hospital around the Lake Okeechobee area. Chairman Belcher asked Mr. Chenette to write up this proposal for the LIP Council to review in more detail and Mr. Chenette agreed to do so. Tony Carvalho noted that in SFY 2007-08 the Legislature granted the LIP Council the \$65 million requested plus \$16 million additional for some specific hospital issues totaling \$81 million. For SFY 2008-09, the \$90 million in general revenue needed is the new \$65 million that was requested last year so we will still need an additional \$16 million.
- b. **Model 2 – Full funding for exemptions, LIP reduced proportionally due to funding. Reductions in Special LIP, LIP1, & LIP3**

This model did not use general revenue, it simply relied on existing IGTs to fund the LIP program. The LIP Council reviewed a net payment analysis that was not available prior to the meeting date and for those members on the telephone, Chairman Belcher promised to e-mail the net payment analysis out after the meeting. This analysis compared the net payments for models 1, 2, and 3. Paul Rosenberg noted to the LIP Council members that we needed to generate policymakers' support and Shands Jacksonville was a big loser in Model 2. Tony Carvalho asked Chairman Belcher for a brief summary of all 3 models and Chairman Belcher explained that Model 1 was just straight general revenue, model 2 was proportional cuts applied to all LIP categories except LIP 2 and model

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3 was proportional cuts to all LIP categories including LIP 2. Models 2 and 3 assume the same current levels of IGTs.

### c. **Model 3 – Full funding for exemptions, LIP reduced proportionally due to funding. Reductions in Special LIP, LIP1, LIP2, & LIP3**

Model 3 displayed the proportional cuts to all LIP categories but included LIP 2 as a category that was proportionately reduced that model 2 did not include.

## **XII. Discussion of Decision Points – Paul Belcher**

After a period of discussion, the LIP Council requested the following additional spreadsheets and models for review at the December 13, 2007 LIP Council meeting:

### **Models Requested:**

#### **Dave Ross:**

##### **Model 1**

- Assume full drawdown of federal funds for LIP
- Fund Exemptions for hospitals on current sheet at 100%
- Adjust LIP funding accordingly to accommodate exemption IGTs
- Eliminate all LIP silos and allocate LIP according to Medicaid and Charity Days using FHURS information.

##### **Model 2**

- Same as above but use audited days to allocate LIP.

#### **Tony Carvalho:**

##### **PMATF**

- A spreadsheet showing increases in the PMATF tax at various rates (I/P is currently 1.5% and O/P is 1.0%) This is a run by hospital showing the current percentages and then .5% increases until both inpatient and outpatient get to 3%.

##### **Model 3**

- Same model as Model 1 except, allocate LIP according to Medicaid and Charity Days with Medicaid weighted at 1 and Charity Days weighted at 3 using FHURS data.

##### **Model 4**

- Same model as Model 3 except use audited data.

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### **Model 5**

- Run 11/28 Model 2 with full funding of IGTs assuming most likely contributors.

### **Model 6**

- Run 11/28 Model 3 with full funding of IGTs assuming most likely contributors.

### **Mike Marks**

### **Model 7**

- Exempt everybody on sheet and keep LIP the same.

### **Other models requested:**

#### **Exemptions:**

Run current exemptions file with a break and total at each 5% increment.

#### **Lewis Seifert:**

- Comparison sheet showing net benefit compared to IGT contribution for each model

#### **Exemptions:**

- Run exemptions run to calculate cost of exempting all hospitals in Florida from rate controls.

After discussion period and model requests, Tony Carvalho put forth a formal motion to base models on the assumption that IGTs will be sufficient to drawdown the federal dollars. Paul Rosenberg seconded this motion.

## **XIII. January Meeting Date**

The LIP Council agreed on January 11, 2008 and January 23, 2008 at the Tampa Airport Aviation Board Room as the final two meeting dates.

## **XIV. Final Comments/Meeting Adjourned**

Mr. Rosenberg announced that he had accepted a new position out of state and will be resigning from the Council at the end of December. Mr. Rosenberg expressed his gratitude to have been part of the Council. Chairman Belcher recognized Mr. Rosenberg's hard work and dedication to the Low Income Pool Council and Disproportionate Share Council.

With no further LIP Council business brought to the Chairman, the meeting was adjourned.



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Paul Belcher  
LIP Council Chairman

Date