

CENTERS FOR MEDICARE & MEDICAID SERVICES
SPECIAL TERMS AND CONDITIONS
NUMBER: 11-W-00206/4
TITLE: Medicaid Reform Section 1115 Demonstration
AWARDEE: Agency for Health Care Administration

XV. LOW INCOME POOL

91. Low Income Pool Definition. A Low Income Pool (LIP) will be established to ensure continued government support for the provision of health care services to Medicaid, underinsured and uninsured populations. The low-income pool consists of a capped annual allotment of \$1 billion total computable for each year of the 5-year demonstration period.

92. Availability of Low Income Pool Funds. Funds in the LIP will become available upon implementation of Florida Medicaid Reform, which shall be no later than July 1, 2006, provided the pre-implementation milestones are met as discussed below in Section XVI “Low Income Pool Milestones.”

93. Reimbursement and Funding Methodology Document. In order to define LIP permissible expenditures the State shall submit for CMS approval a Reimbursement and Funding Methodology document for the LIP expenditures and LIP parameters defining State authorized expenditures from the LIP and entities eligible to receive reimbursement. This is further defined in Section XVI, “Low Income Pool

Milestones.” Any subsequent changes to the CMS approved document will need to be submitted as an amendment to the demonstration as defined in item six in Section III, “General Program Requirements.”

94. Low Income Pool Permissible Expenditures. Funds from the LIP may be used for health care expenditures (medical care costs or premiums) that would be within the definition of medical assistance in Section 1905(a) of the Act. These health care expenditures may be incurred by the State, by hospitals, clinics, or by other provider types for uncompensated medical care costs of medical services for the uninsured, Medicaid shortfall (after all other Title XIX payments are made) may include premium payments, payments for provider access systems (PAS) and insurance products for such services provided to otherwise uninsured individuals, as agreed upon by the State and CMS

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.

96. Low Income Pool Permissible Expenditures 10 percent Sub Cap. Up to 10 percent of the capped annual allotment of the LIP funds may be used for hospital expenditures other than payments to providers for the provision of health care

services to an uninsured or underinsured individual. Payments from this sub-cap may be used for the improvement or continuation of specialty health care services that benefit the uninsured and underinsured, such as capacity building and infrastructure, hospital trauma services, hospital neonatal services, rural hospital services, pediatric hospital services, teaching or specialty hospital services, or safety net providers. The reimbursement methodologies for these expenditures and the non-Federal share of funding for such expenditures will be defined in the Reimbursement and Funding Methodology Document as discussed in item 91 of this section and Section XVI, "Low Income Pool Milestones."

97. Low Income Pool Permissible Hospital Expenditures. Hospital cost expenditures from the LIP will be paid at cost and will be further defined in the Reimbursement and Funding Methodology Document utilizing methodologies from the CMS-2552 cost report plus mutually agreed upon additional costs. The State agrees that it shall not receive FFP for Medicaid and LIP payments to hospitals in excess of cost and this requirement is further clarified with the submission of a corresponding State Plan Amendment, as outlined in the pre-implementation milestones in Section XVI, "Low Income Pool Milestones."

98. Low Income Pool Permissible Non-Hospital Based Expenditures. To ensure services are paid at cost, CMS and the State will agree upon cost-reporting strategies and define them in the Reimbursement and Funding Methodology document for expenditures for non-hospital based services.

99. Permissible Sources of Funding Criteria. At least, 120 days prior to the demonstration implementation the State must submit for CMS approval the source of non-Federal share used to access the LIP, as outlined in the pre-implementation milestones. The State shall not have access to these funds until the source of non-Federal share has been approved by CMS. CMS assures the State that it will review the sources of non-Federal share in a timely manner. Sources of non-Federal funding must be compliant with section 1903(w) of the Act and applicable regulations. Federal funds received from other Federal programs (unless expressly authorized by Federal statute to be used for matching purposes) shall be impermissible.

XVI. LOW INCOME POOL MILESTONES

100. Pre-Implementation Milestones. The availability of funds for the LIP in the amount of \$1 billion is contingent upon the following items prior to implementation:

- a. The State's submission and CMS approval of a Reimbursement and Funding Methodology document for LIP expenditures, definition of expenditures eligible for Federal matching funds under the LIP and entities eligible to receive reimbursement.
- b. Florida's submission and CMS approval of a State Plan Amendment (SPA) that will terminate the current inpatient supplemental payment upper payment limit (UPL) program effective July 1, 2006, or such earlier date specific to the implementation of this demonstration. Nothing herein

precludes the State from submitting a State Plan Amendment reinstating inpatient hospital supplemental payments upon termination of this demonstration. The State agrees not to establish any new inpatient or outpatient UPL programs for the duration of the demonstration.

c. The State shall submit a State Plan Amendment for CMS approval limiting the inpatient hospital payment for Medicaid eligibles to Medicaid cost as defined in the CMS 2552-96.

d. The State shall submit for CMS approval of all sources of non-Federal share funding to be used to access the LIP. The sources of the non-Federal share must be compliant with all Federal statutes and regulations.

e. The State's ability to access the restricted portion of funds at the time of implementation and for the duration of the demonstration shall be contingent upon the State's capacity to meet the following milestones outlined in this Section.

101. Demonstration Year 1 Milestones. 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 (referenced in item 91). 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 as defined in paragraph 94. This document shall also include a reporting methodology for the number of individuals and types of services provided through the LIP. This methodology shall include a projection of these amounts for each current year of operation, and final reporting of historical demonstration periods. Providers with access to the LIP and services funded from the LIP shall be known as the provider access system. Any subsequent changes to the CMS approved document will need to be submitted as an amendment to the demonstration as defined in item six in Section III, "General Program Requirements."

102. Demonstration Year 2 Milestones. At the beginning of demonstration year 2, \$700 million will be available. An additional \$300 million will be available at the completion of milestones as specified in demonstration year one for a total of \$1 billion.

The State will conduct a study to evaluate the cost-effectiveness of various provider access systems. The results of this study shall be disseminated to the provider access systems for the continuous improvement in the structure, scope and access to such systems.

During demonstration year 2, using the results of the study as a guideline, the State and CMS will define the scale of the provider access systems and the indicators used to measure the impact of such systems on the uninsured, which will be funded through the low-income pool for demonstration years 3 through 5.

By the end of demonstration year 2, the State will develop a plan for the continuous

improvement of provider access systems and evaluation of the impact of these systems on the uninsured to be implemented in demonstration year 3.

By the end of demonstration year 2, the State will develop a plan for the statewide implementation of the demonstration by the end of waiver year 5.

103. Demonstration Year 3 Funding. At the beginning of demonstration year 3, \$700 million will be available. An additional \$300 million will be available at the completion of milestones as specified in demonstration year 2 for a total of \$1 billion

Demonstration Year 3 Milestone. The State shall implement the indicators established under the plan for continuous improvement of provider access systems for the uninsured as indicated in demonstration year 2.

104. Demonstration Year 4. At the beginning of demonstration year four \$700 million will be available. An additional \$300 million will be available at the completion of milestones as specified in demonstration year 3 for a total of \$1 billion.

Demonstration Year 4 Milestone. The State shall identify the qualitative impact on the implemented indicators in demonstration year 3 on uninsured individuals. This analysis may require the State to adjust the indicators as necessary.

105. Demonstration Year 5. At the beginning of demonstration year 5, \$700 million will be available. An additional \$300 million will be available at the time the demonstration is operating on a statewide basis for a total of \$1 billion.

STC #	STC Descriptions	Requirements	Compliance	Date
100	Pre-Implementation Milestones	The State's submission and CMS approval of State Plan Amendment		
		a. Submit Reimbursement and Funding Methodology document for LIP expenditures, Define and submit expenditures eligible for Federal matching funds under the LIP and entities eligible to receive reimbursement	1 st Submission of Reimbursement & Funding Methodology Document (RFMD) on May 26, 2006	5/26/2006
			2 nd Submission of RFMD on June 26, 2006	6/26/2006
		b. Submit documentation that terminates the Upper payment limit plan (UPL) and states that no new ones will be established duration of the demonstration project. Submit State Plan Amendment limiting the inpatient hospital payment for Medicaid eligibles. Submit documentation that shows State will limit inpatient hospital payment for Medicaid eligibles to Medicaid cost as defined in CMS 2552-96	A State Plan Amendment was submitted (4.19-A) to remove the UPL from Florida's State Plan in August of 2006, the State received approval of the State Plan Amendment from CMS March 21, 2007.	Aug-06
		c. Provide sources of non-Federal share funding that will be used to access the LIP.	The Florida submitted to CMS the Source of Funds to be used with the Low Income Pool for SFY 2006-2007 and received approval from CMS May 8, 2006.	2/3/2006
		d. Demonstration is based the State following milestones outlined in this section	The State received a letter June 30, 2006 from CMS stating that the State was granted authority to make expenditures from the Low Income Pool in accordance with the Special Terms and Conditions.	
101	Demonstration Year 1 Milestones	FINAL Document on RFMD with CMS Comments Within 6 Months of Implementation		
		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 (referenced in item 91). 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 as defined in paragraph 94. This document shall also include a reporting methodology for the number of individuals and types of services provided through the LIP. This methodology shall include a projection of these amounts for each current year of operation, and final reporting of historical demonstration periods.	Submission of Final RFMD on November 22, 2006, with Agency responses to CMS questions	11/22/2006
			Emailed on March 16, 2007 responses to January 26, 2007 CMS questions	3/16/2007
			Resubmission of Final RFMD to CMS on May 29, 2007	5/29/2007
			Resubmission of Final RFMD on March 20, 2008, and Florida's responses to CMS questions	3/20/2008
			Resubmission of Final RFMD on December 17, 2008	12/17/2008
			Resubmission of Final RFMD on May 13, 2009	5/13/2009
			Resubmission of Final RFMD on June 26, 2009	6/26/2009
102	Demonstration Year 2 Milestones	Study of Cost Effectiveness		
		a. At the beginning of demonstration year 2, \$700 million in LIP funds will be available. An additional \$300 million will be available at the completion of milestones as specified in demonstration year one for a total of \$1 billion.		
		b. State must conduct a study to evaluate the cost-effectiveness of various provider access systems.	The Agency submitted to CMS the "Evaluation of the Low Income Pool Program using Milestone Data: SFY 2005-06 and SFY 2006-07" and also submitted a highlight document June 30, 2008	4/21/2008 and 6/30/2008
		b. Send results of this study to provider access systems for the continuous improvement in structure, scope and access to such systems.	The Agency posted the "Evaluation of the Low Income Pool Program using Milestone Data: SFY 2005-06 and SFY 2006-07" on the Low Income Pool web site for access by all providers as well as disseminating to all providers via email.	6/30/2008

		c. Results of the study will allow the State and CMS to define the scale of the provider access systems and the indicators used to measure the impact of such systems on the uninsured, which will be funded through the low income pool for demonstration years 3 through 5.	The scale of the provider access systems and the indicators were discussed in the June 30, 2008 letter from the State to CMS.	6/30/2008
		d. implement a plan for continuous improvement of provider access systems and evaluation of the impact of these system on the uninsured.	The Plan for continuous improvement of provider access systems and evaluation was explained in the June 30, 2008 letter to CMS.	6/30/2008
		e. Development by State of a plan for statewide implementation of the demonstration by the end of waiver year 5.	The June 30,2008 letter to CMS addresses the Statewide expansion.	6/30/2008
Funding and Milestone				
103	Demonstration Year 3 Funding	a. At the beginning of demonstration year 3, \$700 million in LIP monies will be available. An additional \$300 million will be available at the completion of milestones as specified in demonstration year two for a total of \$1 billion.		
		b. Implement indicators established under the plan for continuous improvement of provider access systems and uninsured as indicated in year 2.	Expansion of LIP funds occurred through "continuous improvement of PAS for the uninsured" as authorized by the Florida Legislature.	
Funding and Milestone				
104	Demonstration Year 4 Funding	a. At the beginning of demonstration year 2, \$700 million in LIP monies will be available. An additional \$300 million will be available at the completion of milestones as specified in demonstration year three for a total of \$1 billion.		
		b. Identify the qualitative impact on the implemented indicators in demonstration year 3 on uninsured individuals.	The State continued collecting the milestone data from all PAS in Demonstration Year (DY) 3, this information will be shared with the University of Florida evaluation team, and Agency looks forward to receiving the report to assist with the "qualitative impact on the implemented indicators in DY3" and sharing it with CMS and all PAS. We anticipate receiving the report in early 2010.	
Funding				
105	Demonstration Year 5 Funding	a. At the beginning of demonstration year 5, \$700 million in LIP funds will be available. An additional \$300 million will be available at the time the demonstration is operating on a statewide basis for a total of \$1 billion	The 1115 Medicaid Reform Waiver is currently operational in 5 counties; the LIP program operates statewide. The Agency conducted an analysis of the referral and utilization patterns in Florida counties to assist the Governor and Florida Legislature in decision making regarding the expansion of the demonstration. The ability to expand the 1115 demonstration waiver is in legislative authority as noted in STCs #25 and #26.	