FLORIDA AGENCY FOR HEALTH CARE ADMINISTRATION
Better Health Care for all Floridians

Draft Summary
Low Income Pool (LIP) Council
Tuesday, December 13, 2011
10:00 a.m. - 4:00 p.m.

Members Present
Phil Williams, LIP Chairman
Dr. Edwin Pigman
William Robinson
John Benz
Mark Knight
Hugh Greene
Michael Gingras
Patrick Schlenker
Dee Schaeffer
Kevin Kearns
Fred Ashworth

Members Attending by Phone
Steve Short
Lewis Seifert
Steve Mason
Dave Ross
Mike Marks
Mike Hutchins
Dr. Ron Wiewora
Ray Reed
Dr. Karen Chapman
Charlotte Mather

AHCA Staff and Presenters
Tom Wallace
Nicole Maldonado
Lecia Behenna
Bill Perry
Ryan Perry

Members Absent
Gary Uber
Dr. Mark McKenney
Steve Harr

Welcome

The Low Income Pool (LIP) Council meeting was conducted at the Agency for Health Care Administration (Agency) in Tallahassee, Florida. Mr. Phil Williams, LIP Council Chairman and Assistant Deputy Secretary for Medicaid Finance, opened the meeting with a welcome and a brief roll call. November 29th Minutes were approved with no objections.

Updates

Mr. Williams provided a brief update on the 1115 Waiver renewal, stating the discussions continue with Federal CMS. The Agency also continues working its way through some details with regard to the Special Terms and Conditions. Mr. Williams also reminded the council and listening audience of the short-term extension ending December 15, 2011.

A handout was included in the meeting materials regarding the Special Terms and Conditions. This document provided the most recent updates since the previous LIP Council meeting on

November 29, 2011. One example given in the update was a slight modification in the language regarding the Tier One milestone requirement being clarified. Also, the Tier Two milestone, which previously targeted 20 hospitals for three specific initiatives, had been decreased to a number of 15 total hospitals. This was confirmed by CMS in the most resent discussion with the Agency.

Presentation of Models

Model 9A - William Robinson

Model 9A was presented by Mr. Robinson:

LIP

- LIP 4 Allocation Factor – 8.5%
- LIP 5 Proportional Pool - $2.4 M – rural hospitals only
- Special LIP - $98.4M- same as FY2011-12
- Non Hospital LIP - $80.3M – same as FY2011-12

Buy-backs

- $130.5M
- Same policy as FY 2011-12
- Uses July 1, 2011 Medicaid Rates and Medicaid Cost Report volumes

Exemptions

- **Base**
  1) $639.3M
  2) Uses FY11-12 Medicaid Cost Report volumes and FY11-12 Tier %'s
- **Additional (Increased $18.8M from Model 9)**
  1) $48.3M added prorata to base tiers as follows:
     - Childrens: previously 89.00% to 91.00%, modified to 93.50%
     - Teaching : previously 72.00% to 75.00%, modified to 76.50%
     - Public : previously 67.00% to 70.59%, modified to 76.50%
     - Trauma: previously 67.00% to 70.59% modified to 71.92%
     - CHEP : previously 67.00% to 70.59%, modified to 71.92%
     - Specialty and previously legislated : 67.00% to 70.59%, modified to 71.92%
     - Utilization 11% or greater: 67.00% to 70.5905% to 71.92%
- **Quality Add-on**
  1) $25.0M split into core measures and outcome measures:
     - $12.5M for CMS Core Measures (All payers):
       - Used Model 15 to allocate funds to 30 exempt hospitals whose"Grand Composite Scores" were above the median of the group

- Equated to an approximate 4.219% add-on to the Exemption Percentage
- $12.5M for AHCA Outcome Measures (All payers):
  - Used AHCA (All payers) instead of CMS (Medicare)
  - Used AHCA's risk adjusted mortality and readmission rates
    - AMI without transfer (Mortality)
    - Heart failure (Mortality)
    - Pneumonia (Mortality)
    - AMI – Total (Readmission)
    - Heart Failure (Readmission)
    - Pneumonia (Readmission)
  - Ranked the exempt hospitals risk adjusted rates in each of the 6 categories above low to high
  - Each category received one-sixth of the $12.5M allocation or approximately $2.083M.
  - Hospital whose ranking was below the median of all exempt hospitals in that category received approximately a .5% add-on (actual % ranged from .3554% to .6237%). Maximum % add-on for hospitals in all 6 categories was 3.0372%

- **Total Exemptions** including Liver Global Fee($9.9M) equals $722.6M

Model 16A - Mike Marks

Model 16A was presented by Mr. Marks

- **Primary Care –#16A** = $80.3M
-
- **Special LIP** – same as Prior Year (2011-2012)
- **Allocation Factor** – 8.5% – added in Shands GR of $3.8M
- **IGT's** – proportional reduction of the revised 2011-2012 IGT's
- **Proportional Pool** - $2.4M – rural, only
- **Exemptions** –
  - used Medicaid Cost Report patient days
  - Increased the percentages for each Exemption Tier to the following

	#16A
Children	91.621%
Statutory Teaching	74.621%
Trauma	69.621%

- > 15% 69.621%
- Specialty 69.621%
- Other 69.621%
- CHEP 69.621%
- 11-15% 69.621%
- Public 69.621%

- **Cost Efficiency Add-on** – applied to Exemptions – **$25M**
  - Divided the hospitals into the Exemption Tiers
  - Calculated 2010 FHURS Cost/Adjusted Admission, excluding Capital Costs (CAA)
  - Divided CAA by the 2010 Case Mix Index (CMI) that
    - correlates with the hospital financial fiscal year end,
    - combines all locations operating under the same hospital license, &
    - excludes healthy newborns
  - Calculated a Median CAA divided by CMI for each Tier mentioned above
  - The Median CAA divided by CMI for each Tier was divided by each hospital's CAA (divided by the hospital CMI) to determine the Efficiency Factor
  - Any hospital's whose Efficiency Factor was greater than 1.0, received a 4.0% add-on to the Exemption Calculation percentage, shown above

- **Quality Add-on** – applied to Exemptions – **$25M**
  - Used the only nationally recognized source for quality - CMS Core Measures – as a relative measure of quality among the Florida Hospitals
  - Used a combination of the following four Core Measures:
    - Acute Myocardial Infarction (AMI),
    - Pneumonia (PN),
    - Heart Failure (HF), &
    - Surgical Care Improvement Project (SCIP)
  - Ranked the Exempt hospitals from top to bottom
  - Hospitals whose ranking was above the median of all Exempt hospitals received a 4.0% add-on to the Exemption percentage

- **Buy-backs** – Used Model 10 Table 4, except for Shriner's

Model 17A - Mike Gingras

Model 17A was presented by Mr. Gingras:

- **Special LIP** – same as Prior Year(2011-2012)

- **Allocation Factor** – 8.5% on proportionally reduced revised 2011-2012 IGT's

- **Proportional Pool** - $2.4M – rural, only

- **Primary Care:**

#17	#17A
$96.3M	$80.3M

- **Exemptions –**
  - Used Medicaid Cost Report patient days
  - Revised the percentages for each Exemption Tier to the following

	#17A
▪ Children	92.285%
▪ Statutory Teaching	75.285%
▪ Trauma	70.285%
▪ > 15%	70.285%
▪ Specialty	70.285%
▪ Other	70.285%
▪ CHEP	70.285%
▪ 11-15%	70.285%
▪ Public	70.285%

- **Quality Silo** – applied to Exemptions:

#17A
$25.0M

  - Used the only nationally recognized source for quality - CMS Core Measures – as a relative measure of quality among the Florida Hospitals
  - Used a combination of the following four Core Measures
    - Acute Myocardial Infarction (AMI),
    - Pneumonia (PN),
    - Heart Failure (HF), &
    - Surgical Care Improvement Project (SCIP)
  - Ranked the Exempt hospitals from top to bottom
  - Hospitals whose ranking was above the median of all Exempt hospitals received an add-on to the Exemption percentage:

#17A
8.584%

- **Cost Efficiency Silo** – applied to Exemptions

#17A
$18.5M

  - Divided the hospitals into the Exemption Tiers mentioned above
  - Calculated 2010 FHURS Cost/Adjusted Admission, excluding Capital Costs (CAA)
  - Divided CAA by the 2010 Case Mix Index (CMI) that
    - correlates with the hospital financial fiscal year end,
    - combines all locations operating under the same hospital license, &
    - excludes healthy newborns

- Calculated a Median CAA divided by CMI for each Tier mentioned above
- The Median CAA divided by CMI for each Tier was divided by each hospital's CAA (divided by the hospital CMI) to determine the Efficiency Factor
- Any hospital's whose Efficiency Factor was greater than 1.0, received a add-on to the Exemption Calculation percentage, shown above, of:

#17A
5%

- **Buy-backs** – Used Model 10 Table 4

Model 18A – Dee Schaeffer

Model 18A was presented by Ms. Schaffer:

LIP

- LIP 4 Allocation Factor – 8.5%
- LIP 5 Proportional Pool - $2.4 M – rural hospitals only
- Special LIP - $98.4M- same as FY2011-12
- Non Hospital LIP - $80.3M – No increase in new primary care initiatives

DSH

- $260M – same as FY 2011-12

Buy-backs

- $130.5M
- Same policy as FY 2011-12
- Uses July 1, 2011 Medicaid Rates and Medicaid Cost Report volumes

Exemptions

- **Base**
  - Uses FY12 Medicaid Cost Report volumes and FY12 Tier %'s
  - Base Tiering Percentages
    - Children's 92.00%
    - Teaching 75.00%
    - Public 79.50%
    - Trauma 70.61%
    - CHEP 70.61%
    - Specialty / Special Legislative 70.61%
    - Utilization 11% or greater 70.61%
- **Quality Add-on**
  - $24M split between core measures and outcome measures
  - $1M reserved for children's hospitals (Method to be determined)
  - $12M for CMS Core Measures (All payers)
    - Used "Grand Composite Scores" Model 15 to allocate funds to 30 exempt hospitals
    - Qualifying hospitals "Grand Composite Scores" were above the median of the group
    - Additional add-on was 4.1202%

- $12M for AHCA Outcome Measures (All payers)
  - Used AHCA's risk adjusted mortality and readmission rates
  - AMI without transfers (Mortality)
  - Heart Failure (Mortality)
  - Pneumonia (Mortality)
  - AMI – Total (Readmissions)
  - Heart Failure (Readmissions)
  - Pneumonia (Readmissions)
  - Additional add-on between .3% and .5% per Outcome measure
- **Total Exemptions** including Liver Global Fee ($9.9M) equals $722.6M

Model 19-John Benz

A modified version of Model 19A was presented by Mr. Benz, referred to as Model 19C:

- DSH using current policy and distribution
- Allocation factor - 8.5%
- Special LIP - $98.4 million (plus new core measures distribution)
- Four additional hospitals added to Level 2 Trauma distribution
- Exemptions:
  - Children's- 88.00%
  - Trauma, GAA, Specialty- 59.7117%
  - Statutory Teaching- 70.00%
  - CHEP- 59.7117%
  - over 15%- 59.7117%
  - 11% to 14.9%- 59.7117%
  - Publics- 88.00%

Overview of Rate Band Methodology

Mr. Tom Wallace gave an overview of the rate band methodology. He began by explaining to the Council there were three goals in the Governor's recommended budget for the hospital rate band methodology. The first was to simplify and streamline rates in the process that currently exist. Next was to adjust the methodology in which the inefficient operating procedures by the hospitals were negatively affecting the reimbursement rates of the facilities. The third goal was to lower the overall reimbursement rate. Under this methodology, a flat rate or a rate band would be set with different hospitals that fall within similar lines of service.

Discussion and Selection of Recommended Model

The council agreed to disregard all "B" version models at the current time. This was due to the uncertainty of the additional $50 million in funds proposed by CMS via the Special Terms and

Conditions. With only the “A” versions of the presented models left on the table, the council voted and narrowed the selection down to Models 9A and 18A. A second vote was taken and Model 9A was preferred 10 votes to Model 18A’s 8 votes.

Closing Comments

In closing, future meeting dates were set which would allow for a decision from CMS via the Special Terms and Conditions to clarify the uncertainty of the additional $50 million to be allocated from the Low Income Pool funds. The future LIP Council meeting dates were set for January 5, and January 12, 2012. (The January 12 meeting was moved to January 13 due to conference room availability and also the meeting date of January 19 was later added.)

Adjournment

The meeting was adjourned at 12:15 p.m.