Draft Summary
Low Income Pool (LIP) Council
Wednesday, January 16, 2013
10:00 a.m. - 4:00 p.m.

Members Present
Phil Williams, LIP Chairman
Mike Hutchins
William Robinson
Dee Schaeffer
Charlotte Mather
John Benz
Kevin Kearns

Members Absent
Dr. Karen Chapman
Fred Ashworth
Dr. Mark McKenney
Gary Uber
Patrick Schlenker

Members Attending by Phone
Mark Knight
Steve Mason
Dave Ross
Lewis Seifert
Ray Reed
Mike Marks
Dr. Ron Wiewora
Steve Harr
Steve Short
Hugh Greene
Michael Gingras

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

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.

Approval of Minutes

The January 9, 2013 minutes were not available for approval and will be presented at the next LIP Council meeting on January 22, 2013.

Updates

The Agency provided an update on the 1115 Waiver. As part of a recent telephone conference call discussion between Agency staff and federal CMS staff, at the Council's request, the Agency inquired about an increase in LIP funding. CMS stated that this will be an appropriate topic for the 1115 wavier extension, not the current pending waiver amendment.

Ms. Behenna discussed where the Agency was with the current year LIP IGT need. Currently, the LIP program is approximately $27 million short on IGTs, creating a total computable need of

$63 million. The Agency is currently in conversations with four counties and three taxing districts in an effort to close the gap. Subsequent updates will be provided.

In a prior LIP Council meeting, the council members requested to be updated on submitted cost limit data. The Agency presented the requested information on the most recent (SFY 2009-10) cost limit reporting data, by facility.

The Agency gave a brief update on the nation's DSH per capita and where Florida falls. Based on the information gathered, Florida is ranked 47th in DSH per Capita by state.

Models for SFY 2013-14

Model 6 – Mike Marks

Model 6 was presented by Mike Marks:

Used Bill Robinson's Model 3 as the Base (which was Base Model 2 approved at the December 20, 2012 LIP Council meeting, with funding for an additional $49.6 million for outpatient Exemptions, outpatient Buy-Backs and inpatient DRG Automatic IGT Payments):

LIP - $1.0 billion

- LIP 4 Required IGTs to fund LIP to $1.0 billion and outpatient Exemptions, outpatient Buybacks and inpatient DRG Automatic IGT Payments - $708.7 million
- UPDATED IGTs to AHCA's January 10, 2013 list, including $28.7 million unidentified
- LIP 4 Rate of Return – 8.5% funds $60.2 million
- LIP 5 Proportional Pool - $2.4 million – rural hospitals only
    - Special LIP – $113.6 million unchanged from Mr. Robinson's Model 3
    - Quality - $15.0 million - same methodology and data used
    - Primary Care - $10.0 million
    - Safety Net - $72.7 million
    - Trauma - $8.8 million
    - Rural - $5.6 million
    - Specialty Peds - $1.4 million
- Non Hospital LIP - $115.3 million – continues LIP STC/Enhanced new primary care initiatives

DSH - $245.9 million

- Recognizes new limits except in Rural, needs to be finalized

Outpatient Buy-backs - $27.0 million

- Used the calculated outpatient Buy-Backs from Mr. Robinson's Model 3
- Same policy and methodology as SFY 2012-13

Outpatient Exemptions - $686.3 million

- Base – outpatient, only
    - $109.5 million (including $9.9 million Liver Global Fee)
    - Uses Medicaid Cost Report volumes, SFY 2012-13 rates and SFY 2012-13 Tier percentages
    - Used Mr. Robinson's Model 3 Outpatient Exemptions

New Inpatient DRG Automatic IGT Payments:

- Uses Navigant Simulation 17
- DRG Simulation 17 used to calculate each Hospital's DRG Cost/Payment Differential by comparing estimated Cost to simulated DRG Payments from GR and PMATF (County Billing Rate). If a Hospital is currently Exempt, calculated a DRG Automatic IGT payment by multiplying DRG Cost / Payment Differential by the following percentages:
    - Children's - 95.00%
    - Statutory Teaching Hospitals - 53.00%
    - Less than 15% - 48.81%
    - Public - 46.00%
    - Trauma, CHEP 11% - 15%, Others - 46.00%

Note: Percentages seem low because the DRG Cost/Payment Differential totals $1.3 billion; while total Inpatient Exemptions and Buy-Backs are about $671 million.

- Added a column to Table 5 for Inpatient Automatic IGT Payments

Model 7 – Mike Gingras

Model 7 was presented by Mike Gingras:

Model 3, presented by Bill Robinson at the last LIP Council meeting, was used as the base for Model 7. Model 3 started with the Base Model 2, approved at the December 20, 2012 LIP Council meeting. However, instead of funding $22.2 million in Special LIP, Model 3 uses the added $20.5 million in IGTs to fund an additional $49.6 million in Exemptions.

LIP - $1.0 billion

- LIP 4 Required IGTs to fund LIP, Exemptions and Buybacks- $708.7 million, as in SFY 2012-13
- IGTs were updated to AHCA's January 10, 2013 listing, resulting in an increase to in unidentified IGTs of $28.7 million
- LIP 4 Rate of Return – was reduced from 8.5% to 7.5% - the additional $7 million was used to increase Quality payments and directed Safety-net payments
- LIP 5 Proportional Pool - $2.4 million, rural hospitals only
- Special LIP – increased by $7.1 million, from Rate of the Return (ROR) reduction
  - Quality - $20.0 million - same methodology
  - Primary Care - $10.0 million
  - Safety Net - $74.8 million – expand safety-net payments to targeted hospitals to address specific issues
  - Trauma - $8.8 million
  - Rural - $5.6 million
  - Specialty Pediatrics - $1.4 million
- Non-Hospital LIP - $115.3 million – continues LIP STC/Enhanced new primary care initiatives

DSH - $245.9 million

- recognizes new limits except in Rural

Buy-backs - $130.5 million

- Same policy and methodology as SFY 2012-13

Exemptions - $686.3 million

- Allocated based on the following percentages:

	Model 7	Model 3
Children's	90.0000%	96.0400%
Public	75.1519%	76.6165%
Trauma, GAA & Specialty	75.0000%	71.7408%
Statutory Teaching	75.1519%	76.6165%
CHEP	75.0000%	71.7408%
Over 15%	75.0000%	71.7408%
11% to 14.9%	75.0000%	71.7408%

Model 8 – John Benz

Model 8 was presented by John Benz:

Used Base Model approved at December 20, 2012 LIP Council meeting but instead of funding $22.2 million in Special LIP, Model 8 requires additional $20.5 million in IGTs to fund an additional $49.6 million in Exemptions.

LIP - $1.0 billion

- LIP 4 Required IGTs to fund LIP, Exemptions and Buybacks- $703.2 million. Including $23.3 million unidentified ($708.7 million required in SFY 2012-13; $685.4 million currently available
- LIP 4 Allocation Factor – 8.5% funds $60.2 million
- LIP 5 Proportional Pool - $2.4 million, rural hospitals only
- Special LIP – Increase from $113.6 million to $119.5 million or $5.9 million
    - Quality - $15.0 million, same methodology
    - Primary Care - $10.0 million, unchanged
    - Safety Net - $72.7 million, unchanged
- Trauma - $8.6 million to $8.8 million or $200 thousand, add qualifying provisional trauma centers
- Rural ($5.6 million) and Specialty Peds ($1.4 million), unchanged
- Non Hospital LIP - $115.3 million, continues LIP STC/Enhanced new primary care initiatives

DSH - $245.9 million

- Recognizes new limits except in rural
- Needs to be finalized

Buy-backs - $130.5 million

- Same policy and methodology as SFY 2012-13

Exemptions - $686.3 million (including $9.9 million Liver Global Fee)

- Uses SFY 2010-11 Medicaid Cost Report Volumes, SFY 2012-13 rates and SFY 2012-13 Tier percentages
- Includes Additional - $49.6 million, $13.6 million prorated to all hospital tiers, $36 million prorated based on pediatric days to hospitals with greater than 30,000 pediatric days (excluding normal newborns) based on 12 months data ended March 31, 2012:

	Base	Tier Increase
Children's	89.00%	1.5298%
Statutory Teaching	71.00%	1.5298%
Public	71.00%	1.5298%
Trauma	66.48%	1.5298%
GAA, Special	66.48%	1.5298%
CHEP	66.48%	1.5298%
Utilization over 15%	66.48%	1.5298%
Utilization 11% or 14.9%	66.48%	1.5298%

Model 9 – Bill Robinson

Model 9 was presented by Bill Robinson:

Used Base Model approved at December 20, 2012 LIP Council meeting but instead of funding $22.2 million in Special LIP, Model 9 funds $5.9 million in Special LIP and it requires additional $15.1 million in IGTs to fund an additional $36.4 million in Exemptions.

LIP - 1.0 billion

- LIP 4 Required IGTs to fund LIP, Exemptions and Buybacks- $703.2 million, Including $17.9 million unidentified ($708.9 million required in SFY 2012-13, $685.4 million currently available)
- LIP 4 Allocation Factor – 8.5% funds $59.8 million
- LIP 5 Proportional Pool - $2.4 million, rural hospitals only
- Special LIP – Increase from $113.6 million to $119.5 million or $5.9 million
- Quality - $15.0 million, same methodology
- Primary Care - $10.0 million to $12.0 million, restores SFY 2012-13 LIP Council and House recommended levels for Broward Health System (2 hospitals)
- Safety Net - $72.7 million to $75.1 million or $2.4 million, restores SFY 2012-13 LIP Council and House recommended levels for 18 hospitals
- Trauma - $8.8 million to $10.3 million or $1.5 million restores SFY 2012-13 LIP Council and House recommended level payments to Level II (or Peds) silo.
- Rural ($5.6 million) and Specialty Peds ($1.4 million), unchanged

Note: funds all hospitals in above categories recommended by Senate in SFY2012-13 Appropriations.

- Non Hospital LIP - $115.3 million, continues LIP STC/Enhanced new primary care initiatives

DSH - $245.9 million

- Recognizes new limits except in rural
- Needs to be finalized

Buy-backs - $130.5 million

- Same policy and methodology as SFY 2012-13

Exemptions - $636.7 million (including $9.9 million Liver Global Fee)

- Uses SFY 2010-11 Medicaid Cost Report Volumes, SFY 2012-13 rates and SFY 2012-13 Tier percentages
- Additional - $36.4 million
- Tier percentage's as follows:
    - Children's: 89.00% to 94.56%
    - Statutory Teaching and Public: 71.00% to 75.14%
    - Trauma, GAA, Special: 66.48% to 70.26%
    - CHEP: 66.48% to 70.26%
    - Utilization over 15%: 66.48% to 70.26%
    - Utilization 11% or 14.9%: 66.48% to 70.26%

Model 10 – Dee Schaeffer

Model 10 was presented by Dee Schaeffer:

Used Base Model approved at December 20, 2012 LIP Council meeting but instead of funding $22.2 million in Special LIP, Model 10 funds $4.6 million in Special LIP and it requires additional $16.4 million in IGT's to fund an additional $39.7 million in Exemptions.

LIP - $1.0 billion

- LIP 4 Required IGTs to fund LIP, Exemptions and Buybacks- $703.2 million, including $19.2 million unidentified ($704.6 million required in SFY 2012-13; $685.4 million currently available)
- LIP 4 Allocation Factor – 8.5% funds $59.98 million
- LIP 5 Proportional Pool - $2.4 million, rural hospitals only
- Special LIP – Increase from $113.6 million to $119.5 million or $5.9 million
- Quality - $15.0 million, current methodology
- Primary Care - $10.0 million to 12.0 million, restores SFY 2012-13 LIP Council and House recommended levels for Broward Health System (2 hospitals)
- Safety Net - $72.7 million to $ 75.1 million or $2.4 million, restores SFY 2012-13 LIP Council and House recommended levels for 18 hospitals
- Trauma - $8.6 million to $8.8 million or $200 thousand
    - Add qualifying provisional trauma centers
- Rural ($5.6 million) and Specialty Peds ($1.4 million) unchanged
- Non Hospital LIP - $115.3 million – continues LIP STC/Enhanced new primary care initiatives

DSH - $245.9 million

- Recognizes new limits except in rural, needs to be finalized

Buy-backs - $130.5 million

- Same policy and methodology as SFY 2012-13

Exemptions - $676.4 million (including $9.9 million Liver Global Fee)

- Uses SFY 2010-11 Medicaid Cost Report Volumes, SFY 2012-13 rates and SFY 2012-13 Tier percentages
- Includes Additional - $39.7 million - $19.8 million prorated to all exemption tiers - $19.8 million prorated to all trauma/teaching, (Free standing children's and public trauma centers are also included)

	Base	Tier Increase	Trauma/Teaching
Children's	89.00%	2.00%	3.00%
Statutory Teaching	71.00%	2.00%	3.00%
Public	71.00%	2.00%	3.00%
Trauma	66.48%	2.67%	3.00%
GAA, Special	66.48%	2.67%	
CHEP	66.48%	2.67%	
Utilization over 15%	66.48%	2.67%	
Utilization 11% or 14.9%	66.48%	2.67%	

Model Discussion

After the presentation of the models, the LIP Council discussed elements of the final model. During this discussion a couple of motions were made:

- A motion was made by Ms. Schaeffer to continue the 8.5% allocation factor and seconded by John Benz. Motion was adopted with one member voting no.
- A motion was made by Ms. Schaeffer to restore legislative cuts in the Special LIP distribution and this motion was seconded by Charlotte Mather. Motion was adopted with two members voting no.

LIP Council Member Requests

During the LIP Council meeting, several LIP Council members made requests of the Agency:

- John Benz requested a calendar with the all of the upcoming deadlines regarding the 1115 Waiver extension and managed care.
- Mike Marks requested a breakdown of Medicare DSH numbers by hospital.
- John Benz requested that the Agency add the supplemental dollars to the DSH spreadsheet.
- Dee Schaeffer requested a terminology change to the term 'Automatic' Exemptions.
- The LIP Council members requested the SFY 2006-07 Audited DSH data be added to exemptions, and requested updated rural DSH calculations in order to implement in the models.

Upcoming Events

The Agency reminded the Council that the next LIP Council meeting is scheduled for January 22, 2013. A deadline for model requests was announced for January 16, close of business, with a noon Thursday, January 17, 2013 deadline for all model specifics.

Adjournment

The meeting was adjourned at 11:28 a.m.