

# 1115 Waiver Extension and Low Income Pool Update

Beth Kidder

Deputy Secretary for Medicaid

Presented to

House Health Care Appropriations  
Subcommittee

October 11, 2017



# 1115 MMA Waiver Extension Approved

- Managed Medical Assistance (MMA) program operates under the authority of an 1115 Research and Demonstration Waiver.
- December 30, 2016: The Agency submitted a 5-year extension request to federal CMS.
- August 3, 2017: extension approved through June 2022
- Special Terms and Conditions generally unchanged.
  - Only substantive changes are to the parameters of the Low Income Pool program.



# Low Income Pool: History

- Began in 2006 as part of Medicaid Reform pilot
- Original purpose:
  - Provide supplemental funding to hospitals, clinics, and other entities to improve access to health care services in rural communities.
  - Ensure continued government support for the provision of health care services to the uninsured and underinsured.
- Current purpose:
  - Provide government support for safety net providers for the costs of uncompensated care for low income individuals who are uninsured.



# How it Works

- Local government entities put money into the pool through Intergovernmental Transfers (IGTs).
  - Contributing entities can include counties, municipalities, and local health care taxing districts.
  - The Agency draws matching funds from the federal government based on the Federal Medical Assistance Percentage (FMAP).
- The Agency distributes the combined local and federal funds to qualified providers based on a legislatively approved distribution model.



# History of LIP Funding

State Fiscal Year (SFY)	Total LIP Funding
SFY 2006-2007	\$ 1 billion
SFY 2007-2008	\$ 1 billion
SFY 2008-2009	\$ 1 billion
SFY 2009-2010	\$ 1 billion
SFY 2010-2011	\$ 1 billion
SFY 2011-2012	\$ 1 billion
SFY 2012-2013	\$ 1 billion
SFY 2013-2014	\$ 1 billion
SFY 2014-2015	\$ 2.17 billion
SFY 2015-2016	\$ 1 billion
SFY 2016-2017	\$ 608 million
SFY 2017-2018	\$1.5 billion



# Low Income Pool Provisions for SFYs 2018-2022

- Approximately \$1.5 billion per year for 5 years
- Provides support for the costs of uncompensated charity care for individuals with incomes up to 200% of the federal poverty level.
- It does not include uncompensated care for individuals with insurance, bad debt, or Medicaid or CHIP “shortfall.”



# Special Terms and Conditions: Additional Flexibility

- Providers may be categorized in up to three groups.
  - Hospitals
  - Federally Qualified Health Centers and Rural Health Clinics
  - Medical School Physician Practices
- Each group may be divided in up to five tiered subgroups, any of which may be based on:
  - Ownership
    - Publically Owned, Privately Owned, statutory teaching, and freestanding children's hospital status
  - Uncompensated Charity Care Ratio
  - Combination of ownership and Uncompensated Charity Care ratio



# Participation Requirements: Hospitals

- Must contract with:
  - At least 50% of the standard Medicaid health plans in their region.
  - At least one Medicaid specialty plan for each target population that is served by a specialty plan in their region.
- Must participate in the Event Notification System
- Must be enrolled Medicaid providers
- Must have a minimum of 1% Medicaid utilization





# Participation Requirements: Medical Schools & FQHCs/RHCs

- Medical School Physician Practices:
  - Must participate in the Florida Medical Schools Quality Network.
  - Must be enrolled Medicaid providers
  - Must have a minimum of 1% Medicaid utilization.
- Federally Qualified Health Centers/Rural Health Clinics:
  - Must contract with each Medicaid health plan in their region.
  - Must agree that the supplemental wrap around payment will be included in the capitation rates and paid to the FQHC/RHC by the plan.
  - Must be enrolled Medicaid providers.



# Legislative Direction

- The 2017 General Appropriations Act gives the Agency full spending authority for the 2017-18 LIP Allotment (\$1.5 billion).
- These funds are in reserve pending submission of a budget amendment to the House and Senate requesting release of the funds.
  - Will include a 2017-2018 LIP distribution model which will show the government entities contributing funds and the funding distribution by provider.
  - Will include the Reimbursement and Funding Methodology Document.
- *“If the chair and vice chair of the Legislative Budget Commission or the President of the Senate and the Speaker of the House of Representatives object in writing to a proposed amendment within 14 days after notification, the Governor shall void the action.”*



# Low Income Pool Public Meetings

- Agency held two public meetings to solicit input on Low Income Pool distribution model.

Location	Date
Orlando	June 13, 2017
Tallahassee	August 16, 2017

- At the second meeting, the Agency proposed two draft distribution models for discussion.
  - Fully Funded: Assumes local funds will fully fund the Pool
  - Historically Funded: Assumes local funds will be contributed at the same levels as in the past
- Stakeholders provided comment on models.



# Agency Final Low Income Pool Model

- Using stakeholder input, the Agency created the final Low Income Pool model on September 29, 2017.
- The model can be accessed through the following link:
  - [http://ahca.myflorida.com/Medicaid/Finance/finance/LIP-DSH/LIP/pdfs/SFY2017-18\\_LIP\\_Model.pdf](http://ahca.myflorida.com/Medicaid/Finance/finance/LIP-DSH/LIP/pdfs/SFY2017-18_LIP_Model.pdf)



# Summary of Agency Final LIP Model

Local Funds (IGTs)	\$303,375,853
Federal Funds	\$487,077,126
<b>TOTAL PROJECTED SFY 17-18 LIP</b>	<b>\$790,452,979</b>



# Agency Final LIP Model

## Group 1 - Hospitals

Tier	Qualified Providers	% of Charity Care Funded	Allocation
1	Private Hospitals with a charity care ratio of $\geq 17\%$	53.75%	\$123,867,856
2	<ul style="list-style-type: none"> <li>All public hospitals</li> <li>All freestanding children's hospitals</li> <li>Statutory Teaching hospitals with a charity care ratio <math>\geq 17\%</math></li> </ul>	100%	\$478,405,048
3	Statutory teaching hospitals with a charity care ratio $< 17\%$	15%	\$38,066,796
4	Private Hospitals with a charity care ratio $< 17\%$	3%	\$15,376,859
<b>Sub Total</b>			<b>\$655,716,559</b>
Potential Number of Group 1 Qualified Providers			204



# Agency Final LIP Model

## Group 2 - Medical School Physician Practices

Tier	Qualified Providers	% of Charity Care Funded	Allocation
1	Medical Schools	100%	\$84,736,420
Number of Group 2 Qualified Providers			8

## Group 3 – Federally Qualified Health Centers and Rural Health Clinics

Tier	Qualified Providers	% of Charity Care Funded	Allocation
1	Federally Qualified Health Centers and Rural Health Clinics	100%	\$50,000,000
Number of Group 3 Qualified Providers			
<b>Total LIP Payment</b>			<b>\$790,452,979</b>



# Timeline

Date	Milestone
Early September	Agency sent out Letters of Agreement (LOAs) soliciting LIP funds from local governments
<del>October 1*</del>	Statute requires LOAs to be submitted to the Agency
November 15	Executive Order extended deadline for LOAs to be submitted to the Agency
Shortly After November 15	Agency submits budget amendment for Legislative consultation.
<del>October 31*</del>	Statute states that IGT funds to be submitted to the Agency
December 15	Executive Order extended deadline for IGT funds to be submitted to the Agency unless the Agency extends the deadline



\*Per Section 409.908, Florida Statute.



# Questions?

