Presentation to the

Florida Senate

November 17, 2010

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Presentation Outline

I. Advantages of Shared Savings Provider Service Networks
   - *RESULTS of First Coast Advantage*
     Savings, Stability, Quality & Satisfaction
   - *PRESERVATION of IGTs & CPEs*

II. Keys to Success for Shared Savings PSN

III. Analysis of Hospital Reimbursement Funding Sources
   - *FFS Hospital Reimbursement is NOT the cause of general revenue demands on Florida Medicaid*

Shared Savings PSN
Overview of Advantages

Any Medicaid system must allow alternatives to capitated HMO's, including fee-for-service managed care arrangements, such as Shared Savings Provider Service Networks (PSNs). They provide:

- *Savings*: AHCA Audit Cost-Effectiveness Report identifies PSN savings over HMO
- *Stability*: Enrollment data demonstrates PSN commitment to community and patients
- *Quality*: PSN ranked 1st & 2nd in 14 out of 31 quality measures
- *Patient Satisfaction:* PSN satisfaction higher in all four indicators
- *Funding Maximization:* Local/College's of Medicine/ State/Federal

Shared Savings PSN
Advantages

Shands Jacksonville / First Coast Advantage
FCA Net Program Cost - vs - HMO Payment Amount

Sept 2006 – Aug 2007 (Reform)

Description	Amount
HMO Payment Amount	$40,441,631
FCA Net Program Cost	$40,152,149
Difference (FCA - Savings to State)	**$288,482**

Sept 2007 – Aug 2008 (Reform)

Description	Amount
HMO Payment Amount	$50,182,977
FCA Net Program Cost	$49,711,547
Difference (FCA - Savings to State)	**$471,429**

Shared Savings PSN
Advantages

Provider Service Network Comparison to Aggregate Upper Payment Limit (UPL)

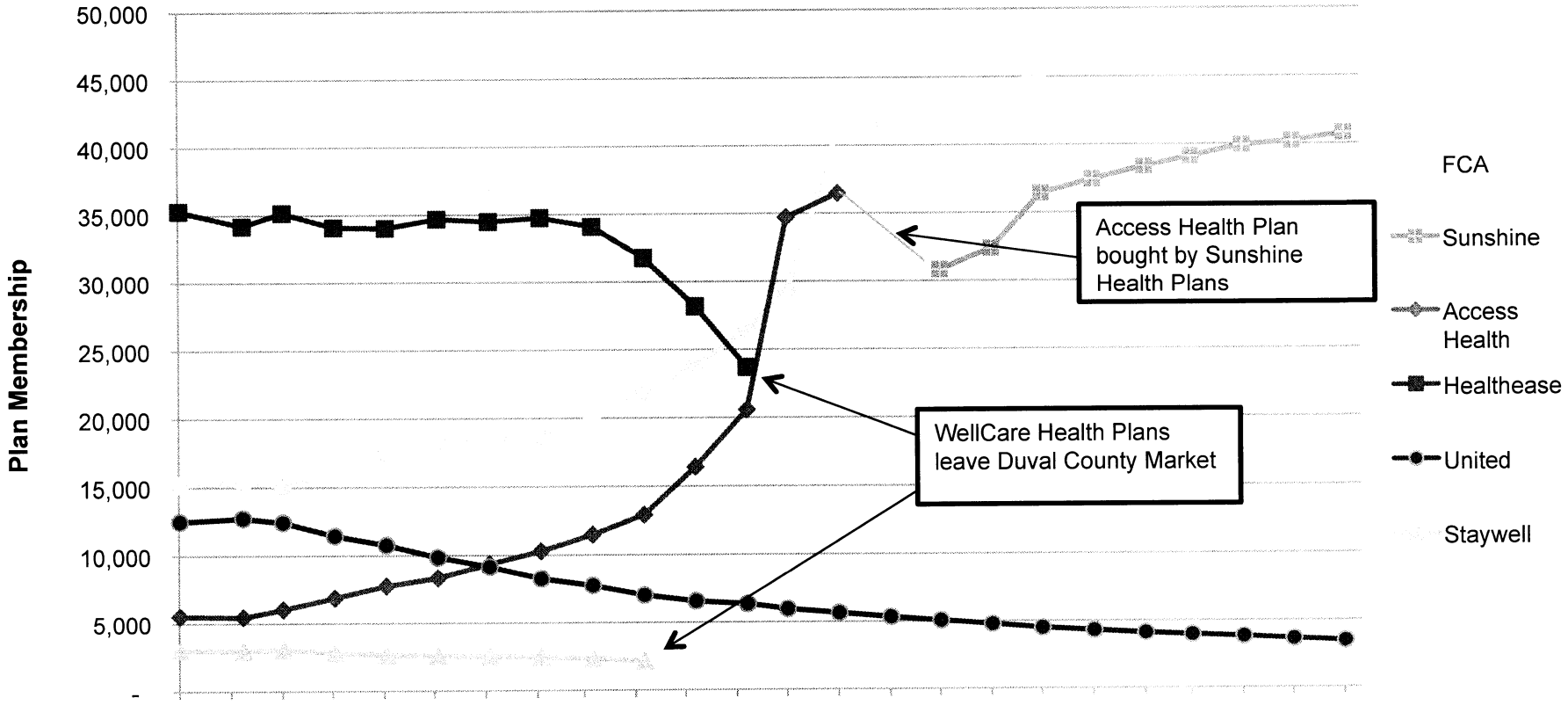
Sept 2006 – Aug 2007 (Reform)

Description	Amount
Total Aggregate UPL	$45,178,030
FCA Net Program Cost	$40,152,149
Difference (FCA - Savings to State)	**$5,025,880**

Sept 2007 – Aug 2008 (Reform)

Description	Amount
Total Aggregate UPL	$55,716,399
FCA Net Program Cost	$49,711,547
Difference (FCA - Savings to State)	**$6,004,851**

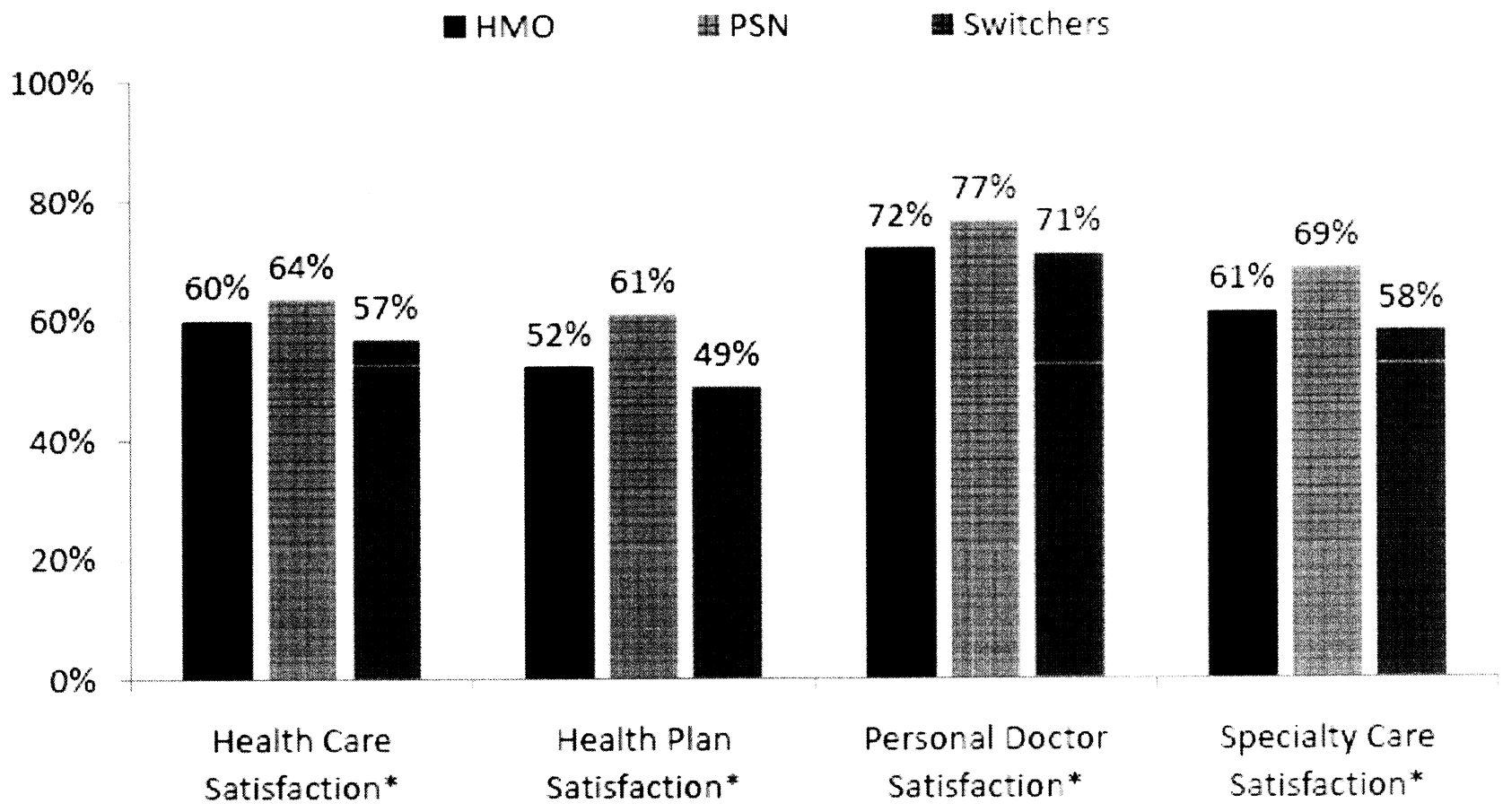
Duval County Medicaid Managed Care Enrollment
Includes HMOs and PSNs with Total Medicaid Recipients Listed
For the twenty-four months ending June 2010



	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14
Total Medicaid	111,239	111,429	112,681	114,267	115,800	119,014	120,181	121,251	122,846	123,524	126,641	127,748	131,328	134,404	135,010	136,212	136,770	136,152	136,089	137,863	139,101	139,186	139,935	142,510

Universal and CMS are not included in the graph, but have less than 4,000 members during this period.

Rating Aspects of Their Care at the Highest Level (9 – 10), by Plan Type, Broward and Duval Counties Combined, Year 2



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"Evaluating Medicaid Reform in Florida"
Paul Duncan, PhD
University of Florida
Presented to the Medicaid TAP committee October 21, 2010

Shared Savings PSN
Advantages

Preserves IGT's --

- Florida Medicaid utilizes over $800 million in local tax dollars to support hospital payments.

- 22 of 67 counties contribute over $800 million in local tax dollars that benefit all qualifying hospitals regardless of whether local taxes were contributed on their behalf.

Shared Savings PSN
Advantages

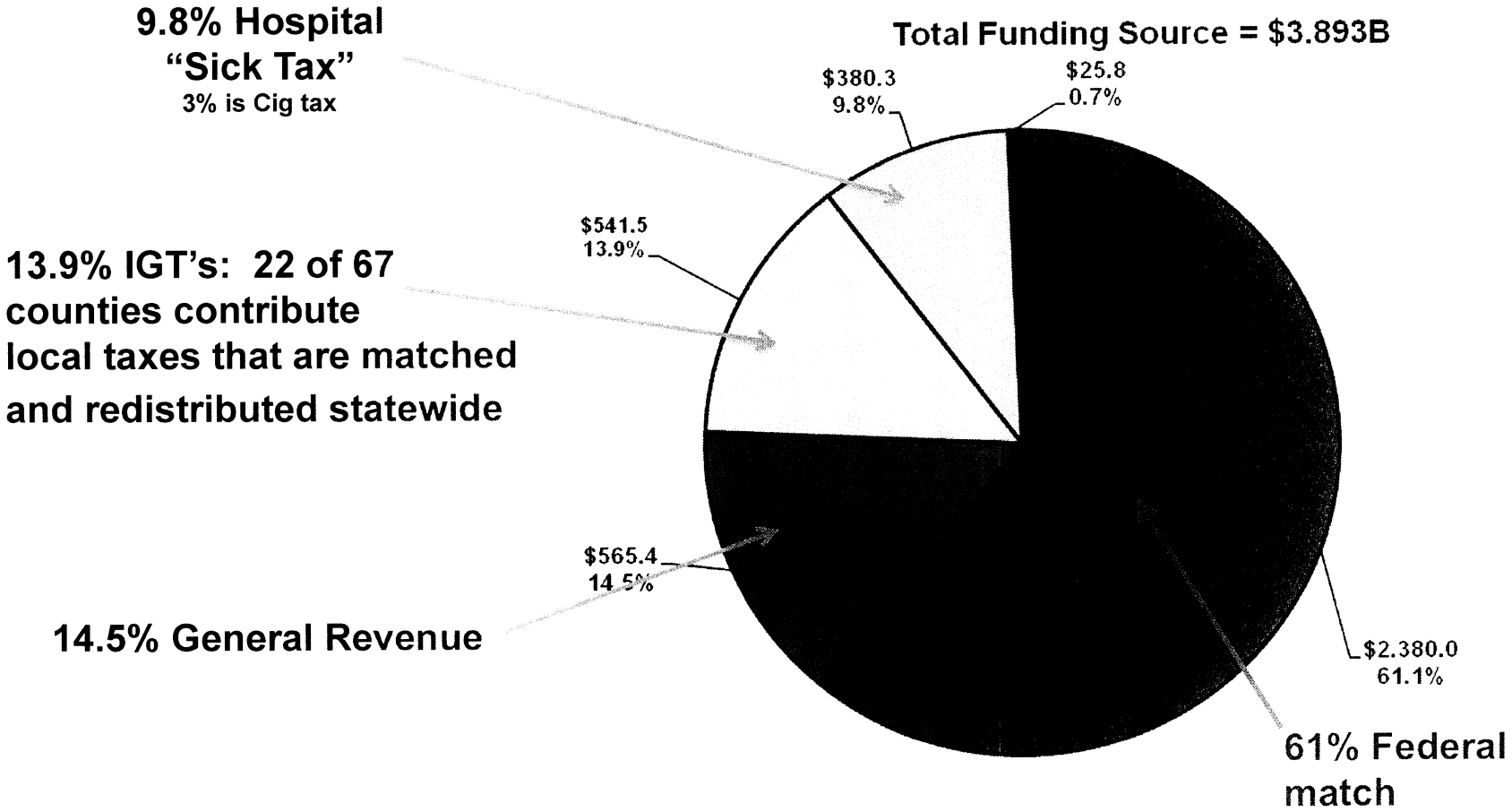
Preserves CPEs --

- College's of Medicine certified public expenditures (CPEs) draw down annually $120 million in teaching faculty physician supplemental payments.

- CPE's require NO general revenue to draw down federal match.

- $20 M in CPE's for UF College of Medicine in Jacksonville alone.

GR Pays for Less Than 15% of Medicaid FFS Hospital Payments



Source 2010-11 GAA per August 3, 2010 SSEC

Shared Savings PSN
Keys to Success

State must partner with PSNs in initial start-up and phase-in --

- Start-up period prior to assignment
- Sufficient number of enrollees (at least 25,000)
- Start-up infrastructure support
- Risk-adjusted rates
- Pharmacy management authority

Closing Thoughts

- Managing care is a good thing and necessary to "bend the cost curve" in Medicaid
- Any Medicaid solution must allow alternatives to capitated HMOs
- Shared Savings PSN Models WORK
  - *PROVEN Savings, Stability, Quality & Satisfaction*
  - *PRESERVATION of IGTs & CPEs*
- State must partner with PSNs in initial start-up and phase-in