STORAGE NAME: h0349.hcr
DATE: March 18, 1997

HOUSE OF REPRESENTATIVES
COMMITTEE ON
HEALTH CARE STANDARDS & REGULATORY REFORM
BILL RESEARCH & ECONOMIC IMPACT STATEMENT

BILL #: HB 349

RELATING TO: Regulation of Health Care Facilities

SPONSOR(S): Representative Saunders

STATUTE(S) AFFECTED: Sections 20.42, 112.53, 154.304, 212.055, 240.4076, 394.4788, 395.0163, 395.0197, 395.1055, 395.401, 395.403, 395.701, 395,806, 407.61, 408.003, 408.033, 408.05, 408.061, 408.062, 408.063, 408.07, 408.072, 408.08, 408.085, 408.40, 409.2673, 409.9113, 440.13, F.S.

COMPANION BILL(S): SB 356 (c), SB 1270 (c)

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:
(1) HEALTH CARE STANDARDS & REGULATORY REFORM
(2) FINANCIAL SERVICES
(3) HEALTH & HUMAN SERVICES APPROPRIATIONS
(4)
(5)

I. SUMMARY:

The bill eliminates the hospital review program and the Health Care Board. All other functions of the Health Care Board are transferred to the Agency for Health Care Admistration (agency). All of the activities transferred to the agency are already being performed by agency staff. The bill removes the Health Care Board's oversight function.

The bill authorizes the agency to conduct studies and make recommendations to the Legislature and the Governor regarding the effectiveness of limitations of referrals, effectiveness of restrictions on investment interests and compensation arrangements, and the effectiveness of public disclosure.

The bill amends the hospital and ambulatory surgical center physical plant requirements so that only new facilities or new additions to existing facilities must comply with the rules promulgated by the agency to ensure that these facilities are structurally capable of serving as shelters and equipped to be self-supporting during and immediately following disasters. It also states that these facilities must provide shelter only for patients, staff, and families of staff.

The bill further requires the agency to report to the Governor and the Legislature prior to March 1, 1998, its recommendations for cost-effective renovation standards for existing facilities. This significantly reduces the economic impact on existing private facilities by allowing more time to arrive at rule requirements that are economically feasible.

The bill will allow medical facilities normally reviewed as business occupancies to be exempt from review by the agency when they are not attached or located in such close proximity to the hospital facility that they will be a fire/life safety hazard to the facility. It further clarifies those facilities which will continue to be reviewed.

The bill has an estimated fiscal impact of $209,701.

II. SUBSTANTIVE ANALYSIS:

A. PRESENT SITUATION:

Paragraph 20.42(2)(d), Florida Statutes, 1996 Supplement, places the Health Care Board (hereafter "HCB" or "board") under the Agency for Health Care Administration (hereafter “AHCA” or “agency”). The board is delegated responsibility for hospital budget review, nursing home financial analysis, and special studies. The Health Care Board was first established under the Department of Insurance as the Hospital Cost Containment Board in 1979 by chapter 79-106, Laws of Florida, the Health Care Cost Containment Act of 1979. The board, as indicated by its name, was initially focused exclusively on hospitals. It was required to develop a uniform system of financial reporting for hospitals. Hospitals were required to submit financial and accounting data to the board and the board was authorized to review hospital budgets, rates, and charges. Hospital budget review was enacted with the regulatory objective of controlling the rate of increase in health care costs related to hospitalization. By regulating the projected increases in spending, hospital budget review was expected to directly affect the charges hospitals assessed insurers and patients, thereby controlling health care costs as influenced by hospital charges.

The board was empowered to disseminate to the public information on hospital rates and charges and was authorized to hold public hearings on certain hospital budgets. The only regulatory control under this scheme was the political pressure brought on hospitals through public exposure of their higher-than-average charges and rates. Chapter 82-182, Laws of Florida, provided legislative intent for broadening the board's scope beyond just hospital costs. For instance, the board was authorized to study the effects of third-party reimbursements on health care costs. In 1984, the Legislature expanded the scope and responsibilities of the board in chapter 84-35, Laws of Florida, the Health Care Access Act. That Act also transferred the Hospital Cost Containment Board from the Department of Insurance to the Office of the Governor and the board’s budget review authority was expanded to create a prospective budget review and approval program for hospitals with fiscal years that began on or after February 1, 1985. In chapter 85-298, Laws of Florida, the Legislature expanded the board's responsibilities to include the collection and analysis of financial and resident information from nursing homes. The board was required to establish a uniform system of financial reporting for nursing homes and to publish nursing home charge information for the public. However, the board was not delegated budget review and approval authority over nursing homes.

In 1987, the Hospital Cost Containment Board was moved from the Office of the Governor to the Department of Health and Rehabilitative Services under chapter 87-92, Laws of Florida. In chapter 88-394, Laws of Florida, the board was renamed the Health Care Cost Containment Board to reflect the expansion of the board's responsibilities beyond hospital costs. The hospital budget review process was changed, the data collection activities of the board were expanded, and the consumer education and assistance programs were also expanded.

Under its delegated authority to conduct special studies, the Health Care Cost Containment Board contracted for a study of certain business practices of health care providers that resulted in the Patient Self-Referral Act of 1992, section 455.236, Florida Statutes, 1996 Supplement, which prohibits the referral of patients to services in which the referring health care provider has a financial interest without prior disclosure to the

patient of such an interest. Furthermore, referral of patients to most of the targeted services, i.e., "designated health services"--clinical laboratory services, physical therapy services, comprehensive rehabilitative services, diagnostic imaging services, and radiation therapy services--by health care providers with a financial interest in the service is absolutely prohibited effective October 1, 1994, although certain health care providers of designated health services may continue these otherwise prohibited referrals until October 1,1996, as provided in section 15 of chapter 93-129, Laws of Florida. Section 407.61, Florida Statutes, 1996 Supplement, authorizes the Health Care Board to collect provider referral data.

Chapter 92-33, Laws of Florida, provided for joint exercise of the powers, duties, and functions of the former Health Care Cost Containment Board, which had been administratively located in the Department of Health and Rehabilitative Services, by the Agency for Health Care Administration and the newly created Health Care Board, both of which were created under chapter 92-33, Laws of Florida. However, the Health Care Board was assigned exclusive jurisdiction over a revised hospital budget review process and some health care provider and consumer assistance cost containment programs. Subsequently, in 1993, chapter 93-129, Laws of Florida, provided for joint jurisdiction over hospital budget review between the Division of Health Policy and Cost Control and the Health Care Board.

Section 409.2673, Florida Statutes, 1996 Supplement, provides for shared county and state reimbursement to hospitals for health care services rendered to certain low-income persons. Section 409.9113, Florida Statutes, 1996 Supplement, provides for a Medicaid disproportionate share program for teaching hospitals. The Health Care Cost Containment Board is responsible for supplying the mathematical indexes and factors for calculating a portion of the Medicaid payments relating to reimbursement for medical trainees to the teaching hospitals. Section 440.13, Florida Statutes, 1996 Supplement, prohibits reimbursement under the workers' compensation law of fees and other charges for such treatment, care, and attendance provided by a hospital or other health care provider from exceeding the amounts provided by the uniform schedule of maximum reimbursement allowances or the most recent average maximum allowable rate of increase for hospitals, as determined by the Health Care Board. In addition to regulating hospital revenues, the board also collected data on hospital net operating revenues which were the basis for the Department of Health and Rehabilitative Services' hospital assessments for the Public Medical Assistance Trust Fund. Chapter 91-112, Laws of Florida, extended Public Medical Assistance Trust Fund assessments to four other types of health care providers: clinical laboratories, ambulatory surgical centers, diagnostic imaging centers, and radiation therapy treatment centers. Making these providers subject to the assessment significantly expanded the board's data collection activities to involve over 800 health care facilities.

When the budget review process began, most hospital reimbursement was based on what the hospital charged or claimed as its costs. Managed care was virtually non-existent. Fixed-rate reimbursement by health maintenance organizations, preferred provider organizations, and insurers (including the Medicaid and Medicare programs) is increasingly common and is both a private-sector and public-sector mechanism for controlling health care costs. Medicare and Medicaid currently make up most of the fixed-price payer reimbursement. Under the Health Care and Insurance Reform Act of 1993 the state adopted a policy that encourages the expansion of managed care and negotiated fixed-price payment for health care services through creation of the

community health purchasing alliances (CHPAs). Also, the 1993 Reform Act expresses legislative intent, codified as s. 409.9121, Florida Statutes, 1996 Supplement, that all Medicaid recipients be enrolled in a managed care program, to the extent permitted by federal law; directs AHCA, in s. 409.9122, Florida Statutes, 1996 Supplement, to "investigate the feasibility of developing managed care programs" for certain specified groups of Medicaid recipients; and requires AHCA to encourage "public and private partnerships to foster the growth of health maintenance organizations and prepaid health plans." In fact, the heading for s. 409.9122, Florida Statutes, 1996 Supplement, is "Mandatory Medicaid managed care enrollment." As a consequence, the hospital industry considers the impact of fixed-price reimbursement for hospital services to have rendered the regulation of gross revenues "fruitless."

The hospital budget review law was moved from chapter 407, Florida Statutes, to s. 408.072, Florida Statutes, in 1992 by chapter 92-33, Laws of Florida. As designed, hospital budget review requires a hospital, to submit a budget letter at least 90 days before the start of its next fiscal year that acknowledges its permissive (thus, calculated in accordance with the statutory formula) maximum allowable rate of increase (MARI) in gross and net revenues per adjusted admission. However, a hospital that budgets to exceed its MARI in its next fiscal year must receive approval from the board to implement such a budget. The board is required to subject a hospital that requests permission to exceed its MARI to detailed budget review. Requests must be filed with the board on forms that it adopts and in accordance with the uniform system of financial reporting using audited financial statements.

Currently, several hospitals are involved in an administrative hearing of whether certain affiliated home health agency revenues, expenses, and statistics should be considered operating activities of the hospitals, as determined by the agency. The name of the case under which this issue is being considered is *Adventura Hospital and Medical Center et al., Petitioners v. State of Florida, Agency for Health Care Administration, Respondents*, consolidated cases 96-1418RU, 96-1759RU, 96-1760RU, and 96-1975RX. The Division of Administrative Hearings is in the process of preparing the final order which will determine the status of the challenged rules. Additionally, the case named *Citizens of the State of Florida, Petitioners v. State of Florida, Agency for Health Care Administration, Respondent, and Miami Heart Institute/South Campus*, Case No. 95-6012H, also involves administrative hearing of issues pertaining to the reporting of home health agency revenues and expenses as well as other issues. The parties in that case have filed a Joint Motion for Continuance that would, if granted, postpone further consideration until May 1, 1997. The issues involved in both cases have implications for Medicare billing relating to the expensing of hospital overhead and Public Medical Assistance Trust Fund assessments against hospital-based home health agencies (other home health agencies are not subject to such assessment.

Chapter 395, Florida Statutes, provides the authority under which hospitals and ambulatory surgical centers are regulated. Trauma services, which are a certain type of specialized hospital service, are regulated under s. 395.401, Florida Statutes, 1996 Supplement. Hospitals are required to report to the HCB all charity care or uncompensated charity care rendered through, among others, trauma services, as provided in paragraph 395.401(1)(b), Florida Statutes, 1996 Supplement. Section 395.701, Florida Statutes, 1996 Supplement, imposes an assessment of 1.5 percent of the annual net operating revenue for each hospital to fund public medical assistance to pay for health care services rendered by hospitals to persons unable to pay for it.

Assessments are deposited into the Public Medical Assistance Trust Fund. The Health Care Board is empowered to fine or penalize hospitals that fail to comply with, or otherwise violate, the assessment requirement. Section 395.801, Florida Statutes, 1996 Supplement, directs the HCB, in consultation with the State University System Board of Regents, to calculate an allocation fraction to be used for distributing funds from the Medical Education and Tertiary Care Trust Fund.

As a licensure requirement, each hospital and ambulatory surgical center is required, at a minimum, under s. 395.0197, Florida Statutes, 1996 Supplement, to establish an internal risk management program. Such a program is considered to be part of what is known as the quality assurance process that hospitals, ambulatory surgical centers, and other health care providers (for example, health maintenance organizations) use in their day-to-day operations to ensure that “adverse incidents,” service-related accidents, and patient dissatisfaction are conscientiously examined on a continuous basis. Minimally, an internal risk management program must provide for: 1) the investigation and analysis of the frequency and causes of general categories and specific types of adverse incidents causing injury to patients; 2) the development of appropriate measures to minimize the risk of injuries and adverse incidents to patients, including specifying the circumstances under which staff may have access to patients in a recovery room subject to alternative surveillance measures; 3) the analysis of patient grievances that relate to patient care and the quality of medical services; and 4) the development and implementation of an incident reporting system based upon the affirmative duty of all health care providers and all agents and employees of the licensed facility to report adverse incidents.

The responsibility for the internal risk management program is with the governing board. The board is required to hire a risk manager to implement and oversee the program. Risk managers are exempted from liability and legal action for activities they undertake in implementing an internal risk management program that is in conformity with law so long as they are not intentionally fraudulent in their conduct.

A plan-of-action, based on filing of incident reports with the risk manager or a specifically designated person, must be adopted to correct or prevent the future occurrence of the same or similar events. Each hospital and ambulatory surgical center must report within 15 working days certain specified adverse or untoward incidents that occur in the facility or that arise from health care prior to admission in the facility. These reports are not available to the public, except that a health care professional against whom probable cause of violation of the law has been established, upon written request, may obtain the records on which the determination of probable cause was made.

The Agency for Health Care Administration, in consultation with the Department of Insurance, is delegated authority to adopt rules that govern the establishment of internal risk management programs. As specified under s. 395.0197, Florida Statutes, 1996 Supplement, each licensed facility must submit an annual report to the agency summarizing the incident reports filed in the facility that year. The agency is required to publish an annual report containing certain specified data that summarizes the information in the various annual reports and serious incident reports submitted by the licensed facilities throughout that year. Any facility that violates the reporting requirements is subject to a maximum $5,000 administrative penalty assessable by AHCA. Persons who maliciously or intentionally seek to discredit or harm a facility or another person or who make a false allegation of sexual misconduct against a member

of a facility's personnel are guilty of a second degree misdemeanor. The agency is authorized access to all facility records necessary to investigate a reported incident. However, any reports or records generated from such an investigation are unavailable to the public, except that a health care professional against whom probable cause of violation of the law has been established, upon written request, may obtain the records on which the determination of probable cause was made.

B. EFFECT OF PROPOSED CHANGES:

The bill eliminates the hospital budget review process. Hospitals will be free to annually increase their gross or net revenue per adjusted admission in excess of the current allowable rates of increase.

The bill transfers language from chapter 407, F.S., to chapter 408, F.S.; with this transfer, the previous authority for the Health Care Cost Containment Board to conduct studies specifically focused on the effectiveness of limitations on referrals, effectiveness of restrictions on investment interests and compensation arrangements, and effectiveness of public disclosure, is added to the agency's current authority to conduct research, analyses, and studies, as provided in s. 408.062, F.S.

The bill requires that only new facilities and a new wing or floor added to an existing facility after July 1, 1997, must meet the standards to be structurally capable as serving as shelters and equipped to be self-supporting during and immediately following disasters.

It further restricts those for whom the health care facility must shelter to specify only the patients, staff, and families of staff. It does not prohibit the health care facility from making and abiding by other transfer agreements with county or private facilities.

The bill requires that the agency shall work with those affected by this act and shall report to the Governor and Legislature by March 1, 1998, its recommendations for cost-effective renovation standards for existing facilities.

Certain detached outpatient facilities are exempted from review by the agency, such as medical walk-in clinics, cardiac rehabilitation clinics, sports medicine facilities, physical and occupational rehabilitation facilities, MRI facilities, radiographic facilities, outpatient psychiatric facilities, non-surgical endoscopy facilities, renal dialyses facilities, senior health centers, workers compensation centers as long as they do not adversely effect the fire/life safety of the hospital. Facilities which provide procedures which render patients incapable of self preservation such as surgical treatments requiring general anesthesia, I.V., sedation, or cardiac catheterization will still be subject to review. The bill does not specifically require Ambulatory Surgical Centers to be reviewed whether or not they use general anesthesia. It is not clear that all outpatient facilities not detached require review.

C. APPLICATION OF PRINCIPLES:

1. Less Government:

a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

The bill eliminates the hospital budget review program and the Health Care Board. The effect is to reduce regulatory requirements for hospitals.

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

N/A

(3) any entitlement to a government service or benefit?

N/A

b. If an agency or program is eliminated or reduced:

(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

Aside from the hospital budget review program all other functions of the Health Care Board are transferred to the agency.

(2) what is the cost of such responsibility at the new level/agency?

Indeterminate.

(3) how is the new agency accountable to the people governed?

N/A

2. Lower Taxes:

a. Does the bill increase anyone's taxes?

N/A

b. Does the bill require or authorize an increase in any fees?

N/A

c. Does the bill reduce total taxes, both rates and revenues?

N/A

d. Does the bill reduce total fees, both rates and revenues?

The bill removes hospitals from the budget review process and the possibility of cash fines.

e. Does the bill authorize any fee or tax increase by any local government?

N/A

3. Personal Responsibility:

a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

N/A

b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

N/A

4. Individual Freedom:

a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

The bill eliminates government regulation and increases corporate freedom.

b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

N/A

5. Family Empowerment:

a. If the bill purports to provide services to families or children:

(1) Who evaluates the family's needs?

N/A

(2) Who makes the decisions?

N/A

(3) Are private alternatives permitted?

N/A

(4) Are families required to participate in a program?

N/A

(5) Are families penalized for not participating in a program?

N/A

b. Does the bill directly affect the legal rights and obligations between family members?

N/A

c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

(1) parents and guardians?

N/A

(2) service providers?

N/A

(3) government employees/agencies?

N/A

D. SECTION-BY-SECTION ANALYSIS:

Section 1. Amends s. 20.42(2)(6)(7), F.S., to eliminate the Health Care Board and the hospital budget review program.

Section 2. Amends s. 112.153, F.S., to require that overcharges related to governmental group insurance plans be reported to the agency instead of the Health Care Board.

Section 3. Amends s. 154.304(1)(4)(8), F.S., to shift the responsibility for defining hospital charity care, as used in the Health Care Responsibility Act for Indigents, from the Health Care Board to the agency.

Section 4. Amends s. 212.055(4)(6), F.S., to shift the responsibility of defining hospital charity care, as used in the indigent care surtax law, from the Health Care board to the agency.

Section 5. Amends s. 394.4788(2)(3), F.S., to transfer the responsibility for calculating the rate of reimbursement for inpatient mental health services from PMATF funds, from the Health Care Cost Containment Board to the agency. The calculations are based on the annual audit cost reports submitted by each hospital to the agency.

Section 6. Amends s. 240.4076, F.S., regarding the nurse scholarship loan program, making a technical amendment by correcting a cross-reference.

Section 7. Amends s. 395.0163, F.S., to require outpatient facilities that provide surgical treatments requiring general anesthesia or intravenous conscious sedation or that provide cardiac catheterization services shall submit plans and specification to the agency for review.

Section 8. Amends paragraph (1)(b), of s. 395.0197, F.S., 1996 Supplement, to clarify the term “licensed facility” as opposed to “hospital”.

Section 9. Amends paragraph (1)(d) of s. 395.1055, F.S., 1996 Supplement, to require only new facilities or those with a new wing or floor added to an existing facility after July 1, 1997 must serve as shelters.

Section 10. Requires the agency to work with those affected by this act and to report to the Governor and Legislature by March 1, 1998, recommendations for cost-effective renovation standards.

Section 11. Amends s. 395.401(1), F.S., to shift the responsibility for defining indigent care, as used in the trauma systems plan, from the Health Care Board to the agency.

Section 12. Amends s. 395.701(1), (2), (3), (4), F.S., to transfer the responsibility for certifying a hospital’s net revenue for the purpose of determining the PMATF assessment from the Health Care Board and changes other references from department to agency.

Section 13. Amends s. 395.806(3), F.S., changing the responsibility for the designation of family practice teaching hospitals from the Health Care Board to the agency.

Section 14. Amends s. 408.033(2), F.S., to remove the director of the Health Care Board from the membership of the Statewide Health Council, and changes references from department to agency and Department of Health and Rehabilitative Services (HRS) to Department of Health.

Section 15. Amends s. 408.05(1), (3), (6), (7), F.S., related to the Center for Health Statistics, changing all references from department to agency.

Section 16. Amends s. 408.061(10) and (11), F.S., related to agency data collection activities, changing references from department or board to agency.

Section 17. Amends s. 408.062(2), F.S., changing the responsibility for nursing home data collection from the Health Care Board to the agency. Amends s. 408.062.(5), F.S., to authorize the agency to conduct studies and make recommendations to the Legislature and Governor regarding the effectiveness of limitations on referrals, effectiveness of restrictions on investment interests and compensation arrangements, and the effectiveness of public disclosure.

Section 18. Amends s. 408.063(1), F.S., shifting responsibility for dissemination of health care information from the Health Care Board to the agency.

Section 19. Amends s. 408.07, F.S., shifting all responsibilities for collecting hospital financial reports from the Health Care Board to the agency. Eliminates budget review, but maintains the hospital financial data reporting requirement.

Section 20. Amends s. 408.08, F.S., eliminating a reference to hospital budget review.

Section 21. Amends s. 408.40, F.S., eliminating a reference to hospital budget review.

Section 22. Amends s. 409.2673(10) and (14), F.S., relating to the shred county and state program for low income persons. Transfers rule making responsibility from the Health Care Cost Containment Board to the agency.

Section 23. Amends s. 409.9113, F.S., transferring the responsibilities for making disproportionate share payments to teaching hospitals from the Department of Health and Rehabilitative Services to the agency. Transfers responsibility for computing the Service Index from the Health Care Board to the agency.

Section 24. Amends s. 440.13(12), F.S., eliminating the requirement that ties the establishment of a uniform payment schedule for reimbursement for medical services and supplies to the maximum allowable hospital rate of increase, as used in the budget review process.

Section 25. Repeals s. 395.403(9), 407.61, 408.072, 408.085, F. S., eliminating the budget review program. Repeals s. 408.003, F.S., which describes appointments to the Health Care Board.

Section 26. Retroactively applies the repeal of the hospital budget review program to any budget submitted to the agency by a hospital with a fiscal year end during the 1995 calendar year.

Section 27. The effective date of the bill is July 1, 1997.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

	Amount Year 1 (FY 97-98)	Amount Year 2 (FY 98-99)

1. Non-recurring Effects:

None.

2. Recurring Effects:

Agency for Health Care Administration	
Salaries and Benefits (4 FTE):	($165,473)
Regulatory Analyst Supervisor	
Regulatory Analyst IV	
Regulatory Analyst III	
Accountant I	
Expense - Standard Pkg. (4 FTE @ $11,057)	($44,228)
TOTAL	($209,701)

3. Long Run Effects Other Than Normal Growth:

None.

4. Total Revenues and Expenditures:

Revenues: Reduces plan review fees by approximately $60,000 annually

Expenditures:

Salaries and Benefits (4 FTE)	($165,473)
Expense - Standard Pkg. (4 FTE @ $22,057)	($44,228)
TOTAL	($209,701)

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

None.

2. Recurring Effects:

   None.

3. Long Run Effects Other Than Normal Growth:

   None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

   N/A

2. Direct Private Sector Benefits:

   The cost savings to the industry should be minimal as all reporting requirements except budget letters and budget amendments remain in place.

   This will aid the lessening of physical plant damage done by hurricanes and other disasters.

   Reduces Private Sector plan review fees.

3. Effects on Competition, Private Enterprise and Employment Markets:

   Indeterminate.

D. FISCAL COMMENTS:

The agency indicates that “repeal of hospital budget review provisions is premature at this time. In the face of increased mergers and consolidations the hospital industry, the hospital budget review program acts as an important safety net to counteract potentially non-competitive pricing practices in highly consolidated markets for hospital services. The existing system is an exception based approach and the limits on increases in hospital revenues are liberal enough to permit operation of hospital markets without extensive and intrusive budget regulation by the state. Only in the most extreme situations will the budget review process be triggered. If the future continues to demonstrate the price competitive nature of hospital markets, then repeal of hospital budget review would be appropriate.”

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to spend funds or to take an action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill does not reduce the percentage of a state tax shared with counties or municipalities.

V. COMMENTS:

None.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

None.

VII. SIGNATURES:

COMMITTEE ON HEALTH CARE STANDARDS & REGULATORY REFORM:

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