

# SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based only on the provisions contained in the legislation as of the latest date listed below.)

BILL: CS/SB 2284

SPONSOR: Comprehensive Planning, Local and Military Affairs Committee and Senator Mitchell

SUBJECT: Financial Responsibility for Indigent Hospital Patients

DATE: April 19, 2000 REVISED: 4/25/00 \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Cooper</u>	<u>Yeatman</u>	<u>CA</u>	<u>Favorable/CS</u>
2.	<u>Liem</u>	<u>Wilson</u>	<u>HC</u>	<u>Favorable</u>
3.	_____	_____	<u>FP</u>	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

## I. Summary:

The Committee Substitute for Senate Bill 2284 modifies the basis upon which the Agency for Health Care Administration calculates the financial responsibility of counties for reimbursing the costs of treating indigent hospital patients under the Health Care Responsibility Act (HCRA), and requires counties to accept certain documentation submitted by hospitals, without requiring re-verification.

The bill amends section 154.306 of the Florida Statutes.

## II. Present Situation:

In s. 409.918, F.S., the Legislature has recognized that access to adequate health care is a right which should be available to all Floridians. Toward that goal, the Legislature created the "Public Medical Assistance Trust Fund" to provide a mechanism for the funding of health care services to indigent persons, "the cost of which shall be borne by the state and by hospitals which are granted the privilege of operating in this state."

Section 409.2673, F.S., creates a shared county and state program to provide inpatient hospital services, including out-of-county inpatient hospital services, to specified indigents. In the event an indigent patient, qualified to receive such services, is treated at a hospital outside his or her county of residence, the indigent patient's county of residence is responsible for reimbursing the treating hospital.

Concurrently, "The Florida Health Care Responsibility Act" (HCRA) was created with the stated intent that the state and counties must share the responsibility of providing adequate and affordable health care to all Floridians. The HCRA (ss. 154.301-154.316, F.S.), was first enacted in 1977 and revised by the 1988 Legislature to place the financial obligation for reimbursing hospitals for emergency inpatient and outpatient services provided to out-of-county indigent patients on the counties in which the patients reside.

The 1991 Legislature amended the act to increase the number of eligible applicants through the creation of a spend-down program and to increase hospital reimbursement rates. Both of these measures pertained only to counties that were not at their 10 mill cap on ad valorem taxes as of October 1, 1991. Such counties are referred to as spend-down provision eligible counties.

The 1998 Legislature further amended the act to allow counties the option of using up to one-half of the designated HCRA funds to reimburse participating hospitals within the county for emergency inpatient and outpatient services provided to in-county indigent patients.

Under s. 154.306, F.S., a county's financial obligation for qualified applicants does not exceed 45 days per county fiscal year. The rate of payment set by this act is 100 percent of the per diem reimbursement rate currently in effect for the out-of-county hospital under Medicaid, except that those counties that were at their 10-mil cap on October 1, 1991, reimburse hospitals for such services at not less than 80 percent of the hospital Medicaid per diem. If a county has negotiated a formal agreement with a hospital, the payment rate set by the agreement is substituted for the payment rate set by the statute. The maximum a county is required to pay is equivalent to \$4 multiplied by the most recent official state population estimate for the county. *Currently, all active duty military personnel and institutionalized persons are included in the counties' population estimates.*

The Agency for Health Care Administration reports that the reimbursement cap was reached by four counties (Gilchrist, Hardee, Levy and Nassau) in FY 98/99.

### **Numbers of Active Duty Military and Institutionalized People in Florida**

According to the Bureau of Economic and Business Research at the University of Florida, the number of prisoners in institutions in the state, as of April 1, 1999, was 78,687. Other institutionalized persons totaled 13,491 as of April 1, 1999. As of September 30, 1998, the count for active duty military personnel in the state was 53,692. This represents a combined total of approximately 145,870 such persons as of April 1, 1999.

### **III. Effect of Proposed Changes:**

**Section 1.** Amends s. 154.306, F.S., which establishes a county's financial responsibility for indigent patients treated at certain out-of-county hospitals under the Health Care Responsibility Act. Population figures used to compute the maximum amount the county is required to pay are reduced to exclude the number of inmates and patients residing in institutions operated by the federal government, the Department of Corrections, the Department of Health, or the Department of Children and Family Services, and the number of active-duty military personnel residing in the county. However, this alternate calculation is available only to counties with a population of 100,000 or less, and only if those counties agree to accept as valid, without reverification, documents certifying financial eligibility and county residency, which are used to request reimbursement for services, if such documents are complete and in the form required by s. 154.3105, F.S. Section 154.3105, F.S., requires that rules governing HCRA be developed by AHCA, with recommendations from the hospital industry and counties.

**Section 2.** Provides an effective date of July 1, 2000.

**IV. Constitutional Issues:****A. Municipality/County Mandates Restrictions:**

The provisions of this bill have no impact on municipalities and the counties under the requirements of Article VII, Section 18 of the Florida Constitution.

**B. Public Records/Open Meetings Issues:**

The provisions of this bill have no impact on public records or open meetings issues under the requirements of Article I, Subsections 24(a) and (b) of the Florida Constitution.

**C. Trust Funds Restrictions:**

The provisions of this bill have no impact on the trust fund restrictions under the requirements of Article III, Subsection 19(f) of the Florida Constitution.

**V. Economic Impact and Fiscal Note:****A. Tax/Fee Issues:**

None.

**B. Private Sector Impact:**

In counties where the county obligation cap is decreased, and in which out-of-county medical care rendered to indigents is at or near the cap, participating hospitals may receive less reimbursement. This reduction in medical payments could be offset, by the requirement that counties honor requests for reimbursement without reverification by the county of residence.

**C. Government Sector Impact:**

The bill would exclude approximately 145,870 people from the state's calculation of counties' populations, reducing the counties' statewide financial obligations under HCRA by an aggregate sum of \$583,480.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Amendments:**

None.

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This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.

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