

By the Committee on Education and Senator Sullivan

304-2060-00

1                                   A bill to be entitled  
2           An act relating to health care; amending s.  
3           381.0403, F.S.; placing an emphasis on primary  
4           care physicians rather than family physicians;  
5           modifying the provisions relating to the  
6           funding of graduate medical education; defining  
7           primary care specialties; establishing a  
8           program for graduate medical education  
9           innovations; creating a process regarding the  
10          release of funds; amending s. 408.07, F.S.;  
11          modifying the definition of the term "teaching  
12          hospital"; amending s. 409.905, F.S.;  
13          increasing the Medicaid reimbursement  
14          limitation for certain hospital outpatient  
15          services; amending s. 409.908, F.S.; providing  
16          exceptions to Medicaid reimbursement  
17          limitations for certain hospital inpatient  
18          care; authorizing the agency to receive certain  
19          funds for such exceptional reimbursements;  
20          providing an exemption from county contribution  
21          requirements; increasing the Medicaid  
22          reimbursement limitation for certain hospital  
23          outpatient care; authorizing the agency to  
24          receive certain funds for such outpatient care;  
25          removing authority for additional reimbursement  
26          for hospitals participating in the  
27          extraordinary disproportionate share program;  
28          providing an exemption from county contribution  
29          requirements; requiring an annual report  
30          addressing specific topics; providing a  
31          committee for report purposes; providing a

1 reporting due date; providing an effective  
2 date.

3  
4 Be It Enacted by the Legislature of the State of Florida:

5  
6 Section 1. Section 381.0403, Florida Statutes, is  
7 amended to read:

8 381.0403 The Community Hospital Education Act.--

9 (1) SHORT TITLE.--This section shall be known and  
10 cited as "The Community Hospital Education Act."

11 (2) LEGISLATIVE INTENT.--

12 (a) It is the intent of the Legislature that health  
13 care services for the citizens of this state be upgraded and  
14 that a program for continuing these services be maintained  
15 through a plan for community medical education. The program  
16 is intended to provide additional outpatient and inpatient  
17 services, a continuing supply of highly trained physicians,  
18 and graduate medical education.

19 (b) The Legislature further acknowledges the critical  
20 need for increased numbers of primary care ~~family~~ physicians  
21 to provide the necessary current and projected health and  
22 medical services. In order to meet both present and  
23 anticipated needs, the Legislature supports an expansion in  
24 the number of family practice residency positions. The  
25 Legislature intends that the funding for graduate education in  
26 family practice be maintained and that funding for all primary  
27 care specialities be provided at a minimum of \$10,000 per  
28 resident per year. Should funding for this act remain  
29 constant or be reduced, it is intended that all programs  
30 funded by this act be maintained or reduced proportionately.

31

1           (3) PROGRAM FOR COMMUNITY HOSPITAL EDUCATION; STATE  
2 AND LOCAL PLANNING.--

3           (a) There is established under the Board of Regents a  
4 program for statewide graduate medical education. It is  
5 intended that continuing graduate medical education programs  
6 for interns and residents be established on a statewide basis.  
7 The program shall provide financial support for primary care  
8 specialty interns and residents based on policies recommended  
9 and approved by the Community Hospital Education Council,  
10 herein established, and the Board of Regents. Only those  
11 programs with at least three residents or interns in each year  
12 of the training program are qualified to apply for financial  
13 support. Programs with fewer than three residents or interns  
14 per training year are qualified to apply for financial  
15 support, but only if the appropriate accrediting entity for  
16 the particular specialty has approved the program for fewer  
17 positions. When feasible and to the extent allowed through the  
18 General Appropriations Act, state funds shall be used to  
19 generate federal matching funds under Medicaid or other  
20 federal programs, and the resulting combined state and federal  
21 funds shall be allocated to participating hospitals for the  
22 support of graduate medical education and for administrative  
23 costs associated with the production of the annual report as  
24 specified in section 5 of this act.

25           (b) For the purposes of this section, primary care  
26 specialties include emergency medicine, family practice,  
27 internal medicine, pediatrics, psychiatry,  
28 obstetrics/gynecology, and combined pediatrics and internal  
29 medicine, and other primary care specialties included by the  
30 council and the Board of Regents.

31

1           ~~(c)(b)~~ Medical institutions throughout the state may  
2 apply to the Community Hospital Education Council for  
3 grants-in-aid for financial support of their approved  
4 programs. Recommendations for funding of approved programs  
5 shall be forwarded to the Board of Regents.

6           ~~(d)(c)~~ The program shall provide a plan for community  
7 clinical teaching and training with the cooperation of the  
8 medical profession, hospitals, and clinics. The plan shall  
9 also include formal teaching opportunities for intern and  
10 resident training. In addition, the plan shall establish an  
11 off-campus medical faculty with university faculty review to  
12 be located throughout the state in local communities.

13           (4) PROGRAM FOR GRADUATE MEDICAL EDUCATION  
14 INNOVATIONS.--

15           (a) There is established under the Board of Regents a  
16 program for fostering graduate medical education innovations.  
17 Funds appropriated annually by the Legislature for this  
18 purpose shall be distributed to participating hospitals or  
19 consortia of participating hospitals and Florida medical  
20 schools on a competitive-grant or formula basis to achieve  
21 state health care workforce policy objectives, including, but  
22 not limited to:

23           1. Increasing the number of residents in primary care  
24 and other high demand specialties or fellowships;

25           2. Enhancing retention of primary care physicians in  
26 Florida practice;

27           3. Promoting practice in medically under-served areas  
28 of the state;

29           4. Encouraging racial and ethnic diversity within the  
30 state's physician workforce; and

31           5. Encouraging increased production of geriatricians.

1           (b) Participating hospitals or consortia of  
2 participating hospitals and Florida medical schools may apply  
3 to the Community Hospital Education Council for funding under  
4 this innovation program. Innovation program funding shall  
5 provide funding based on policies recommended and approved by  
6 the Community Hospital Education Council and the Board of  
7 Regents.

8           (c) Participating hospitals or consortia of  
9 participating hospitals and Florida medical schools awarded an  
10 innovation grant shall provide the Community Hospital  
11 Education Council and Board of Regents with an annual report  
12 on their project.

13           ~~(5)~~(4) FAMILY PRACTICE RESIDENCIES.--In addition to  
14 the programs established in subsection (3), the Community  
15 Hospital Education Council and the Board of Regents shall  
16 establish an ongoing statewide program of family practice  
17 residencies. The administration of this program shall be in  
18 the manner described in this section.

19           ~~(6)~~(5) COUNCIL AND DIRECTOR.--

20           (a) There is established the Community Hospital  
21 Education Council, hereinafter referred to as the council,  
22 which shall consist of eleven members, as follows:

23           1. Seven members must be program directors of  
24 accredited graduate medical education programs or practicing  
25 physicians who have faculty appointments in accredited  
26 graduate medical education programs. Six of these members  
27 must be board certified or board eligible in family practice,  
28 internal medicine, pediatrics, emergency medicine,  
29 obstetrics-gynecology, and psychiatry, respectively, and  
30 licensed pursuant to chapter 458. No more than one of these  
31

1 members may be appointed from any one specialty. One member  
2 must be licensed pursuant to chapter 459.

3 2. One member must be a representative of the  
4 administration of a hospital with an approved community  
5 hospital medical education program;

6 3. One member must be the dean of a medical school in  
7 this state; and

8 4. Two members must be consumer representatives.

9  
10 All of the members shall be appointed by the Governor for  
11 terms of 4 years each.

12 (b) Council membership shall cease when a member's  
13 representative status no longer exists. Members of similar  
14 representative status shall be appointed to replace retiring  
15 or resigning members of the council.

16 (c) The Chancellor of the State University System  
17 shall designate an administrator to serve as staff director.  
18 The council shall elect a chair from among its membership.  
19 Such other personnel as may be necessary to carry out the  
20 program shall be employed as authorized by the Board of  
21 Regents.

22 (7)~~(6)~~ BOARD OF REGENTS; STANDARDS.--

23 (a) The Board of Regents, with recommendations from  
24 the council, shall establish standards and policies for the  
25 use and expenditure of graduate medical education funds  
26 appropriated pursuant to subsection (8)~~(7)~~ for a program of  
27 community hospital education. The board shall establish  
28 requirements for hospitals to be qualified for participation  
29 in the program which shall include, but not be limited to:

30 1. Submission of an educational plan and a training  
31 schedule.

1           2. A determination by the council to ascertain that  
2 each portion of the program of the hospital provides a high  
3 degree of academic excellence and is accredited by the  
4 Accreditation Council for Graduate Medical Education of the  
5 American Medical Association or is accredited by the American  
6 Osteopathic Association.

7           3. Supervision of the educational program of the  
8 hospital by a physician who is not the hospital administrator.

9           (b) The Board of Regents shall periodically review the  
10 educational program provided by a participating hospital to  
11 assure that the program includes a reasonable amount of both  
12 formal and practical training and that the formal sessions are  
13 presented as scheduled in the plan submitted by each hospital.

14           (c) In years that funds are transferred to the Agency  
15 for Health Care Administration, the Board of Regents shall  
16 certify to the Agency for Health Care Administration quarterly  
17 the number of primary care specialty residents and interns at  
18 each of the participating hospitals for which the Community  
19 Hospital Education Council and the board recommend funding.

20           ~~(8)(7)~~ MATCHING FUNDS.--State funds shall be used to  
21 match funds from any local governmental or hospital source.  
22 The state shall provide up to 50 percent of the funds, and the  
23 community hospital medical education program shall provide the  
24 remainder. However, except for fixed capital outlay, the  
25 provisions of this subsection shall not apply to any program  
26 authorized under the provisions of subsection ~~(5)(4)~~ for the  
27 first 3 years after such program is in operation.

28           Section 2. Subsection (44) of section 408.07, Florida  
29 Statutes, is amended to read:

30           408.07 Definitions.--As used in this chapter, with the  
31 exception of ss. 408.031-408.045, the term:

1           (44) "Teaching hospital" means any Florida hospital  
2 officially ~~formally~~ affiliated with an accredited medical  
3 school which exhibits activity in the area of graduate medical  
4 education as reflected by at least seven different graduate  
5 medical education programs accredited by the Accreditation  
6 Council for Graduate Medical Education ~~resident physician~~  
7 ~~specialties~~ and the presence of 100 or more  
8 full-time-equivalent resident physicians. The Director of the  
9 Agency for Health Care Administration shall be responsible for  
10 determining which hospitals meet this definition.

11           Section 3. Subsection (6) of section 409.905, Florida  
12 Statutes, is amended to read:

13           409.905 Mandatory Medicaid services.--The agency may  
14 make payments for the following services, which are required  
15 of the state by Title XIX of the Social Security Act,  
16 furnished by Medicaid providers to recipients who are  
17 determined to be eligible on the dates on which the services  
18 were provided. Any service under this section shall be  
19 provided only when medically necessary and in accordance with  
20 state and federal law. Nothing in this section shall be  
21 construed to prevent or limit the agency from adjusting fees,  
22 reimbursement rates, lengths of stay, number of visits, number  
23 of services, or any other adjustments necessary to comply with  
24 the availability of moneys and any limitations or directions  
25 provided for in the General Appropriations Act or chapter 216.

26           (6) HOSPITAL OUTPATIENT SERVICES.--The agency shall  
27 pay for preventive, diagnostic, therapeutic, or palliative  
28 care and other services provided to a recipient in the  
29 outpatient portion of a hospital licensed under part I of  
30 chapter 395, and provided under the direction of a licensed  
31 physician or licensed dentist, except that payment for such



1 care and services is limited to \$1,500~~\$1,000~~ per state fiscal  
2 year per recipient, unless an exception has been made by the  
3 agency, and with the exception of a Medicaid recipient under  
4 age 21, in which case the only limitation is medical  
5 necessity.

6 Section 4. Subsection (1) of section 409.908, Florida  
7 Statutes, is amended to read:

8 409.908 Reimbursement of Medicaid providers.--Subject  
9 to specific appropriations, the agency shall reimburse  
10 Medicaid providers, in accordance with state and federal law,  
11 according to methodologies set forth in the rules of the  
12 agency and in policy manuals and handbooks incorporated by  
13 reference therein. These methodologies may include fee  
14 schedules, reimbursement methods based on cost reporting,  
15 negotiated fees, competitive bidding pursuant to s. 287.057,  
16 and other mechanisms the agency considers efficient and  
17 effective for purchasing services or goods on behalf of  
18 recipients. Payment for Medicaid compensable services made on  
19 behalf of Medicaid eligible persons is subject to the  
20 availability of moneys and any limitations or directions  
21 provided for in the General Appropriations Act or chapter 216.  
22 Further, nothing in this section shall be construed to prevent  
23 or limit the agency from adjusting fees, reimbursement rates,  
24 lengths of stay, number of visits, or number of services, or  
25 making any other adjustments necessary to comply with the  
26 availability of moneys and any limitations or directions  
27 provided for in the General Appropriations Act, provided the  
28 adjustment is consistent with legislative intent.

29 (1) Reimbursement to hospitals licensed under part I  
30 of chapter 395 must be made prospectively or on the basis of  
31 negotiation.

1 (a) Reimbursement for inpatient care is limited as  
2 provided for in s. 409.905(5), except for:-

3 1. The raising of rate reimbursement caps, subject to  
4 certification from the Board of Regents that the hospital has  
5 complied with s. 381.0403 excluding rural hospitals.

6 2. Recognition of the costs of graduate medical  
7 education.

8 3. Other methodologies recognized in the General  
9 Appropriations Act.

10  
11 The agency is authorized to receive funds from state entities,  
12 including the Board of Regents, local governments, and other  
13 local political subdivisions, for the purpose of making  
14 special exception payments, including federal matching funds,  
15 through the Medicaid inpatient reimbursement methodologies.  
16 Funds received from state entities or local governments for  
17 this purpose shall be separately accounted for and shall not  
18 be commingled with other state or local funds in any manner.  
19 Notwithstanding this section or s. 409.915, counties are  
20 exempt from contributing toward the cost of the  
21 special-exception reimbursement for hospitals serving a  
22 disproportionate share of low-income persons and providing  
23 graduate medical education.

24 (b) Reimbursement for hospital outpatient care is  
25 limited to \$1,500~~\$1,000~~ per state fiscal year per recipient,  
26 except for:

27 1. Such care provided to a Medicaid recipient under  
28 age 21, in which case the only limitation is medical  
29 necessity.†

30 2. Renal dialysis services.†~~and~~

31 3. Other exceptions made by the agency.

1  
2 The agency is authorized to receive funds from state entities,  
3 including the Board of Regents, local governments, and other  
4 local political subdivisions, for the purpose of making  
5 payments, including federal matching funds, through the  
6 Medicaid outpatient reimbursement methodologies. Funds  
7 received from state entities and local governments for this  
8 purpose shall be separately accounted for and shall not be  
9 commingled with other state or local funds in any manner.

10 (c)(b) Hospitals that provide services to a  
11 disproportionate share of low-income Medicaid recipients, or  
12 that participate in the regional perinatal intensive care  
13 center program under chapter 383, or that participate in the  
14 statutory teaching hospital disproportionate share program, ~~or~~  
15 ~~that participate in the extraordinary disproportionate share~~  
16 ~~program,~~ may receive additional reimbursement. The total  
17 amount of payment for disproportionate share hospitals shall  
18 be fixed by the General Appropriations Act. The computation of  
19 these payments must be made in compliance with all federal  
20 regulations and the methodologies described in ss. 409.911,  
21 409.9112, and 409.9113.

22 (d)(c) The agency is authorized to limit inflationary  
23 increases for outpatient hospital services as directed by the  
24 General Appropriations Act.

25 Section 5. The Board of Regents, the Executive Office  
26 of the Governor, the Department of Health, and the Agency for  
27 Health Care Administration shall collaborate to establish a  
28 committee that shall produce an annual report on graduate  
29 medical education. To the maximum extent feasible, the  
30 committee shall have the same membership as the Graduate  
31 Medical Education Study Committee, established by the proviso

1 accompanying Specific Appropriation 191 of the fiscal year  
2 1999-2000 General Appropriations Act. The report shall be  
3 provided to the Governor, the President of the Senate, and the  
4 Speaker of the House of Representatives by January 15 of each  
5 year. Committee members shall serve without compensation. From  
6 the funds provided in section 381.0403(3), Florida Statutes,  
7 the committee is authorized to expend a maximum of \$75,000 per  
8 year to provide for administrative costs and contractual  
9 services. The report must address the following topics:

10 (1) The role of residents and medical faculty in the  
11 provision of health care.

12 (2) The relationship of graduate medical education to  
13 the state's physician workforce.

14 (3) The costs of training medical residents for  
15 hospitals, medical schools, teaching hospitals, including all  
16 hospital-medical affiliations, practice plans at all of the  
17 medical schools, and municipalities.

18 (4) The availability and adequacy of all sources of  
19 revenue to support graduate medical education. The report must  
20 also recommend alternative sources of funding for graduate  
21 medical education.

22 (5) The use of state and federal appropriated funds  
23 for graduate medical education by hospitals receiving such  
24 funds.

25 Section 6. This act shall take effect July 1, 2000.

1                   STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN  
2   COMMITTEE SUBSTITUTE FOR  
3   SB 2456  
4           The Committee Substitute for SB 2456:  
5           Transfers funding for the Community Hospital Education Act to  
6           the Agency for Health Care Administration, in an attempt to  
7           generate federal matching funds under Medicaid.  
8           Creates a Program for Graduate Medical Education Innovations  
9           to achieve workforce policy objectives, such as more  
10          physicians in under-served areas, more geriatricians, and more  
11          ethnic diversity among physicians.  
12          Defines the term "teaching hospital" and specifies priorities  
13          for the Community Hospital Education Program.  
14          Creates in statute a committee established in last year's  
15          General Appropriations Act for graduate medical education in  
16          Florida.  
17          Increases from \$1,000 to \$1,500 the annual Medicaid hospital  
18          inpatient and outpatient services cap for adults.  
19          Revises Medicaid limitations for hospital inpatient services  
20          to provide exceptions for raising reimbursement caps,  
21          recognition of the costs associated with graduate medical  
22          education, and other methodologies provided in the General  
23          Appropriations Act; authorizes AHCA to receive funds from  
24          certain entities for the reimbursements; and exempts counties  
25          from them.  
26          Deletes obsolete provisions.  
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