

By the Committee on Health Promotion and Representative
Littlefield

1 A bill to be entitled
2 An act relating to health care; amending s.
3 381.0403, F.S.; transferring the programs for
4 community hospital education and graduate
5 medical education under the "Community Hospital
6 Education Act" from the Board of Regents to the
7 Department of Health; authorizing certain
8 expenditure of funds; revising provisions to
9 conform; authorizing participation in the
10 innovations grant program by individual Florida
11 medical schools providing graduate medical
12 education in community-based clinical settings;
13 revising the membership of a committee;
14 providing rulemaking authority to the
15 Department of Health; amending s. 409.908,
16 F.S.; revising provisions relating to the
17 reimbursement of Medicaid providers to conform
18 to the transfer of the Community Hospital
19 Education Program from the Board of Regents to
20 the Department of Health; providing for the
21 certification of local matching funds;
22 providing requirements for the distribution of
23 federal funds earned as a result of local
24 matching funds; requiring an impact statement;
25 amending s. 409.911, F.S.; revising the
26 definition of the term "charity care"; amending
27 s. 409.9117, F.S.; revising criteria for
28 participation in the primary care
29 disproportionate share program; providing an
30 effective date.
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1 Be It Enacted by the Legislature of the State of Florida:

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3 Section 1. Paragraphs (a), (b), and (c) of subsection
4 (3), subsections (4) and (5), paragraph (c) of subsection (6),
5 and subsections (7) and (9) of section 381.0403, Florida
6 Statutes, are amended, and subsection (10) is added to said
7 section, to read:

8 381.0403 The Community Hospital Education Act.--

9 (3) PROGRAM FOR COMMUNITY HOSPITAL EDUCATION; STATE
10 AND LOCAL PLANNING.--

11 (a) There is established under the Department of
12 Health ~~Board of Regents~~ a program for statewide graduate
13 medical education. It is intended that continuing graduate
14 medical education programs for interns and residents be
15 established on a statewide basis. The program shall provide
16 financial support for primary care specialty interns and
17 residents based on policies recommended and approved by the
18 Community Hospital Education Council, herein established, and
19 the department ~~Board of Regents~~. Only those programs with at
20 least three residents or interns in each year of the training
21 program are qualified to apply for financial support. Programs
22 with fewer than three residents or interns per training year
23 are qualified to apply for financial support, but only if the
24 appropriate accrediting entity for the particular specialty
25 has approved the program for fewer positions. Programs added
26 after fiscal year 1997-1998 shall have 5 years to attain the
27 requisite number of residents or interns. When feasible and to
28 the extent allowed through the General Appropriations Act,
29 state funds shall be used to generate federal matching funds
30 under Medicaid, or other federal programs, and the resulting
31 combined state and federal funds shall be allocated to

1 participating hospitals for the support of graduate medical
2 education. The department is authorized to spend up to \$75,000
3 of funds provided specifically for purposes of this section~~7~~
4 for administrative costs associated with the production of the
5 annual report as specified in subsection (9)~~7~~and for
6 administration of the council.

7 (b) For the purposes of this section, primary care
8 specialties include emergency medicine, family practice,
9 internal medicine, pediatrics, psychiatry,
10 obstetrics/gynecology, and combined pediatrics and internal
11 medicine, and other primary care specialties as may be
12 included by the council and the department ~~Board of Regents~~.

13 (c) Medical institutions throughout the state may
14 apply to the Community Hospital Education Council for
15 grants-in-aid for financial support of their approved
16 programs. Recommendations for funding of approved programs
17 shall be forwarded to the department ~~Board of Regents~~.

18 (4) PROGRAM FOR GRADUATE MEDICAL EDUCATION
19 INNOVATIONS.--

20 (a) There is established under the department ~~Board of~~
21 ~~Regents~~ a program for fostering graduate medical education
22 innovations. Funds appropriated annually by the Legislature
23 for this purpose shall be distributed to participating
24 hospitals, a consortium ~~or consortia~~ of participating
25 hospitals and Florida medical schools, or a Florida medical
26 school for the direct costs of providing graduate medical
27 education in community-based clinical settings, on a
28 competitive grant or formula basis to achieve state health
29 care workforce policy objectives, including, but not limited
30 to:
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1 1. Increasing the number of residents in primary care
2 and other high demand specialties or fellowships;

3 2. Enhancing retention of primary care physicians in
4 Florida practice;

5 3. Promoting practice in medically underserved areas
6 of the state;

7 4. Encouraging racial and ethnic diversity within the
8 state's physician workforce; and

9 5. Encouraging increased production of geriatricians.

10 (b) Participating hospitals, ~~or~~ consortia of
11 participating hospitals and Florida medical schools, or
12 Florida medical schools providing graduate medical education
13 in community-based clinical settings may apply to the
14 Community Hospital Education Council for funding under this
15 innovations program, except when such innovations directly
16 compete with services or programs provided by participating
17 hospitals or consortia of participating hospitals. Innovations
18 program funding shall provide funding based on policies
19 recommended and approved by the Community Hospital Education
20 Council and the department ~~Board of Regents~~.

21 (c) Participating hospitals, ~~or~~ consortia of
22 participating hospitals and Florida medical schools, or
23 Florida medical schools providing graduate medical education
24 in community-based clinical settings awarded an innovations
25 grant shall provide the Community Hospital Education Council
26 and the department ~~Board of Regents~~ with an annual report on
27 their project.

28 (5) FAMILY PRACTICE RESIDENCIES.--In addition to the
29 programs established in subsection (3), the Community Hospital
30 Education Council and the department ~~Board of Regents~~ shall
31 establish an ongoing statewide program of family practice

1 residencies. The administration of this program shall be in
2 the manner described in this section.

3 (6) COUNCIL AND DIRECTOR.--

4 (c) The Secretary of Health ~~Chancellor of the State~~
5 ~~University System~~ shall designate an administrator to serve as
6 staff director. The council shall elect a chair from among
7 its membership. Such other personnel as may be necessary to
8 carry out the program shall be employed as authorized by the
9 department ~~Board of Regents~~.

10 (7) ~~BOARD OF REGENTS~~ STANDARDS AND POLICIES.--

11 (a) The department ~~Board of Regents~~, with
12 recommendations from the council, shall establish standards
13 and policies for the use and expenditure of graduate medical
14 education funds appropriated pursuant to subsection (8) for a
15 program of community hospital education. The department ~~board~~
16 shall establish requirements for hospitals to be qualified for
17 participation in the program which shall include, but not be
18 limited to:

19 1. Submission of an educational plan and a training
20 schedule.

21 2. A determination by the council to ascertain that
22 each portion of the program of the hospital provides a high
23 degree of academic excellence and is accredited by the
24 Accreditation Council for Graduate Medical Education of the
25 American Medical Association or is accredited by the American
26 Osteopathic Association.

27 3. Supervision of the educational program of the
28 hospital by a physician who is not the hospital administrator.

29 (b) The department ~~Board of Regents~~ shall periodically
30 review the educational program provided by a participating
31 hospital to assure that the program includes a reasonable

1 amount of both formal and practical training and that the
2 formal sessions are presented as scheduled in the plan
3 submitted by each hospital.

4 (c) In years that funds are transferred to the Agency
5 for Health Care Administration, the department ~~Board of~~
6 ~~Regents~~ shall certify to the Agency for Health Care
7 Administration on a quarterly basis the number of primary care
8 specialty residents and interns at each of the participating
9 hospitals for which the Community Hospital Education Council
10 and the department ~~board~~ recommends funding.

11 (9) ANNUAL REPORT ON GRADUATE MEDICAL EDUCATION;
12 COMMITTEE.--

13 (a) ~~The Board of Regents, the~~ Executive Office of the
14 Governor, the Department of Health, and the Agency for Health
15 Care Administration shall collaborate to establish a committee
16 that shall produce an annual report on graduate medical
17 education.

18 1. The committee shall consist of 11 members as
19 follows: the five deans of the five Florida medical schools or
20 their designees; two persons appointed by the Governor, one of
21 whom shall be a representative of the Florida Medical
22 Association who has supervised or is currently supervising
23 residents or interns and one of whom shall be a representative
24 of the Florida Hospital Association; two persons appointed by
25 the Secretary of Health Care Administration, one of whom shall
26 be a representative of a statutory teaching hospital and one
27 of whom shall be a physician who has supervised or is
28 currently supervising residents or interns; and two persons
29 appointed by the Secretary of Health, one of whom shall be a
30 representative of a family practice teaching hospital and one
31 of whom shall be a physician who has supervised or is

1 currently supervising residents or interns. With the exception
2 of the deans, members of the committee shall serve staggered
3 terms of 4 years; however, for the purpose of providing
4 staggered terms, the initial appointees of the Governor shall
5 serve a term of 4 years, the initial appointees of the
6 Secretary of Health shall serve a term of 3 years, and the
7 initial appointees of the Secretary of Health Care
8 Administration shall serve a term of 2 years.

9 2. An appointment to fill an unexpired term shall be
10 for the remainder of the unexpired term only. A member shall
11 no longer be eligible to serve on the committee if, at any
12 point during his or her term, the member no longer possesses
13 his or her representative status. The committee shall elect a
14 chair from among its members, who shall serve a 1-year term.
15 ~~To the maximum extent feasible, the committee shall have the~~
16 ~~same membership as the Graduate Medical Education Study~~
17 ~~Committee, established by proviso accompanying Specific~~
18 ~~Appropriation 191 of the 1999-2000 General Appropriations Act.~~
19 ~~The report shall be provided to the Governor, the President of~~
20 ~~Senate, and the Speaker of the House of Representatives by~~
21 ~~January 15 annually. Committee members shall serve without~~
22 ~~compensation. From the funds provided pursuant to subsection~~
23 ~~(3), the committee is authorized to expend a maximum of~~
24 ~~\$75,000 per year to provide for administrative costs and~~
25 ~~contractual services.~~

26 (b) The report shall be provided to the Governor, the
27 President of the Senate, and the Speaker of the House of
28 Representatives by January 15, annually, and shall address the
29 following:

30 1. (a) The role of residents and medical faculty in the
31 provision of health care.

1 ~~2.(b)~~ The relationship of graduate medical education
2 to the state's physician workforce.

3 ~~3.(c)~~ The costs of training medical residents for
4 hospitals, medical schools, teaching hospitals, including all
5 hospital-medical affiliations, practice plans at all of the
6 medical schools, and municipalities.

7 ~~4.(d)~~ The availability and adequacy of all sources of
8 revenue to support graduate medical education and recommend
9 alternative sources of funding for graduate medical education.

10 ~~5.(e)~~ The use of state and federal appropriated funds
11 for graduate medical education by hospitals receiving such
12 funds.

13 (10) RULEMAKING.--The department has authority to
14 adopt rules pursuant to ss. 120.536(1) and 120.54 to implement
15 the provisions of this section.

16 Section 2. Paragraphs (a) and (b) of subsection (1) of
17 section 409.908, Florida Statutes, are amended to read:

18 409.908 Reimbursement of Medicaid providers.--Subject
19 to specific appropriations, the agency shall reimburse
20 Medicaid providers, in accordance with state and federal law,
21 according to methodologies set forth in the rules of the
22 agency and in policy manuals and handbooks incorporated by
23 reference therein. These methodologies may include fee
24 schedules, reimbursement methods based on cost reporting,
25 negotiated fees, competitive bidding pursuant to s. 287.057,
26 and other mechanisms the agency considers efficient and
27 effective for purchasing services or goods on behalf of
28 recipients. Payment for Medicaid compensable services made on
29 behalf of Medicaid eligible persons is subject to the
30 availability of moneys and any limitations or directions
31 provided for in the General Appropriations Act or chapter 216.

1 Further, nothing in this section shall be construed to prevent
2 or limit the agency from adjusting fees, reimbursement rates,
3 lengths of stay, number of visits, or number of services, or
4 making any other adjustments necessary to comply with the
5 availability of moneys and any limitations or directions
6 provided for in the General Appropriations Act, provided the
7 adjustment is consistent with legislative intent.

8 (1) Reimbursement to hospitals licensed under part I
9 of chapter 395 must be made prospectively or on the basis of
10 negotiation.

11 (a) Reimbursement for inpatient care is limited as
12 provided for in s. 409.905(5), except for:

13 1. The raising of rate reimbursement caps, excluding
14 rural hospitals.

15 2. Recognition of the costs of graduate medical
16 education.

17 3. Other methodologies recognized in the General
18 Appropriations Act.

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20 During the years funds are transferred from the Department of
21 Health ~~Board of Regents~~, any reimbursement supported by such
22 funds shall be subject to certification by the Department of
23 Health ~~Board of Regents~~ that the hospital has complied with s.
24 381.0403. The agency is authorized to receive funds from state
25 entities, including, but not limited to, the Department of
26 Health, the Board of Regents, local governments, and other
27 local political subdivisions, for the purpose of making
28 special exception payments, including federal matching funds,
29 through the Medicaid inpatient reimbursement methodologies.
30 Funds received from state entities or local governments for
31 this purpose shall be separately accounted for and shall not

1 be commingled with other state or local funds in any manner.
2 The agency may certify all local governmental funds used as
3 state match under Title XIX of the Social Security Act, to the
4 extent that the identified local health care provider that is
5 otherwise entitled to and is contracted to receive such local
6 funds is the benefactor under the state's Medicaid program as
7 determined under the General Appropriations Act and pursuant
8 to an agreement between the Agency for Health Care
9 Administration and the local governmental entity. The local
10 governmental entity shall use a certification form prescribed
11 by the agency. At a minimum, the certification form shall
12 identify the amount being certified and describe the
13 relationship between the certifying local government entity
14 and local health care provider. The agency shall prepare an
15 annual statement of impact that documents the specific
16 activities undertaken during the previous fiscal year pursuant
17 to this paragraph, to be submitted to the Legislature no later
18 than January 1, annually.Notwithstanding this section and s.
19 409.915, counties are exempt from contributing toward the cost
20 of the special exception reimbursement for hospitals serving a
21 disproportionate share of low-income persons and providing
22 graduate medical education.

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

- 26 1. Such care provided to a Medicaid recipient under
27 age 21, in which case the only limitation is medical
28 necessity.
- 29 2. Renal dialysis services.
- 30 3. Other exceptions made by the agency.

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

10 Section 3. Paragraph (d) of subsection (1) of section
11 409.911, Florida Statutes, is amended to read:

12 409.911 Disproportionate share program.--Subject to
13 specific allocations established within the General
14 Appropriations Act and any limitations established pursuant to
15 chapter 216, the agency shall distribute, pursuant to this
16 section, moneys to hospitals providing a disproportionate
17 share of Medicaid or charity care services by making quarterly
18 Medicaid payments as required. Notwithstanding the provisions
19 of s. 409.915, counties are exempt from contributing toward
20 the cost of this special reimbursement for hospitals serving a
21 disproportionate share of low-income patients.

22 (1) Definitions.--As used in this section and s.
23 409.9112:

24 (d) "Charity care" or "uncompensated charity care"
25 means that portion of hospital charges reported to the Agency
26 for Health Care Administration for which there is no
27 compensation, other than restricted and unrestricted revenues
28 provided to a hospital by local governments or tax districts
29 regardless of the method of payment, for care provided to a
30 patient whose family income for the 12 months preceding the
31 determination is less than or equal to 150 percent of the

1 federal poverty level, unless the amount of hospital charges
2 due from the patient exceeds 25 percent of the annual family
3 income. However, in no case shall the hospital charges for a
4 patient whose family income exceeds four times the federal
5 poverty level for a family of four be considered charity.

6 Section 4. Subsection (2) of section 409.9117, Florida
7 Statutes, is amended to read:

8 409.9117 Primary care disproportionate share
9 program.--

10 (2) In the establishment and funding of this program,
11 the agency shall use the following criteria in addition to
12 those specified in s. 409.911. ~~7~~ Payments may not be made to a
13 hospital unless the hospital agrees to:

14 (a) Cooperate with a Medicaid prepaid health plan, if
15 one exists in the community.

16 (b) Ensure the availability of primary and specialty
17 care physicians to Medicaid recipients who are not enrolled in
18 a prepaid capitated arrangement and who are in need of access
19 to such physicians.

20 (c) Coordinate and provide primary care services free
21 of charge, except copayments, to all persons with incomes up
22 to 100 percent of the federal poverty level who are not
23 otherwise covered by Medicaid or another program that provides
24 similar benefits administered by a governmental entity, and to
25 provide such services based on a sliding fee scale to all
26 persons with incomes up to 200 percent of the federal poverty
27 level who are not otherwise covered by Medicaid or another
28 program that provides similar benefits administered by a
29 governmental entity, except that eligibility may be limited to
30 persons who reside within a more limited area, as agreed to by
31 the agency and the hospital.

1 (d) Contract with any federally qualified health
2 center, if one exists within the agreed geopolitical
3 boundaries, concerning the provision of primary care services,
4 in order to guarantee delivery of services in a nonduplicative
5 fashion, and to provide for referral arrangements, privileges,
6 and admissions, as appropriate. The hospital shall agree to
7 provide at an onsite or offsite facility primary care services
8 within 24 hours to which all Medicaid recipients and persons
9 eligible under this paragraph who do not require emergency
10 room services are referred during normal daylight hours.

11 (e) Cooperate with the agency, the county, and other
12 entities to ensure the provision of certain public health
13 services, case management, referral and acceptance of
14 patients, and sharing of epidemiological data, as the agency
15 and the hospital find mutually necessary and desirable to
16 promote and protect the public health within the agreed
17 geopolitical boundaries.

18 (f) In cooperation with the county in which the
19 hospital resides, develop a low-cost, outpatient, prepaid
20 health care program to persons who are not eligible for the
21 Medicaid program, and who reside within the area.

22 (g) Provide inpatient services to residents within the
23 area who are not eligible for Medicaid or Medicare, and who do
24 not have private health insurance, regardless of ability to
25 pay, on the basis of available space, except that nothing
26 shall prevent the hospital from establishing bill collection
27 programs based on ability to pay.

28 (h) Work with the Florida Healthy Kids Corporation,
29 the Florida Health Care Purchasing Cooperative, and business
30 health coalitions, as appropriate, to develop a feasibility
31 study and plan to provide a low-cost comprehensive health

1 insurance plan to persons who reside within the area and who
2 do not have access to such a plan.

3 (i) Work with public health officials and other
4 experts to provide community health education and prevention
5 activities designed to promote healthy lifestyles and
6 appropriate use of health services.

7 (j) Work with the local health council to develop a
8 plan for promoting access to affordable health care services
9 for all persons who reside within the area, including, but not
10 limited to, public health services, primary care services,
11 inpatient services, and affordable health insurance generally.

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13 Any hospital that fails to comply with any of the provisions
14 of this subsection, or any other contractual condition, may
15 not receive payments under this section until full compliance
16 is achieved.

17 Section 5. All the statutory powers, duties, and
18 functions and the records, personnel, property, and unexpended
19 balances of appropriations, allocations, or other funds of the
20 programs under the Community Hospital Education Act are
21 transferred from the Board of Regents to the Department of
22 Health by a type two transfer as defined in s. 20.06, Florida
23 Statutes.

24 Section 6. This act shall take effect July 1, 2001.

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HOUSE SUMMARY

Transfers the programs for community hospital education and graduate medical education under the "Community Hospital Education Act" from the Board of Regents to the Department of Health. Authorizes expenditure of a specified amount for administrative costs. Authorizes participation in the innovations grant program by individual Florida medical schools providing graduate education in community-based settings. Revises membership on a committee producing an annual report on graduate medical education. Provides Department of Health rulemaking authority. Authorizes the Agency for Health Care Administration to certify local government funds used as state Medicaid matching funds, under certain circumstances. Requires an annual impact statement documenting such certification activities. Revises the definition of "charity care" under the disproportionate share program. Revises criteria for participation in the primary care disproportionate care program. See bill for details.