

By the Committees on Appropriations; Health, Aging and Long-Term Care; and Senator Sanderson

309-1897-01

1                                   A bill to be entitled  
2           An act relating to health care; amending s.  
3           154.306, F.S.; providing procedures for  
4           computing the maximum amount that specified  
5           counties must pay for the treatment of an  
6           indigent resident of the county at a hospital  
7           located outside the county; providing for the  
8           exclusion of active-duty military personnel and  
9           certain institutionalized county residents from  
10          state population estimates when calculating a  
11          county's financial responsibility for such  
12          hospital care; requiring the county of  
13          residence to accept the hospital's  
14          documentation of financial eligibility and  
15          county residence; requiring that the  
16          documentation meet specified criteria; amending  
17          s. 381.0403, F.S.; transferring the community  
18          hospital education program from the Board of  
19          Regents to the Department of Health;  
20          prescribing membership of a committee reporting  
21          on graduate medical education; amending s.  
22          409.908, F.S.; revising provisions relating to  
23          the reimbursement of Medicaid providers to  
24          conform to the transfer of the Community  
25          Hospital Education Program from the Board of  
26          Regents to the Department of Health; providing  
27          for the certification of local matching funds;  
28          providing requirements for the distribution of  
29          federal funds earned as a result of local  
30          matching funds; requiring an impact statement;  
31          providing rulemaking authority to the

1 Department of Health; amending s. 409.911,  
2 F.S.; redefining the term "charity care" or  
3 "uncompensated charity care" for purposes of  
4 the disproportionate share program; amending s.  
5 409.9117, F.S.; revising eligibility criteria  
6 for payments under the primary care  
7 disproportionate share program; providing an  
8 effective date.

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10 Be It Enacted by the Legislature of the State of Florida:

11

12 Section 1. Present subsections (3) and (4) of section  
13 154.306, Florida Statutes, are redesignated as subsections (4)  
14 and (5), respectively, and a new subsection (3) is added to  
15 that section, to read:

16

17 154.306 Financial responsibility for certified  
18 residents who are qualified indigent patients treated at an  
19 out-of-county participating hospital or regional referral  
20 hospital.--Ultimate financial responsibility for treatment  
21 received at a participating hospital or a regional referral  
22 hospital by a qualified indigent patient who is a certified  
23 resident of a county in the State of Florida, but is not a  
24 resident of the county in which the participating hospital or  
25 regional referral hospital is located, is the obligation of  
26 the county of which the qualified indigent patient is a  
27 resident. Each county shall reimburse participating hospitals  
28 or regional referral hospitals as provided for in this part,  
29 and shall provide or arrange for indigent eligibility  
30 determination procedures and resident certification  
31 determination procedures as provided for in rules developed to  
implement this part. The agency, or any county determining

1 eligibility of a qualified indigent, shall provide to the  
2 county of residence, upon request, a copy of any documents,  
3 forms, or other information, as determined by rule, which may  
4 be used in making an eligibility determination.

5 (3) For the purpose of computing the maximum amount  
6 that a county having a population of 100,000 or less may be  
7 required to pay, the agency must reduce the official state  
8 population estimates by the number of inmates and patients  
9 residing in the county in institutions operated by the Federal  
10 Government, the Department of Corrections, the Department of  
11 Health, or the Department of Children and Family Services, and  
12 by the number of active-duty military personnel residing in  
13 the county, all of whom shall not be considered residents of  
14 the county. However, a county is entitled to receive the  
15 benefit of such a reduction in estimated population figures  
16 only if the county accepts as valid and true, and does not  
17 require any reverification of, the documentation of financial  
18 eligibility and county residency which is provided to it by  
19 the participating hospital or regional referral hospital. The  
20 participating hospital or regional referral hospital must  
21 provide documentation that is complete and in the form  
22 required by s. 154.3105.

23 Section 2. Subsections (3), (4), (5), (6), (7), and  
24 (9) of section 381.0403, Florida Statutes, are amended, and  
25 subsection (10) is added to that section, to read:

26 381.0403 The Community Hospital Education Act.--

27 (3) PROGRAM FOR COMMUNITY HOSPITAL EDUCATION; STATE  
28 AND LOCAL PLANNING.--

29 (a) There is established under the Department of  
30 Health ~~Board of Regents~~ a program for statewide graduate  
31 medical education. It is intended that continuing graduate

1 medical education programs for interns and residents be  
2 established on a statewide basis. The program shall provide  
3 financial support for primary care specialty interns and  
4 residents based on policies recommended and approved by the  
5 Community Hospital Education Council, herein established, and  
6 the Department of Health ~~Board of Regents~~. Only those programs  
7 with at least three residents or interns in each year of the  
8 training program are qualified to apply for financial support.  
9 Programs with fewer than three residents or interns per  
10 training year are qualified to apply for financial support,  
11 but only if the appropriate accrediting entity for the  
12 particular specialty has approved the program for fewer  
13 positions. Programs added after fiscal year 1997-1998 shall  
14 have 5 years to attain the requisite number of residents or  
15 interns. When feasible and to the extent allowed through the  
16 General Appropriations Act, state funds shall be used to  
17 generate federal matching funds under Medicaid, or other  
18 federal programs, and the resulting combined state and federal  
19 funds shall be allocated to participating hospitals for the  
20 support of graduate medical education. The department may  
21 spend up to \$75,000 of the state appropriation,for  
22 administrative costs associated with the production of the  
23 annual report as specified in subsection (9), and for  
24 administration of the program council.

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 as may be  
30 included by the council and Department of Health ~~Board of~~  
31 ~~Regents~~.

1           (c) 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 Department of Health ~~Board of~~  
6 ~~Regents~~.

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

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

16           (a) There is established under the Department of  
17 Health ~~Board of Regents~~ a program for fostering graduate  
18 medical education innovations. Funds appropriated annually by  
19 the Legislature for this purpose shall be distributed to  
20 participating hospitals or consortia of participating  
21 hospitals and Florida medical schools or to a Florida medical  
22 school for the direct costs of providing graduate medical  
23 education in community-based clinical settings on a  
24 competitive grant or formula basis to achieve state health  
25 care workforce policy objectives, including, but not limited  
26 to:

- 27           1. Increasing the number of residents in primary care  
28 and other high demand specialties or fellowships;
- 29           2. Enhancing retention of primary care physicians in  
30 Florida practice;

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1           3. Promoting practice in medically underserved areas  
2 of the state;

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

5           5. Encouraging increased production of geriatricians.

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

18           (c) Participating hospitals or consortia of  
19 participating hospitals and Florida medical schools or Florida  
20 medical schools awarded an innovations grant shall provide the  
21 Community Hospital Education Council and Department of Health  
22 ~~Board of Regents~~ with an annual report on their project.

23           (5) FAMILY PRACTICE RESIDENCIES.--In addition to the  
24 programs established in subsection (3), the Community Hospital  
25 Education Council and the Department of Health ~~Board of~~  
26 ~~Regents~~ shall establish an ongoing statewide program of family  
27 practice residencies. The administration of this program  
28 shall be in the manner described in this section.

29           (6) COUNCIL AND DIRECTOR.--  
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1 (a) There is established the Community Hospital  
2 Education Council, hereinafter referred to as the council,  
3 which shall consist of 11 members, as follows:

4 1. Seven members must be program directors of  
5 accredited graduate medical education programs or practicing  
6 physicians who have faculty appointments in accredited  
7 graduate medical education programs. Six of these members  
8 must be board certified or board eligible in family practice,  
9 internal medicine, pediatrics, emergency medicine,  
10 obstetrics-gynecology, and psychiatry, respectively, and  
11 licensed pursuant to chapter 458. No more than one of these  
12 members may be appointed from any one specialty. One member  
13 must be licensed pursuant to chapter 459.

14 2. One member must be a representative of the  
15 administration of a hospital with an approved community  
16 hospital medical education program;

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

19 4. Two members must be consumer representatives.  
20

21 All of the members shall be appointed by the Governor for  
22 terms of 4 years each.

23 (b) Council membership shall cease when a member's  
24 representative status no longer exists. Members of similar  
25 representative status shall be appointed to replace retiring  
26 or resigning members of the council.

27 (c) The Secretary of the Department of Health  
28 ~~Chancellor of the State University System~~ shall designate an  
29 administrator to serve as staff director. The council shall  
30 elect a chair from among its membership. Such other personnel  
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1 as may be necessary to carry out the program shall be employed  
2 as authorized by the Department of Health ~~Board of Regents~~.

3 (7) DEPARTMENT OF HEALTH ~~BOARD OF REGENTS~~;  
4 STANDARDS.--

5 (a) The Department of Health ~~Board of Regents~~, with  
6 recommendations from the council, shall establish standards  
7 and policies for the use and expenditure of graduate medical  
8 education funds appropriated pursuant to subsection (8) for a  
9 program of community hospital education. The Department of  
10 Health ~~board~~ shall establish requirements for hospitals to be  
11 qualified for participation in the program which shall  
12 include, but not be limited to:

13 1. Submission of an educational plan and a training  
14 schedule.

15 2. A determination by the council to ascertain that  
16 each portion of the program of the hospital provides a high  
17 degree of academic excellence and is accredited by the  
18 Accreditation Council for Graduate Medical Education of the  
19 American Medical Association or is accredited by the American  
20 Osteopathic Association.

21 3. Supervision of the educational program of the  
22 hospital by a physician who is not the hospital administrator.

23 (b) The Department of Health ~~Board of Regents~~ shall  
24 periodically review the educational program provided by a  
25 participating hospital to assure that the program includes a  
26 reasonable amount of both formal and practical training and  
27 that the formal sessions are presented as scheduled in the  
28 plan submitted by each hospital.

29 (c) In years that funds are transferred to the Agency  
30 for Health Care Administration, the Department of Health ~~Board~~  
31 ~~of Regents~~ shall certify to the Agency for Health Care



1 Administration on a quarterly basis the number of primary care  
2 specialty residents and interns at each of the participating  
3 hospitals for which the Community Hospital Education Council  
4 and the board recommends funding.

5 (9) ANNUAL REPORT ON GRADUATE MEDICAL EDUCATION;  
6 COMMITTEE.--The ~~Board of Regents, the~~ Executive Office of the  
7 Governor, the Department of Health, and the Agency for Health  
8 Care Administration shall collaborate to establish a committee  
9 that shall produce an annual report on graduate medical  
10 education. The committee shall be comprised of 11 members:  
11 five members shall be deans of the medical schools or their  
12 designees; the Governor shall appoint two members, one of whom  
13 must be a representative of the Florida Medical Association  
14 who has supervised or currently supervises residents or  
15 interns and one of whom must be a representative of the  
16 Florida Hospital Association; the Secretary of Health Care  
17 Administration shall appoint two members, one of whom must be  
18 a representative of a statutory teaching hospital and one of  
19 whom must be a physician who has supervised or is currently  
20 supervising residents or interns; and the Secretary of Health  
21 shall appoint two members, one of whom must be a  
22 representative of a statutory family practice teaching  
23 hospital and one of whom must be a physician who has  
24 supervised or is currently supervising residents or interns.  
25 With the exception of the deans, members shall serve 4-year  
26 terms. In order to stagger the terms, the Governor's  
27 appointees shall serve initial terms of 4 years, the Secretary  
28 of Health's appointees shall serve initial terms of 3 years,  
29 and the Secretary of Health Care Administration's appointees  
30 shall serve initial terms of 2 years. A member's term shall be  
31 deemed terminated when the member's representative status no

1 longer exists. Once the committee is appointed, it shall elect  
2 a chair to serve for a 1-year term.~~To the maximum extent~~  
3 ~~feasible, the committee shall have the same membership as the~~  
4 ~~Graduate Medical Education Study Committee, established by~~  
5 ~~proviso accompanying Specific Appropriation 191 of the~~  
6 ~~1999-2000 General Appropriations Act.~~The report shall be  
7 provided to the Governor, the President of Senate, and the  
8 Speaker of the House of Representatives by January 15  
9 annually. Committee members shall serve without compensation.  
10 ~~From the funds provided pursuant to subsection (3), the~~  
11 ~~committee is authorized to expend a maximum of \$75,000 per~~  
12 ~~year to provide for administrative costs and contractual~~  
13 ~~services.~~The report shall address the following:  
14       (a) The role of residents and medical faculty in the  
15 provision of health care.  
16       (b) The relationship of graduate medical education to  
17 the state's physician workforce.  
18       (c) The costs of training medical residents for  
19 hospitals, medical schools, teaching hospitals, including all  
20 hospital-medical affiliations, practice plans at all of the  
21 medical schools, and municipalities.  
22       (d) The availability and adequacy of all sources of  
23 revenue to support graduate medical education and recommend  
24 alternative sources of funding for graduate medical education.  
25       (e) The use of state and federal appropriated funds  
26 for graduate medical education by hospitals receiving such  
27 funds.  
28       (10) RULEMAKING.--The department has authority to  
29 adopt rules pursuant to ss. 120.536(1) and 120.54 to implement  
30 the provisions of this section.

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1           Section 3. All statutory powers, duties, and functions  
2 and the records, personnel, property, and unexpended balances  
3 of appropriations, allocations, or other funds of the  
4 Community Hospital Education Program are transferred from the  
5 Board of Regents to the Department of Health by a type two  
6 transfer as defined in section 20.06, Florida Statutes.

7           Section 4. Paragraph (a) of subsection (1) of section  
8 409.908, Florida Statutes, is amended to read:

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

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

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

6           1. The raising of rate reimbursement caps, excluding  
7 rural hospitals.

8           2. Recognition of the costs of graduate medical  
9 education.

10          3. Other methodologies recognized in the General  
11 Appropriations Act.

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13 During the years funds are transferred from the Department of  
14 Health Board of Regents, any reimbursement supported by such  
15 funds shall be subject to certification by the Department of  
16 Health Board of Regents that the hospital has complied with s.  
17 381.0403. The agency is authorized to receive funds from state  
18 entities, including, but not limited to, the Department of  
19 Health, the Board of Regents, local governments, and other  
20 local political subdivisions, for the purpose of making  
21 special exception payments, including federal matching funds,  
22 through the Medicaid inpatient reimbursement methodologies.  
23 Funds received from state entities or local governments for  
24 this purpose shall be separately accounted for and shall not  
25 be commingled with other state or local funds in any manner.  
26 The agency may certify all local governmental funds used as  
27 state match under Title XIX of the Social Security Act, to the  
28 extent that the identified local health care provider that is  
29 otherwise entitled to and is contracted to receive such local  
30 funds is the benefactor under the state's Medicaid program as  
31 determined under the General Appropriations Act and pursuant

1 to an agreement between the Agency for Health Care  
2 Administration and the local governmental entity. The local  
3 governmental entity shall use a certification form prescribed  
4 by the agency. At a minimum, the certification form shall  
5 identify the amount being certified and describe the  
6 relationship between the certifying local governmental entity  
7 and the local health care provider. The agency shall prepare  
8 an annual statement of impact which documents the specific  
9 activities undertaken during the previous fiscal year pursuant  
10 to this paragraph, to be submitted to the Legislature no later  
11 than January 1, annually.Notwithstanding this section and s.  
12 409.915, counties are exempt from contributing toward the cost  
13 of the special exception reimbursement for hospitals serving a  
14 disproportionate share of low-income persons and providing  
15 graduate medical education.

16 (b) Reimbursement for hospital outpatient care is  
17 limited to \$1,500 per state fiscal year per recipient, except  
18 for:

- 19 1. Such care provided to a Medicaid recipient under  
20 age 21, in which case the only limitation is medical  
21 necessity.
- 22 2. Renal dialysis services.
- 23 3. Other exceptions made by the agency.

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25 The agency is authorized to receive funds from state entities,  
26 including, but not limited to, the Board of Regents, local  
27 governments, and other local political subdivisions, for the  
28 purpose of making payments, including federal matching funds,  
29 through the Medicaid outpatient reimbursement methodologies.  
30 Funds received from state entities and local governments for  
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1 this purpose shall be separately accounted for and shall not  
2 be commingled with other state or local funds in any manner.

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

14 (d) The agency is authorized to limit inflationary  
15 increases for outpatient hospital services as directed by the  
16 General Appropriations Act.

17 Section 5. Paragraph (d) of subsection (1) of section  
18 409.911, Florida Statutes, is amended to read:

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

29 (1) Definitions.--As used in this section and s.  
30 409.9112:

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1 (d) "Charity care" or "uncompensated charity care"  
2 means that portion of hospital charges reported to the Agency  
3 for Health Care Administration for which there is no  
4 compensation, other than restricted or unrestricted revenues  
5 provided to a hospital by local governments or tax districts  
6 regardless of the method of payment, for care provided to a  
7 patient whose family income for the 12 months preceding the  
8 determination is less than or equal to 200 ~~150~~ percent of the  
9 federal poverty level, unless the amount of hospital charges  
10 due from the patient exceeds 25 percent of the annual family  
11 income. However, in no case shall the hospital charges for a  
12 patient whose family income exceeds four times the federal  
13 poverty level for a family of four be considered charity.

14 Section 6. Paragraph (c) of subsection (2) of section  
15 409.9117, Florida Statutes, is amended to read:

16 409.9117 Primary care disproportionate share  
17 program.--

18 (2) In the establishment and funding of this program,  
19 the agency shall use the following criteria in addition to  
20 those specified in s. 409.911, payments may not be made to a  
21 hospital unless the hospital agrees to:

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

3 Section 7. This act shall take effect July 1, 2001.

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5 STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN  
6 COMMITTEE SUBSTITUTE FOR  
7 CS for SB 2092

8 Specifies procedures for computing the maximum amount that  
9 specified counties must pay for the treatment of indigent  
10 residents of the county at a hospital located outside the  
11 county. Provides for the exclusion of active-duty military  
12 personnel and certain institutionalized county residents from  
13 the state population estimates when calculating a county's  
14 financial responsibility for the hospital care. Requires the  
15 county of residence to accept the hospital's documentation of  
16 financial eligibility and county residence and requires that  
17 the documentation meet specified criteria.

18 Provides that the Agency for Health Care Administration may  
19 certify local governmental funds as match to the Medicaid  
20 Program (Title XIX) and specifies certain policies and  
21 procedures and documentation requirements. Requires annual  
22 reports to the legislature documenting the specific activities  
23 undertaken pursuant to this provision.

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