

**The Florida Senate  
BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

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

Prepared By: The Professional Staff of the Health Policy Committee

**BILL:** CS/SB 2790

**INTRODUCER:** Health Policy Committee and Senator Deutch and others

**SUBJECT:** Cigarette User Fees

**DATE:** April 17, 2008      **REVISED:** \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Garner	Wilson	HP	Fav/CS
2.			HE	
3.			FT	
4.			GA	
5.			EF	
6.				

**Please see Section VIII. for Additional Information:**

- |                              |  |   |
|------------------------------|--|---|
| A. COMMITTEE SUBSTITUTE..... | <input checked="checked" type="checkbox"/> | Statement of Substantial Changes        |
| B. AMENDMENTS.....           | <input type="checkbox"/>                   | Technical amendments were recommended   |
|                              | <input type="checkbox"/>                   | Amendments were recommended             |
|                              | <input type="checkbox"/>                   | Significant amendments were recommended |

**I. Summary:**

This committee substitute increases cigarette user fees, replaces all references to the term tax with user fee, and substantially modifies the allocation of revenues to certain programs including the H. Lee Moffitt Cancer Center and Research Institute, the James & Esther King Biomedical Research Program (King Program), and the Bankhead-Coley Cancer Research Program (Bankhead-Coley Program). The bill also specifies the revenue generated from the user fees shall be used to reduce assessments on hospitals related to the public medical assistance trust fund. The bill also requires the Department of Health (DOH) to submit an annual report containing an estimate of the financial impact of tobacco use and the related illnesses on the economy and taxpayers.

This bill amends ss. 210.01, 210.02, 210.021, 210.03, 210.04, 210.05, 210.06, 210.07, 210.08, 210.09, 210.11, 210.13, 210.14, 210.15, 210.18, 210.181, 210.185, 210.19, 210.20, 210.201, 215.5602, and 381.922, F.S.; and creates two undesignated sections of law.

## II. Present Situation:

### Tobacco Use and Public Health

Smoking harms nearly every organ of the body, causing many diseases and reducing the health of smokers in general. The adverse health effects from cigarette smoking account for an estimated 438,000 deaths, or nearly 1 of every 5 deaths, each year in the United States. More deaths are caused each year by tobacco use than by all deaths from human immunodeficiency virus (HIV), illegal drug use, alcohol use, motor vehicle injuries, suicides, and murders combined.<sup>1</sup>

According to the Florida Department of Health (DOH), smoking prevalence among adults has not changed in ten years (1998-2007). Nearly one out of every five adults in Florida smokes. According to the Florida Youth Tobacco Survey (FYTS), youth smoking in Florida declined dramatically between 1998 and 2001, but reductions in middle and high school smoking have slowed in recent years. Florida is still producing modest declines in youth cigarette smoking. In 2007, 14.7 percent of high school students and 6.1 percent of middle school students reported they had smoked cigarettes once in the past 30 days.

In 2005, tobacco companies spent approximately \$930.4 million in Florida alone to market their products, meaning tobacco companies spend more on advertising in Florida than in any other state.<sup>2</sup>

### Florida's Cigarette Taxes

Florida began taxing cigarettes at 3 cents per pack in 1943. The tax rate has increased many times over the years, including in 1949, 1963, 1971, 1977, 1986, and 1990. Taxes are imposed on cigarettes and other non-cigar tobacco products in Florida. The tax must be paid by the wholesale dealer at the time of the first sale within the state. For cigarettes of common size, the rate is 33.9 cents per pack, with rates varying proportionately for cigarettes and packs of non-standard size. All states and the District of Columbia (D.C.) tax cigarettes at rates varying from 7 cents per pack in South Carolina to \$2.58 per pack in New Jersey. Forty-three states and the D.C., currently have higher cigarette taxes than Florida.

Deductions from total collections are seven and three-tenths percent to the General Revenue Service Charge, and nine-tenths percent to the Alcoholic Beverage and Tobacco Trust Fund. Distributions are then made from the remaining revenue as follows: 2.9 percent to County Revenue Sharing, 29.3 percent to the Public Medical Assistance Trust Fund to fund indigent care, 4.06 percent to the Board of Directors of the H. Lee Moffitt Cancer Center and Research Institute (declining to 1.47 percent beginning January 1, 2009, through 2015-16), and the

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<sup>1</sup> U.S. Centers for Disease Control and Prevention. *Fact Sheet: Health Effects of Cigarette Smoking*. Found at: [http://www.cdc.gov/tobacco/data\\_statistics/Factsheets/health\\_effects.htm](http://www.cdc.gov/tobacco/data_statistics/Factsheets/health_effects.htm) (last visited on April 12, 2008)

<sup>2</sup> Florida Department of Health. Found at: [http://www.doh.state.fl.us/Tobacco/PDF\\_Files/2007Report\\_Section2.pdf](http://www.doh.state.fl.us/Tobacco/PDF_Files/2007Report_Section2.pdf) (last visited on April 12, 2008)

remainder to General Revenue. For FY 2008-09, the state is projected to collect \$451.4 million in revenue from these taxes.<sup>3</sup>

### **H. Lee Moffitt Cancer Center and Research Institute**

The H. Lee Moffitt Cancer Center and Research Institute at the University of South Florida (USF) is established pursuant to s. 1004.43, F.S. A not-for-profit corporation governs the center in accordance with an agreement with the State Board of Education for the use of facilities on the campus of the USF. The not-for-profit corporation, acting as an instrumentality of the state, operates the center in accordance with an agreement between the Board of Governors and the corporation. A board of directors manages the corporation, and a chief executive officer, who serves at the pleasure of the board of directors, administers the center.

The center is the only cancer research facility in Florida that is designated as a Comprehensive Cancer Center by the National Cancer Institute (NCI). According to NCI, the Comprehensive Cancer Centers “are expected to initiate and conduct early phase, innovative clinical trials and to participate in the NCI’s cooperative groups by providing leadership and recruiting patients for trials.” Comprehensive Cancer Centers must conduct outreach and educational activities for healthcare professionals and the public. The center operates a clinical care and research network called Total Cancer Care (TCC) in collaboration with 15 medical center affiliates in Florida and one in Georgia. The TCC project provides personalized therapy in a large research project with patients who consent for the center to follow them over their lifetime. The TCC network increases access to the center’s cancer care and research expertise, including genetic profiling of patient specimens leading to personalized therapies, for patients being treated at one of the affiliated medical centers. In January 2008, the center, Shands HealthCare, and the University of Florida announced that they will work together to develop programs in cancer care, research, and prevention. The TCC model will be integrated with the cancer program at Shands, and the center will seek to integrate the University of Florida and Shands cancer programs into the center’s NCI comprehensive cancer center designation.

### **James & Esther King Biomedical Research Program**

The James and Esther King Biomedical Research Program is administered by the DOH. The program receives funds and recommends grant awards for biomedical research concerning tobacco-related diseases pursuant to s. 215.5602, F.S.

To award grants, the DOH, in coordination with the King Program, issues a call for grant applications. Any university or established research institute in the state is eligible to compete for funding through the program, and the program awards investigator-initiated research grants, institutional research grants, and predoctoral and postdoctoral research fellowships.

The King Program receives an annual \$6 million appropriation plus additional designated annual funding from the Lawton Chiles Endowment Program, which totaled \$3.9 million for FY 2007-08.

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<sup>3</sup> State of Florida. *2008 Florida Tax Handbook*. Found at: <http://edr.state.fl.us/reports/taxhandbooks/taxhandbook2008.pdf> (last visited on April 12, 2008)

### **Bankhead-Coley Cancer Research Program**

The William G. “Bill” Bankhead, Jr., and David Coley Cancer Research Program is also located in and administered by the DOH and guided by the Biomedical Research Advisory Council pursuant to s. 381.922, F.S.

The purpose of the Bankhead-Coley Program is to provide funding for grants that further the search for cures of cancer. The Bankhead-Coley Program utilizes identical processes as the King Program for awarding grants to any university or established research institute in the state for collaborative research projects, including those that advance the finding of cures through basic or applied research, investigator-initiated research, or institutional research.

The Bankhead -Coley Program receives an annual appropriation of \$9 million.

### **The Florida Kidcare Program**

The Florida Kidcare Program provides health care coverage to over 1.4 million children. Florida Kidcare was established in 1998 as a combination of Medicaid expansions and public/private partnerships, with a wrap-around delivery system serving children with special health care needs. Family income level, age of the child, and whether the child has a serious health condition are the eligibility criteria that determine which component serves a particular child.

Enrollment in the Florida Kidcare Program was initiated on October 1, 1998, and 1,418,526 children were enrolled in the various components of the Florida Kidcare Program as of March 2008. Of this total, 230,896 children are Title XXI eligible, 25,388 children are non-Title XXI eligible, and 1,162,242 children are eligible under the Medicaid Title XIX program.

### **MEDS for Aged and Disabled (MEDS-AD)**

The MEDS-AD program entitles a limited group of aged or disabled individuals to receive full Medicaid coverage. The traditional MEDS-AD Program ended in 2005 and the state received approval from the Center for Medicare and Medicaid Services to continue this coverage for individuals who meet certain special criteria under a waiver instead. To meet technical requirements, the individual must:

- Be aged 65 or older, or disabled as determined by Social Security criteria;
- Not have Medicare Part A or B; or
- Be receiving Institutional Care Program, Hospice, Home and Community-Based-Services Waiver, or Assistive Care Services regardless of their Medicare status.

### **Public Medical Assistance Trust Fund**

At one time, Florida’s Public Medical Assistance Trust Fund (PMATF) financed health care for Florida’s uninsured indigent population pursuant to s. 395.701, F.S. In 1984, the state legislature established the PMATF, which consists of revenues raised through a 1.5 percent assessment on net hospital operating revenues.

For the first decade of its existence, the state used this fund to establish primary care programs for low-income people through county health departments, to fund the state's share of indigent health care services through a newly created Medically Indigent Program, and to fund expansion of Medicaid to additional groups. Since 1996, the Legislature has used these funds to pay for in-patient hospital services for Medicaid patients.

### III. Effect of Proposed Changes:

**Section 1.** Creates an undesignated section of law stating legislative findings that: cigarette consumption dramatically impacts the state's Medicaid budget and a substantial deficit has been created between what consumers pay in related excise or privilege fees and what the state actually incurs in health care costs; the imposition of a user fee on cigarettes should at least be commensurate with the projected governmental costs associated with the consumption of cigarettes; and, revenues derived from such user fees should apply to health care, with an emphasis given to measures for which there is a connection between cigarette consumption and the user fee revenue generated from the consumption of cigarettes.

**Section 2.** Amends s. 210.02, F.S., revising a number of definitions in the chapter of law related to the taxation of cigarettes, by replacing the term "tax(es)" with "user fee(s)" and adding other definitions. When used in this part the following term:

"Council" means the Biomedical Research Advisory Council within the DOH established in s. 215.5602, F.S.

"Total collections" means the total amount derived from the cigarette user fee during a specified period of time.

"Net collections" means 99.1 percent of total collections less the service charge prescribed in s. 215.20.

**Section 3.** Amends s. 210.02, F.S., increasing the user fees imposed /collected on cigarettes, including:

- Upon all cigarettes weighing not more than 3 pounds per thousand, increases the fee from 16.95 mills to 66.95 mills on each cigarette.
- Upon all cigarettes weighing more than 3 pounds per thousand and not more than 6 inches long, increases the fee from 33.9 mills to 133.9 mills on each cigarette.
- Upon all cigarettes weighing more than 3 pounds per thousand and more than 6 inches long, increases the fee from 67.8 mills to 267.8 mills on each cigarette.
- For non-standard dimension cigarettes, the fees shall be increased from the rate of 1.41 cents to 5.69 on each such cigarette.

For cigarettes weighing not more than 3 pounds per thousand, if they are packaged in varying quantities of 20 cigarettes or less, then the fees are increased accordingly:

- The fee for packages containing 10 cigarettes or less, increases from a 16.95-cent tax to a 66.9-cent user fee.

- The fee for packages containing more than 10 but not more than 20 cigarettes, increases from a 33.9-cent tax to a 133.9-cent user fee.

For cigarettes weighing not more than 3 pounds per thousand and not more than 6 inches long, if they are packaged in varying quantities of 20 cigarettes or less, than the fees are increased accordingly:

- The fee for packages containing 10 cigarettes or less, increases from a 33.9-cent tax to a 133.9-cent user fee.
- The fee for packages containing more than 10 but not more than 20 cigarettes, increases from a 67.8-cent tax to a 267.8-cent user fee.

For cigarettes weighing not more than 3 pounds per thousand and more than 6 inches long, if they are packaged in varying quantities of 20 cigarettes or less, than the fees are increased accordingly:

- The fee for packages containing 10 cigarettes or less, increases from a 67.8-cent tax to a 267.8-cent user fee.
- The fee for packages containing more than 10 but not more than 20 cigarettes, increases from a 135.6-cent tax to a 535.6-cent user fee.

**Sections 4-19.** Amend ss. 210.021-210.19, F.S., changing in multiple provisions the term “tax” or “taxes” to “user fees” or other iterations as it relates to the taxing of cigarettes.

**Section 20.** Amends s. 210.20, F.S., adding definitions related to employees and assistants of the Department of Management Services employed to administer the taxation of cigarettes, substantially changing the distribution of the funds derived from the cigarettes fees collected under this provision; and repealing current distribution formulas.

#### *Definitions*

For purposes of this subsection, the term:

“Agency” means the Agency for Health Care Administration (AHCA).

“Cigarette user fee” means the user fee imposed by s. 210.02, F.S.

“Council” means the Biomedical Research Advisory Council within the DOH as established in s. 215.5602, F.S.

“Reference year” means July 1, 2007, to June 30, 2008.

“Total collections” means the total amount derived from the cigarette user fee during a specified period of time.

“Net collections” means 99.1 percent of the total collections less the service charges provided for in s. 215.20, F.S.

“Reference year allocation” means the total amount credited or transferred from the Cigarette Tax Collection Trust Fund to a particular trust fund or the General Revenue Fund during the reference year divided by 12.

“Total base allocation” means, for a given month, 8.333 percent of the average of the projected net collections for the fiscal year containing such month, based on the most recent estimates generated by a Revenue Estimating Conference convened pursuant to s. 216.136(3), F.S., or net collections for such month, whichever is less.

*Funding Distribution Formulas*

The bill substantially reallocates the revenue from the cigarette user fees accordingly:

1. 0.8345 percent to the Revenue Sharing Trust Fund for Counties for distribution pursuant to the Florida Revenue Sharing Act.
2. 8.5857 percent to the PMATF for funding indigent health care pursuant to s. 409.918, F.S.
3. 7.737 percent to the PMATF specifically to contribute to the state share of funding for the low-income pool.
4. 4.06 percent to the H. Lee Moffitt Cancer Center and Research Institute. This allocation is separate and distinct from any allocation to the Institute through the King Program or the Bankhead-Coley Program.
5. 6.01 percent to the Biomedical Research Trust Fund to be distributed equally between the King Program established in s. 215.5602, F.S. and the Bankhead-Coley Program established in s. 381.922, F.S.
6. 15.13 percent to the Medical Care Trust Fund for funding the Medically Needy program.
7. 13.68 percent to the Medical Care Trust Fund to fund annual adjustments to physician fee reimbursements under the Medicaid program so that the rates are equal to Medicare reimbursement rates.
8. 1.01 percent to the Medical Care Trust Fund for the Florida Kidcare program established in ss. 409.810-409.820, F.S.
9. 3.452 percent to fund medical residency and fellowship programs as determined by the Legislature, with primary emphasis on the fields of oncology, cardiology, and pulmonary medicine.
10. 15.2409 percent to the Medical Care Trust Fund for the funding of the MEDS-AD Waiver Program.

**Section 21.** Amends s. 210.201, F.S., repealing the requirement that the Board of Directors of the H. Lee Moffitt Cancer Center and Research Institute construct, furnish, and equip the cancer research facility at the University of South Florida; and specifying the funds distributed pursuant

to the cigarette user fees be used to pay or secure bonds or financial products issued or incurred in connection with the financing of costs related to constructing, furnishing, and equipping the cancer research, treatment, and related facilities, including tax-exempt bonds or other forms of indebtedness.

**Section 22.** Amends s. 215.5602, F.S., revising provisions of the King Program. The bill requires the program to use funds derived from the cigarette user fees to expand the research capacity and infrastructure needed to conduct research on tobacco-related illnesses, with the provision of fixed capital outlay project funding as deemed appropriate by the Biomedical Research Advisory Council within the program's annual appropriation and with up to 25 percent of the program's annual funding allocation applied for this purpose by the council. It expands how the revenue may be used to award grants and fellowships to expand tobacco-related research capacity and infrastructure within the state, including the provision of capital outlay costs to achieve such purpose. The bill increases the appropriation to the Florida Center for Universal Research to Eradicate Disease from \$250,000 to \$1 million. The bill also extends several "sunset" provisions related to the program.

**Section 23.** Amends s. 381.922, F.S., revising provisions of the Bankhead-Coley Program. The bill revises the purpose of the program to expand cancer research and treatment capacity in the state; requires the program to provide grants for cancer research to further the search for cures for cancer, for the recruitment of cancer researchers and research teams to institutions within the state, for operational start-up grants for newly recruited cancer researchers and research teams, and for fixed capital outlay expenditures related to the expansion of cancer research and treatment capacity in Florida, with up to 25 percent of the program's annual allocation applied to these purposes; and specifies beginning in the 2008-2009 fiscal year, and every year thereafter, designated proceeds generated by s. 210.20(2)(c)5., F.S., shall be employed to enhance the purposes prescribed in this section. The bill also extends several "sunset" provisions related to the program.

**Section 24.** Creates an undesignated section of law requiring the DOH to submit to the Governor, the President of the Senate, and the Speaker of the House of Representatives a report containing an estimate of the financial impact of tobacco use and related illnesses on the state's economy and its taxpayers for each of the prior 10 years, as well as an estimate of the value of cost savings associated with the expenditure of revenues generated by the cigarette user fee imposed by s. 210.02, F.S., during the same period. The report shall be submitted by December 1, 2009, and before December 1 of each year thereafter.

**Section 25.** Provides that the bill takes effect July 1, 2008.

#### **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, Section 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. Fiscal Impact Statement:****A. Tax/Fee Issues:**

The provisions of this bill have a substantial effect on the amount of taxes that are collected from the sale of cigarettes. The following table provides an estimate of the revenue generated by increasing the tax on cigarettes by \$1 per pack based on information provided by the Office of Economic and Demographic Research (EDR),<sup>4</sup> with a distribution of the revenue based on the bill's provisions provided by the American Cancer Society.

	<b>Current Law 33.9 cents per pack</b>	<b>Effects of SB 2790 \$1.339 per pack</b>
	<b>\$417,300,000</b>	<b>\$1,450,200,000</b>
Service Charges @ 7.3%	30,462,900	105,864,600
Alcoholic Beverage & Tobacco Trust Fund @ .9%	3,755,700	13,051,800
<b>Estimated Remainder Available For Distribution</b>	<b>383,081,400</b>	<b>1,331,283,600</b>
County Revenue Sharing	11,109,360	11,109,562
PMATF (indigent care)	112,242,850	114,300,016
Low Income Pool/Charity	N/A	103,001,412
H. Lee Moffitt Cancer Center	15,553,104	54,050,114
King/Bankhead/Coley Programs	N/A	80,010,144
Medically Needy Program	N/A	201,423,209
Medicaid (physician reimbursement)	N/A	182,119,596
Florida Kidcare Program	N/A	13,445,964
Residency and Fellowship Programs	N/A	45,955,910
MEDS AD Waiver Program	N/A	202,899,602
<b>General Revenue after Distributions</b>	<b>\$244,176,086</b>	<b>\$322,968,071</b>

**B. Private Sector Impact:**

Increasing the cost of cigarettes, to the extent that it lowers smoking rates, has the effect of lower health care costs. Increasing the cost of cigarettes would reduce the profits of

<sup>4</sup> Revenue Impact Conference. Found at: <http://edr.state.fl.us/conferences/revenueimpact/2008/pdf/page%2090-92.pdf> (last visited on April 12, 2008)

manufactures and retailers who sell these products. These costs are indeterminate at this time.

C. Government Sector Impact:

**Department of Health**

By statute, the King Program and the Bankhead-Coley Program may use up to 15 percent and 10 percent, respectively, of their annual appropriations for administrative expenditures. Expenditures for processing grant applications and awarding and monitoring grant projects will increase proportionately to the increase in the appropriation. The current allowable expenditure limits are sufficient to cover these increased costs. However, the annual production of the required report will have a negative fiscal impact on the department as there is no specific appropriation associated with this mandatory provision. Total expenditures would be approximately \$225,000, which would be offset by revenue generation for the programs operated by the DOH of \$80,000,941.

**Agency for Health Care Administration**

*(This fiscal analysis relates to the bill as originally filed. The AHCA has not had an opportunity to provide an updated analysis by the time of publication.)*

The AHCA reports it could potentially lose \$112,200,000 in revenue by reducing hospital inpatient and outpatient assessment rates, based on the following assumptions.

The bill establishes the definitions and percentages used to distribute monies from the Cigarette Tax Collection Trust Fund to various other funds and entities as identified by the legislature. The 2008-2009 revenue estimate for the Cigarette Tax Collection Trust Fund is \$157.0 million.

On line 976, page 35, of the bill, the PMATF has been designated to receive an annual 8.4551 percent allocation from the annual proceeds of the cigarette tax for the funding of indigent care. Based on the 2008-2009 revenue estimates for the Cigarette Tax Collection Trust fund, this allocation would be approximately \$13,274,507.

On line 980, page 35 of the bill, the PMATF has been designated to receive an annual 20.1247 percent allocation from the annual proceeds of the cigarette tax to offset the annual assessment on hospital net inpatient and net outpatient revenues pursuant to s. 395.701 F.S. Based on the 2008-2009 revenue estimates for the Cigarette Tax Collection Trust fund, this allocation would be approximately \$31,595,779.

Additional specific designations are made including, beginning on line 1023, the sum of 4.5194 percent of the total base allocation to the Medical Care Trust Fund for funding children's health care coverage through the Florida Kidcare program.

The bill provides for the prorata distribution of proceeds from the Cigarette Tax Collection Trust Fund to offset the annual assessment of 1.5 percent on hospital net inpatient revenues and 1.0 percent hospital net outpatient revenues. Each hospital's annual assessment to the PMATF will be credited with their respective relative share of the proceeds from the allocation of the cigarette tax monies applied against the annual assessment obligation thereby reducing the annual assessment percentage each hospital would have otherwise been obligated to pay.

The PMATF assessment on hospital net inpatient revenues for FY 2008-09 could total as much as \$295 million. The PMATF assessment on hospital net outpatient revenues for FY 2008-09 could total as much as \$94 million.

Allocating the annual proceeds from the Cigarette Tax Collection Trust Fund based on the proportion of the net inpatient assessment and the net outpatient assessment to the total assessment would reduce the inpatient assessment by about \$24 million to \$271 million actually received from all hospitals. The net outpatient assessment would be reduced by about \$7.6 million to \$86.4 million.

Also, the effective inpatient assessment rate would be reduced from 1.5 percent of net inpatient revenues to approximately 1.38 percent. The effective outpatient assessment rate would be reduced from 1.0 percent of net outpatient revenues to approximately 0.92 percent.

The AHCA produces Hospital Financial Data once each year based upon hospital specific audited financial data submitted by the hospitals to the AHCA. The most recent publication, released in 2008, is for those facilities with fiscal years ending in 2006. The majority of those reports cover the 12 months preceding the hospital's fiscal year 2006 ending date; however, some hospitals filed partial year reports due to fiscal year or ownership changes. Consequently, the oldest data would be from sometime in calendar year 2005. Revenues are reported annually, not monthly as contemplated by the statute. The AHCA would be unable to calculate these revenues monthly. Hospitals are grouped as Rural, General/Urban, General/Regional and General/Teaching hospitals and each group reflects a different scale of revenue expectation. The data from 2-3 years prior to the current year would not be relevant to revenues collected in the current year. Further, although net revenues are calculated by facility, a number of the "nets" are negative (i.e., hospitals reflect a loss of revenues for the 2006 fiscal year end). There is no way to calculate a negative net as a relative share of the total net operating revenue generated by hospitals. The AHCA does not believe the requirements of this bill, as currently described, can be implemented.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Additional Information:**

- A. **Committee Substitute – Statement of Substantial Changes:**  
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

**CS by Health Policy on April 15, 2008:**

The committee substitute (CS) changes all of the distribution formulas related to the revenue generated from the user fee. The new formulas are as indicated in Section 20 of “Effect of Proposed Changes” in this bill analysis, and include new distributions to fund the Low Income Pool and the Medicaid MEDS-AD Waiver Program. The CS deletes a provision that repealed the PMATF assessment on ambulatory surgical centers, mobile surgical facilities, clinical laboratories, and diagnostic-imaging centers, and deletes changes to s. 395.701, F.S., revising provisions of the PMATF.

- B. **Amendments:**

None.