HOUSE OF REPRESENTATIVES
FINAL BILL ANALYSIS

BILL #:	HB 5201	**FINAL HOUSE FLOOR ACTION:**	
SPONSOR(S):	Health Care Appropriations Subcommittee and Hudson	115 **Y's**	0 **N's**
COMPANION BILLS:	SB 2512	**GOVERNOR'S ACTION:**	Approved

SUMMARY ANALYSIS

HB 5201 passed the House on May 5, 2014. The bill conforms statutes to the funding decisions for the Medicaid program included in the General Appropriations Act (GAA) for Fiscal Year 2014-2015. The bill:

- Amends the definition of "rural hospital" to include hospitals meeting the qualifications of a federal "sole community hospital" having up to 340 beds. The bill also removes an obsolete statutory provision in the definition of rural hospital.
- Requires the Agency for Health Care Administration – beginning in the 2015-2016 fiscal year – to reconcile for each hospital participating in the Statewide Medicaid Residency Program, the number of residents calculated under the program's statutory formula with the most recent Medicare cost report submitted by the hospital. Allocations for residency slots under the program will be reconciled accordingly.
- Amends statute so that data used by the Agency for Health Care Administration to measure hospitals' Medicaid and charity care will be applied to the 2014-2015 fiscal year.
- Amends statute to provide that any non-state-owned or operated hospital that was eligible for public-hospital disproportionate share payments on July 1, 2011, remains eligible for those payments during the 2014-2015 fiscal year.
- Exempts children receiving services in a prescribed pediatric extended care (PPEC) facility from mandatory enrollment within the Statewide Medicaid Managed Care program.
- Provides that reimbursement for prescribed pediatric extended care services provided to children enrolled in a Medicaid managed care plan will be paid to the prescribed pediatric extended care service provider by the Agency for Health Care Administration on a fee-for-service basis.
- Includes Medicaid recipients residing in APD-licensed group homes and children receiving services in a prescribed pediatric extended care center to the list of recipients who are exempt from mandatory managed care enrollment under Statewide Medicaid Managed Care but who are allowed to join managed care plans voluntarily.
- Repeals the requirement in the Statewide Medicaid Managed Care program that persons eligible for the Medically Needy program must enroll in managed care plans and pay a monthly premium of an amount up to their share of cost calculated under the Medically Needy program. The bill also repeals requirements for Medicaid managed care plans related to Medically Needy.
- Repeals and replaces two paragraphs of proviso in the General Appropriations Act to correct a scrivener's error.

The bill was approved by the Governor on June 2, 2014, ch. 2014-57, L.O.F., and became effective on that date, except as otherwise provided.

I. SUBSTANTIVE INFORMATION

A. EFFECT OF CHANGES:

Rural Hospitals

Part III of ch. 395, F.S., governs rural hospitals. A rural hospital is defined in s. 395.602(2)(e), F.S., as a licensed, acute care hospital having 100 or fewer licensed beds and an emergency room which is:

- The sole provider in a county with a population density no greater than 100 persons per square mile;
- An acute care hospital in a county with a population density no greater than 100 persons per square mile which is at least 30 minutes of travel time from any other acute care hospital in the same county;
- A hospital supported by a tax district or sub-district whose boundaries encompass an area of 100 persons or fewer per square mile;
- A hospital in a constitutional charter county with a population of over one million persons that has imposed a local option health service tax and in an area that was directly impacted by a catastrophic event on August 24, 1992, for which the Governor of Florida declared a state of emergency and which has 120 or fewer beds and which serves an agricultural community with an emergency room utilization of no less than 20,000 visits and a Medicaid inpatient utilization rate greater than 15 percent;
- A hospital with a service area of fewer than 100 persons per square mile, with service area being defined as the fewest number of zip codes that account for 75 percent of the hospital's discharges for the most recent five-year period; or
- A hospital designated as a critical access hospital under s. 408.07(15).

The bill amends s. 395.602(2)(e), F.S., to revise the definition of "rural hospital." The bill deletes the obsolete provision regarding a hospital in an area that was directly impacted by a catastrophic event on August 24, 1992, for which the Governor of Florida declared a state of emergency, and adds a provision for "rural hospital" to include a hospital classified as a sole community hospital under title 42, s. 412.92, of the Code of Federal Regulations, having up to 340 licensed beds.

Statewide Medicaid Residency Program

Chapter 2013-48, Laws of Florida, created the Statewide Medicaid Residency Program in the Agency for Health Care Administration. Through the program, Medicaid Graduate Medical Education dollars are removed from regular hospital reimbursement payments and are subject to a formula-based redistribution. Each hospital participating in the program receives an annual allocation determined by a calculation of its percentage of total residents statewide and its percentage of total Medicaid inpatient reimbursement among participating hospitals.

The bill creates s. 409.909(5), F.S., relating to the Statewide Medicaid Residency Program. The bill requires the Agency for Health Care Administration – beginning in the 2015-2016 fiscal year – to reconcile each participating hospital's number of residents calculated under the program's statutory formula with the most recent Medicare cost report submitted by the hospital. In any year in which retroactive adjustments are needed due to the reconciliation, those adjustments will be applied to the hospital's allocation for that year.

Disproportionate Share Hospital Program (DSH)

The Medicaid Disproportionate Share Hospital Program funding distributions are provided to hospitals that provide a disproportionate share of the Medicaid or charity care services to uninsured individuals. Each year, the Legislature delineates how the funds will be distributed to each eligible facility.

The bill updates existing law to provide payments for the 2014-2015 fiscal year related to hospitals in the Disproportionate Share Hospital (DSH) Programs and Medicaid DSH distributions for nonstate, government-owned or operated hospitals that were eligible for payment on July 1, 2011

Statewide Medicaid Managed Care Enrollment

Chapter 2011-134, Laws of Florida, created the Medicaid Managed Care statutes, comprising sections 409.961 through 409.985, F.S. These statutes define the Medicaid program's statewide, integrated managed care program for all covered services. Included within the Statewide Medicaid Managed Care statutes are mandatory enrollment requirements. Current statutes require that all Medicaid recipients shall receive covered services through a managed care program. This includes individuals eligible for the Medically Needy program. The Medically Needy recipients are required to meet their share of cost by paying the plan premium, up to their share of cost. Exceptions to the mandatory managed care enrollment are included in law for populations which receive limited Medicaid services, like emergency Medicaid for aliens and women who are only eligible for family planning services or for breast and cervical cancer services. The service range and duration is so limited for these groups that care management is impractical. Similarly, children receiving services in prescribed pediatric extended care centers are exempt from mandatory enrollment. The existing fee-for-service Medicaid program remains for these, limited populations. Additionally, persons with developmental disabilities on the home and community-based services waiver may voluntarily participate in the Managed Medical Assistance Program; otherwise, they remain in the fee-for-service program.

The bill amends statute to allow children currently receiving services in Prescribed Pediatric Extended Care (PPEC) centers to voluntarily enroll in Statewide Medicaid Managed Care. Currently, children receiving services in PPEC centers are exempt from Statewide Medicaid Managed Care enrollment. The bill also creates a new section of statute to require reimbursement for prescribed pediatric extended care services provided to children enrolled in a managed care plan be paid to the PPEC provider by the Agency for Health Care Administration on a fee-for-services basis.

The bill repeals the Statewide Medicaid Managed Care requirement that individuals eligible for the Medically Needy program must enroll in managed care plans and pay a monthly premium amount up to their share of cost. The bill also repeals the requirement within Statewide Medicaid Managed Care for managed care plans to accept Medically Needy recipients as enrollees.

The bill adds Medicaid beneficiaries residing in APD-licensed group homes to the list of beneficiaries who are exempt from mandatory managed care enrollment under Statewide Medicaid Managed Care, but are allowed to join managed care plans voluntarily.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

   $210,123,845 in federal Medicaid funds will be generated through the implementation of the DSH programs.

2. Expenditures:

   The Conference Report on House Bill 5001 General Appropriations Act contains the following appropriation:

	FY 2014-15
REGULAR DISPROPORTIONATE SHARE (DSH)	
General Revenue	$ 750,000
Grants and Donations Trust Fund	$ 91,378,748
Medical Care Trust Fund	$ 136,592,077
Total	**$ 228,720,825**
MENTAL HEALTH HOSPITAL DSH	
Medical Care Trust Fund	$ 71,125,459
Total	**$ 71,125,459**
TUBERCULOSIS DSH	
Medical Care Trust Fund	$ 2,406,309
Total	**$ 2,406,309**
DISPRPORTIONATE SHARE HOSPITAL (DSH) SUBTOTAL	
General Revenue	*$ 750,000*
Grants and Donations Trust Fund	*$ 91,378,748*
Medical Care Trust Fund	*$ 210,123,845*
SUBTOTAL	***$ 302,252,593***
SOLE COMMUNITY HOSPITALS MEETING "RURAL" DEFINITION	
General Revenue	$ 3,049,999
Medical Care Trust Fund	$ 4,492,037
Total	**$ 7,542,036**
RURAL HOSPITAL FINANCIAL ASSISTANCE PROGRAM	
General Revenue	$ 2,418,622
Grants and Donations Trust Fund	$ 3,677,379
Medical Care Trust Fund	$ 5,407,850
Total	**$ 11,503,851**
RURAL AND SOLE COMMUNITY HOSPITAL SUBTOTAL	
General Revenue	*$ 5,468,621*
Grants and Donations Trust Fund	*$ 3,677,379*
Medical Care Trust Fund	*$ 9,899,887*
Total	***$ 19,045,887***
TOTAL BUDGETARY IMPACT	
General Revenue	**$ 6,218,621**
Grants and Donations Trust Fund	**$ 95,056,127**
Medical Care Trust Fund	**$ 220,023,732**
GRAND TOTAL	**$ 321,298,480**

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

   None.

2. Expenditures:

In order to earn matching federal dollars, local governments and other local political subdivisions would be required to provide $95,056,127 in contributions for the DSH program.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Hospitals providing a disproportionate share of Medicaid or charity care services will receive additional reimbursement toward the cost of providing care to uninsured individuals.

D. FISCAL COMMENTS:

The AHCA will distribute a total of $302,252,593 through the federal Disproportionate Share Hospital (DSH) Program to hospitals providing a disproportionate share of Medicaid or charity care services. Additionally, AHCA will distribute a total of $19,045,887 to rural hospitals.