

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** HB 1141 Statewide Medicaid Residency Program  
**SPONSOR(S):** McClure  
**TIED BILLS:** **IDEN./SIM. BILLS:** SB 950

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Health Market Reform Subcommittee	13 Y, 0 N	Gilani	Crosier
2) Health Care Appropriations Subcommittee			
3) Health & Human Services Committee			

### SUMMARY ANALYSIS

The nation, including Florida, has a shortage of physicians which is only expected to worsen with time. This projected shortage is even higher in physician specialties, especially primary care and psychiatry. Florida has 458 federally designated Health Professional Shortage areas in the state for primary care and mental health, which would take 1,658 primary care physicians and 409 psychiatrists to eliminate. When assessing overall unmet need, Florida has the second highest psychiatrist shortage in the nation, with a shortage of approximately 1,000 psychiatrists which is projected to increase by 48 percent by 2030.

Funding graduate medical education is one way to address the physician shortage because physicians are more likely to practice in the state where they complete their graduate medical education. Graduate medical education, better known as a "residency," is the education and training of physicians after graduation from a medical school in which physicians refine the clinical skills necessary to practice in a specific medical field, such as surgery, family practice, or psychiatry.

The Legislature created two graduate medical education programs to fund more residency slots in the state. The Statewide Medication Residency Program uses a statutory allocation formula to equitably distribute graduate medical education funding to hospitals and qualifying institutions for residency programs associated with the Medicaid program. The Graduate Medical Education Startup Bonus Program addresses the shortage in physician specialties by funding hospitals and qualifying institutions up to \$100,000 per newly created residency slot that is dedicated to a physician specialty in statewide shortage. Hospitals and qualifying institutions are eligible for both programs. Currently, a qualifying institution only includes a Federally Qualified Health Clinics with institutional accreditation from the Accreditation Council for Graduate Medical Education.

HB 1141 broadens the definition of "qualifying institution" under these programs to include a community facility as defined in s. 394.455(8), F.S., or a community mental health center or clinic as defined in s. 394.455(9), F.S., which holds an institutional accreditation from the Accreditation Council for Graduate Medical Education.

The bill has an insignificant fiscal impact on the Agency for Health Care Administration.

The bill provides an effective date of July 1, 2019.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. EFFECT OF PROPOSED CHANGES:

##### **Background**

##### Physician Shortage

There is currently a health care provider shortage in the U.S. which is only expected to worsen with time.<sup>1</sup> For example, as of December 31, 2018, the U.S. Department of Health and Human Services has designated 7,026 Primary Care Health Professional Shortage Areas (HPSAs) (requiring 14,900 additional primary care physicians to eliminate the shortage) and 5,124 Mental Health HPSAs (requiring 6,694 additional psychiatrists to eliminate the shortage).

Florida is not immune to the national problem and is experiencing a physician shortage itself. This is evidenced by the fact that for just primary care and mental health there are 458 federally designated Health Professional Shortage Areas (HPSA) within the state.<sup>2</sup> It would take 1,658 primary care physicians and 409 psychiatrists to eliminate these shortage areas.<sup>3</sup> Currently, there are approximately 70,191 physicians in Florida, 3,945 of which are primary care physicians<sup>4</sup> and 2,100 of which are psychiatrists.<sup>5</sup> When assessing overall unmet need, Florida has the second highest psychiatrist shortage in the nation, with a shortage of approximately 1,000 psychiatrists.<sup>6</sup> This shortage is projected to increase by 48 percent by 2030.

##### Graduate Medical Education

Graduate medical education, better known as a “residency,” is the education and training of physicians after graduation from a medical school in which physicians refine the clinical skills necessary to practice in a specific medical field, such as surgery, family practice, or psychiatry.<sup>7</sup> Graduate medical education for physicians generally includes internships, residency training, and fellowships, and can range from three to seven years. Increased funding of graduate medical education can address physician shortages.

Graduate medical education is significant because.<sup>8</sup>

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<sup>1</sup> U.S. HEALTH RESOURCES AND SERVICES ADMINISTRATION, *Designated Health Professional Shortage Area Statistics, Fourth Quarter of Fiscal Year 2018 Designated HPSA Quarterly Summary*, (Dec. 31, 2018), available at [https://ersrs.hrsa.gov/ReportServer?/HGDW\\_Reports/BCD\\_HPSA/BCD\\_HPSA\\_SCR50\\_Qtr\\_Smry\\_HTML&rc:Toolbar=false](https://ersrs.hrsa.gov/ReportServer?/HGDW_Reports/BCD_HPSA/BCD_HPSA_SCR50_Qtr_Smry_HTML&rc:Toolbar=false) (last visited Mar. 10, 2019).

<sup>2</sup> *Supra* note 1.

<sup>3</sup> *Id.*

<sup>4</sup> FLORIDA DEPARTMENT OF HEALTH, FLHEALTHCHARTS, *Total Family Practice Physicians*, <http://www.flhealthcharts.com/charts/OtherIndicators/NonVitalIndNoGrpDataViewer.aspx?cid=0328> (last visited Mar. 10, 2019).

<sup>5</sup> U.S. HEALTH RESOURCES AND SERVICES ADMINISTRATION, BUREAU OF HEALTH WORKFORCE, *State-Level Projections of Supply and Demand For Behavioral Health Occupations: 2016-2030*, Sept. 2018, available at: <https://bhw.hrsa.gov/sites/default/files/bhw/nchwa/projections/state-level-estimates-report-2018.pdf> (last visited Mar. 10, 2019).

<sup>6</sup> *Id.*

<sup>7</sup> FLORIDA DEPARTMENT OF HEALTH, *Graduate Medical Education Committee Annual Report on Graduate Medical Education* (Jan 2010), available at: <http://www.floridahealth.gov/provider-and-partner-resources/community-health-workers/physician-workforce-development-and-recruitment/gmereport2010.pdf> (last visited Mar. 10, 2019).

<sup>8</sup> *Id.*

- Graduate medical education training has a direct impact on the quality and adequacy of the state’s physician specialty and sub-specialty workforce and the geographic distribution of physicians.
- The support and expansion of residency programs in critical-need areas could result in more primary care practitioners and specialists practicing in Florida.
- Medical residents are more likely to practice in the state where they completed their graduate medical education training than where they went to medical school.
- Quality, prestigious programs will attract the best students, who are more likely to stay as practicing physicians.
- Medical residents act as “safety nets” of care for indigent, uninsured, and under-served patients in the state.

The Accreditation Council for Graduate Medical Education (ACGME) is a not-for-profit organization that sets standards for U.S. graduate medical education programs and the institutions that sponsor them.<sup>9</sup> ACGME accreditation is overseen by a review committee made up of volunteer specialty experts from the field that set accreditation standards and provide peer evaluation of sponsoring institutions and specialty and subspecialty residency and fellowship programs. The ACGME only accredits a residency program and institution if it determines that the residency program meets the quality standards of the specialty or subspecialty practice for which it prepares its graduates. There are currently approximately 839 ACGME-accredited institutions sponsoring approximately 11,200 residency programs in 180 specialties and subspecialties.<sup>10</sup>

### Statewide Medicaid Residency Program

In 2013, in an effort to address the physician shortage in Florida, the Legislature established the Statewide Medicaid Residency Program (Program) to improve the quality of care and access to care for Medicaid recipients, expand graduate medical education on an equitable basis, and increase the supply of highly trained physicians statewide.<sup>11</sup> The Program requires the Agency for Health Care Administration (AHCA) to use appropriated funds to generate federal matching funds under Medicaid and distribute the resulting funds to hospitals and qualifying institutions for graduate medical education associated with the Medicaid program.<sup>12</sup> Previously, graduate medical education was reimbursed through hospital inpatient and outpatient reimbursements. Currently, the program is funded at \$97.3 million each year,<sup>13</sup> and since its inception has funded an additional 1,113 residency slots.<sup>14</sup>

Hospitals licensed under Part I of ch. 395, F.S., and qualifying institutions are eligible for graduate medical education funding under the Program. Under these programs, “qualifying institution” is defined as a federally Qualified Health Center holding an ACGME institutional accreditation.<sup>15</sup> A Federally Qualified Health Center is a reimbursement designation from the federal Bureau of Primary Health Care and the Centers for Medicare and Medicaid Services.<sup>16</sup> Federally Qualified Health Centers are community-based health care providers that receive funds from the federal Health Resources and

<sup>9</sup> ACCREDITATION COUNCIL OF GRADUATE MEDICAL EDUCATION, *What We Do*, <https://www.acgme.org/What-We-Do/Overview> (last visited Mar. 10, 2019).

<sup>10</sup> *Id.*

<sup>11</sup> Ch. 2013-48, Laws of Florida.

<sup>12</sup> S. 409.909(1), F.S.

<sup>13</sup> FLORIDA AGENCY FOR HEALTH CARE ADMINISTRATION, *Graduate Medical Education*, <http://www.fdhc.state.fl.us/Medicaid/Finance/finance/LIP-DSH/GME/index.shtml> (last visited Mar. 10, 2019).

<sup>14</sup> *Training Tomorrow’s Doctors: Graduate Medical Education in Florida 2017 Annual Report*, SAFETY NET HOSPITAL ALLIANCE OF FLORIDA AND TEACHING HOSPITAL COUNCIL OF FLORIDA, available at: <http://safetynetsflorida.org/wp-content/uploads/State-of-the-State-report-on-GME-2017.pdf> (last visited Mar. 10, 2019).

<sup>15</sup> S. 409.909(2)(c), F.S.

<sup>16</sup> Section 1905(l)(2)(B) of the Social Security Act.

Services Administration Health Center Program to provide primary care services in underserved areas.<sup>17</sup>

AHCA must calculate an allocation fraction in accordance with statutory formula on or before September 15 of each year.<sup>18</sup> The allocation fraction for each participating hospital or qualifying institution is based on its number of full-time equivalent residents and the amount of its Medicaid payments as they compare to all participating hospitals and qualifying institutions.<sup>19</sup> A hospital's annual allocation equals the funds appropriated for the Program in the General Appropriations Act multiplied by its allocation fraction. Regardless of the formula, a hospital's annual allocation may not exceed two-times the average per resident amount for all hospitals. Any funds beyond this amount must be redistributed to participating hospitals whose annual allocation does not exceed this limit. AHCA must distribute each participating hospital's annual allocation in four quarterly installments.<sup>20</sup>

The Graduate Medical Education Startup Bonus Program was subsequently created to provide resources for the education and training of physicians in specialties for which there is a shortage in the state.<sup>21</sup> In any fiscal year in which funds are appropriated for the Startup Bonus Program, hospitals and qualifying institutions may also apply for up to \$100,000 per newly created residency slot that is dedicated to a physician specialty in statewide shortage. Such physician specialties and subspecialties are those identified in the General Appropriations Act.

**Residents in Shortage Specialties in Florida, by Specialty<sup>22</sup>**

Specialty in Deficit/ State Fiscal Year	2025 Projected Physician Deficit	*Estimated FTEs 2014-15	FTEs 2015-16	FTEs 2016-17	3 yr Impact
	A	B	C	D	E = A + (D - B)
Psychiatry	(1,190)	138	199	169	(1,159)
Family Medicine	(920)	437	494	512	(846)
General Surgery	(720)	270	286	394	(596)
Radiology	(700)	173	166	188	(685)
Anesthesiology	(650)	213	244	230	(633)
Cardiology	(490)	48	74	102	(436)
Obstetrics / Gynecology	(450)	166	176	180	(436)
Hematology /Oncology	(360)	40	52	63	(337)
Pulmonology	(300)	19	32	33	(286)
Orthopedic Surgery	(270)	95	142	144	(221)
Ophthalmology	(180)	47	54	46	(181)
Rheumatology	(120)	8	10	11	(117)
Endocrinology	(110)	10	13	13	(107)
Urology	(110)	43	34	29	(124)
Thoracic Surgery	(100)	2	8	2	(100)
Allergy / Immunology	(90)	4	7	7	(88)
Otolaryngology	(90)	28	37	35	(83)
Infectious Disease	(50)	17	24	19	(48)
Neurology	(50)	95	110	116	(28)
Nephrology	(30)	16	17	14	(32)
<b>Total</b>	<b>(6,980)</b>	<b>1,869</b>	<b>2,179</b>	<b>2,306</b>	<b>(6,543)</b>

The Startup Bonus Program is currently funded at \$100 million dollars,<sup>23</sup> and since its inception has funded 750 new residency slots in specialties for which there is a shortage.<sup>24</sup>

<sup>17</sup> U.S. HEALTH RESOURCES & SERVICES ADMINISTRATION, *Federally Qualified Health Centers*, <https://www.hrsa.gov/opa/eligibility-and-registration/health-centers/fqhc/index.html> (last visited Mar. 10, 2019).

<sup>18</sup> S. 409.909(2), F.S.

<sup>19</sup> S. 409.909(3), F.S.

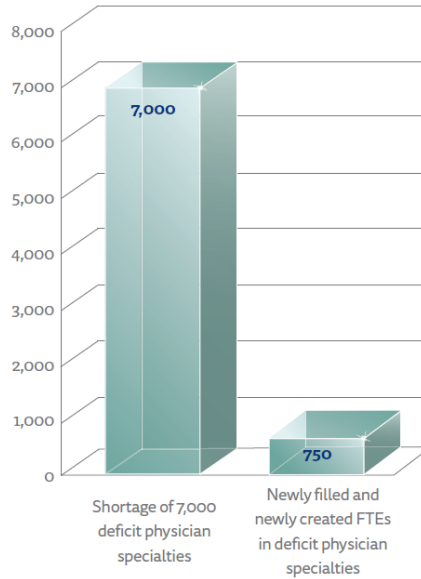
<sup>20</sup> S. 409.909(4), F.S.

<sup>21</sup> S. 409.909(5), F.S.

<sup>22</sup> *Supra* note 14.

<sup>23</sup> FLORIDA AGENCY FOR HEALTH CARE ADMINISTRATION, *Graduate Medical Education*, <http://www.fdhc.state.fl.us/Medicaid/Finance/finance/LIP-DSH/GME/index.shtml> (last visited Mar. 10, 2019).

## Startup Bonus Program Addressing Florida's Physician Shortage Progress to Date<sup>25</sup>



### Florida's State Behavioral Health System

The Department of Children and Families (DCF) administers a statewide system of safety-net services for substance abuse and mental health prevention, treatment, and recovery. DCF contracts with and licenses certain community-based providers to provide a range of prevention, acute interventions (such as crisis stabilization and detoxification), inpatient or outpatient treatment, and recovery support for adolescents and adults affected by substance misuse, abuse or dependence.<sup>26</sup> Services are provided based upon state and federally-established priority populations.<sup>27</sup>

Community facilities and community mental health centers are examples of the types of providers DCF contracts with to provide substance abuse and mental health services to priority populations. In accordance with section 394.455, F.S., to qualify as a community facility, a community service provider must contract with DCF to provide mental health or substance abuse services. For community mental health centers or clinics, the provider must be publicly funded in addition to being not-for-profit and contracted with DCF for the provision of inpatient, outpatient, day treatment, or emergency services.

Florida Medicaid covers the following community behavioral health services:<sup>28</sup>

- Behavioral health assessments.
- Therapy services.
- Community support services.
- Medication assisted treatment.
- Psychiatric services.

These services may be provided by community facilities or community mental health centers if they meet all other Medicaid enrollment requirements.<sup>29</sup>

<sup>24</sup> *Supra* note 14.

<sup>25</sup> *Supra* note 14. Assumes all physicians will remain in Florida post-residency.

<sup>26</sup> DEPARTMENT OF CHILDREN AND FAMILIES, *Treatment for Substance Abuse*, <http://www.myflfamilies.com/service-programs/substance-abuse/treatment-and-detoxification>, (last visited Feb. 16, 2019).

<sup>27</sup> These priority populations include, among others, persons diagnosed with co-occurring substance abuse and mental health disorders, persons who are experiencing an acute mental or emotional crisis, children who have or are at risk of having an emotional disturbance, and children at risk for initiating drug use.

<sup>28</sup> Agency for Health Care Administration, Agency Analysis for 2019 HB 1141, Mar. 11, 2019, p. 3 (on file with Health Market Reform Subcommittee).

## Effect of the Bill

HB 1141 broadens the definition of “qualifying institution” to include a community facility as defined in s. 394.455(8), F.S., or a community mental health center or clinic as defined in s. 394.455(9), F.S., which holds an institutional accreditation from the Accreditation Council for Graduate Medical Education. Community facilities and community health centers or clinics are community-based providers that the Department of Children and Families contracts with to provide publicly-funded substance abuse and mental health services to the state’s safety-net populations. This would allow such entities that have an accredited residency program and that provide Medicaid services to qualify for funding under the Statewide Medicaid Residency Program and the Graduate Medical Education Startup Bonus Program.

The bill provides an effective date of July 1, 2019.

### B. SECTION DIRECTORY:

**Section 1:** Amends s. 409.909, F.S., relating to the Statewide Medicaid Residency Program.

**Section 2:** Provides an effective date of July 1, 2019.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

### A. FISCAL IMPACT ON STATE GOVERNMENT:

#### 1. Revenues:

None.

#### 2. Expenditures:

AHCA will need to update its procedures to reflect the new entities eligible for graduate medical education funding under the bill, which can be absorbed within existing resources.<sup>30</sup>

### B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

#### 1. Revenues:

None.

#### 2. Expenditures:

None.

### C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

To the extent that entities meet the requirements of a qualifying institution under the bill, there may be an increase of residency slots allocated under the programs, which would also reduce the amount of the allocation fraction for all entities currently eligible for funding under the programs.

### D. FISCAL COMMENTS:

None.

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<sup>29</sup> Id.

<sup>30</sup> *Supra* note 28.

### **III. COMMENTS**

#### **A. CONSTITUTIONAL ISSUES:**

##### **1. Applicability of Municipality/County Mandates Provision:**

Not applicable. The bill does not appear to affect county or municipal governments.

##### **2. Other:**

None.

#### **B. RULE-MAKING AUTHORITY:**

AHCA has sufficient rulemaking authority in current law to implement the bill.

#### **C. DRAFTING ISSUES OR OTHER COMMENTS:**

None.

### **IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES**