

## HOUSE OF REPRESENTATIVES STAFF FINAL BILL ANALYSIS

**BILL #:** HB 1023 St. Lucie County

**SPONSOR(S):** Trabulsy and others

**TIED BILLS:** **IDEN./SIM. BILLS:**

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**FINAL HOUSE FLOOR ACTION:** 114 Y's 0 N's **GOVERNOR'S ACTION:** Approved

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### SUMMARY ANALYSIS

HB 1023 passed the House on February 22, 2024, and subsequently passed the Senate on March 7, 2024.

Medicare is the federal health insurance program for persons 65 or older, certain younger people with disabilities, and people with end-stage renal disease. The Centers for Medicare & Medicaid Services (CMS) develops a fee schedule in order to reimburse health care providers who accept payment via Medicare. Relative value units (RVUs) are used to calculate physician reimbursements. The 2024 Medicare reimbursement rate is \$32.74 per RVU.

The St. Lucie County Sheriff's Office manages the St. Lucie County jail. The Detention Administration Division within the sheriff's office is responsible for inmate health care.

The bill limits the compensation of health care providers who provide medical services for inmates housed in a St. Lucie County detention center to 110 percent of the Medicare reimbursement rate if that provider does not have a contract with St. Lucie County to provide inmate medical services. The bill provides that such compensation may not exceed 125 percent of the Medicare reimbursement rate if the hospital has reported a negative operating margin for the previous year to the Agency for Health Care Administration through hospital-audited financial data.

The bill also provides that compensation to an entity to provide emergency medical transportation services for an inmate housed in a St. Lucie County detention center may not to exceed 110 percent of the Medicare reimbursement rate if the entity does not have a contract with St. Lucie County to provide emergency medical services.

The Economic Impact Statement states that the bill is not expected to have a fiscal impact. However, the bill may have a fiscal impact for health care providers who have not contracted with St. Lucie County to provide inmate medical services.

The bill was approved by the Governor on May 16, 2024, ch. 2024-289, L.O.F., and became effective on that date.

## I. SUBSTANTIVE INFORMATION

### A. EFFECT OF CHANGES:

#### Present Situation

##### Medicare Fee Schedule

Medicare is the federal health insurance program for persons 65 or older, certain younger people with disabilities, and people with end-stage renal disease.<sup>1</sup> Payments by Medicare to doctors and other healthcare providers are made subject to a fee schedule developed by the Centers for Medicare & Medicaid Services (CMS).<sup>2</sup> The fee schedule is a complete listing of fees, including the fee maximums, that are used to reimburse a physician or other providers on a fee-for-service basis.

The Physician Fee Schedule (PFS) is the primary method of payment for health care providers enrolled in Medicare. Medicare uses the PFS when paying professional services of physicians and other health care providers in private practice, services covered incident to physicians' services (other than certain drugs covered as incident to services), diagnostic tests (other than clinical laboratory tests), and radiology services.<sup>3</sup> Relative value units (RVUs) are used to calculate physician reimbursements. RVUs combine components related to the physician's work, the practice's expenses, and, when desired, liability protection.<sup>4</sup> The Medicare reimbursement rate for 2024 is \$32.74 per RVU, a roughly 3.4 percent reduction from 2023 (\$33.89).<sup>5</sup>

##### St. Lucie County Sheriff's Office

The St. Lucie County Sheriff's Office manages the St. Lucie County jail.<sup>6</sup> The Detention Administration Division within the Sheriff's Office is responsible for inmate health care.<sup>7</sup> For the 2023-2024 Fiscal Year, the Sheriff's Office had a total budget of \$103,122,949.<sup>8</sup> Of this total, \$11,574,864 was used for expenses related to inmate medical costs, training, and the administration of federal, state, and local grants.<sup>9</sup> The county commission made an operational investment of \$1,360,000 for inmate medical care and expenses for jail medical equipment in this year's budget, including \$1,000,000 for an inmate medical facility.<sup>10</sup>

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<sup>1</sup> Medicare.gov, *What's Medicare?*, <https://www.medicare.gov/what-medicare-covers/your-medicare-coverage-choices/whats-medicare> (last visited Jan. 26, 2024).

<sup>2</sup> Centers for Medicare & Medicaid Services, *Fee Schedules— General Information*, <https://www.cms.gov/medicare/payment/fee-schedules> (last visited Jan. 26, 2024).

<sup>3</sup> Centers for Medicare & Medicaid Services, *Physician Fee Schedule*, <https://www.cms.gov/medicare/payment/fee-schedules/physician> (last visited Jan. 26, 2024).

<sup>4</sup> AMA CPT International, *Relative Value Units*, <https://cpt-international.ama-assn.org/relative-value-units> (last visited Jan. 26, 2024).

<sup>5</sup> American Academy of Family Physicians, *2024 Medicare physician fee schedule reduces conversion factor, but has positives for primary care*, <https://www.aafp.org/pubs/fpm/blogs/gettingpaid/entry/2024-medicare-fee-schedule.html> (last visited Jan. 26, 2024).

<sup>6</sup> St. Lucie County Sheriff's Office, Dept. of Detention, *Department of Detention*, <https://www.stluciesheriff.com/238/Department-of-Detention> (last visited Jan. 26, 2024).

<sup>7</sup> St. Lucie County Sheriff's Office, Dept. of Detention, *Detention Administration Division*, <https://www.stluciesheriff.com/256/Detention-Administration-Division> (last visited Jan. 26, 2024).

<sup>8</sup> St. Lucie County, *2024 Final Budget* 37, available at

<https://www.stlucieco.gov/home/showdocument?id=9113&t=638385048882649770> (last visited Jan. 26, 2024).

<sup>9</sup> *Id.* at 282.

<sup>10</sup> *Id.* at xvi and 314.

## Effect of the Bill

The bill limits the compensation of health care providers<sup>11</sup> who provide medical services for inmates housed in a St. Lucie County detention center to 110 percent of the Medicare reimbursement rate if that provider does not have a contract with St. Lucie County to provide inmate medical services.

The bill provides that health care providers may not be compensated at a rate exceeding 125 percent of the Medicare reimbursement rate if the health care provider does not have a contract with St. Lucie County to provide inmate medical services and has reported a negative operating margin for the previous year to the Agency for Health Care Administration through hospital-audited financial data.

The bill provides that compensation to an entity to provide emergency medical transportation services<sup>12</sup> for an inmate housed in a St. Lucie County detention center may not exceed 110 percent of the Medicare reimbursement rate if the entity does not have a contract with St. Lucie County to provide emergency medical services.

The Economic Impact Statement states that the bill is not expected to have a fiscal impact. However, the bill may have a negative fiscal impact for health care providers who have not contracted with St. Lucie County to provide inmate medical services.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

### A. FISCAL IMPACT ON STATE GOVERNMENT:

#### 1. Revenues:

None.

#### 2. Expenditures:

None.

### B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

#### 1. Revenues:

None.

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<sup>11</sup> The bill defines "health care provider" to mean a hospital licensed under ch. 395, F.S.; a physician or physician assistant licensed under ch. 458, F.S.; an osteopathic physician or physician assistant licensed under ch. 459, F.S.; a podiatric physician licensed under ch. 461, F.S.; a health maintenance organization certificated under part I of ch. 641, F.S.; an ambulatory surgical center licensed under ch. 395, F.S.; an other medical facility; and a professional association, partnership, corporation, joint venture, or other association composed of certain persons for professional activity. The bill defines "other medical facility" to mean a facility the primary purpose of which is to provide human medical diagnostic services or a facility providing nonsurgical human medical treatment, to which facility the patient is admitted and from which facility the patient is discharged within the same working day, and which facility is not part of a hospital. However, a facility existing for the primary purpose of performing terminations of pregnancy or an office maintained by a physician or dentist for the practice of medicine may not be construed to be an "other medical facility."

<sup>12</sup> The bill defines "emergency medical transportation services" to include, but is not limited to, services rendered by means of an ambulance, emergency medical services vehicle, or air ambulance. The bill defines "air ambulance" to mean a fixed-wing or rotary-wing aircraft used for, or intended to be used for, air transportation of sick or injured persons requiring or likely to require medical attention during transport. It also defines "ambulance" or "emergency medical services vehicle" to mean a privately or publicly owned vehicle or vessel that is designed, constructed, reconstructed, maintained, equipped, or operated for, and is used for, or intended to be used for, land or water transportation of sick or injured persons requiring or likely to require medical attention during transport.

2. Expenditures:

None.

C. ECONOMIC IMPACT STATEMENT FILED? Yes  No

D. NOTICE PUBLISHED? Yes  No

IF YES, WHEN? November 12, 2023.

WHERE? The *Indian River Press Journal*, a newspaper of general circulation in St. Lucie County, Florida.

E. REFERENDUM(S) REQUIRED? Yes  No

IF YES, WHEN?