

A Pinellas County Medicaid Opportunity

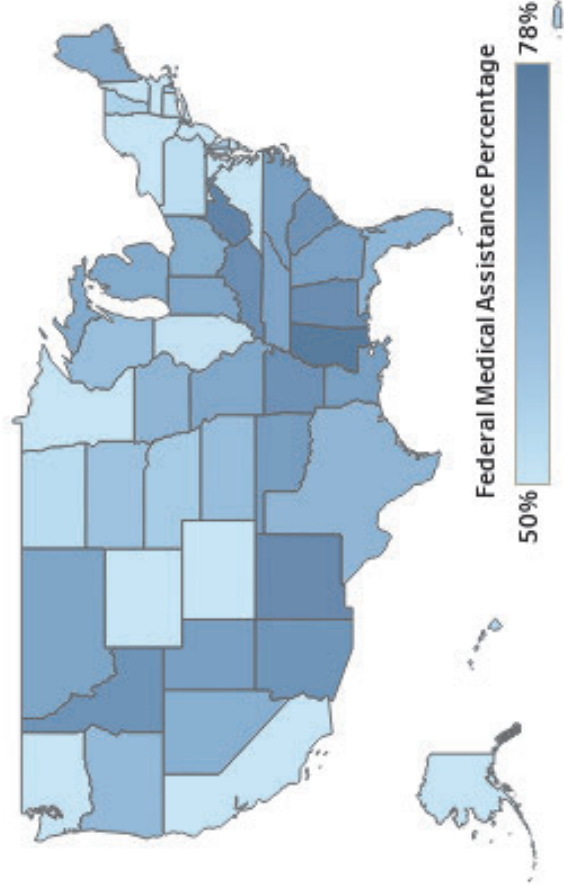
Medicaid

- Medicaid is the nation's public health insurance program for low-income children, families, elders, and people with disabilities.
- **1 in 5** Florida residents is enrolled.
- The program supports the health care system and safety-net and increases the state's capacity to address health challenges.



States receive varying levels of assistance from the federal government for Medicaid

Federal Medical Assistance Percentages

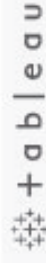


SOURCE: Kaiser Family Foundation

Note: The federal minimum FMAP is 50.

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Medicaid Finance

- Medicaid is jointly funded by the states and federal government.
- The state contributes, and the federal government provides matching funds.

Medicaid in Florida

- Florida's hospitals receive approximately 61% of their Medicaid costs.
 - Statewide, hospitals provide over **\$2 billion** in unreimbursed Medicaid costs each year.
 - Pinellas County hospitals incur approximately **\$200 million** in unreimbursed Medicaid-service costs each year.

1. Source: Data provided by The Agency For Health Care Administration ("AHCA"). The Medicaid shortfall data is based on utilization related to SFY2018.

Unlocking an Opportunity



- In November 2020, Governor DeSantis included in his recommended budget direction for the state's Medicaid agency to seek federal approval for a directed payment program designed to narrow the reimbursement gap.

Unlocking an Opportunity

- Florida's Legislature adopted his recommendation, both in 2021 and again in budget proviso for 2022 and 2023. The language:
 - Directs AHCA to seek federal authorization for the program
 - Requires AHCA to submit a request for state legislative authority to move funds to implement the program, if approved



*Better Health Care
for All Floridians*

Funding the Hospital Directed Payment Program

- For nonpublic hospitals, the source of funds for the state's share comes from non-ad valorem special assessments levied by local governments against private for-profit and non-for-profit hospitals.

Federal Requirements

- Pursuant to federal law, each non-ad valorem special assessment must:
 - Be broad-based
 - Be uniform
 - Not include a hold-harmless agreement
- Generally, no more than 6 percent net patient revenues may be used for such programs.

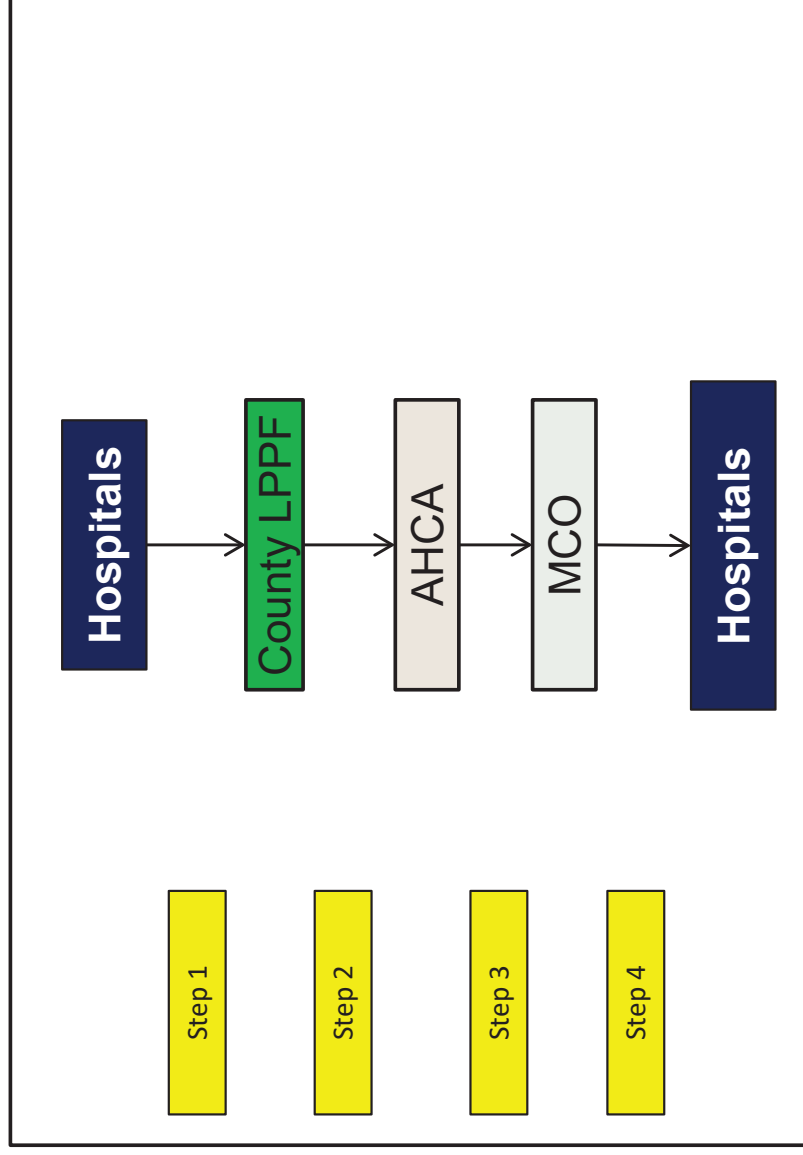
Payment Mechanism

Step 1: Nonpublic hospitals pay assessment to be deposited in a Local Provider Participation Fund (“LPPF”).

Step 2: County sends funds from LPPF to AHCA to support non-federal share of Directed Payment Program (“DPP”).

Step 3: AHCA sends Federal and Non-Federal funds to Managed Care Organization (“MCO”).

Step 4: MCO sends lump sum payments to hospitals based on utilization data.



Which MCOs will Participate?

- MCOs who contract with state managed Medicaid providers are obligated to make payments to hospitals.

MCO	Region											
	1	2	3	4	5	6	7	8	9	10	11	Total
Aetna Better Health						X	X				X	3
Community Care Plan										X		1
Florida Community Care	X	X	X	X	X	X	X	X	X	X	X	11
Humana Medical Plan	X	X	X	X	X	X	X	X	X	X	X	11
Lighthouse Health Plan	X	X										2
Miami Children's									X		X	2
Molina Healthcare								X			X	2
Prestige									X		X	2
Simply Healthcare					X	X	X			X	X	5
Staywell	X	X	X	X	X	X	X	X	X		X	10
Sunshine Health	X	X	X	X	X	X	X	X	X	X	X	11
United Healthcare			X	X		X					X	4
Vivida Health								X				1

Expanding in Year 3

- The legislature once again included the directed payment program in its budget.
- With legislative authority and approval from CMS, Florida's private hospitals can once again benefit from the reimbursement rate increase resulting from the hospital DPP.
- Pinellas County's partnership is key to allowing its private hospitals to take part in Year 3.

Next Steps

- Pinellas County's participation in this program requires a two-step process:
 - One-time passage of an ordinance establishing a special assessment
 - Annual passage of a resolution setting the rate and triggering the invoice to participating hospitals

Ordinance and Resolution Timeline Steps

- Each year, the State sends out Letters of Agreement for the hospital directed payment program in September.
- Completed LOAs are due October 1.
- For 2023, the Legislature waived the October deadline.
- Pinellas would be required to adopt an ordinance (April 2024), adopt an assessment resolution (May 2024), execute Letters of Agreement (May 2024), and collect the assessment prior to June 1, 2024 to participate.
- A new resolution for an assessment would be required for each participation year. For 2024 participation, a new resolution would be anticipated in September 2024.

LPPF Guardrails

- The annual nature of the resolution gives the County the opportunity to ensure the program receives federal approval, authorization from the legislature, and support from the affected hospitals each year.
- Prior to the passage of each resolution, all hospitals receive notice and an opportunity to object.
- Nothing binds the Board to pass a resolution or collect each year.

Assessment Impact

- Only the nonpublic hospitals receive a bill.
 - The assessment has no impact on individual citizens or business with no nexus to Medicaid.
- The ordinance prohibits the cost being passed on to patients.
- Administrative costs associated with the program are minimal.
- The assessment provides the County authority to use up to \$150,000 of the funds collected to cover any and all costs.

Support

- Affected nonpublic hospitals in Pinellas County support passage of the ordinance and establishment of the assessment.
- Many systems participate in and benefit from assessments in other counties across the state.



Directed Payment Program Outcomes

- Creation of the Local Provider Participation Fund by Pinellas County ensures hospitals in the county can access much needed funding in the wake of the pandemic.
- Helping to close the reimbursement gap in Pinellas County ensures hospitals within the county can:
 - Provide quality care to the needy and vulnerable
 - Attract top talent
 - Act as good corporate citizens, employers, and partners with the County to ensure the health, safety, and wellbeing of the population.