



# Pinellas County

## Staff Report

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File #: 24-0374A, Version: 1

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### **Subject:**

Resolution imposing and collecting a Non-Ad Valorem Special Assessment levied solely on property owned or leased by non-public hospitals to fund the Hospital Directed Payment Program and approval and execution of agreement to initiate Intergovernmental Transfers as match for improved Medicaid reimbursement levels for hospitals.

### **Recommended Action:**

Conduct a public hearing and adopt the attached resolution imposing and collecting a non-ad valorem special assessment levied solely on property owned or leased by non-public hospitals to fund the Hospital Directed Payment Program (HDPP) and approve and execute Letter of Agreement (LOA) and certification to initiate Intergovernmental Transfers (IGT) as match for improved Medicaid reimbursement levels for hospitals.

- This resolution establishes a non-ad valorem special assessment on specific non-public hospital properties for use as IGTs under the HDPP, a federal Medicaid enhancement program, as authorized by the State and approved each year to help reduce local Medicaid reimbursement gaps.
- This item also includes an LOA for execution that will allow the collected funds to be sent as IGTs to the Florida Agency for Healthcare Administration (AHCA).
- The Board of County Commissioners adopted an associated ordinance to authorize the process for establishing the non-ad valorem special assessment in support of the HDPP on April 23, 2024, and established the Local Provider Participation Fund (LPPF) for collection of assessed funds for IGTs.
- The final proposed non-ad valorem assessment will impose assessments on reported patient revenues in the amount of \$108,534,798.00, affecting sixteen non-public hospitals within the County to enhance Medicaid match.
- The Pinellas County Clerk of the Circuit Court will invoice and collect the funds into the LPPF until transferred to AHCA as IGTs.
- Historically, hospitals receive approximately 61% of their Medicaid costs with Pinellas hospitals estimating close to \$200 million in unreimbursed costs. Closing this gap will support hospital operations and services for vulnerable citizens.
- The funds collected from the special assessment will be neither a financial benefit nor a financial detriment to Pinellas County. The funds will require appropriation. Should this item be approved, a budget amendment will be brought forward for consideration.
- Pinellas County will receive an amount not to exceed \$150,000.00 from the assessment to offset costs for administration of the program.

### **Strategic Plan:**

Strategic Plan:

Ensure Public Health, Safety, and Welfare

2.1 Provide planning, coordination, prevention, and protective services to ensure a safe and secure community

Deliver First Class Services to the Public and Our Customers

5.2 Be responsible stewards of the public's resources

5.3 Ensure effective and efficient delivery of county services and support

5.4 Strive to exceed customer expectations

**Summary:**

Local hospitals experience a significant gap in Medicaid reimbursements when delivering critical services for low income, vulnerable residents. Typically, the hospitals receive approximately 61% of their Medicaid costs with Pinellas hospitals estimating close to \$200 million in unreimbursed costs each year.

To help close this reimbursement gap, the Center for Medicare and Medicaid Services (CMS) authorized the Hospital DPP allowing match funds to be used to draw down federal Medicaid dollars and enhance direct payments to hospitals through Managed Care Organizations (MCOs). While public hospitals are able to contribute IGTs directly to the state, for non-public hospitals, county governments must establish a LPPF and levy a non-ad valorem assessment to send the IGTs to AHCA. Assessments must not exceed 6 percent (6%) of net patient revenue for the hospital.

The State of Florida has waived their 2023 participation deadline which prevented hospitals from proceeding in October 2023. This provides a brief window to allow for participation by June 1, 2024.

The Board adopted an ordinance to authorize the process for establishing the non-ad valorem special assessment in support of the HDPP on April 23, 2024.

This resolution establishes a non-ad valorem special assessment on specific non-public hospital properties for use as IGTs under the HDPP. This item also seeks approval and execution of the LOA with AHCA to allow the funds to be sent as IGTs as match to enhance Medicaid reimbursements.

The final proposed non-ad valorem assessment will impose assessments on reported patient revenues in the amount of \$108,534,798 affecting sixteen non-public hospitals within the County to enhance Medicaid match.

The County has been advised of hospital support for the ordinance to establish the Hospital DPP. We have received letters of support from fifteen of the sixteen participating hospitals in Pinellas County with one hospital abstaining from providing a letter due to national policy. In addition, hospitals representing over 51% of the proportional assessments have provided signed and notarized agreements covering 100% indemnification for the County's execution of the program.

A public hearing was advertised with required twenty-day notification for the May 7, 2024 Board Meeting. Additionally, required twenty-day mail notification for the public hearing was completed to the participating hospitals.

**Background Information:**

CMS updated Medicaid Managed Care regulations to create a new option for states to direct MCOs to pay providers

according to specific rates or methods. This permitted the use of state directed payment arrangements. Each year, CMS reviews and approves state program.

Florida first authorized the Hospital DPP through the General Appropriations Act Senate Bill 2500 in the 2021 Legislative Session. Currently 21 counties have implemented the Hospital DPP with local assessments collected for IGTs. Per CMS guidance and authorization, all non-public hospitals in a county must agree to participate in the assessment. For 2023, Pinellas County has received indication that all local hospitals are now interested in participating and support setting up the Hospital DPP ordinance.

The final proposed non-ad valorem assessment will impose assessments on reported patient revenues in the amount of \$108,534,798 affecting sixteen non-public hospitals within the County to enhance Medicaid match.

Based upon the 2022 Florida Uniform Reporting System, the final assessment model for Medicaid region five (5) would include fifteen (15) Pinellas hospitals:

• AdventHealth North Pinellas	\$2,711,392
• Baycare Alliant Hospital	\$512,117
• Mease Countryside Hospital	\$2,085,360
• Mease Dunedin Hospital	\$8,110,825
• Morton Plant Hospital	\$14,366,850
• St. Anthony's Hospital	\$8,435,802
• Encompass Rehabilitation Hospital of Largo	\$259,215
• Largo Medical Center	\$17,130,370
• Northside Hospital	\$7,835,609
• Palms of Pasadena Hospital	\$2,756,754
• St. Petersburg General Hospital	\$5,114,209
• All Children's Hospital	\$22,815,969
• Kindred Hospital - Bay Area - St. Petersburg	\$1,060,165
• Bayfront Health - St. Petersburg	\$14,457,154
• Windmoor Healthcare of Clearwater	\$883,007

Fifteen total properties are part of the proposed assessment covering sixteen hospitals with Largo Medical Center - Indian Rocks included within the Largo Medical Center revenue reporting and assessment. Pasco hospitals would be indirect beneficiaries of the process since local hospitals will seek to maximize the drawdown.

Following adoption of the resolution, the Pinellas County Clerk of the Circuit Court will invoice and collect the funds into the LPPF as a custodial account until transferred to AHCA as IGTs.

Pinellas County would need to adopt a new resolution each year to allow for authorization and continuation of the Hospital DPP assessments. All non-public hospitals within the County must be part of the assessment in order to participate in the HDPP.

**Fiscal Impact:**

The final proposed non-ad valorem assessment will impose assessments on reported patient revenues in the amount of \$108,534,798 affecting sixteen non-public hospitals within the County to enhance Medicaid match. The funds collected from the special assessment will be neither a financial benefit nor a financial detriment to Pinellas County. The funds will be received into the LPPF as a custodial fund not requiring appropriation and will not be a part of the Adopted Budget. The funds will

be passed through as IGTs to AHCA.

An administrative amount totaling \$150,000.00 will be available to reimburse County efforts to support the program. Appropriate amendments will be proposed for these funds following completion of the assessment.

**Staff Member Responsible:**

Karen Yatchum, Director, Human Services

**Partners:**

Non-Public Hospitals

Florida Agency for Healthcare Administration

**Attachments:**

Proposed Resolution

Letter of Agreement with AHCA

IGT Questionnaire Certification

Pinellas County LPPF FY2023 Assessment Calculation

Overview of Hospital Directed Payment Program

Florida Hospital Association Issue Brief on HDPP March 2023

Combined Hospital Letters of Support

Combined Hospital Indemnification and Releases

Combined Hospital Petition Requests for Assessments

Region 5 Provider List