January 29, 2015

**FEDERAL FUNDING FOR COVERAGE OF FLORIDA’S UNINSURED IS CRITICAL TO OFFSET HILLSBOROUGH COUNTY AND SAFETY-NET HEALTH PROVIDER LOSSES**

I. INTRODUCTION

Two Medicaid funding streams created to help ensure the economic stability of safety-net providers are being significantly reduced. First, Florida’s non-profit and charity medical facilities that serve low-income uninsured face a loss of over $2 billion in annual revenue when the state’s current Low-Income Pool Program (LIP) is scheduled to end June 30, 2015.¹ The $240 million of annual funding for the state’s Medicaid Disproportionate Hospital Program (DSH), while not as substantial or imminent, is also being reduced. As a result of these cuts, Hillsborough County is scheduled to lose almost $151 million per year.

These losses threaten both the safety-net’s viability and the health of low-income uninsured county residents that rely on safety-net providers. These threats, however, could be averted if the Florida Legislature accepts funding allocated under the Patient Protection and Affordable Care Act (ACA) for covering an expanded Medicaid population. More specifically, if the Florida Legislature accepted federal funding to cover uninsured adults,² Hillsborough County would receive more than $373 million. The funding for covering these newly insured Hillsborough residents would significantly offset the county’s projected loss of LIP and DSH.

This paper will first provide a background on LIP and DSH³ as well as the “coverage gap” created by the Legislature’s decision to date to reject federal expansion funding. It will then look at the projected economic losses both statewide and in Hillsborough County as a result of LIP and DSH cuts. **Notably, these cuts are scheduled to occur regardless of whether or**
not the Legislature accepts federal expansion funding to extend health care coverage for low-income Floridians. Finally, the paper will describe the substantial economic gains that would more than offset these losses if the Legislature accepts expansion funding.

II. BACKGROUND

A. Low-Income Pool Program (LIP)

Beginning July 2015, Florida’s safety-net hospitals face a tremendous loss of revenue when approximately $2.1 billion in LIP funding is eliminated, pursuant to the Centers for Medicare and Medicaid Services announcement. LIP was originally established as part of Florida’s Medicaid Reform 1115 Demonstration Waiver (The Waiver). It is a jointly funded state/federal program intended to “ensure continued government support for the provision of health care services to Medicaid, underinsured, and uninsured populations.” The current LIP dollars come from the following sources: state general revenue ($9.1 million); local taxes and other agencies ($867.6 million); federal funds ($1.2 billion). Since the program’s inception in 2005, it has distributed $1 billion annually to support safety-net providers throughout the state, and in fiscal year 2014-15 it was increased to over $2 billion.

Throughout the several year negotiation over the Waiver’s extension, state officials sought both an extension and an expansion of LIP to $4.5 billion. The press reported “optimism” about both a continued and expanded LIP program. However, in July 2014 the Centers for Medicare and Medicaid Services (CMS) announced it would grant a three year extension of the state’s 1115 waiver request with the explicit exception of LIP.
B. *Disproportionate Share Hospital Program (DSH)*

Congress established the Medicaid Disproportionate Share Hospital Program (DSH) in the early 1980s.\(^{14}\) The purpose of DSH was to provide additional financial support to hospitals that serve a “disproportionate share” of the poor.\(^ {15}\) Since DSH was established, hospitals that serve a high rate of Medicaid or uninsured patients have received this funding. In 2014, Florida will receive almost $240 million in DSH funding.\(^ {16}\)

The ACA significantly reduced DSH because the Act’s provisions for Medicaid expansion would considerably reduce the number of uninsured individuals.\(^ {17}\) Covering low-income uninsured adults through this expansion funding would thus reduce the amount of uncompensated care and the need to maintain the safety-net at the same level.\(^ {18}\) However, while the Supreme Court’s decision that states were not required to expand Medicaid\(^ {19}\) effectively undermined this *quid pro quo*, the DSH reductions were left intact. While this situation is of no consequence in states that have expanded their Medicaid program pursuant to the ACA, it poses adverse fiscal implications in states like Florida, which have not. Therefore, because the DSH reduction is not being offset with expansion funding as contemplated by the ACA, Florida’s safety-net is facing the loss of DSH revenue, commencing in 2017 and increasing over the next 7 years.\(^ {20}\)

C. *Florida’s Coverage Gap*

The ACA, as passed by Congress and signed into law by President Obama, established two paths to affordable coverage for the uninsured. First, subsidies for purchasing insurance in the marketplace were provided to people between 100 and 400% of the federal poverty level (FPL). Second, Medicaid was expanded to cover those up to 138% of the FPL (in 2014, the FPL
is $16,106 annually for an individual and $21,707 annually for a household of two). In Florida, there are approximately 1.1 million individuals eligible for Medicaid Expansion. However, as noted, the Supreme Court made the adult Medicaid expansion provision a state option. Because the Florida Legislature has, to date, declined federal funding to cover low-income adults, an estimated 764,000 Floridians, fall into a “coverage gap.” In other words, individuals whose income is below 100% FPL ($11,670 for an individual and $15,730 for a household of two) make too little money to qualify for assistance in buying insurance in the Marketplace and do not qualify under Florida’s restrictive Medicaid eligibility rules for adults.

III. DISCUSSION

While LIP (and to a lesser extent DSH) funding losses pose potentially dire economic consequences for certain counties in particular, the loss of local safety-net funding could be more than offset if the Florida Legislature accepted federal funds for expansion. In most counties, funding for the expansion population will likely be remitted as per member per month (PMPM) payments to managed care organizations (MCOs). An assumption can also be made that 80-85% of the PMPM funding will then be paid to local health care providers for medical services rendered to county residents.

A. Hillsborough County Background:

Out of a total population of approximately 1,300,000, Hillsborough County has more than 230,000 (or nearly 20%) uninsured adults. Of those, approximately 79,500 individuals are eligible for Medicaid Expansion and approximately 57,000 are in the coverage gap.

The Hillsborough County Health Care Plan (“the Plan”), an innovative effort to provide indigent county residents with health care, was created in 1991. The Plan provides qualified
indigent county residents with primary, preventive, and hospital care. The Plan is largely funded through the county’s half cent sales surtax, which is transmitted to Tallahassee as an Intergovernmental Transfer (IGT). This local funding is used in the non-federal share of the LIP distributions and returned with the enhanced federal match. The Plan, which currently covers about 12,000 county residents, or about 21% of the county’s coverage gap population, has demonstrated pharmacy savings and improved access. The Plan received the Harvard University Kennedy School of Government and Ford Foundation “Innovations in American Government” award, and has been noted as a model program in providing coordinated care to low-income populations by the Robert Wood Johnson Foundation.

Currently, three hospitals receive most of the county’s LIP and DSH funding. Those hospitals, H. Lee Moffit Cancer Center, St. Joseph’s Hospital, and Tampa General Hospital, are scheduled to receive approximately $127 million in LIP and DSH funding in 2014. See Appendix 1. Six other Hillsborough County hospitals receive the remaining $26 million of hospital LIP or DSH funding. Additionally, county health centers receive approximately $12 million in annual LIP funding. See Appendix II. It is also worth noting that Hillsborough County and Pinellas County are often considered a single geographic region, “The Bay Area,” and that Pinellas providers are scheduled to lose a significant amount of LIP and DSH funding as well. See Appendix IV for Pinellas County hospitals’ allocation of LIP and DSH funding.

B. Hillsborough County Loss of Funding

As noted above, more than $2 billion is currently allocated to support safety-net programs throughout the state. Florida’s total LIP payments will be more than $2.1 billion and total DSH payments in 2014-15 will be almost $240 million.
For Hillsborough County, DSH payments in 2014-15 will be slightly more than $11 million.43 The total amount of LIP payments in Hillsborough in 2014-15 will be more than $140 million.44 Again, under the current terms of the Waiver, the LIP program is scheduled to end on June 30, 2015.45 The recently released draft report by Navigant discussed the “significant reliance” the State has placed on the LIP program and concluded that there is a general assumption that “the LIP program will be discontinued.”46 Notwithstanding current Inter-Governmental Transfers (IGTs),47 which could possibly be retained by the County, or the possibility that some form of LIP may be continued, the currently scheduled changes to the LIP and DSH programs represent a tremendous loss of federal funding to the county and pose a significant risk.48

C. Acceptance of Federal Funding for the Uninsured Will Offset Losses

The impending loss of LIP and DSH funding will be more than offset if the Florida Legislature accepts federal funding to expand coverage for uninsured low-income adults. In 2013, the Social Services Estimating Conference (SSEC) predicted that the expansion of Medicaid would provide coverage to over 600,000 people in 2014-15, over 900,000 in 2016-17, and over 1,000,000 people by 2022-23.49 The SSEC also famously estimated that coverage of the expansion population over that time period would result in a net influx of over $51 billion in federal funding to cover the cost of health care for the newly enrolled.50 This data was derived by estimating the per member per month (PMPM) cost of health care coverage for a childless adult times the number of newly eligible adults in the Medicaid expansion population expected to enroll.51

The same methodology can be applied to estimate the potential net gain in revenue to Hillsborough County for coverage of uninsured adults in the gap. Specifically, multiplying a
A conservative estimate of the number of county residents in the coverage gap (57,300)\textsuperscript{52} times the annual cost of paying for their coverage ($543\textsuperscript{53} \times 12) amounts to more than $373 million.\textsuperscript{54} As noted, this is a conservative estimate (it only includes those in the “coverage gap,” i.e. below 100% FPL and not the additional 22,200 county residents between 100 and 138% FPL who would also be covered under expansion funding). When you include those individuals, the total population eligible for expansion coverage is 79,500, and a conservative estimate of the revenue that would be generated for their care (taking into account the Medical Loss Ratio (MLR), which requires that 80-85% of the payment to the managed care company must be spent on health care services and treatments for enrollees)\textsuperscript{55} would be between $414 million and $440 million. This is significantly more than the county’s potential loss of more than $151 million per year in LIP and DSH funding.

The charts below compare the loss of LIP and DSH funding with the potential funding gained through expanding coverage to those in the “Gap,” in Florida and Hillsborough County.\textsuperscript{56}

\begin{table}[ht]
\centering
\begin{tabular}{c c c}
\hline
\textbf{Lost (\$)} & \textbf{Gained (\$)} \\
\hline
Florida & 0 & 100,000,000 & 200,000,000 & 300,000,000 & 400,000,000 \\
Hillsborough County & 0 & 100,000,000 & 200,000,000 & 300,000,000 & 400,000,000 \\
\hline
\end{tabular}
\end{table}

**D. Accepting Federal Funding for the Uninsured Will Decrease Hospital Uncompensated Care and Strengthen Hospital Financial Viability**

A recent report from the Urban Institute compared earning reports from several hospital chains with facilities in both expansion and non-expansion states.\textsuperscript{57} Even at this early date,
facilities in expansion states showed an increase in earnings as uncompensated care decreased and Medicaid revenue increased.\textsuperscript{58} While the over $340 million in health care coverage costs for the county’s coverage gap population will be dispersed among a variety of providers, a significant portion of that expansion funding can be expected to go towards hospital reimbursements.\textsuperscript{59} The projected increase in hospital reimbursement in Florida with expansion funding is estimated at $2.1 billion in 2016.\textsuperscript{60} Given that Hillsborough represents 7.5\% of the state’s recipients and applying a comparable percentage to the state-wide hospital reimbursement, county hospitals would receive an additional $157.5 million per year for providing services to currently uninsured county residents.\textsuperscript{61}

IV. CONCLUSION

With the scheduled cuts to LIP and DSH, Hillsborough County is at risk of losing more than $151 million in funding currently used to help cover the cost of the county’s uninsured. The loss of that funding will be offset by approximately $200 million if Florida devises a plan that would draw down federal funding for covering uninsured county residents. As authors of the Navigant Report concluded, “[e]xpansion would significantly mitigate the problems associated with limited compensation for most of the population currently uninsured or underinsured.”\textsuperscript{62}
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### Appendix I
LIP and DSH Payments to Hillsborough Hospitals, FY2014-15

<table>
<thead>
<tr>
<th>Provider Name</th>
<th>Total LIP</th>
<th>Total DSH</th>
</tr>
</thead>
<tbody>
<tr>
<td>BRANDON REGIONAL HOSPITAL</td>
<td>4,098,919</td>
<td>0</td>
</tr>
<tr>
<td>H. LEE MOFFIT CANCER CENTER</td>
<td>23,326,539</td>
<td>1,715,181</td>
</tr>
<tr>
<td>KINDRED HOSPITAL - CENTRAL TAMPA</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>KINDRED HOSPITAL BAY AREA - TAMPA</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>MEMORIAL HOSPITAL OF TAMPA</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>SOUTH BAY HOSPITAL</td>
<td>766,088</td>
<td>0</td>
</tr>
<tr>
<td>SOUTH FLORIDA BAPTIST HOSPITAL</td>
<td>2,097,694</td>
<td>0</td>
</tr>
<tr>
<td>ST. JOSEPH'S HOSPITAL</td>
<td>30,402,461</td>
<td>30,220</td>
</tr>
<tr>
<td>TAMPA GENERAL HOSPITAL</td>
<td>62,439,175</td>
<td>9,003,036</td>
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<tr>
<td>TOWN &amp; COUNTRY HOSPITAL</td>
<td>915,367</td>
<td>0</td>
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<tr>
<td>UNIVERSITY COMMUNITY HOSP. - CARROLLWOOD</td>
<td>969,206</td>
<td>0</td>
</tr>
<tr>
<td>UNIVERSITY COMMUNITY HOSPITAL - TAMPA</td>
<td>3,418,742</td>
<td>0</td>
</tr>
<tr>
<td><strong>Totals for Hillsborough County</strong></td>
<td><strong>128,434,191</strong></td>
<td><strong>10,748,437</strong></td>
</tr>
</tbody>
</table>

## Appendix II

### LIP and DSH Payments to Hillsborough Federally Qualified Health Centers, FY2014-15

<table>
<thead>
<tr>
<th>Provider's Name</th>
<th>Provider Type</th>
<th>IGTs</th>
<th>Anticipated LIP Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Suncoast Community Health</td>
<td>FQHC</td>
<td>210,771</td>
<td>521,194</td>
</tr>
<tr>
<td>Tampa Family Health</td>
<td>FQHC</td>
<td>226,331</td>
<td>559,671</td>
</tr>
<tr>
<td>Suncoast Community Health</td>
<td>FQHC</td>
<td>378,300</td>
<td>1,500,000</td>
</tr>
<tr>
<td>Suncoast Community Health</td>
<td>FQHC</td>
<td>1,523,876</td>
<td>3,768,239</td>
</tr>
<tr>
<td>Tampa Family Health</td>
<td>FQHC</td>
<td>1,029,198</td>
<td>2,545,000</td>
</tr>
<tr>
<td>Tampa Family Health</td>
<td>FQHC</td>
<td>238,596</td>
<td>590,000</td>
</tr>
<tr>
<td>Tampa Family Health</td>
<td>FQHC</td>
<td>116,265</td>
<td>575,000</td>
</tr>
<tr>
<td>Central Florida Migrant &amp; Comm. Hlt. Ctr.</td>
<td>FQHC</td>
<td>124,881</td>
<td>308,806</td>
</tr>
<tr>
<td>Community Health Centers</td>
<td>FQHC</td>
<td>219,350</td>
<td>542,409</td>
</tr>
<tr>
<td>Health Care for the Homeless</td>
<td>FQHC</td>
<td>75,719</td>
<td>187,238</td>
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<tr>
<td>Community Health Centers</td>
<td>FQHC</td>
<td>74,674</td>
<td>296,090</td>
</tr>
<tr>
<td>Health Care for the Homeless</td>
<td>FQHC</td>
<td>95,836</td>
<td>380,000</td>
</tr>
<tr>
<td>Community Health Centers</td>
<td>FQHC</td>
<td>57,402</td>
<td>283,887</td>
</tr>
</tbody>
</table>

**TOTAL:**  $12,057,534

*Source:* E-mail from Nicole Linn, Florida Agency for Health Care Administration (Dec. 2014, 04:17 PM EST) (on file with authors).
# Appendix III

Total IGT Payments to Hillsborough Hospitals, FY2014-15

<table>
<thead>
<tr>
<th>Provider Name</th>
<th>IGT 2014-15</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALL CHILDREN'S HOSPITAL</td>
<td>8,444,120</td>
</tr>
<tr>
<td>BRANDON REGIONAL HOSPITAL</td>
<td>1,572,219</td>
</tr>
<tr>
<td>H. LEE MOFFIT CANCER CENTER</td>
<td>12,690,190</td>
</tr>
<tr>
<td>KINDRED HOSPITAL - CENTRAL TAMPA</td>
<td>0</td>
</tr>
<tr>
<td>KINDRED HOSPITAL BAY AREA - TAMPA</td>
<td>0</td>
</tr>
<tr>
<td>MEMORIAL HOSPITAL OF TAMPA</td>
<td>0</td>
</tr>
<tr>
<td>SOUTH BAY HOSPITAL</td>
<td>309,806</td>
</tr>
<tr>
<td>SOUTH FLORIDA BAPTIST HOSPITAL</td>
<td>841,406</td>
</tr>
<tr>
<td>ST. JOSEPH'S HOSPITAL</td>
<td>11,915,090</td>
</tr>
<tr>
<td>TAMPA GENERAL HOSPITAL</td>
<td>22,724,510</td>
</tr>
<tr>
<td>TOWN &amp; COUNTRY HOSPITAL</td>
<td>370,174</td>
</tr>
<tr>
<td>UNIVERSITY COMMUNITY HOSP. - CARROLLWOOD</td>
<td>391,947</td>
</tr>
<tr>
<td>UNIVERSITY COMMUNITY HOSPITAL - TAMPA</td>
<td>1,382,539</td>
</tr>
<tr>
<td><strong>Totals for Hillsborough County</strong></td>
<td><strong>60,642,001</strong></td>
</tr>
</tbody>
</table>

Appendix IV
LIP, DSH, and IGT Payments to Pinellas County Hospitals, FY2014-15

<table>
<thead>
<tr>
<th>Provider Name</th>
<th>LIP 2014-15</th>
<th>DSH 2014-15</th>
<th>IGT 2014-15</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALL CHILDREN'S HOSPITAL</td>
<td>26,264,194</td>
<td>397,142</td>
<td>8,444,120</td>
</tr>
<tr>
<td>BAYFRONT MEDICAL CENTER</td>
<td>10,123,047</td>
<td>1,088,481</td>
<td>3,956,766</td>
</tr>
<tr>
<td>LARGO MEDICAL CENTER</td>
<td>535,676</td>
<td>1,523,262</td>
<td>0</td>
</tr>
<tr>
<td>MEASE HOSPITAL - COUNTRYSIDE</td>
<td>7,110,305</td>
<td>2,875,407</td>
<td>0</td>
</tr>
<tr>
<td>MEASE HOSPITAL - DUNEDIN</td>
<td>633,951</td>
<td>256,370</td>
<td>0</td>
</tr>
<tr>
<td>MORTON F. PLANT HOSPITAL</td>
<td>5,490,355</td>
<td>1,088,481</td>
<td>2,106,452</td>
</tr>
<tr>
<td>NORTHSIDE HOSPITAL &amp; HEART INST.</td>
<td>103,184</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>SAINT ANTHONY'S HOSPITAL</td>
<td>3,313,352</td>
<td>1,333,313</td>
<td>0</td>
</tr>
<tr>
<td>SAINT PETERSBURG GENERAL HOS.</td>
<td>582,350</td>
<td>1,088,481</td>
<td>0</td>
</tr>
</tbody>
</table>

All Amounts in USD


The authors are unaware of any change to LIP’s currently scheduled end date of June 30, 2015, but do note that hospital representatives and other stakeholders have been reportedly urging the federal government to extend the LIP program beyond June. See, Daniel Chang, Florida hospitals could lose billions without Medicaid expansion, group warns, Miami Herald, Nov. 11, 2014, http://www.miamiherald.com/news/local/community/miami-dade/article3727590.html. See also, Navigant Report, infra note 46, at 207 (concluding that “the State is at risk of losing approximately $1.3 billion.”).


Both programs are jointly funded with federal and state dollars. The federal match, or “FMAP”, for Florida is 58%. In other words, 58 cents of each dollar spent for these programs comes from the federal government, and 42 cents from the state. See THE HENRY J. KAISER FAMILY FOUNDATION, FEDERAL MEDICAL ASSISTANCE PERCENTAGE (FMAP) FOR MEDICAID AND MULTIPLIER, available at http://kff.org/medicaid/state-indicator/federal-matching-rate-and-multiplier/ (last visited Sept. 17, 2014).

5 Letter from Cindy Mann, Director, Centers for Medicare and Medicaid Servs., to Justin Senior, Deputy Secretary for Medicaid, Fl. Agency for Health Care Administration (July 31, 2014) [hereinafter CMS Letter], available at http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/fl/fl-medicaid-reform-ca.pdf (“The approved 2014 extension of the demonstration continues the improvements authorized in the June 2013 amendment and extends all portions of this demonstration for three years, except for the Low-income Pool (LIP) which will be extended through June 30, 2015.”) (emphasis added).


7 Id.


13 CMS Letter, supra note 5.

14 Corey Davis, NATIONAL HEALTH LAW PROGRAM, Q&A DISPROPORTIONATE SHARE HOSPITAL PAYMENTS AND THE MEDICAID EXPANSION 2 (July 2012) [hereinafter NHeLP DSH], available at http://www.healthlaw.org/component/jsfsubmit/showAttachment?tmpl=raw&id=00Pd0000006EJLIEAO.
Policy Priorities

and no less than 90% of the costs thereafter.

existing health plan for minor children are currently ineligible for Medicaid in Florida, regardless of how poor they might be.

single disabled adult can only make $721 a month or less ($8,652 annually). Nondisabled adults without income of $453 per month or less ($5,436 annually) to be eligible for Florida Medicaid, Florida’s income limit for parents is current Medicaid program, adults must be both very poor and either have minor children or be disabled. Forward

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are not yet applicable in Florida. The new guidelines are expected to go into effect in

incomes above 100% of poverty in states that do not expand may be eligible to purchase subsidized Marketplace tax credits, even if Medicaid coverage is not avai
tax credits for the lowest income. As a result, individuals below poverty are not eligible for envisioned people below 138% of poverty receiving Medicaid and thus does not provide premium

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available at

http://medicaid.gov/AffordableCareAct/Medicaid.pdf


THE HENRY J. KAISER FAMILY FOUNDATION, THE COVERAGE GAP: UNINSURED POOR ADULTS IN STATED THAT DO NOT EXPAND MEDICAID (Apr. 2, 2014), available at http://kff.org/health-reform/issue-brief/the-coverage-gap-uninsured-poor-adults-in-states-that-do-not-expand-medicaid/ (“The ACA envisioned people below 138% of poverty receiving Medicaid and thus does not provide premium tax credits for the lowest income. As a result, individuals below poverty are not eligible for Marketplace tax credits, even if Medicaid coverage is not available to them. Individuals with incomes above 100% of poverty in states that do not expand may be eligible to purchase subsidized coverage through the Marketplaces.”) (emphasis added).

Note that we are still looking at 2014 FPL guidelines; 2015 FPL guidelines were recently released but are not yet applicable in Florida. The new guidelines are expected to go into effect in March 2015. Centers for Medicare and Medicaid Services, STATE MEDICAID AND CHIP INCOME ELIGIBILITY STANDARDS (July 1, 2014), available at http://medicaid.gov/AffordableCareAct/Medicaid-Moving-Forward-2014/Downloads/Medicaid-and-CHIP-Eligibility-Levels-Table.pdf. To be eligible for Florida’s current Medicaid program, adults must be both very poor and either have minor children or be disabled. Florida’s income limit for parents is approximately 35% FPL. A single parent with one child can only earn an income of $453 per month or less ($5,436 annually) to be eligible for Florida Medicaid, and a single disabled adult can only make $721 a month or less ($8,652 annually). Nondisabled adults without minor children are currently ineligible for Medicaid in Florida, regardless of how poor they might be.

See, infra note 33, regarding special circumstances in Hillsborough County given the county’s unique existing health plan for Low-income residents.

The federal government will pay 100% of the cost of funding the expansion population through 2016, and no less than 90% of the costs thereafter. January Angeles & Matt Broaddus, Center on Budget and Policy Priorities, FEDERAL GOVERNMENT WILL PICK UP NEARLY ALL COSTS OF HEALTH REFORM’S MEDICAID EXPANSION (Mar. 28, 2013), available at http://www.cbpp.org/cms/?fa=view&id=3161.
DSRIP provider as Florida renegotiates its current 1115 Waiver.

http://files.kff.org/attachment/aNSGuyer1115_Waivers

Guyer 1115 Waivers, provide states with funding to support innovative programs that “are making changes in provider as opposed to administrative costs, underlies the assumption that 80-85% of funding allocated to MCOs will be paid to local health care providers); see also Joan Alker, Florida’s Medicaid Managed Care Waiver Receives Final Approval: Some Strong Consumer Protections Included, Oversight Will Be Critical, A CHILDREN’S HEALTH POL’Y. BLOG (June 14, 2013), http://ccf.georgetown.edu/all/floridas-medicaid-managed-care-waiver-receives-final-approval-some-strong-consumer-protections-included-oversight-will-be-critical/.


According to the Robert Wood Johnson Foundation and the Urban Institute, there are approximately 1,060,000 Floridians eligible for Medicaid expansion. See Dorn Report, supra note 22, at 5. According to the Florida Agency for Health Care Administration (AHCA), Medicaid recipients in Hillsborough account for 7.5% of Medicaid recipients in the state of Florida. FLORIDA AGENCY FOR HEALTH CARE ADMINISTRATION, CURRENT COMPREHENSIVE MEDICAID MANAGED CARE ENROLLMENT REPORTS: SEPTEMBER 2014, at table 5 [hereinafter AHCA Medicaid Enrollment by County], available at http://ahca.myflorida.com/mchq/managed_health_care/MHMO/docs/MC_ENROLL/RF_NR_SMMC/EN R_Sep2014.xls. Assuming that the percent of people eligible for Medicaid expansion, per county, is roughly equivalent to the percent currently on Medicaid, per county, the number of people eligible in Hillsborough County is derived by multiplying the number eligible statewide, 1,060,000, by 7.5%, totaling 79,500.

According to the Florida Agency for Health Care Administration (AHCA), Medicaid recipients in Hillsborough account for 7.5% of Medicaid recipients in the state of Florida. AHCA Medicaid Enrollment by County, supra note 31, at table 5. Assuming that the percent of people in the coverage gap, per county, is roughly equivalent to the percent currently on Medicaid, per county, the number of people in the coverage gap in Miami-Dade County is derived by multiplying the number in the gap statewide, 764,000, by 7.5%, totaling 57,300. See FHA Economic Impact Report, supra note 30.

In Florida, the HCHCP could represent a viable Delivery System Reform Incentive Payment (DSRIP) provider as Florida renegotiates its current 1115 Waiver. DSRIP programs, which can be part of Section 1115 Waivers, provide states with funding to support innovative programs that “are making changes in care delivery, clinical outcomes and population health.” Alexandra Gates, Robin Rudowitz, and Jocelyn Guyer, THE KAISER COMMISSION ON MEDICAID AND THE UNINSURED, AN OVERVIEW OF DELIVERY SYSTEM REFORM INCENTIVE PAYMENT (DSRIP) WAIVERS (Oct. 2014), available at http://files.kff.org/attachment/an-overview-of-dsrip. In Florida, the HCHCP could represent a viable DSRIP provider as Florida renegotiates its current 1115 Waiver.

Fla. Stat. § 212.055(4)(a)(3) & (4)
Justin M. Senior, Deputy Sec’y for Medicaid, Agency for Health Care Admin., S. Appropriations Subcomm. on Health and Human Servs.: Update on Statewide Medicaid Managed Care and Low-income Pool Program, at 19 (Jan. 7, 2015) (on file with authors).

Executive Summary – Hillsborough County Health Care Plan Program Financial Statements, October 1, 2014 through December 31, 2014 (on file with authors).


RWJF HCHCP Report, supra note 37, at 3.

Hospital Funding Data, supra note 4, at 21-24. see also Appendix 1

Id.

Id.

Hospital Funding Data, supra note 4, at 21-24; see also Appendix 1.

E-mail from Nicole Linn, Florida Agency for Health Care Administration (Dec. 2014, 04:17 PM EST) (on file with authors).

CMS Letter, supra note 5, at 1.


Local tax dollars are collected pursuant to a half cent sales tax dedicated to support indigent health care. This revenue is used as part of the “intergovernmental transfer” or “IGT,” between Hillsborough County and Tallahassee and is used by the state to help fund the state match portion of the current LIP and DSH programs. See Fla. Stat. §212.055(4) (“Moneys collected pursuant to this [statute] remain the property of the state…”). Hillsborough County hospitals receive approximately $60 million in total IGTs. See Hospital Funding Data, supra note 4, at 33-38. See also Appendix III.

In the July 2014 letter from CMS to AHCA, CMS required AHCA to “commission a report from an independent entity on Medicaid provider payments in the state. CMS Letter, supra note 5, at 1. The report will review the adequacy of payment levels, and the adequacy, equity, accountability and sustainability of the state’s funding mechanisms for these payments. The report shall recommend reforms to the Florida Medicaid financing system that can allow the state, beginning in state fiscal year 2015-2016, to move toward Medicaid managed care and fee-for-service payments that ensure access for Medicaid beneficiaries to providers throughout the state through such payments rather than through over reliance on supplemental payments.”

The authors recognize that at this point in time, this estimate is marginally outdated, and an updated estimate, accounting for the years without expansion, is not yet available. *Id* at 16; see also THE HENRY J. KAISER FAMILY FOUNDATION, THE FLORIDA HEALTHCARE LANDSCAPE (Nov. 2013), available at http://kaiserfamilyfoundation.files.wordpress.com/2013/11/8511-the-florida-health-care-landscape1.pdf.

*SSEC, supra note* 49, at 14-16. Note that the PMPM of $543 was based on SFY 2013. For the purpose of this report, it has not been adjusted for inflation nor does it reflect the regional PMPM provided to Hillsborough County as compared to the state average rate.

*See, supra note* 32 (explaining calculation used to obtain 57,300).

This estimate only reflects funding for coverage of those in the Gap (below 100% FPL) and does not include funding for the entire Medicaid Expansion eligible population (100-138%) because those above 100% FPL may have been able to obtain coverage through the federally funded marketplace; see also, *supra* note 50.

*MLR, supra note* 28.

*See Hospital Funding Data, supra note* 4, at 21-24 (for Losses); *See also, SSEC, supra note* 49, at 15-16 (for Gains).

*See Dorn Report, supra note* 22.

*Id.* at 2.

*Id.*

*Id.* at 4.

*Id.* at 4, table 2.

*See Navigant Report, supra note* 46, at 201.