Low Income Pool Update

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History of the Low Income Pool: Change for SFY 2014-2015

- Current state and federal authority for the $1 billion annually Low Income pool program is expiring.
- The Florida Legislature established new program parameters during the 2011 session, to take effect during SFY 2014-15.
- Federal authority (through the 1115 Waiver) expires June 30, 2014, and must be renewed.

Current Low Income Pool Program

- Florida had an Upper Payment Limit (UPL) Payment Methodology that was in place from July 1, 2000 until June 30, 2006. Payments were made to qualifying hospitals only. The methodology provided a mechanism to supplement fee-for-service inpatient payments to Medicaid hospital providers. UPL expenditures for SFY 2005-06 were $631 million.
- October 19, 2005 -The Centers for Medicare and Medicaid Services (CMS), approved the 1115 Research and Demonstration Waiver Application for the State of Florida, relating to Medicaid reform.

Current Low Income Pool Program

- December 8, 2005 -The Florida Legislature authorized implementation of the waiver effective July 1, 2006.
  - In the Waiver Special Terms and Conditions (STC), # 91, the Low Income Pool (LIP) was "established to ensure continued government support for the provision of health care services to Medicaid, underinsured and uninsured populations."
  - The low-income pool consisted of a capped annual allotment of $1 billion total computable for each year of the 5 year demonstration period.

Current Low Income Pool Program

- Low Income Pool funds may be used for health care expenditures (medical care costs or premiums) that would be within the definition of medical assistance in Section 1905(a) of the Act.
- These health care expenditures may be incurred by the State, by hospitals, clinics, or by other provider types for:
  - Uncompensated medical care costs of medical services for the uninsured
  - Medicaid shortfall (after all other Title XIX payments are made)

Current Low Income Pool Program

- Funding Source:
  - Local governments, such as counties, hospital taxing districts and other state agencies (e.g. Florida Department of Health) provide funding for the non-federal share of the $1 billion LIP distributions.
  - Federal funds are drawn down to match the non-federal funds.
  - Effective October 1, 2013, through September 30, 2014, the Federal Matching Assistance Percentage is 58.79%; and the non-federal share is 41.21%.

Current Low Income Pool Program

- Funding Recipients:
  - Funding in the LIP Program allows many Provider Access Systems (PAS) in Florida to receive additional payments to cover the cost of providing services to Medicaid, uninsured, and underinsured individuals. PAS entities are defined in the waiver as providers with access to LIP funding and services funded from LIP.
  - PAS entities include entities such as hospitals, clinics, or other provider types and entities designated by Florida Statutes to improve health services access in rural communities, which incur uncompensated medical care costs in providing medical services to the uninsured and underinsured.

Federal and State Changes

- In 2011, the Florida Legislature created the Statewide Medicaid Managed Care program, to be fully implemented by October 1, 2014.
  - Section 409.97, F.S., directed the Agency to make changes to the operation of the low income pool program through contract with the Access to Care Partnership.
  - Section 409.911, F.S., the Legislature amended section 409.911, F.S., to sunset the Low Income Pool Council effective October 1, 2014.

Federal and State Changes

- Intergovernmental Transfers: In SMMC, the Legislature authorized the Agency to accept voluntary transfers of local taxes and other qualified revenue from counties, municipalities, and special taxing districts that **must be contributed to advance the general goals of the Florida Medicaid program without restriction.**
- Low Income Pool: The SMMC statute directed the Agency to establish and maintain a LIP program to support enhanced access to services by offsetting shortfalls in Medicaid reimbursement, paying for otherwise uncompensated care, and financing coverage for the uninsured.
  - In accordance with the SMMC statute, the low income pool will be distributed in periodic payments to the Access to Care Partnership throughout the fiscal year. Distribution of low-income pool funds by the Access to Care Partnership to participating providers may be made through capitated payments, fees for services, or contracts for specific deliverables.

Federal and State Changes

- Access To Care Partnership: Florida law directs the Agency to contract with an administrative services organization to distribute LIP funds and be responsible for an ongoing program of activities that provides needed, but uncovered or undercompensated, health services to Medicaid enrollees and persons receiving charity care.
- Hospital Rate Distribution: Florida law also directs the Agency to distribute IGTs not associated with the low income pool or the disproportionate share program through a tiered enhanced rate methodology.

Federal and State Changes:

- Current 1115 waiver authority that includes LIP expires June 30, 2014.
- The Agency will submit a 3-year extension request for 1115 Managed Medical Assistance Waiver on or before November 22, 2013.
- The Agency will request that the LIP be included as part of the renewed waiver.
- The Agency intends to request additional federal funding for the LIP program, and anticipates that Federal CMS will expect the state to tie at least some of the additional funds to metric driven quality improvement projects.

Development of the LIP Distribution Model

- Based on the changes directed in Section 409.97, F.S., the Agency developed a distribution model for SFY 2014-2015.
  - This follows what is outlined in the Medicaid Supplemental Hospital Funding Programs Fiscal Year 2013-14 Final Conference Report for the GAA for the funding associated with the $1 billion low income pool program.
  - The Agency used current year parameters for this new model as outlined in Section 409.97, Florida Statutes, i.e., The statute will be applied to current year spending.
  - The Agency provided the model to legislative staff for review on August 23, 2013.

Model 1 Assumptions

- The Agency used SFY 2013-14 distribution methodology for LIP and DSH.
- The Agency updated the SFY 2013-14 GAA Model for SFY 2014-15 FMAP.
- Due to the updated FMAP $18.1 million is available for an additional LIP distribution.
- No more than 40% of IGT funding came from any single funding source.
- The Agency's model eliminates exemptions and buybacks in accordance with Florida law.
- Statewide issues will continue. Statewide issues raises the cap on outpatient reimbursement per recipient from $1,000 to $1,500 per SFY.
- Continued collection of Liver Global fee IGTs.

Model 1 Assumptions:
Tiered IGT Distribution Methodology

- The Agency will need to incorporate the steps for the tiered hospital rate distribution methodology as outlined in Section 409.97(4), Florida Statutes, into the Florida Title XIX Inpatient Hospital Reimbursement Plan component of the Florida Medicaid State Plan effective July 1, 2014 for approval from Federal CMS.
  - The Agency will need to define and outline the tiers and the acronyms.
  - It will need to state that the Agency will calculate this rate distribution using only IGTs unless the legislature provides GR for this distribution.
  - The Agency anticipates that it will need to change the Florida Title XIX Outpatient Hospital Reimbursement Plan effective July 1, 2014 to reflect that IGTs will no longer be used in outpatient rates.

LIP Model 1 Breakdown

Following is the LIP Model 1 breakdown funding levels for SFY 2014-15 (in millions):

Low Income Pool -	$1,000.2
Tier Funding -	$797.1
Liver Global Fee -	$9.9
Disproportionate Share -	$239.4
Statewide Issues -	$55.5
Total	**$2.10 Billion**

Comparison of SFY 2013-14 Appropriation to this Model 1 for SFY 2014-15 (in millions)

Low Income Pool:	SFY 2013-14 GAA	Model 1 SFY 2014-15
• LIP Hospital	$766.9	$748.8
• Special LIP	$116.0	$116.0
• LIP Non-Hospital	$117.3	$117.3
• Distribution to be Determined	0.0	$ 18.1
• Total LIP (millions)	$1,000.2	$1,000.2
Related Programs:		
• Disproportionate Share Hospital	$ 239.4	$239.4
• Exemptions	$666.5	0.0
• Medicaid "Buy-Back" Program	$130.5	0.0
• Tier Funding	0.0	$797.0
• Total LIP Related (millions)	$1,036.4	$1,036.4
Total LIP and Related Programs	**$2,036.6**	**$2,036.6**

Summary of Funding Sources: SFY 2014-2015 Model 1

Where do the dollars come from?

State General Revenue	$ 19.7 million
Local Taxes & Other Agencies	$ 824.4 million
Federal Funds	$ 1,192.5 million
Total	**$ 2,036.6 billion**

Sources of Matching Funds
SFY 2014-2015 Model 1

Matching funds (all programs):

- $19.7 million in total state GR match.
- $824.4 million in local Intergovernmental Transfers (IGTs) are provided using local tax dollars, other Agencies' funds and public hospital operating funds. Thirty-one local governments contribute these funds.

Hospital IGT Contributors

State and Local Government	Statewide Issues	DSH	LIP, Tier and Liver Global Fee	Total
General Revenue		-	250,000	250,000
General Revenue Recurring	-	750,000	10,506,000	11,256,000
Shands - GR			3,820,670	3,820,670
Moffitt - GR		706,826	5,803,255	6,510,081
Bay County	-	-	-	-
Citrus County Hospital Board	-	-	7,215,882	7,215,882
Collier County	-	-	-	-
Duval County	1,506,817	4,711,475	2,664,256	8,882,548
Gulf County	-	-	417,604	417,604
Halifax Hospital Medical Center Taxing District	-	2,143,644	18,109,172	20,252,816
Health Care District of Palm Beach County	-		3,500,000	3,500,000
Health Central			2,370,438	2,370,438
Hernando County			981,938	981,938
Highlands County			565,209	565,209
Hillsborough County	-	3,322,903	-	3,322,903
Hillsborough County - clerk of court				-
Indian River Taxing District	-	-	8,915,254	8,915,254
Lake Shore Hospital Authority	-	-	2,571,995	2,571,995
Lee Memorial Health System	-	5,808,616	16,377,741	22,186,357
Manatee County			2,039,290	2,039,290
Marion County	-		2,085,150	2,085,150
Marion County Hospital Board		734,471	-	734,471
Miami-Dade County	12,094,236	34,529,736	292,582,900	339,206,872
North Brevard Hospital District	-	-	1,055,929	1,055,929
North Broward Hospital District	4,216,371	18,701,037	153,290,372	176,207,780
North Lake Hospital Taxing District	-	-	1,597,947	1,597,947
Orange County	-	2,878,180	-	2,878,180
Pinellas County	-	-	-	-
Santa Rosa County			122,483	122,483
Sarasota County Public Hospital Board	-		19,232,905	19,232,905
South Broward Hospital District	2,761,135	13,451,683	102,874,740	119,087,558
South Lake Hospital Taxing District		-	-	-
St. Johns County		-	-	-
Suwannee County Board of County Commissioners			224,283	224,283
Doctor's Memorial of Perry				-
GME DSH		790,114	-	790,114
undetermined amounts	2,188,721	851,698	16,702,842	19,743,261
DSH (Shands-UF & FP GR)		5,852,899	-	5,852,899
Total Government Transfer (Hospitals)	**22,767,280**	**95,233,282**	**675,878,255**	**793,878,817**

Special Hospital LIP
SFY 2014-2015 Model 1

Special LIP funding of $116.0 million for the following initiatives shown in millions:

Rural	$ 5.6
Primary Care	$ 12.0
Specialty Pediatric	$ 1.4
Trauma	$ 8.8
STC 61 Quality Measures	$ 15.0
Safety Net	$ 73.1
Total Special LIP	**$ 116.0**

LIP "Below the Line" Programs
SFY 2014-2015 Model 1

$117.3 million

- Initiatives focused on primary care, emergency room diversion, disease management, poison control, and continued initiatives related to premium assistance programs for uninsured and underinsured individuals.
- Federally Qualified Health Centers, County Health Departments, Hospital based Primary Care Programs benefit from continued funding.
- Projects Include:
  - Poison Control Centers
  - Federally Qualified Health Centers
  - County Health Department Initiatives
  - Hospital Based Primary Care Initiatives
  - Premium Assistance Programs
  - Manatee, Sarasota, and Desoto County Emergency Room Diversion
  - STC 61 Tier One Milestone Distribution

Disproportionate Share Hospital Program (DSH)
SFY 2014-2015 Model 1

$239.3 million

- The DSH Program provides financial support to hospitals serving a significant number of low-income patients.
  - Federally capped program with limited allotments to each state.
  - Seventy hospitals including the rural hospitals are recommended for Medicaid DSH payments.
- The DSH Program distribution method remains the same as current policy and distribution.
- DSH is authorized under federal law and not part of the 1115 Waiver LIP Pool.

Tier Distribution Funding $797.0 Million
SFY 2014-2015 Model 1

- In this model, payments are supplemental additions of dollars, not a policy adjustor.
- A provider can be in more than one tier – providers can be in tiers 1 and 3 or in tiers 2 and 3. A provider cannot be in both tiers 1 and 2.
- Out of state providers participating in the Florida Medicaid program will not receive any IGT payments.
- The Agency combined inpatient and outpatient automatic IGTs from FY 2013-14 to get the total figure for FY 2014-15.

Tier Distribution Funding $797.0 Million SFY 2014-2015 Model 1

- IGT funds will only be distributed with inpatient claims.
- Assumed “total estimated inpatient spending” is total money spent from non-IGT sources – that is general revenue and PMATF.
- Assumed $10 million from GR that is paid out with automatic IGTs in FY 2013-14 will continue to be paid out with IGTs in FY 2014-15.
- Self-funded IGTs no longer permitted.

Tier Distribution Funding $797.0 Million SFY 2014-2015 Model 1

- Total allocation by tiers.

Total Automatic IGT Payment 2013/2014:	$797,054,937		
	Tier 1	**Tier 2**	**Tier 3**
Percentage of IGT Funds:	35%	35%	30%
Tier Allocation (T*A):	$278,969,228	$278,969,228	$239,116,481
Total General Revenue (T*TEIS):	$663,287,387	$191,749,102	$1,599,062,772
Tier Percent Increase (T*PI):	0.421	1.455	0.150

- Tier 1: Statutory rural hospitals, statutory teaching hospitals, and specialty children's hospitals.
- Tier 2: Community hospitals not included in Tier 1 that provided more than 9 percent of the hospital's total inpatient days to Medicaid patients and charity patients, and are located in the jurisdiction of a local funding source.
- Tier 3: Includes all community hospitals.

Questions?