

**2018 Legislative Priorities**

**Lee Health**

**Lee County Delegation Meeting**

**October 18, 2017**

**Lee Health**

Lee Health is a public non-profit health care services organization committed to the well-being of every individual we serve. Our goal is to promote healthy living and robust health for the people of Southwest Florida. Lee Health has nearly 2 million patient contacts per year. We are Southwest Florida’s largest employer with more than 13,000 full-time employees, as well as 4,500 volunteers and auxilians. Every dollar we collect is reinvested back into our community to improve facilities, add services and extend care to those who need it most. Important to note is that all of this is done without receiving any local tax support. Lee Health is the largest public health system in the nation not benefiting from a direct local tax and we are proud of that fact. Despite significant challenges in the ever changing health care industry, we continue to provide the best care possible for our community. We are caring people, inspiring health.

**Medicaid Funding**

*In FY 2016, Lee Health directly contributed more than the federal government and four times what the State funded for local Medicaid patients served.* The total cost of Lee Health providing Medicaid services to the people of Southwest Florida in 2016 was $221.6 million. The total is represented by 43 percent ($94.4 million) being funded by the federal government, 11 percent ($25.5 million) being funded by state government, and 46 percent ($101.7 million) being funded by Lee Health. Lee Health’s share is funded through hospital taxes imposed by the state known as Public Medical Assistance Trust Fund (PMATF), local revenues sent by Lee Health to Tallahassee to draw down the federal match known as Intergovernmental Transfers (IGTs), and local funds utilized to cover the Medicaid shortfall.

Florida ranks 48 out of 50in overall Medicaid funding for children, pregnant women, low-income families, elderly, and the disabled.

Additionally, IGTs benefit all qualifying hospitals regardless of whether local public funds are contributed on their behalf. Historically, federal guidelines have allowed mechanisms under managed care to recognize and fund those hospitals that are providing significant services at a loss for Medicaid patients. We support these guidelines and encourage the federal government to again authorize this practice.

*We support fully funding hospital services reimbursed by Medicaid, including the Medically Needy and Aged/Disabled programs.* Our shortfall in Medicaid reimbursement for FY 2016 was $58.4 million, a 40percent increase above the 2015 shortfall. Changing from a fee-for-service to a Diagnosis-Related Group (DRG) methodology has further reduced reimbursement, and recent transition to statewide managed care reduced our reimbursement even more. During the 2017 Session, the Florida Legislature cut Medicaid funding to hospitals by $521 million dollars. Dramatic reductions in rate reimbursements for all types of government and commercial insurance create a tremendous burden to health systems trying to provide care for uninsured or underinsured patients. *Lee Health supports transparency, increased accountability, and improved efficiency in managed care.*

**Medicaid 1115 Waiver Extended for Five Years**

*Last year, Lee Health supported a continuation of the federal 1115 Medicaid Healthcare Transformation Waiver*. *The Waiver has been extended for a period of five years.* The 1115 Medicaid waiver allows states optimal flexibility to design and improve their programs that promote the objectives of the Medicaid and CHIP programs. This significant flexibility allows for CMS to waive Medicaid statutory requirements or permit federal match for activities not specifically authorized by statute. This gives CMS significant discretion for approval or denial of these waivers. The federal budget neutrality requirement provides the opportunity to fund creative programs such as the Low Income Pool (LIP). Budget neutrality means that federal expenditures must be at or below what they would be without the waiver. The opportunity to bridge funding now while improving services may lead to future Medicaid innovation waivers.

The Low Income Pool (LIP) provides government support to providers for the costs of uncompensated charity care for low-income individuals who are uninsured. Uncompensated care includes charity care for the uninsured but does not include uncompensated care for insured individuals, bad debt, or Medicaid and Children’s Health Insurance Program (CHIP) shortfall.

**Low Income Pool**

The reduction of federal LIP in FY 15-16 from $2 to $1 billion encouraged State lawmakers in the 2016 legislative session to dedicate $400 million in general revenue to help offset substantial losses to community, safety net, and teaching hospitals, which provide the significant share of healthcare services for the under and uninsured in Florida. The Legislature offset the loss of federal dollars with state general revenue including increases to Medicaid rates that helped to make hospitals whole when combined with the remaining $1 billion LIP program for FY 2015-16. LIP was further reduced to only $608 million for FY 2016-17 and with the funding formula dramatically changed to a new definition of charity care, many hospitals saw great reductions in state reimbursement, including Lee Health hospitals.

During the 2017 Session, the State and CMS agreed to again increase LIP funding authorization to $1.5 billion. As a public hospital, Lee Health benefits from new LIP special terms and conditions that create a tier specifically to fund public hospitals that see disproportionately higher volumes of Medicaid and uninsured patients.

In previous years, Disproportionate Share Hospital (DSH) payments had been redefined in Florida in order to help offset substantial losses in LIP. In the 2017 Session, DSH payments were cut substantially with the promise of additional LIP funds. Medicaid DSH payments are statutorily required payments intended to offset hospitals’ uncompensated care costs to improve access for Medicaid and uninsured patients as well as the financial stability of safety-net hospitals. States have broad flexibility in determining which hospitals receive DSH payments and in determining how the payments are calculated. Historically Florida has been disadvantaged compared to other large states with our DSH allocation being around $200 million compared to more than $1 billion for states like Texas and California. *Lee Health encourages HHS to use its authority for flexibility to redistribute DSH to appropriately reflect individual states’ needs.* When Congress passed the ACA in 2010, statutory cuts were built into DSH payments assuming that more patients would be insured and less uncompensated care would be occurring. This has not been the case in Florida and safety-net hospitals have been forced to lobby for DSH cut delays. Congress contemplated removing DSH cuts for ACA non-expansion states and increasing DSH rates for traditionally low DSH states, like Florida, during the ACA repeal and replace debate. *Lee Health supports delaying or repealing DSH cuts and maintaining state flexibility in DSH payment distribution.*

**Extension of Health Coverage**

*Lee Health continues to advocate for implementation of a solution that will extend healthcare coverage to the most individuals possible.* Florida consistently ranks in the top 5 for total number of uninsured patients in the United States. Revenues are still being taken from Floridians to cover the costs of the Affordable Care Act and we need to acknowledge that we are paying for this care, whether we allow it to be funded or not. The current federal administration may not support continuation of the ACA, but, as of now, it remains the law of the land. *Lee Health supports extending health care coverage by any name to cover as many individuals as possible.*

The five-county region we serve in Southwest Florida has one of the highest rates of uninsured patients in the entire state of Florida. In the most recent US Census data published, four of the five counties we serve rank in the top 10 of 67 counties for the highest percentage of uninsured patients. Glades County has 26.2% (1) uninsured, Hendry County has 26.0% (2) uninsured, Collier County has 23.2% (5) uninsured, Lee County has 19.9% (10) uninsured, and Charlotte County has 16.8% (23) uninsured. Overall these numbers demonstrate about 3% more people per county being insured over last year’s data. Even with these gains, our region remains one of the most uninsured in all of Florida. Only one in five patients admitted to Lee Health hospitals has commercial insurance now, and those patients and their employers receive the full burden of the “hidden tax,” shifting the unpaid costs of Medicaid, Medicare, and uninsured to them. This tax burden is compounded every year the state does not leverage Florida tax dollars back to Florida by extending health care coverage or working with the federal government to fund uncompensated care through Medicaid waivers.

Extending healthcare coverage to the uninsured has also been supported by the Florida Chamber of Commerce Healthcare Partnership. Noted in the Chamber’s Healthcare Partnership position is that one-seventh of Florida’s economy is based on healthcare and a significant portion of our state budget is invested in Medicaid. Those numbers are growing and in order to address the cost shift to those who have commercial insurance, action must be taken. “At the Florida Chamber, we believe Florida has an opportunity to set the national example for expanding healthcare coverage while also lowering costs on Floridians and reforming Florida’s healthcare system,” Mark Wilson said during the “Expanding Healthcare and Ending the Cost Shift Now” Business Briefing. *It makes good business sense to get a return on our taxpayer’s investment in order to provide quality healthcare for all Floridians.*

**Potential Affordable Care Act Repeal and Replacement**

*If the ACA is to be repealed and replaced, Lee Health supports a replacement program that does not utilize substantial cuts to Medicaid in order to cut ACA taxes.* In the summer of 2017, The United States House of Representatives and United States Senate debated and voted on various plans to repeal and replace the ACA. Most all of their proposals included onerous cuts to Medicaid in order to fund ACA tax cuts. These cuts amounted to nearly 1 trillion dollars in reduced Medicaid spending, along with implementation of per-capita caps that would severely limit growth in the Medicaid program. The Senate Better Care Reconciliation Act did contemplate at least some positive approaches, including removal of ACA Disproportionate Share Hospital (DSH) cuts for non-expansion states and restoration of traditionally low DSH state payments to a national average for at least a four-year period. We view these approaches as positive when not coupled with substantial cuts to the Medicaid program. *Lee Health supports repealing ACA DSH cuts and increasing Florida’s traditionally low DSH funding.*

**Trauma Funding and Regulation**

The Lee County Trauma Services District was created by a special act of the Florida Legislature, 2003-357, and is the only trauma service district in the State of Florida governed by a publicly elected board of directors, the same elected body as the Lee Health Board of Directors. The Regional Trauma Center at Lee Memorial Hospital, a State designated Level II Trauma Center, has served as a safety net to the injured patients from Lee, Collier, Charlotte, Hendry and Glades Counties for over 21 years. While the Trauma District has no taxing authority or local tax support, it has demonstrated area-wide leadership in developing an inclusive and collaborative system of injury care. This program of care is tailored to all of Southwest Florida and is guided by the needs of the residents we serve. The Regional Trauma Center at Lee Memorial Hospital received re-verification status three years ago certifying the trauma program “complies with trauma care standards consistently and without exception” – There is no higher compliment to be had from a survey team. We are verified through June 2022. The Lee Health Board of Directors has approved a plan to move our Regional Trauma Center to our Gulf Coast Medical Center Campus by 2021. *We encourage all stakeholders to support legislation that maintains the existing high performing trauma system, and funding for the existing trauma programs.*

Concerns exist over perceived less stringent standards being contemplated by the Florida Department of Health (DOH) and Florida Legislature which could be harmful to the quality of trauma care in our region. Data confirms that better outcomes are achieved when trauma center professionals treat a higher volume of patients. Patient outcomes may be negatively impacted if trauma center patient populations are too far diluted by the opening of more trauma centers. It is our hope DOH will incorporate the suggestions of stakeholders to collaboratively work with providers to improve Florida’s trauma system through the rulemaking process. *We recommend DOH also engage the Florida Committee on Trauma, Association of Florida Trauma Coordinators and Association of Florida Trauma Program Managers to provide ongoing input from clinical professionals on such rules and standards.* The American College of Surgeons (ACS) also recommended to DOH that it reconvene and work with the Florida Trauma System Advisory Council for ongoing collaboration for the best regulatory results. The Florida Trauma System Advisory Council has not been reconvened for the past several years.

One of the biggest threats to optimal trauma care has been the recent insurgence of superfluous trauma centers. “The findings of a recent study published in the medical journal *Annals of Surgery,* titled ‘[Impact of Volume Change Over Time on Trauma Mortality in the United States](http://journals.lww.com/annalsofsurgery/Abstract/publishahead/Impact_of_Volume_Change_Over_Time_on_Trauma.96571.aspx)’, reveal that the lightly regulated and poorly coordinated designation for [trauma care centers](http://www.tampabay.com/news/health/trauma-fees-growing-across-the-nation-at-absurd-rate/2207461) in states like Florida has created an oversaturated system that dilutes patient volumes, leads to worse outcomes and generally does more harm than good.” Many of these centers are charging exorbitant entry fees (“Activation Fees”) of up to $30,000.00 and moving into areas already served by an existing trauma center.  Lead author of the aforementioned study, Joshua Brown, MD, a research fellow in the division of trauma and general surgery at the University of Pittsburgh School of Medicine said “Siphoning of patients through unregulated growth of unnecessary trauma centers can have a profound detrimental impact on patients.”

**GME - Statewide Medicaid Residency Program**

Lee Health is a qualified GME participant in the FSU Family Medicine Residency Program and *supports continued funding for the GME medical residency program as well as the physician supplemental payment program*. The Graduate Medical Education (GME) Statewide Medicaid Residency Program consists a state-wide pool of money used to provide funding to qualified participating hospitals involved in graduate medical education. Additionally, the GME Startup Bonus Program provides $100 million dollars to qualifying hospitals with newly approved residency positions in the statewide supply-and-demand deficit specialties. Supplemental payments are also available for physician educators within these programs. These new resident physicians will meet a critical need as a national physician shortage persists. Thus far, eight Family Practice physicians who have completed their FSU residency program have stayed in the Southwest Florida community to practice. As we go forward, our goal is to retain 75% of the program’s graduates in Southwest Florida.

**Telemedicine/Telehealth**

*Lee Health supports the use of new technologies including telemedicine for improved patient care.* Lee Health utilizes telemedicine in a multitude of care delivery scenarios. We implement telemedicine consultations in our children’s hospital, home health, mental health through Lee Community Healthcare, and in our emergency departments. The use of this innovative technology allows more patients to receive better outcomes. The Florida Legislature created the Florida Telehealth Advisory Council in 2016. The Council is charged to make recommendations intended to increase the use and accessibility of services provided via telehealth. A report of these recommendations is due to the Governor, the President of the Senate, and the Speaker of the House of Representatives by October 31, 2017. *Lee Health supports telemedicine legislation that requires certified clinical care being properly reimbursed.*

**Mental Health/Substance Abuse**

Mental health is a major pillar of overall health and wellbeing. *Lee Health supports the use of federal, state, and local resources to address the opioid and substance abuse epidemic effecting the nation and SWFL.* The substance abuse and mental health crisis has reached a problem of epidemic proportion. In FY 2016, we treated nearly 3,000 patients for substance abuse and 470 for substance overdose. Through June of 2017, we have treated 727 patients for substance overdose. Substance abuse and mental health patients create stress through utilization on our emergency departments, trauma center, and Neonatal Intensive care Unit (NICU) at the Golisano Children’s Hospital of SWFL. Most auto-accident patients that arrive in our Trauma Center due to the severity of their injury are impaired. Babies born with opioid withdrawal through dependency obtained during pregnancy are treated in our NICU. Resources are needed to implement a more robust continuum of care after discharge from emergency departments.

Need for stability, education, mental health treatment from licensed professionals, and medication assisted treatment are paramount to properly addressing this crisis. Licensed professionals include but are not limited to Board Certified Neurologists, Psychiatrists, Clinical Social Workers, Mental Health Counselors, and Psychiatric or Mental Health Nurse Practitioners. Community resources that currently exist must be properly coordinated to support the needs of our region.

*Additionally, Lee Health supports increasing investments to identify and treat Alzheimer’s disease, dementia, and all other cognitive disorders. Facilities such as memory clinics and additional specialists are needed to improve outcomes in treatment.* Continued research of all cognitive disorders must be conducted in order to improve methods of treatment and detect predispositions that may allow us to better understand who is at risk and what options may exist to best treat these illnesses.