

**2017 Legislative Priorities**

**Lee Health**

**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 more than 1 million patient contacts per year. We are Southwest Florida’s largest employer with 12,500 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, caring for people.

**Medicaid Funding**

*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.

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 continue this practice.

*We support fully funding hospital services reimbursed by Medicaid, including the Medically Needy and Aged/Disabled programs.* Our shortfall in reimbursement for FY 2016 was $58.4 million, a 40percent increase above last year’s 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. We applaud the most recent legislature’s increase for the DRG base rate, Outliers rates and Trauma add on last year and continue to support efforts to increase Medicaid reimbursements and oppose further reductions to Medicaid reimbursement rates. We are also grateful for certain pediatric rate increases approved by the legislature this year that were instrumental in helping the Golisano Children’s Hospital. 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 also supports transparency, increased accountability, and improved efficiency in managed care.*

**Continuation of the 1115 Medicaid Waiver**

*Lee Health supports a continuation of the federal 1115 Medicaid Healthcare Transformation Waiver*. 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. There are multiple avenues that we may pursue to fund our Medicaid initiatives. To do nothing is not acceptable and we cannot allow ourselves to fail by virtue of inaction. One such avenue is pursuit of Delivery System Reform Incentive Payment (DSRIP) waivers associated with milestone completion. These waivers come with some inherent risk in that the intergovernmental transfers must first be put up to receive dollars and if established performance metrics are not met, money will be withheld. The opportunity to bridge funding now while improving services may lead to future Medicaid innovation waivers.

**Low Income Pool**

The reduction of federal LIP in FY 15-16 from $2 to $1 billion encouraged State lawmakers in the last 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 the current FY 2016-17 and with the funding formula dramatically changed to a new definition of uncompensated care, many hospitals saw great reductions, including Lee Health hospitals. Some hospitals are being asked to provide the LIP Program's state share (IGTs) even though the add-on rate forfeiture mechanism (Medicaid add-on rate forfeiture allowing the add-on amount to be retained in a state rate pool that is available for allocation to only those that provide the state share IGTs of the LIP program) is still under review by CMS. For all practical purposes, Lee Health does not expect to benefit from LIP this year. *We recommend review and possible modification of the tier definitions and cut off points if LIP continues.*

CMS has recently published rules that will work on a ten year phase out program of the uncompensated care pool in other States. While they have given no such indication to the State of Florida, there is a possibility that LIP funding reductions may be delayed and distributed over multi-year period of time. *Florida should ask for the same terms as other states.* There is still a high likelihood of further reductions to occur in LIP. *Lee Health supports efforts that delay the reduction and elimination of LIP funding.*

Disproportionate Share Hospital (DSH) payments have been redefined in Florida in order to help offset substantial losses in LIP over the last two years. Further refinements may be required. 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. Unfortunately this has not been the case in Florida and safety-net hospitals have been forced to lobby for DSH cut delays. *Lee Health supports delaying 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 utilize federal funds available for the purpose of extending healthcare coverage to eligible individuals.* Revenues are being taken from Floridians to cover these costs and we need to acknowledge that we are now paying for this care, whether we allow it to be funded or not. We owe it to all Floridians to be good stewards of their tax dollars, reclaim our rightful share, and utilize the available federal funds. The Centers for Medicare and Medicaid had indicated a willingness to consider new and innovative expansion plans. Stakeholders in Florida embraced this position by developing a potential solution that would use local dollars to support statewide expansion.

The five county region we serve in Southwest Florida has the highest rate of uninsured patients in the entire state of Florida. Four of the five counties we serve rank in the top 10 of 67 counties for the highest percentage of uninsured patients. Hendry County has 28.9% (2) uninsured, Glades County has 28.2% (3) uninsured, Collier County has 26.5% (6) uninsured, Lee County has 23.5% (10) uninsured and Charlotte County has 20.7% (25) uninsured. 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.

*Lee Health supports extension of healthcare coverage in Florida to draw down roughly $51 billion in federal funds over the next ten years.* The expansion of healthcare coverage is also 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.*

**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 two 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. *We encourage you to support legislation that maintains the existing high performing trauma system, and funding for the existing trauma programs.*

The Florida Department of Health (DOH) has conducted rule workshops for the purpose of hearing from trauma professionals, hospitals, and communities to develop a trauma system that is inclusive, sustainable, and integrated for safe, effective, and efficient care of injured patients in Florida. While Lee Health supports this intent, concerns exist over perceived less stringent standards being contemplated 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.*  Also the American Council of Surgeons (ACS) 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 of $80 million 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. Two Family Practice physicians that have completed their FSU residency program have stayed in the Southwest Florida community to practice and as we go forward our goal is to retain many more.

**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. *We are hopeful that the Florida Legislature will enact legislation pertaining to telemedicine that requires certified clinical care being properly reimbursed.*

*January 2017*