

The Florida Update

In This Issue

[Florida Medicaid Enrollment Trends](#)

[Florida KidCare](#)

[Managed Care Summary Report](#)

[2010 Florida Legislative Session](#)

[Florida Medicaid Initiatives](#)

[Federal Medical Assistance Percentages \(FMAP\) Federal Stimulus Funding](#)

[Federal Health Reform: Florida Impact](#)

[National Health Reform Implementation: Summary of Florida Impact](#)

[HMA Welcomes Elaine Peters as a Principal](#)

Quick Links

[About Us](#)

Florida Medicaid Enrollment Trends

As of June 2010, there were 2,731,710 Medicaid recipients in Florida. This represents an increase of 4.42 percent this calendar year (an increase of 115,741 recipients from January 2010 enrollment). A summary of the distribution of Florida's Medicaid enrollment is provided in the tables below.

The majority of recipients (68 percent, or 1,848,000 recipients) are enrolled in a Medicaid managed care program. The majority of the remaining 32 percent of the Medicaid population receives care on a fee-for-service (FFS) basis. This FFS population includes newly eligible recipients that will choose or be assigned to a managed care option, as well as recipients who will remain FFS because they are excluded from managed care enrollment. A small percentage of Florida's Medicaid population (less than one percent) is enrolled in Florida's Nursing Home Diversion program. The frail elders participating in Florida's Nursing Home Diversion program are more likely to delay entry into a nursing home than similar frail elders who are not enrolled in any Medicaid community-based waiver programs.

	Jan-10	Jun-10
Total Medicaid	2,615,969	2,731,710
Fee-for-Service	800,576	864,966
Medicaid Managed Care	1,800,038	1,848,000
Nursing Home Diversion	15,355	18,744

	Jan-10	Jun-10
Total Medicaid Managed Care	1,800,038	1,848,000
Primary Care Case Management	615,716	623,759
MediPass	556,000	576,963
Access Health Solutions	59,716	46,796
Health Maintenance Organizations	1,045,649	1,046,518
Provider Service Networks	138,673	177,723

[Expertise](#)

[Services](#)

Contact Us

Phone:
1-800-678-2299

[Email](#)

Locations:

Atlanta, Georgia
Austin, Texas
Boston, Massachusetts
Chicago, Illinois
Columbus, Ohio
Indianapolis, Indiana
Lansing, Michigan
New York, New York
Sacramento, California
Tallahassee, Florida
Washington, DC

[Join Our Mailing List!](#)

Florida's Medicaid managed care enrollment is distributed across Florida's Primary Care Case Management (PCCM) program, Health Maintenance Organizations (HMOs), and the Provider Service Networks (PSNs). Increases in enrollment continued to be realized in each of these programs this calendar year.

As of June 2010, almost ten percent of Florida Medicaid's managed care enrollees were enrolled in a PSN and 56 percent were enrolled in one of the 18 HMOs serving the Medicaid population throughout Florida. This includes enrollees in an HMO or PSN operating in Medicaid Pilot counties (under the Medicaid Reform 1115 Waiver). The remaining 34 percent of the Florida Medicaid managed care population received care through Florida's PCCM program, mostly through the MediPass component. MediPass includes special needs children receiving services from Children's Medical Services (CMS) who are not enrolled in the CMS Provider Service Network operating in two Pilot counties. The PCCM program also includes the Minority Physician Networks operating as Access Health Solutions.

Further summary details by county and health plan are provided [here](#).

The listing of Florida Medicaid HMOs and other managed care information is maintained and updated by the Agency for Health Care Administration (AHCA), Bureau of Managed Health Care. Go to: www.fdhc.state.fl.us/MCHQ/Managed_Health_Care/MHMO/index.shtml.

Florida KidCare

As of June 2010, there were 1,852,334 children enrolled in Florida KidCare, the state's health insurance program for uninsured children under age 19. Of this total, 254,217 children were enrolled through the Children's Health Insurance Program (CHIP); 1,574,521 were enrolled through Medicaid; and 23,596 children are non-subsidized. Total enrollment in Florida KidCare has increased by 78,245 since January 2010. The majority of this increase relates to children enrolled in Medicaid, where enrollment grew by 58,313 during this timeframe. To obtain more detail on Florida KidCare data and enrollment trends and to see meeting materials from the Florida KidCare Coordinating Council, go to: www.floridakidcare.org/resources.html.

Managed Care Summary Report

Managed care data reported by insurance carriers is compiled quarterly by the Florida Office of Insurance Regulation. The compiled report provides financial and enrollment information by line of business (for example, commercial small group and large group, individual, Healthy Kids, Medicare, Medicaid, etc.), by carrier, and by county. The latest report, *Fourth Quarter 2009*, reflects data retrieved May 3, 2010. The following table compares some of the reported data from 2007 through

2009.

Category	2007	2008	2009
Managed Care Organizations	38	39	39
MCOs Reporting Loss	10	13	13
Overall Net Income	\$641,513,100	\$491,152,736	\$574,554,592
Total Enrollment	3,441,058	3,419,116	3,555,559
Medicare Enrollment	662,406	710,304	749,431
Medicaid Enrollment	762,278	871,274	1,075,243

Source: Florida Office of Insurance Regulation Managed Care Summary Reports

To view the "Managed Care Summary" reports and other insurance industry data compiled by the Office of Insurance Regulation visit:

www.floir.com/DataReports/DataReports.aspx.

2010 Florida Legislative Session

FY 2010-11 Medicaid Budget

The Florida Legislature passed a \$70.4 billion budget for Fiscal Year 2010-11. However, given the uncertainty of \$1 billion in Medicaid funding that Florida will receive if the enhanced Federal Medical Assistance Percentage (FMAP) is extended, as well as the economic impact of the Deepwater Horizon oil spill, there are concerns about Florida's current \$70 billion budget. A special session may be called to revisit the budget.

The Medicaid budget, totaling \$19.98 billion, comprises more than a quarter of Florida's budget. Significant budget reductions were made to Medicaid in the following categories:

- Hospital Inpatient Rates - reduced by 7% (\$232.2 million total; \$89.2 million in general revenue. *The budget provides an opportunity for any hospital that has or is able to secure local funds to use an Intergovernmental Transfer (IGT) for the purpose of "buying back" this rate reduction.*)
- Hospital Outpatient Rates - reduced by 7% (\$54.8 million total; \$20.9 million in general revenue. *The budget provides an opportunity for any hospital that has or is able to secure local funds to use an IGT for the purpose of "buying back" this rate reduction.*)
- Clinic Services Rates - reduced by approximately 30% (\$40.4 million total; \$15.4 million in general revenue) to the level paid to Federally Qualified Health Centers (FQHCs). *(The budget provides an opportunity to secure local funds to use an IGT for the purpose of "buying back" this rate reduction.)*
- Hospice Rates - reduced by 7% percent (\$17.5 million total; \$6.7 million in general revenue. *Provides a contingent appropriation of \$5 million total; \$1.6 million in general revenue to restore 2% of the rate reduction.*)
- HMO Rates - reduced by \$102.6 million total; \$39.3 million in general revenue. *(Flow through from the 7% reduction to Hospital Inpatient/Outpatient rates and from the 30% reduction to Clinic*

Services rates to the FQHC rate.)

The table below details Florida's Medicaid budget appropriations for FY 2010-11 by service category.

Service Category	ALL FUNDS	% Total Funds
Hospital Inpatient Services	3,893,032,657	19.49%
Prepaid Health Plans	2,898,086,643	14.51%
Nursing Home Care	2,785,799,739	13.94%
Prescribed Medicine/Drugs	1,300,112,162	6.51%
Physician Services	1,178,665,357	5.90%
Supplemental Medical Insurance	1,175,332,586	5.88%
Hospital Outpatient Services	1,115,646,300	5.58%
Home & Community Based Services	1,000,476,643	5.01%
Low Income Pool	1,000,249,994	5.01%
Medicare Part D Payment	427,734,267	2.14%
Nursing Home Diversion Waiver	347,885,072	1.74%
Hospice Services	340,131,688	1.70%
Intermediate Care Facility/Community	264,003,719	1.32%
Regular Disproportionate Share	246,570,577	1.23%
Private Duty Nursing Services	190,661,508	0.95%
Early & Periodic Screening/Children (EPSDT)	174,944,182	0.88%
Other	1,639,158,731	8.20%
TOTAL	19,978,491,824	100.00%

Source: General Appropriations Act FY 2010-11 after vetoes.

2010 Legislation Highlights

Proposed Legislation would have expanded Medicaid managed care in Florida:

- The Senate proposed legislation would have authorized the Agency for Health Care Administration (AHCA) to apply for an extension of the Medicaid Reform 1115 Waiver (SB 1484) and expand the current five-county (Broward, Duval, Nassau, Clay, Baker) mandatory managed care pilot program into 19 additional counties with capacity to absorb major metropolitan areas such as Miami, Orlando, Tampa, and St. Petersburg. The legislation would also have directed AHCA to prepare a Medicaid waiver to restructure the Medicaid program and limit annual spending to the amount appropriated.
- The House proposed legislation would have also authorized AHCA to apply for an extension of the Medicaid Reform 1115 Waiver (HB 7225), and would have limited the expansion of the mandatory managed care pilot to Miami-Dade County on January

1, 2012 but no later than October 1, 2012. However, the House legislation would have mandated a statewide Medicaid managed care expansion that divided the state into six geographic regions and used a competitive process to choose Health Maintenance Organizations (HMOs) and Provider Service Networks (PSNs) for each area (HB 7223). Implementation for Long Term Care, Acute/Primary Care and Developmentally Disabled would have been phased in from 2011 through 2015.

The legislation that passed does direct AHCA to extend the current Medicaid Reform 1115 Waiver; however, AHCA was not directed to amend, expand, or alter the program.

Passed 2010 legislation related to health care includes the following:

SB 1484 amends multiple sections of Florida Statutes relating to Medicaid:

- Amends s.409.912, F.S., to allow a PSN to provide behavioral health services in addition to physical health services in areas of the state not under Medicaid reform.
- Amends s.409.01211, F.S., to extend the guidelines for phasing in financial risk for approved PSNs and the Children's Medical Services PSN over the period of the waiver and extension.
- Directs AHCA to request an extension of the current Medicaid Reform 1115 Waiver no later than July 1, 2010 and to preserve the Low Income Pool.
- Directs AHCA to convene a workgroup to develop methodologies to maintain the use of IGTs and Certified Public Expenditures (CPEs) in a Medicaid managed care environment and requires a report by January 1, 2011.
- Creates the Medicaid and Public Assistance Strike Force; requires the Auditor General and the Florida Legislature's Office of Program Policy Analysis and Government Accountability (OPPAGA) to review and evaluate AHCA's Medicaid fraud and abuse systems and to prepare a report by December 1, 2011; and requires managed care plans to adopt anti-fraud plans.

HB 5301, a conforming bill to the General Appropriations Act for FY 2010-2011, contains various statutory revisions, such as:

- Amends s.409.904, F.S., to extend the date that the Medicaid Aged and Disabled (MEDS-AD) and Medically Needy programs are set to sunset to June 30, 2011.
- Amends s.409.905, F.S., to authorize AHCA to develop and implement a program to reduce the number of hospital readmissions among the non-Medicare population in AHCA Areas 9, 10, and 11.
- Amends ss.409.911, 409.9112, 409.9113, and 409.9117, F.S., specifying the years of audited data to be used in determining Medicaid and charity care days for hospitals participating in the Disproportionate Share Program and revising the formula used to calculate disproportionate share dollars to PSN hospitals.
- Authorizes AHCA to contract with a private health care

organization to provide comprehensive services to frail and elderly persons residing in Polk, Highlands, Hardee, and Hillsborough counties and approves 150 initial enrollees in the PACE to serve persons in Polk, Highlands, and Hardee Counties.

- Authorizes AHCA to contract for a new PACE site in Southwest Miami-Dade County and approves 50 initial enrollees in the PACE.

HB 5001, the General Appropriations Act for FY 2010-2011, contains proviso language, including:

- Appropriations for the creation of a Florida Health Information Exchange Infrastructure. AHCA is directed to issue an Invitation to Negotiate for the purpose of awarding a contract to a vendor who can demonstrate the expertise to design and create a statewide infrastructure for Health Information Exchange through an integrated solution leveraging the ongoing federal investments to ensure meaningful use of health information.
- Funds for AHCA to contract with an independent consultant to perform a Medicaid Information Technology Architecture (MITA) self-assessment of Medicaid fiscal agent operations.
- Authorizes AHCA to amend the existing disease management waiver and develop Requests for Proposals or Invitations to Negotiate to award contracts to providers to deploy health information technology for the provision of health care services to Florida Medicaid beneficiaries who reside in Areas 1 and 6, and who are currently enrolled in MediPass. Providers would receive reimbursement for services on a per member per month basis based on the beneficiary's underlying disease state. AHCA is directed to give preference to a non-profit consortium of hospitals in Area 1; and to an FQHC in Area 6.
- Authorizes the use of IGTs for any hospital that has or is able to secure local funds, for the purpose of buying back rate reductions.
- Directs AHCA to issue an invitation to negotiate with pharmacy(s) to provide mail order delivery services at no cost to the patients who elect to receive their drugs in this manner if the patient has a chronic disease. AHCA will select eligible patients as appropriate, and will limit the program to 20,000 patients statewide.

For more information on the 2010 legislative session, visit the House and Senate website at: <http://www.leg.state.fl.us/Welcome>.

Looking Ahead to 2011 Legislation...

As Medicaid continues to represent an increasing share of the overall cost of the state budget, a rational plan to overhaul/restructure Florida's Medicaid program in future years will be integral. Managed care is a viable approach aimed at improving quality of care and saving costs. It is expected that legislation similar to 2010 legislation mandating statewide Medicaid managed care will be a priority again in 2011.

Florida Medicaid Initiatives

Florida Addresses Medicaid Fraud

In 2009 the Florida Legislature passed a bill (SB 1986) to address home healthcare fraud in South Florida. Senate Bill 1986 increased standards that must be met before home health agencies receive payments, added penalties, and provided new authority to impose sanctions and suspend or revoke licenses. In response to this bill, AHCA entered into a contract with Sandata to provide the technology necessary for the state to ensure that nurses are providing home health care to patients. Beginning July 2010, Sandata will validate the home health visits through voice-recognition technology from a telephone at the Medicaid recipient's residence. The technology will allow the agency to verify when an assigned nurse or home health aide arrived at and departed from a particular Medicaid recipient's residence, enabling the Florida Medicaid program to verify that home health services were actually delivered to the Medicaid recipient.

This pilot project is currently limited to Miami Dade County and would need approval of the Legislature before being expanded anywhere else. For additional information please visit: www.sandataflorida.com

Florida Medicaid Reform 1115 Waiver Update

AHCA was directed to seek an extension of its Medicaid Reform 1115 Waiver during the 2010 session. This three-year waiver extension is necessary in order to continue operation of the Medicaid Reform 1115 Waiver in Baker, Broward, Clay, Duval, and Nassau Counties until 2014. The state may request one additional extension after this, continuing the program until 2017. Although AHCA was not directed to amend the waiver or alter the program at this time, operational changes that would not require federal approval may be implemented.

AHCA is required to include several pieces of documentation in its extension request that specify how it met the objectives of the initial demonstration project, and that provide a summary analysis illustrating satisfaction of beneficiaries. In addition, the state is required to seek public input on the Medicaid Reform Waiver prior to having the waiver extended. In response to this requirement, AHCA has held a series of public meetings in Tallahassee as well as in each of the reform counties, from late May through mid-June of this year, to receive comments from the public on the extension of the Medicaid Reform 1115 Waiver. The state also established an email address to accept written comments on the waiver extension.

Information related to the Medicaid Reform 1115 Waiver, including patient satisfaction survey reports, plan performance measures, external quality review organization (EQRO) reports, and the University of Florida's evaluation reports related to the waiver and the waiver extension request are available at the following website: http://ahca.myflorida.com/Medicaid/medicaid_reform/index.shtml

Florida's Health Information Exchange Initiative

During the 2010 legislative session, the Florida Legislature directed

AHCA to contract with an organization to design and create a statewide health information exchange infrastructure. The desired infrastructure will incorporate an integrated solution to leverage the ongoing federal investments, ensuring meaningful use of health information. AHCA is expected to issue an Invitation to Negotiate by July 15, 2010 to secure these services.

AHCA is also responsible for submitting a report to the President of the Senate and the Speaker of the House by August 1, 2010. This report will describe AHCA's plan for the use of funds appropriated for this initiative; a proposed spending plan for the funds must be reviewed and approved by the Legislative Budget Commission prior to any funds being expended.

For additional information and updates on Florida's health information exchange initiative, visit <http://fhin.net/>.

HMA is working throughout the health care industry to support the effective planning, implementation, and meaningful use of policy-driven, technology support innovation. In the last year, we have broadened our work to realize the importance of health information technologies, including health information exchange (HIE) and electronic health records (EHRs) in improving health outcomes, care quality, and population health. Currently, HMA is working with the Texas Health and Human Services Commission (HHSC) to develop the State Medicaid Health Information Technology Plan (SMHP) and the Implementation Advance Planning Document (IAPD). As required by the Centers for Medicare and Medicaid Services (CMS) these two documents outline HHSC's plans for the incentive payments to Medicaid providers who adopt the meaningful use of EHRs and the strategic plan for HHSC to promote health care quality and the exchange of health information under Medicaid. HMA will also be part of the team that will develop the State Medicaid Health Information Technology Plan for the State of Florida.

For more information, contact M. Reneé Bostick, Principal, at (614)224-2500.

Federal Medical Assistance Percentages (FMAP) Federal Stimulus Funding

The enhanced Federal Medical Assistance Percentages (FMAP) available as a result of federal stimulus funding is scheduled to end on January 1, 2011, in accordance with the American Recovery and Reinvestment Act of 2009. After the U.S. House dropped the proposed \$24 billion, six-month extension of the enhanced FMAP during the last week of May 2010, U.S. Senate leaders re-inserted the enhanced Medicaid/Title IV-E match extension into the same jobs bill coming out of the House (H.R. 4213). After multiple attempts to lead to a final vote on H.R. 4213 failed through the third week of June, discussions were under way in the Senate for a scaled-down FMAP package. The option under consideration would have continued the enhanced match but at a reduced rate--3.2 percentage points for January through March 2011 and 1.2 percentage points for April through June 2011; however, the measure failed. It is not clear when or if there will be further action on

H.R. 4213. New legislation, sponsored by Massachusetts Senator Scott Brown, has surfaced that would offer the scaled-back FMAP extension previously discussed in H.R. 4213. The bill, titled the Fiscally Responsible Relief for Our States Act of 2010, would use unspent funds from the Recovery Act.

If the enhanced FMAP is extended, Florida will receive close to \$1 billion in additional Medicaid money. Florida lawmakers included a list of approximately \$270 million in spending items for hospitals, nursing homes, and cancer research that was contingent upon receiving the enhanced FMAP. The remaining amount of additional Medicaid money was to be used to enhance the state's reserves.

For updated details on this issue, visit the National Conference of State Legislatures (NCSL) webpage at: <http://www.ncsl.org/>.

Federal Health Reform: Florida Impact

Implementation of national health reform will result in an expansion of public health insurance coverage as well as a restructuring of the health insurance market for all states.

In the year 2014, when most of the legislation's largest changes will take place, Florida's Medicaid and Children's Health Insurance Program (CHIP) programs are estimated to expand by an additional 758,731 enrollees, with incremental increases up to almost 1.9 million additional enrollees by 2016. Reform legislation expands Medicaid to a national floor of 133% of poverty (\$14,404 for an individual or about \$29,326 for a family of four in 2009). This includes all individuals under age 65: 1) single childless adults under age 65 who are not disabled; 2) parents; and 3) former foster care children under the age of 26 years. Children currently covered by CHIP between 100% and 133% of poverty will be transitioned to Medicaid coverage.

Reform legislation provides full federal financing for those newly eligible for Medicaid for 2014 through 2016; 95% FMAP for 2017; 94% FMAP for 2018; 93% FMAP for 2019; and 90% FMAP for 2020. However, the combined financial impact of Medicaid expansion as well as primary care provider payment increases will be significant for Florida in future years.

In addition to Medicaid enrollment expansions, the primary care provider payment increases, effective 2013, will increase Medicaid payments in fee-for-service and managed care for primary care services provided by primary care doctors (family medicine, general internal medicine, or pediatric medicine) to 100% of Medicare payment rates. Full federal funding is provided in years 2013 and 2014 for these payment increases.

States are required to maintain eligibility in place on the date of enactment of the legislation (March 23, 2010) for children in Medicaid and CHIP through 2019 and for adults in Medicaid until 2014 (when

coverage through new Health Benefit Exchanges is expected to be available).

National Health Reform Implementation Summary of Florida Impact

	Enrollment Medicaid/CHIP		Total Impact of Medicaid/CHIP	Total Impact of Primary Care	Grand Total
2014	758,731	State Cost	\$270,656,395	\$0	\$270,656,395
		Total Cost	\$3,102,333,687	\$811,952,502	\$3,914,286,189
2015	1,707,143	State Cost	\$588,961,389	\$318,160,915	\$907,122,304
		Total Cost	\$6,930,447,279	\$933,453,301	\$7,863,900,580
2016	1,896,826	State Cost	\$541,976,403	\$322,889,456	\$864,865,859
		Total Cost	\$7,706,030,991	\$957,753,473	\$8,663,784,464
2017	1,896,826	State Cost	\$843,670,439	\$332,843,688	\$1,176,514,127
		Total Cost	\$7,706,030,991	\$957,753,473	\$8,663,784,464
2018	1,896,826	State Cost	\$904,009,246	\$334,834,534	\$1,238,843,780
		Total Cost	\$7,706,030,991	\$957,753,473	\$8,663,784,464
2019	1,896,826	State Cost	\$964,348,053	\$336,825,381	\$1,301,173,434
		Total Cost	\$7,706,030,991	\$957,753,473	\$8,663,784,464

Source: Agency for Health Care Administration, Overview of Federal Affordable Care Act, May 25, 2010. Of the total 2019 net enrollment, 1,837,395 relates to Medicaid and 59,431 relates to CHIP.

For additional information on National Health Reform, view our [National Update](#), a monthly newsletter produced at least quarterly by Health Management Associates.

HMA Welcomes Elaine Peters as a Principal

Elaine Peters has recently joined the HMA Tallahassee Office. Ms. Peters has 30 years of experience with the State of Florida, most recently serving as the Staff Director of the Senate Health and Human Services Appropriations Committee. Over her career, Ms. Peters has held senior positions in the Governor's Office of Planning and Budget, in Medicaid Program Analysis, in Medicaid Program Development, and in the Department of Health and Rehabilitative Services. Ms. Peters earned her Bachelor of Science degree at Florida State University.

[Health Management Associates](#) is an independent national research and consulting firm specializing in complex health care program and policy issues. Founded in 1985, in Lansing, Michigan, Health Management Associates provides leadership, experience, and technical expertise to local, state, and federal governmental agencies, regional and national foundations, investors, multi-state health system organizations and single site health care providers, as well as employers and other purchasers in the public and private sectors.