

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based only on the provisions contained in the legislation as of the latest date listed below.)

Date: April 6, 1998 Revised: _____

Subject: Radiation Therapy Services & Centers

	<u>Analyst</u>	<u>Staff Director</u>	<u>Reference</u>	<u>Action</u>
1.	<u>Munroe</u>	<u>Wilson</u>	<u>HC</u>	<u>Favorable</u>
2.	<u>Eccles</u>	<u>Smith</u>	<u>WM</u>	<u>Favorable/CS</u>
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

I. Summary:

This bill repeals the annual Public Medical Assistance Trust Fund assessment on certain freestanding radiation therapy centers and exempts outpatient radiation therapy services provided by hospitals from the assessment.

This bill amends sections 395.701 and 395.7015, Florida Statutes.

II. Present Situation:

Section 395.701, Florida Statutes, was originally enacted in 1984 to impose an assessment of 1.5 percent against the annual net operating revenue of each state-licensed hospital. Assessments are deposited into the Public Medical Assistance Trust Fund (PMATF). The Health Care Board is empowered to fine or penalize hospitals that fail to comply with, or otherwise violate, the assessment payment requirement, and to collect data from required reporting documents developed by the Board.

Section 395.7015, F.S., was originally codified in statute as s. 395.1015, F.S., as created by s. 177 of chapter 91-112, Laws of Florida, which for the first time extended PMATF assessments to four additional types of health care providers: clinical laboratories, ambulatory surgical centers, diagnostic imaging centers, and freestanding radiation therapy centers. Making these providers subject to the assessment significantly expanded the data collection activities of the Health Care Board to more than 800 health care facilities. Section 52 of chapter 92-289, Laws of Florida, redesignated s. 395.1015, F.S., as s. 395.7015, F.S.

Similar to hospitals, freestanding radiation therapy centers offering treatment through the use of radiation therapy machines registered under s. 404.22, F.S., and administrative rules 10D-91.902,

10D-91.903, and 10D-91.904, *Florida Administrative Code* (F.A.C.), are subject to an annual assessment equal to 1.5 percent of their annual net operating revenues under s. 395.7015, F.S. As defined in administrative rule 59B-6.009(2), F.A.C., “freestanding” means the health care entity bills and receives revenue which is not directly subject to the hospital PMATF assessment, and that the health care entity is not a department or other subdivision of a hospital.

Within 6 months after the end of each health care entity’s fiscal year, the Agency for Health Care Administration (AHCA or agency) must certify the amount of the assessment to each such entity. The assessment must be payable to and collected by the agency in equal quarterly amounts on or before the first day of each calendar quarter, beginning with the first full calendar quarter. Revenues collected from assessments on the specified health care providers as authorized under ss. 395.701 and 395.7015, F.S., are deposited in the PMATF to fund Medicaid services provided to medically indigent state residents.

“Net operating revenue” is defined by paragraph 395.7015(1)(a), F.S., and administrative rule 59B-6.009(5), F.A.C., to mean gross revenue less deductions from revenue. For health care entities using a cash basis of accounting, net operating revenue means the amount of gross revenue collected. Paragraph 395.7015(1)(b), F.S., and administrative rule 59B-6.009(3), F.A.C., define “gross revenue” to mean the sum of daily service charges, ambulatory service charges, ancillary service charges, and other operating revenue. This amount includes all revenue to the health care entity, excluding documented physician professional fees, revenues received for testing or analysis of samples received from outside the state or from product sales outside the state, and revenue unrelated to the operation of the health care entity as provided in administrative rules 59B-6.012 and 59B-6.013, F.A.C. Paragraph 395.7015(1)(c), F.S., defines “deductions from revenue” to mean reductions from gross revenue resulting from inability to collect payment of charges. Such reductions include bad debts; contractual adjustments; uncompensated care; administrative, courtesy, and policy discounts and adjustments; and other such revenue deductions and includes the offset of restricted donations and grants for indigent care.

III. Effect of Proposed Changes:

Section 1. Amends s. 395.701, F.S., providing for an annual assessment on hospitals to fund the Public Medical Assistance Trust Fund, to exempt from the assessment outpatient radiation therapy services provided by a hospital that is subject to the assessment.

Section 2. Amends s. 395.7015, F.S., providing a method for determining the annual assessment on certain health care entities to fund the Public Medical Assistance Trust Fund, to repeal such assessment on certain freestanding radiation therapy centers.

Section 3. Provides a July 1, 1998, effective date.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

The provisions of this bill have no impact on municipalities and the counties under the requirements of Article VII, section 18 of the Florida Constitution.

B. Public Records/Open Meetings Issues:

The provisions of this bill have no impact on public records or open meetings issues under the requirements of Article I, subsections 24(a) and (b) of the Florida Constitution.

C. Trust Funds Restrictions:

The provisions of this bill have no impact on the trust fund restrictions under the requirements of Article III, subsection 19(f) of the Florida Constitution.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

The bill eliminates an existing tax on hospital outpatient radiation therapy services and freestanding radiation therapy centers.

B. Private Sector Impact:

According to the Agency for Health Care Administration, freestanding radiation therapy centers will, in the aggregate, retain approximately \$1,265,251 of net operating revenue that would have otherwise been collected and deposited into the Public Medical Assistance Trust Fund. The Agency for Health Care Administration estimates net operating revenue retained by hospitals providing outpatient radiation therapy services will be approximately \$1,854,000. The Agency for Health Care Administration estimates that a total of approximately \$3,119,251 in annual assessments on net operating revenue will not be collected and deposited in the Public Medical Assistance Trust Fund under the provisions of the bill.

C. Government Sector Impact:

This bill directly impacts general revenue by requiring that the state make up the loss of \$3,119,251 in revenues generated by these services. The \$3,119,251 provides state match for an additional \$3,812,418 from federal funds.

The current FY 1998-99 Appropriations Bill as proposed by both the House and the Senate will be deficit by this \$3,119,251 if this bill passes. Since Medicaid is an entitlement program,

other state programs in Health and Human Services must be eliminated in order to cover the deficit that this bill causes.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.
