

STORAGE NAME: h0071s2.ft

DATE: March 31, 2000

**HOUSE OF REPRESENTATIVES
AS FURTHER REVISED BY THE COMMITTEE ON
FINANCE AND TAXATION
ANALYSIS**

BILL #: CS/CS/HB 71

RELATING TO: County Public Hospital Surtax

SPONSOR(S): Committees on Community Affairs, Health Care Licensing & Regulation,
Representative Lacasa and others

TIED BILL(S): None

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

- (1) HEALTH CARE LICENSING & REGULATION (HFC) YEAS 14 NAYS 0
 - (2) COMMUNITY AFFAIRS (PRC) YEAS 8 NAYS 0
 - (3) FINANCE AND TAXATION (FRC)
 - (4) HEALTH & HUMAN SERVICES (FRC)
 - (5)
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I. SUMMARY:

This bill reallocates the contribution a county currently is required to make under the County Public Hospital Surtax. The bill requires a county to disburse its required contribution, which is separate from the surtax revenues, in the following manner:

- 65% of the funds must be promptly and irrevocably remitted to the public health trust responsible for running the county public general hospital, to be used solely for the purpose of operating and maintaining the hospital; and
- 35% of the funds must be promptly and irrevocably remitted to a public health authority that is wholly independent of the public health trust, to be used solely for the purpose of funding a plan for indigent health care services.

This bill requires the county to charter a public health authority, which is required to adopt and implement a health care plan for indigent health care services. The public health authority will use the proceeds from its portion of the county contribution to fund this new plan. The plan will provide indigent care services that include primary care, preventive care, hospital emergency room care, and hospital care.

This bill has no fiscal impact on state government. The impact of the bill on the affected local government (Dade County) is unclear. It requires the public health authority to establish a plan for providing indigent health care services to eligible county residents. The bill reallocates a portion of the county contribution to pay for this new plan. It is unclear if this source will provide sufficient funds to implement all of the provisions contained in the committee substitute.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- | | | | |
|-----------------------------------|------------------------------|-----------------------------|---|
| 1. <u>Less Government</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. <u>Lower Taxes</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. <u>Individual Freedom</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. <u>Family Empowerment</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

B. PRESENT SITUATION:

Any county, as defined in s. 125.011(1), F.S., is authorized pursuant to s. 212.055(5), F.S., to levy a 0.5% county public hospital surtax. Dade County is the only county that meets the definition of a "county" pursuant to s. 125.011(1), F.S. Section 212.055(5), F.S., provides that the surtax may be enacted either by an extraordinary vote of the county's governing body or voter approval in a countywide referendum.

Section 212.055(5)(c), F.S., requires the proceeds from this surtax be deposited in a special fund, set aside from all other funds and used solely for the operation, administration, and maintenance of the county public general hospital. Section 212.055(5)(d), F.S., requires the county to contribute at least 80% of that percentage of the total county budget appropriated for the operation, administration, and maintenance of the county public hospital from the county's general revenues in the fiscal year ending September 30, 1991.

A county public general hospital is a general hospital as defined in s. 395.002, F.S., that is owned, operated, maintained, or governed by the county, or its agency, authority, or public health trust. In Dade County, there is one county general public hospital, which is governed by a public health trust; that hospital is Jackson Memorial Hospital.

The legislation authorizing the surtax came about at the request of Jackson Memorial and the public health trust. Jackson Memorial was facing a growing financial crisis as its costs associated with providing indigent care services were ballooning. Jackson Memorial was seeking new sources of revenue to offset the burden placed on it due to a growing demand for services for indigent patients. On September 3, 1991, the citizens of Dade County approved the surtax to help pay for indigent care provided by Jackson Memorial to residents of Dade County. Since that time, Jackson Memorial has used this revenue source to offset its indigent care costs.

Pursuant to the approved 1999-00 budget, Dade County appropriated \$87.4 million to the Public Health Trust (PHT) to satisfy its statutory obligation. The PHT received an

additional \$120 million from the 0.5% sales tax. These dollars are required by statute to be used to fund the county public general hospital.

C. EFFECT OF PROPOSED CHANGES:

This bill reallocates the contribution a county currently is required to make under the County Public Hospital Surtax. It requires that 35% of the funds be promptly and irrevocably remitted to a public health authority, to be used solely for the purpose of funding an indigent health care plan. The remaining 65% of the proceeds must be promptly and irrevocably remitted to the public health trust that runs Jackson Memorial Hospital, to be used solely for the purpose of operating and maintaining the hospital.

This bill requires the county to charter a public health authority, which is required to develop and implement a health care plan for indigent health care services. The plan must provide primary care, preventive care, hospital emergency room care, and hospital care to the indigent and medically poor in Dade County.

The plan must divide the county into a minimum of four and a maximum of six service areas, with no more than one participant hospital per service area. The county public general hospital is to be designated as the provider for one of the service areas, and services must be provided through participants' primary acute care facility.

The authority is required to develop reimbursement methodologies to be used by the county when contracting with providers for indigent health care services. These methodologies will:

- consider the cost of services rendered to eligible patients;
- recognize hospitals that provide a disproportionate share of indigent services;
- provide incentives to promote the delivery of charity care, in order to draw down federal funding where appropriate; and
- require cost containment measures, including case management.

In no case may reimbursement rates exceed the Medicaid rate.

The plan must require any hospital owned or operated by government entities on or after the effective date of the bill that wishes to receive funds through this plan to grant public access to all board meetings relating to budgeting for the retention of charity care.

The benefits of the new plan will be made available to all county residents eligible to receive health care services as indigent or medically poor as defined in s. 212.055(4)(d), F.S.

D. SECTION-BY-SECTION ANALYSIS:

Section 1. Amends paragraph (d) of subsection (5) of s. 212.055, F.S., to revise the manner in which counties authorized to levy the county public hospital surtax must distribute the required county contribution. A new paragraph (e) is added to require the establishment of a public health authority that will create and implement a plan for providing health care services to indigent residents of such counties.

Section 2. Provides an effective date of July 1, 2000.

III. **FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:**

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. **Revenues:**

None.

2. **Expenditures:**

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. **Revenues:**

See fiscal comments section.

2. **Expenditures:**

See fiscal comments section.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

It is unclear what impact this bill will have on the private sector.

D. FISCAL COMMENTS:

This bill has no fiscal impact on state government. The impact of the bill on the affected local government is unclear. It requires the public health authority to establish a plan for providing indigent health care services to eligible county residents. The bill reallocates a portion of the county's required contribution to pay for this new plan. It is unclear if this will provide sufficient funds to implement all of the provisions contained in the bill.

IV. **CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:**

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to expend funds or take action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority that municipalities or counties have to raise revenues in the aggregate.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill does not reduce the percentage of state tax shared with counties or municipalities.

V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

N/A

B. RULE-MAKING AUTHORITY:

This bill does not necessitate additional rule making authority.

C. OTHER COMMENTS:

According to Jackson Memorial officials, in the late 1980's the hospital became unable to sustain its capital needs as a result of tremendous growth in the amount of indigent care services provided by the hospital. The PHT, in concert with the hospital sought a way to offset these increasing costs. The PHT seeking a way to offset costs led to the establishment of the county public hospital surtax. The citizens of Dade county approved this surtax in 1991. The new dollars were intended to directly offset the cost of providing indigent care services at Jackson Memorial Hospital.

Various sources indicate that Jackson Memorial provides between 70% and 84% of the indigent care services in Dade County. Other area hospitals have been forced to take on a growing role in caring for the indigent, due to changes in federal regulations. They contend that it is unfair for Jackson Memorial to receive 100% of the funds created in 1991 to offset indigent care, when Jackson Memorial does not provide 100% of the indigent care services in Dade County.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

CS/CS/HB 71

On March 14, 2000, the Committee on Community Affairs approved a CS to CS/HB 71. CS/CS/HB 71 differs from CS/HB 71 in the following ways:

- CS/CS/HB 71 deletes unnecessary language included in CS/HB 71 limiting the bill to counties with a minimum population. The section of statute amended by the bill (s. 212.055(5), F.S., applies only to Dade County.
- CS/CS/HB 71 provides that the portion of the county contribution remitted to the public health trust must be promptly and irrevocably remitted to the public health trust and used solely for the purpose of operating and maintaining the public hospital. CS/CS/HB 71 also requires that the portion of the county contribution remitted to a public health authority must be promptly and irrevocably remitted to the public health authority and used solely for the purpose of funding a plan for indigent health care services.
- CS/CS/HB 71 directs the county to charter a public health authority, which is to adopt and implement the health care plan for indigent health care services, and provides that the portion of the county contribution due the authority shall be placed in a restricted account until the authority is created.

- CS/CS/HB 71 requires that the plan must divide the county into a minimum of four and a maximum of six service areas, with no more than one participant hospital per service area. The county public general hospital is to be designated as the provider for one of the service areas, and services must be provided through participants' primary acute care facility.
- CS/CS/HB 71 provides that In no case may reimbursement rates for services provided under the indigent health care plan exceed the Medicaid rate.

CS/HB 71

On February 8, 2000, the Committee on Health Care Licensing & Regulation adopted a strike-everything amendment to HB 71. The bill, as amended, was adopted as a committee substitute.

The original bill eliminated the provision that *requires* counties authorized to levy the county public hospital surtax to contribute at least 80% of the base year percentage of the county budget appropriated for the operation, administration, and maintenance of the county public hospital.

It provided *discretion* to such counties to appropriate annually less than 80% of the percentage of the total county budget appropriated for the operation, administration, and maintenance of the county public hospital.

The committee substitute does not change the percentage contribution that counties authorized to levy the surtax must appropriate. Rather, it changes the distribution of the county's contribution. Also, it provides that the counties levying this surtax must establish an independent public health authority that will develop and implement a county-wide plan for providing indigent health care services.

VII. SIGNATURES:

COMMITTEE ON HEALTH CARE LICENSING & REGULATION:

Prepared by:

Staff Director:

Andrew "Andy" Palmer

Lucretia Shaw Collins

AS REVISED BY THE COMMITTEE ON COMMUNITY AFFAIRS:

Prepared by:

Staff Director:

Thomas L. Hamby

Joan Highsmith-Smith

AS FURTHER REVISED BY THE COMMITTEE ON FINANCE AND TAXATION:

Prepared by:

Staff Director:

Lynne Overton

Alan Johansen