

STORAGE NAME: h0071s1.hcl

DATE: February 17, 2000

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
HEALTH CARE LICENSING & REGULATION
ANALYSIS**

BILL #: CS/HB 71

RELATING TO: County Public Hospital Surtax

SPONSOR(S): Committee on Health Care Licensing & Regulation and Representative Lacasa

TIED BILL(S):

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

- (1) HEALTH CARE LICENSING & REGULATION YEAS 14 NAYS 0
 - (2) COMMUNITY AFFAIRS
 - (3) FINANCE & TAXATION
 - (4) HEALTH & HUMAN SERVICES
 - (5)
-

I. SUMMARY:

CS/HB 71 changes the manner in which a county authorized to levy a county public hospital surtax must allocate the proceeds from the surtax. The bill requires that any county as defined in s. 125.011(1), F.S., that levies the county public hospital surtax, and has a population of at least 1.8 million residents, must disburse the surtax revenues in the following manner:

- 65% of the funds will be remitted to the public health trust responsible for running the county public general hospital; and
- 35% of the funds will be remitted to a public health authority that is wholly independent of the public health trust.

The bill requires the public health authority to “adopt and implement a health care plan for indigent health care services.” The public health authority will use the proceeds from the surtax to fund this new plan. The plan will provide indigent care services that include primary and preventive care, as well as hospital care.

This bill has no fiscal impact on state government. The impact of the bill on the affected local government is unclear. It requires the county to establish a plan for providing indigent health care services to eligible county residents. The bill reallocates a portion of the county public hospital surtax proceeds to pay for this new plan. The bill does not require the county to appropriate any dollars to fund the indigent health care services plan. The only revenue source identified in the committee substitute to fund the indigent health care services plan is a portion of the proceeds from the county public hospital surtax. It is unclear if this 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, 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. The proceeds from this tax are to be deposited in a special fund, set aside from all other funds and are to be used solely for the operation, administration, and maintenance of the county public general hospital. The county is also required to contribute at least 80% of the 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 new 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:

The bill reallocates the proceeds from the surtax. It requires that 35% of the funds be remitted to a public health authority. The remaining 65% of the proceeds will continue to be remitted to the public health trust that runs Jackson Memorial Hospital.

The bill requires the public health authority to develop and implement a health care plan for indigent health care services. The authority will use its share of the surtax proceeds to fund the indigent health care services plan. The plan will provide primary and preventive health care services, as well as hospital services to the indigent and medically poor in Dade County.

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.

The plan also will require that 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 will 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 s. 212.055, F.S., to revise the manner in which counties authorized to levy the county public hospital surtax must distribute the proceeds from the surtax, and 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 county to establish a plan for providing indigent health care services to eligible county residents. The bill reallocates a portion of the county public hospital surtax proceeds to pay for this new plan. The bill does not require the county to appropriate any dollars to fund the indigent health care services plan. The only revenue source identified in the committee substitute to fund the indigent health care services plan is a portion of the proceeds from the county public hospital surtax. It is unclear if this will provide sufficient funds to implement all of the provisions contained in the committee substitute.

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:

None.

B. RULE-MAKING AUTHORITY:

None.

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. This 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% to 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.

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The committee substitute is not clear as to how the public health authority will be created. It does not indicate how many members will serve as part of the authority, nor does it indicate how membership in the public health authority will be determined.

The committee substitute provides that 35% of the proceeds from the county public hospital surtax will be remitted to the public health authority. It is not clear whether this will be sufficient to cover the costs for the indigent health care services to be provided through the plan that the public health authority will administer.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

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 annually appropriate 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 for the operation, administration, and maintenance of the county public general hospital. Instead CS/HB 71 changes the way that the proceeds from the surtax are distributed. Also, it provides that the counties levying this surtax must establish an

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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:

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Andrew "Andy" Palmer

Lucretia Shaw Collins