

STORAGE NAME: h0751.sa.doc

DATE: March 30, 2001

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
STATE ADMINISTRATION
ANALYSIS**

BILL #: HB 751

RELATING TO: Indigent Hospital Patients

SPONSOR(S): Representative(s) McGriff, Murman and others

TIED BILL(S): None

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

- (1) STATE ADMINISTRATION
 - (2) HEALTH PROMOTION
 - (3) HEALTH & HUMAN SERVICES APPROPRIATIONS
 - (4) COUNCIL FOR HEALTHY COMMUNITIES
 - (5)
-

I. SUMMARY:

The Florida Health Care Responsibility Act (HCRA) was first enacted in 1977. It was later revised by the Legislature to place the financial obligation for reimbursing hospitals for emergency inpatient and outpatient services, provided to out-of-county indigent patients, on the counties in which the patient resides. The Legislature further amended the act to allow counties the option of using up to one-half of the designated HCRA funds to reimburse participating hospitals, within the county, for emergency inpatient and outpatient services provided to in-county indigent patients.

This bill modifies the basis upon which the Agency for Health Care Administration calculates the financial responsibility of counties for reimbursing the costs of treating indigent hospital patients under the HCRA, and requires counties to accept certain documentation submitted by hospitals, without requiring reverification.

This bill does not appear to have a fiscal impact on state or local governments.

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:

Health Care Responsibility Act

The Florida Health Care Responsibility Act (HCRA) was first enacted in 1977. It was later revised by the 1988 Legislature to place the financial obligation for reimbursing hospitals for emergency inpatient and outpatient services, provided to out-of-county indigent patients, on the counties in which the patient resides.

The 1991 Legislature amended the act to increase the number of eligible applicants through the creation of a spend-down program and to increase hospital reimbursement rates. Both of these measures pertained only to counties that were not at their 10-mill cap on ad valorem taxes as of October 1, 1991. Such counties are referred to as spend-down provision eligible counties.

The 1998 the Legislature further amended the act to allow counties the option of using up to one-half of the designated HCRA funds to reimburse participating hospitals, within the county, for emergency inpatient and outpatient services provided to in-county indigent patients.

Section 154.306, F.S.

Section 154.306, F.S., states that the

[u]ltimate financial responsibility for treatment received at a participating hospital¹ or a regional referral hospital² by a qualified indigent patient who is a certified resident of a county in the State of Florida, but is not a resident of the county in which the participating hospital or regional referral hospital is located, is the obligation of the county of which the qualified indigent patient is a resident.

¹ Section 154.304(7), F.S., defines “hospital” as an establishment as defined in s. 395.002, F.S., and licensed by the Agency for Health Care Administration which qualifies as either a participating hospital or as a regional referral hospital pursuant to s. 154.304, F.S.

² Section 154.304(10), F.S., defines “regional referral hospital” as “any hospital that is eligible to receive reimbursement under the provision of this part because it has met its charity care obligation and it meets the definition of teaching hospital” as defined in s. 408.07, F.S.

Each county is responsible for reimbursing participating hospitals or regional referral hospitals and must provide or arrange for indigent eligibility determination procedures and resident certification determination procedures as provided for in rules developed by the Agency for Health Care Administration.³

Section 154.306(1), F.S., provides that a county's financial obligation for qualified applicants does not exceed 45 days per county fiscal year. The rate of payment set by this act is 100 percent of the per diem reimbursement rate currently in effect for the out-of-county hospital under Medicaid, except that those counties that were at their 10-mill cap on October 1, 1991, reimburse hospitals for such services at no less than 80 percent of the hospital Medicaid per diem.⁴ If a county has negotiated a formal agreement with a hospital, the payment rate set by the agreement is substituted for the payment rate set by the statute. The maximum a county is required to pay is equivalent to \$4 multiplied by the most recent official state population estimate for the county.⁵ Currently, all active duty military personnel and institutionalized persons are included in the counties' population estimates.

The Agency for Health Care Administration reports that four counties in fiscal year 1998 / 1999 reached the reimbursement cap.⁶ In fiscal year 1999 / 2000, Bradford, Hardee, Levy, and Suwannee reached the reimbursement cap.

Numbers of Active Duty Military and Institutionalized People in Florida

According to the Bureau of Economic and Business Research at the University of Florida, the number of prisoners and other institutionalized persons, in counties with a population of less than 100,000, as of April 1, 2000, is 49,302. These same counties had a military population of 808.

C. EFFECT OF PROPOSED CHANGES:

This bill amends s. 154.306, F.S., which establishes a county's financial responsibility for indigent patients treated at certain out-of-county hospitals under the HCRA. Population figures used to compute the maximum amount the county is required to pay are reduced to exclude the number of inmates and patients residing in institutions operated by the federal government, the Department of Corrections, the Department of Health, or the Department of Children and Family Services, and the number of active-duty military personnel residing in the county. However, this alternate calculation is only available to counties with a population of 100,000 or less, and only if those counties agree to accept as valid, without reverification, documents certifying financial eligibility and county residency, which are used to request reimbursement for services.

D. SECTION-BY-SECTION ANALYSIS:

See "Effect of Proposed Changes."

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

³ Rule 59H-1.007, F.A.C.

⁴ See s. 154.306(1), F.S.

⁵ *Id.*

⁶ These four counties were Gilchrist, Hardee, Levy, and Nassau.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Participating hospitals could receive less reimbursement for services provided to non-resident indigent patients. The burden for this uncompensated care would shift to the hospitals, the paying patients, and the taxpayers in the county in which the care is provided.⁷

This reduction in medical payments could be offset, to some extent, by the requirement that counties honor requests for reimbursement without re-verification by the county of residence.⁸

D. FISCAL COMMENTS:

Some counties will likely pay less to hospitals for the medical care of their indigent residents receiving care in facilities in another county. This bill excludes approximately 50,110 people from the calculation of population for counties with less than 100,000 persons. If all of these counties currently reimburse hospitals up to the cap, this could reduce their statewide financial obligations under the HCRA by an aggregate sum of \$200,440. This reduction in medical payments could be offset, to some extent, by the requirement that counties honor requests for reimbursement without re-verification by the county of residence.⁹

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 spend funds or to take an 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.

⁷ See Senate Staff Analysis and Economic Impact Statement by the Committee on Health, Aging and Long-Term Care, March 15, 2001.

⁸ *Id.*

⁹ *Id.*

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

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

V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

None.

B. RULE-MAKING AUTHORITY:

None.

C. OTHER COMMENTS:

None.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

N/A

VII. SIGNATURES:

COMMITTEE ON STATE ADMINISTRATION:

Prepared by:

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