

# SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

BILL: SB 1344

SPONSOR: Senator Mitchell and Senator Sanderson

SUBJECT: Payments on Behalf of Medicaid-eligible Persons

DATE: February 8, 2002

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Liem	Wilson	HC	Favorable
2.			CA	
3.			AHS	
4.			AP	
5.				
6.				

## I. Summary:

Senate Bill 1344 requires a pro-rata distribution of Medicaid third-party liability recoveries and collections to counties which are liable for making payments for medical care under the Medicaid program as required in s. 409.915, F.S. If a county has not paid its Medicaid obligation, the Agency for Health Care Administration shall offset the amount of the obligation from third-party recoveries. If a county's financial obligation to the Medicaid program is shared with a special taxing district, the county must proportionately divide any refund with the taxing district.

The bill amends s. 490.410, F.S.

## II. Present Situation:

### Medicaid

Medicaid is a medical assistance program that pays for health care for the poor and disabled. The program is jointly funded by the federal government, the state, and the counties. The federal government, through law and regulations, has established extensive requirements for the Medicaid program. Under s. 409.902, F.S., the Agency for Health Care Administration is the single state agency responsible for the Florida Medicaid Program. The statutory provisions for the Medicaid program appear in ss. 409.901 through 409.9205, F.S.

### Medicaid Third-party Liability

Federal law governing Medicaid provides that a state must commit to take all reasonable measures to ascertain the legal liability of third parties (including health insurers, group health plans, service benefit plans, and health maintenance organizations) to pay for care and services

available under the program. Further, a state must commit to seek reimbursement in situations where a legal liability is found to exist after medical assistance has been made available and where the likely recovery will exceed the costs of securing such recovery. Section 409.910, F.S., is the "Medicaid Third-Party Liability Act," under which the Agency for Health Care Administration is directed to recover the costs of goods and services delivered to a Medicaid recipient when another third party may be responsible for such costs. The Agency for Health Care Administration contracts with Health Management Systems to perform third party recovery. Recovery focuses on three primary areas: casualty cases, estate cases, and recovery from Medicare and other commercial carriers. There are specific limitations on when and how recovery may be accomplished.

### **County Contributions to Medicaid**

Counties must pay 35 percent of the total cost for inpatient hospital days beginning on day 11 and ending on day 45 for a Medicaid-eligible resident of the county. Costs for pregnant women and for children whose incomes are above the federal poverty level but who are not eligible for the Medicaid Medically Needy program are exempt from county participation. Counties pay 35 percent of the cost for nursing facility or intermediate facility care in excess of \$170 per month, but that cost is capped at \$55 per month per resident in care. Skilled nursing home care for children is exempt.

In FY 2000-01 Medicaid expenditures were \$8.9 billion. The county share was \$131.7 million, which represents 1.48 percent of the total cost. Casualty recoveries were \$16.7 million. From what the state recovers, a portion must be returned to the federal government. Until October 1, 2002, that split is 56.43 percent federal and 43.57 percent state. On that date the split changes to 58.83 percent federal and 41.17 percent state. If the counties were to receive a refund proportional to their contributions, that figure would be \$247,064 for the year, before considering any of the increased cost to the state of calculating county recovery amounts for each case.

### **III. Effect of Proposed Changes:**

The bill amends paragraph (b) of subsection (7) of s. 409.410, F.S., to include a requirement for a pro-rata distribution (or an offset in the instance in which a county has been billed but has not paid the amount due) of Medicaid third-party liability recoveries and collections to counties which are liable for making payments for medical care under the Medicaid program as required in s. 409.915, F.S. In the instance of a county with a special taxing district or authority, the county must proportionately divide any refund or offset in accordance with the proration that has been established.

The effective date of the bill is July 1, 2002.

### **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 Art. VII, s. 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 Art. I, s. 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 Art. III, s. 19(f) of the Florida Constitution.

**V. Economic Impact and Fiscal Note:****A. Tax/Fee Issues:**

None.

**B. Private Sector Impact:**

None.

**C. Government Sector Impact:**

The Agency for Health Care Administration reports that not all third-party recoveries have a relationship to services for which counties have been billed for participation. The agency reports that this bill would require an individual evaluation of each case to determine whether the county involved is entitled to a portion of any recovery. The agency reports that this would be a significant workload increase.

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**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Amendments:**

None.

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

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