

# 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: CS/SB 2048

SPONSOR: Health, Aging and Long-Term Care Committee and Senator Saunders

SUBJECT: Medicaid Services

DATE: February 13, 2002      REVISED: \_\_\_\_\_

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

**I. Summary:**

The Committee Substitute for Senate Bill 2048 requires the Agency for Health Care Administration Medicaid program to pay for medically necessary lung transplant services, subject to the availability of funds and subject to any limitations or directions provided for in the General Appropriations Act or ch. 216, F.S. The bill exempts adult lung transplants from the requirement for county contributions to Medicaid for inpatient hospitalization.

The bill amends s. 409.915, F.S., and creates an undesignated section of law.

**II. Present Situation:**

Lung transplantation is the treatment of choice for adults and children who will die from end-stage lung disease. The primary diagnoses for individuals with chronic lung disease receiving transplants nationally are cystic fibrosis, idiopathic pulmonary fibrosis, chronic obstructive pulmonary disease, and emphysema. Approximately 60 percent of transplants performed are single lung transplants and 40 percent are double lung transplants.

**The Medicaid Program**

Medicaid is a medical assistance program that pays for health care for the poor and disabled. The federal government, the state, and the counties jointly fund the program. The federal government, through law and regulations, has established extensive requirements for the Medicaid Program. The Agency for Health Care Administration (AHCA) is the single state agency responsible for the Florida Medicaid Program. The Department of Children and Family Services is responsible for determining Medicaid eligibility and managing Medicaid eligibility policy, with approval of any changes by AHCA.

The statutory provisions for the Medicaid Program appear in ss. 409.901 through 409.9205, F.S. Section 409.903, F.S., specifies categories of individuals who are required by federal law to be covered, if determined eligible, by the Medicaid Program (mandatory coverage groups). Section 409.904, F.S., specifies categories of individuals who the federal government gives state Medicaid programs the choice of covering (optional coverage groups). Sections 409.905 and 409.906, F.S., specify the medical and other services the state may provide under the state Medicaid plan.

Medicaid is an entitlement program. Federal laws and regulations require that states make all Medicaid services available to all categorically eligible recipients regardless of diagnosis. If the Medicaid recipient is a child, however, Medicaid is required to provide additional services (which may not be available to adult Medicaid recipients) to treat an illness identified through health screening.

Medicaid currently covers transplants of kidneys, pancreas, liver, heart, lung and intestines for children. For recipients over the age of 21, Medicaid provides coverage for kidney, liver and heart transplants only. This limitation creates a unique situation in the case of children who have cystic fibrosis and pediatric idiopathic pulmonary fibrosis, since treatments developed in the early 1990s can now be used slow the lung deterioration. For example, in cystic fibrosis, 30 years ago the median life expectancy was about 8 years. Today, thanks to medical advances, the median life expectancy is just under 30 years and increasing. These advances in medical treatment have thus had the effect of delaying the onset of the life-threatening stage of the disease during the childhood and adolescent years until the child passes the age of 21 at which point Medicaid will no longer cover the necessary transplantation.

Payment for transplantation services primarily involves reimbursement for physician services, hospital inpatient services, hospital outpatient services, and prescribed drugs. Under the Florida Medicaid program, coverage for adult inpatient hospital services is limited to 45 days per year. This limitation is problematic for facilities which are performing organ transplants, since individuals in need of organ transplants are frequently in very poor health prior to the transplant and may exhaust their 45 days of coverage before the transplant episode is complete. According to the Agency for Health Care Administration, the result is a net loss to providers of approximately \$152,000 per adult Medicaid transplant recipient.

Several states, including Texas, Wisconsin, and Florida (for adult heart transplants only), reimburse for transplants on a global payment basis, which covers the evaluation, transplant and the follow-up care required. Under global reimbursement mechanisms, the transplant facility submits the request for the global payment, and then reimburses the other providers involved in the procedure, including physician services, from the global payment received.

### **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.

### III. Effect of Proposed Changes:

**Section 1.** Requires the Agency for Health Care Administration Medicaid program to pay for medically necessary lung transplant services, subject to the availability of funds and subject to any limitations or directions provided for in the General Appropriations Act or ch. 216, F.S.

**Section 2.** Amends s. 409.915, F.S., to exempt lung transplant services for adults from the required county contributions to Medicaid for inpatient hospitalization.

**Section 3.** Provides that the bill will take effect 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:

The bill will provide coverage for services not currently reimbursed by Medicaid. Providers that have been rendering these services as uncompensated care, will receive additional revenues, however, if the transplant services are reimbursed on a fee-for-service basis subject to limits on covered hospital days, rather than on a global payment basis, providers may still experience some uncompensated costs in providing the necessary care.

**C. Government Sector Impact:**

The Agency for Health Care Administration estimates that the bill will provide coverage for lung transplants for 39 individuals a year at a total cost of \$3,360,450. The state General Revenue required for the additional coverage will be \$1,390,218.

**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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