

HOUSE OF REPRESENTATIVES LOCAL BILL STAFF ANALYSIS

BILL #: HB 1227 Collier County/Charitable Hospital
SPONSOR(S): Goodlette
TIED BILLS: **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Local Affairs (Sub)</u>	<u></u>	<u>Mitchell</u>	<u>Cutchins</u>
2) <u>Local Government & Veterans' Affairs</u>	<u></u>	<u></u>	<u></u>
3) <u></u>	<u></u>	<u></u>	<u></u>
4) <u></u>	<u></u>	<u></u>	<u></u>
5) <u></u>	<u></u>	<u></u>	<u></u>

SUMMARY ANALYSIS

Chapter 2003-360, Laws of Florida, authorizes each nonprofit corporation operating a charitable hospital within Collier County to impose a lien for medically necessary health care services provided to an injured person if that injured person recovered a judgment or settlement from the person who caused the injuries which required the health care services.

In determining the amount of reasonable charges when no amount is paid or at any time payable, the amount of reasonable charges must currently be determined under the third-party-payor contract or agreement entered into between the hospital and the third-party-payor which provides for the *lowest charges* agreed to as acceptable by the hospital.

It has been represented that the current language prevents liens from being assessed because the hospital has contracts with Medicaid and Collier County that provide for reduced charges or increased write-offs for those patients.

This bill provides that the amount of reasonable charges must be determined under the *nongovernmental* third-party-payor contract or agreement entered into between the hospital and the *nongovernmental* third-party-payor which provides for the lowest charges agreed to as acceptable by the hospital. The bill also requires the *non-governmental* contract or agreement to be used when taking into account all reductions and write-offs in effect at the time the charges were incurred.

This bill appears to remove an impediment which prevents chapter 2003-360, Laws of Florida, from being implemented.

The bill takes effect July 1, 2004.

This document does not reflect the intent or official position of the bill sponsor or House of Representatives.

STORAGE NAME: h1227.lgv.doc
DATE: March 9, 2004

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. DOES THE BILL:

- | | | | |
|--------------------------------------|------------------------------|-----------------------------|---|
| 1. Reduce government? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. Lower taxes? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. Expand individual freedom? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. Increase personal responsibility? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. Empower families? | 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. EFFECT OF PROPOSED CHANGES:

Chapter 2003-360, Laws of Florida, authorizes each nonprofit corporation operating a charitable hospital¹ within Collier County to impose a lien for medically necessary health care services provided to an injured person if that injured person recovered a judgment or settlement from the person who caused the injuries which required the health care services.

Naples Community Hospital, Inc. is currently the only nonprofit corporation operating a charitable hospital in Collier County.

Subsection (4) of section 1 of chapter 2003-360, Laws of Florida, currently provides for determining the amount of reasonable charges when no amount is paid or at any time payable.

The amount of reasonable charges must be determined under the third-party-payor contract or agreement entered into between the hospital and the third-party-payor which provides for the lowest charges agreed to as acceptable by the hospital:

- if no amount is paid, or at any time payable, under such a third-party-payor contract; or
- if no amount is paid, or at any time payable, from any other private, public, county, state, or federal insurance, contract, agreement, benefit, program, or plan.

Determining the amount of reasonable charges under the third-party payor contract must take into account all reductions and write-offs provided for in the third-party-payor contract or agreement in effect at the time the charges were incurred.

It has been represented² that attorneys for Naples Community Hospital believe the current language prevents liens from being assessed because the hospital has a Medicaid contract as well as a contract with Collier County to provide indigent care. The nature of these contracts provides for reduced charges or increased write-offs for those patients. Yet, under the current language, these are the contracts upon which reasonable charges must be determined. Thus, it can be argued that the only reasonable charge is no charge.

This bill amends subsection (4) of section 1 of chapter 2003-360, Laws of Florida, to provide that the amount of reasonable charges must be determined under the *nongovernmental* third-party-payor

¹ Under section 501(c)(3) of the Internal Revenue Code

² See e-mail from Jessica T. Kardas, Legislative Assistant for State Representative Dudley Goodlette, to the Committee on Local Government & Veterans' Affairs (Mar. 7, 2004, 17:32 EST); see also telephone conversations with George Barton (Mar. 9, 2004).

contract or agreement entered into between the hospital and the *nongovernmental* third-party-payor which provides for the lowest charges agreed to as acceptable by the hospital. The bill also requires the *non-governmental* contract or agreement to be used when taking into account all reductions and write-offs in effect at the time the charges were incurred.

This bill appears to remove an impediment which prevents chapter 2003-360, Laws of Florida, from being implemented.

The bill takes effect July 1, 2004.

C. SECTION DIRECTORY:

Section 1: Amends subsection (4) of section 1 of chapter 2003-360, Laws of Florida.

Section 2: Provides that the bill will take effect July 1, 2004.

II. NOTICE/REFERENDUM AND OTHER REQUIREMENTS

A. NOTICE PUBLISHED? Yes ☒ No ☐

IF YES, WHEN? WHERE?

An Affidavit of Proof of Publication states that a Notice of Intent to Seek Legislation was published in the Naples Daily on December 25, 2003.

B. REFERENDUM(S) REQUIRED? Yes ☐ No ☒

IF YES, WHEN?

C. LOCAL BILL CERTIFICATION FILED? Yes, attached ☒ No ☐

D. ECONOMIC IMPACT STATEMENT FILED? Yes, attached ☒ No ☐

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

There do not appear to be any constitutional issues with this bill.

B. RULE-MAKING AUTHORITY:

The bill does not appear to authorize any

C. DRAFTING ISSUES OR OTHER COMMENTS:

There are no drafting issues or other comments.

IV. AMENDMENT/COMMITTEE SUBSTITUTE CHANGES