LEE MEMORIAL
HEALTH SYSTEM

Proposed 2011 Legislative Priorities
Lee County Delegation Meeting
December 15, 2010
Lee Memorial Health System
Southwest Florida's Safety Net

Providing Quality Care

Lee Memorial Health System is among the largest public safety net hospital systems in the country with more than a million patient contacts each year. We have no local tax authority or tax support, only patient revenues. Our mission is to provide the best patient care services in Florida. In 2010 we have been recognized for quality programs and patient care services by the Florida Hospital Association including the Best Hospital Workplace in Florida and the Best Community Benefit Program. The American Hospital Association also recognized our successful community partnerships with the NOVA Award as a shining star for best practices. We provide unique services that otherwise would not exist between Tampa and Miami. The Level III NICU in The Children's Hospital of Southwest Florida consistently has the best patient outcomes in the state. Our Level II Trauma Center provides life saving trauma care to a 5-county region with no local tax support.

Our Changing Patient Mix and Reimbursement

While we consistently keep our costs well below the average for other state of Florida hospitals, our patient mix now shows that 3 out of every 4 patients do not cover the actual costs of their care. In FY 2010, Medicaid covered 86% and Medicare 87% of our costs of patient care leaving a shortfall of $18 million from Medicaid and $57 million from Medicare. Only 23% of our patients now have commercial insurance, down from 35% a short 4 years ago. That leaves 21% Medicaid patients, 48% Medicare patients, and 8% uninsured. That 23% insured patients cover the shortfalls of Medicaid, Medicare, and the uninsured as well as any profits for future investments. The impact of government funded programs on our health system is profound. Any changes must be well thought out and productive or risk significant disruption. Therefore, we are keenly engaged in the decisions that the Florida Legislature makes in relation to health care in general and the Medicaid Program in particular. We support improvements that increase quality and affordability of healthcare for the patients we serve.

Our Priorities for 2011

Medicaid Funding

We support full funding of hospital services funded by Medicaid, including the Medically Needy and Aged/Disabled programs. Lee Memorial Health System currently is reimbursed 86% of our real costs for Medicaid patients. Our shortfall in reimbursement for FY 2010 was $18 million.

Maximize federal funds for Medicaid including full funding and continuation of the LIP program under the Medicaid 1115 Waiver. The $1 billion federal LIP program is matched by local Intergovernmental Transfers (IGTs) to reach nearly $2 billion total spending for Medicaid-related priorities. This five year waiver expires June, 30, 2011. The AHCA request for continuation has been denied. HHS is conducting a full review to determine what will be supported for the future. Early resolution of this decision is vital for smooth continuation of services.

Medicaid Managed Care

Medicaid Managed Care will be considered again this session. We support changes that will:

- Continue essential healthcare services financed through IGTs and Certified Public Expenditures (CPEs) while protecting the jurisdictions that choose to provide such voluntary contributions and ensuring a return on their investment. Over $800 million in public hospital and local tax dollars now support Medicaid hospital services. IGTs benefit all qualifying hospitals regardless of whether local public funds are contributed on their behalf. Current allocations include reimbursement through the Low Income Pool (LIP), exemptions, statewide priorities, DSH, and buybacks.
- Allow safety net providers to select managed care organizations and negotiate contract terms and conditions. Do not require participation with all plans. Such a mandate interferes with competitive business practices and cannot be legislated to effectively assess all issues including rates, volume of business, timeliness of payments, prior authorization, and many other elements of decision-making.
- Ensure that hospitals caring for Medicaid HMO patients are paid the "rebased" rate established by AHCA when caring for patients out of network.

- Implement risk-adjusted rates for managed care plans. This will allow payment of providers based on acuity levels of plan enrollees.
- Allow safety net Provider Service Networks (PSNs) to cover their own local service area geographically and not be required to expand beyond their own local facilities and services. Large diverse service areas may not be consistent with the focus of a PSN.
- Allow hospitals to negotiate rates. Government should not dictate rates between HMOs, PSNs and private providers. The variability and sophistication of specialized care and patient mix cannot be assessed through government rate setting.
- Protect fee-for-service PSNs with shared savings. This model is now an effective choice for some safety net hospitals and should be protected as a part of future managed care decisions.
- Support auto assignment to PSNs to achieve sufficient membership in PSNs to be viable. Auto enrollment up to 20,000 reflects the experience to date in Duval and Broward. At lower enrollments, they did not break even. After 20,000 normal assignment could resume.
- Support mandatory minimum loss ratios to ensure that Medicaid dollars are used for direct health care services. Capitation alone does not guarantee that Medicaid dollars are used for direct care.
- Implement distinct managed care options for eligibility categories such as Medically Needy, where the period of enrollment may be limited but the costs of episodic care are extraordinary, and also for high-risk populations (HIV) where a carve out for disease management will better serve the population.

Trauma Funding

Support legislation that provides new funding sources for trauma centers. Our state-designated regional level II trauma district serves five counties. There is no local tax support now. We provide the only trauma center between Tampa and Miami, and operated last year at a $4 million loss including physician services and readiness costs required to operate such a regional trauma center.

Tort Reform

The costs associated with litigation continue to be high in the state of Florida. Improvements can still be made in the civil justice process.

We support legislation to clarify that hospitals are not vicariously liable for non-employed physicians.

Simplify the Florida Birth Related Neurological Injury Compensation Association (NICA) notice requirements that hospitals and OB physicians provide to patients. The benefits of this important provision should not be lost due to overly complicated and duplicative paperwork.

Support health courts as an innovative exclusive jurisdiction over lawsuits involving medical liability.

Personal Injury Protection (PIP)

We support the continuation of PIP as a requirement for automobile registration. This no fault automobile insurance helps to cover the costs of care for patients treated in our emergency rooms and trauma center after accidents without other insurance. The current $10,000 limit has been in existence for over 30 years in Florida. We support increasing coverage to $25,000 with the additional coverage limited to emergency services, inpatient and rehabilitative services provided by hospitals, and by physicians practicing in hospitals.

Baker Act Reform

We support authorizing psychiatric ARNPs, working under protocols developed by a supervising psychiatrist, to perform Baker Act evaluations and either release the patient or recommend involuntary treatment. While our hospitals are not a Baker Act receiving facility, we do receive patients in need of emergency care. Current statutory language is unclear for hospitals such as Lee Memorial Health System that are not receiving facilities too.

ARNP Prescribing

We support legislation that allows ARNPs to prescribe controlled substances as designated through individual protocols developed with their supervising physicians.

Hospital Licensure Accrediting Organizations

We support modifying the hospital licensure statute to allow AHCA to use other accrediting organizations that have been approved by CMS in lieu of AHCA licensure inspections. Our Board of Directors has recently adopted the DNV as our accrediting organization and they are CMS approved.