
LEE MEMORIAL HEALTH SYSTEM

2014 Legislative Priorities Lee Memorial Health System

Lee County Delegation Meeting December 3, 2013

Providing Quality Care

Lee Memorial Health System is among the largest public safety net health systems in the country with more than a million patient contacts each year. We are the largest public hospital system with no local tax authority or tax support, only patient revenues. Our mission is to provide the best patient-centered health care services in Florida. We provide unique services that otherwise would not exist between Tampa and Miami. The Level III NICU in the Golisano 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 our 5-county region with no local tax support and consistently ranks in the top five nationally in the volume of trauma patients for a trauma center of our size.

Our Changing Patient Mix and Reimbursement

While we consistently keep our costs well below the average for other hospitals in Florida, our patient mix now shows that 4 out of every 5 hospitalized patients do not cover the actual costs of their care. In FY 2013, Medicaid covered 82% and Medicare 89% of our costs of patient care leaving a shortfall of \$21 million from Medicaid and \$42 million from Medicare. Only 20% of our hospitalized patients now have commercial insurance, down from 35% a short six years ago. That leaves 20% Medicaid patients, 49% Medicare patients, and 11% uninsured/other. Insured patients cover the shortfalls of Medicaid, Medicare, and the uninsured as well as any profits for future investments. Further shifting of underfunded programs to the shrinking numbers of commercially insured will only hasten the demise of commercial insurance. 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. The reductions in Medicaid reimbursement from last session will result in an anticipated \$5 million cut to our health system, at a time when Medicaid enrollments continue to increase. 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. We still see over 82,000 Emergency Department (ED) visits for Primary Care diagnoses of which 2 of the top 10 are for dental care. Many patients are not able to regularly access community-based primary care. We were awarded a Medicaid Low Income Pool (LIP) grant and are using the funds to reduce avoidable ED visits for primary care by uninsured patients. Our first clinic for the un- and under-insured opened in the Dunbar neighborhood of Fort Myers in May 2011, the second in North Fort Myers in September 2011, and third in Cape Coral in Summer 2013. We are building the Medical Home model of care into our clinics and will also apply for Federally Qualified Health Center Look-Alike status.

Our Legislative Priorities for 2014

Extension of Healthcare Coverage

While the state Legislature failed to approve the extension of healthcare for low income uninsured during the 2013 Session, we continue to urge agreement and implementation of a solution that will utilize federal funds available for this purpose. Revenues are being drained from Floridians to cover these costs and we need to acknowledge that we are now paying for this care, whether we allow it to be delivered or not. We owe it to all Floridians to utilize these federal funds. Last year differing plans were offered by the Senate and the House in an effort to provide health insurance coverage for a portion of the nearly 4 million uninsured Floridians. Unlike the House legislation, the Senate plan would have drawn down federal dollars. Governor Scott supported this plan. We supported the Senate plan and hope other creative solutions will be found soon, for all Floridians' sake. This decision affects us all, not just the low income uninsured.

Southwest Florida has one of the highest rates of uninsured in the state. At 27%, we are second only to Miami-Dade County. Only one in five patients admitted to Lee Memorial Health System hospitals has commercial insurance now, and those patients and their employers receive the full burden of the "hidden tax," shifting the unpaid costs of Medicaid, Medicare, and uninsured to them. This tax burden will be compounded if the state does not extend health care coverage.

As enrollment begins for the Affordable Healthcare Act, the debate in Tallahassee is likely to continue over extension of healthcare coverage for

the uninsured in 2014. LMHS supports extension of healthcare coverage in Florida to draw down roughly \$51 billion in federal funds over the next ten years. In addition to providing nearly one million Floridians health insurance, a recent University of Florida study estimates that 121,000 jobs will be created in the next decade, including 10,000 in our community, as a result of extending health insurance coverage.

Medicaid Funding

We support fully funding hospital services reimbursed by Medicaid, including the Medically Needy and Aged/Disabled programs. The past seven state legislatures have reduced Medicaid reimbursements to Florida hospitals. Last year we were reimbursed 82% of our real costs for Medicaid patients. Our shortfall in reimbursement for FY 2013 was \$21 million. Changes to the DRG methodology this year reduced this further, and transition to statewide managed care will reduce it even more. These changes are just now being modeled to understand and anticipate. The long term cost-shifting to other insured payers is rapidly speeding the demise of employer sponsored health insurance.

Oppose further reductions to Medicaid reimbursement rates and support transparency, increased accountability, and improved efficiency in managed care and implementation of the Medicaid Reform Waiver.

Medicaid Managed Care and Low Income Pool

Medicaid Managed Care law passed in the 2011 Session and will be implemented in 2014.

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. Lee Memorial Health System contributed \$42.6 million in IGTs last state fiscal year. 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. Mechanisms to be defined under managed care must continue to recognize

and fund those hospitals that are providing significant services at a loss for Medicaid patients.

The current \$1 billion federal LIP program is matched by some state funds and significant local Intergovernmental Transfers (IGTs), which we provide and support, to reach nearly \$2 billion total spending for Medicaid-related priorities. Public hospitals and local governments are the state's true partners in this effort. A successful replacement program that recognizes these IGTs under managed care must be defined.

The Statewide Medicaid Managed Care Waiver expires June 14, 2014. We support maximizing federal funds for Medicaid including increased funding and the redesign of the LIP program which would increase transparency, accountability, and push for quality and more efficient healthcare delivery. LMHS supports AHCA for the expansion of LIP from \$1 to \$3 billion which retains focus on Medicaid and uninsured losses and shifts payments to actual costs of specific services (trauma, serving the uninsured, teaching, etc.)

Trauma Funding and Regulation

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 \$3 million loss including physician services and readiness costs required to operate such a regional trauma center.

A state-designated trauma center provides trauma surgeons and other surgical and non-surgical specialists, equipment and facilities for immediate treatment for severely injured patients, 24 hours-a-day, seven-days-a-week. Appropriate trauma planning and standards ensure that emergency medical service providers provide pre-hospital care and transport of injured persons.

LMHS opposes legislation which deregulates trauma centers by repealing state planning and standards. Reforming the trauma system is best done through an open rule process that engages all stakeholders.

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 Baker Act receiving facilities, 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 defined Baker Act receiving facilities.

ARNP Prescribing

We support legislation that allows ARNPs to work to the full scope of their education including to prescribe controlled substances as designated through individual protocols developed with their supervising physicians. Florida is now the only state with this restriction. Other states have demonstrated that this cost effective and quality oriented option benefits everyone.

With the implementation of the Affordable Care Act, individuals and businesses with over 50 employees will be required to carry health insurance or face fines, prompting a greater demand for healthcare services.

LMHS supports a policy allowing ANRPs to practice to the full extent of their education and training, in order to increase access to patients.

Certificate of Need (CON)

We support continuation of the Certificate of Need process. CON helps communities control healthcare costs, ensure better quality and overcome barriers to greater access. CON laws also minimize waste by eliminating the proliferation of duplicative services, by ensuring that healthcare services are provided in areas with the greatest need.

Health care costs have been shown to rise in states where CON is de-regulated. CON ensures access in areas where needs are most prevalent, and avoids duplicative services. Government funded payers under-reimburse for services and distort the concept of a free open and competitive health care market.