

Contact:

Tony Carvalho
President
Safety Net Hospital Alliance of Florida
(850) 201-2096
tony@snhaf.net

Ron Bartlett
Senior Vice President
Hill + Knowlton Strategies
(813) 545-2399
ron.bartlett@hkstrategies.com

FOR IMMEDIATE RELEASE**SENATE MEDICAID BUDGET PLAN FORCES LOCAL PUBLIC HEALTH CARE FUNDS TO BE DISTRIBUTED STATEWIDE**

For-profit hospitals gain nearly \$96 million in Senate DRG proposal and certain counties are required to share the benefit of their local funds statewide

TALLAHASSEE, FL, April 19, 2013 – The Florida Senate's plan for switching to a new Medicaid reimbursement system for hospitals includes diverting \$245 million currently earned by large urban counties to a statewide pool for broader distribution to hospitals around the state. The biggest losers are those communities that provide the local public funds necessary for their safety net hospital to receive matching federal funding, while the major beneficiaries are for-profit national hospital chains.

The Senate's proposal especially harms safety net hospitals in metropolitan counties that have local public funds used to support health care services in their communities. Counties heavily impacted are Dade, Broward, Lee, Hillsborough, Alachua, Volusia and Duval counties.

This diversion of local public funds is embedded in a Senate proposal for transitioning to a new Medicaid reimbursement system for hospitals based on Diagnosis-Related Groups (DRGs). The Senate's plan would result in a \$96 million windfall in additional Medicaid funding to investor-owned, for-profit hospital chains, some of which have corporate headquarters outside Florida.

Hospital Corporation of America (HCA) would be the biggest winner in the Senate's plan and would see its Medicaid reimbursements boosted nearly \$63 million; Health Management Associates (HMA) would gain an additional \$13.6 million over current reimbursements and Tenet Health Care would see its reimbursements increased more than \$8 million.

The Safety Net Hospital Alliance of Florida (SNHAF) called on Senate budget conferees today to embrace the DRG funding plan proposed by House Speaker Will Weatherford and House leadership, which Carvalho said is fairer to all hospitals and recognizes the significant role that the state's teaching, public and children's hospitals play in Florida's healthcare landscape.

Under the Senate's plan, safety net hospitals that use local revenues to help boost their Medicaid rates closer to the actual cost of providing care to patients would be required to hand over 45 percent of their federal matching dollars to the state. The money would be placed into a new state pool and redistributed to hospitals statewide, including for-profit hospitals and hospitals in counties that provide no local public funds support for indigent care.

"The Senate's plan would limit the option of counties to direct the net benefit of their own local public funds as they see fit," Carvalho said. "It would require counties that provide local public funds for their safety net providers to help finance healthcare in some 30 counties across Florida that do not contribute any local public funds for indigent care. In fact, the Senate's plan would hand some of these local public funds over to investors of out-of-state, for-profit companies.

(more)

SNHAF press release
April 19, 2013
Page 2

“Large urban counties that made a public policy choice to use local public funds to ensure that quality healthcare is provided to their neediest citizens should be alarmed by the Senate’s diversion of funds from their safety net institutions,” Carvalho added.

Under the Senate’s plan, Jackson Memorial Hospital in Miami would see \$21 million of its local public funds diverted. Broward County’s two public hospital systems – Broward Health and Memorial Healthcare System would see nearly \$18 million in funds diverted. Lee Memorial Health System in Fort Myers would see \$8.8 million diverted. Tampa General would see about \$7.5 million diverted.

In total, when considering both the diversion of these local funds and the redistribution of other money in the Senate’s DRG plan, Florida’s 14 safety net hospital systems would see their current Medicaid reimbursements slashed by nearly \$113 million, while nearly \$96 million of that money would be redistributed to for-profit hospital chains.

Local communities that provide local indigent care revenues must understand the impacts of the Senate’s plan, and join SNHAF in convincing Senate leaders to embrace the House DRG proposal as the Senate-House budget negotiations get under in the final weeks of the legislative session, Carvalho said.