

**Medicaid Program Policy Issues
Health Care Appropriations Subcommittee
Conference Report on SB 2000**

Summary

- No categories of Medicaid eligibility are changed or eliminated. No elimination of optional services including adult dental, vision, hearing, podiatric, chiropractic services or hospice services.
- **Medicaid Price Level and Workload Adjustment – \$2,919.8 million total, \$1,392.4 million GR –** Additional funding for increased Medicaid caseloads and price level adjustments as agreed upon by the February 2011 Social Service Estimating Conference for an anticipated additional 236,136 Medicaid beneficiaries. Includes approximately \$2,085.6 million in state funds for stimulus flame out due to change in federal matching rate.
- **Restore Medically Needy for Adults and MEDS AD Programs – \$2,051.3 million total, \$687.0 million GR –** Recurring funding provided to restore the Medically Needy for Adults and MEDS AD program to provide services to approximately 46,096 beneficiaries in the Medically Needy program and 42,115 beneficiaries in the MEDS AD program monthly.
- **Florida Kid Care Enrollment Increase – \$36.2 million total, \$423,749 GR, \$7.4 million Tobacco –** Provides funding to fully fund the 2011-12 anticipated growth in the Kidcare Program. Funding is expected to serve an additional 22,848 children, an 8% growth rate.
- **Tdap Vaccination for Postpartum Mothers – \$1.8 million total, \$800,000 GR –** Provides funding for Tdap vaccinations for postpartum mothers enrolled in the Medicaid program.
- **Dental Services Fee Increase – \$56.2 million total, \$24.7 million GR –** Funding to increase reimbursement rates to dental providers for services provided to children.
- **Graduate Medical Education Program - \$5.0 million total, \$2.2 million GR –** Funding to support Mount Sinai Medical Center participation in graduate medical education initiatives and to develop and sustain graduate medical education positions for training.
- **Institutional Provider Unit Cost Freeze (\$393.9 million total, \$137.0 million GR) –** Savings associated with continuing the unit cost freeze on Medicaid provider rates for hospitals, nursing homes, community intermediate care facilities for the developmentally disabled and county health departments.
- **Hospital Outpatient Rate Reduction (\$102.9 million total, \$45.3 million GR) –** Reduces the projected Medicaid hospital outpatient rates by 12.0%, effective July 1, 2011. Includes a 3% rate reduction for Children's and Rural Hospitals. Ability to buy back rate reductions is provided through the use of intergovernmental transfers if available.
- **Hospital Inpatient Rate Reduction (\$407.5 million total, \$179.0 million GR) –** Reduces the projected Medicaid hospital inpatient rates by 12.0%, effective July 1, 2011. Includes a 3% rate

reduction for Children's and Rural Hospitals. Ability to buy back rate reductions is provided through the use of intergovernmental transfers if available.

- **Prepaid Health Plan Rate Reduction (\$154.2 million total, \$67.7 million GR)** – Reduces the projected Medicaid Prepaid Health Plan rates effective September 1, 2011. (Prepaid Health Plan reimbursement rates are calculated as a percentage of the hospital inpatient, hospital outpatient, and County Health Department Clinic rates and receive a corresponding reduction when provider rates are reduced).
- **Reduce Nursing Home Reimbursement Rates (\$187.8 million total, \$82.9 million GR)** – Reduces the projected Medicaid nursing home expenditures by 6.5%, effective July 1, 2011, but provides ability for nursing homes to partially restore this reduction through their quality assessment program.
- **Reduce Hospice Reimbursement Rates (\$15.5 million total, \$6.8 million GR)** – Reduces the projected Medicaid hospice rates by 6.5%, effective July 1, 2011. (Hospice reimbursement rates are calculated as a percentage of nursing home rates and receive a corresponding reduction when nursing home rates are reduced). Partial buy back of rate reductions is provided with quality assessments.
- **Reduce Intermediate Care Facilities for the Developmentally Disabled (ICF/DD) Provider Rates (\$6.3 million total, \$2.8 million GR)** – Reduces rates for ICF-DD providers by 3%, effective October 1, 2011, but provides ability for providers to partially restore this reduction through their quality assessment program.
- **Reduce County Health Department Reimbursement Rates (\$14.3 million total, \$6.3 million GR)** – Reduces the projected Medicaid County Health Department expenditures by 10.0%, effective July 1, 2011. Ability to buy back rate reductions is provided through county intergovernmental transfers.
- **Non Emergency Transportation Rate Reduction (4.6 million total, \$2.0 million GR)** – Reduces non-emergent transportation provided through the contract with Coordinated Transportation for the Disadvantaged Council by 7 percent, effective July 1, 2011.
- **Pharmacy Program Reduction (\$22.3 million total, \$9.8 million GR)** – Savings associated with modifying the pharmacy reimbursement methodology from Wholesale Acquisition Cost (WAC) plus 4.75% to WAC plus 1.5% due to the change in Average Wholesale Pricing structure.
- **Savings from Nursing Home Growth to Waiver Program (\$15.5 million total, \$6.8 million GR)** – Savings associated with providing an additional 1,000 slots in the nursing home diversion program and an additional 1,250 slots for the Aged and Disabled Adult waiver program.
- **Eliminates the Hospitalist Contracts (\$6.2 million total, \$2.7 million GR)** – Reduces funding for contractual arrangements with three vendors to provide utilization management of hospital inpatient services.

- **Eliminates Therapy Management Contract (\$1.0 million total, \$520,000 GR)** – Reduces funding for a contractual arrangement with ACS Heritage, Inc. to provide services to reduce clinical risk, lower prescribed drug costs and the rate of inappropriate spending for certain Medicaid prescription drugs. Contract expired February 24, 2011.
- **Eliminates Alternative Therapy Disease Management Program (\$1.0 million total, \$438,770 GR)** – Reduces funding for a contractual arrangement with Alternative Medicine Integration of Florida to administer a disease management program for beneficiaries with chronic pain. The program includes such services as acupuncture, massage therapy, medication reviews, nutritional services, care management and disease education to enrolled beneficiaries. Contract set to expire November 30, 2011.