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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)

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“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.

We are providing for your review and use two data spreadsheets:

- **A final analysis of how the separate Senate and House DRG positions will impact SNHAF's teaching, public and children's hospitals, and reallocate tens of millions of dollars to for-profit hospital chains.**
- **An analysis of how the redistribution of local public health care funds under the Senate's DRG proposal will impact each of SNHAF's member hospitals and benefit for-profit hospital chains.**

**Senate and House Comparison of Impact on Medicaid
Hospital Reimbursement for SFY 2013-14**

(includes impact of DRG conversion, new DGME funding, changes in LIP funding and 45% federal fund diversion for the IP/OP rates)



	Senate Position on Hospital Payments (Net Change to Base)	House Position on Hospital Payments (Net Change to Base)
	A	B
Statutory Teaching / Base Rate per Run		
Jackson Memorial	(52,761,191)	167,099
Tampa General	(6,604,528)	1,088,276
Shands - Gainesville	(16,457,112)	2,336,393
Shands - Jacksonville	(1,898,344)	2,416,598
Orlando Regional Medical Center	8,566,518	3,332,174
Mt. Sinai	(1,409,962)	1,519,013
Total Statutory Teaching	(70,564,619)	10,859,552
Public Hospitals		
Broward Health		
Broward General	(2,810,227)	(119,773)
Coral Springs	(1,230,893)	(372,634)
Imperial Point	(39,261)	21,358
N. Broward Medical Center	(163,106)	(75,296)
Total Broward Health	(4,243,487)	(546,345)
Memorial Healthcare System		
Memorial Hollywood	(4,203,950)	(1,056,389)
Memorial Miramar	(1,589,065)	182,393
Memorial Pembroke Pines	(1,177,017)	(322,784)
Memorial West	(2,102,944)	1,194,511
Total Memorial Healthcare System	(9,072,975)	(2,270)
Lee Health System		
Lee Memorial	(4,063,709)	(470,568)
Cape Coral Hospital	(1,943,711)	(200,981)
HealthPark Medical Center		
Gulf Coast Medical Center (fka SW FL Regional)	(3,035,339)	133,531
Total Lee Health System	(9,042,759)	(538,018)
Halifax Medical Center	252,633	1,000,999
Sarasota Memorial	(506,944)	2,934,074
Children's Hospitals		
All Children's Hospital	(18,652,061)	(4,107,389)
Miami Children's Hospital	(12,328,312)	4,056,132
Total Children's Hospitals	(30,980,373)	(51,257)
Sacred Heart Hospital	11,453,114	7,011,538
Total Safety Net Hospitals	(112,705,410)	20,668,273
For Profit Hospitals		
Healthcare Corporation of America (HCA)	62,788,914	31,768,437
Health Management Associates (HMA)	13,607,213	6,328,560
Tenet Health Care	8,253,184	3,873,280
Other For Profit Hospitals	11,178,890	8,358,926
Total For Profit Hospitals	95,828,200	50,329,203
Other Non Profit Hospitals	41,466,145	33,481,716
Grand Total	24,588,935	104,479,192

Net Impact of Senate Proposal to Divert 45% of Federal Share Payments Earned from Local Public Funds to All Providers Statewide for SFY 2013-14



Provider	Net Impact of Diverting Local/Federal Funds to Increase Statewide DRG Payments	Net Impact of Diverting Local/Federal Funds to Increase Statewide OP Payments	Net Total Impact fo Diverting Local/Federal Funds to Increase Payments Statewide
Statutory Teaching			
Jackson Memorial	\$ (14,013,671)	\$ (7,952,604)	\$ (21,966,275)
Tampa General	\$ (6,054,558)	\$ (1,413,406)	\$ (7,467,964)
Shands - Gainesville	\$ (3,379,050)	\$ (496,887)	\$ (3,875,936)
Shands - Jacksonville	\$ (1,708,769)	\$ (1,008,063)	\$ (2,716,832)
Orlando Regional Medical Center	\$ 4,384,748	\$ 1,136,704	\$ 5,521,452
Mt. Sinai	\$ (478,561)	\$ 75,170	\$ (403,392)
Total Statutory Teaching	\$ (21,249,861)	\$ (9,659,086)	\$ (30,908,948)
Public Hospitals			
Broward Health			
Broward General	\$ (2,656,996)	\$ (625,304)	\$ (3,282,300)
Coral Springs	\$ (451,549)	\$ (126,620)	\$ (578,169)
Imperial Point	\$ (278,994)	\$ (53,191)	\$ (332,185)
N. Broward Medical Center	\$ (562,232)	\$ (127,240)	\$ (689,472)
Total Broward Health	\$ (3,949,771)	\$ (932,355)	\$ (4,882,126)
Memorial Healthcare System			
Memorial Hollywood	\$ (1,373,438)	\$ (1,898,506)	\$ (3,271,944)
Memorial Miramar	\$ (452,141)	\$ (1,288,264)	\$ (1,740,404)
Memorial Pembroke Pines	\$ (237,555)	\$ (361,499)	\$ (599,054)
Memorial West	\$ (1,432,598)	\$ (2,077,613)	\$ (3,510,211)
Total Memorial Healthcare System	\$ (3,495,731)	\$ (5,625,882)	\$ (9,121,613)
Lee Health System			
Lee Memorial	\$ (3,059,688)	\$ (553,873)	\$ (3,613,561)
Cape Coral Hospital	\$ (1,439,301)	\$ (379,234)	\$ (1,818,535)
HealthPark Medical Center			
Gulf Coast Medical Center (fka SW FL Regional)	\$ (2,821,630)	\$ (546,921)	\$ (3,368,551)
Total Lee Health System	\$ (7,320,619)	\$ (1,480,028)	\$ (8,800,646)
Halifax Medical Center	\$ (923,772)	\$ (167,616)	\$ (1,091,388)
Sarasota Memorial	\$ (2,925,828)	\$ (640,460)	\$ (3,566,288)
Children's Hospitals			
All Children's Hospital	\$ 3,139,093	\$ 1,874,108	\$ 5,013,202
Miami Children's Hospital	\$ -	\$ 3,366,334	\$ 3,366,334
Total Children's Hospitals	\$ 3,139,093	\$ 5,240,442	\$ 8,379,536
Sacred Heart Hospital	\$ 2,713,669	\$ 1,197,750	\$ 3,911,420
Safety Net Hospitals	\$ (34,012,821)	\$ (12,067,234)	\$ (46,080,055)
For Profit Hospitals			
Hospital Corporation of America (HCA)	\$ 17,656,679	\$ 4,908,903	\$ 22,565,582
Health Management Associates (HMA)	\$ 1,009,295	\$ 1,698,231	\$ 2,707,526
Tenet Health Care	\$ 3,416,083	\$ 890,001	\$ 4,306,084
Other For Profits	1,463,929	900,641	2,364,570
Total For Profit Hospitals	\$ 23,545,987	\$ 8,397,776	\$ 31,943,762
Not-for-Profit Less Safety-Net	\$ 10,466,834	\$ 3,669,459	\$ 14,136,293
Grand Total	\$ (0)	\$ 0	\$ 0