

THE BUZZ

From the staff of the Tampa Bay Times

Safety net hospitals criticize Senate's Medicaid payment proposal

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Florida hospitals that treat the state's neediest patients say the Senate is taking the wrong approach in how it plans to pay for Medicaid services.

The Senate and the House have come up with different formulas for reimbursing hospitals under a new system called diagnosis-related groups, or DRG. This system is similar to how the federal government pays hospitals for Medicare. It pays according to services patients receive instead of the old way that was based on hospital costs and length of patient stays.

Safety net hospitals panned the Senate budget committee's proposal, and the business community has come to the Senate's defense.

Teaching hospitals such as Miami's Jackson Memorial and Tampa General would collectively lose nearly \$70 million under the Senate proposal, according to a preliminary analysis by the Safety Net Hospital Alliance of Florida. All Children's Hospital in St. Petersburg is projected to lose \$7 million compared to what it currently receives.

For-profit hospital would benefit from the Senate proposal, the alliance said, to the tune of \$74 million.

"Our state's teaching, public and children's hospitals are alarmed that the Senate's plan would result in such deep funding cuts to facilities that educate our next generation of doctors and provide specialized care to some of our state's sickest children," said alliance president **Tony Carvalho**. "The Senate's plan is starkly different from the House, which is guided by fairness and recognizes the critical importance of safety net hospitals."

Carvalho believes the House proposal is fairer.

The main difference is how the two plans treat counties that use local taxes to draw down extra federal funds. The Senate plan redistributes a portion of that money statewide while the House plan allows the money to remain in the counties where it was received, the alliance said.

The alliance also prefers the House's plan for distributing money to hospitals for medical residency positions.

Overall, safety net hospitals would receive \$108 million more under the House plan compared to the Senate's, according to the alliance's projections. For-profit hospitals would earn \$26 million less in the House plan compared to the Senate's.

A spokeswoman for Senate President **Don Gaetz** told the *Times/Herald* that the Senate was not aware of the alliance's criticism of its DRG proposal. The Senate is still finalizing its official hospital-by-hospital report of how funding will be distributed.

Associated Industries of Florida President **Tom Feeney** came to the support of the Senate plan, saying it helps end

disparities between hospitals.

"Contrary to what some naysayers are saying, the for-profit hospitals have taken severe cuts over the last three years in the tens of millions of dollars, while tax district hospitals have taken little to no cuts as they have bought back their rates by utilizing taxpayer dollars," Feeney said via a press release. "... We strongly support the Senate plan that rewards efficiency – why should taxpayers have to pay more for a procedure at one hospital than another?"