



Sent via Mail and Email to flhospitalcommission@ahca.myflorida.com

July 31, 2015

Agency for Health Care Administration
Secretary Elizabeth Dudek
2727 Mahan Drive
Mail Stop #1
Tallahassee, Florida 32308

Dear Secretary Dudek on behalf of the Commission on Healthcare and Hospital Funding:

This letter is in response to your letter dated July 17, 2015 requesting that all hospitals receiving payments and health plans reimbursing hospital providers to certify that none of their contractual arrangements are at or above 120% of the Medicaid fee schedule, meeting statutory requirements and in compliance with 409.675 (6), F.S. by August 1, 2015 as follows:

409.675 (6) F.S.

6) PROVIDER PAYMENT.—Managed care plans and hospitals shall negotiate mutually acceptable rates, methods, and terms of payment. For rates, methods, and terms of payment negotiated after the contract between the agency and the plan is executed, plans shall pay hospitals, at a minimum, the rate the agency would have paid on the first day of the contract between the provider and the plan. Such payments to hospitals may not exceed 120 percent of the rate the agency would have paid on the first day of the contract between the provider and the plan, unless specifically approved by the agency. Payment rates may be updated periodically.

Amerigroup's SMMC MMA contract was executed on January 31st, 2014. Prior to MMA, Amerigroup operated in several regions outside of those awarded under the SMMC MMA program in 2014.

The Agency's request clarifies and expands the definition of 409.675(6), F.S. by stating "The statutory provisions requiring Agency approval of hospital contracts valued at more than 120% of Medicaid do not exempt hospital contracts executed prior to the implementation of the MMA program". For purposes of this response Amerigroup assumes that this provision applies to inpatient and outpatient services and considered the agreements in the aggregate.

Amerigroup Florida affirms the following as of 8/1/15:

1. For rates, methods and terms of payment negotiated after the contract between Amerigroup Florida and the Agency for Healthcare Administration, Amerigroup Florida does not have a contractual arrangement at or above 120% of the Medicaid fee schedule.

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2. For legacy contracts in force prior to the contract execution date of the SMMC MMA contract between Amerigroup Florida and the Agency for Healthcare Administration, Amerigroup's hospital network includes three (3) contracts valued at or greater than 120% of Medicaid in our awarded regions. These three (3) contracts are in the process of being renegotiated and represent less than 1.8% of our total hospital spend (7/1/14-6/30/15). Additionally, there is one (1) hospital that operates outside of our MMA awarded regions is valued at or above 120% of Medicaid representing less than 0.1% of our total hospital spend.

Amerigroup is working expeditiously to remediate the contracts in our network service area valued at or above 120% of Medicaid and will submit a request for review of the contracts over the ceiling to determine if permissible.

Amerigroup Florida agrees that setting higher contracting rates for hospitals increases the cost to state taxpayers. The Agency states that it believes that contracting hospitals at 105% or less would be reasonable. We submit that in some regions with limited large systems, that target will be difficult to obtain without additional Agency or legislative direction. Additionally, with the consolidation of systems to include the purchase of primary and specialty practices and diagnostic facilities, plans must contract for these other services at rates far above 120% of Medicaid that also increases costs to taxpayers to meet network adequacy requirements.

Our long-standing partnership with the Agency demonstrates our commitment to responsibly managing taxpayer dollars dedicated to the SMMC program while ensuring compliance in all areas of operations.

Please feel free to contact me, if you have any additional questions or concerns.

Respectfully submitted,



Rosy Cozad
President and CEO