

DRAFT MEETING MINUTES

COMMISSION ON HEALTHCARE AND HOSPITAL FUNDING

Meeting Date: May 20, 2015

Time: 1:00 p.m. – 5:00 p.m.

Location: Agency for Health Care Administration, Conference Room A

Members Present: Carlos Beruff, Chair; Tom Kuntz, Vice Chair; General Chip Diehl; Marili Cancio Johnson; Eugene Lamb; Dr. Jason Rosenberg; Sam Seevers; Dr. Ken Smith; Robert Spottswood; Dr. John Armstrong, Florida Surgeon General and Co-Executive Director; and Secretary Elizabeth Dudek, Co-Executive Director.

AHCA Administrators and Staff Present: Dwight Aldridge, Alex Ane, Lecia Behenna, Cruz Conrad, Bryan Cook, Secretary Elizabeth Dudek, Marisol Fitch, Ryan Fitch, Heidi Fox, Jessica Hand, Adrienne Henderson, Nikole Helvey, Milly Marky, Jennifer Miller, Bill Roberts, Betty Schmidt, Justin Senior, Jamie Sowers, Nancy Tamariz, Lucy Villafrate, Tom Wallace and Marsha Webb.

Interested Parties Present: Media – Orlando Sentinel, Naples Daily News, WFSU/Florida Public Radio, Florida Video News, Sarasota Herald Tribune, Tampa Bay Times, Capitol News Service, Florida Times-Union, Palm Beach Post, St.PetersBlog, News 13, Bay News 9, WCTV News, The Florida Channel, WTSP, News Services of Florida;

Amee Dias Lyon, Metz, Husband and Daughton, PA; Bill Giudice, Tallahassee Memorial Hospital; Bob Broadway, Bethesda Health; Chris Schoonauer, Capital City Consulting; Steve Birtman, Florida Association of Nurse Anesthetists; Warren Jones, Tallahassee Memorial Hospital; Lori Hundley, Parrish Medical Center; Lewis Parrish, Parrish Medical Center; Bill Bell, Florida Hospital Association; Rhett O’Doski, Advantage Consulting Team; Michael Garner, Anthem; Tom Brooks; Sophie Smith, Poole McKinley; David Christie, Florida Hospital; Katrina Carrillo, Robert M. Levy Health Foundation; Bobby Bernal, Leading Age Florida; Lynne Shaw, Florida International University; Jules Kariher, Sacred Heart Health System; Jorge Chamizo; Charlotte Mather-Taylor; Hayden Dempsey, Greenberg Traurig; Mary Beth Vickers, Executive Office of the Governor; Travis Blanton, Johnson and Blanton; Mary Thomas, Florida Medical Association; Glenn Thomas, Florida Association of Nurse Anesthetists; Kim Case, Holland and Knight; Carol Bracy, Ballard Partners; Susan St. John, St. John Law Firm, PL; James McFaddin, Southern Strategy Group; Mary Pat Moore, Florida Association of Health Plans, Inc.; Mary Kay Detzner, Nemours Children’s Hospital; Craig Hansen, Wellcare; Gary Crayton, Health Management Associates; Jason Unger, Gray Robinson PA; David Ramba, Ramba Law Group; Sally Jackson, Lee Memorial Health System; Brett Bacot, Lee Memorial Health System; Bryan Cherry, Adam St. Advocates; Nick Romanello, Health Care District of Palm Beach County; Mercer Fearington, Southern Strategy Group; Joy Ryan, Meenan Law Firm; Laura Lenhart, Moffitt Cancer Center; Brittney Burch, Florida Chamber of Commerce; Tamela Perdue, Associated Industries of Florida; Michael Glazer, Ausley McMullen; Murray Moore, Pennington PA; Tim Elliott, Smith and Associates Law Firm; Steve Grigas, Akerman; Paul Wharton, Flagler Hospital; Alisa LaPolt, Florida Association of Counties; Layne Smith, Mayo Clinic; Lester Abberger, South Florida Hospital and Healthcare Association; Susan Harbin, Florida Association of Counties; Lindy

Kennedy, Safety Net Hospital Alliance; Anita Lake, All Children's Hospital; Brian Jogerst, BH and Associates; Eric Prutsman, Prutsman and Associates; Michael Milnes, Executive Office of the Governor; Eli Nortelus, Akerman, LLP; William Large, Florida Justice Reform Institute;

Welcome and Introductions: Carlos Beruff, Chair, called the meeting to order and introduced Governor Rick Scott who welcomed the Commission on Healthcare and Hospital Funding and interested parties. Governor Scott stated that the Commission represented an important issue for the state as access is limited by cost. Governor Scott reiterated the focus of the Commission--tax payer funding for health care and the taxpayers return on investment. He thanked the Commission for their service.

Mr. Beruff had the Commission introduce themselves and their background.

Presentation on Compliance with Florida Sunshine Law: Bill Roberts, Deputy General Counsel for the Agency for Health Care Administration, provided an overview of Florida's Sunshine Laws. Mr. Roberts discussed the Sunshine Laws and highlighted their importance in guiding the Commission's discussions. A copy of the power point presentation was included in the Commission's packet to follow along with the presentation.

Vice Chair Kuntz asked for clarification on confidential data and requested that this data be noted as confidential when sent to the members.

Review of Executive Order Number 15-99: Secretary Dudek reviewed the executive order, noting that at the center of it all is health care and accessibility. She stated that the Commission is looking for efficiencies in the delivery of health care. Secretary Dudek indicated that the Commission will be looking at what providers are receiving from the government and should government funding be the source of profits to providers.

Secretary Dudek noted that Agency staff had developed some initial data for the Commission to query and that staff would continue to provide information as necessary to support the Commission. She stated that the programs being utilized for data dissemination were intuitive and user friendly.

Surgeon General Dr. Armstrong voiced his excitement about the goals and members of the Commission—lauding their service as volunteers to serve the taxpayers of Florida. Dr. Armstrong noted the significant experience and expertise of the Commission members and thanked everyone for participating.

Overview of the Florida Hospital Uniform Reporting System (FHURs) Data: Ryan Fitch, Bureau Chief of Central Services at the Agency for Health Care Administration, presented and overview of data submitted by hospitals annually which include the FHURs schedules, audited financial statements and certification by hospital CEOs or CFOs. Mr. Fitch noted some of the pros and cons of the data as well a number of unique aspects of the data to consider including:

- Gross Revenue vs. Net Revenue
- Charity Care vs. Bad Debt
- Operating Margin vs. Total Margin
- Dollars vs. Percentages

The data generated a great deal of discussion and questions from the Commission members. Chair Beruff questioned how to pull and examine foundation funding and whether the Agency had access to this information. He would also like to work on getting reimbursement data, specifically by payer type and include both the charges and reimbursement data in the analysis—he would like to analyze the actual price versus the sticker price.

Chair Beruff asked for guidance from the Agency to assist the Commission in asking the right questions so that the members can get to the root question of “is the money being properly spent?”

Vice Chair Kuntz asked for clarification on difference of gross revenue and net revenue and whether you could get to cost by looking at net revenue. He also noted that gross revenue would be a less relevant number for the Commission to examine. Mr. Kuntz would also like to see if some national statistics regarding the gross vs. net differential could be provided for review by the Commission.

In addition, Vice Chair Kuntz would like to see outliers divvied out and examined by the Commission as well as a management effectiveness ratio or a formula to establish efficiency ratios for the hospitals. He asked for help from the Agency to find relationships within the data to help the Commission with their analysis.

Dr. Rosenberg would like the Agency to provide additional information on the differential of operating vs. total budget, specifically where depreciation is included. He also wanted to know if there is a formula with which to adjust the data by acuity due to Mr. Fitch stating that case mix has the highest correlation to cost. Dr. Rosenberg noted that he didn't know if he was asking the right questions and asked for Agency guidance as the Commission moved forward.

Dr. Rosenberg indicated that the basic place the Commission should start is finding a way to drill down the real cost for one patient, for one day in the hospital—adjusted by acuity—and comparing those costs with patient outcomes and satisfaction.

Robert Spottswood noted that the differential in dollars billed vs. dollars collected is dramatic and would also like to see some national data and statistics on this phenomenon. Mr. Spottswood would also like to see the tax payer funding for each hospital. Marili Cancio Johnson would like facilities to be organized and identified by profit status if possible. In addition, she would like to be provided the statewide average of Medicaid/Medicare patient days and revenue for all the facilities the Commission is examining. Sam Seevers requested that Agency provide more data be provided for each hospital profile, including utilization data.

Overview of Healthcare Utilization and Quality data currently reported by AHCA: Nikole Helvey, Bureau Chief of the Florida Center for Health Information and Policy Analysis, presented an overview of data available through the Florida Center for hospital utilization, facility comparison and hospital Electronic Health Record (EHR). Ms. Helvey noted that the Florida Center houses distinct data groups including the Office of Data Collection and Quality Assurance, the Office of Data Dissemination, Health Information Exchange and Policy Analysis Office and Risk Management /Patient Safety Unit. Ms. Helvey also provided an overview of the FloridaHealthFinder.gov website and the myriad of resources that are available to the public and to the Commission including the data query tool used to slice and dice utilization data for hospitals, ambulatory surgery centers and emergency departments.

Chair Beruff indicated again the importance of being able to examine the actual cost and reimbursement for procedures vs. the sticker price or charges for procedures.

Dr. Rosenberg noted his surprise that over 70 percent of all services provided are categorized in a governmental payer mix (Medicare/Medicaid). He would also like to know if the Commission could examine charges for an ambulatory surgery center vs. an acute care hospital (adjusted for acuity) for the same procedures and if the same information could be provided for doctor office visits/urgent care centers vs. ER visits.

Medicaid Overview: Justin Senior, Deputy Secretary of Medicaid, gave an overview of the Medicaid program, including rate setting methodology, Low Income Pool (LIP) distributions and intergovernmental transfers. Mr. Senior noted that plans are paid a capitation rate for each recipient enrolled in their plans and that rates paid to health plans must be actuarially sound. He also indicated that rate setting utilizes risk adjustment and rate cells to remove the incentive for plans to only treat healthy recipients.

In addition, Mr. Senior presented a historical perspective on the LIP program and its origins in replacing the Upper Payment Limit (UPL) program which cannot be utilized under Medicaid Managed Care. He stated that in essence LIP is a supplemental payment to programs that provide additional value to taxpayers such as teaching the next generation, rural hospitals or providing a safety net. He noted that the majority of the state funds come from local sources in the form of intergovernmental transfers and that the LIP money matches that with a guaranteed return on investment to the local tax base.

Dr. Rosenberg stated that he would like to have the data that shows where the matching federal funds would go if LIP is continued. Or conversely, where the holes would be if LIP is not continued?

Marili Cancio Johnson noted that due to ratio shown by Mr. Senior, the state is only losing \$1.3 billion dollars—the federal match—as the rest of the LIP funds come from local tax bases. Ms. Johnson asked for clarification on the timing for the letters of agreement and when the current LIP program would end.

CON Overview: Marisol Fitch, Certificate of Need (CON) unit supervisor, provided an overview of the program and how it relates to hospitals. She provided three documents: a beds and services list (including profit classification), a national CON overview and a fact sheet regarding CON's history to date. Ms. Fitch indicated that the program currently regulates entry into the marketplace for state-licensed hospital, nursing homes and hospices. She also provided a national overview of CON programs, indicating a map showing that 37 states and the District of Columbia currently utilize a CON program, with 13 states—mainly in the mountain west—without CON purview.

Vice Chair Kuntz commented that a he would be interested as to the reasons why certain areas have CON. Dr. Rosenberg would like to have some statistical data regarding the programs that have been removed from CON purview and the results on cost. He would also like to have some statistical data and/or a speaker regarding results from states that have recently removed the CON level of review.

Commission Member Discussion: Chair Beruff began by pointing out some sections of interest in the Navigant report, *Study of Hospital Funding and Payment Methodologies for Florida Medicaid*, submitted by the Agency. Namely he suggested that Commissioners read the executive summary, section four and section five (in particular pages 109-111). He also indicates that he would like more information on executive pay and whether that information can be provided. Vice Chair Kuntz voiced a concern regarding the amount of data provided and asking for a more manageable amount of data in order to fulfill the Commission's duty to the taxpayer.

Dr. Rosenberg indicated that at the basic level, the Commission needs to find the best health care access that taxpayers are willing to pay for. He notes that there are few questions he would like to look at going forward such as: what are we spending, where does the money go, is health care accessible, is health care affordable and is it quality health care?

Mr. Spottwood stated that we would like to explore the total spent on Medicaid and where does the money come from. He would also like to have a breakdown of what the state pays for and what does the federal government pay for in regards to health care. Mr. Lamb stated he is concerned about the taxpayer and where their money is going. General Diehl wanted to know if there was a way to tap into the federal VA money for the 1.6 Veterans in the state of Florida and their families when they visit a non-VA facility.

Ms. Cancio Johnson wants a spreadsheet of hospitals that refused to answer the questions on the survey that was distributed by the Office of the Governor. Ms. SeEVERS echoed that sentiment, stating her concern over the hospitals that are not willing to provide information to the Commission. Ms. SeEVERS would like a matrix of each hospital with more information per facility than was currently provided.

Secretary Dudek provided the Commission with additional handouts from the Division of Medicaid illustrating LIP payment data and intergovernmental transfer distributions. Secretary Dudek also had Ms. Helvey demonstrate the Tableau data available on the Commission website.

Public Comment: Mr. Tom Brooks of Deland asked to speak to the Commission, stating that one thing was left out of the meeting, the patients. He noted that 800,000 patients are uninsured and that the state is managing care through the emergency room. Mr. Brooks stated that in order to achieve patient-centered outcomes then Medicaid should be expanded. He indicated that the healthcare exchange is a model that works. Mr. Brooks asked that the Commission not look at the data through a "prism of tribal politics". Chair Beruff thanked Mr. Brooks for driving four-and-a-half hours to the meeting and speaking to the Commission. Chair Beruff also stated that he respected Mr. Brooks frustration and that the Commission was working for the public—to provide answers for the public.

Ms. Helvey informed the Commission that public comments and questions can be submitted at any time on the Commission website at <http://apps.ahca.myflorida.com/HospitalCommission/>.

Meeting Summary: Secretary Dudek summarized a list of subjects to be followed up on for later meetings. Vice Chair Kuntz asked if a road map for the Commission could be formulated so that it is clear where the Commission is headed and allow for check-ins along the way.

Dr. Armstrong announced that the next meeting will be held on May 26, 2015 from 9 a.m. to 1 p.m. at the Florida Department of Health in Orange County located at 6101 Lake Eleanor Drive, Orlando.

Chair Beruff thanked everyone who attended and the staff that facilitated the meeting.

Meeting Adjourn: The meeting adjourned at 4:28 p.m.

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