

May 18, 2015

The Honorable Rick Scott
Office of the Governor
400 S. Monroe St.
Tallahassee, FL 32399

Dear Governor Scott:

The Florida Hospital Association Board of Trustees, on behalf of our more than 200 hospital and health system members, welcomes the opportunity to reply to your May 8 letter seeking suggestions on how best to fund health care services provided to low-income Floridians, if the current Low Income Pool (LIP) sunsets on June 30.

Our hospitals have a longstanding partnership with the State of Florida and have demonstrated our commitment to funding Florida's Medicaid program. As determined in the State's own Navigant Consulting Report, Florida's hospitals contribute nearly 80 percent of the State's share of Medicaid funding for hospital services through a provider tax, intergovernmental transfers and certified public expenditures. As a result of these mechanisms, Florida hospitals contribute approximately \$1.3 billion to the Medicaid program annually.

Florida's hospitals do far more than contribute to financing the Medicaid program. Every day, more than 250,000 hospital employees provide quality care to patients 24 hours a day, seven days a week. In addition, hospitals provide over \$3.5 billion in community benefits that go beyond direct patient care. We work within our communities to identify and respond to local needs with strong focus on the most vulnerable in our population.

Hospital employees see first-hand the consequences that a lack of health insurance has on those we serve. That is why Florida hospitals are strongly committed to working with your administration and the Legislature on long-term solutions and responsible alternatives to the current funding approach.

You have suggested that a new tax on hospital operating surpluses might be a way to sustain the existing LIP program. Such an arrangement is not a solution to the challenge we face. It is clear that the Centers for Medicare and Medicaid Services (CMS) will not sustain the LIP program under current terms and conditions. A new approach is now required.

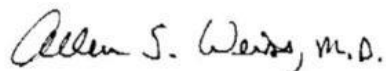
Florida must efficiently and effectively use coverage and the Medicaid payment system to meet the health care needs of our low-income citizens. Providing health care coverage and a replacement for the LIP program are both critical. One is not a substitute for the other.

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Fortunately, the Florida Senate has developed a plan that can meet Florida's Medicaid financing needs and makes substantive progress in meeting the CMS guiding principles. The Senate's comprehensive proposal would provide health care coverage to approximately 800,000 low-income, working Floridians. And, it fully funds a modified LIP program in the first year of a transition towards increased coverage. As more Floridians are covered, this approach allows our state to reduce its dependence over time, on a supplemental funding pool.

We agree that all Florida families deserve access to affordable and effective health care services. Utilizing the proposal thoughtfully put forth by the Florida Senate provides an immediate path to accomplishing this goal. We stand ready to work with you, the Senate and the House to resolve this urgent matter.

Sincerely,




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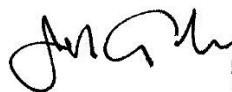
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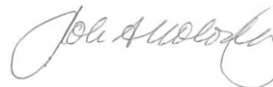
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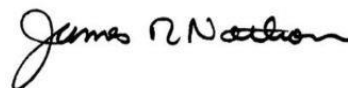
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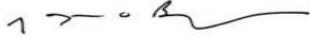


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