

May 22, 2015

The Honorable Rick Scott
Office of Governor Rick Scott
State of Florida
The Capitol
400 S. Monroe Street
Tallahassee, FL 32399-0001

Dear Governor Scott:

Thank you for your letter of May 8th, and your interest in developing a state plan to replace the Low Income Pool (LIP) funds which are scheduled to expire at the end of this current state fiscal year. As a safety net organization, which provides the bulk of charitable and uncompensated health care to the citizens of Southwest Florida, and an organization that is greatly reliant on LIP proceeds, we share your concerns about the future of LIP and the concurrent implementation of an uncompensated care pool which may be developed to replace it.

As a publicly elected body of 10 board members, the Lee Memorial Health System (LMHS) Board of Directors is charged with the duty and responsibility of providing the very best health care possible to the citizens of our area, irrespective of an individual's ability to pay for these services, and do so without the support of any local tax contribution, taxing authority or local funding stream. We take these fiduciary obligations quite seriously, and as such, know and understand the importance of state and federal uncompensated care resources which are designed to enable health systems such as ours to provide these services in an ever-evolving and complex health care environment. We furthermore are cognizant of the trust delegated to us as stewards of the valuable public resources which constitute LMHS, and desire nothing more than to utilize these resources in the most efficient and effective manner for the citizens of Southwest Florida.

Over time, LIP funding has helped LMHS provide regional health care services for our service area including: neonatal intensive care support, complex pediatric services through our children's hospital, high risk obstetric services, community health clinics for uninsured and underinsured, family practice medical residency program, and trauma and emergency care for our citizens in their most vulnerable moments. Given your background in health care, you know as well that these services are seldom financially sustainable without the support of programs like LIP. Our commitment to these programs is reinforced through the roughly \$43.6 million LMHS invests annually to help draw LIP funds to Florida. Additionally, due to historically low federal Disproportionate Share Hospital allocations to the State of Florida, and continued reductions in state general revenue allocations to Medicaid rates and Medicaid coverage, LIP has become the most significant source of funding for providing coverage to uninsured and underinsured Floridians. We therefore reiterate the need for a thoughtful dialogue among our state

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leaders for a replacement source of LIP funding, assuming that these Supplemental Medicaid Payments (SMP) are not renewed or are significantly reduced.

With respect to the current discussions surrounding new LIP models and recognizing yesterday's Centers for Medicare and Medicaid Services (CMS) announcement of a \$1 billion LIP fund for Florida for this next fiscal year, we remain hopeful that you and your negotiating team will be successful in obtaining the necessary approval from the CMS for a renewed LIP delivery and distribution formula, even though it appears now that the total LIP funds will be less than Florida currently receives. Using yesterday's announcement of a \$1 billion LIP pool from the CMS, it appears that the state will have a budget gap of roughly \$600 million. Given the resources the State of Florida currently has, Florida could help close the gap through general revenue contributions to the Medical Care Trust Fund and reimburse the lost LIP funding through improved rates through the state's contracted Medicaid providers. This would be our preferred solution in the event of a significant reduction in LIP.

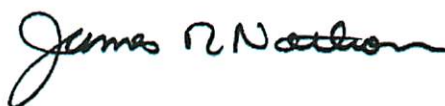
The publicly elected Governing Board of Lee Memorial Health System, along with its appointed administration will continue our work to improve the health and wellness of the population of Southwest Florida as we look forward to a timely and sustainable solution to the current LIP funding challenge. We are eager to work with you and your staff in seeking solutions to the reality that there are nearly a million Floridians who do not have access to health insurance coverage. The health care needs of these mostly low income, working, uninsured members of our community have been met in large part through episodic care at emergency facilities. We will be happy to join in the effort to develop solutions to the challenge of providing both access to care and payment for care that will be both clinically efficacious and fiscally sustainable.

Thank you for the opportunity to comment.

Regards,



Sanford N. Cohen, MD
LMHS Board Chairman



James R. Nathan
LMHS President

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