



Duval County Legislative Delegation

Minutes
LIP Funding Meeting
May 27, 2015
1:30 PM

117 W. Duval Street, City Council Chambers

The meeting was called to order at 1:30 p.m., with opening remarks from Representative Janet H. Adkins, Chair.

PRESENT: Representatives Adkins, Fullwood, Jones, McBurney, and Ray; Senators Bean and Gibson.

The Chair convened the meeting with a quorum present and the attendees introduced themselves for the record.

The Chair explained the purpose of the meeting was for the delegation members to gain a better understanding of how Low Income Pool funds are used in Jacksonville hospitals and how a reduction in LIP funds would impact local hospitals.

Russ Armistead, CEO of UF Health, made a presentation to the delegation about UF Health's patient mix and how it has contributed to its current financial situation. UF Health has the highest burden of Medicaid patients in Jacksonville. 20% of UF Health's budget comes from LIP funds. The current proposed budget represents a 50% reduction in IGTs. Without Medicaid expansion a longer term solution would be stabilized LIP funding and to increase local funding.

Discussion turned to long term funding solutions which do not include LIP funding. Possibilities include expanding the number of patient beds to allow for more commercial care. Another option would be to implement a local indigent sales tax and remove direct funding from local government general revenue. Mr. Armistead made clear even with increased commercial care, a subsidy would likely still be needed due to UF Health's mission to provide health care access to the poor. Increasing commercial access by 95-200 beds could be a possibility by 2020.

A recent audit found that UF Health has the second highest Medicaid costs and the lowest local contributions in the state of Florida. In response to a suggestion that LIP funding is a federal funding problem and not a local one, it was explained LIP covers resource intensive services such as trauma care whereas Medicaid expansion allows for low income access- no other federal program could compensate for the loss of LIP funding. Estimates suggest a local indigent sales tax would generate \$50 million, which would allow the City to discontinue funding from general revenue and would allow UF Health to reinvest approximately \$25 million annually into infrastructure- this possibility assumes a continuation of LIP funding. The financial stability of UF Health is already at risk, a loss of LIP or decrease from current levels would lead to the closure of the facility.

Under Medicaid expansion UF Health could be making \$25 million in profits annually since much of

the population that UF Health treats would then have some form of medical coverage. It is difficult to anticipate how many currently insured people would switch to Medicaid and how that would affect overall costs.

Congresswoman Corrine Brown addressed the delegation regarding the urgent need to find a solution to the LIP funding crisis for UF Health.

Tony Carvalho, President of the Safety Net Hospital Alliance of Florida made a presentation to the delegation regarding the history of the LIP program. The Great Recession resulted in a \$1 billion drop in state funding of Medicaid reimbursement. This represented 48% of costs for disproportionate share hospitals. If the LIP program were to be cut it would result in a loss of \$50 million to UF Health. Duval County is heavily dependent on the redistribution of monies from the hospital tax districts in South Florida, primarily Miami-Dade County- of which Duval receives \$76 million annually. Mr. Carvalho emphasized that while the drop in LIP funding is a problem, the true crisis for Florida's future is a shortage of physicians- for example projections estimate that 10 years from now there will be a shortage of 7,000 physicians in Florida. New York, California, Texas and Louisiana all receive significantly higher funding from LIP and other federal funding. Florida receives the least because it signed up for these programs last- around the time when Congress was cutting back on funding.

Gayle Petrie, with the Office of General Counsel provided details regarding the lease information for UF Health as well as the City's annual contribution.

Hugh Greene, CEO of Baptist Health, pointed out that UF Health is also a large employer for the City of Jacksonville and thousands of people would be out of work if UF Health were to close. There are 90,000 emergency room visits to UF Health a year and it is the only level 1 trauma center in the region. There would be no possibility of providing care for the additional patient volume at the other health care facilities in Jacksonville.

Denise Hunt, representing herself, spoke in support of the care her son received at UF Health and stressed the importance of UF Health as an employer in Jacksonville, especially in such a blighted area.

Deanne McDonald, Health Planning Council of NE Florida, suggested using area programs as an alternative to traditional hospital care.

The Chair made a motion for the delegation to send a letter of support for UF Health to the Governor, Speaker of the House, and the Senate President. The delegation members were invited to make revisions to the letter until it met the members' approval. The delegation voted in favor of the letter through voice vote. The letter will also be sent to the chairs of the appropriations committees in the House and Senate.

The Vice Chair emphasized that although the current focus is on UF Health; the problem of LIP funding impacts all of Duval County and has repercussions throughout the rest of the state.

There being no further business, the meeting adjourned at 3:17 p.m.

Note: A recording of these proceedings is on file in the delegation office, City Hall, Jacksonville, and is available to the public and media. Also a MP3 link is on the delegation website.