

Health Care

The number of uninsured Floridians has continued to grow over the last several years and the problem has been exacerbated by the economic downturn. Florida's unemployment rate has risen to 11.8 percent and many people who lost their jobs also lost the health benefits they received through their employer. The result is twofold — an increased number of uninsured Floridians and an increased number of residents enrolled in the Medicaid Program.

In 2009, AIF stood with Governor Charlie Crist as he unveiled his Cover Florida Program. This program provided insurers more flexibility in establishing lower cost health insurance products for Floridians who have been without insurance for at least six months, or who are recently unemployed. While this program insures just over 5,000 Floridians, that is still 5,000 that did not previously have coverage. AIF understands that Florida's uninsured population is varied and a "one-size-fits-all" solution is not realistic. We support the advancement of innovative initiatives that target specific sets of Florida's uninsured.

Several of the federal provisions currently being proposed would require state implementation:

- **Guarantee Issue Requirement** — means a qualifying person cannot be denied coverage regardless of medical status.
- **Exclusions for Pre-Existing Conditions Prohibition** — refers to a policy not covering services related to conditions that existed prior to the issuance of the policy.
- **Health Insurance Exchange Development** — this entity would provide consumers with a way to comparison shop for health insurance; however, it could also add another administration level to coverage thereby increasing premiums.
- **Medicaid Program Expansion** — the House plan would allow persons who make 150 percent of the Federal Poverty Level (FPL) to enroll in the state's Medicaid Program. The Senate proposal allows persons making 133 percent of the FPL.

Florida's Medicaid program accounts for about one-quarter of the state's spending; however, much of that is provided through federal match dollars. There is a projected \$225 million shortfall for this year. Another \$1.6 billion will be needed to fill the gap in next year's

budget. If the federal health care reform proposal provides for increasing the number of persons eligible for Medicaid, Florida's deficit will balloon even more significantly.

Typically, Florida's employers haven't taken an active interest in the state's growing Medicaid rolls. However, when the Medicaid deficit rises, reimbursement to providers (such as physicians, nursing homes and hospitals) are lowered. As a result, these providers must raise the rates they are willing to accept for patients who are privately insured. In other words, individuals, employers and their employees suffer with higher premiums due to the growing costs of Medicaid.

Specifically, AIF will advocate for the following health care initiatives in 2010:

Medicaid

AIF SUPPORTS initiatives that would increase accountability within the Medicaid Program thereby lowering costs. The current system for delivering health services to Florida's Medicaid recipients is highly fragmented, which makes a meaningful review and management of the costs difficult. AIF supports examining ways to ensure the state gets the "best bang for its buck" in providing services to Medicaid recipients.

A Rand Corporation study recently found that to reduce health care spending, cost control options available to both the public and private sector should be reviewed. Below are several policy options mentioned in the study that could yield better health care outcomes while lowering costs. We encourage Florida policymakers to review these and other innovative options.

- **Bundled Payment Approach** — This refers to a single payment for all services related to a given treatment or condition rather than using the "fee for service" arrangement which encourages higher volume rather than better value.
- **Health Information Technology** — Efforts funded through the federal stimulus package could facilitate improvements in health services delivery, as well as innovation in payment methods.
- **Value-Based Insurance Designs** — Market-based initiatives should be encouraged by Florida legislators and regulators. One such initiative would provide for lower drug co-payments for patients with certain chronic illnesses to encourage them to take their medications regularly.

AIF supports an evaluation of the Medicaid Program to determine if private-sector initiatives could be employed to ensure appropriate, cost-effective health care services are provided to the state's neediest residents.

Health Insurance Mandates

AIF SUPPORTS proposals that ensure the availability of health insurance products to employers and individuals that are tailored to their unique needs and resources. Furthermore, AIF calls for the Legislature to acknowledge and use the current statutory requirement for any proposed mandate to have a cost study conducted prior to its approval. Florida has more than 50 mandates that range from requiring the use of specific types of providers to requiring certain services and procedures to restricting what is allowed in private contracts between an insurer and providers.

According to a report by the Council for Affordable Health Insurance (CAHI), Florida is ranked the 10th highest in number of state mandates. Further, CAHI estimates that mandated benefits account for as much as 30 percent of the health insurance premium.

Florida statute currently calls for a cost study to be conducted for any new mandate but this provision has been all but ignored by policymakers. Further, the Legislature has not repealed any mandate in recent years, nor has it conducted a comprehensive review of the cost of existing mandates.

Maximize Federal Funding Opportunities

AIF SUPPORTS efforts to maximize our state's opportunities to receive federal matching funds. While increasing private market options for coverage is important, we must ensure the efficiency of our current public programs. Florida's Medicaid program is the fifth largest in the country with an annual budget of \$15.4 billion (FY 08-09). The state funds 44.6 percent of our total Medicaid program, while the federal government provides 55.4 percent in matching funds. The state needs to remain vigilant to secure all available federal funding for its citizens as it was able to accomplish last session through the Nursing Home Quality Assessment program.

AIF SUPPORTS efforts to enhance efficiency in the Medicaid program, but recognizes that efforts to reduce Medicaid reimbursement rates will diminish access to underserved population groups and unfairly penalize those hospitals and physician providers who serve this population.

"Balance Billing"

AIF SUPPORTS legislation to prohibit out-of-network providers from "balance billing" patients for additional fees not reimbursed by their health plan.

A law enacted in 2009 and opposed by AIF required health plans to directly pay providers with whom there is not a contractual relationship. Providers who have joined a health plan's network agree to take the reimbursement as payment in full in return for direct payment from the plan and a steady stream of patients. The new law does not prohibit an out-of-network provider from receiving reimbursement from the health plan and then sending a bill for additional fees directly to the patient. Further, there is no statute that would ensure reasonable provider charges to a patient.

A balance billing prohibition is necessary to protect employees who have no way of determining what they may be expected to pay above and beyond the health plan's reimbursement. Between 2004 and 2007, employees' out-of-pocket costs increased 34 percent according to a study by the National Opinion Research Center and Watson Wyatt Worldwide. Historically, employees are asked to take on higher cost-sharing during difficult economic times.

Hospital Taxing Districts

AIF SUPPORTS legislation that creates broad based funding sources to enhance access to health care services and supports efforts to redistribute ad valorem tax dollars in a manner that creates equity in funding for all providers based upon their levels of service to indigent residents of a district. Consequently, AIF is opposed to legislation that expands ad valorem taxing authority of state taxing districts for the funding of health care facilities. Hospitals and health care facilities that receive tax revenues should be held strictly accountable for the manner in which such funds are used.

Health Care Fraud

AIF recognizes that health care fraud has been a major problem in certain areas of Florida and supports legislation to enhance regulation of providers that have been susceptible to fraudulent activities and impose stronger penalties for those engaged in fraudulent activities.



AIF Lobby Team Member Assigned to the Area of Health Care:

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