

Meeting Minutes
Governmental Services Committee
Taxation and Budget Reform Commission
301 Senate Office Building
Tallahassee, Florida
August 17, 2007
8:30 a.m. – 10:30 a.m.

Committee Members: *Roberto “Bobby” Martinez, Chair; Barney Barnett, Martha Barnett, Mark Bostick, Talbot “Sandy” D’Alemberte, Bruce Kyle, Robert “Bob” McKee, Lesley “Les” Miller, Jr., Randy Miller, Jade Moore, James Scott*

Members Present:

Barney Barnett
Martha Barnett
Talbot “Sandy” D’Alemberte
Robert “Bob” McKee
Randy Miller
Jade Moore
James Scott (acting Chair)

Members Absent:

Roberto “Bobby” Martinez
Mark Bostick
Bruce Kyle
Lesley “Les” Miller, Jr. (attempted to join by phone – technical problems)

Acting Chair, James Scott, called the meeting to order at 8:35 a.m.

Staff called roll and announced the presence of a quorum.

Chair Scott asked for a motion to approve the minutes from the minutes from August 1, as posted on the website. Several members so moved, and seconded. Minutes were approved.

Chair Scott introduced the presentations for today’s meeting. The Agency for Health Care Administration and the Department of Elderly Affairs spoke to the committee on the topics of the Medicaid program, state and federal share, long term care costs in our aging population and how the public share compares with the private provider workload.

Mr. Carlton (Dyke) Snipes, Assistant Deputy Secretary for Medicaid Finance from the Agency for Health Care Administration, described the Medicaid program, the federal mandatory service and state optional service requirements, the funding process and how the system has evolved over time. He noted that the federal funding formula has not been beneficial to Florida in the last few years because our population is less poor, per capita,

than some other states. So, while the state's elderly population is growing, our per capita share has shrunk.

Committee members had several questions for Mr. Snipes. Commissioner Bob McKee asked if the commission could see the numbers on Medicaid fraud from the AHCA Medicaid Integrity Unit. He was particularly interested in knowing if there was a way to calculate a percentage allocation per service that would show disproportionate use. Mr. Snipes indicated that the agency could provide that information.

Commissioner Martha Barnett wanted to know if the statutorily set optional services are regularly reviewed. Mr. Snipes, and Commissioner James Scott, replied that the formula numbers are reviewed each year by the legislature and any needed changes to statute are included in that review.

Commissioner Randy Miller asked if AHCA has done any evaluation of the pilot programs in Duval and Broward counties to see if there are any cost savings. Mr. Snipes indicated that internal evaluation is occurring through the agency's Office of Inspector General, but that so far, the pilot does not have any impact on eligibility or caseload.

Commissioner Barney Barnett asked again about why Florida ranked so low in the federal eligibility formula, and Mr. Snipes noted that the formula is based on per capita income. Florida's population has a relatively high per capita income compared to other states.

Commissioner Martha Barnett inquired about Florida's cost for Medicare. Mr. Snipes indicated that the aggregate cost is between \$8 -9 million and that amount is included in the \$16 billion overall state cost for Medicaid.

Dr. Horacio Soberon-Ferrer, PhD, Planning and Evaluation Coordinator for the Department of Elderly Affairs, spoke to the committee about long-term trends in aging and health care costs. He had some very interesting, "counter-intuitive" trend research that shows that while Florida's population continues to grow at a rapid rate, use of nursing care and long-term health care facilities will decrease as the aging population becomes more healthy and self-sustaining. Programs that will encourage community care and home health care will drive the nursing care rates lower over time.

Dr. Soberon noted that most elderly are dually eligible for Medicare and Medicaid but there is a gap in long-term care, as Medicare does not cover nursing home care. Of the \$2.6 billion total cost of long-term care in Florida, approximately \$2 billion is for nursing home services while \$600,000 of that total is for community and home health care services.

Commissioner Martha Barnett asked if all nursing home reimbursements are mandatory. Commissioner Barney Barnett wanted to know how the reimbursement rates are set. Dr. Soberon replied that they are mandatory, but that the state sets the reimbursement rates for each individual nursing home based on the cost reports which the facilities are

required to turn in to AHCA on a semi-annual cycle. He noted that, unlike some other states, Florida's rates are regulated and not market driven.

Chair Scott noted that the fact that the nursing home rates keep growing even as the census is falling is something about which the committee needs to get further information. He said he wanted to assure that Chair Martinez made note of this phenomenon so that we could further study the problem at a future meeting.

Dr. Soberon noted that for every dollar spent on nursing home diversion programs (such as community and home health care programs, nutrition and lifestyle education, etc.) the state saves \$53.

Commissioner Jade Moore asked if the costs discussed in the presentation related just to public costs. Dr. Soberon responded that the costs were just the approximately 20% of the total cost of elderly health care that was provided by state and federal programs. The remaining costs are incurred for services provided by individuals and families. Those are almost entirely private paid expenses.

Commissioner Martha Barnett asked if these costs were included in the \$16 billion cost to the state for Medicaid. Dr. Soberon replied that the \$2.6 billion represented the state share of both nursing home and Medicaid waivers for home and community health care programs. He noted that the difficulty in getting services to the appropriate clients is that if you provide adequate services that some people don't need, but may be eligible for, you end up overwhelming the service provider capability. He dubbed the problem the "woodwork" effect and said that the challenge was to provide adequate services without creating such an effect.

Commissioner McKee asked if there was any incentive to curb nursing home costs on the private side. Dr. Soberon noted that while the high population of possible service users in some areas of Florida would indicate that markets would set prices, the state's regulation of bed spaces causes the effects of the market to be muted. He told the committee that a strong focus on "well elders" programs could cut as much as \$600 million in costs over time due to a reduced need for long-term health care services.

Ms. Beth Kidder, Chief of the Bureau of Medicaid Services of the Agency for Health Care Administration, gave a short presentation on the issues related to Medicaid services for long-term care clients. She spoke about the federal focus on providing some flexibility to the process to allow for more home and community health care as alternatives to the mandatory nursing home care requirement. She noted that there is ongoing work to try to incentivize individual purchase of long-term care coverage to help reduce the per client cost of such insurance through a program called the Long-Term Care Partnership.

Commissioner Barney Barnett asked if there were waiting lists for nursing home facilities. Ms. Kidder replied that on a statewide basis, there were adequate beds, but that in some areas of the state there may be some wait required. Chair Scott then asked if the

need for nursing home use would decline over time. Ms. Kidder said it would be hard to tell, as population growth might offset percentage of usage, but that it definitely appeared to be flattening out over the last two years.

Commissioner Martha Barnett asked if there were any federal actions or trends that would affect the Florida costs. Ms. Kidder responded that the federal Deficit Reduction Act had a lot of programs related to long-term care cost reduction. It appears that the federal government is trying to provide some flexibility to encourage the cost reductions that may be available through more proactive use of home and community health care programs and nursing home diversion programs. There are some drawbacks for Florida in the federal legislation but we hope to keep working to resolve those issues.

Commissioner McKee asked if there were changes in the ratio of overall population to long-term care and children's' medical services populations. Ms. Kidder responded that the number of eligible children has declined but there are still a lot of children in caseload numbers. The nursing home population is flat while the elderly population is growing. It is not clear why the child care numbers are falling.

Commissioner McKee then asked what an increase in minimum wage might do to the number of "working poor" who would now become ineligible for Medicaid programs. All agreed that this was an interesting question and that staff should look further into the issue.

Commissioner Jade Moore asked if mandated health care service improvements in nursing homes could be the cost driver for increased per diem rates being charged by the facilities. The presenters agreed that increases in staffing ratio requirements and improvements in medical services have caused those rates to rise.

TBRC Chair asked if there were ways to change the focus of the mandatory nature of the nursing home care requirement in Medicaid. Dr. Soberon replied that the federal government has begun to address the issue through the use of the 1915(I) program within the Deficit Reduction Act. This program gives some flexibility to the states.

Commissioner Sandy D'Alemberte asked presenters to confirm that the \$16 billion Medicaid budget being discussed made up a total of 25% of the state's budget, and that the expected growth rate was in the range of 10% per year. That information was confirmed. He then asked if we expect to continue to lose federal share based on the funding formula. The presenters agreed that there would continue to be a slight decline as income per capita relative to other states increases. If that changes, the trend could change, as well.

Chair Scott noted the time for the meeting was about to expire and made an announcement that the next meeting will be next Tuesday in Orlando and that the meeting topic will be public safety costs.

There being no further business, the meeting was adjourned at 10:32 a.m.