

# FAC 2011 Legislative Wrap – up Series



**FLORIDA ASSOCIATION OF COUNTIES**  
**MAY 12, 2011**

# Agenda



- Pension Reform
- Medicaid Reform
- State budget

# Florida Retirement System



- **Three proposals –**
  - Governor's Recommendation
  - Senate Bill 1130 by Senator Ring and SB 2100 by Budget
  - House Bill 1405 by Representative Workman
- **Governor's Proposal**
  - Swept \$360 million county savings to General Revenue
  - 5% Employee contribution
  - Mandatory enrollment in the Investment Plan
  - Eliminated Cost of Living Adjustment
  - Decreased accrual rates
  - No new service accrual for Health Insurance Subsidy
  - Eliminated Deferred Retirement Option Program

# Florida Retirement System



- FRS package that passed - SB 2100/HB 1405 by Senate Conference and Rep. Workman
- HB 1405 three committee stops with substantial changes, but was not amended on the floor
- Senate Government Oversight and Accountability Committee heard many hours of public testimony on SB 1130 by Senator Ring

# Florida Retirement System



- **SB 2100 on the Senate floor**
  - ✦ Amendments filed and adopted on SB 2100 by Senate Government Oversight and Accountability Committee members
- **Conference consolidated SB 2100 and HB 1405**



# Florida Retirement System Reform



## SB 2100

- Tiered contribution
- Different contribution rates for statewide elected officials and legislators
- Closed DROP in 2016 and reduced accrual rate
- Maintained current retirement age
- Required Investment Plan participation for certain classes and graded vesting
- 10 yr vesting for Pension Plan
- Phased out COLA

## HB 1405

- 3% Employee contribution
- Closed DROP
- Increased retirement age from 55 to 60 for Special Risk and 62 to 65 for other classes

# Final Changes to FRS



- Changed Average Final Compensation from “high 5” to “high 8”
- Increases retirement age from 55 to 60 for Special Risk and 62 to 65 for all other classes; years of credible service for Special Risk increased from 25 to 30 and from 30 to 33 for all other classes
- Maintains DROP, but reduces accrual rate to 1.3%

# Final Changes to FRS



- New 8 year vesting period for Pension Plan
- Members are immediately vested in all member contributions to the Investment Plan
- Mandatory 3% employee contribution
- Sunsets Cost of Living Adjustment until 2016

# Questions?



If you have any questions on FRS

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# Medicaid Reform



## Information Provided

- Overview of House Bills 7107 and 7109
- Statewide Managed Care Timeline
- County Impact

# Overview of HB 7107/7109



- House Medicaid proposal consisted of 2 bills:
  - HB 7107 creates numerous new sections of law in Chapter 409 phased in over multiple years
  - HB 7109 makes date-specific, conforming changes to current law
- The bills seek to expand the current Medicaid Reform waiver, which must be modified in consultation with the Federal Centers for Medicare & Medicaid Services (CMS) based on the various changes within the bills
- Medicaid is established as a statewide integrated managed care program for all covered services, including long term care.
- All Medicaid recipients are enrolled in managed care unless specifically exempt; exempted recipients include
  - Persons eligible for only limited services (family planning and breast and cervical cancer patients)
  - Persons eligible for only emergency coverage (aliens)
  - Children receiving services in a prescribed pediatric extended care center (PPEC)

# Overview of HB 7107/7109



- Qualified managed care plans include:
  - Provider Service Networks (PSNs)
  - Health Maintenance Organizations
  - Specialty Provider Service Networks
  - Accountable Care Organizations
- Plans may target special populations, but no carve-outs — all services must be covered.
- A limited number of plans will be selected for each of the 11 regions.
  - Regions are identical to ACHA's existing service areas.

# Overview of HB 7223/7225



## • **Additional Provisions**

- 5-year contracts with MCOs
- Guaranteed savings of 5% in the first year of the program
- Requirement to meet network adequacy standards and transparency of network participation
- Penalties for early withdrawal
  - ✦ If a plan leaves a region before the end of the contract term, the Agency will terminate all contracts with that plan in other regions
- Encounter data analysis by AHCA

# Additional Provisions (continued)



- Creates Achieved Savings Rebate that places limits on Managed Care Organization's profit margins
  - Dollars reflecting profit margins greater than 5% must be shared with the state
    - ✦ 50% of income above 5% and up to 10% will be retained by the plan, and the other 50% refunded to the state.
    - ✦ 100% of income above 10% of revenue will be refunded to the state.
  - AHCA will contract with independent certified public accountants to audit the financial statements of the plans to determine the achieved savings rebate. The plan bears the cost of its own audit.
  
- Plans must cover all current mandatory and optional services, but may customize
  
- Allows people to opt-out of Medicaid in favor of employer-sponsored coverage or other coverage and use Medicaid subsidy to help pay premium (federal waiver required).

# Additional Provisions (continued)



- Medicaid recipients enrolled in managed care plans will be required to pay a \$10 per month premium (federal waiver required).
- Recipients will also be required to pay a \$100 co-pay for nonemergency services and care furnished in a hospital emergency room (federal waiver required).
- Payments to participating plans
  - Requires HMOs to be paid using risk-adjusted capitation
  - Provider Service Networks (PSNs) will remain fee-for-service for two years after first becoming operational
- Does NOT limit the Medically Needy Program, but requires recipients in the program to enroll in managed care plans.

# Additional Provisions (continued)



- **Emergency Services (Emergency Room Docs, Ambulance, etc)**
  - Requirement to pay for non-contracted emergency services
- **Intergovernmental Transfers**
  - No more than 40% of the Low Income Pool funding can come from any single funding source
  - “The local funding source shall designate in the contract which Medicaid providers ensure access to care for the LIP and uninsured people within the applicable jurisdiction and are eligible for LIP Funding.” (Lines 787 – 797, HB 7107)

# Transportation Disadvantaged



- **Non-emergency Transportation**
  - Requires managed care organizations to provide non-emergency transportation services with no requirement to contract through the Commission for Transportation Disadvantaged.
  - MCOs will be responsible for providing the services and may contract with CTD subcontractors or other types of transportation providers.
  - Ambiguity as to when the MCOs will take over those services (delayed implementation timeline)

# Regions



- **Region 1** – Escambia, Okaloosa, Santa Rosa, and Walton Counties
- **Region 2** – Bay, Calhoun, Franklin, Gadsden, Gulf, Holmes, Jackson, Jefferson, Leon, Liberty, Madison, Taylor, Wakulla, and Washington
- **Region 3** – Alachua, Bradford, Citrus, Columbia, Dixie, Gilchrist, Hamilton, Hernando, Lafayette, Lake, Levy, Marion, Putnam, Sumter, Suwannee, and Union

# Regions (Continued)



- **Region 4** – Baker, Clay, Duval, Flagler, Nassau, St. John's and Volusia
- **Region 5** – Pasco and Pinellas
- **Region 6** – Hardee, Highlands, Hillsborough, Manatee and Polk
- **Region 7** – Brevard, Orange, Osceola and Seminole
- **Region 8** – Charlotte, Collier, DeSoto, Glades, Hendry, Lee and Sarasota

# Regions (Continued)



- **Region 9** – Indian River, Martin, Okeechobee, Palm Beach and St. Lucie
- **Region 10** – Broward
- **Region 11** – Miami-Dade and Monroe
- 11 regions are identical to AHCA’s existing service areas
- To ensure plan participation in Regions 1 and 2 (Panhandle Regions), AHCA will award an additional contract to each plan with a contract award in Regions 1 or 2
  - ✦ “Such contract shall be in any other region in which the plan submitted a responsive bid and negotiates a rate acceptable to the Agency.” (Lines 320 – 325)

# Proposed Timeline



- **July 2012**: Begin Long Term Care (LTC) plan procurement
- **January 2013**: Procurement of Managed Medical Assistance Plan begins
- **October 2013**: Enrollment in LTC plans begins
- **October 2014**: Enrollment in Managed Medical Assistance Plans begins
- **January 2015**: Procurement of LTC plans for the Developmentally Disabled begins
- **October 2016**: Enrollment in LTC plans for the Developmentally Disabled begins

# Impacts: County Government



- **Financial:**
  - In FY 09-10, counties spent \$210.2 million to help the state fund the Medicaid program.
  - In FY 11-12, the forecast is that counties will be obligated to spend \$338.9 million to meet the same obligations.
- These obligations are based on hospitalizations and nursing home utilization — two of the areas likely to be most affected by managed care.
- **Services:**
  - Impacts to the coordinated Transportation Disadvantaged system
  - Counties have had to fill in service gaps in many ways when Medicaid is insufficient to meet people's needs.
  - When access and quality of services improve, county residents will benefit.

# Questions?



If you have any questions on Medicaid Reform

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# 2011 General Appropriations Act



- SB 2000 (HB 5001)
- Approximately \$69.7 billion, and represents a \$700 million decrease from the previous state fiscal year.

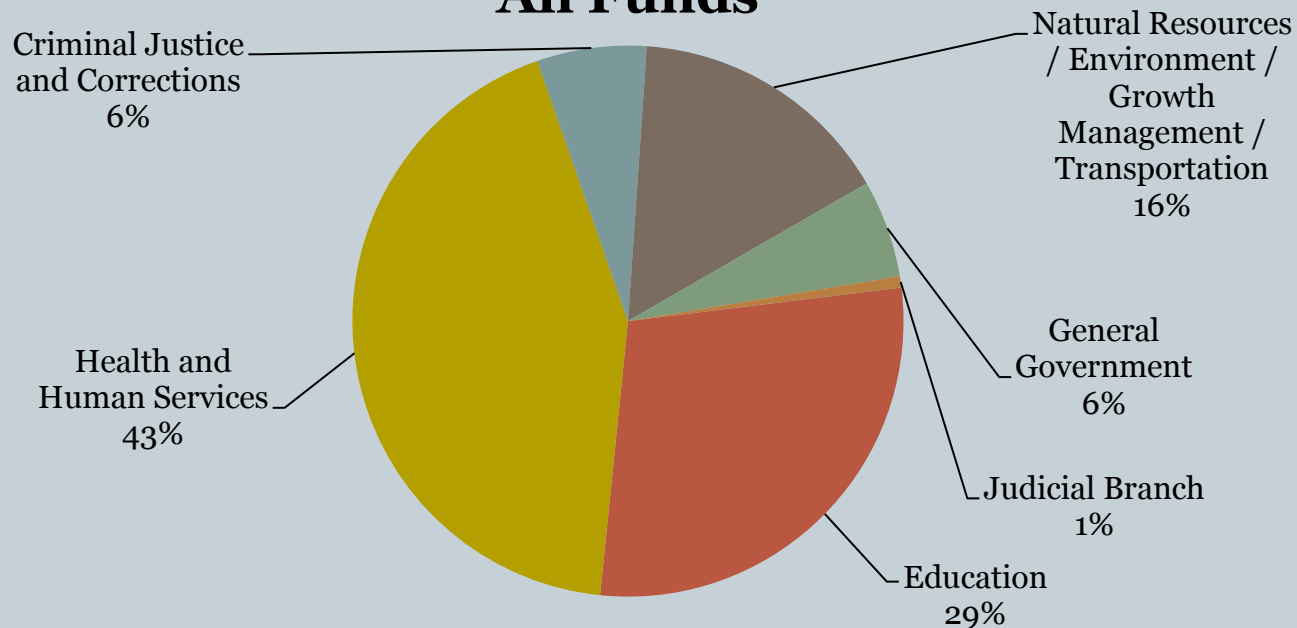
<u>Budget Comparison by Section (In Millions)</u>			\$ Difference	% Difference
(Amounts across and down due not equal due to rounding)	<u>SFY 2011</u>	<u>SFY 2012</u>	<u>SFY 11 vs. SFY 12</u>	<u>SFY 11 vs. SFY 12</u>
Section 1. Education	1,300.60	1,376.80	76.20	5.86%
Section 2. Education	21,214.60	18,523.80	(2,690.80)	(12.68%)
Section 3. Health and Human Services	28,482.30	29,991.30	1,509.00	5.30%
Section 4. Criminal Justice and Corrections	4,650.90	4,478.50	(172.40)	(3.71%)
Section 5. Natural Res. / Environment / Growth / Transportation	9,778.60	10,858.90	1,080.30	11.05%
Section 6. General Government	4,488.10	3,988.30	(499.80)	(11.14%)
<u>Section 7. Judicial Branch</u>	<u>462.40</u>	<u>459.20</u>	<u>(3.20)</u>	<u>(0.69%)</u>
<b>Total Budget</b>	<b>70,377.40</b>	<b>69,676.60</b>	<b>(700.80)</b>	<b>(1.00%)</b>

# 2011 General Appropriations Act



- Biggest Winner = Natural Resources, Environment, Growth, & Transportation - \$10.9 B; **up** 11%
- Biggest Loser = Education - \$19.9 B; **down** 11%

## SFY 2012 General Appropriations Act - All Funds



# 2011 General Appropriations Act



- General Revenue: \$23.2 Billion
- Trust Fund Revenue: \$46.4 Billion

<u>Budget Comparison by Fund Type (In Millions)</u>			<u>\$ Difference</u>	<u>% Difference</u>
	<u>SFY 2011</u>	<u>SFY 2012</u>	<u>SFY 11 vs. SFY 12</u>	<u>SFY 11 vs. SFY 12</u>
General Revenue	23,789.70	23,182.70	(607.00)	(2.55%)
<u>Trust Funds</u>	<u>46,587.70</u>	<u>46,493.90</u>	<u>(93.80)</u>	<u>(0.20%)</u>
All Funds	70,377.40	69,676.60	(700.80)	(1.00%)

# 2011 General Appropriations Act



- **Health & Human Services**
  - Primary Care Programs = \$19.2 million
  - Medicaid Non-Emergency Transportation = \$141.9 million
- **Natural Resources / Environmental**
  - Beaches = \$8 million
  - Wastewater Facilities = \$164.3 million
  - Drinking Water Facilities = \$91 million
- **Transportation**
  - Non-Medicaid Transportation Disadvantaged = \$39.9 million
  - County Transportation Programs = \$55 million
  - SCOP = \$21.3 million
  - SCRAP = \$10 million
  - Local Gov. Reimbursement Program = \$30.3 million
- **Public Safety**
  - Juvenile Detention = \$73.8 million
  - Small County JD Offset = \$4.6 million
- **General Government**
  - Library Funding = \$24 million

# Questions?



If you have any questions about the State Budget

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