

# **Florida Independent Living Council, Inc.**

## **2006 Legislative Platform and Legislative Support Issues**

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## The Transformation of Public Health Care in Florida

*Almost every Floridian can agree on one thing about Health Care in Florida and throughout the United States....*

The cost of health care has continuously outpaced the nation's economic growth. The costs associated with insurance premiums, prescription medications, and hospital stays goes up, up, up. And, the costs of supporting services and programs supported by Medicaid have been no exception in the exploding cost of health care in the United States.

*The Florida Independent Living Council fully supports the efforts of the Governor and Legislature in trying to promote financial responsibility while developing a balanced budget and sound policies supporting medical care and services to Floridians living with disabilities.*

For many years Florida's Medicaid system has been criticized for being a fragmented system of care – with beneficiaries unable to receive all of the care they needed for optimal health, yet the costs were spiraling out of control. In 2005 Governor Bush launched a program to modernize Medicaid. *Gov. Bush's restructuring plan is based on the premise that fostering competition among private insurance carriers and provider networks would save the state money without compromising the quality and scope of services that Medicaid beneficiaries receive.*

**Can Medicaid be managed more cost effectively by utilizing private insurance carriers and provider networks?**

Florida's Medicaid program provides health care coverage and services to approximately one in eight Floridians - 2.2 million Floridians in April 2004.<sup>1</sup> Elderly and people with disabilities account for more than two-thirds of Florida's Medicaid expenditures. Florida's low-income elderly population is growing at eight times the national average and individuals with disabilities growth rate is three times the national average. These groups are the most expensive to serve because of their high health care needs.

In recent years health care costs have been rising for both public and private health insurance. This increase is due to a number of factors, most prominently prescription drug and hospital costs. Florida's Medicaid budget has been rising on an average of 12.5% over the past five years. **Enrollment increases account for an average of 62% of Florida's Medicaid cost increases. When enrollment increases are accounted for, Medicaid has grown consistently at a much lower rate in recent years than health care costs in the private sector.** In 2003, private insurance costs nationally increased by just under 14 percent, while Florida's per capita Medicaid cost increase was just under five percent.<sup>2</sup> Florida reported to the federal government that its Medicaid administrative costs for federal fiscal year 2005 would be just under 5 percent. According to a recent study, administrative costs for Medicaid nationally are just under 7 percent, and private insurance costs were almost double that – 13.6 percent.<sup>3</sup> On an average, Medicaid pays physicians 69 percent of

what Medicare pays; in Florida this ratio is 65 percent. Florida ranked 39<sup>th</sup> in its overall Medicaid physician payment fee index.<sup>4</sup> In 2002 Florida ranked 37<sup>th</sup> in Medicaid payments per enrollee.<sup>5</sup> Children covered by Medicaid programs cost about 69 percent of what it would cost to cover similar children in private insurance – including the costs of covering all children – even those with disabilities. For non-disabled adults, the cost for covering through Medicaid is approximately 78 percent of the cost of private insurance.<sup>6</sup> **Evidence suggests that Medicaid tends to provide comparable services more cheaply than private insurance.**

### **Will Services Be Compromised?**

Medicaid is the primary source of funding for long-term services and supports for people with disabilities of all ages throughout the United States. For many people with disabilities Medicaid is the only source of funding for the services and supports necessary for individuals to live and work in the community. Long-term services and supports that people with disabilities depend on to function are not necessarily medically-oriented services, but rather assistive and rehabilitative - such as bathing and dressing, getting out of bed, toileting, preparing meals, and managing finances. Services also include therapies (speech, language and hearing, occupational, and physical) and durable medical equipment (DME) that maximize cognitive and physical performance and support independence. **Unlike private health insurance coverage, the benefits provided by Medicaid address the major issues and challenges facing individuals with disabilities. Medicaid covers the long-term services that are rarely provided by most private health insurance programs.**

**Florida's modernization plan promises to assure that the amount of coverage offered is sufficient to meet patients' medical needs. However, many of the needs of individuals with disabilities are not necessarily medical in nature. *The incentive for cost savings is simply to deny individuals with disabilities the services they need to live and participate in their communities.***

Managed care plans will be allowed to determine the amount, duration and scope of the benefits for Medicaid recipients – a concept untested in Florida or anywhere else in the nation. The state will seek to save costs by placing caps on the amount of money that will be spent per Medicaid beneficiary as well as an overall cap on state spending. Beneficiaries will receive a set premium amount that will be risk-adjusted by a three-tiered benefit system: Comprehensive Care, Enhanced Benefits, and Catastrophic Care. These tiers will not be defined by the types of benefits but by the amount of money that is allotted for each person in each category; the expenditure thresholds being based on historic utilization experience. ***If actuarial determinations are based on previous service utilization of a fragmented system in which the scope of services, amounts and duration of services have already been determined to be inadequate – and private networks pay more for goods, services, and administrative overhead – how will better care packages be developed to meet the needs of individuals with disabilities and the elderly – those who require more, not less?***

## **The Real Effect on Florida's Economy**

The vast majority of states, including Florida, already use managed care as a way to deliver services – mostly to children and families, populations that do not have extensive medical and rehabilitative needs. Florida already has 41% of its Medicaid population in fully capitated managed care.<sup>7</sup> *Can Florida contain its Medicaid expenditures by capping amounts spent on each enrollee based on which category they are placed in rather than pay for services determined by individual needs? What really happens when a disabled or elderly person needs long-term assistance?*

Medicaid is jointly financed by the federal and state governments. Florida's matching rate in 2003 was 58.83% which means that for every dollar the state spends on Medicaid services, it brings in \$1.43 in federal funds. Medicaid is the single largest source of federal funds coming into the state. In federal fiscal year 2005, the state expects to receive over \$8.1 billion in federal matching funds.<sup>8</sup> These funds have an important economic multiplier effect on the state's economy. If Florida reduces Medicaid spending by just one hundred million dollars, the state would lose \$303 million in business activity and cut 3,123 jobs.<sup>9</sup> *Major changes to Medicaid will impact Florida's economy as well as providers, counties and other local government entities which play a role in the delivery of health care services to vulnerable populations.*

**What can the Governor and Legislature do to promote financial responsibility while developing a balanced budget and sound policies supporting medical care and services to Floridians living with disabilities?**

During Special Session 2005B, the Legislature authorized the implementation of the first phase of this reform for Broward and Duval counties. Within one year, the Duval program will be expanded to include Baker, Clay and Nassau counties. And, by 2011, the program will be expanded statewide.<sup>10</sup>

- **Avoid caps or fixed allotments of Medicaid dollars for catastrophic health care needs**
- **Support the development of managed care that makes provisions for long-term assistive, rehabilitative, and service needs that meet the needs of individuals with disabilities including further exploration of “carve out” and “money follows the person” programs**
- **Assess the fiscal impact to local communities for loss of providers and services that would cease to exist with elimination of a fee for service structure**
- **Include provisions for individuals with disabilities to “buy in” to Medicaid so they may obtain/regain employment and contribute to the public's tax base without losing the medical services needed to maintain independence in the community**
- **Provide for active participation of individuals with disabilities and advocates in developing programs that impact the scope, frequency, and duration of services**
- **Include individuals with disabilities and advocates in evaluating this transformation pilot**

## **Continued Success of Independent Living Services**

The 16,242 Floridians with disabilities served by the Independent Living program have improved the quality of their lives by learning skills that enable them to live successfully and with increased independence. Individuals with significant disabilities have moved from nursing homes or other institutions into community-based living arrangements. Services such as locating housing, providing modifications to housing, assisting students with disabilities transition from school to work and postsecondary education, and providing peer counseling for individuals with traumatic injuries are all part of the daily operations of Centers for Independent Living located throughout the State. With the numbers of individuals in Florida increasing at 3 times the rate of the rest of the United States, the demands for services continue to grow on a daily basis.

The Division of Vocational Rehabilitation has requested a \$1.5 million line item in their budget to be used to provide the 4 core independent living services and pre-employment services to persons of all ages with all types of disabilities. The Division of Vocational Rehabilitation also supports proviso language that includes \$3.3 million in Division funding for a total of \$4.8 million funding for Centers for Independent Living.<sup>11</sup>

*The Florida Independent Living Council fully supports the efforts of the Governor and Legislature in trying to promote financial responsibility while developing a balanced budget and sound policies promoting choice and independence for Floridians with significant disabilities. The Florida Independent Living Council fully supports the proposed increase in funding to sustain the Centers for Independent Living.*

### **A Special Thank You.....**

*The Florida Independent Living Council wishes to thank the Governor and Representatives of the House and Senate for meeting with and hearing the needs of Floridians with disabilities. We appreciate the proposed legislation and funding that supports personal independence by assisting all people to live, work, and fully participate in his/her community. Some of this year's favorites are....*

- *Supporting patient's rights to participate in health care decisions and select their physician or other health care provider*
- *Supporting Emergency Shelters that meet the medical and support needs of individuals with significant disabilities*
- *Legislation promoting affordable housing for individuals with extremely low incomes*
- *Preliminary discussion and evaluation of ways to improve access and signage for development of a system alerting service personnel of a driver's need for assistance at gas stations*
- *\$1.5 million line item in recurring General Revenue funding for Centers for Independent Living proposed by the Division of Vocational Rehabilitation*

## Credits

<sup>1</sup>Enrollment data from Katherine Sanders, AHCA Bureau of Program Analysis, 4/15/04.

<sup>2</sup>Winter Park health Foundation, Florida's Health at Risk, Florida's Medicaid Budget: Why are Costs Going Up? Policy Brief, July 2004.

<sup>3</sup>Cynthia Smith, et al. "Health Spending Growth Slows in 2003," *Health Affairs*, 24(1): 185-194, Jan/Feb 2005.

<sup>4</sup>Zuckerman, S. "Changes in Medicaid Physician Fees, 1998-2003

<sup>5</sup>Kiser Family Foundation, State Health Facts  
<http://www.statehealthfacts.org>

<sup>6</sup>Calculation based on Hadley, J. and Holahan, J. "Is Health Care Spending Under Medicaid Higher than in Private Insurance?" *Inquiry*, Winter 2003-2004 (40) pp. 323-342.

<sup>7</sup>Winter Park health Foundation, Florida's Health at Risk, Issues to Consider in Governor Bush's "Florida Medicaid Modernization Proposal", Policy Brief, March 2005.

<sup>8</sup>Form CMS-37 Medicaid and SCHIP budget estimates February 2004 submission.

<sup>9</sup>*Medicaid: Good Medicine for State Economics*, 2004 Update (Washington, DC: Families USA), 2004

<sup>10</sup>Florida's e-Budget – Improving Healthcare – Medicaid Reform: A Model for the Nation  
<http://www.ebudget.state.fl.us/Highlights/healthcare/medicaid.aspx>

<sup>11</sup>Florida's e-Budget – Issue Justification  
<http://www.ebudget.state.fl.us>

## **Florida Independent Living Council 2006 Board of Directors**

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**It is the mission of the Florida Independent Living Council to assist and advocate for people with disabilities in achieving equal opportunities. Our vision is to foster change via leadership, collaboration and visibility.**

## **Centers for Independent Living**

**Suncoast Center for Independent Living** serving

Sarasota and Manatee Counties, (941) 351-9545

**Coalition for Independent Living Options** serving Okeechobee, St. Lucie, Martin, and Palm Beach Counties, (561) 966-4288

**Center for Independent Living of Broward** serving Broward County, (954) 722-6400

**Disability Resource Center** serving Holmes, Jackson, Washington, Bay, Calhoun, Gulf, Liberty, and Franklin Counties, (850) 769-6890

**Center for Independent Living of the Florida Keys** serving the Florida Keys, (305) 453-3491

**Center for Independent Living of North Central Florida** serving Hamilton, Suwanee, Columbia, Lafayette, Dixie, Gilchrist, Union, Bradford, Alachua, Levy, Marion, Putnam, Citrus, Sumter, and Hernando Counties, (352) 378-7474

**Self Reliance Inc.** serving Hillsborough County, (813) 375-3965

**Center for Independent Living of South Florida** serving Dade County, (305) 751-8025

**Independent Living Resource Center of Northeast Florida** serving Baker, Nassau, Duval, Clay, and St. Johns Counties, (904) 399-8484

**Center for Independent Living of Southwest Florida** serving Charlotte, Glades, Lee, Hendry, and Collier Counties, (239) 277-1447

**Center for Independent Living of Northwest Florida** serving Escambia, Santa Rosa, Okaloosa, and Walton Counties, (850) 595-5566

**Caring and Sharing Center for Independent Living** serving Pasco and Pinellas Counties, (727) 577-0065

**Ability 1st** serving Gadsden, Leon, Wakulla, Jefferson, Madison, and Taylor Counties, (850) 575-9621

**Victory Lane Center for Independent Living** serving Flagler and Volusia Counties, (386) 671-1960

**Space Coast Center for Independent Living** serving Brevard and Indian River Counties, (321) 784-9008

**Center for Independent Living of Central Florida** serving Polk, Hardee, DeSoto, Highlands, Lake, Seminole, Orange, and Osceola Counties, (407) 623-1070