

Fiscal Year 2008–2009

Hillsborough County Health Care Plan Annual Report

Proudly serving Hillsborough County residents since 1992



Chairman's Message

The Hillsborough County Health Care Plan (HCHCP) has provided quality health care to low-income residents of Hillsborough County for the past 18 years. To date, the HCHCP has served more than 160,000 residents – many of whom would not have been able to continue working or to return work without this assistance.

The HCHCP has developed a service delivery system that provides efficient and effective access to health care. Primary care, early intervention, disease management, and patient self-management are emphasized.

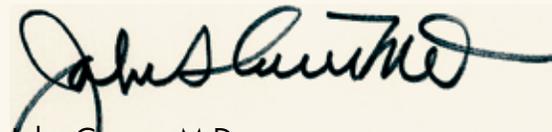
Case managers employed by the County Department of Health & Social Services determine eligibility for the HCHCP and assess the need of members for other services – emergency housing, food, utilities, clothing, transportation, child care, and employment assistance – that can help to maintain or return them to the work force.

This year the Health Care Advisory Board struggled to balance increased demand with reduced revenues – clearly a sign of the depressed economic environment. In comparison to the previous fiscal year, membership rose by 5.7 percent, while sales tax revenue dropped by 9.6 percent.

A Health Care Study Committee appointed by the Board of County Commissioners met, and continues to meet, to formulate recommendations regarding short- and long-term actions that can be taken to stabilize the financial underpinnings of the HCHCP and to prepare the program for possible transition to an interface with a national health care plan, if one is approved.

This report highlights some of this year's achievements, reviews the program's financial status, and attempts to look into the program's future. I hope that when you finish reading this report you will understand the importance of this critical program.

On behalf of the Hillsborough County Health Care Advisory Board and its exceptionally dedicated members, I would again this year like to thank you for your continued support. I am honored to have served another year as the Board's chairman.



John Curran, M.D.
Chairman

BACKGROUND

The Hillsborough County Board of County Commissioners (BOCC) created the Hillsborough County Health Care Plan in 1991 to ensure access to health care for low-income, uninsured residents of the county. The Plan is funded by a one-half cent sales tax, which is deposited into an Indigent Health Care Trust Fund, that is used specifically and solely to provide health care for poor and under served residents.

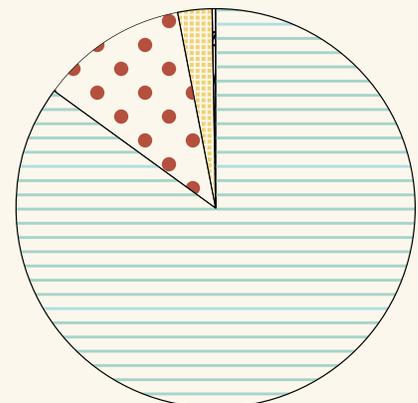
The BOCC establishes policy for the Hillsborough County Health Care Plan with the advice of a community-based advisory board. The County’s Department of Health & Social Services (HSS) is responsible to the BOCC for the Plan’s administration. In addition, on two occasions, the BOCC has appointed a Health Care Study Committee to make recommendations with respect to specific BOCC-identified issues relating to the Plan.

The Hillsborough County Health Care Plan is comprised of four main service components, each of which is of vital importance to the health of low-income, uninsured residents of Hillsborough County. The four service components are:

- Hillsborough County Health Care Program (HCHCP): Provides medical, pharmaceutical and other services that are “medically necessary” for uninsured residents with limited income and assets.
- Medicaid Match: Provides State-required local match for the Medicaid Program, which furnishes nursing home, hospital and HMO care through the State’s Medicaid Program for County residents.
- Level I Trauma Center Payment: Provides State-required payment for financial support of the county’s only Level I Trauma Center, which cares for the area’s most critically ill and injured patients.
- Health Care Responsibility Act (HCRA): Provides State-required payment for costs associated with the emergency care of low-income, uninsured Hillsborough residents who are hospitalized while visiting other Florida counties.

The purpose of this report is to provide information about the Hillsborough County Health Care Plan from October 1, 2008, through September 30, 2009, although the narrative does reflect certain events occurring after those dates. Additionally, most of the information in the report deals with the performance of the HCHCP, which represents the largest single expenditure from the Indigent Health Care Trust Fund.

	\$105,884,857	85.2%	Hillsborough County Health Care Plan (HCHCP)
	14,331,030	11.8%	Medicaid Match
	3,500,000	2.9%	Level 1 Trauma Center Payment
	132,989	.1%	Health Care Responsibility Act (HCRA)
\$123,848,876			



HILLSBOROUGH COUNTY HEALTH CARE PLAN

The Hillsborough County Health Care Plan (HCHCP) was created in order to control costs associated with a State mandate requiring Florida counties to provide health care for indigent residents. The BOCC believed that a managed care model of service delivery would reduce costs by improving access to prevention and primary care, assure the quality of health care, and improve the integration of health care and social services for this population.

The HCHCP is the payor of last resort. To be eligible for the HCHCP, individuals must be uninsured and not eligible for other public health care programs, have limited assets, and household income at or below 100 percent of the federal poverty level, and be a documented resident of the county. Case managers within the Department of Health & Social Services (HSS) determine eligibility, assign new members to a medical home, and facilitate access to other services that can improve self-sufficiency.

The HCHCP contracts with providers of primary and specialty care, inpatient and outpatient treatment, pharmaceuticals, and other medically necessary services. Members must go through their primary care physician in order to obtain other needed services. Utilization management and quality assurance ensure the quality of care and optimal use of public funds.

The economic downturn impacted membership in the HCHCP again this year. The program

served 27,433 unduplicated individuals, an increase of 8.7 percent in comparison to the previous year. With unemployment continuing to rise, the program's holistic approach is paying off as HSS case managers continue to help program members obtain the economic, educational, employment and social services and resources needed for self-sufficiency.

HSS case managers worked diligently again this year to maximize all other possible sources of payment for health care services. In fact, case managers assisted almost 1,500 members of the HCHCP to transition to other insurance and benefit programs, which reduced Health Care Trust Fund expenditures while ensuring that these individuals and families had health care coverage.

HSS case managers helped eligible HCHCP members to enroll in the Medicaid Medically Needy Share-of-Cost Program again this year. Dual enrollment in the two programs reduces Health Care Trust Funds expenditures, which are used to pay the monthly deductible required by Medicaid of these members.

Similarly, Health Care Trust Funds were used this year in lieu of HCHCP membership to pay the employee portion of the cost for an unemployed person eligible to participate in a new COBRA program created under the American Recovery and Reinvestment Act of 2009. This amount was less than the cost of membership in the Managed Health Care Program and allowed eligible persons to continue seeing their regular physicians.

ANNUAL ACHIEVEMENTS

FISCAL

The BOCC approved the short-term recommendations of the 2009 Health Care Study Committee for implementation, which should result in a projected first-year reduction in Health Care Trust Fund expenditures of \$22,400,000.

Trust Fund dollars were leveraged again this year to obtain additional federal and state funds for participating Hillsborough County hospitals and federal qualified health centers (FQHCs). Between July 1, 2008, and June 30, 2009, the County provided a total of \$30.5 million in intergovernmental transfer funds to the Florida Agency for Health Care Administration to participate in the Low Income Pool (LIP). As a result of this transfer, hospitals and FQHCs participating in the LIP provided total services to HCHCP clients at no charge in an amount equal to the transfer and participating hospitals were able to draw down an additional \$117.8 million in federal and state funds to this community.

For the most recent year, staff audits of the Medicaid match billings rejected \$1,875,709 in charges, or 11.4% of the amount invoiced

by the Agency for Health Care Administration. Since 1999, staff have rejected almost \$24 million dollars or 18.6% of total charges in Medicaid match charges that were deemed unsubstantiated, thereby saving funds for support of Hillsborough's qualifying citizens.

PROGRAMMATIC

HSS has implemented various aspects of a new Self-Sufficiency Model recommended by the Health Care Study Committee, which has resulted in almost 1,000 members moving out of poverty.

The HCHCP successfully developed a pilot program with two of its four networks for the HCHCP Diabetes and Smoking Cessation Programs utilizing clinical indicators, which initially demonstrates that for these HCHCP network providers, clinical care outcomes were consistent with, and in some cases superior to, comparative measures found in Medicaid and commercial insurance plans.

The pharmacy distribution network was re-bid and, while the incumbent provider retained the contract, significant enhancements were introduced to the pharmacy program, which



The Health Care Advisory Board improves accessibility and efficiency of care for medically low-income residents of Hillsborough County through recommendations to the Board of County Commissioners for fund allocation, coordination, planning, and monitoring of health care delivery systems.

will realize significant savings and increase access to medications.

Re-enrollment in the HCHCP was streamlined by creating a centralized re-enrollment unit, which focuses solely on the re-enrollment process. In Fiscal Year 2008-09, the unit handled 9,384 re-enrollments.

After a thorough review of claims appeals, timely filing requirements and the appeals process were changed, which should reduce provider appeals by 65 percent, free up staff, and increase provider satisfaction.

Except for ambulance services and specialty physician care, the transition from manual claims submission to electronic claims processing by providers was completed.

"This healthcare plan really works." Clients are able to see doctors and pick out clinics for basic care. Many clients are pleased with this program because they would not be able to get help anywhere else.

Most Remarkable Encounter-

A young woman working had headaches and missed work for a few days. At the time, she did not have health care coverage. I enrolled her into our plan, she was able to see a doctor and found out she had a brain tumor. Later, I received a phone call from the young woman's mother saying this plan saved her daughter's life.

**- Clara Giraldo,
10 year County employee**



HEALTH CARE STUDY COMMITTEE

Responding to a staff report about the impact of current economic conditions on the future financial viability of the HCHCP, the BOCC re-convened its Health Care Study Committee in March 2009. The BOCC charged the committee with formulating short- and long-term recommendations to:

- Extend the risk of being at/or below the actuarial-identified Trust Fund balance¹ minimum threshold to the end of September 2011;
- Assure the long-term viability of the HCHCP including the possible transition of the HCHCP to an interface with a national health plan, if approved.

The Study Committee met for several months to identify, discuss and formulate its recommendations regarding short-term changes. The recommendations were presented to, and approved by, the BOCC in October 2009 and are in the process of being implemented. The Study Committee has recently re-convened to consider long-term recommendations.

Implementation of the short-term recommendations should result in a projected first-year reduction in Health Care Trust Fund expenditures of \$22,400,000. The actuarial projection is that the Trust Fund balance will be \$27,545,000 at the end of September 2011. The desired minimum Trust Fund balance at that date is projected to be \$25,193,000.

¹ The actuarial-identified Trust Fund balance is the equivalent of approximately three and one-half months of claims.

The short-term recommendations of the Study Committee, as approved by the BOCC, are as follows:

RECOMMENDATION 1:

Streamline and deliver the same services more efficiently and shift costs to other providers where appropriate. These recommendations should result in first-year reductions of \$10,100,000.

- In lieu of HCHCP membership, pay the employee's portion of the cost of COBRA for recently unemployed eligible individuals under the new ARRA COBRA program.
- Increase enrollment in, and recovery of costs from, Medicaid and Medicaid's Medically Needy Share-of-Cost Program.
- Increase efforts to facilitate enrollment of medically disabled HCHCP members into the Social Security Disability Program.
- Utilize intermediate care rather than skilled nursing as appropriate.
- Continue to implement improvements to the eligibility determination and review process, and to seek additional gains through electronic verification of income/assets.
- Fully implement the new retail pharmacy contract, which provides deeper discounts to the HCHCP in paying for prescription drugs.
- Require members to participate in the Patient Assistance Program (PAP) and to cooperate with the third-party PAP vendor.

- Expand the role of Utilization Review/Utilization Management to assure independent, objective medical criteria are applied uniformly to all specialty care requests.
- Select specific procedures for prior authorization by the Utilization Review/Utilization Management provider and randomly audit certain procedures to assure appropriate physician practices.
- Limit referrals to specialists to an initial evaluation and not more than two follow-up visits for a single problem-based referral and require prior authorization of referrals to certain specialties prior to commencing the initial course of treatment.
- Establish a single evidence-based “center of excellence” for pain management, with strict protocols employed by the Utilization Review/Utilization Management provider.
- Redeploy HCHCP staff currently performing utilization review and utilization management functions to assist with other areas.
- Apply FY 2010 reductions in County staff compensation and benefits to HSS staff positions partially paid for by the Health Care Trust Fund.

RECOMMENDATION 2:

Decrease the number of participants through increased enforcement of core eligibility requirements and implementation of a Self-Sufficiency Model.” These recommendations should result in first-year reductions of \$11,100,000.

- Change the grand fathering provision that was implemented in 2005 so that all HCHCP members with income above 100% of the federal poverty level are transitioned from the HCHCP full benefit plan.
- Help HCHCP members regain self-sufficiency and successfully transition off of the plan within 24 months of initial enrollment. Review eligibility every six months and continue membership in the full benefit plan based on compliance with an individualized self-sufficiency plan. Exceptions to the 24-month time limit may be considered in the case of extreme hardship or for continuity of care.

RECOMMENDATION 3:

Change reimbursements to be in line with industry standards. This recommendation should result in a first-year reduction of \$1,200,000.

- Change hospital outpatient reimbursement from 20% of billed charges to 80% of Medicare allowable outpatient reimbursement for applicable encounter codes regardless of where the outpatient services are provided.

FINANCIAL EVALUATION

Economic conditions have continued to erode with the demand for services increasing and the revenue from sales tax decreasing. Revenues are deposited into a Trust Fund, which functions like a savings account. In the past year, sales tax revenue dropped by \$9.4 million, program expenditures rose by \$12.5 million, and while last year the Health Care Trust Fund reserves provided \$7 million to make up for any shortfall, this year Trust Fund reserves paid \$26.9 million to make up for the difference between revenues and expenditures. Money had to be taken from the Trust Fund reserves as expenses significantly exceeded revenues.

As of September 30, 2009, the Trust Fund balance was \$65.4 million. A minimum Trust Fund reserve balance of approximately \$27 million dollars (3 ½ months of claims) is required. Expenditures cannot continue at the current rate. Several areas have been identified where expenditures can be curtailed in the short-term and recommended changes in these areas are being implemented. Many of the operations efficiencies will have been implemented by the time that this report is published. Additional programmatic efficiencies will be implemented in the spring of 2010. Together, these should lessen the rate of

the draw-down from the Health Care Trust Fund and assure program viability as the debate over national health care reform continues.

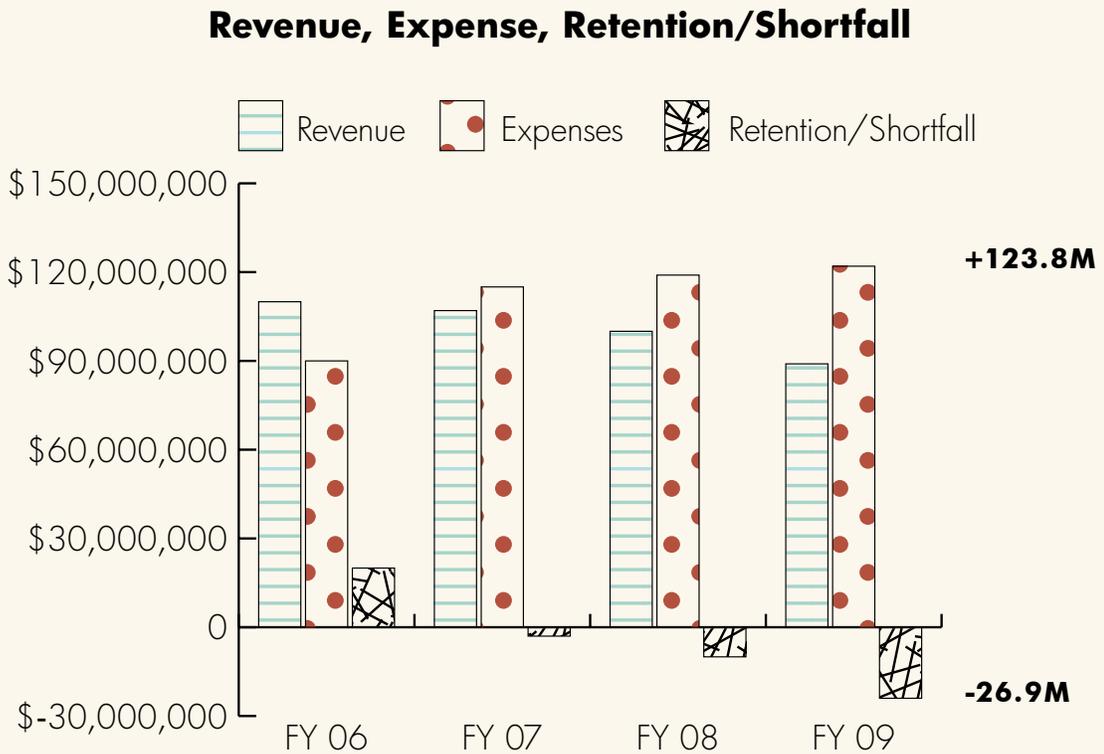
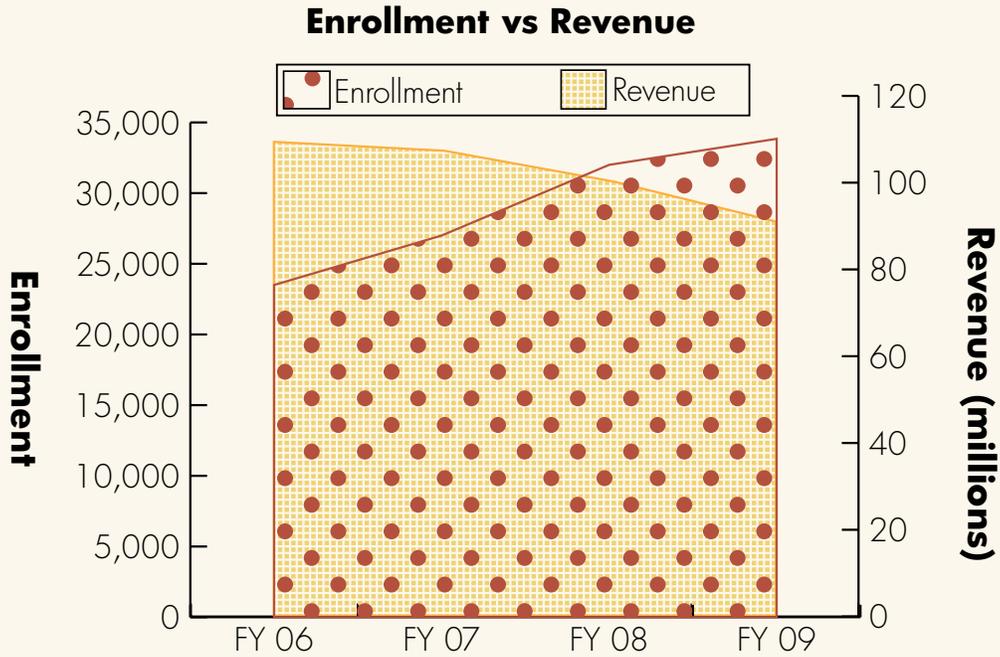
OTHER KEY POINTS:

- Sales tax revenues dropped by 9.6% between the two report years, from \$98,346,084 to \$88,950,723. For the year just begun, revenues are forecast to again drop to approximately \$85 million dollars.
- Total expenditures for all four component programs supported by the Trust Fund rose by 8.8%, from \$111,353,184 to \$121,202,883. The managed care program direct health care expenditures accounted for \$8 million of this increase.
- The Trust Fund reserves had been allowed to increase over time in case there was a recession. Last year, due to poor economic conditions, the Trust Fund subsidized operations by just over \$7 million dollars. This year, expenditures for operations exceeded revenues by more than \$24 million dollars.
- The average cost for medical services per covered member per month (PMPM) for this year was \$473, up only 5.8% from the prior year's \$447 PMPM. This is significantly below commercial medical trend increases.



"I lost my job and benefits; this plan really helps when you do not have an income. The card they give you is like a golden ticket to the best doctors, the best medicine. You make an appointment and they come right away to take care of you."

-William, a HCHCP member for 1 year

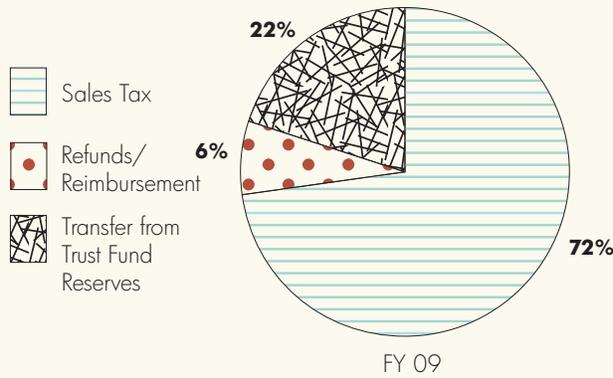


HILLSBOROUGH COUNTY HEALTH CARE PLAN

REVENUES AND EXPENSES FOR FISCAL YEARS 08 AND 09

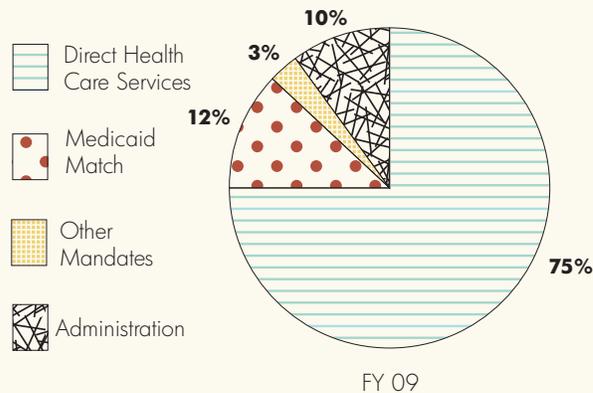
REVENUE

	FY 2008 (audited)	FY 2009 (audited)
Revenue from Sales Tax	98,346,084	88,950,723
Revenue from Refunds and Reimbursements	5,913,597	7,963,889
Transfer in of Trust Fund Reserves	<u>7,093,503</u>	<u>26,934,264</u>
Net Revenue	\$111,353,184	\$123,848,876



EXPENSES

Direct Health Care Services	82,596,253	93,182,753
Mandated Medicaid Match	13,404,042	14,331,030
Other Mandates	3,633,933	3,632,989
Administration (Personnel, IT Systems, TPA)	<u>11,718,956</u>	<u>12,702,104</u>
Net Expenditures	\$111,353,184	\$123,848,876



NATIONAL HEALTH CARE REFORM

Legislation reforming the national health care system was approved by the U.S. House of Representatives in October 2009 and the U.S. Senate in December 2009. Although the details of the two proposals differed and agreement has not occurred some of the aspects may occur. Both proposals contained provisions which could have impacted the HCHCP:

Individuals are required to have health coverage; employers, with the exception of small businesses, are required to provide health care coverage.

Coverage for health care cannot be denied or higher premiums charged on the basis of pre-existing medical conditions.

Eligibility for Medicaid will be based solely on income; Medicaid will be expanded to cover more low-income families.

Although the household income of HCHCP members is at or below the federal poverty level, until now they have not been eligible for Medicaid. Some members are employed by businesses that do not offer health insurance. Others are not eligible for insurance offered by the businesses at which they work or, because of pre-existing medical conditions, have been denied that coverage or asked to pay monthly premiums they cannot afford.

Obviously, redefining the population eligible for Medicaid to encompass those who currently are covered by the HCHCP will have a significant impact on the program. Requiring employers to provide coverage and eliminating the consideration of pre-existing medical conditions in granting or pricing health care coverage for employees otherwise eligible for the HCHCP will have a lesser impact, but an impact nonetheless.

Less obvious perhaps is the financial impact that national health care reform will have on other service components financed by the Health Care Trust Fund, such as support for the County's Level I Trauma Center and payments associated with the emergency care of low-income residents hospitalized in other Florida counties. Most importantly, it is not known what the financial obligation of County Government will be with respect to the match for an expanded Medicaid program or how that match will be paid. Additionally, yet to be understood are gaps in the coverage and/or uncovered specific populations (e.g., County jail) that the County will be required to support.

Another concern is the effect of national health care reform on efforts in this county to move low-income residents out of poverty and into self-sufficiency. In the past, the emphasis of the program's case managers was on eligibility determination and enrollment, and helping members to become certified for other assistance programs for which they were eligible. Case management has evolved over time. Today, the program's health and social services are fully integrated, with case managers linking members with economic, health, education, employment, and social services needed for self-sufficiency.

FUTURE

Full implementation of national health care reform, as proposed by the current federal legislation, if approved, would not occur until 2014 although it is possible that some pieces of the new system may be put into place earlier. Planning for the transition of the HCHCP to an interface with a national health plan, if one is approved, cannot begin in earnest until the final legislation is approved. A decision is not expected for several months.

Currently, the Study Committee's short-term recommendations are in the process of being implemented. Several of the recommendations that have been put into effect, such as full implementation of the new retail pharmacy contract and required participation in the Patient Assistance Program, already are showing savings.

Other recommendations of the Study Committee, like adoption of the "self-sufficiency model" will take longer to implement. The model, which requires HCHCP members to develop individualized self-sufficiency plans, limits membership to 24 months and then only if members are meeting the goals of their plan. Exceptions to the 24-month time limit may be considered in the case of extreme hardship or for continuity of care.

Overall, implementation of the short-term recommendations should keep the Trust Fund balance 10 percent above the actuarial recommended minimum balance through the end of September 2011. Meanwhile, sales tax revenues continue to decline and membership to increase. With implementation of health care reform delayed, additional recommendations may be needed to assure the plan's financial viability through 2014.

The Study Committee has begun to consider longer term recommendations for changes to the HCHCP. These recommendations must take

into consideration (1) the possibility that health care reform may not be approved or that it may not impact the HCHCP; (2) the timetable for implementation of a national health care plan if one is approved that does impact the HCHCP; and (3) the projected date that the Trust Fund balance will begin to fall below the actuarial recommended minimum balance.

During the next year, the HCAB and HCHCP staff will work with the County Legislative Delegation as well as other local elected officials to monitor changes in national health care and anticipated shifts in state funding of Medicaid to make certain all are aware of how these changes could affect the HCHCP. Internally, staff will continue to work on improvements to the program and, in particular, to implement the short-term changes recommended by the Study Committee. As in the past, staff will continue to engage in prudent planning for the future – assessing the actions needed now to address changes in the external environment to preserve the financial viability of the plan.

2009 HEALTH CARE ADVISORY BOARD MEMBERS

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USF College of Medicine Representative

Dr. Donna Petersen

USF College of Public Health Representative

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At-Large Representative

Mr. Anthony Escobio

Network Provider Hospital Representative

Mr. Vince Ferlita

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Dr. John Curran

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Mr. Joe Chillura

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Mr. Robert Parrado

*Pharmacist and Member
of State Board of Pharmacy¹*

Dr. Maria Russ

*School System Health Administrator
and Nurse Practitioner*

Mr. Anthony Escobio

Network Provider Hospital Representative

¹ Resigned effective August 7, 2009.

MISSION STATEMENT

The mission of the Hillsborough County Health Care Program is to assure within available resources, the delivery of quality health care for the County's eligible medically poor residents who lack other coverage. This mission will be accomplished by achieving the following goals:

- Promoting efficient and effective access to health care services within the County.
- Giving special emphasis to health education, prevention, early intervention, and disease and case management with measurable outcomes.
- Promoting coordination among appropriate health and social service agencies.
- Motivating and educating program participants to be responsible for their health.
- Establishing information technology systems that support effective program management and the delivery of quality health care services.
- Structuring reimbursement and other incentives to support achieving the above goals.

For More Information:

Hillsborough County Health Care Plan
c/o Department of Health & Social Services
County Center – 25th Floor
601 East Kennedy Boulevard
Tampa, Florida 33601
813.272.5555

www.hillsboroughcounty.org/hss/hhcprogram



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