

The Florida Senate  
**GOVERNOR'S VETO**  
**OF PORTIONS OF THE 2010 GENERAL APPROPRIATIONS ACT**  
**HB 5001**

SPECIFIC APPROPRIATION VETOED

**Specific Appropriation 185**

**Page 54 - Proviso language**

"185 SPECIAL CATEGORIES  
GRANTS AND AIDS - SHANDS TEACHING HOSPITAL  
FROM GENERAL REVENUE FUND . . . . . 9,673,569

The funds in Specific Appropriation 185, shall be primarily designated for transfer to the Agency for Health Care Administration's Grants and Donations Trust Fund for use in the Medicaid or Low Income Pool programs. Of these funds, up to \$3,820,670 may be used in the Low Income Pool program or as funding to buy back the Medicaid inpatient and outpatient trend adjustments applied to Shands Healthcare Systems' individual hospital rates and other Medicaid reductions to their rates up to the actual Medicaid inpatient and outpatient costs. The transfer of the funds from the Low Income Pool program is contingent upon another local government or healthcare taxing district providing an equivalent amount of funds to be used in the Low Income Pool program. Should the Agency for Health Care Administration be unable to use the full amount of these designated funds, remaining funds may be used secondarily for payments to Shands Teaching Hospital to continue the original purpose of providing health care services to indigent patients through Shands Healthcare System."

GOVERNOR'S VETO MESSAGE

(No specific explanation provided in veto message.)

ANALYST COMMENT

Funds for the Shands Teaching Hospital (Shands) have been included in the General Appropriations Act (GAA) since 1981. Shands is considered a safety-net hospital as it serves a significant number of uninsured, underinsured, and Medicaid patients in its region of the state and admits patients from all 67 state counties. Historically, these funds have been leveraged as

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**Analyst: Kynoch**  
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state match to draw down funds for the Disproportionate Share Hospital (DSH) program, Low Income Pool (LIP) programs, and the buy back of Medicaid hospital inpatient and outpatient rates for Shands. For the 2010-2011 fiscal year, the \$9,673,569 is provided so that \$5,852,899 is available as state match for the Graduate Medical Education (GME) DSH program statutory teaching component and \$3,820,67 as state match for the LIP program or to buy back Medicaid inpatient and outpatient hospital rate reductions.

Florida’s Medicaid program is jointly funded by federal, state, and county governments to provide medical care to eligible individuals. The federal share is known as the Federal Medical Assistance Percentage (FMAP). The \$5,852,899 designated as match for the GME DSH program, would have drawn down approximately \$7,284,921 in federal funds for an approximate total of \$13,137,820. The veto of these funds not only impacts Shands, but all of the State’s statutory teaching hospitals\* as DSH funds are distributed in accordance with the formulas set forth in ss. 409.911, 409.9113, and 409.9119, F.S., and are contingent upon the state share being provided. Unofficially, the impact to these hospitals would be as follows:

| <b>Graduate Medical Education<br/>Disproportionate Share Hospital Program</b> |                      |
|---|----------------------|
| Shands Gainesville  | \$ 3,329,124         |
| Shands Jacksonville   | \$ 1,604,128         |
| Jackson Memorial  | \$ 3,996,525         |
| Orlando Health  | \$ 1,225,759         |
| Tampa General Hospital  | \$ 1,853,746         |
| Mt. Sinai   | \$ 1,128,539         |
| <b>Total:</b>   | <b>\$ 13,137,820</b> |

The remaining \$3,820,670 is leveraged as state match to buy back Medicaid inpatient and outpatient hospital rate reductions for Shands. Certain hospitals are able to buy back a portion of the cost of providing charity care to the uninsured and underinsured, and for serving Medicaid patients, by using local funds from counties and special taxing districts that collect taxes for the payment of indigent care. These local funds, otherwise known as intergovernmental transfers (IGTs), are leveraged as state match to draw down the federal funds. For example, the cost of providing charity care to under and uninsured patients at Shands Jacksonville is covered partially by Duval County taxes. No such special taxing district funds are available for Shands Gainesville to mitigate the cost of charity care. Under the 61.54% Medicaid Program FMAP used to construct the Fiscal Year 2010-2011 GAA, the \$3,820,670 appropriated for Shands as state match would have drawn down approximately \$6,113,469 in federal funds for a total of

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\* Shands at the University of Florida, Shands Jacksonville, Jackson Memorial Hospital, Tampa General Hospital, Orlando Regional Medical Center/Orlando Health, and Mt. Sinai Medical Center.

\$9,934,139. As Public Law 111-226, provides a two quarter extension of the FMAP increase included in the American Recovery and Reinvestment Act of 2009 (ARRA), these funds would have drawn down approximately \$7,042,765 in federal funds for a total of \$10,863,435.

In sum, the \$9,673,569 in state match provided a total of \$23,071,959 for the GME DSH program and the buy back of Medicaid inpatient and outpatient hospital rates for Shands. Under the two quarter FMAP extension, these funds would total \$24,001,255. These funds, as provided in Specific Appropriation 185, were included in the Agency's Fiscal Year 2010-2011 Legislative Budget Request, the Governor's Fiscal Year 2010-2011 Recommended Budget, the House and Senate budgets, and the Conference Committee report.