

Legislative Priorities 2014



Orlando Health is one of Florida's most comprehensive private, not-for-profit healthcare organizations. Since 1918, Orlando Health has been part of the Greater Orlando community, growing from a single hospital in Orlando into an award-winning family of community and specialty hospitals in Central Florida. From our rigorous training programs for new physicians to our emphasis on medical research, technology and innovation, we proudly offer a world-renowned cancer center, the region's only Level One Trauma Centers for children and adults, as well as specialty hospitals dedicated to children, women and babies.

Orlando Health is Central Florida's only participant in the Safety Net Hospital Alliance of Florida (SNHAF). Though they are only 10 percent of Florida's hospitals, SNHAF hospitals provide 68 percent of all medical training for physicians, 48 percent of all pediatric intensive care unit days, 41 percent of all charity care days, 40 percent of all Medicaid days and 70 percent of the organ transplants performed in the state. As well, these hospitals treat 100 percent of inpatient burn victims.

Despite the financial challenges that exist for hospitals in the current economic environment, we continue to focus and ensure that residents and visitors of Central Florida have access to world-class healthcare services for years to come. This commitment goes far beyond our role as a healthcare provider. We are a major contributor to the financial health of Central Florida as a large employer, business partner, community investor and philanthropic supporter.



◎ Orlando Health by the Numbers Fiscal Year 2013

LICENSED BEDS: 2,295*

TEAM MEMBERS: 15,132

PHYSICIANS ON STAFF: 2,398

EMPLOYED PHYSICIANS: 471

FACULTY: 119

MEDICAL RESIDENTS: 257

TOTAL ADMISSIONS (WITH NEWBORNS): 100,844

TOTAL BIRTHS: 14,334

TOTAL SURGERIES: 53,861

TOTAL OUTPATIENT VISITS: 620,395

TOTAL EMERGENCY VISITS: 307,988

TOTAL TRAUMA CASES: 4,350

TOTAL COMMUNITY BENEFIT: \$233 MILLION

COST OF PROVIDING CHARITY CARE: \$76 MILLION**

TOTAL VALUE TO THE COMMUNITY: \$289 MILLION†

FINANCIAL IMPACT: \$4.5 BILLION‡

* Includes two partnership hospitals

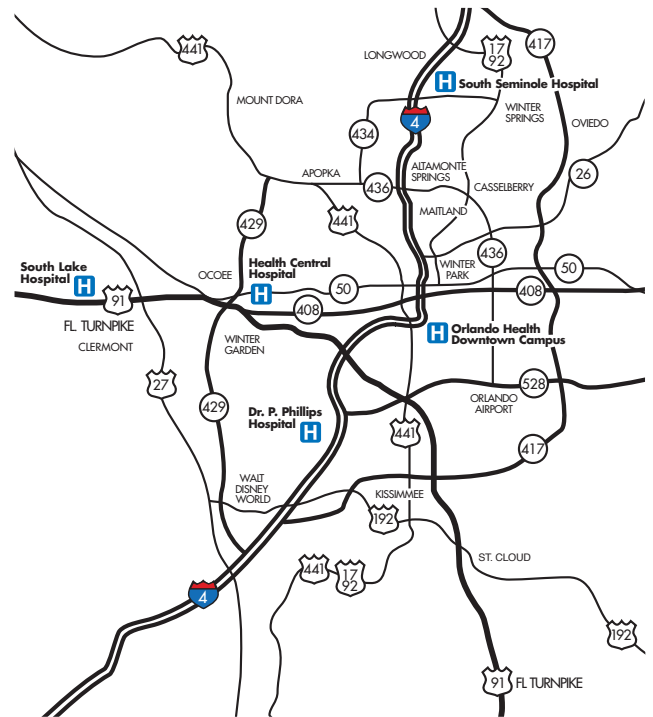
** Charity care is the total cost of services incurred by Orlando Health to provide medical services to those patients who have demonstrated their inability to pay. Charity care does not include bad debt.

† Includes community benefit programs and services, Medicaid shortfalls, Medicare shortfalls, bad debt and community-building activities

‡ Financial impact based on 2/2011 updated study, "The Effects of Orlando Health on the Central Florida Region - A Re-Assessment of Financial Impact Assessment," prepared by the University of Central Florida's Department of Health Management and Informatics, College of Health and Public Affairs. Several multipliers are used including employment, income, output, construction and community involvement to accurately determine the ultimate value of adding new dollars to the market.

⦿ Orlando Health Family

- Orlando Regional Medical Center
- Arnold Palmer Hospital for Children
- Winnie Palmer Hospital for Women & Babies
- UF Health Cancer Center – Orlando Health
- Dr. P. Phillips Hospital
- South Seminole Hospital
- Health Central Hospital
- Orlando Health Physician Group
- Orlando Health Foundation
- Graduate Medical Education
- Orlando Health Visiting Nurse Association
- South Lake Hospital
- Physician Associates



State of Florida

Hospital Medicaid Funding

State economists estimated that the budget for state fiscal year (SFY) 2014-15 will include a surplus of over \$1 billion. Regardless of the surplus, there are still fears that Medicaid funding could be at risk due to other competing funding priorities.

In SFY 2011-12 and 2012-13, Orlando Health experienced a total reduction in its Medicaid reimbursement rates by approximately 30 percent. If cuts to Medicaid funding continue, Orlando Health will face major challenges to provide the same level of care it currently provides. Currently, the Medicaid population that is served by Orlando Health makes up 49 percent of obstetrics patients, 65 percent of neonatal patients at Winnie Palmer Hospital for Women & Babies and 57 percent of patients at Arnold Palmer Hospital for Children.

The continued threat of cuts to Medicaid funding places a significant financial burden on Florida's already fragile healthcare safety net. Over the past eight years, Medicaid reimbursements to hospitals have been cut by more than \$1.5 billion. In just the past three years, Orlando Health alone has seen a reduction of \$154 million in Medicaid reimbursement rates. These reductions shift the financial burden of coverage to hospitals, businesses, local communities and ultimately the taxpayers.

In order to continue to meet the healthcare needs of Floridians, Orlando Health supports no further reductions to hospital Medicaid funding. Orlando Health supports efforts to bring stability to Medicaid funding and any opportunity to provide additional full funding to restore prior cuts in order for hospitals to be paid 100 percent of its costs for providing care.

Children's Hospital Funding

In recent years, the Florida Legislature has protected specialty-licensed, free-standing children's hospitals from the full scope of Medicaid reimbursement cuts. Hospital systems like Orlando Health, that operate a children's hospitals as part of a comprehensive hospital system, have seen Medicaid reimbursement cuts regardless of the high volumes of pediatric cases served at hospitals like Arnold Palmer Hospital. Regardless if a children's hospital is free-standing or embedded within a hospital system, their mission of treating sick and injured children is still the same. If free-standing children's hospitals are protected from cuts, then there should be an adjustment made to protect embedded children's hospitals as well. Arnold Palmer Hospital treats a high percentage of Medicaid, maintains a level one pediatric trauma center and operates a pediatric teaching program. Arnold Palmer Hospital should be protected and recognized for these expensive, yet vital programs and services.

In the current diagnosis related group reimbursement payment methodology, which was implemented July 1, 2013, there is a high Medicaid adjustor that only free-standing children's hospitals qualify for. In addition, there is a pediatric/age adjustor that is applied to all pediatric services, but only considers the worst level of severity—not the entire population. With these factors to consider, a pediatric adjustor should be considered for those children's hospitals which provide the majority of the pediatric care, regardless if they are embedded or not.

Orlando Health supports a reimbursement methodology that applies protections to both stand-alone and embedded children's hospitals as both of these hospitals provide critical services for pediatric patients.

Graduate Medical Education

In the 2013 state legislative session, the Legislature provided \$80 million in funding for graduate medical education (GME) which included \$28 million in new funding. This funding will reimburse any residency slot in the state of Florida that is approved by the Accreditation Council for Graduate Medical Education, the American Association of Colleges of Osteopathic Medicine or the American Osteopathic Association.

Teaching hospitals maintain an environment in which the most advanced clinical care can be provided, research can flourish, and all patients, including the most critically ill, have access to highly specialized care, regardless of their ability to pay. Residents and supervising physicians at teaching hospitals must be available around-the-clock to provide these services.

Recognition of indirect medical education (IME) funding is a result of cost comparisons between teaching hospitals and non-teaching hospitals. Analyses show that teaching hospitals incur higher costs than non-teaching hospitals even after controlling for increased complexity in patients, input prices and other factors. It is important for the Legislature to acknowledge the costs of IME and provide this funding to reimburse teaching hospitals for the higher costs associated with their unique patient care, education and research missions, as have other states across the country. These Medicaid and Medicare IME payments to teaching hospitals help cover the additional costs associated with the hospital’s mission and the specialized patient care they provide.

Orlando Health supports preserving the funding for graduate medical education funding as well as providing a methodology that takes in consideration the costs for IME. In addition, Orlando Health supports ensuring the accuracy of self-reporting residency information since there is a limited amount of GME funding.

Medically Needy and Medicaid for the Aged and Disabled

Federal law requires states to provide Medicaid benefits to certain vulnerable populations while some eligibility programs are optional. The Medically Needy and Medicaid for the Aged and Disabled (MEDS-AD) Programs are among the optional eligibility groups that provide vital benefits to Floridians. The individuals who qualify for the Medically Needy and MEDS-AD Programs are generally working poor, disabled, pregnant women and some children who have extraordinary, ongoing medical costs due to catastrophic illnesses or chronic diseases.

These programs were fully funded in the SFY 2013-14 budget and it is essential that the Medically Needy and MEDS-AD Programs receive full funding during the 2014 state legislative session. These programs provide lifesaving hospital treatment, expensive drugs and therapies to manage their delicate health conditions.

Orlando Health opposes the elimination of the Medically Needy and MEDS-AD Programs as these programs provide lifesaving services. The elimination of the hospital funding for these programs does not reduce costs or the need for healthcare services. Instead, the financial burden of treatment is shifted from the state to hospitals and ultimately local communities, businesses and taxpayers.

Healthcare Coverage Expansion

During the 2013 state legislative session, the Legislature offered three alternative plans to extend coverage to Floridians. Extending healthcare coverage to approximately one million Floridians could save the state more than \$42.5 billion in general revenue plus gain over 121,000 new jobs in education, transportation, manufacturing, healthcare and real estate. Federal dollars set aside to extend healthcare coverage were funded through reductions in Medicare and Medicaid payments to hospitals, taxes on health insurers and taxes on durable medical equipment. Floridians will absorb these funding cuts and taxes, whether the Legislature chooses to use the federal funds or not.

If the Legislature chose to provide coverage expansion, it would access approximately \$51 billion in available federal funding and would not lock the state into one kind of program. Florida can design its own program that is not a traditional expansion of a Medicaid Program, as the Senate proposed last session. This type of program would not only access the billions of federal funds but also save \$430 million yearly because those in the Medically Needy Program would be covered under expansion.

Florida currently has the third-highest number of uninsured residents in the United States, with roughly 3.85 million people lacking health insurance. If Florida voluntarily expands coverage, almost one million Floridians would have access to quality healthcare coverage. Orlando Health supports providing this coverage to the working poor and bringing healthcare to over 900,000 people who today do not have access to healthcare services.

Low Income Pool/Supplemental Funding

The Low Income Pool (LIP) Program provides supplemental payments to safety net providers for the purpose of providing coverage to Medicaid, uninsured and underinsured populations. LIP consists of a capped annual allotment of \$1 billion although the program provides approximately \$2.8 billion in total funding with the self-funded exemptions and buy-back programs.

The LIP Program is set to expire on June 30, 2014 and at this time, the Agency for Health Care Administration (AHCA) is negotiating the continuation of the program with the federal government. AHCA has asked for an increase in LIP funding as Florida receives one of the lowest levels of LIP funding across the country. At least \$2.8 billion is needed in order to keep the program fully funded.

In addition, the implementation of Medicaid managed care creates a tiered hospital rate system which would be used to disburse LIP funding. Currently, there is no mechanism for self-funded buy-back or exemptions in this program and instead, the LIP funding would be provided to managed care plans that would then be responsible for passing along this funding to hospitals. There are great concerns with all of these approaches.

The LIP Program provides vital funding to Orlando Health to offset the financial burden of serving the uninsured and Medicaid populations. Orlando Health supports continuation of the program or a similar supplemental payment program and an increase in the amount of overall funding. In addition, Orlando Health supports consideration of an alternative to the tiered hospital rate system in order to protect the financial investment of local funding and to prevent drastic cuts to healthcare services/programs that are vital to the residents of our community.

Federal Issues

Federal Reimbursement Rates

The Congressional Budget Office recently projected the 2014 federal deficit to reach \$642 billion if current laws remain unchanged. Expectations are high that Congress will continue their focus on reigning in government spending in order to help reduce the deficit. This will likely include considerations of reductions in Medicare, Medicaid and Children's Health Insurance Program funding as these programs account for almost five percent of our nation's Gross Domestic Product. Over the past few years, the nation's hospitals have experienced their share of payment reductions for Medicare and Medicaid patient services.

In late 2013, President Barack Obama signed the Bipartisan Budget Act that would reduce spending by \$85 billion and replace \$63 billion in sequester cuts with new revenue through fees. Unfortunately, this legislation extends the two percent sequestration cut implemented in 2013 for two additional years to 2021, but no other previously discussed cuts to Medicaid provider taxes, Medicare outpatient evaluation and management payments or Medicare graduate medical education payments were implemented. This legislation as well provides a three-month fix to the sustainable growth rate formula (SGR) and provides time for Congress to work on a SGR replacement bill in the spring with the goal of finally fixing this issue.

For many Central Florida seniors, Medicare is their primary healthcare insurance so any cuts to Medicare funding would have negative impacts on the Central Florida community. It is projected that the number of Floridians over the age of 65 will be approximately three times as large in 2030 as it was in 2000. The combination of population growth of Medicare recipients and growing shortfall in appropriate reimbursements from the federal government leaves Orlando Health exposed to further strain on the financial resources of our hospital system.

Orlando Health encourages Congress to identify ways in which to control healthcare costs without cutting hospital reimbursement rates for Medicare and Medicaid. Further reductions will increase the growing financial strain on the nation's safety net hospital systems.

Disproportionate Share Hospital Program

The Medicare and Medicaid Disproportionate Share Hospital (DSH) payment adjustments were created to ensure the financial viability of safety net hospitals that shoulder the disproportionate burden of caring for the poor and uninsured.

The DSH Program's spending supports a broad range of services for Medicaid and uninsured or underinsured children and adults, including primary and specialty outpatient care, hospital care, chronic disease management, mental health services, dental care, social work services and translation services. DSH payments also help make up for payment shortfalls for Medicaid and Medicare patients including covering losses on patients and the cost of public goods like medical education and specialized, high-cost services like trauma and burn care.

The federal government recently made changes to both the Medicare and Medicaid DSH payments and took into consideration a hospital's level of uncompensated care and high volumes of Medicaid inpatients care. In addition, it must ensure that low-DSH states receive a smaller percentage reduction and must account for the extent to which the DSH allotments for a state were used for coverage expansion as approved by CMS as of July 31, 2009.

Orlando Health supports the recognition of uncompensated care and Medicaid volumes in the DSH Program's distribution methodology and will continue to monitor any changes to DSH payments made by Congress or the U.S. Health and Human Services Department (HHS). It is important that the federal government appropriately target DSH payments and structure changes in a way that would provide aid to states with low ratios of DSH payments relative to its uninsured population.

Graduate Medical Education

HHS estimates that there will be a seven percent growth in the number of physicians over the next 10 years, while there will be a 36 percent projected growth in the number of Americans over the age of 65. This is the population who will have the greatest healthcare needs. In Florida, a quarter of the practicing physicians are over 65 and only 10 percent are under 35, while Florida's population is projected to increase 60 percent by 2030.

In 2012, there was a 2.8 percent increase in enrollees of medical schools, and the Association of American Medical Colleges believes if this continues, Congress will need to lift the 16-year-old cap on federal support for residency training. By 2020, there will be a nationwide projected deficit in non-primary care subspecialties of 35,000 surgeons and 27,000 medical specialists before healthcare reform, and there is an overall projected physician shortage of 91,000 physicians post healthcare reform.

Orlando Health supports the expansion of funding for residency training positions in order to help address the upcoming physician shortage. This expanded funding should target states which have the lowest resident to population ratio.

340B Drug Discount Program

Over the past 10 years, the 340B Drug Discount Program has allowed eligible hospitals and community providers to access discounts on outpatient pharmaceuticals which help these hospitals continue to treat low-income and uninsured patients. As the program continues to grow, Congress has taken an increased interest in the program's transparency and efficiency.

Currently, the program only provides discounts for patients seen in outpatient settings. Due to this, safety net hospitals must maintain two separate inventories for pharmaceuticals – one for discounted outpatient and drugs and one for non-discounted inpatient drugs. Safety net providers would save tremendously if a system was created that streamlined inventories and included discounts for both outpatient and inpatient drugs.

Orlando Health supports preservation of the 340B Drug Discount Program and extension of the 340B Drug Discount Program to the inpatient setting as this would significantly reduce costs and remove administrative burdens for safety net hospitals.

Orlando Health is proud to be part of the business community in Central Florida. With more than 15,000 team members working together, we play a prominent role as a trusted corporate neighbor. We are one of Central Florida's largest employers, which enables us to not only be one of the region's leading economic drivers, but also one of its largest caregivers.

Economic Impact

Orlando Health contributes
\$4.5 billion
to the economic viability
of our Central Florida region.



Orlando Regional Medical Center

For more than 90 years, Orlando Regional Medical Center (ORMC) has provided the most advanced options for surgical, medical, rehabilitative and emergency care needs. Our doctors are leaders in cardiology, cardiac surgery, neurology, orthopedics, emergency medicine and research. An 808-bed facility, ORMC is home to the region's only Level One Trauma Center offering comprehensive care for the most critically ill or injured patients throughout our community. Our dedicated medical team further serves our community by sharing their expertise and preparing tomorrow's doctors through graduated medical education through 7 residencies and 14 fellowships.

◉ Arnold Palmer Hospital for Children

Arnold Palmer Hospital, supported by the Arnold Palmer Medical Center Foundation, is a 158-bed facility dedicated exclusively to the needs of children and provides expertise in pediatric specialties such as cardiac care, craniomaxillofacial surgery, emergency and trauma care, gastroenterology, nephrology, oncology, neurosciences, orthopedics, pulmonology and sports medicine.

◉ Winnie Palmer Hospital for Women & Babies

Winnie Palmer Hospital is a 285-bed hospital facility dedicated exclusively to the needs of women and babies. The hospital includes comprehensive fetal diagnostics and labor and delivery services, a regional center for neonatal intensive care, maternal intensive care and women's services. Annually, more than 13,000 babies are expected to be born at Winnie Palmer Hospital, making it the busiest labor and delivery unit in the state of Florida.





◎ Dr. P. Phillips Hospital

Dr. P. Phillips Hospital is a full-service medical/surgical facility serving the residents of southwest Orange County and Orlando's growing tourist population. The hospital operates one of the busiest emergency departments in Central Florida with nearly 90,000 visits annually. In addition to the highly qualified healthcare team, the hospital features the latest technology in diagnostic imaging, cardiovascular interventional procedures, vascular surgery, neurosurgery and orthopedics. Dr. P. Phillips Hospital is an accredited Chest Pain Center and also serves as a designated Stroke Center.

◎ UF Health Cancer Center – Orlando Health

UF Health Cancer Center – Orlando Health is a collaboration of top cancer doctors and leading cancer researchers advancing new treatment options into clinical practice. As one of Florida's largest cancer care providers, more than 200 cancer specialists bring the finest in cancer care close to where people live at multiple locations across Central Florida. The Cancer Center offers patients highly subspecialized cancer doctors treating each unique type of cancer, as well as improved access to leading-edge cancer treatments, new drugs, clinical trials and advanced treatment technologies. Because each patient and every cancer case is unique, treatment is tailored to each patient's specific genetic profile. UF Health Cancer Center – Orlando Health is committed to providing personalized, holistic cancer treatment that leads to better outcomes for patients and a brighter future for cancer treatment and care.





◎ Health Central Hospital

Serving West Orange County for 60 years, Health Central Hospital is a full-service acute care facility that offers convenient on-site and local access to over 500 doctors of all specialties. Health Central is a state-recognized Primary Stroke Center, provides diagnostic and interventional cardiac catheterization, and offers state-of-the-art diagnostic imaging services. Health Central Hospital is dedicated to providing safe, quality healthcare services in an atmosphere of caring.

◎ South Seminole Hospital

South Seminole Hospital offers healthcare services and programs to meet the needs of the Seminole County community. Dedicated to providing the highest level of care, South Seminole Hospital is an accredited Chest Pain Center, Stroke Center and provides surgical, medical and emergency care services along with the area's only inpatient behavioral health facility. South Seminole Hospital is home to one of three rescue helicopters and uses the latest technology to perform the most advanced medical procedures in addition to offering prevention, wellness and community outreach programs.



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This 180-acre health, wellness and education campus provides a complete continuum of quality care to the citizens of the South Lake community. South Lake Hospital offers a variety of medical services including diagnostic imaging, orthopedics and cardiac catheterization. The Centre for Women's Health offers complete care for women from maternity to maturity. As a base for one of the Air Care Team helicopters, Lake County trauma victims have even faster access to ORMC's Level One Trauma Center. South Lake Hospital is also home to the National Training Center, which provides total body fitness, advanced rehabilitative services and athletic training.

FOR MORE INFORMATION,
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