

APRIL 2025

Alachua County Hospital Assessment Overview

Ensuring Healthcare Funding for Our Residents



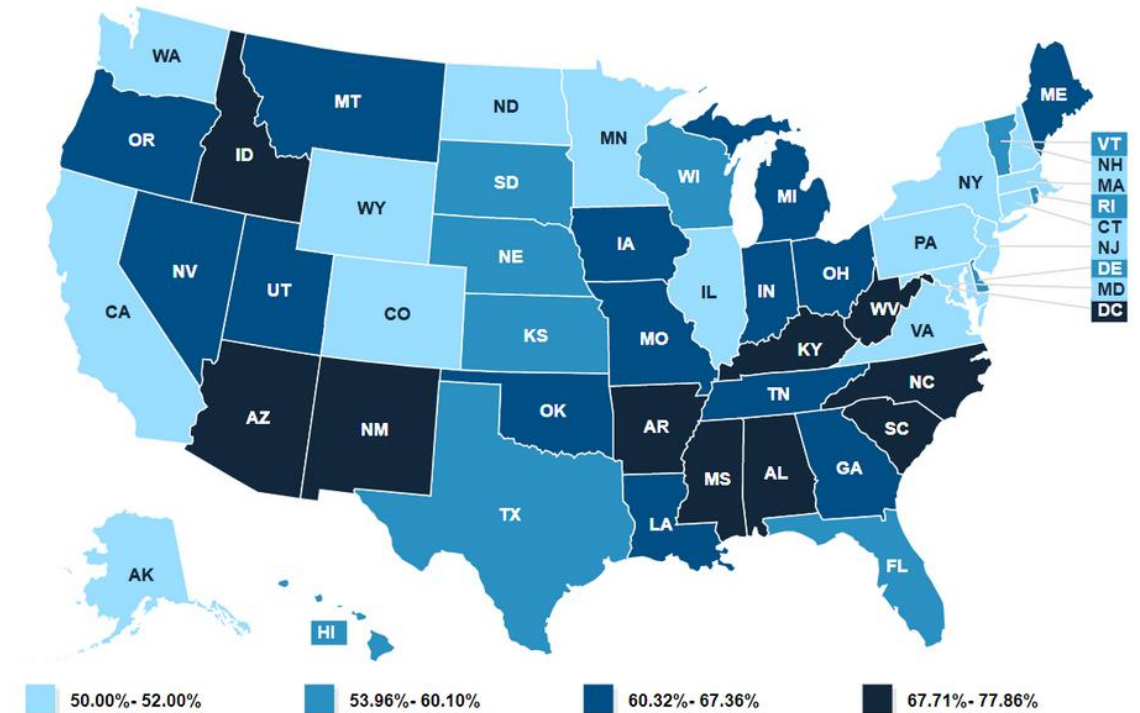
Building on Alachua County's commitment to healthcare excellence – thank you for your dedication.

Medicaid Overview

The Underfunding Problem

- Medicaid is jointly funded by the states and federal government.
- The state contributes, and the federal government provides matching funds.
- Historically, Florida's hospitals received only about 60 cents per dollar of cost in reimbursement for Medicaid services – low relative to other states. That is the underfunding fiasco in Florida.
- This problem is further compounded by very low levels of reimbursement for Medicaid services for Florida hospitals.

Federal Medical Assistance Percentage (FMAP)



Medicaid Underfunding

Alachua County



38.1%

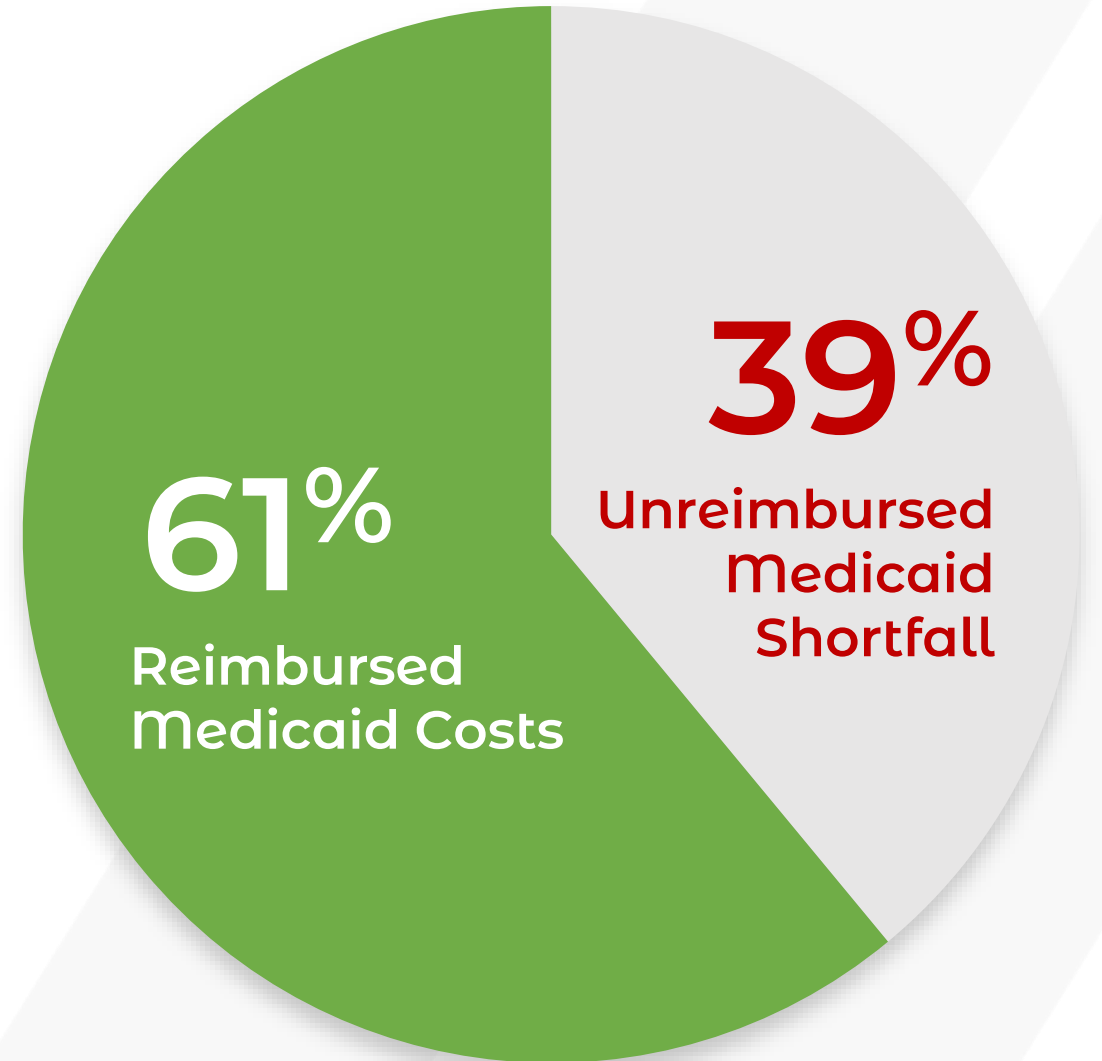
Of births in Alachua County are financed by Medicaid

- Medicaid provides vital health coverage to **1 in 7** Floridians—nearly **3.17 million** people—including low-income children, families, older adults, and individuals with disabilities.
- In Alachua County, more than **44,000** residents are enrolled in Medicaid, representing approximately **15%** of the county's population.
- Approximately **2.7 million** Floridians are uninsured and rely solely on charitable care.

Medicaid And Charity Care In Florida

Coverage vs. Shortfall

- Statewide, hospitals provide over **\$3.4 Billion** in unreimbursed Medicaid costs each year.
- Statewide, hospitals provide over **\$2.8 Billion** in unreimbursed Charity Care each year.
- Florida's Governor and the Legislature stepped in with a solution to close this funding gap.



Unlocking An Opportunity

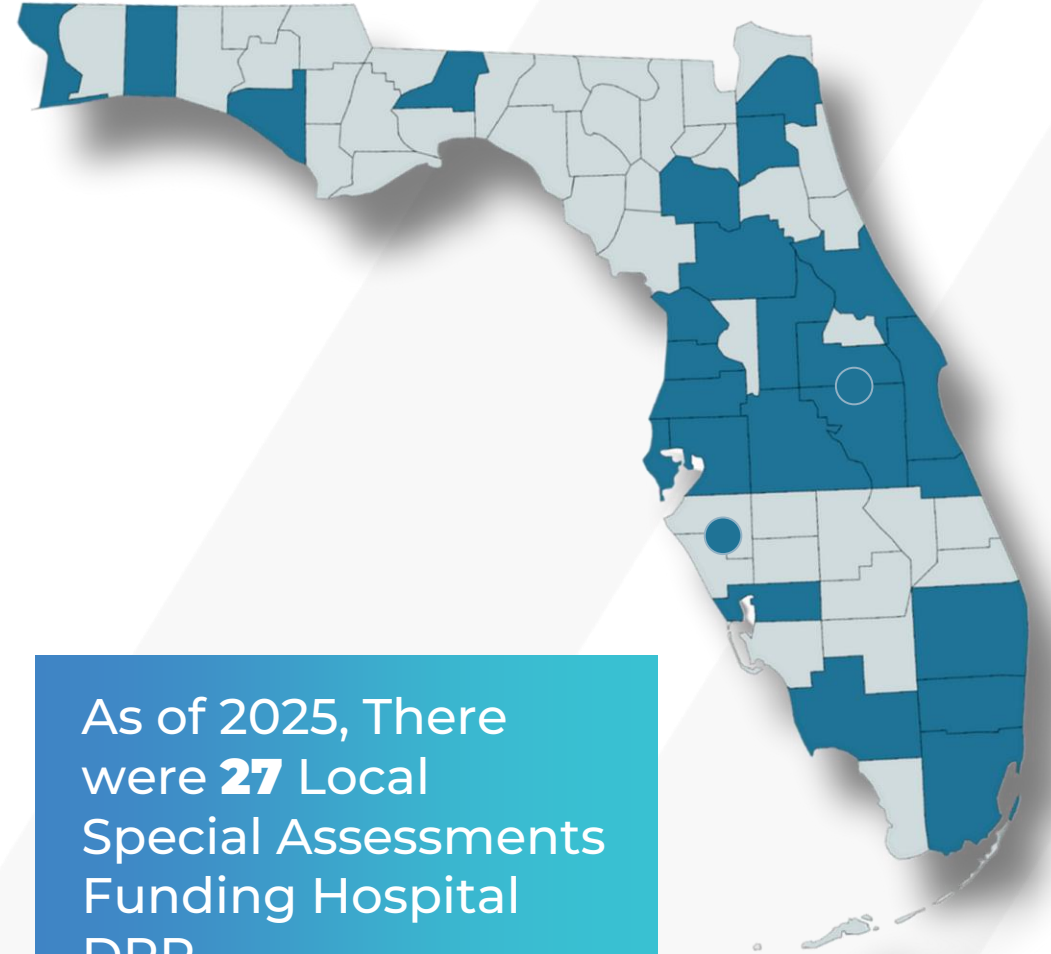
Background of the Directed Payment Program

- Florida's Legislature approved Governor DeSantis' recommendation to incorporate the Directed Payment Program (DPP) into the 2021 budget proviso and implementing bill.
- DPP provides funding for hospitals that provide inpatient and outpatient services to Medicaid managed care enrollees.
- Directed the Agency for Health Care Administration (AHCA) to seek federal approval for the program.
- Required AHCA to request state legislative authority to allocate funds for implementation, if approved.
- Since the year 2021, every budget proviso has continued to include this Supplemental Payment Program.
- This approval allowed the state to continue the program designed to offset a significant amount of Medicaid shortfall annually.
- By adopting Ordinance 2024-08, Alachua County Commission approved the setting up of the Alachua County's "Local Provider Participation Fund (LPPF)" for the DPP Program.

Florida's LPPF Program Growth

PGY1-PGY4

- In 2021, 15 local governments around the state established local provider participation funds.
- All 15 counties collected money from the nonpublic hospitals.
- Every vote was successful. Every dollar was paid.
- In 2022, another 6 local governments established local provider participation funds.
- Again, every vote was successful. Every dollar was paid.
- In 2023, the same 21 jurisdictions adopted rates and levied the hospital special assessment.
- In 2024, the number of jurisdictions rose to 26, and again every vote was a success and all payments are underway and on schedule.
- In 2025, the number of jurisdictions is 27.



As of 2025, There were **27** Local Special Assessments Funding Hospital DPP

Locally Funding The Hospital DPP



**Paid By
Hospitals**



**Not Paid By Residents
or Businesses**

- The source of the non-federal share included local government special assessments, levied against properties on which non-public hospitals operate.
- No Alachua County resident will ever pay a dollar to fund these programs.
- The programs are funded **entirely by hospitals**, not by residents or businesses.



Alachua's Compliance With Federal Requirements



Program Review

- Alachua County's LPPF is a non-ad valorem special assessment account – it allows County non-public hospitals to access federal dollars.
- Alachua County's assessments qualifies as a “provider tax” under federal law that is eligible for federal match because it is:
 - 01 **Broad-Based**
 - 02 **Uniform**
 - 03 **Does not include any hold-harmless agreement**
- Statewide, no more than 6 percent net patient revenues may be used for such programs and Florida remains fully compliant.

Payment Mechanism

Flow of DPP Funds



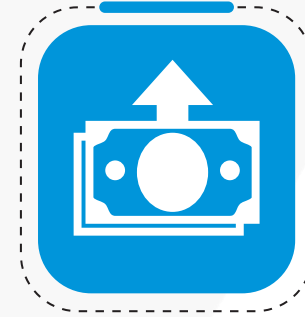
Step 1

Nonpublic hospitals pay assessment to be deposited in a Local Provider Participation Fund (LPPF) account.



Step 2

County sends funds from LPPF to AHCA to support non-federal share of DPP.



Step 3

AHCA sends federal and non-federal funds to the providers.



Alachua County

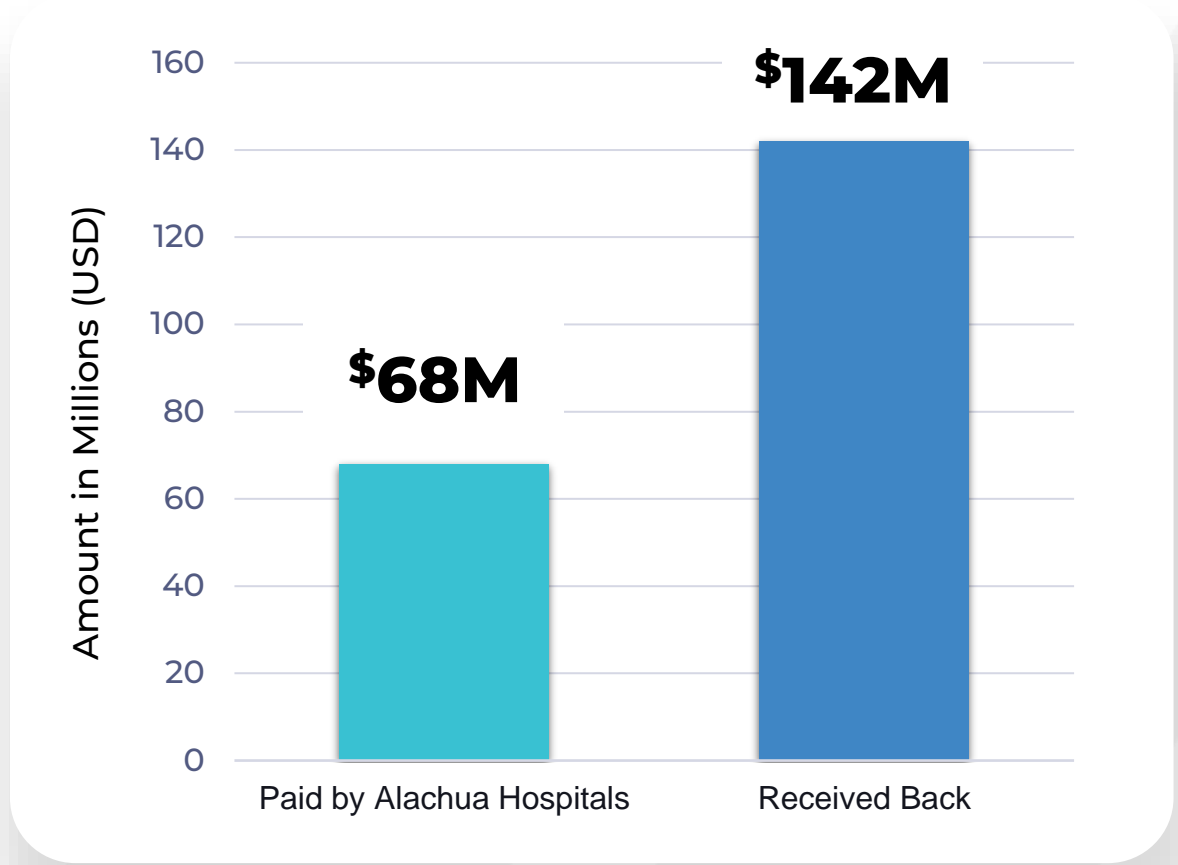
Flow of Funds for DPP Year 1



Alachua Hospitals will be receiving the added Medicaid reimbursements for Year 1 in **May of 2025.**

DPP Outcomes for Alachua County

- Creation of the LPPF by Alachua County ensures hospitals in the county can access much needed funding for Medicaid managed care enrollees and training of specialty physicians within the County
- In 2024, Alachua County's Mandatory Payment for the program was **\$68 million**. Whereas, the County's Gross Reimbursement was over **\$141.5 million**.



Benefit to Alachua County Hospitals

Due to the County's involvement in the DPP program, Alachua County hospitals received a standardized percentage increase in reimbursement for providing charitable care.

Expanded Access to Health Care:

- Free or discounted healthcare based on income and assets.
- Approximately 2.3% of total charges foregone due to financial assistance.
- Opened Eastside Urgent Care Center (in partnership with the County and City of Gainesville).
- Launched mobile stroke unit for timely care in remote locations.

Quality of Care Improvements:

- Regional burn intensive care unit
- Multi-disciplinary transplant centers
- Pediatric services, including neonatal and pediatric intensive care units
- State-designated Level 1 trauma center
- Joint Commission-certified primary stroke center



Benefit to Alachua County Hospitals

Community Health Initiatives:

- Health education and counseling
- Support services and healthcare screenings

Economic Impact:

- Community benefits valued at \$299.4 million (FY ending June 30, 2024):
- Financial assistance
- Community health services
- Health professions education
- Research and donations



State Budget Authority

- For 2025, at the state level, Florida's legislature once again is presented with a budget containing proviso language that:
- The Governor's recommended budget authorizes AHCA to expend funds from the Grants and Donations Trust Fund and the Medical Care Trust Fund to implement the federally approved Directed Payment Program for Florida.



Next Steps

Sustaining this Opportunity for Alachua County

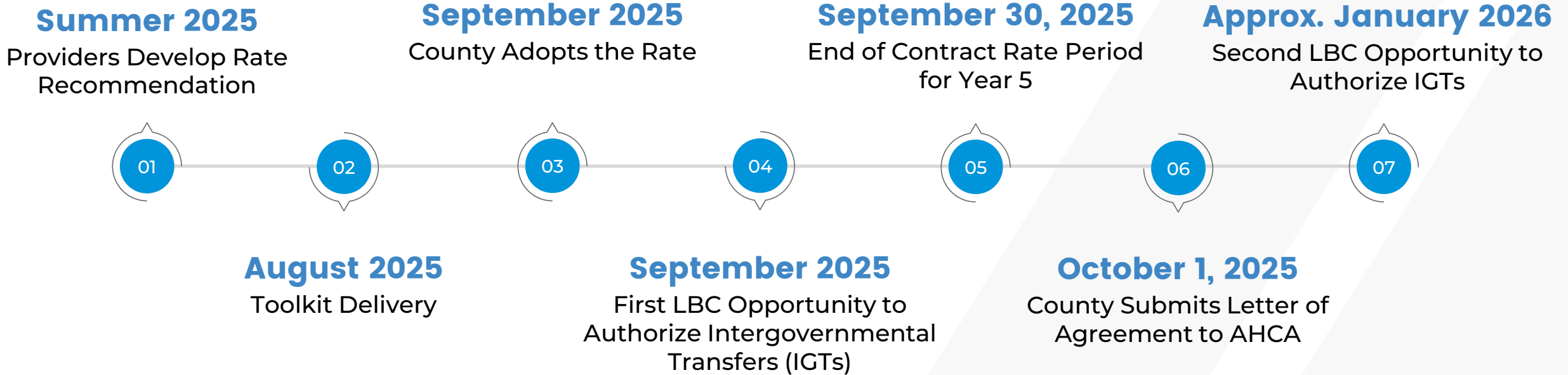


One Simple Annual Step

Each year, pass a resolution setting the assessment rate – this single step triggers the next year of DPP funding for the entire county.

Next Steps

Timeline



Timeline For Passage Resolution



The target date for Alachua County's assessment resolution vote is:

SEPTEMBER 23, 2025 (TENTATIVE)



The AHCA Letter of Agreement deadline is:

OCTOBER 1, 2025



What Happens to Rollover Funds?

- The recommended assessment rate is an estimation – and not an exact science.
- They are accounted for and adjusted to the next year.
- Good news - if there are rolled over funds in the LPPF, they will lower the assessment rate for the next year!

LPPF Guardrails

- The annual nature of the resolution gives the County the opportunity to ensure the program receives federal and state approval, and all hospitals receive notice and an opportunity to object.
- Only Hospitals receive a bill – no direct impact on taxpayer.
- Costs can never be passed onto patients.
- Administrative expenses are built in.



Protecting Alachua County Residents

- Alachua County's DPP initiative ensures hospitals within the County can:
 - Provide quality care to the needy and vulnerable.
 - Attract top talent.
 - Act as good corporate citizens, employers, and partners with the County to ensure the health, safety, and wellbeing of the population.

Result: A healthier, more secure Alachua – achieved through Alachua County's leadership and staff's collaborative efforts. These guardrails protect the County and the public – the DPP Program does not increase anyone's taxes or bills, it's a win-win.



Questions?

