

APRIL 2025

Okaloosa County Hospital Assessment Overview

Ensuring Healthcare Funding for Our
Low-Income Residents



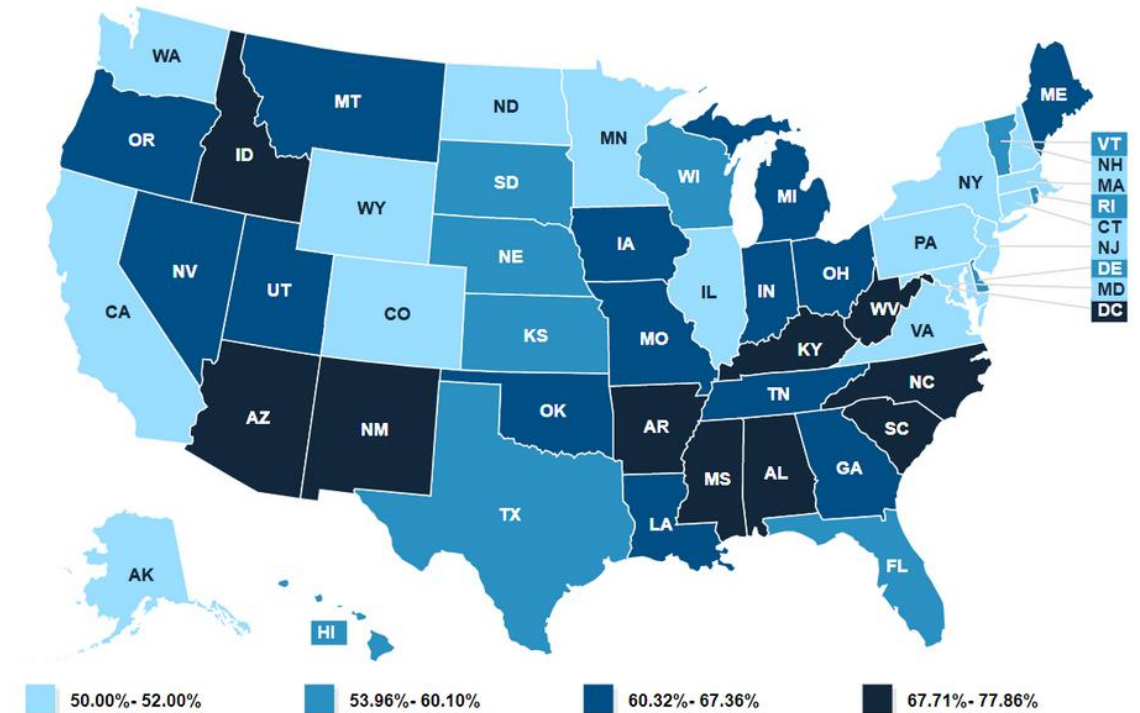
Building on Okaloosa County's commitment to
healthcare excellence – thank you for your dedication.

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 charity care services for Florida hospitals. Historically, charity care reimbursement has been as low as 1%.

Federal Medical Assistance Percentage (FMAP)



Medicaid Underfunding

Okaloosa County



45%

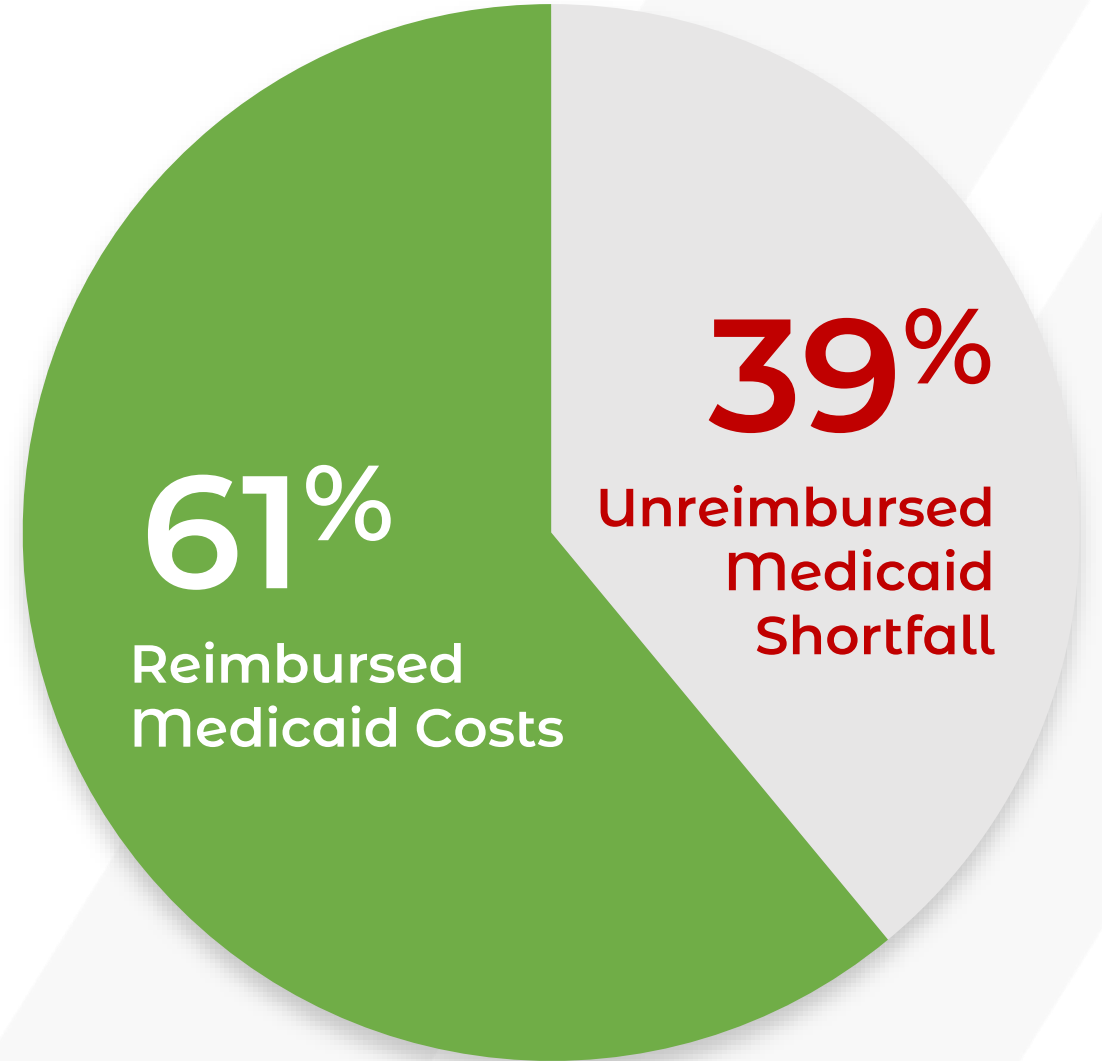
Of births in Okaloosa County are financed by Medicaid

- 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 Okaloosa County, more than **26,000** residents are enrolled in Medicaid, representing approximately **13%** 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.
- Okaloosa County contributes approximately **\$25 million** for uncompensated charity care.
- Florida's Governor and the Legislature stepped in with a solution to close this funding gap.



Directed Payment Program (DPP) and Low Income Pool Program (LIP)

- DPP is a Medicaid Program that provides funding for hospitals that provide inpatient and outpatient services to Medicaid managed care enrollees.
- LIP is a Medicaid program that provides critical funding to health care providers, particularly hospitals, to ensure continued government support for healthcare services to uninsured populations.



Unlocking An Opportunity

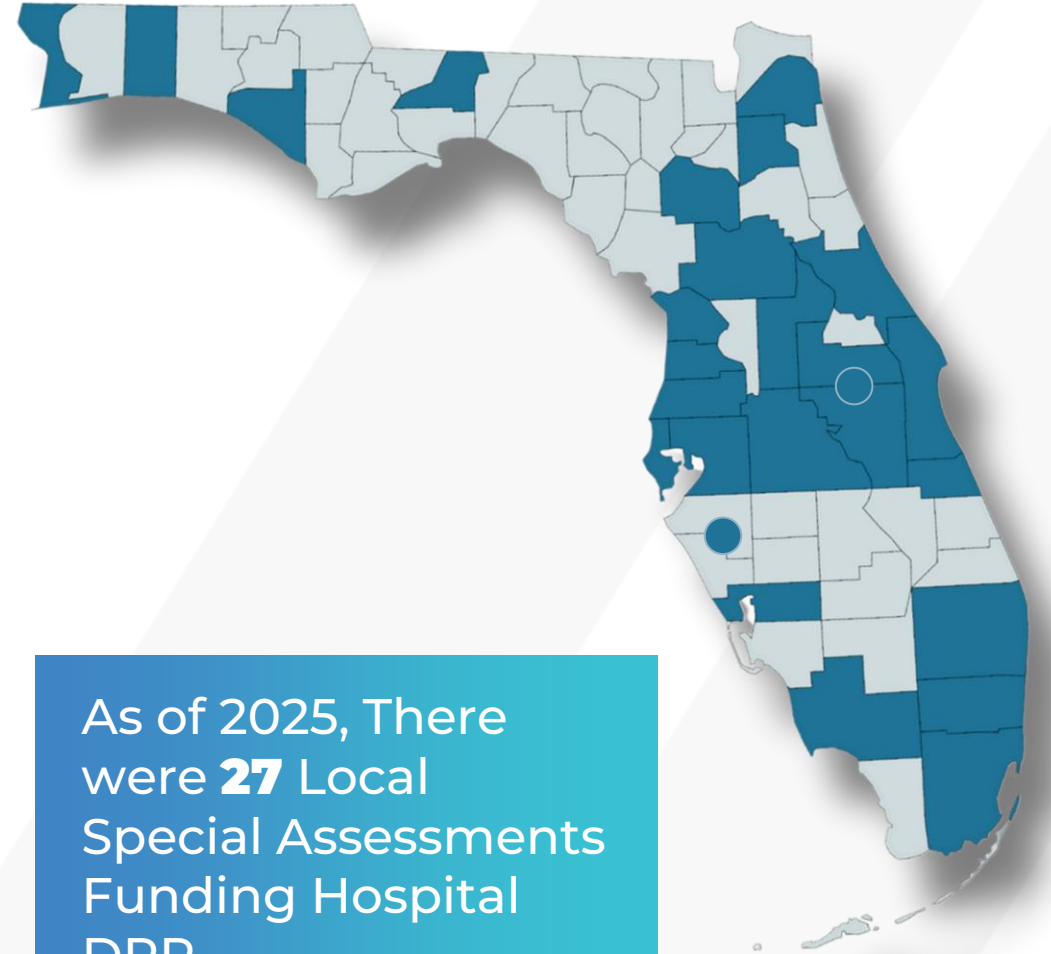
Background of the DPP and LIP Program

- On October 19, 2005, the Centers for Medicare and Medicaid Services (CMS), approved the 1115 Research and Demonstration Waiver Application for the State of Florida.
- The Florida Legislature passed the law for the LIP program, providing continued government support for health care services to the uninsured population.
- In 2021, CMS approved Florida's LIP program through June 30, 2030. This approval allowed Florida to offset the \$2.8 billion in charity care costs incurred annually.
- Starting 2021, the Florida Legislature's Budget Proviso has directed the Agency for Health Care Administration (AHCA) to seek federal approval for the DPP program. This approval allowed Florida to offset a significant amount of Medicaid shortfall annually.
- By adopting Ordinance 24-15, Okaloosa County Commission approved the setting up of the Okaloosa County's "Local Provider Participation Fund (LPPF)" for the DPP and LIP Programs.

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 rose to 27!



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

Locally Funding The Hospital DPP And LIP Programs



**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 Okaloosa County resident will ever pay a dollar to fund these programs.
- The programs are funded **entirely by hospitals**, not by residents or businesses.



Okaloosa's Compliance With Federal Requirements

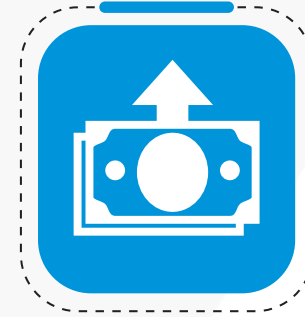
Program Review



- Okaloosa County's LPPF is a non-ad valorem special assessment account – it allows County non-public hospitals to access federal dollars.
- Okaloosa 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 and LIP 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 and LIP.

Step 3

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



State Budget Authority



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

Benefit to Okaloosa County Hospitals

Due to the city's involvement in the DPP and LIP programs, Okaloosa hospitals received a standardized percentage increase in reimbursement for providing Medicaid and charitable care.

Community Health Initiatives:

- Northwest Florida Health Network participation (screening for Mental Health).
- Bridgeway Center of Ft Walton Beach providing housing and placement for high-risk mental health patients.
- Healthy Start of Okaloosa and Walton Counties targeting high-risk obstetric patients lacking prenatal care.

Facility and Infrastructure Expansion:

- Expanded ER from 10 to 16 beds.
- Installed new CT and MR machine with enhanced neuro imaging capabilities.
- Reduce readmissions.



Benefit to Okaloosa County Hospitals

Community Engagement and Education:

- "Think Before You Dive" Trauma Campaign, with key county stakeholders.
- Planned opening of 6 heart libraries with the American Heart Association (2025).
- "Stop the Bleed" classes held at Fort Walton Beach chamber and at the facility.
- Stroke education classes in collaboration with United Way Emerald Coast.
- Lead sponsor/presenter during National Volunteer Week focusing on ER care.
- Northwest Florida (NWFL) Rehab Open House for community awareness.

Financial and Operational Information:

- Salaries/Wages/Benefits: over \$161M
- Taxes: Over \$36M
- Uncompensated care: over \$31M
- Admissions: 15,109
- Patients treated: 128,067

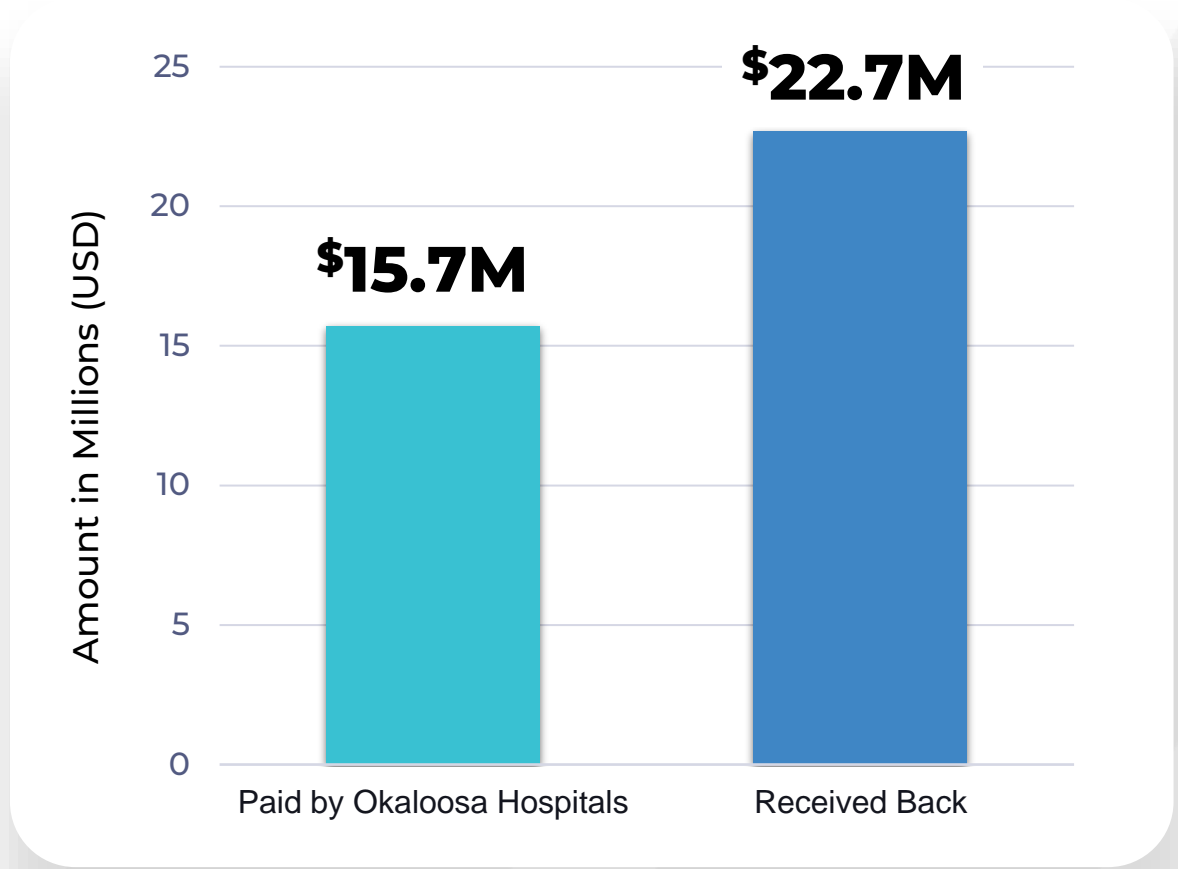
Clinical Outcomes:

- Reduced C-section rate from 39% down to 17.4%.
- Reduced postpartum hemorrhage from 2.4% to 0%.
- Reduced elderly readmissions from 20.2% to 16%.



DPP and LIP Program Outcomes for Okaloosa County

- Creation of the LPPF by Okaloosa County ensures hospitals in the county can access much needed funding for uninsured and charity care.
- In 2024, Okaloosa County's Mandatory Payment for these programs was **\$15.7 million**. Whereas, the Hospital systems operating in Okaloosa County are receiving **\$22.7 million** gross reimbursement for DPP and LIP.



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 Low-Income Pool component and implement the federally approved Directed Payment Program for Florida.



Next Steps

Sustaining this Opportunity for Okaloosa County

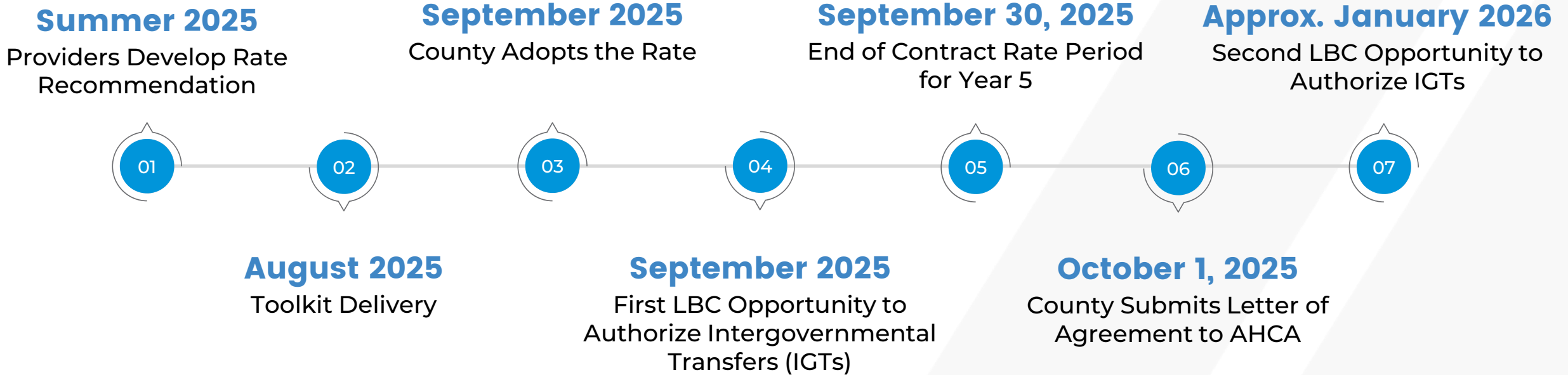


One Simple Annual Step

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

Next Steps

Timeline



Timeline For Passage Resolution



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

SEPTEMBER 16, 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 Okaloosa County Residents

- Okaloosa County's DPP and LIP initiatives ensure 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 Okaloosa – achieved through Okaloosa County's leadership and staff's collaborative efforts. These guardrails protect the County and the public – the DPP and LIP programs do not increase anyone's taxes or bills, it's a win-win.



Questions?

