



Duval County Legislative Delegation

Minutes
LIP Funding Meeting
April 28, 2015
6:30 PM
Capitol Room 332, Tallahassee

The meeting was called to order at 6:30 p.m., with opening remarks from Representative Janet H. Adkins, Chair.

PRESENT: Representatives Adkins, Fullwood, Jones and Ray; Senator Bean

The Chair convened the meeting with a quorum present and the attendees introduced themselves for the record.

The Chair explained the purpose of the meeting was for the delegation members to gain a better understanding of how Low Income Pool funds are used in Jacksonville hospitals.

Russ Armistead, CEO of UF Health, explained the uses of the \$95 million that UF Health receives from LIP. The LIP funds cover a multitude of programs and make up approximately 20% of UF Health's total budget. Philip Bryce, Senior Vice President of Baptist Health explained his organization receives \$14 million from LIP. The LIP funds at Baptist Health are primarily used to cover pediatric and rural care. According to Layne Smith, Mayo Clinic only receives \$6,000 from LIP.

After going over the basic LIP numbers it was agreed the loss of LIP funding would have the most detrimental effect on UF Health. Discussion went into UF Health's financial difficulties which are mostly attributed to having a large indigent patient base. In addition to treating a high amount of uninsured or Medicaid coverage patients, UF Health has a low commercial case mix; approximately twice as much Medicaid and half as much commercial compared to other hospitals. Additionally, there is a common perception among the public that since the City of Jacksonville contributes \$26 million annually to UF Health that all of the 140,000 uninsured people of Jacksonville are entitled to receive care at UF Health, but in actuality the funding received from the City is part of a contract that only provides coverage for 12,000 people.

Discussion turned to what would happen in the event of a reduction in LIP funding. UF Health would have to turn to the City of Jacksonville for help to make up for the loss in LIP. Given the unlikelihood of the City being able to provide additional funding, UF Health would have to close its doors within a few months. Other hospitals in the area have made it clear they would not be able to handle the excess patient load as they are already operating at capacity. Members agreed that UF Health shutting down is not an option for Jacksonville.

It was emphasized that the current business model for UF Health is unsustainable. Other safety net hospitals in Florida have special tax districts in their counties which cover the cost of running those hospitals. Given the lack of options for additional financial resources, members pondered

the possibility of using a patient fee in the other area hospitals in order to help UF Health compensate for the potential loss of LIP.

According to Mr. Armistead there are no additional cuts that can be made in the hospital budget without cutting a currently provided service. Not only can no other cuts be tolerated, but UF Health has approximately \$100 million in deferred maintenance. The group discussed options to potentially minimize costs such as closing the community clinics or the trauma center. The hospitals also indicated they generally lose money in the treatment of behavioral and mental health patients. The members suggested this could be an area where the Legislature may be of help as there are multiple pending bills focused on more effective case management for those with mental health issues.

The Chair requested a breakdown of how UF Health draws down the funds it receives from LIP in order to determine how the Legislature might be able to help with gaps in funding.

There being no further business, the meeting adjourned at 7:36 p.m.

Note: A recording of these proceedings is on file in the delegation office, City Hall, Jacksonville, and is available to the public and media. Also a MP3 link is on the delegation website.