

*Board of County Commissioners*

# **Local Provider Participation (LPPF) Fund Rate Resolution**

**July 1, 2025**



# Presentation Outline

- **Introduction**
- **Rate Resolution**
- **Summary**



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# Introduction

- Local Provider Participation Fund Ordinance was approved by the BCC on August 21, 2021.
- Authorizes a non-ad valorem special assessment to be imposed against private for-profit and not-for-profit hospital properties located within Orange County.
- Provides that proceeds be used only to benefit assessed hospital properties through enhanced Medicaid reimbursements for healthcare services provided to Medicaid-eligible population.



# Introduction

- Assessment does not financially impact the County or the County's residents.
- All hospitals must participate.
- Ordinance requires each hospital to sign an indemnification agreement.
- 27 jurisdictions have an LPPF Fund including Hillsborough, Palm Beach, Broward, and Miami-Dade counties.



# Introduction

- Funds are used to fund the match portion of the Directed Payment Program (DPP).
- DPP allows hospitals to receive an increased Medicaid reimbursement rate.
- Current Medicaid reimbursement covers 60% of hospital costs.
- DPP allows hospitals to recover approximately 80% of hospital costs.
- This amounts to over \$280M in additional federal dollars to our hospitals.
- This helps offset the approximately \$470M in uncovered Medicaid costs incurred by local hospitals annually.



# Introduction

- Participating Hospitals
  - Advent Health Orlando
  - Aspire Health Partners
  - Nemours Children's Hospital
  - HCA UCF Lake Nona
  - Orlando Health Central
  - Orlando Health
  - Select Specialty Hospital Orlando
  - Central Florida Behavioral Health
  - University Behavioral Center



# Presentation Outline

- Introduction
- **Proposed Rate Resolution**
- Summary





# Proposed Rate Resolution

- Federal reconciliation bill has changes that will affect the current program.
  - Current DPP program only allows reimbursement up to 100% of Medicaid costs.
  - Some states have received permission to allow reimbursement up to average commercial insurance rates.
  - Florida has applied for a change that would allow reimbursement up to 80% of average commercial insurance reimbursement.
  - If approved, it would bring in additional funding for local hospitals.
  - Increased reimbursement would require hospitals to send up more match funding.



# Proposed Rate Resolution

- Federal reconciliation bill has changes that will affect the current program. (cont.)
  - Proposed reconciliation bill would “freeze” provider taxes at current rates.
  - This means hospitals wouldn’t be able to send up additional match funding to take advantage of the proposed increased reimbursement.
  - Hospitals have approached the county about increasing our current rate before the federal legislation is signed.
  - Other Florida counties are in the process of raising their rates to assist their local hospitals.



# Proposed Rate Resolution

- Proposed assessment is 2.92% of net inpatient revenue and 1.66% gross outpatient revenue for each assessed property identified in the non-ad valorem assessment roll.
- The assessment is projected to result in collections totaling \$582,380,561.
- If CMS approves Florida's preprint later this year without substantive changes, the rates set by this resolution will remain in effect, and the Board will not need to act again until September 2026.
- Comptroller will administer the assessment.
  - Receives \$150K to administer the assessment.



# Proposed Rate Resolution

- Request to modify resolution as stated below to align payment date with final state/federal approval.
- Section 6 (C) The Hospitals shall pay to the County the full assessment promptly upon the passing of this Resolution, ~~but in no event later than December 31, 2024~~ in accordance with Section 7.
- Section 7. Obligation to Make Payment. Institutional Health Care Providers are under no obligation to make payment ~~unless and~~ until the Centers for Medicare & Medicaid Services (CMS) approves Florida's preprint for the hospital directed payment program for the period or periods starting October 1, 2024, and concluding September 30, 2025.



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# Summary

- Timing of rate resolution dictated by potential federal reconciliation bill.
- Shields local hospitals from the freeze and preserves their eligibility for federal funding.
- Uses local hospital funds to maximize federal funding for our community.
- Assessment will only apply to hospitals.
- No cost to County or taxpayer.
- County administrative expenses are built into the program.



# Summary

- Action Requested:

Approval of the Rate Resolution and Assessment Roll for the Local Provider Participation Fund, as Amended.

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