



*Office of*  
**INDIAN RIVER COUNTY  
ATTORNEY**

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Dylan Reingold, County Attorney  
William K. DeBral, Deputy County Attorney  
Susan J. Prado, Assistant County Attorney

**MEMORANDUM**

**TO:** Board of County Commissioners

**FROM:** Dylan Reingold, County Attorney

**DATE:** August 26, 2021

**SUBJECT:** Local Provider Participation Fund (LPPF) Ordinance

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**BACKGROUND.**

Hospitals that provide Medicaid services or other forms of indigent care often fail to receive full compensation for those services, which leaves hospitals with unreimbursed costs. County staff was approached by the Sebastian River Medical Center about establishing a local provider participation fund (LPPF) to assist in covering such unreimbursed costs. See attached letter of support. Since then, on July 1, 2021, Cleveland Clinic of Indian River Hospital wrote expressing support for a LPPF. The letter of support is attached. Under the LPPF ordinance, Indian River County would impose an assessment on real property on which hospitals are located in Indian River County. The funding raised by the assessment would then, through intergovernmental transfers provided consistent with federal guidelines, support additional funding for Medicaid payments to such hospitals to address the Medicaid shortfall. If a LPPF ordinance were adopted, the Indian River County Board of County Commissioners (“Board”) would then adopt an assessment resolution and assessment roll.

Initially, County staff was informed that the deadline to enact a LPPF ordinance was August 1<sup>st</sup>. However, County staff has now been told that the Florida Agency for Health Care Administration (“AHCA”) is allowing flexibility for those counties that have irregular summer meeting schedules. It is our understanding, that several counties have either adopted or are in the process of adopting a LPPF ordinance. Finally, County staff has been informed that state law requires each participating county to send a Letter of Agreement (“LOA”) to AHCA by October 1<sup>st</sup>.

County staff has concerns about the legality of the process. Representatives supporting the enactment of the LPPF ordinance have provided the attached legal guidance in attempt to address such concerns. County staff has no objection to the enactment of a LPPF ordinance, and approval of the corresponding assessment resolution and LOA, so long as all hospitals support the process (see attached email from

Encompass), and the hospitals sign an indemnity agreement or release of claims and that the program does not negatively impact the County's Medicaid contribution.

On August 17, 2021, the Board authorized the County Attorney's Office to move forward with setting a public hearing of September 14, 2021, on the LPPF ordinance, which is attached.

### **FUNDING.**

If the County establishes a LPPF as requested, this would authorize the assessment on real properties that are licensed as a hospital and provide in-patient services. Staff's understanding is that this would currently include three properties within the County: Cleveland Clinic Indian River Hospital, Sebastian River Medical Center, and Encompass Health Rehabilitation Hospital. These assessments would equate to approximately \$8.8 million per year, based upon information provided to the County. The County would collect these assessments and send the funds to AHCA, which would be able to draw down additional Medicaid dollars from the Federal government. The local hospitals would then have the ability to bill for services provided to patients up to double the amount assessed.

### **RECOMMENDATION.**

County staff recommends that the Board open the public hearing, take public comment and then vote whether to approve the Local Provider Participation Fund ordinance.

### **ATTACHMENTS.**

Letter from Daniel Knell, President/Florida Market President, to Chairman Flescher, dated June 17, 2021  
Letter from J. Gregory Rosencrance, MD, FACP, to Chairman Flescher, dated July 1, 2021  
Email from Andrew Wilburn, Statutory & Regulatory Analyst, Reimbursement Department, Encompass Health, to Dylan Reingold, dated August 6, 2021  
Memo on Special Assessments & Medicaid Funding  
Draft LPPF Ordinance