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# PPACA Committee Discussion – Dr. Gruber from Massachusetts and Michael Cannon from the Kato Institute

On Tuesday, January 22, 2013, the Senate Select Committee on the Patient Protection and Affordable Care Act (PPACA) met to hear presentations from top experts on health care, economics and the specifics of PPACA.

Dr. Jonathon Gruber, Professor at the Massachusetts Institute of Technology and Michael Cannon, the director of Health Policy Studies at the Cato Institute both appeared before the committee. Dr. Gruber is a Professor of Economics at MIT. However, he served as Deputy Assistant Secretary for Economic Policy at the Massachusetts Treasury Department from 2003-2006 and was a key architect of Massachusetts' ambitious health reform effort. Michael Cannon is the Cato Institute's director of health policy studies. Previously, he served as a domestic policy analyst for the U.S. Senate Republican Policy Committee.

Each speaker provided differing perspectives on how Florida should implement portions of PPACA. The presentations revolved largely around the establishment of the state insurance exchange. Dr. Gruber stressed that Florida needs to take an active role in the exchange operation. He supported a relationship in which Florida could require the federal government to generate and operate the exchange from an administrative standpoint, while allowing Florida to remain focused on qualifying and regulating health plans that want to participate. Dr. Gruber believes this partnership will place the largest fiscal impact on the federal government, as maintenance and administration of the exchange is likely to be the most expensive portion. This scenario allows the state to ensure Floridian's have access to quality health plans and provides health officials the opportunity to study the nature of health care needs in Florida.

Mr. Cannon held a differing opinion. He believes PPACA "depresses economic activity, eliminates jobs, increases health care costs, makes access to care less secure, increases the burden of government, and traps people in poverty." Mr. Cannon implored the committee to think very hard about outright refusing the PPACA and to support its full repeal. Citing the unrealistic nature of that position, Mr. Cannon strongly recommended the state delay all involvement in exchange operations for at least a year until more rule making, fiscal implications, etc. were clear.

Although no official votes were taken, the presentations promoted productive dialogue between committee members that will certainly continue to shape the debate.

## Comprehensive Ethics Bill Passes First Senate Stop

On Tuesday, January 22, 2013, the Senate Committee on Ethics and Elections unanimously approved SPB 7006 – Ethics. This comprehensive ethics reform bill is in line with both Senate President Gaetz and Speaker Weatherford's pre-session priorities. SPB 7006 will clarify and strengthen several ethics laws. It provides an avenue for those seeking public office to place assets into a blind trust that would shield them from certain conflict of interest issues. The bill creates a "safe harbor" for elected official who use certified public accountants to prepare their financial disclosure filings, and prevents a person who is required to submit financial disclosures from accepting gifts from committees of continuing existence. Furthermore, the bill provides a 30 day window in which an ethics complaint may not be filed against an elected official unless the complaint is based on something other than hearsay. The bill also requires constitutional officers to complete 4 hours of ethics training, extends the lobbying prohibition to legislatures who return to lobby state agencies, and prohibits individuals from obtaining new public employment, getting promotions or salary increase in a public job after being elected to public office. This last provision is designed to prevent dual public employment that may be influenced by a person's elected office.

As originally drafted, the bill only spoke to members of the legislature but a late filed amendment extended the dual employment prohibition to all state and local office holders. Though well intentioned, several issues have been raised about the nature of numerous provisions in the bill. One such area of the bill would grant the Executive Office of the Governor the ability to direct the Ethics Commission to begin an ethics investigation. This same power is extended to FDLE, state attorneys and U.S. Attorneys in the bill. Chair Latvala committed to tweaking and amending the bill as it works through the committee process. Hopefully, some of the concerns raised by the public and members of the committee will be addressed before a floor vote.

## New FRS Proposals Discussed in House Committee on Government Operations

During the January 24, 2013 House Government Operations Committee workshop, draft language that would fundamentally change the Florida Retirement System was discussed. The bill would require all employees who begin employment and join FRS after January 1, 2014 to be placed in a 401(k) style investment plan, as opposed to a traditional defined contribution pension plan. Speaker Weatherford has repeated his concerns about the underfunded pension system as an ever growing financial liability and has vowed to make it a legislative priority. Opposers of the planned changes contend the FRS is a very stable and sustainable system, allowing Florida to provide strong retirement benefits where it can't match the private sector in salaries. Votes were not taken but the conversation will influence potential amendatory language.

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## Medicaid Billing Update – Florida Association of Counties

The Florida Association of Counties (FAC) hosted a statewide conference call this Thursday to discuss Medicaid billing strategy heading into the 2013 Legislative Session. Following SB - 5301 from the 2012 Legislative Session and the subsequent law suits, it is clear that legislative action is needed to address the complications associated with the Agency for Health Care Administration (AHCA) system that bills counties for Medicaid contributions. On Thursday, FAC's Legislative Executive Committee convened via phone conference to consider specific strategies relating to potential Medicaid legislation for the 2013 Session. FAC staff prepared three different legislative approaches or strategies. The first, would streamline, or allow counties to buy-out of, Medicaid billing. Under this approach, counties would no longer receive individual bills for rendered Medicaid services. In lieu of a traditional billing process, an allocation owed by each county would be calculated using a formula that takes into account previous annual Medicaid billings. Paying the projected amount would lessen the administrative and legal burdens of bill disputes and legal challenges. Furthermore, this approach would include a growth rate to account for the growth in the Medicaid population in the coming years. The second approach is aimed at simply fixing the current billing system.

Under the second approach, counties would continue to be financially responsible for 35% of the Medicaid costs associated with inpatient hospitalization stays days 11 to 45 and $55 a month for nursing services. However, the legislation would be crafted to eliminate the errors in the AHCA billing system. The goal would be to modernize or develop a system where double billing and billing for nonresident Medicaid recipients would no longer be a problem. Under a fixed billing system, AHCA and the counties would enjoy confidence in accuracy of the billing process. Both AHCA and the counties would see a significant savings in administrative and legal costs.

The last approach is status quo. While clearly a less desirous option, understanding the implications of the situation is pivotal to the conversation. The counties and AHCA would keep the troublesome billing process in place and continue to provide counties with the opportunity to challenge bills based upon residence and/or other errors.

The Committee voted strongly in favor of exploring the first two options in tandem. Both options have positives and negatives, and the viability of both must be understood. The vote directed FAC staff to continue working and negotiating with AHCA on these potential paths forward.