



CHARLIE CRIST
GOVERNOR

May 24, 2007

Secretary Kurt S. Browning
Secretary of State
R.A. Gray Building
500 S. Bronough Street
Tallahassee, Florida 32399

Dear Secretary Browning:

By the authority vested in me as Governor of Florida, under the provisions of Article III, Section 8, of the Constitution of Florida, I do hereby withhold my approval of and transmit to you with my objections, for Committee Substitute for Senate Bill 1116, enacted during the 39th session of the Legislature, convened under the Constitution of 1968, during the Regular Session of 2007, and entitled:

An act relating to health care...

This bill authorizes several changes to the Medicaid program. Because this program serves the most vulnerable among us, I have carefully scrutinized the changes to the Medicaid budget to ensure that taxpayers' dollars are being spent prudently on services that improve people's lives.

Some of the provisions in this bill are good public policy: allowing older individuals to receive mental health treatment in specialty hospitals; providing hospice services to seniors in the Nursing Home Diversion Waiver; and providing nursing homes adequate rates to care for and protect Florida's seniors. I will work to implement many of these provisions through existing authority and appropriation.

However, this legislation also includes some alarming provisions: the elimination of consumer protections and provider accountability for behavioral health services; the requirement that certain brand name drugs are used instead of more cost-effective generic drugs; provider rate increases above and beyond the \$218 million already given to providers in the 2007 Session; and the delayed implementation of Medicaid reform.

Even more disturbing is the fact that many of these provider-driven provisions were not discussed in an open forum but were, instead, added to the bill at the last minute without a proper public hearing. Our representative democracy demands that legislation which impacts the lives of Florida's most vulnerable citizens be debated in a deliberative and transparent forum.

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More specifically, this bill requires doctors to use more expensive brand name drugs for transplant patients, thereby increasing costs to the Medicaid program by \$500,000 in the first year alone. This legislation would set a precedent for pharmaceutical manufacturers to limit Medicaid's ability to negotiate generic rebates and manage its preferred drug list and impairs competition in the market. This provision directly contravenes the state's laudable goal of containing prescription drug costs.

In addition, this bill requires less accountability in the way some providers spend money. Current law requires behavioral health service providers to spend at least 80% of their Medicaid payments on patient care instead of administrative overhead. If these providers fail to meet this requirement, the state may demand a refund. Under these provisions, the state has collected millions each year in refunds when providers have spent their money on expenses other than patient care. This bill eliminates this very effective tool, thereby obfuscating transparency and accountability in the Medicaid program. I believe that this provision significantly dilutes Medicaid's primary purpose to provide cost effective direct services to Florida's most vulnerable.

Also, this legislation increases Medicaid providers' rates above the ten percent increase (\$218,833,783) already provided by the 2007 Legislature. This additional increase will cost taxpayers an additional \$5 million next year, approximately \$25 million in the second year, and approximately \$43 million in the third year of implementation. These additional rate increases are not justified.

Finally, the bill delays the use of actual cost data when determining rates for behavioral health services. This impedes the implementation of Medicaid reform and appropriate rate setting.

For these reasons, I withhold my approval of Committee Substitute for Senate Bill 1116 and do hereby veto the same.

Sincerely,

A handwritten signature in black ink that reads "Charlie Crist". The signature is written in a cursive, flowing style with a large initial "C".

Charlie Crist

CC/dmm