



RICK SCOTT
GOVERNOR

JUSTIN M. SENIOR
SECRETARY

March 17, 2017

The Honorable Tom Price, M.D.
U.S. Department of Health & Human Services
200 Independence Avenue, S. W.
Washington, DC 20201

Dear Secretary Price:

Thank you for your willingness to hear from Florida on what we need from the U.S. Department of Health & Human Services (HHS) to best care for the most vulnerable people in our state. I appreciate that you and Administrator Verma are empowering states with flexibility to manage our own Medicaid programs based on the needs of the citizens in each state. Our relationship with the previous administration was marred not only by heavy-handed federal regulations and bureaucracy, but by political strong-arming that threatened the very services Floridians already pay federal taxes to receive.

In this letter, I am outlining what Florida needs from the federal government in order to provide higher quality services to our Medicaid population. Below, I have outlined the flexibility we are requesting from HHS to better serve low-income individuals in our state. By granting us these important improvements, you are putting Florida in the position to provide the best services, while making the most efficient use of the taxpayer dollars that fund health care.

Health care decisions made here at the local level will always be more useful and successful than decisions made by the federal government in Washington. Florida can deliver better care in a far more efficient manner. Together, we can put Florida in the position to provide the best Medicaid services – without removing anyone from our current Medicaid program. To accomplish this, we request HHS's support of five key improvements, which include the following:

- A block grant of federal funds as a replacement for Florida's various supplemental payment programs;
- Flexibility to set eligibility criteria and eliminate retroactive eligibility;
- HHS's support to strengthen the relationship between Medicaid beneficiaries and primary care providers;
- HHS's support to eliminate federal requirements that lead to duplicative work at the state and federal level for Medicaid Managed Care rates; and
- HHS to remove the federal administrative burdens placed on the state by the "Access Rule."



CUTTING FEDERAL RED TAPE ON FLORIDA'S MEDICAID PROGRAM

Florida has a number of specific requests it seeks to add to its current 1115 waiver. These include:

- **Florida requests a block grant of federal funds as a replacement for Florida's various supplemental payment programs.** Florida requests a block grant of federal funds as a replacement for its various supplemental payment programs along with annual savings it achieves through its current 1115 waiver. Florida receives significantly less than other states with respect to its current supplemental payment and Low Income Pool programs. Nationally, these supplemental payment programs have built-in inequities that no longer make sense as Florida has grown to become the third most populous state in the nation. Moreover, Florida has consistently saved its taxpayers (and federal taxpayers) money over the course of this decade by focusing on efficiencies to our program while ensuring high-quality outcomes. According to the budget neutrality calculations that apply to Florida's current 1115 waiver, Florida saves taxpayers almost \$4 billion per year, and has saved taxpayers nearly \$20 billion over the last five years. Florida's savings are borne out by the fact that it earns quality scores and consumer satisfaction results that more often than not meet or exceed national averages, and yet it spends considerably less per person on its Medicaid program than the national average. In fact, most of Florida's quality scores are at or above the national average, and consumer satisfaction with Florida's Medicaid health plans is actually significantly higher than in Florida's commercial health plans. The federal government should reward states like Florida that generate significant savings and that spend less per capita than the national average with maximum flexibility to meet the health care needs of the state.
- **Florida requests flexibility regarding retroactive eligibility.** Unlike most other states, Florida has kept its program focused on the most vulnerable persons in its state, including children in low-income families, frail elders, disabled persons, and pregnant women. This focus has already saved the state and federal government billions during this decade. Nevertheless, additional flexibilities hold the potential to save billions more, without changing the program's focus on the most vulnerable and without compromising quality. Specifically, federal rules currently require Florida to provide retroactive eligibility to persons who enroll in the program, sometimes making people eligible for several months prior to the actual date the state found them to be eligible. Florida has to pay the claims during this retroactive period on a fee-for-service basis, and thus pays for uncoordinated and potentially inappropriate utilization of medical services. Florida is therefore requesting that it be allowed to modify retroactive eligibility via a waiver of 42 U.S.C. §1396a(a)(34). Florida estimates that this waiver will save over \$500 million per year without compromising quality of care in any way.
- **Florida requests HHS' support to strengthen the relationship between Medicaid beneficiaries and primary care providers.** Through numerous studies, we know that the best place for Medicaid beneficiaries to receive the highest level of care is through a coordinated relationship with a primary provider. Sporadic visits to the emergency room – especially for non-emergency needs – lead to fragmented care that ultimately

jeopardizes a patient's ability to get the best level of care possible, especially for those patients who suffer from chronic conditions like diabetes and asthma. Florida's initiatives will improve quality and outcomes by discouraging uncoordinated and inappropriate ER visits, and encouraging the creation of strong relationships between true primary care patients and providers.

- **Florida requests HHS eliminate federal requirements that lead to duplicative work at the state level for certified Medicaid rates.** Currently, Florida uses an experienced and qualified actuarial firm to spearhead its health plan rate-setting process. These actuaries certify the state's health plan capitation rates after a rigorous, detailed, and open rate-setting process. Under CMS's new managed care rule, CMS then forces the state to submit its rates to CMS actuaries for review and approval. This unnecessary duplication often takes months. CMS should limit its review to whether or not Florida's rates have been developed and certified by qualified actuaries, and nothing more. Florida will seek a waiver of the provisions of the newly enacted Medicaid managed care rule, along with the statutory provisions that purportedly justify it, to allow the state full discretion to set its managed care rates.

Florida will also seek a waiver from the Medicaid managed care rule to give the state full authority to set its own network adequacy requirements. Florida follows Medicare Advantage Organization network adequacy requirements in its system. Because Medicare has an older and sicker population than Medicaid, these network adequacy requirements suffice. Moreover, network adequacy is generally nothing more than a process measure. If Medicaid enrollees show high levels of satisfaction with their health plans, the health plans achieve high quality scores, and the program overall shows low rates of avoidable hospitalizations and avoidable ER use, then the program provides appropriate access. The current network adequacy rules simply make for an additional, labor-intensive reporting requirement.

- **Florida requests that HHS remove the federal administrative burdens placed on the state by the "Access Rule."** The state requests that CMS waive its recently enacted "Access Rule" for Florida, along with the statutory provision(s) that purportedly justify it. The Access Rule creates massive state and federal administrative burdens and threatens direct federal interference with every state's appropriations and budget processes. While almost all of Florida's Medicaid enrollees receive their services via health plans under contract with the state, Florida does have a few remaining fee-for-service populations. Because of these tiny populations, the federal government compels Florida to comply with the "Access Rule," including its onerous and pointless reporting requirements and its demand for certain proofs from the state prior to enacting fee-for-service rate reductions.

Florida looks forward to working with you and your team on implementing these flexibilities. These measures will allow us to deliver quality health care at an affordable cost which could save an estimated \$830 million taxpayer dollars. But, even more important than savings, with your help to remove the burdensome and even duplicative federal requirements put in place by the previous administration, we can improve services for the neediest in our state, while not cutting a single Medicaid recipient from our program. Access and quality of care will always be best determined, and managed, at the local level.

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Current federal rules and regulations enacted under the Obama Administration create and focus on burdensome administrative processes that grow government and require layers of bureaucracy. The federal rules and regulations, however, do little or nothing with respect to focusing on access, quality or outcomes for the vulnerable populations Florida serves. Granting Florida -- and potentially other states -- these flexibilities will allow the state to focus on consistent access and quality improvement. I am confident that we can make these Medicaid improvements together and further roll back the big-government constraints of Obamacare in Florida.

Thank you for your time and consideration.

Sincerely,

A handwritten signature in dark ink, appearing to read "J. M. Senior", with a stylized flourish at the end.

Justin M. Senior
Secretary