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On Friday, September 3rd, the Florida Legislative Budget Commission (LBC) met in their regularly scheduled meeting to address 16 budget amendments that have occurred outside of the legislative session. The beginning of the meeting highlighted several economic indicators which have continued to improve since the beginning of the COVID-19 pandemic.

2021 Outlook Key Points

- General Revenue Fund collections are expected to grow 4% annually throughout the 3-year forecast period
- Current year reserves are substantial, including an estimated \$7.3 billion of unallocated General Revenue and \$2.7 billion in the Budget Stabilization Fund
- Economy shrank 0.5% in FY 2019/2020, appears to have grown 2.0% in FY 2020/2021
 - Turnaround was led by stronger than anticipated federal stimulus packages plus faster than expected reopening of the economy

Medicaid Expenditures

- FY 2021/2022 (~11% increase) projected 5 million beneficiaries, an increase of over one million recipients since the beginning of the pandemic
- An increase of \$1.2 billion of General Revenue is needed in FY 2022/2023 to fund the state share for the program
- The enhanced FMAP continues through the end of the quarter in which the Public Health Emergency ends. This is currently December 31, 2021. This funding currently mitigates the increase in expenditures within the Medicaid program.

This economic outlook was expected, and as Florida continues to recover, will be very encouraging as negotiations begin for the 2022-2023 State Budget. Increases in Medicaid enrollment will continue to drive the need for additional General Revenue to support the Medicaid program.

In addition to the economic outlook, the Agency for Health Care Administration presented the following budget amendments that will impact funding for hospitals in Florida.

Directed Payment Program

The Agency for Health Care Administration requested \$1.8 billion in budget authority to implement the first year of the Directed Payment Program and placed these funds in reserve. The program will provide a directed payment to hospitals for their Medicaid shortfall on a regional basis. The Agency will submit a budget amendment based on Letters of Agreement received by October 1st, to request the release of the funds from reserve.

This amendment was approved.



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Indirect Medical Education Program (IME)

The Agency for Health Care Administration requested \$500.9 million in budget authority to fund the Indirect Medical Education Program and placed these funds in reserve. The program will cover the ancillary costs associated with residency programs in teaching hospitals. The Agency will work with participating hospitals to collect Letters of Agreement and submit a budget amendment to request the release of funds from reserve.

This amendment was approved.

Disproportionate Share Hospital Program (DSH)

The Agency for Health Care Administration requested an additional \$34 million in budget authority to align with the additional federal allotment available through the American Rescue Plan. The Agency will need to submit a budget amendment to request the release of funds from the reserve. This amendment was approved.

County Health Departments

The Florida Department of Health (DOH) received an additional \$491.5 million in federal funds and has determined that \$263.5 million of those funds would be better utilized in the County Health Departments Trust Fund. The department presented that these resources would support testing, disease investigation, and outreach. This amendment was approved.

Public Health

DOH also requested a budget amendment to utilize a portion of the \$2.3 billion the state received from the federal government for a pandemic response to reduce the number of new cases, provide testing services, build response capacity, improve vaccine rates within targeted communities, and increase media presence to better serve the needs of Floridians for current and future public health needs including:

- Funding related to the COVID-19 response
 - \$355 million towards testing support
 - \$113 million towards medical and support staffing surge
 - \$12 million in media campaigns and community education
- Requests a total of \$480 million in additional budget authority to provide adequate COVID-19 testing statewide, medical and support staffing, and media/education campaigns
- Budget authority of \$384 million will be placed in Unbudgeted Reserve with future budget amendments to be submitted to release funds as needed. This amendment was approved.

FHA will continue to monitor actions around the state budget and any changes that the agencies or legislature seek to make. As always, if you would like more information on this or any issues pertaining to the State budget feel free to reach out to James Miller, Chief Financial Officer or David Mica, Jr. Executive Vice President for Public Affairs.