

Florida Hospital Commission Final Report Brings Mixed News for Public Hospital Districts

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The Florida Commission on Review of Taxpayer Funded Hospital Districts has released its final report, which may be more significant for what it did not recommend than for what it did. The Commission found no pattern of higher or lower quality of care in Florida hospitals based upon public, not-for-profit, or for-profit ownership, and did not recommend that public hospitals be sold to private interests. The Commission did, however, make several recommendations that, if implemented, will be significant to public hospital districts. It may be some time before these recommendations are considered, as there is no sign so far that the Florida Legislature intends to take them up during the current Legislative session.

Among the most significant recommendations was that public hospital districts become “indigent health care districts” with the purpose of funding indigent health care based on local priorities, and not just for the hospitals that the public hospital districts own. The indigent care funds would “follow the patient,” and would not be tied to care received at any particular institution. Currently, most public hospital districts with taxing authority use their tax funds to support the hospitals they own.

Another very significant recommendation was a provision for sunset review of a public hospital district’s taxing authority every eight to 12 years. This would give the voters of the hospital district the opportunity to end the taxing authority of the hospital district by referendum. It raises, however, significant concerns for hospitals that have obtained long-term financing or issued bonds, or that plan to do so, under the assumption that the public hospital district would have the power to levy taxes to support the hospital. While the Commission found that the recommended sunset review “should consider any impacts to the hospital’s ability to obtain financing and access to the bond market,” it did not provide any specifics on how this could be accomplished. The Commission did emphasize, however, that it was not limiting itself to “one size fits all” solutions. So the “sunset review” recommendations, if implemented, might be enacted through special laws applicable to specific hospital districts, rather than through general legislation applicable to all such districts.

Other recommendations related to hospital governance. Many public hospital districts lease or sell their hospitals to private corporations. The Commission recommended that, when this occurs, the membership of the board of the public hospital district should be entirely separate and distinct from that of the board of directors of the private corporation operating the hospital. The purpose of this recommendation is to avoid any conflicts of interests arising from individuals serving on both boards. Additionally, the Committee recommended that hospital boards not include members of the hospital's management team.

Finally, the Commission recommended development of a prospective payment system for the Florida Medicaid program based on diagnosis related groups, analogous to the Medicare prospective payment system.

It remains to be seen whether, and to what extent, these recommendations will be implemented by the Florida Legislature.

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