

Health care reform is coming, but Florida is not cooperating

BY BRIAN BANDELL



While health care providers and insurers are preparing for the many changes of the federal health reform law, the Republican-

dominated state leaders in Tallahassee are resisting it.

There are many signs that Florida leaders and the Obama administration aren't on the same page on health care – and the state's industry and patients could be caught in the middle.

Florida's Office of Attorney General is challenging the reform law in a federal lawsuit. The state Legislature has supported a constitutional amendment to opt out of the individual insurance mandate. The Florida Office of Insurance Regulation is asking for a waiver on some of the health plan reforms. Some members of Gov.-elect Rick Scott's transition team wonder whether the state should accept more eligibility for Medicaid.

Meanwhile, the federal government is holding up the status of Florida's Medicaid reform pilot, which puts enrollees in HMOs, to review the effectiveness of the program.

A harmonious relationship it is not.

"The uncertainty is definitely a challenge for all of us in the industry," said Greg Fischer, senior VP of sales and marketing for AvMed Health Plans, a nonprofit insurer in Miami. "A lot of things are occurring with hundreds of items we have to abide by."

The biggest changes, including mandatory health insurance and insurance exchanges with subsidized premiums, aren't set to take place until 2014. Fischer is concerned that health plans could suffer from "adverse selection" in the first few years. Since the penalty for not having coverage in the first year will only be \$95, he worries that many healthy people will choose to remain uninsured, while most of the sick people sign up. That could cause high medical expenses with not enough healthy members to offset them.

Fischer said he hopes the government revisits the rules to make the mandate meaningful so a broad range of people sign up.

Meanwhile, Florida's political leaders are counting on no mandate. South Florida Hospital and Healthcare Association President Linda Quick said she attended a meeting of Scott's Florida Agency for Health Care Administration transition team, and many members said they don't want the state to participate in insurance reform or Medicaid expansion. One of Scott's appointees asked what would happen if the state dropped Medicaid completely.

Quick told them that some of the health reform changes involve other issues, such as consumer protection and the structure of the health care delivery system, which should not be ignored.

Insurance companies have already gotten the stick of expanded coverage requirements, and they are anxiously awaiting the carrot of a larger membership pool, Quick said. If the individual mandate is defeated, it could cause higher insurance rates, she added.

Fischer said the enhanced benefit requirements, including full coverage of preventive care, will cause premium increases of 0.5



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Miami Jewish Health Systems' Jeffrey Freimark says more Medicare funding helps.

percent to 2 percent at AvMed.

Another benefit change that is having an impact is increasing the annual coverage limit for Medicare to \$1.25 million from \$750,000. Most commercial insurance companies did the same.

Miami Jewish Health Systems CEO Jeffrey Freimark said the old limit caused people who still needed treatment in rehabilitation facilities to go home earlier as their funding would run out. Medicare added free preventive care as a benefit, so that should make more doctors and clinics focus on identifying risks and helping patients get healthier, instead of only reacting to illness, he added.

While the health reform plan calls for a higher allowable income level for Medicaid recipients, many Florida lawmakers are calling for the statewide expansion of the Medicaid reform HMO project. Quick said Scott's transition team appeared to strongly favor this, yet the industry speakers were about evenly split over whether it was a good idea.

There is also talk in Tallahassee of giving doctors who treat Medicaid beneficiaries sovereign immunity to medical malpractice lawsuits. Medicaid is a big concern for Florida medical practices because its reimbursement rates have been reduced and could get even lower next year, said Jeff Kramer a CPA who recently joined the Fort Lauderdale office of accounting firm Goldstein Schechter Koch. Many of his medical group clients are getting squeezed by federal and commercial reimbursement rates that are flat or lower, while expenses are increasing.

Many doctor groups are studying the health reform law that will eventually establish accountable care organizations, Kramer said. These are partnerships among doctors, hospitals and other providers that would share bundled payments for patient care, with the incentives weighed toward keeping the patients healthy. Quick said many of her member hospitals are interested in this, as well.