



Health Care Appropriations Subcommittee

Thursday, December 14, 2023
8:00 AM - 10:00 AM
Morris Hall (17 HOB)

MEETING PACKET

Committee Meeting Notice

HOUSE OF REPRESENTATIVES

Health Care Appropriations Subcommittee

Start Date and Time: Thursday, December 14, 2023 08:00 am
End Date and Time: Thursday, December 14, 2023 10:00 am
Location: Morris Hall (17 HOB)
Duration: 2.00 hrs

Presentation of the Governor's Recommended Budget for Fiscal Year 2024-2025

Presentations by the Agency for Health Care Administration:
Medicaid Achieved Savings Rebate Overview
Canadian Prescription Drug Importation Program Update

For information about attending or testifying at a committee meeting, please see the "Visiting the House" tab at www.myfloridahouse.gov.

NOTICE FINALIZED on 12/07/2023 4:00PM by EHP

**Presentation of the Governor's
Recommended Budget for
Fiscal Year 2024-2025**

FOCUS ON FLORIDA'S FUTURE



FISCAL YEAR 2024-2025



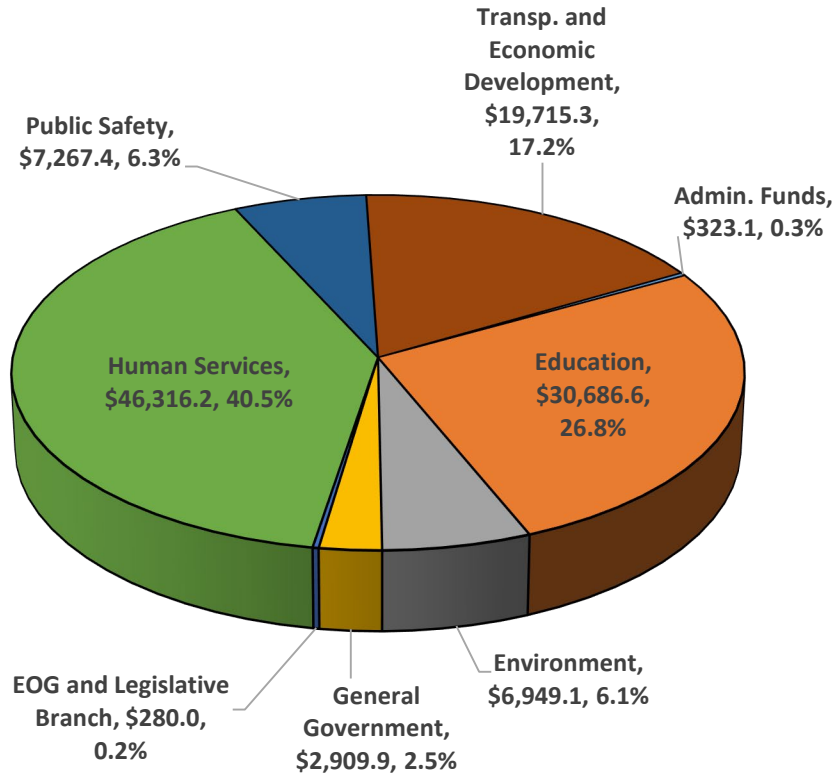
The Governor's Office of Policy and Budget Health and Human Services

- Department of Veterans' Affairs
- Department of Children and Families
- Department of Elder Affairs
- Department of Health
- Agency for Persons with Disabilities
- Agency for Health Care Administration

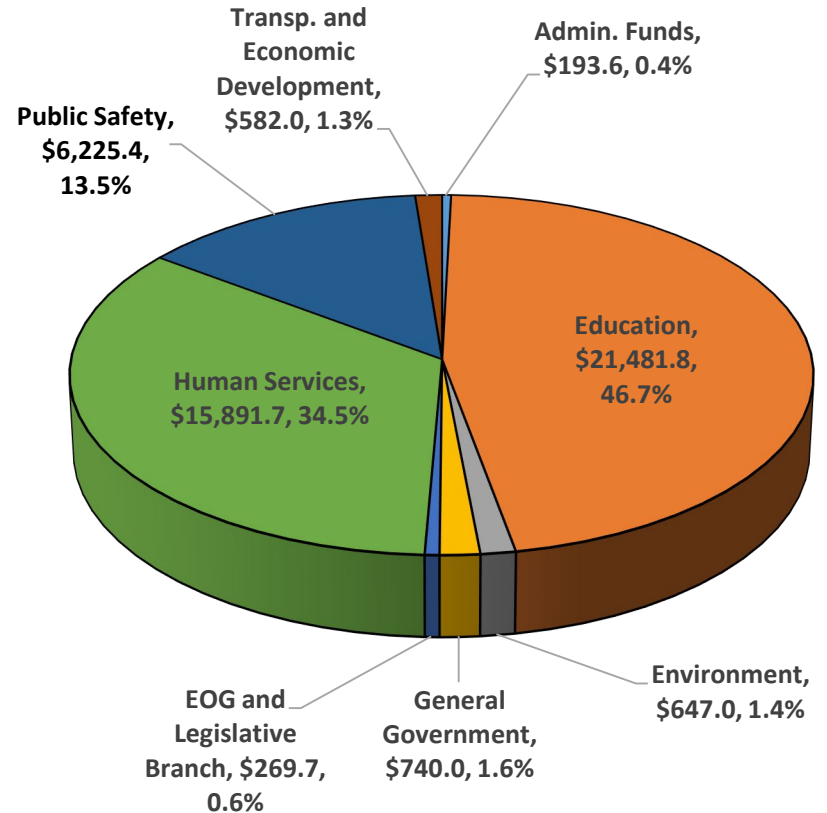


Fiscal Year 2024-2025 Governor's Recommended Budget

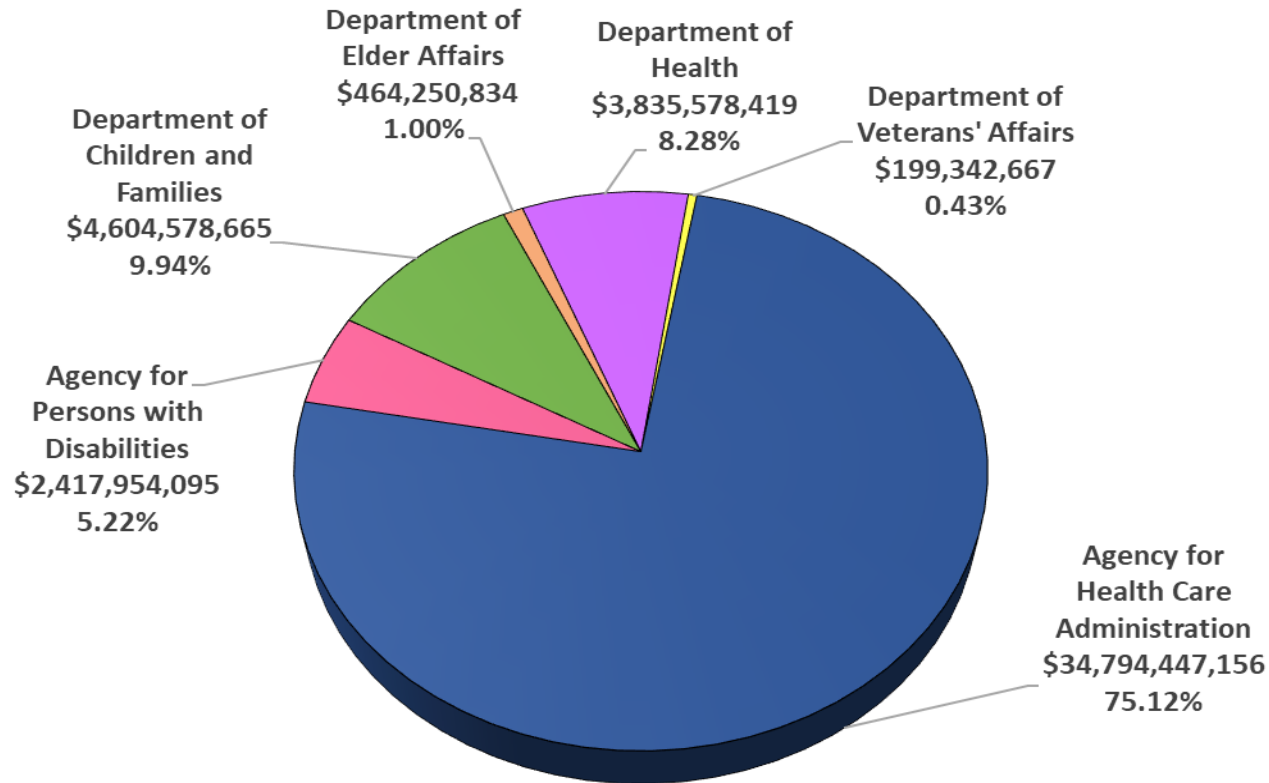
Total Budget
\$114.4 Billion



Total General Revenue
\$46.0 Billion



Governor's Recommended Budget Fiscal Year 2024-2025 Health and Human Services-\$46.3 Billion



FY 2024-2025 Budget – FTE Recommendations

Agency	FY 2023-24 FTE	FY 2024-25 Governor Recommended FTE Reduction	FY 2024-25 Governor Recommended FTE Increase	FY 2024-25 Governor Recommended FTE Net Increase/Decrease	FY 2024-25 FTE Proposed
Health Care Administration	1,543.5	(2.0)	28.0	26.0	1,569.5
Persons with Disabilities	2,753.0	(22.0)	0	(22.0)	2,731.0
Children and Families	12,965.75	(39.75)	34.0	(5.75)	12,960.0
Health	12,879.0	(365.2)	7.0	(358.2)	12,520.8
Elder Affairs	418.0	0	13.0	13.0	431.0
Veterans' Affairs	1,500.0	(25.0)	6.0	(19.0)	1,481.0
Total Unit Agencies	32,059.25	(453.95)	88.0	(365.95)	31,693.3

The Fiscal Year 2024-25 Governor’s Recommended Budget provides for a net reduction of over 1,000 FTE statewide.



Department of Veterans' Affairs

Major Issues Funded	Amount
New Veterans' Nursing Home in Collier County	\$102 Million
Equipment and Capital Improvements	\$8.9 Million
Occupational License Reciprocity	\$1.5 Million
Veterans' Dental Care	\$3 Million
Additional Veterans' Claims Examiners	\$549,348



Department of Children and Families

Major Issues Funded	Amount
Domestic Violence and Child Welfare Services	\$18 Million
Independent Living Support Expansion	\$8.1 Million
Human Trafficking Services and Support	\$6 Million
Opioid Settlement Agreement	\$77.6 Million
Adoption Incentive Expansion	\$9.8 Million
Mobile Response Services	\$11.2 Million

Department of Elder Affairs

Major Issues Funded	Amount
Alzheimer's Disease Initiative	\$6 Million
Community and Home Care for the Elderly	\$15 Million
Florida Alzheimer's Center of Excellence	\$2.1 Million
Public and Professional Guardians	\$1.4 Million



Department of Health

Major Issues Funded	Amount
Florida Cancer Innovation Fund	\$60 Million
Improve Sexually Transmitted Disease Screening	\$5.3 million
Rural Hospital Capital Improvement Grant	\$10 Million
Additional Support for Children's Services	\$13.4 Million
Improve Healthcare Data Quality and Availability	\$18.7 Million



Agency for Persons with Disabilities

Major Issues Funded	Amount
Support for Individuals Served through the iBudget Waiver Program	\$79.6 Million
Dually Diagnosed Pilot Program	\$6.5 Million
Adult Pathways Waiver Development	\$800,000
Provider Rate Increases	\$60.2 Million
Workforce Development Apprenticeship Program	\$709,320
Rural Area of Opportunity Rate Study	\$350,000



Agency for Health Care Administration

Major Issues Funded	Amount
Florida Health Care Connections (FX)	\$153.9 Million
Behavioral Health Redesign	\$8.6 Million
Emergency Operations	\$1.2 Million
Health Transparency	\$3.2 Million
Provider Rate Increases	\$303.4 Million



OFFICE OF POLICY AND BUDGET

Thank You

Brea Gelin

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**Medicaid Achieved Savings
Rebate Overview**



Achieved Savings Rebate Overview

House Healthcare Appropriations Subcommittee

December 14, 2023

What is the Achieved Savings Rebate?

- The Achieved Savings Rebate (also known as ASR) is a profit-sharing mechanism used to share the profit that the Statewide Medicaid Managed Care (SMMC) plans keep.
- The ASRs provide a means to ensure there is a balance between managing state funds and providing financial incentives for the Managed Care Plan to operate in the program.
- The ASR also incentivizes quality by providing a bonus for very high performing plans.



History of the ASR

- With the implementation of the SMMC program in 2013 there was a move towards greater accountability and transparency.
- As part of this, section 409.967(3), F.S., created the ASR, which requires the Managed Care Plans to report specific financial data, audited by an independent certified public accountant, to the Agency.

(3) ACHIEVED SAVINGS REBATE. –

- (a) The agency is responsible for verifying the achieved savings rebate for all Medicaid prepaid plans. To assist the agency, a prepaid plan shall:
1. Submit an annual financial audit conducted by an independent certified public accountant in accordance with general accepted auditing standards to the agency on or before June 1 for preceding year; and
 2. Submit an annual statement prepared in accordance with statutory accounting principles on or before March 1 pursuant to s. 624.424 if the plan is regulated by the Office of Insurance Regulation.
 3. The Agency shall contract with independent certified public accountants to conduct compliance audits for the purpose of auditing financial information, including but not limited to: annual premium review, medical and administrative costs, and income or losses reported by each prepaid plan, in order to determine and validate the achieved savings rebate.

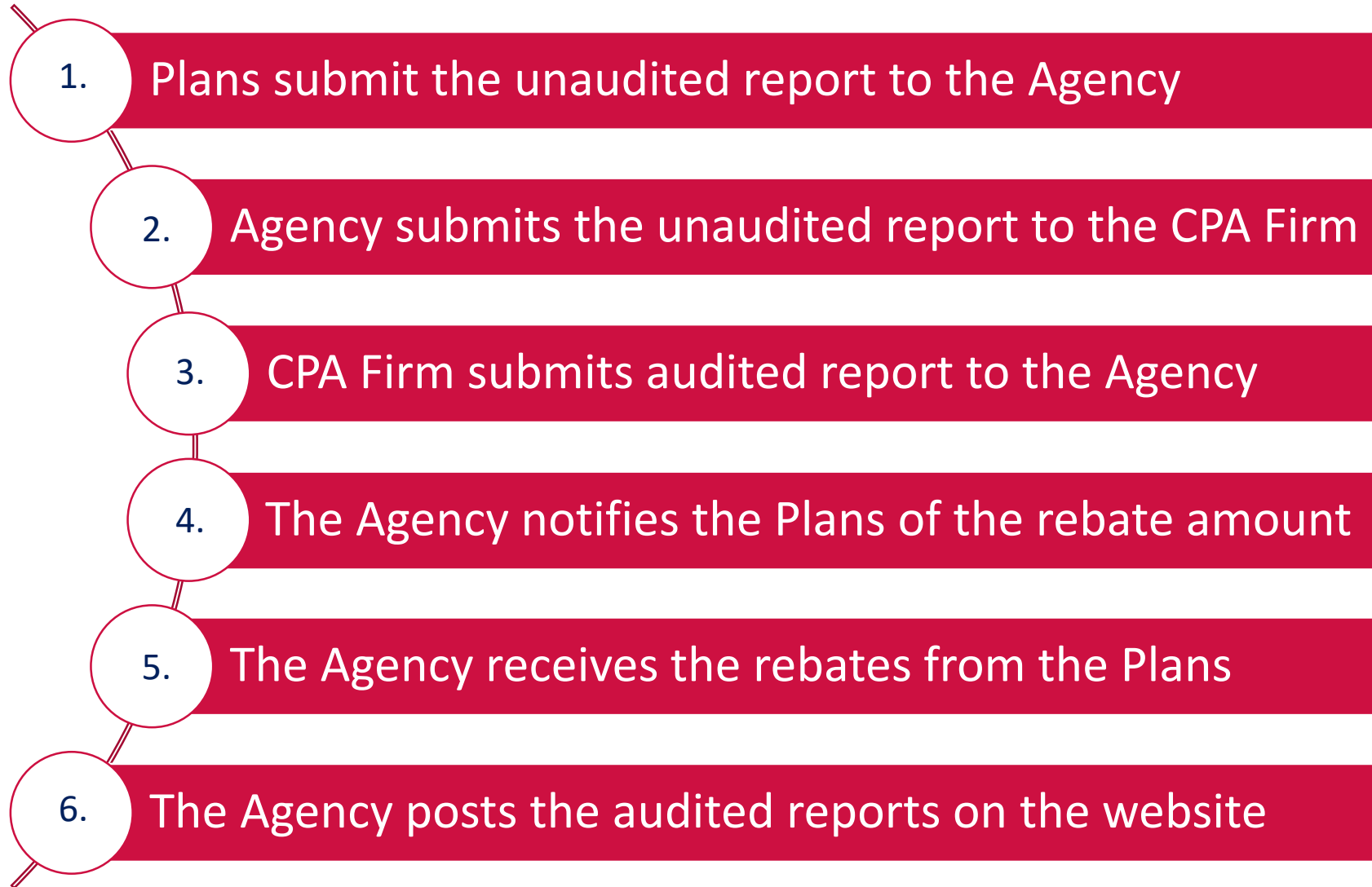


ASR Reporting

- The purpose of the ASR report is to provide the Agency with quarterly and annual ASR Financial Reports that detail the Medicaid Managed Care plan financial operations and performance for the applicable reporting period.
- Following the audit of the annual ASR Report submission, if a plan's operating margin exceeds a certain percent, the plan must return a portion of the profits to the state.
- The Agency has a specific bureau that is responsible for verifying all of the ASRs for the Managed Care Plans.



Annual ASR Report Process



Report Due Dates

Unaudited Quarterly Reports

- Due to the Agency on the 15th of the second month following the end of the reporting quarter, with the exception of the first quarter (Q1).
- Q1 is due to the Agency by June 1st.

Unaudited Annual Reports

- Due to the Agency by May 1st following the end of the reporting calendar year, allowing for ninety (90) calendar days of claims runout.
- The following shall be included:
 - One copy of the annual ASR Financial Report.
 - Actuarial certification of incurred claims.
 - Claim lag template.
 - Certification by the CEO or CFO.

Annual Audited Report from Certified Public Accounting Firm

- Due to the Agency on September 1st



Annual Audit Process

- The Annual ASR Report (but not the Quarterly) is audited.
- The Agency contracts with two certified public accounting firms to conduct performance audits for Annual ASR reports.
- The objective of the performance audit is to determine whether the ASR Financial Reports submitted were prepared in accordance with s. 409.967(3), F.S., and the ASR Financial Report instructions.

The Managed Care Plans:

- Are responsible for paying for the expenses of the audit.

- Must make available to the Agency and the contracted certified public accounting firm all books, accounts, documents, files, and information related to Medicaid transactions.



ASR Calculation

- Per the statute, once the certified public accounting firm completes the audit, an audited report shall be submitted to the Agency attesting to the achieved savings of the Managed Care Plan.
- The ASR is established by determining pretax income as a percentage of revenues and applying the following income share ratios:

100% of income up to, and including, 5% of revenue shall be retained by the plan.

50% of income above 5 percent and up to 10% shall be retained by the plan, and the other 50% refunded to the state the state share is transferred to the General Revenue Fund and the federal share is transferred to the Medical Care Trust Fund.

100% of income above 10 percent of revenue shall be refunded to the state and transferred to the General Revenue Fund and the Medical Care Trust Fund.



After the Audit is Complete

- The Agency provides the Managed Care Plan an ASR rebate result letter.
- The Managed Care Plan has thirty (30) days upon receipt of the letter to send the Agency any amount owed.
- The Agency then deposits the funds into the General Revenue Fund and the Medical Care Trust Fund.



Historical Rebates

Plan	2019	2020	2021	2022
Best Care Assurance d/b/a Vivida	\$ -	\$ 2,976,590	\$ -	\$ 6,329,688*
Children's Medical Services	\$ 127,889,844	\$ 154,974,024	\$ 167,900,007	\$ 77,345,438
Coventry Health Care of Florida, Inc. (Aetna)	\$ -	\$ -	\$ 11,464,229	\$ 20,299,520
Clear Health Alliance and Simply Healthcare Plan	\$ -	\$ -	\$ 48,709,676	\$ 47,977,773
DentaQuest	\$ -	\$ 27,410,468	\$ 18,056,658	\$ 13,309,769
South Florida Community Care Network, LLC d/b/a Community Care Plan	\$ -	\$ 1,226,006	\$ 1,569,032	\$ 1,410,585
Florida Community Care	\$ -	\$ 13,747,431	\$ 2,879,956	\$ 2,837,018
Humana Medical Plan, Inc.	\$ -	\$ -	\$ 6,506,458	\$ 47,830,349
Liberty Dental Plan of Florida, Inc.	\$ 1,409,012	\$ 18,659,295	\$ 6,598,228	\$ 3,312,858
Lighthouse	\$ -	\$ -	N/A	N/A
Florida MHS, Inc. d/b/a Magellan Complete Care	\$ -	\$ -	\$ -	\$ -
Managed Care of North America, Inc.	\$ -	\$ 9,726,356	\$ 6,911,136	\$ 4,261,251
Miami Children's Health Plan, LLC	\$ -	\$ -	N/A	N/A
Molina Healthcare of Florida, Inc.	\$ -	\$ -	\$ 3,041,710	\$ 28,515,978
Florida True Health d/b/a Prestige Health Choice (AmeriHealth Caritas)	\$ -	\$ 3,563,972	\$ 7,611,535	\$ 35,867,562
WellCare of Florida, Inc. d/b/a Staywell Health Plan of Florida	\$ -	\$ 14,776,870	N/A	N/A
Sunshine State Health Plan, Inc.	\$ -	\$ 12,185,934	\$ 10,148,281	\$ -
United Healthcare of Florida, Inc.	\$ -	\$ 15,609,947	\$ 24,954,217	\$ 37,017,804
Total	\$ 129,298,856	\$ 274,856,893	\$ 316,351,121	\$ 326,315,590

2019-2022 Total Amount: \$1,046,822,460

* Amount is not final

Additional Agency Financial Analysis

- The Agency conducts various financial analyses that include, but are not limited to:

Examples of Financial Analyses Conducted	
Financial summary analysis	Incurred but not paid (IBNP) analysis
Monthly capitation payment analysis	Trend reporting analysis
Medical loss ratio (MLR) analysis	Medical loss ratio (MLR) rating group analysis

- The Agency will communicate to the finance executives of the Managed Care Plans and investigate any unusual items identified.



**Canadian Prescription Drug
Importation Program Update**



Florida's Canadian Prescription Drug Importation Program

House Health Care Appropriations Subcommittee

Jason Weida, Secretary

December 14, 2023

In 2003, Congress passed the Medicare Modernization Act



2004

2007

2010

After 16 years of **FEDERAL INACTION**, Governor DeSantis called on the Federal government to Act on Canadian Drug Importation.

2019

MEDICARE MODERNIZATION ACT

- In 2003, Congress passed the Medicare Modernization Act which was signed into law by President George W. Bush
- The Act authorized a wholesaler or pharmacist to import prescription drugs from Canada under certain conditions with HHS approval.
- From 2013-2019, there was no concerted effort at the Federal level to fully implement these provisions.
- In September 2020, HHS Secretary Alex Azar certified that commercial drug importation would not pose a safety risk and would result in savings to the American consumer.



PROGRAM OVERVIEW



**PROGRAM
PURPOSE**



**SELECTED
DRUGS**



**IMPORTATION &
DISTRIBUTION**



**ESTIMATED
SAVINGS**



**NEXT
STEPS**



CS/HB 19 OVERVIEW



- Section 381.02035, F.S, directs the Agency to contract with a vendor to:
 - Develop a Wholesale Prescription Drug Importation List for Agency approval.
 - Consider which prescription drugs will provide the greatest cost savings to state programs.
 - Verify that Canadian suppliers meet all requirements of the program.
 - Contract with eligible Canadian suppliers.
 - Maintain a list of registered importers that participate in the program.
 - Ensure program participant compliance with Title II of the federal Drug Quality and Security Act.





TIMELINE

- In June 2019, Governor DeSantis signed CS/HB 19 (2019-99, L.O.F.) into law, establishing Florida's program.
- In November 2020, the FDA adopted its final rule, allowing states to implement programs by submitting a Section 804 Importation Program (SIP).
- In November 2020, Florida became the first state to submit a SIP proposal.
- In December 2020, AHCA contracted with LifeScience Logistics to support program operations.
- In May 2021, Governor DeSantis announced that the state's importation facility was licensed by DBPR and called on the FDA to approve Florida's SIP.





TIMELINE

- In July 2021, President Biden directed the FDA to work with all states on drug importation.
- In March 2022, the FDA held a multi-state call and provided guidance for the first time on how to complete a SIP proposal.
- In August 2022, the State of Florida filed a lawsuit against the FDA for violations of the Administrative Procedures Act.
- In November 2022, the FDA sent a Request for Information (RFI) letter to Florida. AHCA completed the revisions and resubmitted the SIP proposal in April 2023.
- The FDA committed to making a decision on Florida's SIP by October 31, 2023.





TIMELINE

- In August 2023, the FDA sent another RFI, indicating new requirements not previously stated in any other FDA rule or publication.
 - The FDA and AHCA agreed to postpone the deadline for a decision to December 19, 2023.
- AHCA made the necessary revisions and resubmitted in October 2023. During that month, AHCA staff met with the Canadian Embassy to provide an overview and update on the program.





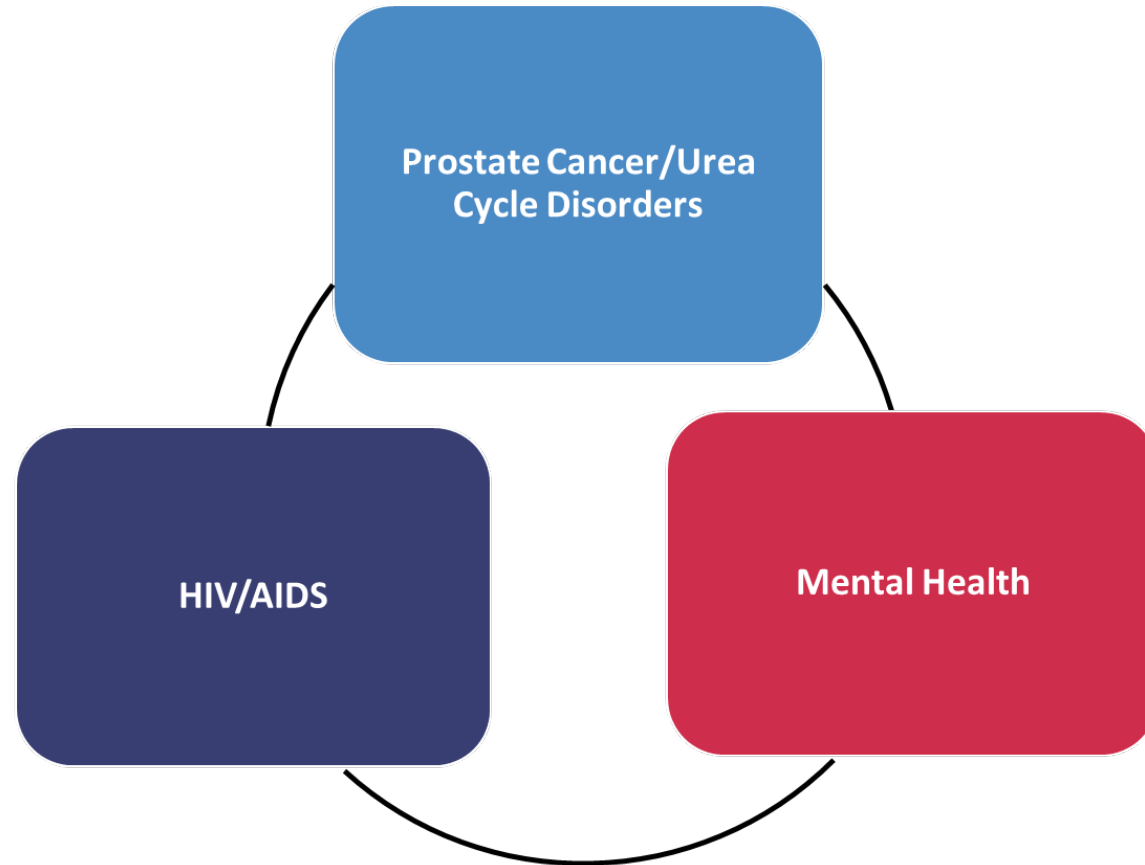
HOW ARE DRUGS SELECTED?

- The Agency selected the Wholesale Prescription Drug Importation List based on:
 - Unit cost for Florida Medicaid and the participating State agencies, including rebates
 - Utilization during Federal Fiscal Year 2021-2022
 - Having a Health Canada-approved equivalent
 - Available pricing from Canadian manufacturers
 - Not excluded in FDA's Final Rule
- The SIP can be updated throughout the program as additional drugs are identified for importation.





WHAT DRUGS WILL FLORIDA IMPORT?





DRUGS INELIGIBLE FOR IMPORTATION

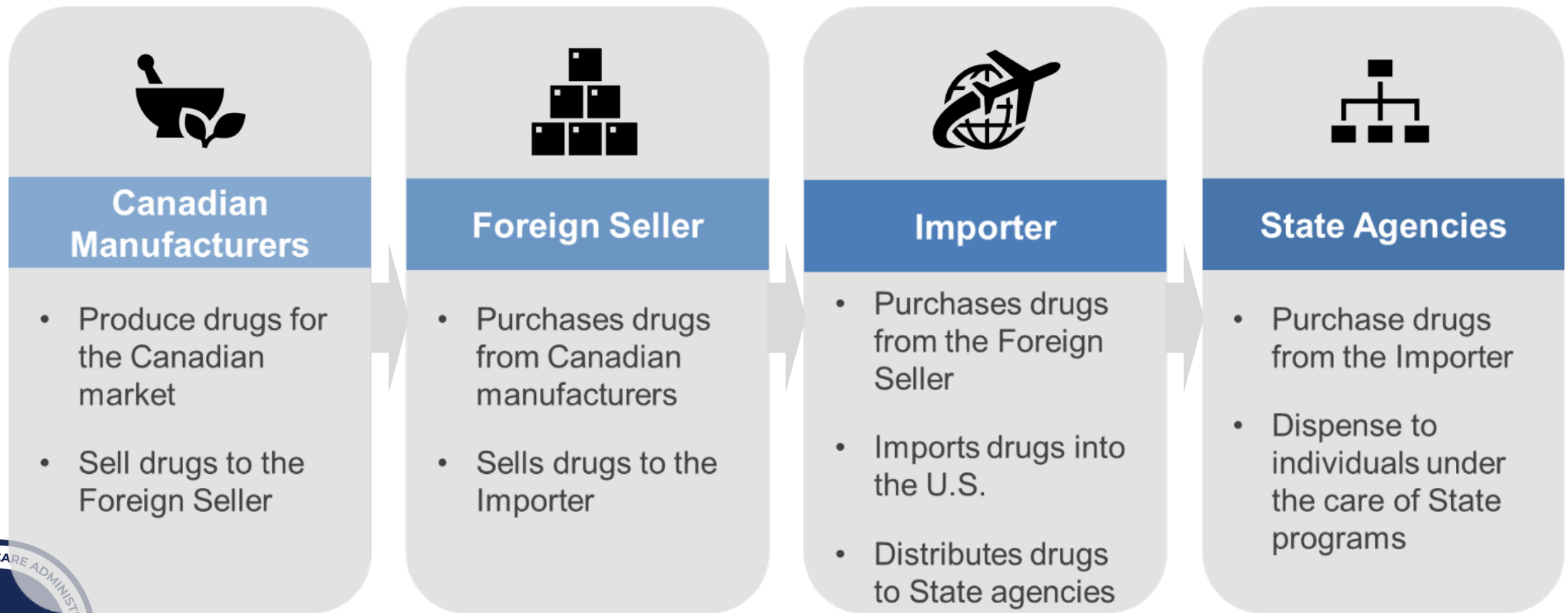
- Both federal and Florida law prohibits the following drug classes from importation:
 - Controlled substances (e.g., opioids)
 - Biological products (e.g., insulin)
 - Injectables (e.g., epinephrine)
 - Infused drugs and drugs inhaled during surgery
 - High risk drugs* (e.g., retinoids)
- The FDA's relabeling requirements also prohibit drugs based on packaging.
 - This includes those contained in blister packs or any other package type that requires breaching to relabel (e.g., inhalers).



*Drugs sold under any Risk Evaluation and Mitigation Strategies (REMS) programs



IMPORTATION PROCESS OVERVIEW





FOREIGN SELLER & IMPORTER

- The Foreign Seller is a Canadian wholesaler that purchases prescription drugs from Canadian manufacturers.
 - The FDA requires all importation programs to have a Foreign Seller.
- In April 2021, Methapharm, a Fort Lauderdale based company, was selected as the state's foreign seller.
- The Importer is responsible for shipping Canadian prescription drugs into the U.S. and distributing them to State agencies.
 - The State's distribution and supply chain vendor, LifeScience Logistics, will also serve as the Importer.



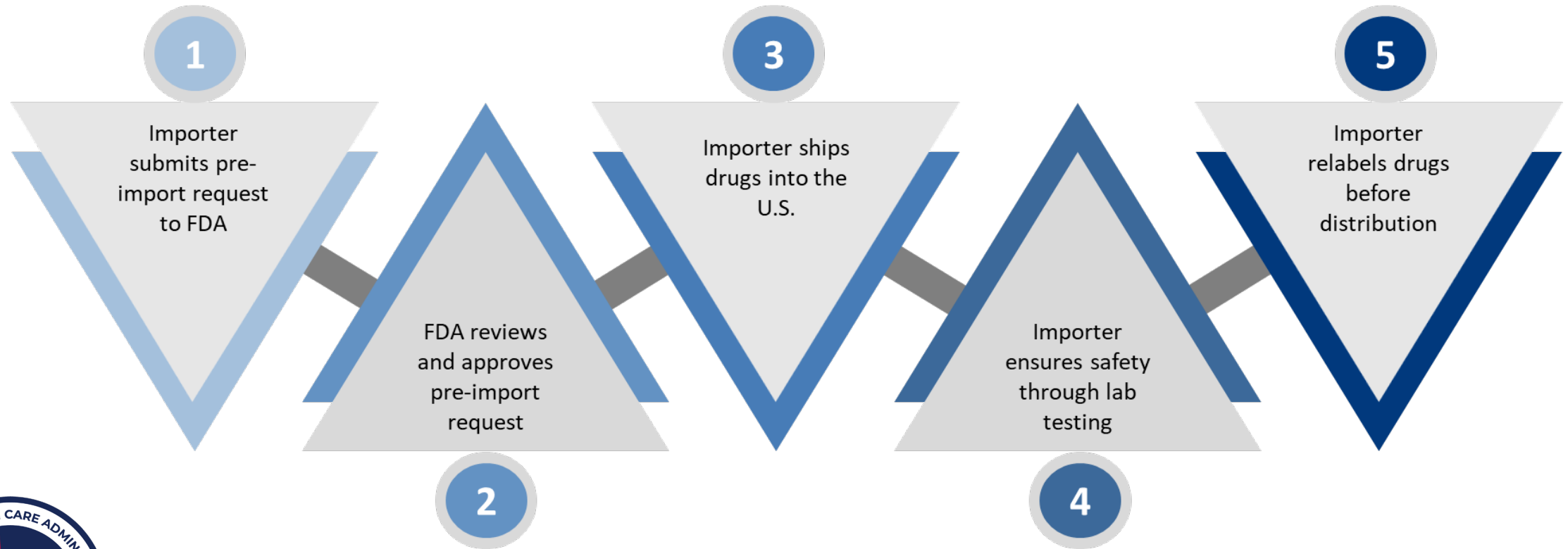


AGENCY PARTNERS





IMPORTATION PROCESS





STATE AGENCY ORDERING





DISTRIBUTION WAREHOUSE





ESTIMATED SAVINGS

- The State can expect to save up to \$183 million in the first full year alone.
- Estimate based on agency utilization, cost per prescription, and any rebates/discounts.
- This is contingent on the Importer negotiating prices at or below the price Canadians pay retail for a specific drug.
- The \$183 million estimate may vary following implementation due to fluctuations in prescription drug pricing, additional drugs identified as importation candidates, rebates secured, and availability of supply.



LOWER PRESCRIPTION COSTS

FOR FLORIDA

