



THE FLORIDA SENATE

Tallahassee, Florida 32399-1100

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Affordable Care Act, *Vice Chair*

SENATOR ELEANOR SOBEL
33rd District

Introduction

Chairman Lankford, Chairman Jordan, Ranking Member Speier, Ranking Member Cartwright, and members of the Committee, thank you for extending me an invitation to testify on the "Federal Implementation of Obamacare: Concerns of State Governments." I am excited and eager to elucidate the problems we have encountered and addressing opposition to the implementation of the Affordable Care Act in Florida.

My name is Eleanor Sobel and I represent the 33rd District in the Florida Senate. I was first elected to the Florida Senate in 2008, and I serve as Chairwoman of the Florida Senate Children, Families, and Elder Affairs Committee. I also serve as the Vice Chair of the Florida Senate Ethics and Elections Committee, Vice Chair of the Florida Senate Health Policy Committee, Vice Chair on Senate Select Committee for Affordable Health Care, as well as the delegate to the National Conference of State Legislatures (NCSL).

I wish I could be here with better news; news telling you that the State Legislature managed to put partisan politics aside and expand coverage to millions of uninsured individuals. Unfortunately, as you may know, this is not the case. Regular session concluded with the legislature being unable to compromise on a bill to expand coverage.

Medicaid Expansion Would Have Provided Coverage to Millions of Currently Uninsured Floridians

According to the Georgetown Health Policy Institute's Center for Children and Families, expanding Medicaid in Florida to cover individuals making up to 133% of the Federal poverty line would provide coverage to an estimated 800,000 to 1,295,000 uninsured adults and children in Florida.¹ As of 2011, 11.9% of children in Florida were uninsured, and Florida was ranked 48th in the nation in children without health insurance.² The refusal by the House to implement key provisions of the ACA in Florida will leave 1 million uninsured people and \$51.3 billion of our taxes on the table. We will continue the righteous struggle to help hard working uninsured families obtain health coverage. I believe we have a moral responsibility to seize this opportunity, for the good of the neediest individuals in our state.

¹ George Town University, Florida's Medicaid Choice: Understanding the implications of Supreme Court Ruling on Affordable Health Care Act, <http://hpi.georgetown.edu/floridamedicaid/pdfs/florida-medicaid-choice-nov-2012.pdf>.

² George Town University Health Policy Institute. Uninsured Children 2009-2011 Charting the Nation's Progress, <http://ccf.georgetown.edu/wp-content/uploads/2012/10/Uninsured-Children-2009-2011.pdf>.

Florida was also ranked 50th in the percent of uninsured adults in the state in 2011, with 29.5% of adults uninsured, compared to a national average of 21%.³ It is simply unacceptable for us to sit back and do nothing when we have a golden opportunity before us to help correct this problem.

Medicaid Expansion Would Have Been a Boon for Florida's Economy

Medicaid expansion was, financially, a phenomenal deal for Florida. The Federal government would cover 100% of the expenses from 2014 – 2016 and then 90% of the expenses for the following seven years. On top of that, current estimates show that Medicaid expansion would have provided an \$8.9 million boost to the state economy.⁴ Additionally, the implementation of subsidized health insurance through the healthcare exchange would have created the need for tens of thousands of jobs in the healthcare industry in Florida.

Instead of the significant financial and human benefits that would have accrued to our state, the Floridian economy will suffer a great detriment.

Unless we do something to expand coverage to more individuals through Medicaid or a similar plan, Florida's hospitals will suffer a crushing blow. Disproportionate Share Hospital (DSH) funding will be cut by \$1.2 billion over the next 10 years, and without Medicaid expansion, hospitals will endure huge losses because those who would have gained coverage under expansion will not and hospitals will have significantly less funding to cover treatment for these individuals.⁵

Despite these facts, the Florida Legislature decided not to move ahead with the expansion of Medicaid

Despite this great offer, at the conclusion of the Senate Select Committee on the implementation of the Affordable Care Act, it was clear that the Legislature was not going to be moving forward with traditional Medicaid expansion. The members of the committee disagreed regarding the wisdom of expanding what some legislators thought was an already overburdened and inefficient Medicaid system. Although there are improvements to be made, this to me was not a good enough reason to deny health care to over 1.2 million people.

However, Senator Joe Negron, a Republican senator from Palm Beach and St. Lucie counties, proposed SB 1816. This bill would have drawn down the \$51.3 billion dollars

³ Select Committee on Patient Protection and Affordable Care Act,
http://www.flsenate.gov/PublishedContent/Committees/2012-2014/SPPA/MeetingRecords/MeetingPacket_2026.pdf

⁴ Families USA, Report: Expanding Medicaid Would Give a Boost to Florida's Economy(2012),
<http://www.familiesusa.org/resources/newsroom/press-releases/2013-press-releases/fl-expand-medicaid-benefits.html>

⁵ NASMHPD, The Interplay between Medicaid DSH Payment Cuts, the IMD exclusion and the ACA Medicaid Expansion Program: Impacts on State Public Mental Health Services,
http://www.nasmhpd.org/docs/publications/TheDSHInterplay04_26_13WebsiteFINAL.pdf

in federal funds over the next decade to our state and would have similarly provided coverage to uninsured up to 138% the poverty line.⁶ The main difference between Sen. Negron's plan and Medicaid expansion is that coverage would be offered to uninsured individuals through private managed care companies, rather than through the state's Medicaid system. Under this plan, the State would have had to ask the Federal government for a waiver. Considering that the state just received a conditional waiver to use managed care to overhaul Medicaid, it is feasible to assume that the Federal government would have granted the waiver for Sen. Negron's plan, especially because it would have covered the targeted number of uninsured. Under Senator Negron's plan, just as under traditional Medicaid expansion, 205,000 uninsured would be covered in Miami-Dade, 97,000 in Broward and 87,000 in Palm Beach.

The Remaining Alternative Plans are Toothless as They Will Not Provide Sufficient Coverage and Financial Subsidies

Senator Aaron Bean of Jacksonville introduced an alternate plan, SB 1844 which would not have drawn down any federal dollars, and would not really provide coverage. It would create a health savings account for adults with family incomes at or below 100% the poverty line. The State would contribute \$10 a month to the account. This would not provide coverage of any kind. Individuals would be required to pay \$20 each month to remain enrolled and would have to pay 100% of health insurance costs above the \$30. It is estimated that only 60,000 would benefit from this plan.⁷

SB 1844 would cost the state up to an additional 130 million dollars in exchange for no additional coverage over the next decade and would not take advantage of federal funds which we already contribute to via our income taxes.⁸

The House also proposed a plan whereby individuals would pay \$25 a month in return for \$167 per month contribution toward health insurance. Enrollees would be required to pay 100% of health costs above the \$167. We all know that \$167 dollars would not get anyone far at all considering today's rising health care costs.⁹

What's more, the coverage provided would be bare bones coverage. With this plan the state would not draw down any federal dollars, and would thus miss out on the opportunity to use the \$51.3 billion to cover more people. Only an expected 115,700 people would be likely to participate in the program with the Houses' plan.¹⁰

⁶ Florida's Children Council, End of Session Report, May 6, 2013, http://citrusalliance.org/uploads/FLChildrensCouncilNewsletterFinalfor_Session.pdf.

⁷ FL Senate Appropriations Bill Analysis , April 2013, <http://www.flsenate.gov/Session/Bill/2013/1844/Analyses/RzkYvGnTMD24mFiH7D9NzFZ5Yic=%7C14/Public/Bills/1800-1899/1844/Analysis/2013s1844.ap.PDF>

⁸ Florida Children's Council, April 2013, <http://flchildrenscouncil.org/newsletters/week-7-2/>.

⁹ *Id.* at 3

¹⁰ *Id.* at 4

The House plan would cost the state up to 2.3 Billion dollars over the next decade whereas Sen. Negron's plan would cost the state only 3.1 billion, while covering 10 times more individuals than the House plan.

The Senate, in its wisdom, approved Sen. Negron's plan because it would have covered the desired amount of uninsured while safe guarding the state from incurring liabilities from the federal government.

Unfortunately the Florida House, divided along party lines, did not support the plan. Only Representative Mike Fasano of Pasco County broke party lines and introduced an amendment, supported by House Democrats, to the Houses' health care bill that would have included Sen. Negron's proposal. Unfortunately the amendment was defeated.

Where do We Go From Here?

Since the Senate and the House could not agree on a plan to expand coverage the question is what do we do now?

The only answer is that we must do something to assist those unable to obtain coverage. With hospitals losing funding and with the individual mandate debuting in January 2014, Florida, employers, and individuals will be hard-pressed to comply with the federal mandate. The federal incentives and waivers are not going to be sufficient to cover the millions of uninsured.

The Florida Senate supports a version of expansion that would cover 1.2 million of Florida's uninsured. We must convince our colleagues in the Florida House that expansion is what is best for our State and its most vulnerable residents.

As a state we are better than this. We are better than letting millions of Floridians continue without coverage when we have an incredible offer from the Federal government available to provide that coverage at a bargain price for Florida.

We are better than continuing on as the 48th state in terms of providing healthcare to children. We are better than allowing our state hospitals to take a massive financial hit when a viable solution to the problem is readily available.

I vow to continue working with the Governor, and my colleagues on both sides of the aisle in the House and Senate to achieve a compromise.

Since session has ended, the Senate President Don Gaetz has reached out to U.S. Secretary of Health and Human Services Kathleen Sebelius in hopes of getting some kind of waiver. However, the House has not agreed to participate in this endeavor. In addition, with the ramping up of the exchanges there has been a concerted effort to

sandbag enrollment education via healthcare navigators, with non-existent HIPAA violations as the purported reason. Finally, insurance rates on the exchange will not be negotiated, and will instead be subject to a cloudy “reasonableness” standard. The Florida Insurance Commissioner has his hands tied and the citizens of Florida who desperately need health coverage have instead become political fodder.

Conclusion

Thank you Chairman Lankford and Chairman Jordan for giving me the chance to expound upon the issues my state faces in the implementation of the ACA. I have high hopes that we will be able to find a common ground and not lose sight of the true objective, which is providing affordable healthcare to everyone.