

# ADDRESSING THE SHORTFALL IN MEDICAID PAYMENT TO HOSPITAL

## Hospital Reimbursements through the Directed Payment Program (DPP)

Hospitals in Florida are reimbursed less than **\$.60 on the dollar** of cost for care provided to Medicaid patients. Medicaid reimbursements to Florida Hospitals account for **less than 4% of the overall State General Revenue budget**.

To address the Medicaid shortfall to hospitals, the *Directed Payment Program* was approved by the Florida legislature in 2021. This program is intended to address the shortfall to hospitals by collecting Intergovernmental Transfers (IGTs) and Local Provider Assessments (LPA) to draw down Federal Medicaid Matching dollars. The estimated dollar amount for year 2 of the program is \$2.4 billion.

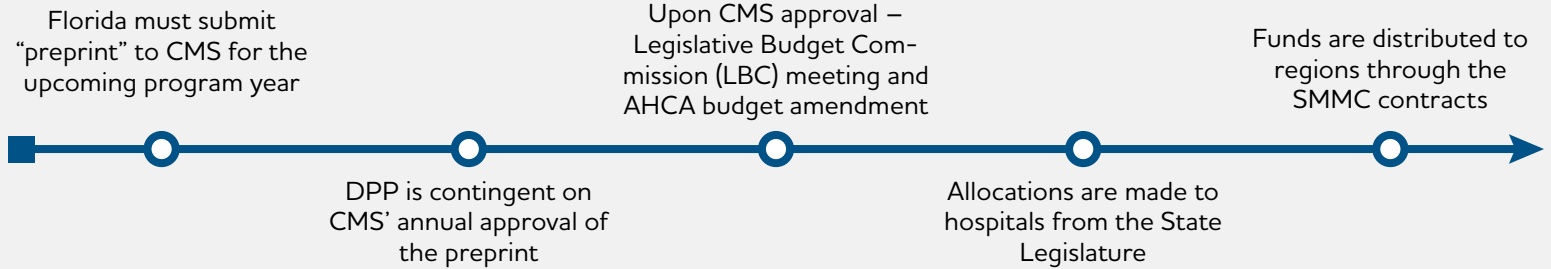


PAY

SHORTFALL

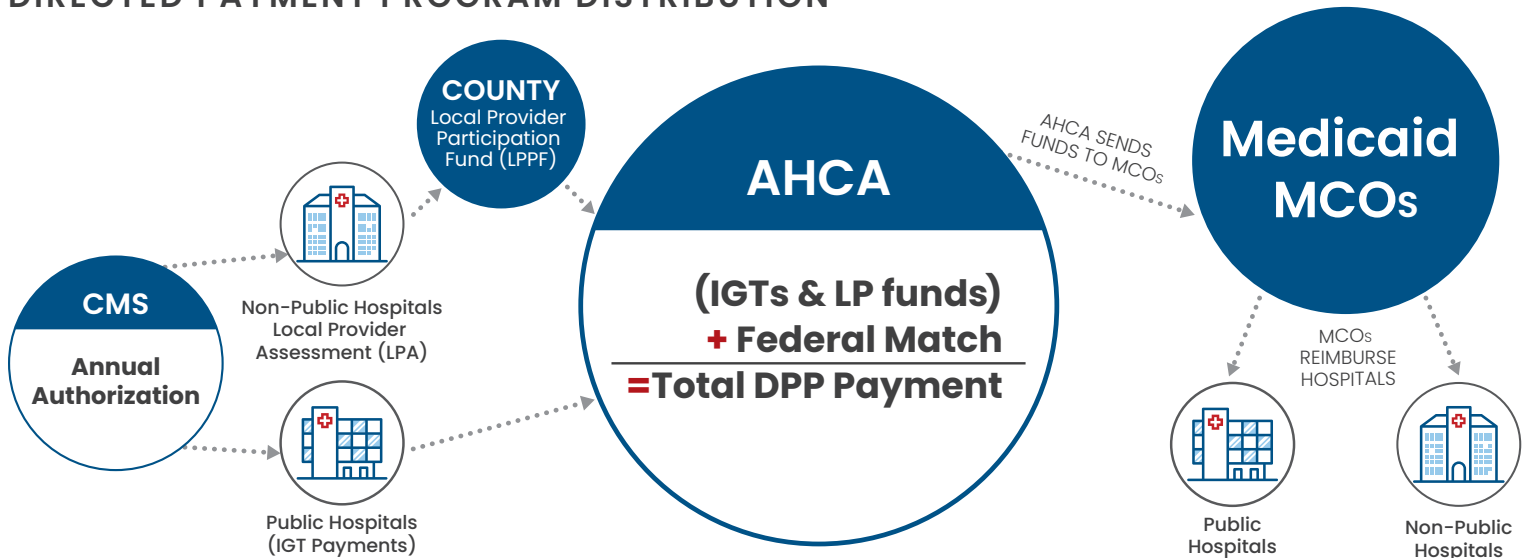
$$\begin{aligned} & \text{Hospital Cost} \\ - & \text{Medicaid hospital Reimbursement} \\ \hline = & \text{Hospital Medicaid Shortfall} \end{aligned}$$

## CMS APPROVAL TIMELINE



Hospitals and health care systems experience challenges crafting their budgets when this process is delayed or unclear. Efforts should be focused on transparency and meeting deadlines to ensure these payments are timely made.

## DIRECTED PAYMENT PROGRAM DISTRIBUTION



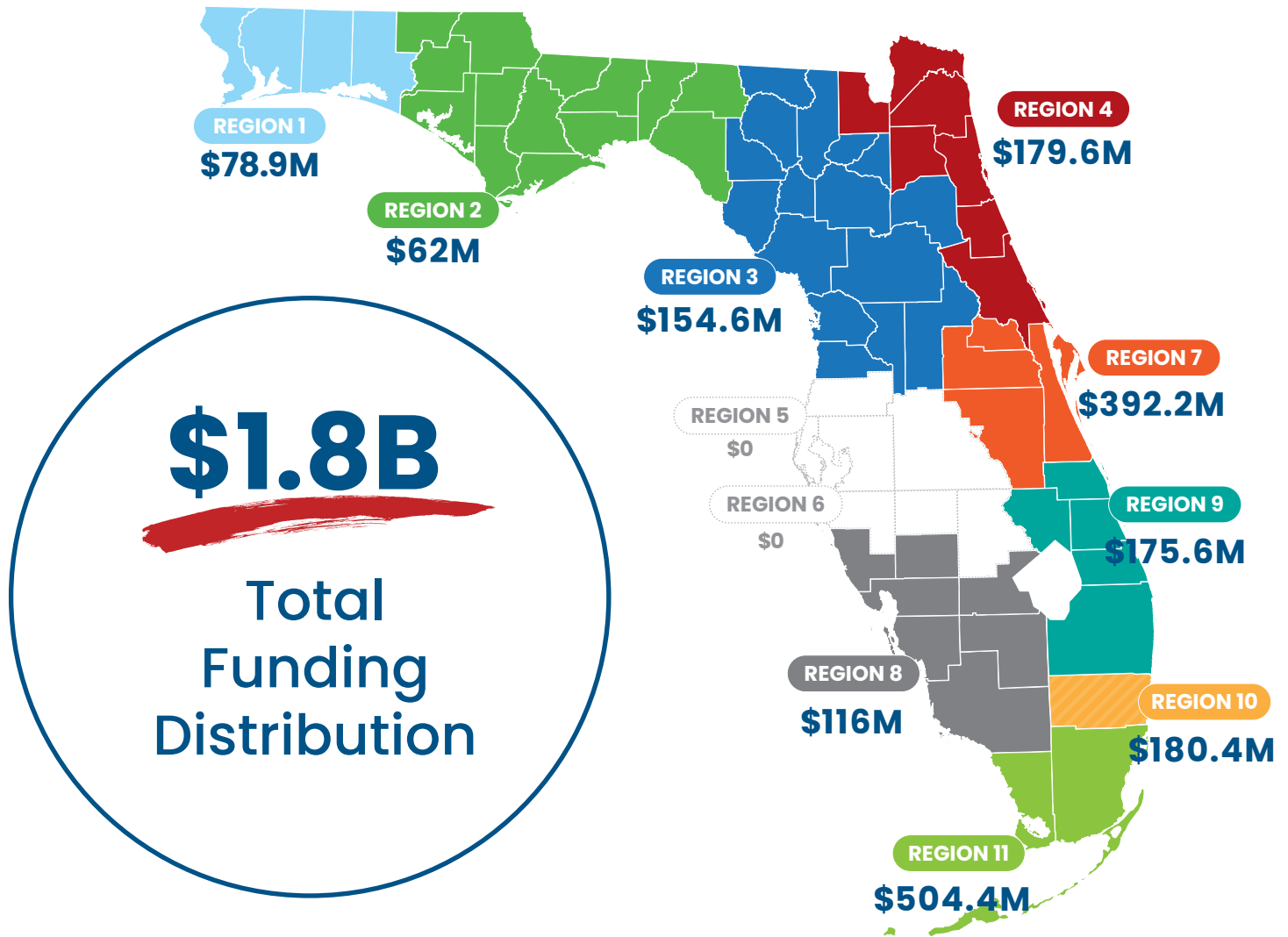
306 E COLLEGE AVE  
TALLAHASSEE, FL 32301

850.222.9800  
VISIT FHA.ORG



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## TOTAL FUNDING DISTRIBUTION



## KEY TAKEAWAYS

- ✓ DPP is **NOT** a substitute for General Revenue
- ✓ DPP **DOES NOT** replace other supplemental payment programs
- ✓ DPP closes the gap on the shortfall; it is a solution to help address the funding gap between hospital medicaid patient costs and Medicaid reimbursements for those patients
- ✓ DPP is contingent on annual CMS approval. Delays from the federal government impact states' ability to provide critical reimbursements to hospitals for care provided to Medicaid patients