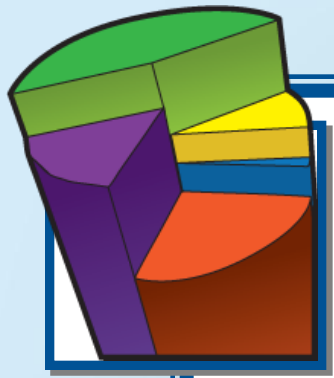


Medicaid Update

May 8, 2012

Outline

- **General Fund Forecast in February**
- **Medicaid Update**
- **Revised General Fund Forecast**
- **Strategic Choices**
- **Budget Timeline**



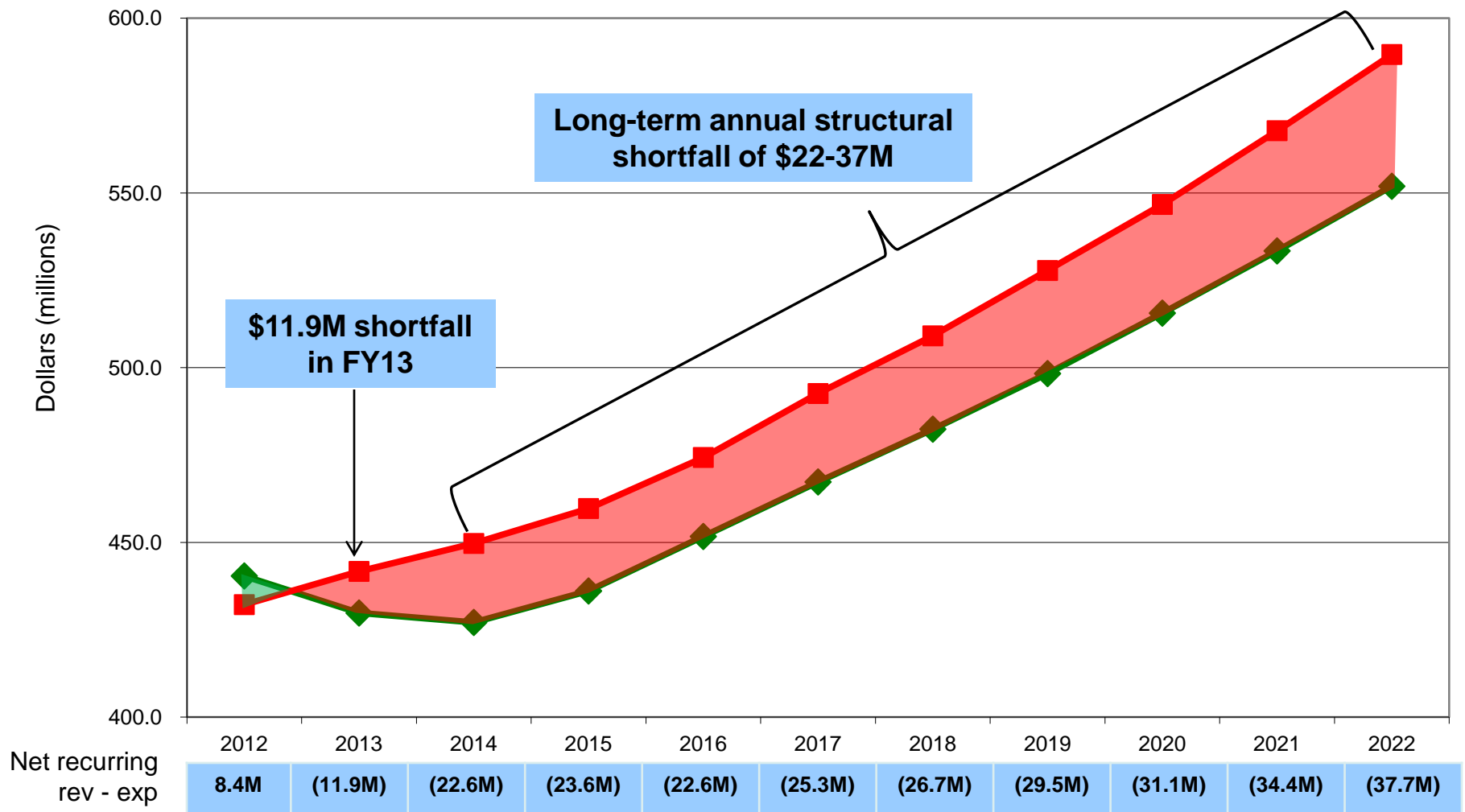
General Fund Forecast in February

General Fund Forecast in February

- Fund is not balanced beginning in FY2013
 - ❑ Assumes no increase in millage rate
 - ❑ Projected \$11.9M shortfall for FY2013
 - ❑ Long-term annual structural shortfall of \$22-37M



General Fund Forecast in February



Citizens' Guide
to the Budget

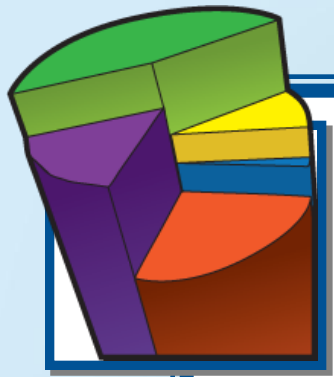
Revenue Expenditures

Slide presented at February 7th BCC meeting

Previously Identified Potential Impacts to the Forecast

- Timing for recovery of property values
- November, 2012 state-wide referendum on three proposed property tax exemptions
 - Reduce cap on the annual change in taxable values for non-homesteaded property from 10% to 5%
 - Eliminate the “Recapture Rule” and prevent the assessed value of a property from increasing when its market value declines
 - Homestead exemption of 50% of market value to homeowners who have not had a homestead exemption in Florida in the previous 3 years
- Double-dip recession
- Compensation issues
- Medicaid payments to the State





Medicaid Update

Medicaid Update

- Pinellas County is billed by the State for Medicaid expenses
- The County pays the State for in-patient hospital care for days 11 through 45



Medicaid Update

- **House Bill 5301 shifted significant additional Medicaid costs to Florida counties**
 - Unfunded mandate
- **Mandated contribution will increase due to:**
 - Outstanding billings from 2001 to 2012
 - Front loaded in the first five years
 - Counties' share of cost deducted from Revenue-Sharing revenue
 - New methodology
 - Burden of proof of residency lies with the counties
 - Counties' share of cost deducted from Half-Cent Sales Tax revenue

Medicaid Update

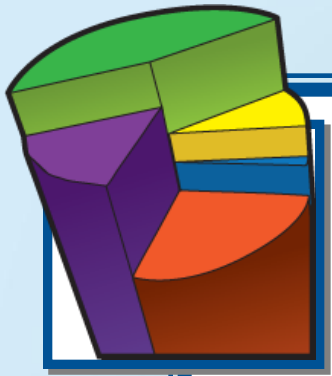
- Impact over forecast period is \$68.9M
- FY2012 impact is \$4.8M
 - Deductions from the Half-Cent Sales Tax revenue will begin as of May, 2012

Medicaid Update

- Analysis assumes Pinellas County will petition the State for a review of the charges
- If Pinellas County does not pursue this option, the State will reduce the backlog amount of \$28M to 85% of the total
 - Would result in \$4.2M less impact over forecast period
 - Total impact would still be \$64.7M

Medicaid Update

- **Suit against new Medicaid billing law**
 - **Florida Association of Counties (FAC) in partnership with 47 counties**
 - **Suit claims that new law violates:**
 - **Two sections of the unfunded mandates provision of the Florida Constitution**
 - **Invalid by requiring payment on disputed bills older than records retention requirement (four years)**



Revised General Fund Forecast

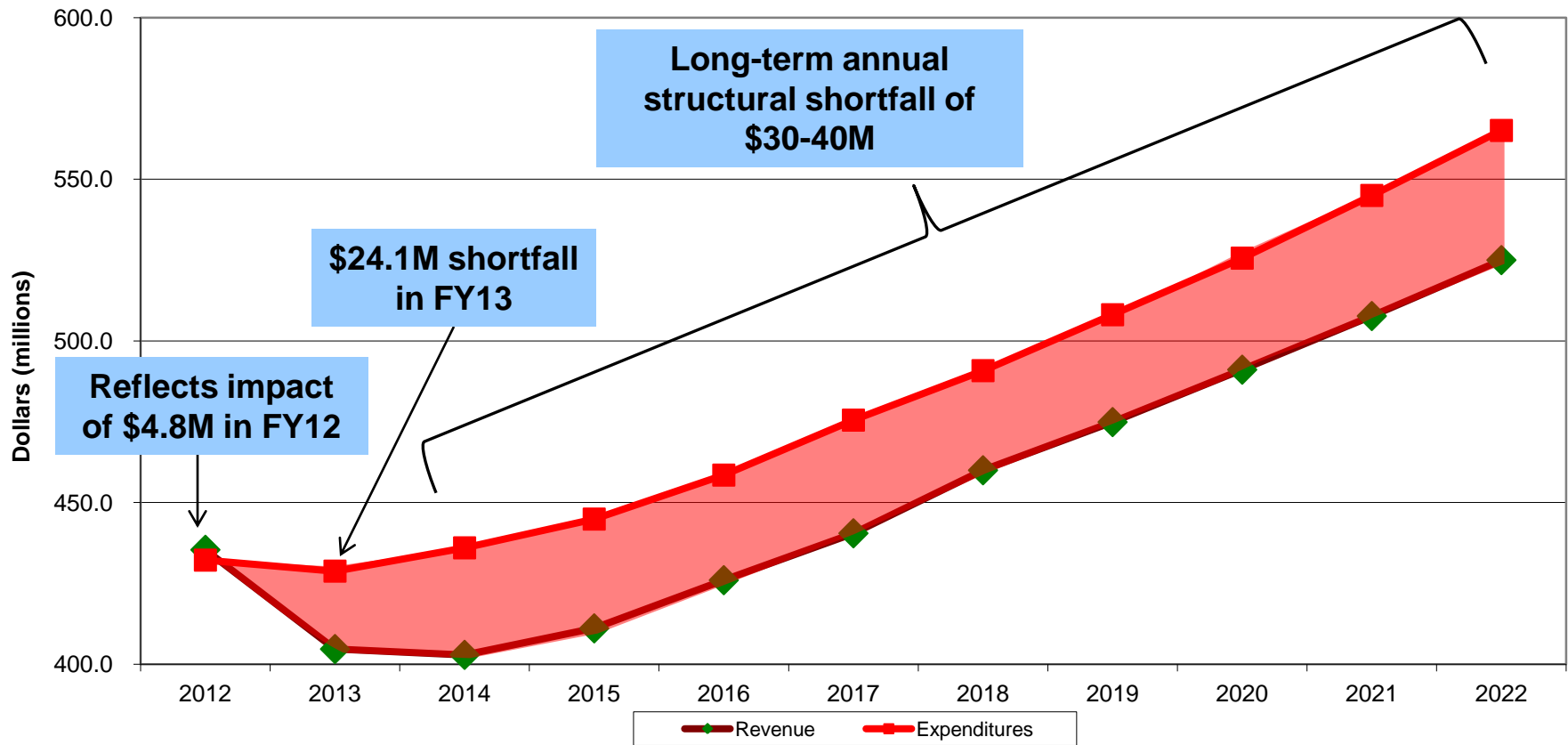
Revised General Fund Forecast

- Cumulative impact of Medicaid unfunded mandate over forecast period is **\$68.9M**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Original Shortfall	(11.9M)	(22.6M)	(23.6M)	(22.6M)	(25.3M)	(26.7M)	(29.5M)	(31.1M)	(34.4M)	(37.7M)
Revised Shortfall	(24.1M)	(33.1M)	(33.8M)	(32.5M)	(35.0M)	(30.8M)	(33.2M)	(34.4M)	(37.3M)	(40.1M)
Difference	(12.2M)	(10.5M)	(10.2M)	(9.9M)	(9.7M)	(4.1M)	(3.7M)	(3.3M)	(2.9M)	(2.4M)

- FY2012 impact is **\$4.8M**
 - Deductions from the Half-Cent Sales Tax revenue will begin as of May, 2012

Revised General Fund Forecast



Net recurring
rev - exp

3.2M

(24.1M)

(33.1M)

(33.8M)

(32.5M)

(35.0M)

(30.8M)

(33.2M)

(34.5M)

(37.3M)

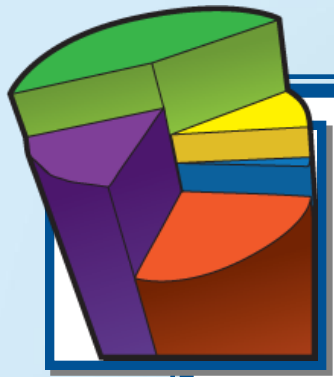
(40.1M)



Citizens' Guide
to the Budget

Revised General Fund Forecast

- Practice is to update the forecast based on known variables (assumptions)
- Medicaid unfunded mandate is a known variable at this time
- Impact of other potential variables will be discussed at the May 10th work session during the Budget Forecast Update presentation



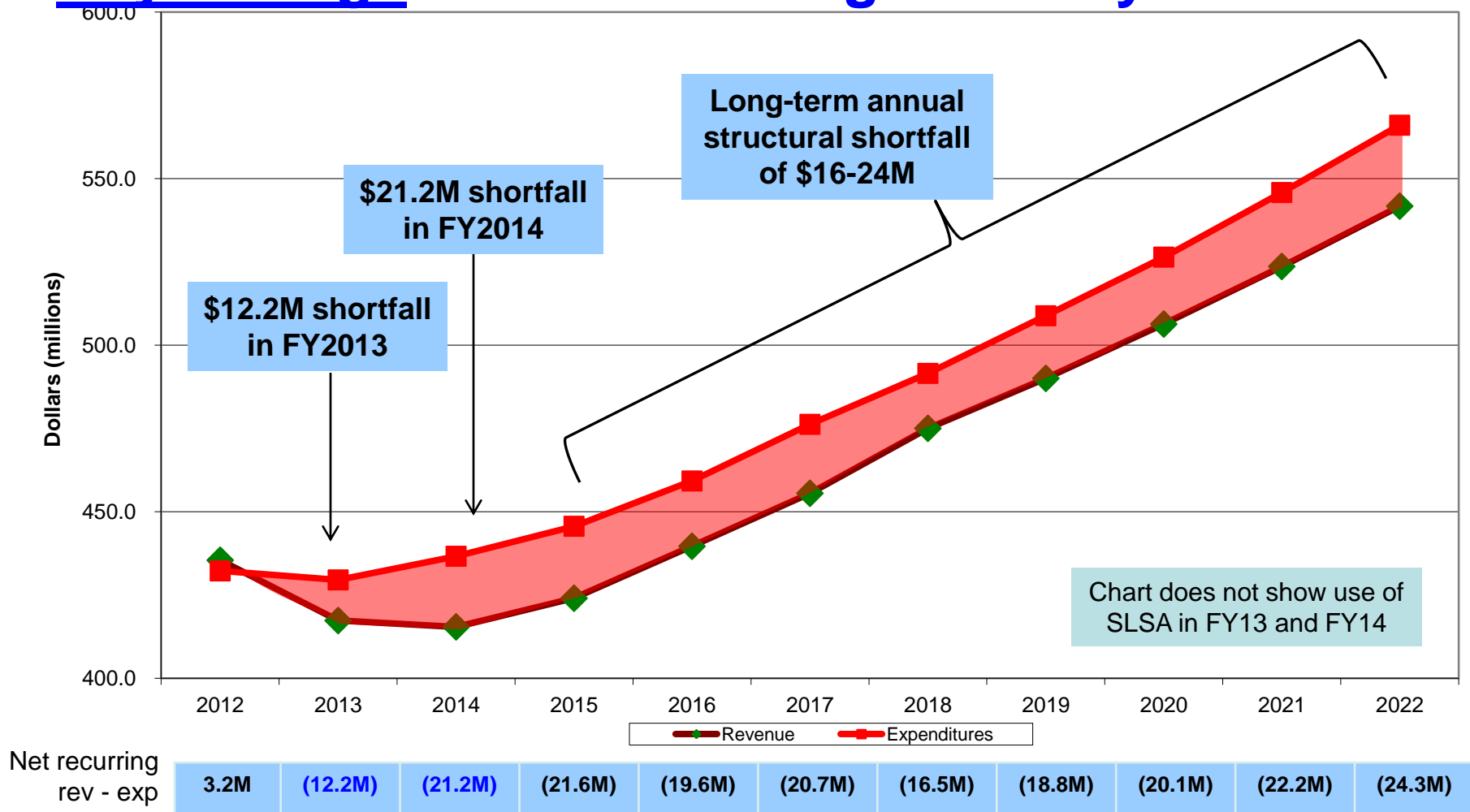
Strategic Choices

Revenue Option

- **Address the unfunded Medicaid Mandate with an increase in the General Fund millage rate**
 - An increase of approximately 0.25 mills in FY13 would generate the needed \$12.2 million.
 - The resulting millage rate of 5.0608 is slightly above the estimated rolled back rate of 5.0112.
 - The impact on a homesteaded property at the average taxable value is about \$25 per year.
- ***Implications***
 - Provides recurring revenues to offset the unfunded mandate.
 - Enables the budget strategy of using of service level stabilization funds in FY13 and FY14 to mitigate additional reductions going into the recovery.
 - Departs from previous Board budget strategy regarding millage rates and may represent a property tax increase for some homesteaded property owners.
 - Addresses the problem now; Does not defer the problem to a future year.

Revised General Fund Forecast

Key Change: Increase Millage Rate by 0.25 Mills



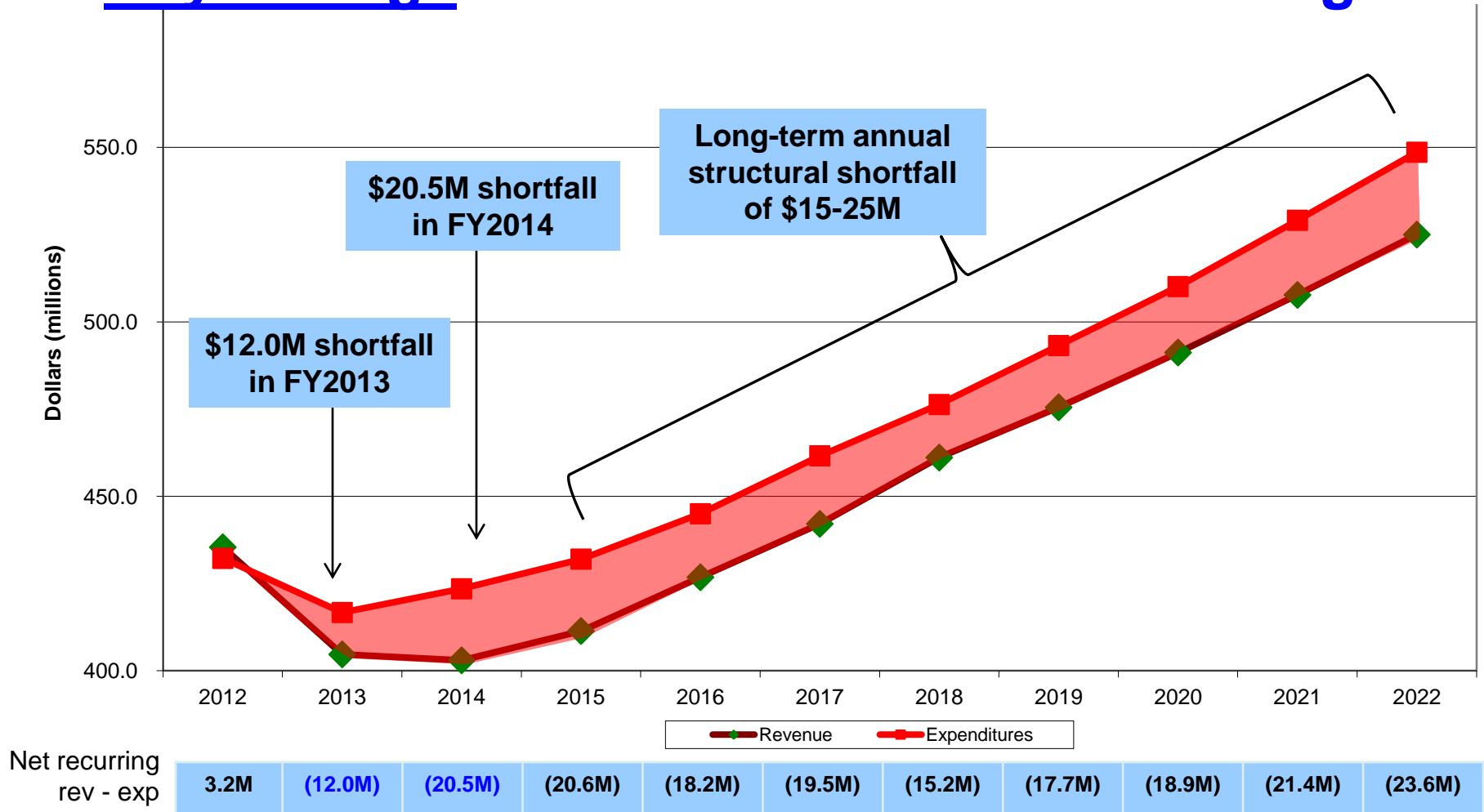
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Expenditure Option

- **Contain the impact of the unfunded mandate to the Health & Human Services (HHS) budget**
 - The county portion of the state mandated Medicaid contribution has historically been funded within the HHS budget (about 30% of the total budget).
 - The additional unfunded mandate of \$12.2 million brings the FY13 total to \$25.2 million or 55% of the HHS budget forecast.
 - For example, in order to absorb the impact, virtually the entire Healthcare services budget would be eliminated.
- ***Implications***
 - Severely impacts service delivery to the medically indigent.
 - The Affordable Care Act may bring budget relief and additional capacity starting in FY14.
 - Addresses the problem now; Does not defer the problem to a future year.

Revised General Fund Forecast

Key Change: Make Reduction to HHS Budget



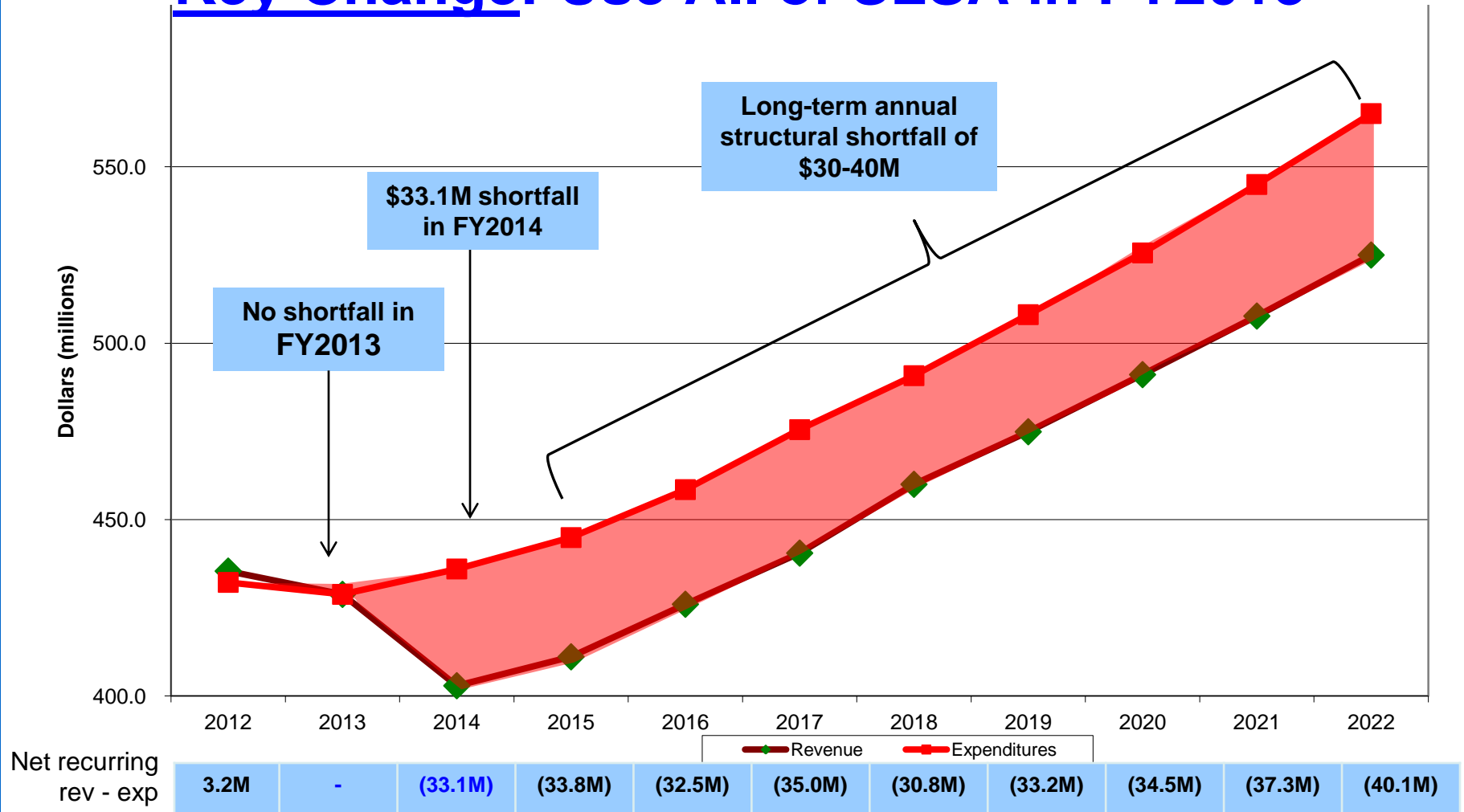
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to the Budget

Defer the Problem Option

- Spend down the entire balance of the Service Level Stabilization Account in FY2013 and not make any substantial reductions.
- *Implications*
 - Departs from the budget strategy of using of service level stabilization funds in FY13 and FY14 to mitigate additional reductions going into the recovery as they will be depleted in FY13.
 - Avoids the problem today, but creates a larger problem in FY14; a \$33 million gap.
 - The FY14 gap would require a 0.67 mill property tax increase.

Revised General Fund Forecast

Key Change: Use All of SLSA in FY2013

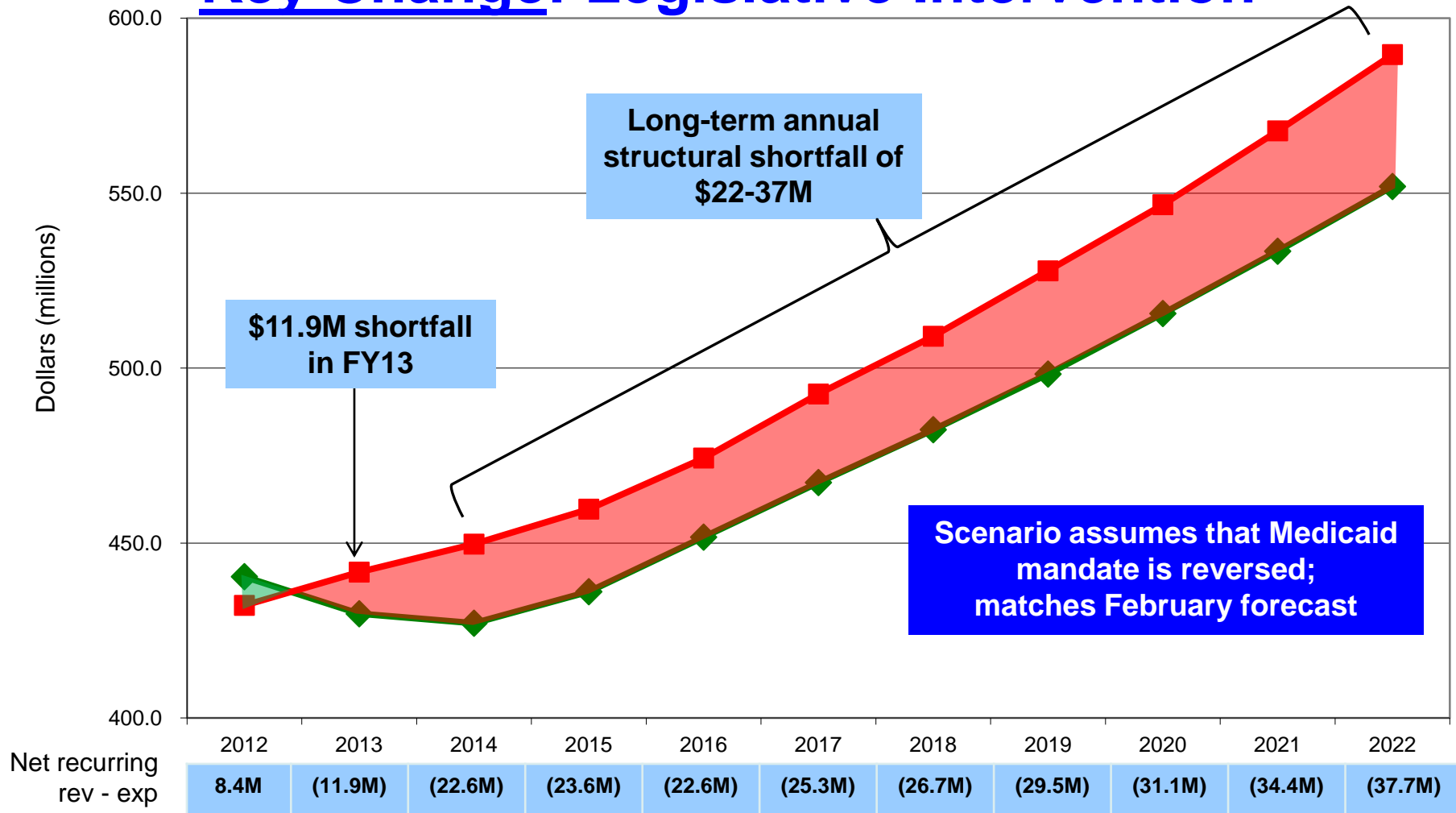


Legislative Intervention Option

- Petition the Legislative Delegation to advocate the reversal of the law due to the property tax increase and program implications.
- *Implications*
 - The Delegation may not support the request as the majority supported the Bill.

Revised General Fund Forecast

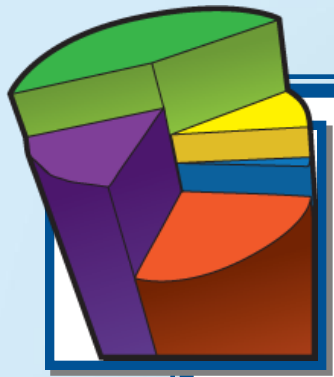
Key Change: Legislative Intervention



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to the Budget

◆ Revenue ■ Expenditures

Board Direction



Budget Timeline

Budget Timeline

May

May 10:

Budget Forecast Update; Constitutional Officers; Citizen Preference Survey Results

May 15:

Constitutional Officers; Capital Improvement Program; Review of Rates and Fees

May 24:

Independent Agencies

June

June 1:

Property Appraiser delivers preliminary Estimates of Taxable Values



Budget Timeline

July

July 1:

Property Appraiser certifies Estimates of Taxable Values

July 10:

County Administrator presents FY2013 Proposed Budget

July 17:

BCC Feedback Regarding FY2013 Proposed Budget

July 26:

Budget Recap and Discussion to Finalize proposed millage rates for inclusion in the TRIM notice

August

August 3:

Property Appraiser is notified of proposed millage rates for development of TRIM notices

August:

Budget Information Sessions – as needed

August 20: TRIM notices mailed to all property owners



Budget Timeline

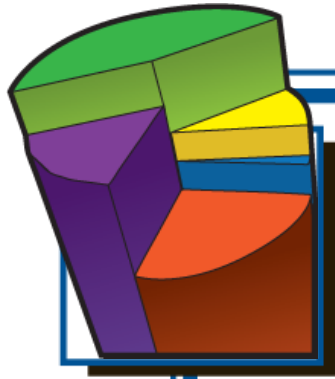
September

September 6: 1st Public Hearing – BCC adopts **tentative** FY2012 millage rates and budgets

September 18: 2nd Public Hearing – BCC adopts **final** FY2012 millage rates and budgets

October

October 1: Beginning of fiscal year 2013



Citizens' Guide to the Budget

www.pinellascounty.org



FY2012
Annual Operating and Capital Budget

