BACKGROUND – For FACH Members Only

Historically, Florida's Agency for Health Care Administration (AHCA) has distinguished between "stand-alone" children's hospitals and "embedded" children's hospitals in Florida.
- Stand-alone children's hospitals in Florida are licensed as "specialty" hospitals. There are four stand-alone children's hospitals in Florida.
- Embedded children's hospitals are licensed as "general hospitals." There are 11 embedded children's hospitals in Florida.

The Florida Legislature uses acuity-based methods for Medicaid reimbursement. However, the state only applies certain policy adjusters (numerical multipliers included in the payment calculation that allow AHCA to increase or decrease payments to appropriately cover costs) to inpatient and outpatient claim payments to stand-alone children's hospitals.

This is likely due, in part, to a 2019 study commissioned by AHCA that determined the higher payments to stand-alone children's hospitals are justified because they have high Medicaid utilization rates, are heavily dependent on Medicaid reimbursement, and are less able to cover costs through higher reimbursement from other payers.

Unfortunately, the study did not include Medicaid utilization rate data from Florida's embedded children's hospitals. Instead, the study focused on comparing the Medicaid utilization among the stand-alone children's hospitals to the Medicaid utilization for all other hospitals in the state. That context fails to present an equitable understanding of the Medicaid utilization among all of Florida's children's hospitals.

A 2022 analysis of service and acuity data from all Florida children's hospitals in the state show the 11 embedded children's hospitals collectively have higher Medicaid utilization rates than the stand-alone children's hospitals.

About the FACH Data Study

FACH first analyzed the number of inpatient stays and Emergency Department visits of all Florida children's hospitals over a 6-year period, using the AHCA Hospital Inpatient and Emergency Department Limited Data Sets (2016-2021) for all patients under 18 years of age.

FACH further analyzed pediatric acuity levels, which measure severity of illness (SOI) from 1 (minimal) to 4 (generally requiring increased staffing) among other intensive measures. The study focused on Levels 3 and 4, which incur higher costs for the hospitals and also have high Medicaid inpatient utilization. These are the levels for which the state has already increased the High Medicaid Inpatient Utilization Adjuster for stand-alone hospitals so they are sufficiently reimbursed for their services. However, the same has not been done for Florida's other children's hospitals that serve a similarly high number of Medicaid patients at similar pediatric acuity levels.

Cost-Sharing

A common misconception about embedded hospitals is that their expenses can be shifted to or shared by the parent facility, which would somehow make the embedded facilities less eligible for equitable Medicaid reimbursement. However, how a health care facility

operates from a business perspective should have no bearing on it receiving equitable reimbursement for services provided when those services are the same as services provided by stand-alone facilities. When hospitals are providing the same critical medical care to Medicaid recipients, they should be reimbursed by Medicaid in the same manner, regardless of the licensing distinction.

FACH MEMBER HOSPITALS

The 14 members of the Florida Association of Children's Hospitals represent some of the most cutting-edge hospitals in the state. All children's hospitals should be reimbursed with parity.

- AdventHealth for Children – Adventist Health System, Orlando
- Children's Medical Center – Tampa General Hospital, Tampa
- Golisano Children's Hospital of Southwest Florida – Lee Health System, Fort Myers
- Joe DiMaggio Children's Hospital – Memorial Health Care System, Hollywood
- Holtz Children's Hospital – Jackson Memorial Medical Center, Miami

- Nemours Children's Hospital – Nemours Foundation, Orlando
- Palm Beach Children's Hospital at St. Mary's Medical Center – Tenet Health, Palm Beach
- Palmer Hospital for Children – Orlando Regional Health System, Orlando
- Salah Foundation Children's Hospital – Broward Health System,
- Shands Children's Hospital – UF Health, Gainesville

- Shriners Hospital for Children*, Tampa
- St. Joseph's Children's Hospital – Bay Care Health System, Tampa
- Studer Family Children's Hospital at Ascension Sacred Heart, Pensacola
- Wolfson Children's Hospital – Baptist Health System, Jacksonville

*Shriners Hospital for Children is now affiliated with Holtz Children's Hospital/Jackson and Shands Children's Hospital/UF

For Reference: Pediatric Severity of Illness Levels (SOI)

Level 1 When a child is identified as his/her needs being at a Level 1, this includes:
- Minimal Oxygen Requirements
- Medication Administration
- Minimal Chest Physical Therapy
- Enteral Feedings
- Apnea Monitoring
- Basic Seizure Management
- Orthopedic Devices
- Interventions and Gastric Tubes

Level 2 When a child has any of Level 1 requirements plus any of the following:
- Airway Management/Monitoring Tracheostomy Tube
- Increased Oxygen Needs
- Pulse Oximetry
- Increased CPT Needs
- Suctioning & Nebulizers
- Seizure Management/Intervention
- Non-invasive Ventilation (CPAP/BiPAP)
- Multiple Medication Administration
- Stoma Care and/or Wound Care

Level 3 When a child has any of Level 1 or 2 requirements plus any of the following:
- Ventilator Dependent
- Frequent Tracheostomy Tube Changes
- Significant Seizure Management
- Multiple Medication Administration
- Requires Catheterization
- Frequent Vital Sign Monitoring

Level 4 A child identified at Level 4 is the most clinically demanding in a subacute setting and typically requires increased staffing. A child is at Level 4 when they require Level 1, 2, or 3 and any of the following:
- Multiple Medication Administration including IVs, Broviacs and Total Parenteral Nutrition
- Significant Behavior Support/Management
- Intensive Wound Care (requiring extensive and frequent care)