



City of Pensacola

222 West Main Street
Pensacola, FL 32502

Memorandum

File #: 2019-53

City Council

9/26/2019

LEGISLATIVE ACTION ITEM

SPONSOR: Grover C. Robinson, IV, Mayor

SUBJECT:

SUPPLEMENTAL BUDGET RESOLUTION NO. 2019-53 - INDIGENT HEALTH CARE SPECIAL ASSESSMENT

RECOMMENDATION:

That City Council adopt Supplemental Budget Resolution No. 2019-53.

A RESOLUTION AUTHORIZING AND MAKING REVISIONS AND APPROPRIATIONS FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2019; PROVIDING FOR AN EFFECTIVE DATE.

HEARING REQUIRED: No Hearing Required

SUMMARY:

Representatives from Baptist Hospital, Sacred Heart Hospital, and Select Specialty Hospital have requested that the City consider the imposition of a special assessment on their real property located in the City to increase funding available to reimburse the hospitals for uncompensated charitable health care. In April 2019, the City adopted Ordinance No. 10-19 to levy a special assessment based on outpatient revenues against properties owned by the hospitals within the city limits. Because the special assessment was based on outpatient revenues, only properties owned by Baptist Hospital and Sacred Heart Hospital were assessed. For FY2020, the hospitals have requested that the special assessment be based on inpatient revenues, which will affect properties owned by Baptist Hospital, Sacred Heart Hospital, and Select Specialty Hospital. In order to levy the requested special assessment for FY2020, the City must repeal and replace Ordinance No. 10-19 to provide for broader language that allows a special assessment to be based on inpatient revenues. Accordingly, the proposed ordinance repeals and replaces Ordinance No. 10-19, providing a mechanism for levying the special assessment based on inpatient revenue on the properties owned by the three hospitals pursuant to their request.

There currently is a significant gap in the funds the three hospitals receive from the State of Florida and the federal government for indigent health care versus what they actually expend. The hospitals have advised that this gap can be decreased through a special assessment on properties within the city limits owned by Baptist Hospital, Sacred Heart Hospital, and Select Specialty Hospital. The assessment would be imposed as a set percentage of net inpatient service revenues for each

hospital property subject to the special assessment. The hospitals will transmit the assessment in one lump sum to the City, which in turn will forward that same amount to the Agency for Health Care Administration, an agency of the State of Florida. The State would then use those funds to draw down a federal match of grant dollars equal to approximately 150% of the assessment dollars collected. The total funds - the assessment amount and the federal grant dollars - then will be remitted to the hospitals by the State.

We anticipate that representatives from each hospital will be in attendance at the Agenda Conference to answer questions regarding the request to the City.

PRIOR ACTION:

April 25, 2019 - City Council adopted Ordinance No. 10-19 and Resolution No. 2019-24, which imposed a special assessment on outpatient revenue on properties owned by Baptist Health Care and Sacred Heart Hospital.

FUNDING:

N/A

FINANCIAL IMPACT:

Based on estimations from the three hospitals, combined assessments will total approximately \$12.7 million. Adoption of the supplemental budget resolution will appropriate the assessment funds.

CITY ATTORNEY REVIEW: Yes

8/27/2019

STAFF CONTACT:

Christopher L. Holley, City Administrator
Richard Barker, Jr., Chief Financial Officer

ATTACHMENTS:

- 1) Supplemental Budget Resolution No. 2019-53
- 2) Supplemental Budget Explanation No. 2019-53

PRESENTATION: No