PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

Meeting Date: September 15, 2026 ☒ **Consent** ☐ **Regular** ☐ **Workshop** ☐ **Public Hearing**

Department: Office of Financial Management and Budget

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I. EXECUTIVE BRIEF

Motion and Title: Staff seeks motion to delegate authority: to the County Administrator, or designee, to execute all necessary agreements and documents with the Florida Agency for Health Care Administration (AHCA) in service of the Palm Beach County Local Provider Participation Fund (LPPF) Ordinance program that do not substantially change the scope of work, term or conditions of future documents.

Summary: On August 26, 2021, the Board of County Commissioners (BCC) adopted the LPPF Ordinance (R2021-024) which provides non-ad valorem special assessments to be imposed by Palm Beach County (County) on all nonpublic hospitals within the County's jurisdiction (the Hospitals). The LPPF Ordinance requires the Hospitals to pay a uniform, non-ad valorem special assessment, set annually by resolution approved by the BCC. Funds collected through the LPPF assessment are sent to AHCA through intergovernmental transfers (IGTs), consistent with federal guidelines, as the non-federal share of increased Medicaid managed care payments facilitated under a hospital directed payment program (DPP), that was first approved for the State of Florida in 2021 and annually reapproved. Through the DPP, AHCA uses the IGTs to draw additional federal Medicaid dollars and transfers those additional dollars to Medicaid Managed Care Organizations (MCOs) to fund increased payments by MCOs to the local hospitals to provide services to Medicaid patients. Through an interlocal agreement, the Health Care District of Palm Beach County provided administrative oversight of the LPPF on behalf of the County since 2021. The agreement expired September 10, 2026, and the County will assume administrative oversight.

The Letter of Agreement outlines the partnership between Palm Beach County LPPF (as the IGT Provider) and AHCA for the 2026–2027 State Fiscal Year. It establishes that the IGT Provider will remit assessed funds to support the DPP and outlines requirements for payment schedules, record retention, audits, monitoring, and limitations on assignments or subcontracting. The agreement also specifies compliance obligations, indemnification responsibilities, and the operating period of July 1, 2026 through June 30, 2027. Delegated authority will allow the County Administrator, or designee, to execute all future applicable agreements and documents with AHCA related to the LPPF. **No County funds are required. Countywide (RS)**

Background and Justification: Continued on page 3.

Attachments:
1. Directed Payment Program Letter of Agreement

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Recommended by: _____ 9/3/2026
Department Director **Date**

Approved by: _____ 9-9-26
County Administrator **Date**

II. FISCAL IMPACT ANALYSIS

A. Five-Year Summary of Fiscal Impact:

Fiscal Years	2026	2027	2028	2029	2030
Capital Expenditures					
Operating Costs					
External Revenues					
Program Income (County)					
In-Kind Match (County)					
NET FISCAL IMPACT					
#ADDITIONAL FTE					
POSITIONS (CUMULATIVE)					

Is item included in Current Budget? Yes ☐ No ☒
Is this item using Federal Funds? Yes ☐ No ☒
Is this item using State Funds? Yes ☐ No ☒

Budget Account No.: Fund ____ Department ___ Unit ____ RevSc ____

B. Recommended Sources of Funds/Summary of Fiscal Impact:

N/A

C. Departmental Fiscal Review:

_____

III. REVIEW COMMENTS

A. OFMB Fiscal and/or Contract Dev. and Control Comments:

9/3/2026
9/3/24 **OFMB** 9/3

Contract Dev. and Control

B. Legal Sufficiency:

9/4/24
Assistant County Attorney

C. Other Department Review:

N/A
Department Director

This summary is not to be used as a basis for payment)

Background and Justification (continued from page 1): Hospitals in Palm Beach County annually provide millions of dollars of uncompensated care to persons who qualify for Medicaid. The hospitals report that, on average, Medicaid typically only covers 60% of the costs of the health care services actually provided by hospitals to Medicaid-eligible persons, leaving hospitals with significant uncompensated costs. The Centers for Medicare & Medicaid Services (CMS) Medicaid managed care regulations at 42 C.F.R Part 438 govern how states may direct plan expenditures in connection with implementing delivery system and provider payment initiatives under Medicaid managed care contracts.

In November of 2017, CMS published guidance for states to obtain approval of state directed payments under 42. C.F.R. § 438.6(c). Overall, CMS has reviewed and approved more than 450 state directed payment arrangements. The State of Florida first received CMS approval of its proposal for its hospital Medicaid-shortfall directed payment arrangement on April 26, 2021. The non-federal share of the program will be obtained, in part, through the proposed non-ad valorem assessments to be levied on each participating hospital in Palm Beach County, as described in the Ordinance.

Directed Payment Program Letter of Agreement

THIS LETTER OF AGREEMENT ("LOA") is made and entered into in duplicate on the _____ day of _____ 2026, by and between **Palm Beach County LPPF** (the "IGT Provider") on behalf of **Region G**, and the State of Florida, **Agency for Health Care Administration** (the "Agency"), for good and valuable consideration, the receipt and sufficiency of which is acknowledged.

DEFINITIONS

"Directed Payment Program (DPP)," pursuant to the General Appropriation Act, Laws of Florida 2026-232, is the program that provides direct supplemental payments to eligible public and private entities that provide inpatient and outpatient services to Medicaid managed care recipients.

"Intergovernmental Transfers (IGTs)" means transfers of funds from a non-Medicaid governmental entity (e.g., counties, Hospital taxing districts, providers operated by state or local government) to the Medicaid agency. IGTs must be compliant with 42 CFR Part 433 Subpart B.

"Medicaid" means the medical assistance program authorized by Title XIX of the Social Security Act, 42 U.S.C. §§ 1396 et seq., and regulations thereunder, as administered in Florida by the Agency.

A. GENERAL PROVISIONS

1. Per House Bill 5001, the General Appropriations Act of State Fiscal Year 2026-2027, passed by the 2026 Florida Legislature, the IGT Provider and the Agency agree that the IGT Provider will remit IGT funds to the Agency in an amount not to exceed the total of **$1.00**. The IGT Provider and the Agency have agreed that these IGT funds will only be used for the DPP program.

2. The IGT Provider must return the signed LOA to the Agency no later than October 1, 2026.

3. The IGT Provider will pay IGT funds to the Agency in an amount not to exceed the total of **$1.00.** The IGT Provider will transfer payments to the Agency in the following manner:

    a. Per Florida Statute 409.908, annual payments for the months of July 2026 through June 2027 are due to the Agency no later than October 31, 2026, unless an alternative plan is specifically approved by the agency.

    b. The Agency will bill the IGT Provider when payment is due.

4. The IGT Provider and the Agency agree that the Agency will maintain necessary records and supporting documentation applicable to health services covered by this LOA in accordance with public records laws and established retention schedules.

a. AUDITS AND RECORDS

i. The IGT Provider agrees to maintain books, records, and documents (including electronic storage media) pertinent to performance under this LOA in accordance with generally accepted accounting procedures and practices, which sufficiently and properly reflect all revenues and expenditures of funds provided.

ii. The IGT Provider agrees to assure that these records shall be subject at all reasonable times to inspection, review, or audit by state personnel and other personnel duly authorized by the Agency, as well as by federal personnel.

iii. The IGT Provider agrees to comply with public record laws as outlined in section 119.0701, Florida Statutes.

b. RETENTION OF RECORDS

i. The IGT Provider agrees to retain all financial records, supporting documents, statistical records, and any other documents (including electronic storage media) pertinent to performance under this LOA for a period of six (6) years after termination of this LOA, or if an audit has been initiated and audit findings have not been resolved at the end of six (6) years, the records shall be retained until resolution of the audit findings.

ii. Persons duly authorized by the Agency and federal auditors shall have full access to and the right to examine any of said records and documents.

iii. The rights of access in this section must not be limited to the required retention period but shall last as long as the records are retained.

c. MONITORING

i. The IGT Provider agrees to permit persons duly authorized by the Agency to inspect any records, papers, and documents of the IGT Provider which are relevant to this LOA.

d. ASSIGNMENT AND SUBCONTRACTS

i. The IGT Provider agrees to neither assign the responsibility of this LOA to another party nor subcontract for any of the work contemplated under this LOA without prior written approval of the Agency. No such approval by the Agency of any assignment or subcontract shall be deemed in any event or in any manner to provide for the incurrence of any obligation of the Agency in addition to the total dollar amount agreed upon in this LOA. All such assignments or subcontracts shall be subject to the conditions of this LOA and to any conditions of approval that the Agency shall deem necessary.

5. This LOA may only be amended upon written agreement signed by both parties. The IGT Provider and the Agency agree that any modifications to this LOA shall be in the same form, namely the exchange of signed copies of a revised LOA.

6. The IGT Provider confirms that there are no pre-arranged agreements (contractual or otherwise) between the respective counties, taxing districts, and/or the providers to re-direct any portion of these aforementioned supplemental payments in order to satisfy non-Medicaid, non-uninsured, and non-underinsured activities.

7. The IGT Provider agrees the following provision shall be included in any agreements between the IGT Provider and local providers where IGT funding is provided pursuant to this LOA. Funding provided in this agreement shall be prioritized so that designated IGT funding shall first be used to fund the Medicaid program and used secondarily for other purposes.

8. This LOA covers the period of July 1, 2026, through June 30, 2027, and shall be terminated September 30, 2027, which includes the states certified forward period.

9. This LOA may be executed in multiple counterparts, each of which shall constitute an original, and each of which shall be fully binding on any party signing at least one counterpart.

10. The IGT Provider agrees to indemnify and hold harmless the Agency against any and all liability related to a finding by CMS or the federal government that the IGT transfer, or source of funds transferred, did not comply with the Medicaid state plan, Title XIX of the Social Security Act, or any state or federal regulations or policies implementing Title XIX of the Social Security Act, including but not limited to Section 1903(w) of the Social Security Act; 42 C.F.R. Part 433, subpart B; and Centers for Medicare & Medicaid Services' ("CMS") State Medicaid Director Letter #14-004 (May 9, 2014). This indemnification would extend to any completed, actual, pending, or threatened action, suit, claim, or proceeding brought by CMS or the federal government based upon a demand or disallowance of any amount, including amounts relating to supplemental payments. The IGT Provider shall timely reimburse the Agency's reasonable legal fees and costs with respect to any proceeding related to whether the IGT transfer, or source of funds transferred, violated the Medicaid state plan, Title XIX of the Social Security Act, or any state or federal regulations or policies implementing Title XIX of the Social Security Act. The IGT Provider will also be liable and financially responsible in the event that a demand or disallowance of any amount is found to be due and owing on this basis.

DPP Local Intergovernmental Transfers	
Program / Amount	**State Fiscal Year 2026-2027**
Estimated IGTs	**$1.00**
Total Funding Not to Exceed	**$1.00**

WITNESSETH:

IN WITNESS WHEREOF, the parties have caused this 4-page Letter of Agreement to be executed by their undersigned officials as duly authorized.

PALM BEACH COUNTY LPPF

SIGNED BY: _____

NAME: _____

TITLE: _____

DATE: _____

STATE OF FLORIDA, AGENCY FOR HEALTH CARE ADMINISTRATION

SIGNED BY: _____

NAME: Stephanie Scanlon

TITLE: ADS for Medicaid Finance and Analytics

DATE: _____