



Walton County
Board of County Commissioners
AGENDA ITEM REPORT

22-1453

Meeting: Board of County Commissioners - Sep 27 2022
Department: Office of Management and Budgets
Submitted by: Melissa Thomason
Staff Contact: Melissa Thomason, Director

Consent Agenda **Regular Agenda** **Public Hearing**

TITLE/REQUESTED ACTION:

Request to approve an Ordinance and a Resolution imposing a non-ad valorem tax assessment for the hospitals in Walton County

PURPOSE / SUMMARY EXPLANATION OR HISTORY:

This will renew Ordinance 2020-17 and Resolution 2020-117 imposing a non ad valorem tax assessment for the hospitals in Walton County to provide matching funding for federal dollars to be used to fund Medicaid supplemental payments, including the Low Income Pool and Graduate Medical Education programs. This program allows Walton County hospitals to defray the uncompensated costs of providing charity care to uninsured and low-income patients.

FINANCIAL IMPACT:

DESCRIPTION: Non-ad valorem assessment

REVIEWED BY FINANCE? Yes

FUNDING TYPE: Assessment

TOTAL COST: \$6,590,500

BUDGETED? This will be amended into the FY 23 budget

ATTACHMENTS:

[2022 LIP Ordinance](#)

[2022 LIP Resolution](#)

ORDINANCE 2022-_____

AN ORDINANCE OF THE BOARD OF COUNTY COMMISSIONERS OF WALTON COUNTY, FLORIDA, RE-ADOPTING COUNTY ORDINANCE 2020-17, AN ORDINANCE RELATING TO FUNDING FOR THE PROVISION OF INDIGENT CARE SERVICES BY HOSPITALS LOCATED WITHIN WALTON COUNTY AND ELIMINATING THE SUNSET CLAUSE

BE IT ORDAINED BY THE BOARD OF COUNTY COMMISSIONERS OF WALTON COUNTY, FLORIDA:

WHEREAS, Walton County maintains an interest in providing access to health care for its indigent and uninsured citizens; and

WHEREAS, the County has an ongoing opportunity to enter into an agreement with the State of Florida to provide matching funds for federal dollars to be used to fund Medicaid supplemental payments, including the Low-Income Pool program; and

WHEREAS, in order to protect the health, safety, and welfare of the citizens of Walton County, and after due consideration and notice, on September 24, 2020, the Board adopted Ordinance 2020-17, establishing a non-ad valorem assessment against property of certain hospitals; and

WHEREAS, on September 14, 2021, the Board re-adopted Ordinance 2020-17 by adopting Ordinance 2021-28 whereby replacing the sunset provision set forth in Section 1.13 of Ordinance 2020-17 to repeal and amend such that “June 30, 2021” was replaced with “June 30, 2022”.

WHEREAS, since September 24, 2020, Ordinances 2020-17 and 2021-28 have proven effective in enabling providers of indigent care to gain access to available federal funds to compensate for indigent care services; and

WHEREAS, the Board finds that it is in the public interest to both re-adopt Ordinance 2020-17 and repeal the sunset provision to ensure that the process created therein remains in force without interruption.

NOW, THEREFORE, BE IT ORDAINED BY WALTON COUNTY, FLORIDA:

SECTION 1. REPLACEMENT OF SUNSET PROVISION. The sunset provision set forth in Section 1.13 of Ordinance 2020-17 and amended by Ordinance 2021-28 is hereby repealed and amended such that “June 30, 2022” is replaced with “June 30, 2023”.

SECTION 2. EFFECTIVE DATE. This Ordinance will take effect immediately.

PASSED AND DULY ADOPTED by the Walton County Board of County Commissioners, this ____ day of _____, 2022.

Attest:

BOARD OF COUNTY COMMISSIONERS
OF WALTON COUNTY, FLORIDA

Alex Alford, Clerk of Court
and County Comptroller

Michael Barker, Chair

RESOLUTION NO. 2022-_____

A RESOLUTION TO BE ENTITLED:

AN ASSESSMENT RESOLUTION OF THE WALTON COUNTY COMMISSION, FLORIDA, AUTHORIZING, LEVYING, AND IMPOSING A NON-AD VALOREM ASSESSMENT WITHIN THE AREAS OF THE COUNTY LIMITS DESCRIBED HEREIN FOR THE PURPOSE OF SUPPORTING THE PROVISION OF CHARITY HEALTH CARE BY THE COUNTY'S HOSPITALS TO INDIGENT MEMBERS OF THE NORTHWEST FLORIDA COMMUNITY; MAKING CERTAIN OTHER FINDINGS IN RELATION THERETO; ESTABLISHING THE METHOD OF ASSESSING AND COLLECTING THE ASSESSMENT; SPECIFYING THE MAXIMUM ANNUAL ASSESSMENT AMOUNT AND THE MAXIMUM ASSESSMENT TO BE LEVIED AGAINST THE ASSESSED HOSPITALS; CONFIRMING THE ASSESSMENT RESOLUTION; PROVIDING FOR CERTAIN OTHER AUTHORIZATIONS AND DELEGATIONS OF AUTHORITY IN RELATION THERETO; PROVIDING FOR SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, each year, hospitals in Walton County provide millions of dollars of uncompensated charity health care to indigent members of the Northwest Florida community; and

WHEREAS, the State of Florida (the "State") created a Low-Income Pool program (the "LIP Program") through its federal Medicaid waiver to help support the uncompensated costs of providing charity care to uninsured and low-income patients; and

WHEREAS, the State has not provided the full allowable LIP Program support to certain eligible hospitals; and

WHEREAS, the State has a graduate medical education supplemental payment program designed to support education and other missions and services of teaching hospitals; and

WHEREAS, impacted hospitals (the "Hospitals") have requested that Walton County, Florida (the "County") impose an assessment upon certain real property owned by the Hospitals to help finance that non-federal share of Medicaid supplemental payments, including the State's LIP and graduate medical education supplemental payment programs; and

WHEREAS, the funding from the County assessment will be transferred to the State to enable the State to draw down a federal match equal to the assessed funds, thereby allowing the State to, among other things, pay the Hospitals a higher percentage of their uncompensated charity care costs to maintain and expand their charity care programs; and

WHEREAS, as with many local governments, it is within the County's public purposes to promote medical education and access to health care to its uninsured and low-income residents, as well as the broader community, through support of charity care provided by local hospitals; and

WHEREAS, leveraging federal support for medical education and for certain eligible hospitals to continue to provide that care benefits all providers in the County who would otherwise take on a greater share of that burden; and imposing an assessment to help fund the provision of charity

health care by the Hospitals to indigent and uninsured members of the Northwest Florida community is a valid public purpose that benefits the health, safety, and welfare of the citizens of Walton County; and

WHEREAS, on September 24, 2020, the Walton County, Florida, Board of County Commissioners, (the "County Commission") adopted Ordinance No. 2020-17 (the "Ordinance"), which was readopted as amended on September 14, 2021 by Ordinance 2021-107, and September 27, 2022, by Ordinance 22-____ enabling the County to levy non-ad valorem assessments on properties within the jurisdictional limits of the County owned by the Hospitals that are specifically benefited by this special assessment.

NOW, THEREFORE, BE IT RESOLVED BY THE WALTON COUNTY COMMISSION, FLORIDA:

Section 1. Definitions. As used in this Resolution, the following capitalized terms, not otherwise defined herein or in the Ordinance, shall have the following meanings unless the context hereof otherwise requires:

"Delinquent" means not paid within thirty (30) days of the due date.

"Designated County Official" means the Chief Financial Officer, or such other official as shall be designated by the County Manager to act as such hereunder, or such person's designee.

"Hospitals" means the hospital facilities within County limits that provide inpatient hospital services, namely:

Sacred Heart Hospital
7800 US Highway 98
Miramar Beach, FL 32550

Healthmark Regional Medical Center
4413 US Highway 331 S.
Defuniak Springs, FL 32435

"Ordinance" means Ordinance No. 2020-17, adopted by the County Commission on September 24, 2020, which was readopted as amended on September 14, 2021 by Ordinance No. 2021-107, and September 27, 2022, by Ordinance 2022-____, and which enables the County to levy non-ad valorem assessments on Hospitals within the jurisdictional limits of the County.

"Owner," "Owner(s)," or "Owners" means any one or more of the owners of Hospitals determined by the County Commission to be subject to the Assessment based on the selected methodology defined herein.

Section 2. Interpretation. Unless the context indicates otherwise, words importing the singular number include the plural number, and vice versa; the terms "hereof," "hereby," "herein," "hereto," "hereunder" and similar terms refer to this Resolution; and the term "hereafter" means after, and the term "heretofore" means before, the effective date of this Resolution. Words of any gender include the correlative words of the other gender, unless the sense indicates otherwise.

Section 3. Authority. This Resolution is adopted pursuant to Article VIII, Section 1(f) of the Constitution of the State of Florida, § 125.01, Fla. Stat., and the Ordinance.

Section 4. Findings. It is hereby ascertained, found, determined, and declared by the County Commission that:

(A) Article VIII of the Florida Constitution, and Section 125.01, Fla. Stat., grant to a County all powers of local self-government to perform County functions and to render services for County purposes in a manner not inconsistent with general law or with special law approved by vote of the electors, and such power may be exercised by enactment of ordinances and resolutions.

(B) The Ordinance was enacted to provide for the creation of a non-ad valorem assessment imposed on Hospitals located in the County.

(C) The County's support of access to health care services provided through graduate medical education and hospital charity care programs constitutes Local Services as defined in the Ordinance.

(D) The County's decision to leverage available funding to support the provision of hospital programs through Medicaid supplemental payments, including LIP funding, serves a valid public purpose by supporting the provision of health care to indigent members of the Northwest Florida community, and, therefore, the Assessment is in the best interest of the health, safety, and welfare of the citizens of Walton County.

(E) The County Commission desires to create the Assessment to fund Local Service as set forth herein.

(F) Local Service will provide a special benefit to the property located within the Assessment Area by generating additional funding to cover the cost of medical education and charity health care, including costs of operating and maintaining the real property and improvements thereon, in which the charity care is provided.

(G) The Assessment to be imposed in accordance with this Resolution provides an equitable method of funding increased charity care.

(H) A reasonable, broad based, and uniform methodology has been applied in determining (a) the basis and rate of the assessment and (b) which hospitals are subject to the Assessment within the jurisdictional limits of the County (the Assessed Hospitals).

Section 5. Non-Ad Valorem Assessment. There is hereby authorized and imposed a non-ad valorem assessment, the amount of which shall be computed in accordance with Section 7 herein. The Assessment shall be imposed, levied, collected, and enforced against the Hospitals located in the County to fund the non-federal share of Medicaid supplemental payments, including graduate medical education and LIP payments, to certain eligible hospitals.

When imposed by this Resolution, the Assessment shall constitute a lien upon the real property in the Assessment Area equal in rank and dignity with the liens of all state, county, district, or municipal taxes and other non-ad valorem assessments. Failure to pay may cause foreclosure proceedings, which could result in loss of title, to commence. The Assessment will be billed and collected as provided in Section 9 hereof and in the Ordinance.

Section 6. Assessment Scope, Basis, and Use.

(A) The Assessment authorized by this Resolution shall be imposed on all providers of inpatient hospital services within the County limits. The affected entities are Sacred Heart Hospital Emerald Coast and Healthmark Regional Medical Center. The County will assess a set percent of the net patient service revenues of each Hospital subject to the Assessment.

(B) The amounts collected from the Assessment may only be used for the following purposes:

(1) to transfer funds to the Agency for Health Care Administration ("AHCA") for the purpose of providing local funding for the non-federal share of Medicaid supplemental payments, including graduate medical education and LIP payments, to eligible hospitals; and

(2) to refund to the assessed Hospitals any overpayment or amounts otherwise collected in error with respect to the Assessment.

(C) In the event that all or a portion of the Medicaid supplemental payments are recouped by the federal government and the associated non-federal share funded by the Assessment is returned to the County, the County will refund such amounts to the Assessed Hospitals.

Section 7. Computation of Assessment.

(A) The installment of the Assessment shall equal up to 4.80 percent of net patient service revenues for each Hospital subject to the Assessment.

(B) Net inpatient hospital services revenue data for each assessed Hospital will be derived from the 2020 Medicare Cost Report, as available from AHCA.

(C) The full amount of the annual assessment is payable by October 31, 2022.

(D) The maximum obligation of the Assessment is \$6,590,500.00 (the "Maximum Obligation").

Section 8. Non-Ad Valorem Assessment Roll; Certification. The Non-Ad Valorem Assessment Roll, a copy of which is attached hereto as Exhibit A, is hereby approved in accordance with Section 1.05 of the Ordinance.

Section 9. Timing and Method of Collection.

(A) The The amount of the assessment is to be collected from the Hospitals as described herein.

(B) The County shall provide Assessment bills by first class mail to the owner of each affected Hospital. The bill or accompanying explanatory material shall include (1) a reference to this Resolution, (2) the total amount of the hospital's Assessment for the appropriate period, (3) the location at which payment will be accepted, (4) the date on which the Assessment is due, and (5) a statement that the Assessment constitutes a lien against assessed property equal in rank and dignity with the liens of all state, county, district or municipal taxes and other non-ad valorem assessments.

(C) The Hospitals shall pay to the County the full assessment promptly upon the passing of this Resolution, but in no event later than the date set forth in Section 7(C) above.

Section 10. Public Hearing. A public hearing will be conducted by the County Commission on September 27, 2022, or at such other time as noticed in Commission Chambers at the South Walton Annex, 31 Coastal Centre Blvd, Santa Rosa Beach, FL 32459, to consider adoption of this Assessment Resolution for the imposition and collection of the Assessment.

Section 11. Assessment.

(A) The methodology for computing the Assessment described herein is hereby approved. The Assessment is hereby imposed on the Assessment Area.

(B) The Assessment shall constitute a lien against the Assessment Area equal in rank and dignity with the liens of all state, county, district or municipal taxes and other non-ad valorem assessments. Except as otherwise provided by law, such lien shall be superior in dignity to all other liens and claims until paid. The lien shall be perfected upon adoption of this Assessment Resolution.

Section 12. Direction to Mail Copies. The County Commission does hereby authorize the County Administrator to send a copy of this Resolution by United States Mail to the Walton County Property Appraiser, the Walton County Tax Collector, and to the State of Florida Department of Revenue.

Section 13. Assessment Lien Notice. If the Assessment is not paid in full within thirty (30) days of the due date set forth in Section 7(C) hereof, County Commission does hereby authorize the appropriate County official to record a general notice of the lien resulting from the imposition of the Assessment in the Official Records of Walton County, Florida.

Section 14. Indemnification. The owners of the affected hospitals shall indemnify the County against any and all net losses incurred by the County if any clause, section or provision of this Resolution is declared unconstitutional or invalid for any reason or cause, after accounting for any funds returned by AHCA. If, notwithstanding the restricted use of the proceeds of the assessment set forth in Section 6, a creditor of the County is adjudged entitled to claim any portion of the proceeds of the assessment, the affected hospitals shall indemnify the County if it is required to pay to such creditor and AHCA an amount in excess of the assessment proceeds received. Each hospital's share of the total indemnification amount shall be equal to their share of the total assessment amount.

The Hospitals also agree to indemnify and hold the County, its subsidiaries or affiliates, elected and appointed officials, employees, volunteers, representatives, and agents harmless from any and all claims, suits, actions, damages, liability and expenses, directly or indirectly caused by, resulting from, arising out of, or occurring in connection with the adoption, implementation, or performance of the activities associated with this Resolution and Assessment and the Ordinance.

Section 15. Other Authorizations. The County Administrator and his designees are hereby authorized to (a) do all things necessary to carry out the terms and conditions of this Resolution, consistent with the intent of the County Commission, including, if necessary, contracting with the Walton County Property Appraiser and the Walton County Tax Collector to administer the levy and collection of the Assessment and executing a Low Income Pool Letter of Agreement with AHCA; and (b) record a copy of this Resolution and any other necessary notice in the Public Records of Walton County, Florida, to preserve the status of the lien created hereby on all properties in the Assessment Area against all the world, including any subsequent purchasers of the affected properties.

Section 16. Severability. If any clause, section, or provision of this Resolution shall be declared unconstitutional or invalid for any reason or cause, the remaining portion hereof shall be in full force and effect and be valid as if such invalid portion thereof had not been incorporated herein.

Section 17. Effective Date.

This resolution shall become effective immediately and shall remain in effect until June 30, 2023, unless revoked, amended, or supplanted by the Walton County Board of County Commissioners. Any additional resolution passed pursuant to the Ordinance must follow the same procedures used to adopt this resolution.

PASSED AND DULY ADOPTED by the Walton County Board of County Commissioners this ___ day of _____, 2022.

Attest:

BOARD OF COUNTY COMMISSIONERS
OF WALTON COUNTY, FLORIDA

Alex Alford, Clerk of Court
and County Comptroller

Michael Barker, Chair

EXHIBIT A
Non-Ad Valorem Assessment Roll

[SEE ATTACHMENT]

**Non-Ad Valorem
Assessment Roll**

1. Funding Analysis

Walton County				Assessment Rate 4.80%	
Provider Name	City	County	Hospital Ownership Type	Assessment Base	Mandatory Payments
				Net Patient Revenue ¹	
Healthmark Regional Med Ctr	Defuniak Springs	Walton	Private	9,245,163	443,768
Sacred Heart Emerald Coast	Destin	Walton	Private	128,056,925	6,146,732
Total				137,302,088	6,590,500