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Memorandum

From: Jane Sargent
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To: Chairman Joe A. Martinez
Board of County Commissioners

CC: Joe Rasco

Date: September 2, 2011

Subject: August 2011 Monthly Report

Congress adjourned on August 2 after passing the debt ceiling agreement. Senators and Members of Congress have been home in their districts since then. They are scheduled to return after the Labor Day holiday. In order to prevent the President from making recess appointments, the House and Senate have been convening for pro forma session every few days throughout the month of August.

As we previously reported, the House passed the debt ceiling bill on August 1. The Senate passed the bill on August 2 and the President signed it into law later the same day. Overall, the bill would raise the debt ceiling through 2012. Approximately \$1 trillion will be cut immediately through discretionary spending caps, and then a joint Congressional committee will recommend at least \$1.5 trillion in further cuts. If the Committee's recommendations are not enacted, there would be automatic budget cuts, a process known as "sequestration", which would take effect beginning in 2013.

In August, the members of the 12-member Joint Select Committee on Deficit Reduction were selected. The co-chairs of the Committee are Senator Patty Murray (D-WA) and Congressman Jeb Hensarling (R-TX). The other members of the Committee are Senator Max Baucus (D-MT), Senator John Kerry (D-MA), Senator Jon Kyl (R-AZ), Senator Pat Toomey (R-PA), Senator Rob Portman (R-OH), Congressman Dave Camp (R-MI), Congressman Fred Upton (R-MI), Congressman James Clyburn (D-SC), Congressman Xavier Becerra (D-CA), and Congressman Chris Van Hollen (D-MD).

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NEW YORK ORLANDO PALM BEACH TALLAHASSEE TAMPA TYSONS CORNER WASHINGTON, D.C. WEST PALM BEACH

The Joint Select Committee must vote on a final package of deficit reductions by November 23, 2011. A majority of the committee members will have to approve the package before it can be submitted to the House and Senate for consideration. Both chambers must vote on the final deficit reduction package by December 23, 2011. If the joint committee deadlocks or Congress fails to pass the package, it would trigger across-the-board cuts for defense and non-defense spending beginning in 2013. Social Security would be excluded from the across-the-board cuts, but could include cuts in Medicare of up to 2 percent per year. The Medicare cuts would only affect payments to providers, not to beneficiaries.

FY 2012 Appropriations Bills:

In late July, the House began debating the FY 2012 Interior-Environment bill, but did not finish it before adjourning on August 1. The bill may be taken up by the full House when they reconvene in September.

The House has finished its work on six other FY 2012 appropriations bills: Agriculture, Defense, Energy and Water, Homeland Security, Legislative Branch, and Military Construction-VA. The House Appropriations Committee has completed its action on two other bills: Financial Services and Commerce-Justice-Science. The State-Foreign Operations bill has been approved by the subcommittee and is expected to be taken up by the full Committee in September.

The Senate has approved only one FY 2012 appropriations bill -- Military Construction-VA. The Senate Appropriations Committee has not marked up any other bills. They have been waiting for the Senate to reach an agreement on the debt ceiling before proceeding with any of the other bills. When they reconvene in September, they are expected to begin consideration of the remaining FY 2012 bills.

The current fiscal year ends on September 30. None of the FY 2012 appropriations bills will be completed by October 1 when the new fiscal year starts. Therefore, Congress will have to pass a Continuing Resolution (CR) to keep the government operating until they can complete the FY 2012 bills. It is unlikely that Congress will have time to complete all 12 bills individually and will again have to combine all of the appropriations bills into one large omnibus bill.

Fire Rescue/USDA Property Acquisition:

On August 19, 2011, Congresswoman Ileana Ros-Lehtinen introduced the County's lands bill. The bill, H.R. 2825, will permit the County to purchase approximately 2 acres of property at the Subtropical Horticultural Research Station from the U.S. Department of Agriculture (USDA) to build a new fire station to serve Pinecrest, Palmetto Bay, Cutler Bay, and surrounding communities.

As you know, the legislation passed the House during the last session of Congress, but was not take up by the Senate so the bill needed to be re-introduced this session. We have been working with the County on getting the bill re-introduced. In September, we will work with the OIA staff to gain cosponsors for the House bill. We will also work with the County on getting the bill introduced in the Senate.

The USDA has no objections to the County pursuing the same legislation as last session. However, there were discussions about trying to acquire more land or a possible land swap, but it is our understanding that the USDA is not interested in pursuing that at this time.

Fire Rescue – Assistance to Firefighters Grants:

On August 15, FEMA opened the application period for the Assistance to Firefighters Grants (AFG), which we reported to the County. The application closing date was set for September 9, but has been extended for one week because of Hurricane Irene.

Funds are available to fire departments for fire operations and firefighter safety, which includes five fundable activities: firefighter training, firefighting equipment, firefighter personal protective equipment, firefighter wellness and fitness, and modifications to fire stations and facilities. The program can also provide grants for new firefighting vehicles, used fire apparatus originally designed for firefighting, or refurbished apparatus originally designed for firefighting. Funds are also available to nonaffiliated emergency and medical services organizations and may be used for similar EMS operations and safety activities and vehicle purchases and refurbishment.

There will be a total of \$380.7 million available for AFG this year. Up to 47 percent of these funds may go to career departments; at least 33.5 percent must go to combined paid career and volunteer departments; and at least 19.5 percent must go to all volunteer departments. Applicants serving jurisdictions with a population of 500,000 people or less may receive up to \$1 million in a fiscal year; those serving jurisdictions of 500,000 to one million people may receive up to \$1.75 million in a fiscal year; those serving jurisdictions of more than one million people may receive funds up to \$2.75 million in a year. A 20 percent non-federal cost share is required for applicants serving jurisdictions with populations over 50,000.

Information about the grants is available on FEMA's website at: <http://www.fema.gov/firegrants/afggrants/index.shtm>. If the County has questions, they can contact the AFG Program Help Desk at (866) 274-0960 or firegrants@dhs.gov.

State of Florida Medicaid Managed Care Program:

In August, we provided an update to the County on the State of Florida's Medicaid Managed Care Program. As we reported, Florida has applied to the Centers for Medicare and Medicaid (CMS) for an extension of its Medicaid Reform Section 1115 Demonstration Waiver. The current extension was set to expire on August 31, 2011. CMS has agreed to another temporary extension of the State's Medicaid waiver until September 15, 2011.

The original Section 1115 Waiver ran from July 1, 2006 through June 30, 2011, and allowed Florida to develop a mandatory Medicaid managed care demonstration program in Broward County and 4 counties in Northeast Florida. The waiver also created the hospital low income pool (LIP) program which compensates hospitals for caring for the uninsured and underinsured and providing services that are not reimbursed under Medicaid. The waiver sets year-by-year milestones, including statewide expansion of the program.

To date, the State of Florida has not been able to expand the program statewide as required and applied last fall for an extension of its Section 1115 Waiver and full funding of the LIP Program at \$1 billion per year. The application submitted by Florida's Agency for Health Care Administration (AHCA) is currently pending before CMS.

CMS and AHCA are continuing to negotiate an extension of the current waiver for the 5 existing Florida counties. In the meantime, they have also submitted possible changes to the waiver and state plan as approved by the State Legislature this past session. HB 7107 directs AHCA to apply for the necessary waivers and implement state plan amendments needed to carry out the Statewide Medicaid Managed Care (SMMC) program. If approved, the state would implement the SMMC program over several stages, starting with Long Term Care (LTC) Medicaid Managed Care in 2012 and Managed Medical Assistance in 2013.

On August 1, 2011, AHCA submitted the waivers, waiver amendments and state plan amendments to CMS as required by HB 7107. They are continuing to negotiate with CMS on the waivers and changes to the state plan.

As we reported previously, one of the outstanding issues being negotiated is the expiration of the LIP program. AHCA has proposed for LIP to expire by the end of the State Fiscal Year 2014 (June 2014). However, CMS has proposed that LIP would end in December 2013. The State has argued that it should not end in the middle of the fiscal year, but this is one of the issues that is still being negotiated.

CMS is continuing to work with the Office of Management and Budget (OMB) regarding the expiration date and funding level of the State's LIP. CMS and OMB are continuing to evaluate the termination of all supplemental funding pools with an end date of December 2013, including Florida's LIP, which would result in a substantial reduction of LIP funding for Florida. The State is continuing to seek a June 2014 expiration date and full funding for LIP for State Fiscal Year 2013-2014. They will try to reach an agreement on this issue before the September 15th deadline so they do not have to grant another temporary extension to the State. We will continue to provide timely updates to the County on this issue.

Free Trade Agreements

During the recess, there was a renewed push by House Republicans to move the long-stalled South Korea, Columbia and Panama Free Trade Agreements (FTAs). House Ways and Means Chairman Dave Camp (R-MI) and Congressman Kevin Brady (R-TX) called on the President to submit the three trade agreements to Congress for approval in order to help create jobs.

In August, a major trade agreement between Canada and Columbia took effect. Citing that and the high unemployment rate, Chairman Camp and Congressman Brady urged the Administration to submit the trade agreements immediately. The Obama Administration continues to insist that an extension of Trade Adjustment Assistance (TAA) benefits be part of the deal.

In early August, Senate Majority Leader Harry Reid and Senate Minority Leader Mitch McConnell announced that they had developed a plan that would allow for separate

consideration of a bill renewing TAA benefits and the free trade agreements. On August 4, the Administration said that they welcomed the development and look forward to working with the Senate and House when the Congress returns in September on gaining approval of the trade agreements. It is not clear at this point when the Administration will formally send the trade agreements to Congress for approval, but we will continue to keep the County updated on this issue.

Activities for September:

Congress is scheduled to return on September 6. When they return, they will continue working on the FY 2012 appropriations bills. They will also need to pass a Continuing Resolution before October 1 to keep the government operating until they can finish the FY 2012 bills. The Joint Select Committee on Deficit Reduction will also begin its work in September, including holding its initial meeting which is required within 45 days of the bill's enactment (which was August 2). We will also work with the County on gaining sponsors for H.R. 2825, the County's lands bill. We report on any developments for the free trade agreements and the State's Medicaid managed care plan. We will also continue to work with the County on our issues and any new matters as they arise.