

-DRAFT MEETING MINUTES-

Florida Commission on Review of Taxpayer Funded Hospital Districts

Meeting Date: May 27, 2011

Time: 10:00a.m. – 4:00 p.m.

Location: Agency for Health Care Administration, Conference Room A

Members Present: Dominic Calabro, Chair, Brad Dinkins, R. Paul Duncan, Jacob C. Jackson, Marshall Kelley, J. Scott McCleneghen, Randall McElheney, Representative Matt Hudson, and Jeff Gregg, Executive Director.

AHCA Administrators and Staff Present: Elizabeth Dudek, Secretary; Jim Alfred, Kaylyn Boles, Beth Eastman, Ryan Fitch, Gloria Barker, Heidi Fox, Adrienne Henderson, Ester Kim, Orlando Pryor, Bill McCort, Faye Miller, Rydell Samuel, Richard Shoop, Richard Saliba, Sarah Sheppard, Marsha Webb, and Phil Williams

Interested Parties Present: Carol Crabtree; Susan Kirk, Citrus County Hospital Board; Vickie LaMarche, Citrus County Hospital Board; David Prescott, Rutledge, Ecenia & Purnell, P.A.; Kristina Pickens; Mike Poche, Florida House of Representatives; Roger Berlinc; Bruce Rueben, Florida Hospital Association; Vance Jochim; Marilyn Bainter, North Lake County Hospital District; Paul Belcher, Florida Hospital Association; Michael Glazer, Ausley & McMullen; Paul Runk, Senator Alan Hays; Jim Saunders, News Service of Florida; Lauren Jackson, NSI; Lloyd Dunkelberger, New York Times; Mary Pat Moore, Florida Association of Health Plans; Doug Russel, Doug Russell & Associates; Laura Schaech; Crystal Stickle, Safety Net; Allen Brown, Florida Senate; Kathy Mears; David Coburn; Sonny Sowards; Glenn Burhans, Greenberg Traurig; Thomas Jous; Governor's Office; Blaine Cherry, Florida Tax Watch; John Benz, Memorial Healthcare; Tony Carvallo; Jan Gorrie, Carlton Fields; Casey Perkins, Executive Office of the Governor; Dyke Snipes, Health Management Associates; Elaine Peters, Health Management Associates; David Ashburn, Greenberg Traurig; Eric Prutsman, Orlando Health; Leslie Dughi, Greenberg Traurig; Travis Pillow, Florida Independent; Brett Bacot, Lee Memorial; Monica Rodriguez, Jackson Health; and Belita Moreton, Shands Health

Welcome and Introductions: The meeting opened with the Pledge of Allegiance. Dominic Calabro, Chair, called the meeting to order and welcomed the Florida Commissioner's Review of Taxpayer Funded Hospital Districts (Commission members) and interested parties. The Chair requested the Commission members and interested parties to introduce themselves.

Overview of Sunshine Law Requirements: Rick Figlio, General Counsel for Rick Scott, provided an overview of the Sunshine Law. Attorney Figlio stated that the meetings must be open to the public; proper meeting notices must be reasonable; minutes, recordings, and all documents (including e-mails) must be available within a reasonable time.

He advised the Commission members on the Sunshine Law regarding restrictions on communicating with each other outside the meetings through direct and indirect communications. He discussed the penalties for intentionally breaking the Sunshine Law, which may include criminal actions.

There was discussion about setting up e-mail accounts to house all e-mails regarding the Commission to comply with the law. In addition, the Commission members and interested parties were informed by Mr. Jeff Gregg, Bureau Chief at the Agency for Health Care Administration (Agency), that the meeting materials will be public including the meeting's recordings. The meeting information will be available on the Agency's website at <http://ahca.myflorida.com/mchq/FCTFH/fctfh.shtml>.

Review of Executive Order 11-63: The Chair presented the Executive Order for discussion. Mr. Gregg informed the Commission members of the steps the Agency has taken to address the Executive Order. He presented a sample letter of what the Agency has sent to the Hospital Districts requesting assistance with the review of the Hospital District's history, structure and operations. Mr. Gregg will compile the information and present the Hospital District's responses at the next meeting for further discussion.

Summary of Data and Staff Capability Available from AHCA: The Commission members were informed of the Agency's data and staff capabilities to assist them in making recommendations based on the Executive Order. Mr. Ryan Fitch gave an overview of the financial data reported to the Agency by the hospitals. Mr. Fitch stated that the hospital's financial data is audited and includes payer information, detailed expenses, bed size, salary information, patient days, and the data can also be grouped by rural, urban, and teaching hospitals.

The Commission members discussed the financial data available and requested the Agency to provide additional information regarding Medicaid financial data including government cost, Medicaid Low Income Pool and the status of Medicaid Reform. Medicaid representative, Phil Williams, will provide the requested information at the next meeting.

Beth Eastman provided information on outcome measures available through Centers for Medicare and Medicaid Services (CMS) and the Florida Agency for Health Care Administration (Agency). Ms. Eastman stated that the CMS measures are not representative of all payers and only includes data for patients 65 years and older. However, she stated that the Agency's data represents all payers and all ages. She presented the health outcome measures currently displayed on the Agency's website, www.FloridaHealthFinder.gov. The measures presented included mortality, patient safety indicators (complications/infection rates), pediatric quality indicators, and potentially preventable 15 day readmission rates. The Commission members discussed the integrity of the data and requested that the outcome data be displayed with the numerical value to assist them in comparing the facilities.

Commission Member Discussion: The Commission members discussed the various options for hospital financial and hospital health outcome data to aid them in making recommendations including special reports from the Agency's vendor. The Commission members also discussed additional information needed to make solid recommendations. They requested information on which districts and hospitals the Executive Order affects; comments from the public; challenges that affect the districts; and whether the districts are operating in the way they were initially established. In addition, the Commission members are requesting information on other states that have similar taxing authorities

Dominic Calabro, Chair, stated that special requests, such as special reports from vendor, must be approved by the Chair to ensure proper coordination of efforts.

Public Comment: The Commission members received comments from Mrs. Marilyn Bainter, North Lake County Hospital District, and Vance Jochim, Lake County.

Mrs. Bainter provided a document entitled “Federal Tax Exemption Criteria for Nonprofit Hospitals”. The document state that the “Federal tax exemption for charitable organizations has been in existence since the beginning of federal income tax law. This exemption is based on the principle that the government’s loss of tax revenue is offset by its relief from financial burdens that it would otherwise have to meet with appropriations from public funds. Nonprofit hospitals must be organized and operated exclusively for the promotion of health, ensuring that no part of their net earning insure to the benefit of any private individual, and may not participate in political campaigns on behalf of any candidate or conduct substantial lobbying activities. (25 Harding Hospital, Inc. v. U.S., 505 F 2d 1068, 1071-72 (6th Cir. 19740.))”. She stated that the exemptions from federal, state and local taxes are given to Florida Hospital Waterman, Leesburg Hospital, and Lifestream Behavioral Health as trade offs for serving the poor. She stated that hospital charity care given was 3.09%. She is concerned that the North Lake County Hospital District’s taxing funds allocated to the hospitals are not accounted for properly and the statutory language regarding how much to collect is not clear (1 mill vs. up to 1 mill). Currently, the county’s taxes collected have fallen; however, there was no adjustment in the funds given to the hospitals. She is concerned about the accountability of the funds given to the facilities and the hospital’s signing of contracts without meeting with the district board. The Commission members thanked Mrs. Bainter for bringing the issues to their attention for further review.

Vance Jochim expressed his concerns regarding accountability of the taxes collected and given to the hospitals in Lake County. He stated that Disney has requirements for their grants and defines how the money is used. He states that the district collected 10 million dollars and it was split between 2 hospitals with no requirements. He is concerned that there are no sunset provisions and taxes have been collected for 40 years. He further states that there are violations of the constitutional provisions because there is no voting on this issue. Other issues include the hospitals not having separate accounts and mixing the funds in their general revenue; questionable taxing statues; and issues regarding transferring money to other counties that do not benefit the county in which the taxes are collected. He recommends that the mill rate be modified; the sunset of the provision be less than 10 years; spending rules be implemented; and to have mandatory separation of funds. The Commission members thanked Mr. Jochim for his comments and sharing his concerns.

Meeting Summary and Adjourn:

Mr. Gregg provided the Commission members with the next steps. The next steps are as follows:

1. Develop taxonomy of hospitals (brick/mortar – those who fund hospitals; public v. private; profit v. non-profit)
2. Phil Williams – Provide overview of Medicaid payments
 - a. How are rates established?
 - b. Medicaid reform in relation to the Commission’s charge and charity care
3. Beth Eastman- Provide methodology for AHRQ and other data used. If assistance is needed, contact Dr. Paul Duncan.
4. Find information on other state’s Medicaid Information Systems and how the State of Florida compares.
5. Research other states to see if there are similar taxing district structures that are equivalent to Florida’s.
6. Bill McCort- Provide Chapter 189, Florida Statutes overview in plain language

7. Public meeting access will be coordinated by Mr. Randall McElheney and Mr. Jeff Gregg to stream the meeting on the internet.
8. Ensure Commission member's e-mail addresses are set up by Tuesday, May 31st.

The meeting adjourned at 1:15 p.m. The next scheduled meeting is June 20, 2011.