

-DRAFT MEETING MINUTES-

Florida Commission on Review of Taxpayer Funded Hospital Districts

Meeting Date: June 20, 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 (via phone), Marshall Kelley, J. Scott McCleneghen, Randall McElheney (via phone), Representative Matt Hudson, Senator Joe Negron, and Jeff Gregg, Executive Director.

AHCA Administrators and Staff Present: Kaylyn Boles, Beth Eastman, Ryan Fitch, Adrienne Henderson, Orlando Pryor, Faye Miller, Marsha Webb, Cindy Kucheman, Lecia Behenna, Nicole Maldonado, Rydell Samuel, Tom Wallace, Richard Saliba, and Phil Williams

Interested Parties Present: Carl Crabtree; Susan Kirk, Citrus County Hospital Board; Paul Belcher, Florida Hospital Association; Jennifer Hinson, Ausley & McMullen; Lloyd Dunkelberger, New York Times; Mary Pat Moore, Florida Association of Health Plans; Doug Russell, Bay Medical; Crystal Stickle, Safety Net Hospital Alliance of Florida; Allen Brown, Florida Senate; Kathy Mears; Sonya Sowards, Florida Tax Watch; Glenn Burhans, Greenberg Traurig; Blaine Cherry, Florida Tax Watch; John Benz, South Broward Hospital District; Casey Perkins, Executive Office of the Governor; David Ashburn, Greenberg Traurig; Eric Prutsman, Prutsman and Associates, PA; Mary Lou Tighe, Jackson Health; Jim Zingale, Safety Net Hospital Alliance of Florida; Tom Joos, Executive Office of the Governor; Christine Sexton, Tallahassee Reporters; Sarasota Memorial Hospital; Warren Jones, Tallahassee Memorial Hospital; and Dee Schaeffer, Halifax 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.

Review and Approval of May 27th Meeting Minutes: Chairman Calabro called for a review and approval of the minutes from the May 27th Commission meeting. Dr. Duncan made a motion to approve the minutes and it was seconded by Mr. Kelly. The motion passed.

Report on Options for Public Access: Director Gregg explained that options for public access to the meetings were explored and it was deemed that streaming live on the Internet was not appropriate for state government communications. At this time the meetings will not be broadcast over the Internet; however, the call in option will still be available for those who wish to listen via telephone. There was also a preliminary discussion with the Florida Channel about the potential of airing live on their channel. They may have some interest in airing future meetings.

Medicaid Rate Setting for Hospitals and Related Issues: Mr. Phil Williams, Assistant Deputy Secretary for Medicaid Finance, provided an overview of the Florida Medicaid Program. The estimated Medicaid spending for FY 2011-12 is \$21.2 billion. Florida is fifth nationwide in Medicaid expenditures and has the fourth largest Medicaid population at a projected 3.19 million

eligibles for SFY 2012-13. Mr. Williams also gave a brief overview of the Low Income Pool (LIP) Program. The low-income pool consisted of a capped annual allotment of \$1 billion total computable for each year of the 5 year demonstration period. The demonstration period is expiring soon and CMS has approved an extension of the current waiver. The details of the new waiver will be worked out during the temporary extension period. Mr. Williams also explained that AHCA must submit a report to the Legislature by 2014 with recommendations on changing from cost-based reimbursement. The last research that was performed showed that approximately 35 other states use something other than cost-based reimbursement.

Draft Hospital Data: Director Gregg explained in detail the hospital data provided. This data is a draft and can be modified to include more or less information as needed by the Commission. The file contains three tabs. 1) Class 1 general acute care hospitals and data; 2) hospitals that were excluded from reporting; 3) Spreadsheet key. The exclusions include hospitals that are included with their parent hospital, hospitals with unavailable data (new, state owned), specialty hospitals (mental health, rehab, cancer (1), children's (2), long term care and psychiatric). The state owned hospitals are excluded from reporting because they are not required to submit an audit with their financial data. The Commission members would like to have the hospitals grouped in different categories (size, geography, case mix) in order to obtain averages (for those groups). The Florida Hospital Association and American Hospital Association can help with this. The group agreed that the operating margin would provide a better comparison of hospitals because it doesn't include profitability from tax revenues.

Chapter 189 Review: Director Gregg gave a summary of Ch. 189, which provides state oversight of special taxing districts. The language mixes all types of districts and doesn't always distinguish which one it is referring to. The law is very old and was last amended in 1997. Chapter 189 allows the districts to retain a large amount of local control and allows them to oversee their own operations. Representative Hudson suggested inclusion of the Florida Association of Special Districts in discussions of any recommended changes to the verbiage.

Review of Hospital Tax District Survey: Director Gregg received a large amount of material in response to the letter that was sent to the districts regarding the questions from the Executive Order and is working to complete the summary of information. This will be sent to Commission members when completed and all documents received will be scanned and placed on the Internet.

Review of Quality Care Measures: Mrs. Beth Eastman reviewed the Agency for Healthcare Research and Quality (AHRQ) quality indicators that are provided on www.FloridaHealthFinder.gov. She briefly explained the methodology used and showed the results obtained. Dr. Duncan provided an explanation on the risk-adjustment of the data. The Commission members would like to be able to aggregate the data from the groups that are created to see how each group compares.

Commission Member Discussion: The Commission members also discussed the importance of narrowing down the facilities that need to be looked at further. They requested information on which districts and hospitals the Executive Order affects and whether the districts are operating in the way they were initially established. Representative Hudson expressed the importance of using demographics when determining the groups of facilities that will be compared. He also would like to explore Emergency Department utilization to see if some areas have higher numbers and why. In addition, the Commission members are requesting information on other states that have similar taxing authorities.

Public Comment: The Commission members received comments from Mr. Carl Crabtree, a Florida taxpayer.

Mr. Crabtree expressed his concerns about a hospital in his county. The hospital is owned by the county, run by a Board of Trustees, and managed by a private company. He is not suggesting a change or hospital tax, but would like to know what is going on in the hospital. He has a background in financial analysis and has been performing his own analysis of the hospital and its operations. He believes that the government is running up the hospital costs. He also questions why one hospital's Medicaid cost reimbursement are almost half of the Medicaid cost reimbursement of the facility across the street. He suggests that the Commission look at all opportunities and not just one. He mentioned that this is a golden opportunity to tweak this. He would like to share his analysis at a later date.

Meeting Summary and Adjourn:

Director Gregg provided the Commission members with the next steps. They are as follows:

1. Create cascading tree that will establish relationships between taxing districts and hospitals
2. Complete and post the summary of information from the tax districts as well as post scanned copies of all documents received from the districts.
3. Work with the Department of Community Affairs and Florida Association of Special Districts regarding Chapter 189 oversight and their perspective
4. Work with the Governor's Office on clarification of the Executive Order wording
5. Provide information from other states about their taxing districts
6. Representative Hudson will present a Legislative perspective in July
7. Inquire with Medicaid on why Medicaid rates vary between hospitals
8. Upon completion of hospital groups/list, inquire with the Ethics Commission on complaints that may have been filed for those facilities

The meeting adjourned at 2:00 p.m. The next scheduled meeting is July 20, 2011.