

- DRAFT MEETING MINUTES -

Florida Commission on Review of Taxpayer Funded Hospital Districts

Meeting Date: August 16, 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, Claude Hendon (proxy for Senator Joe Negron) and Jeff Gregg, Executive Director.

Members Absent: Randall McElheney and Representative Matt Hudson

AHCA Administrators and Staff Present: Kaylyn Boles, Beth Eastman, Adrienne Henderson, Bill McCort, Faye Miller, Lecia Behenna, and Phil Williams

Interested Parties Present: Bill Bell, Florida Hospital Association; Jennifer Hinson, Ausley & McMullen; Crystal Stickle, Safety Net Hospital Alliance of Florida; Blaine Cherry, Florida Tax Watch; Glenn Burhans, Greenberg Traurig; John Benz, Memorial Healthcare System; Eric Prutsman, Prutsman and Associates, PA; Lindy Kennedy, Safety Net Hospital Alliance of Florida; Gwen MacKenzie, Sarasota Memorial Hospital; Warren Jones, Tallahassee Memorial Hospital; Tony Carvalho, Safety Net Hospital Alliance of Florida; Thabata Batomeur, Florida House of Representatives; Phillip Singleton, Pittman Law Group; Lori Hundley, Hundley Management; Doug Russell, D. Russell & Associates; Greg Turbeville, Ballard Partners; Harry Duncanson; Jules Kanner, Jackson Health; Brett Baut, Lee Memorial; Kristina Pickens, Robert M. Levy & Associates; Bruce Rueben, Florida Hospital Association; Jack Gaskins, Department of Community Affairs; Sascha Cordner, Florida Public Radio; Carlos Layo, Jackson Health System; Monica Rodriguez; and Nathan Ray, Jackson Health System

Welcome and Introductions: 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.

Review and Approval of July 20th Meeting Minutes: Chairman Calabro called for a review and approval of the minutes from the July 20th Commission meeting. Mr. Marshall Kelley made a motion to approve the minutes and it was seconded by Mr. J. Scott McCleneghen. The motion passed.

Structure and Oversight of Special Taxing Districts: Mr. Jack Gaskins, Department of Community Affairs, provided an overview of special districts. He stated that special districts are units of local special-purpose government operating in a limited geographical area. The oversight of special districts is very similar to the oversight of counties and municipalities. They are subject to enforcement provisions. The Florida Legislature creates independent special districts by special act. Counties and municipalities create dependent special districts by ordinance. Currently, the majority of special districts are independent, single county, and active. Dissolution or mergers of special districts can occur by the same procedure required to grant

the authority. Dissolved special district's property and debt are transferred to the county or municipality in which the special district was located.

Special district's governing boards are either elected, appointed by a county or municipality, appointed by the Governor, or a combination of appointed and elected. The top revenue source for special districts is non ad valorem assessments.

The Uniform Special District Accountability Act of 1989 (Chapter 189, Florida Statutes), along with other laws, provide for minimum standards of accountability and conduct, such as requirements to file financial audits; comply with government-in-the Sunshine, public notice and public meeting laws; and comply with ethics laws.

Special districts are held accountable to having regular public meeting schedules and preparing an annual budget. All special districts must report their revenues, expenditures, and long-term liabilities to the Department of Financial Services no later than 9 months after the fiscal year end (June 30th).

The special districts oversight includes board member oversight, citizen oversight, ethics commission, Local State Attorney's Office, and Certified Public Accountants. The Auditor General performs desk audits to make sure the audits comply and if there is one identical finding in the audit for three years it is sent to the Joint Legislative Committee for review. The Joint Auditing Committee also investigates any matter within the scope of an audit conducted by the Auditor General.

The Governor's Office (Chief Inspector General) monitors special districts meeting a financial emergency condition and provides assistance to help the special district resolve the emergency. Currently, Hendry County Hospital Authority and Indian River County Hospital District are on the financial emergency list but are being evaluated and may be removed soon.

In addition, the Department of Community Affairs receives special district noncompliance status reports that list those special districts that did not comply with statutory reporting requirements. The special districts must comply within 60 days or risk being declared inactive and the special district may be issued a writ of certiorari order from the court to produce the missing reports by a specified date.

The Commissioners discussed the information and would like staff to provide the following information:

- Provide data on how many hospitals were sold, leased, or shut down. Provide outcome of the hospitals before and after the shut down.
- Provide pros and cons of special districts.
- Provide how many hospitals are in Florida and how many are operating as a special district.
- Request assistance from Department of Community Affairs on how to make the special districts uniform, accountable, and transparent.
- Provide numbers on how many times the Joint Legislative Auditing Committee has initiated enforcement for noncompliance of special districts.
- Provide records of reported complaints of hospital taxing districts.

Hospital Rate Setting and Related Issues: Phil Williams, Assistant Deputy Secretary for Medicaid Finance, provided an overview of hospital rate setting for Medicaid. He provided an example of the July 1, 2011 rates for Ocala Regional Medical Center and Munroe Regional Medical Center. Ocala Regional Medical Center is proprietary and non-exempt. Munroe Regional Medical Center is classified as government and exempt. He stated the differences between the hospitals, with Munroe Regional Medical Center having the most total bed days, total inpatient days, and Medicaid and Medicare inpatient days.

Mr. Williams noted that Munroe Regional Medical Center has obstetric services and Ocala Regional Medical Center does not. The indigent tax assessment, Medicaid cost, fixed cost, operating cost, and final Medicaid prospective rates for Munroe Regional Medical Center is larger than that of Ocala Regional Medical Center. He stated that Munroe Regional provides 60 to 70% of indigent care. The Commissioners discussed the differences in the hospital's Medicaid per diem payments and options for changing to different types of payment such as DRG based payments.

Mr. Williams addressed previous questions regarding the extension of the Low Income Pool Waiver. He stated that the Agency was granted extensions until August 31, 2011. Currently, the Governor and staff are working on the issue with the Federal Government. Low Income Pool information and periodic reports provided to the State Legislature and Federal Government are available online.

Overview of Palm Beach County Health Care District: Dr. Ronald Wiewora, Chief Executive Officer, stated that the district includes one public hospital, nine for-profit hospitals, and three non-profit hospitals. The district was created by referendum in November of 1988. The hospital district is managed like an insurance plan. The health care district programs include managed care/health coverage, pharmacy, trauma system (trauma agency and aeromedical), school health, Lakeside Medical Center (public hospital), Edward J. Healey Rehabilitation and Nursing Center, Medicaid match, and sponsored programs. The hospital district has many functions such as determining eligibility, processing claims, providing quality and utilization review and management, providing multilingual customer service, and many additional functions. The programs are funded by 135 million dollars in taxes. The Commissioners were impressed with the hospital district.

Chairman Calabro requested staff to provide comparison information for Palm Beach and neighboring hospital districts.

Overview of South Broward Hospital District (Memorial Healthcare System): Mr. John Benz, Senior Vice President/Chief Strategic Officer, provided an overview of South Broward Hospital District. South Broward Hospital District is the fifth largest public health care system in the nation. The health care system provides care regardless of a person's ability to pay. They provide charity and discounted care. The dollar follows the patients at Memorial Healthcare System. They have approximately one billion dollars in uncompensated care charges and two hundred million in uncompensated hospital costs. The tax millage rate has declined from 2.182 to .7942 from fiscal year 1992 to 2012. However, Memorial Healthcare System has flourished due to their management of the operation, commitment, grants, and focus on preventative and primary care. The Commissioners were impressed with the continued success of Memorial Healthcare System even with the decline in tax revenue. Commissioner Dinkins requested more information on their debt and information on their appraised value of their properties.

Discussion of Clinical Outcome Measures: Jeff Gregg, Executive Director of Commission, provided the Commissioners with a handout for their review of the FloridaHealthFinder.gov and CMS health outcome measures. Director Gregg encourages the Commissioners to review the information and provide feedback.

Public Comment: The Commissioners did not receive any public comment.

Meeting Summary and Adjourn: Director Gregg provided the Commission members with the next steps as follows:

1. Meeting on September 6th will include the roll out of all the data.
2. Provide data on how many hospitals were sold, leased, or shut down. Provide outcome (good and bad) of the hospitals before and after the shut down.
3. Provide how many hospitals are in Florida and how many are operating as a special district.
4. Provide numbers on how many times the Joint Legislative Auditing Committee has initiated enforcement for noncompliance of special districts.
5. Provide comparison information for Palm Beach and neighboring hospital districts.
6. Provide records of reported complaints of hospital taxing districts.
7. Extend invites to other health care districts such as Volusia, Citrus, North Broward, and for profit hospitals.
8. Have forum to invite the public to voice their issues and provide recommendations on changes they want to see in the current process.
9. Request assistance from Department of Community Affairs on how to make the special districts uniform, accountable, and transparent.
10. Commissioner's report is being drafted for December.

The meeting adjourned at 1:45 p.m. The next scheduled meeting is September 6, 2011.