

Florida Commission on Review of Taxpayer Funded Hospital Districts



Jim Nathan

Lee Memorial Health System

September 20,2011



Who We Are...Governance

- Special District created under the Laws of Florida
 - No Taxing Authority
 - Largest Public Hospital System in Florida Without Local Tax Support
- 10 Member Publicly Elected Board
 - Countywide Vote
 - 5 Districts Similar to County Commission
 - Nonpartisan Election
 - Additional Board-Appointed Committee Members with Special Expertise
 - Active Committees and Liaison Roles
 - Patient Safety ... Board's overriding core value
- Governed by Sunshine & Public Record Laws
 - All Open Meetings (20-30 per year)
 - Publicly Noticed (extensive advanced information published)
 - Public Records (extensive information on website)
 - Media Regularly Cover Committee and Board Meetings

Who We Are...Unique Services

- One of Florida's most significant safety net health systems
- State-designated Unique Specialty Programs
 - Trauma (Level II) ... high volumes & losses
 - Regional Perinatal Center (Level III NICU; high risk Obstetrics)
 - Children's Oncology, Sickle Cell and Cystic Fibrosis Centers
 - Kidney Transplant Center
 - Memory Disorders Center
 - Nationally designated facility for bioterrorism at Cape Coral Hospital



Who We Are...Specialty Care

**The Rehabilitation
Hospital**



Regional Cancer Center



**HealthPark
Care &
Rehabilitation
Center**



Who We Are...Ambulatory Services

Lee Physician Group



Lee Physician Group Dunbar United Way House

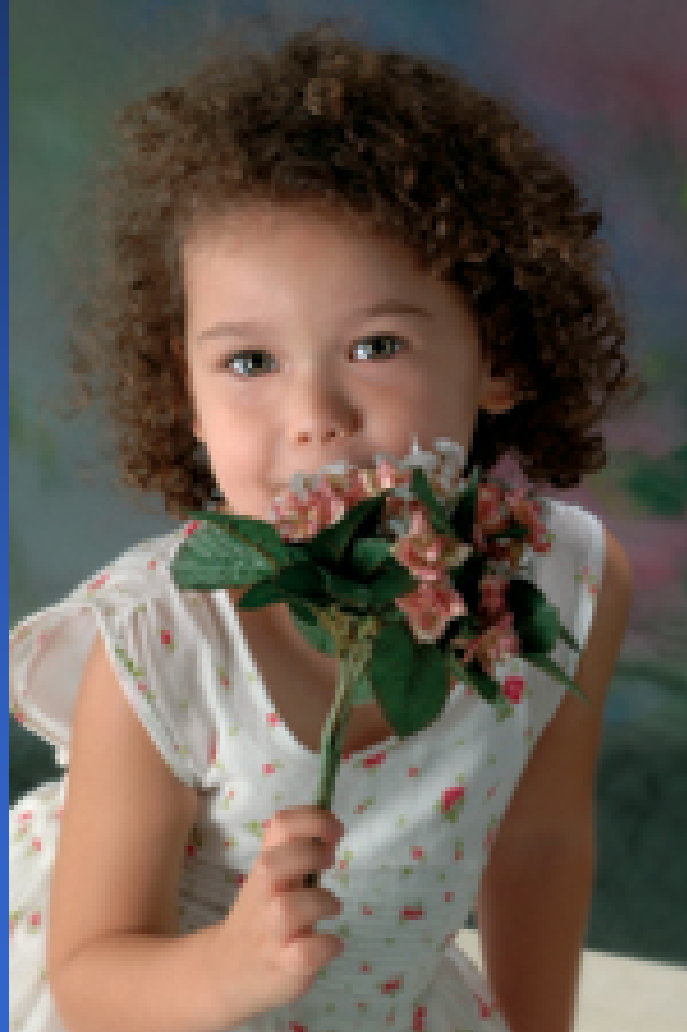


The Sanctuary Outpatient Services



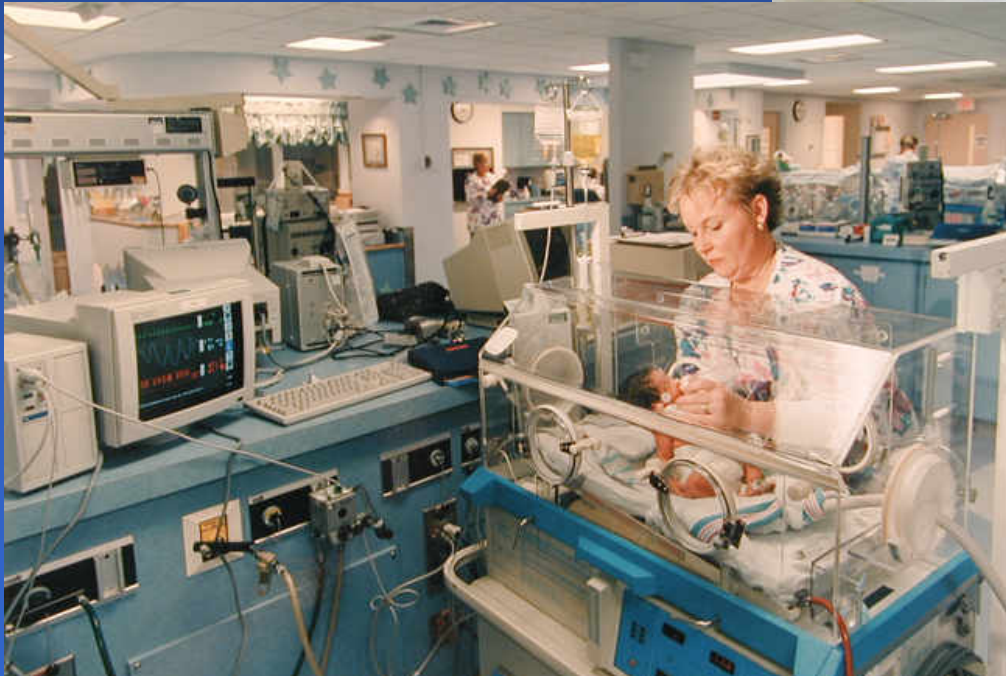
Home Health

Who We Are...The Children's Hospital of Southwest Florida



Neonatal Intensive Care





**Best outcomes
in Florida for
1,000+ gram
infants (2.2+ lbs.)**

Who We Are...Volunteers

Volunteers are an essential part of Lee Memorial Health System in assisting patients, families and staff.

- *Over 4300 volunteers*
- *Providing in excess of 600,000 hours of service*
- *Annual value in excess of \$10 Million*

Regional Economic Research Institute



Who We Are...LMHS Foundation

- Since 2001 LMHS Foundation has generated over **\$60 million** for Lee Memorial Health System
- Cost Effective: **\$1 spent = \$5.27 generated**
- Fiscal Year 2010
 - Fund Raising and Investment Income: **\$7.24 million**
 - Distributed **Record \$6.6 million** to LMHS
- Fiscal Year 2011
 - On target to exceed **\$15 million** ... Children's Hospital focus
- Community Partners (partial list)
 - Sanibel Captiva Cares, SWFL Wine & Food Festival, Rumrunners, Kohl's, Minnesota Twins, Bonita Bay Club, Boston Red Sox

Who We Are...Cost Effective Innovations

- Patient Safety: Overriding Core Value
- Leading edge programs in infection control
- Physician partnerships in orthopedics, cancer, outpatient surgery
- Establishing employer/employee clinics
- Continuum of care programming: home telemonitoring; congestive heart failure; outreach to avoid readmission
- Electronic Health Record>systemwide >>>communitywide
- Partnerships: wellness, health outreach, behavioral health
- Regional children's health initiatives: advocacy; program development; new facility
- Lean sigma redesign including admission; discharge; scheduling

Who We Are...

Recognition For Quality Care and Community Collaboration

- **National**

- Eliminating Central Line Infections – **2011 HHS Outstanding Leaders**
- Best ED Care Management - 2011 Case in Point Platinum Award
- Top 5 Innovations in Community Collaboration - AHA NOVA Award 2010 (Bob Janes Triage Center and United Way House Clinics)
- Community Engagement Award Top 2 Finalists (Visioning) - NAPH
- “100 Top” Hospitals in America - All Four Hospitals Named
- “Top Doctors” - Physicians Nationally Recognized by Castle-Connolly
- Consumer Choice Award Winner – 9th Consecutive Year
- AARP Top 10 “Best Employers for Workers Over 50” - 5th consecutive year

- **State**

- Best Community Benefit Program - 2010 FHA
- Best Florida Large Hospital Workplace – 2010 FHA
- Eliminating central line infections - 2010 FHA top recognition



Supply Chain Management



Sarasota Memorial Healthcare
Central Florida Health Alliance
Huntsville Healthcare
Lee Memorial Health System



**Lee Memorial
Health System**



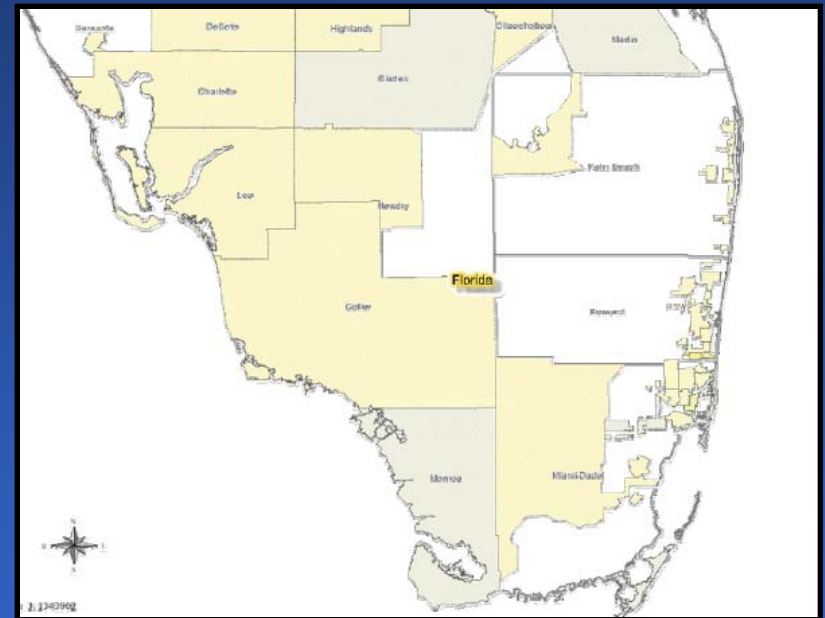
**Naples Community
Healthcare System**

- Multiple medical services under one roof
- Over 50 primary and specialty care physicians
- Urgent Care
- Imaging Services
- Rehabilitation Services
- Surgical Services
- Endoscopy Suites
- Pain Management
- Wound Care
- Lab & Blood Donor Center



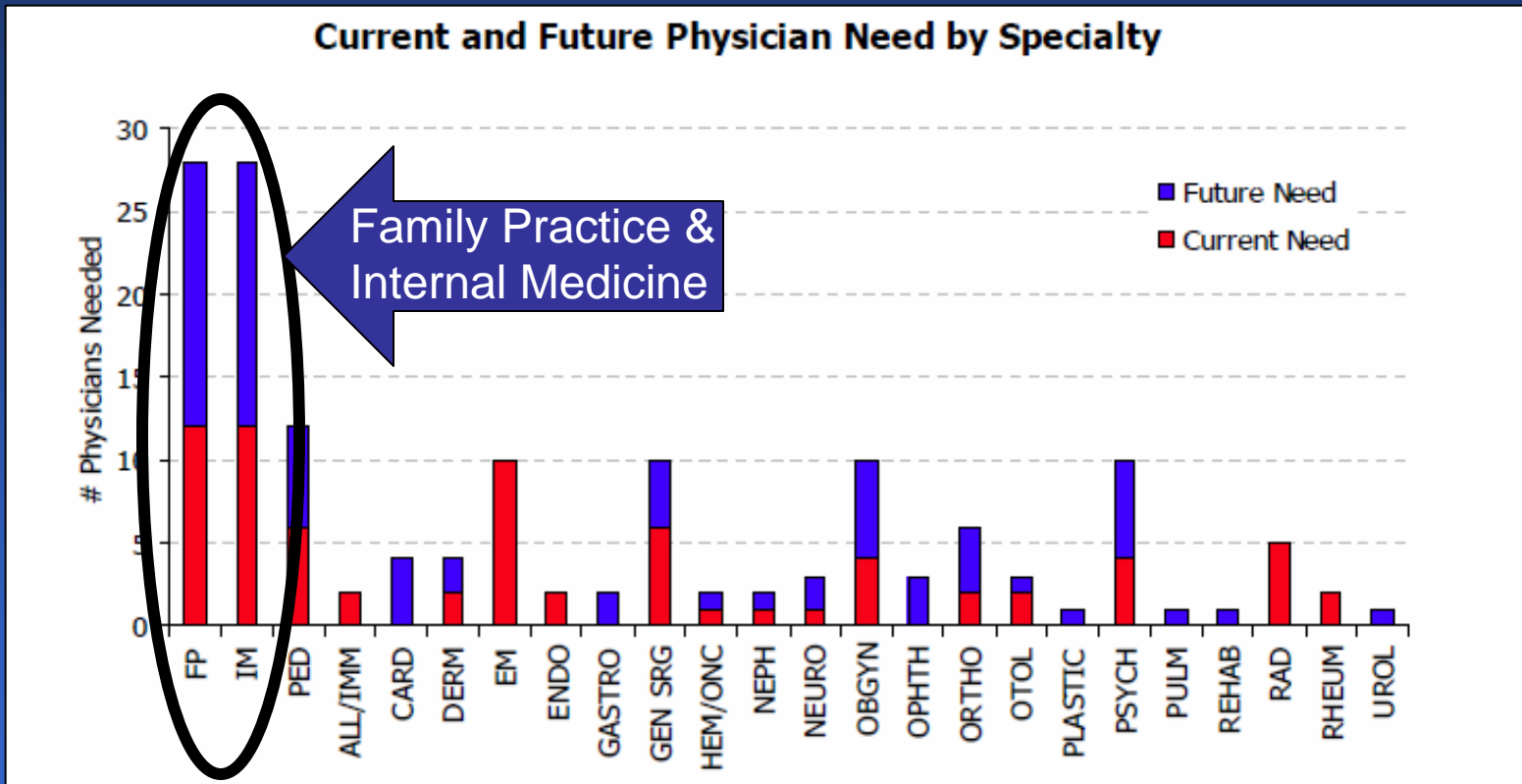
Lee County is Designated as a Medically Underserved Region

- Too few primary care providers
- High infant mortality
- High poverty
- High elderly population



Source: U.S. Department of Health and Human Services;
<http://datawarehouse.hrsa.gov/DWOnlineMap/PreformattedMap.aspx>

Physician Shortage Study by AmeriMed Consulting



Source: AmeriMed Consulting Study, 2008.

Training New Physicians LMHS/FSU Family Practice Residency Program

**Economic
Development
opportunity**



**Economic
Development
opportunity**

*Regional Economic
Research Institute*

**LEE MEMORIAL
HEALTH SYSTEM**

How We Impact Our Community...

**LEE MEMORIAL
HEALTH SYSTEM**

An Economic Impact Study of Employment and Income

Lee Memorial Health System

May 5, 2010

Regional Economic Research Institute

Lutgert College of Business

Florida Gulf Coast University

**LEE MEMORIAL
HEALTH SYSTEM**

Economic Impact Findings

- One in seven Lee County employees employed in health care (over 26,000)
- 1/3 of health care employees employed by Lee Memorial Health System
- Every 100 LMHS employees yield another 78 community jobs created (\$1.6 billion in labor and value added)

How We Impact Our Community...

2010 Community Benefit Report

Community Benefit	Millions
<u>Cost</u> of charity care for low income patients	\$35.3
<u>Cost</u> of community outreach, education, one-of-a-kind service	11.3
<u>Cost</u> of unpaid Medicaid service	36.4
<u>Cost</u> of unpaid Medicare and other government programs	107.0
TOTAL value of services provided by LMHS to the community	190.0
Less the benefit to LMHS to taxes not paid due to tax exemption	(25.0)
Net value of the 2010 Community Benefit	\$165.0

...Community Partnering

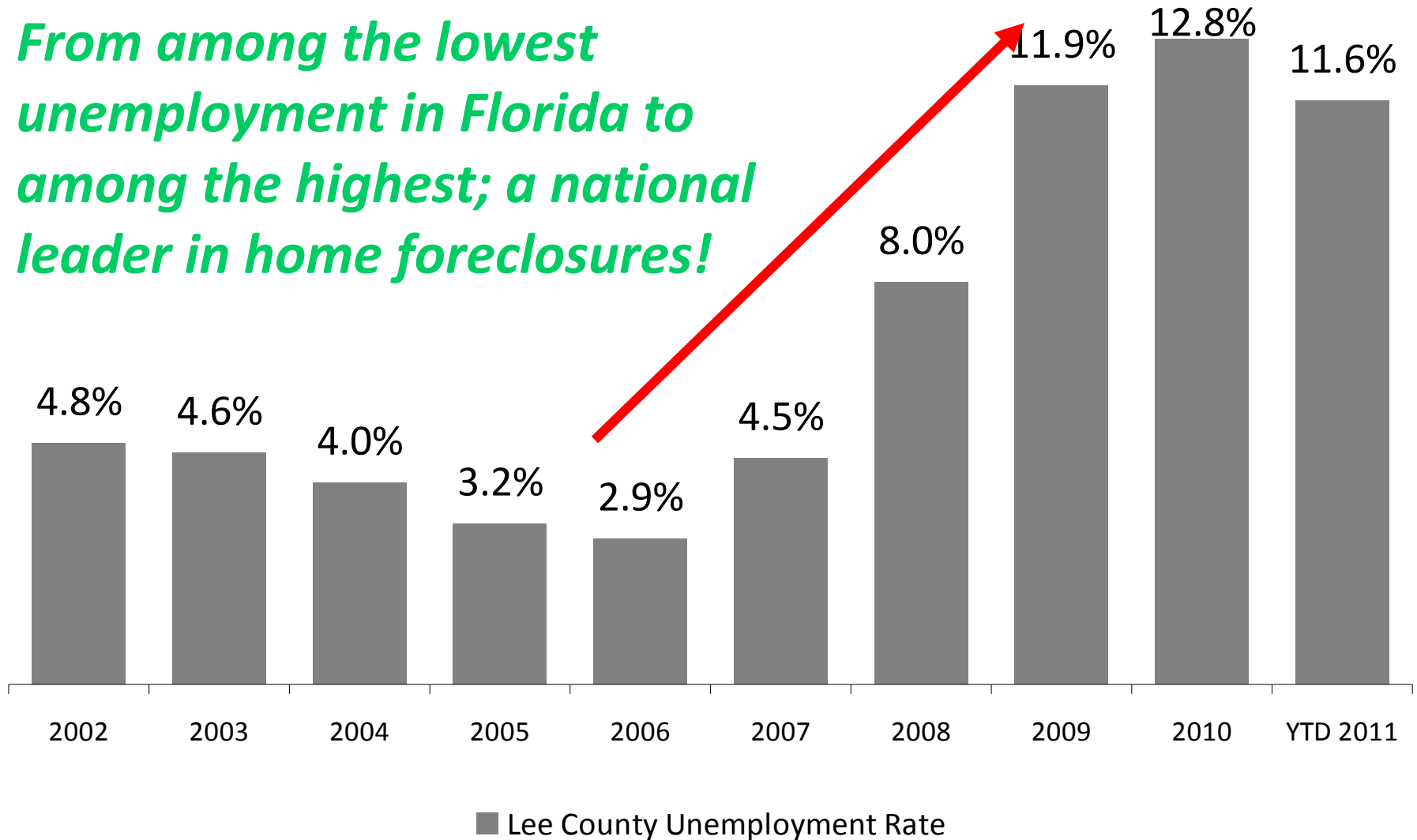
- Behavioral Health Triage Center
 - Lee Mental Health; Salvation Army; Law Enforcement
- Emergency Triage
 - Lee County Emergency Medical Services
- United Way Houses
 - Lee Physician Group Dunbar (CCMI lead agency referring to >50 other human service agencies)
 - Lee Physician Group North Fort Myers (Salvation Army lead agency)
 - East Fort Myers (Family Health Centers, Children's Advocacy)
- Medical Respite Unit
 - Salvation Army
- Lee We Care
 - Medical Society, United Way, others
- FGCU, Edison State, Nova & other education centers
 - Internships, faculty, etc.

...Community Partnering

- New Multiple Sclerosis Clinics
 - With MS Society
- New ALS Clinic
 - With new local ALS Society chapter
- Fit-Friendly SWFL
 - With American Heart Association and 100 other organizations
- Tobacco Free Lee
 - With Lee County Health Department, Schools, others

How our Community Impacts Us ...**Unemployment** – Lee County

From among the lowest unemployment in Florida to among the highest; a national leader in home foreclosures!



Percent Uninsured by State

Highest		Lowest	
1. Texas	28%	1. Massachusetts	5%
2. New Mexico	26%	2. Minnesota	11%
3. Florida	25%	3. Hawaii	12%
4. California	23%	4. Iowa	12%
5. Nevada	23%	5. Wisconsin	12%

May 2009

Sources: http://www.americanprogress.org/issues/2009/05/pdf/uninsured_rate.pdf
http://www.hhnmag.com/hhnmag_app/jsp/articledisplay.jsp?dcrpath=HHNMAG/Article/data/05MAY2009/0905HHN_CoverStory_sb2&domain=HHNMAG

**Southwest Florida
2nd highest uninsured
region in Florida**

2009

**Lee County
Uninsured 30%**

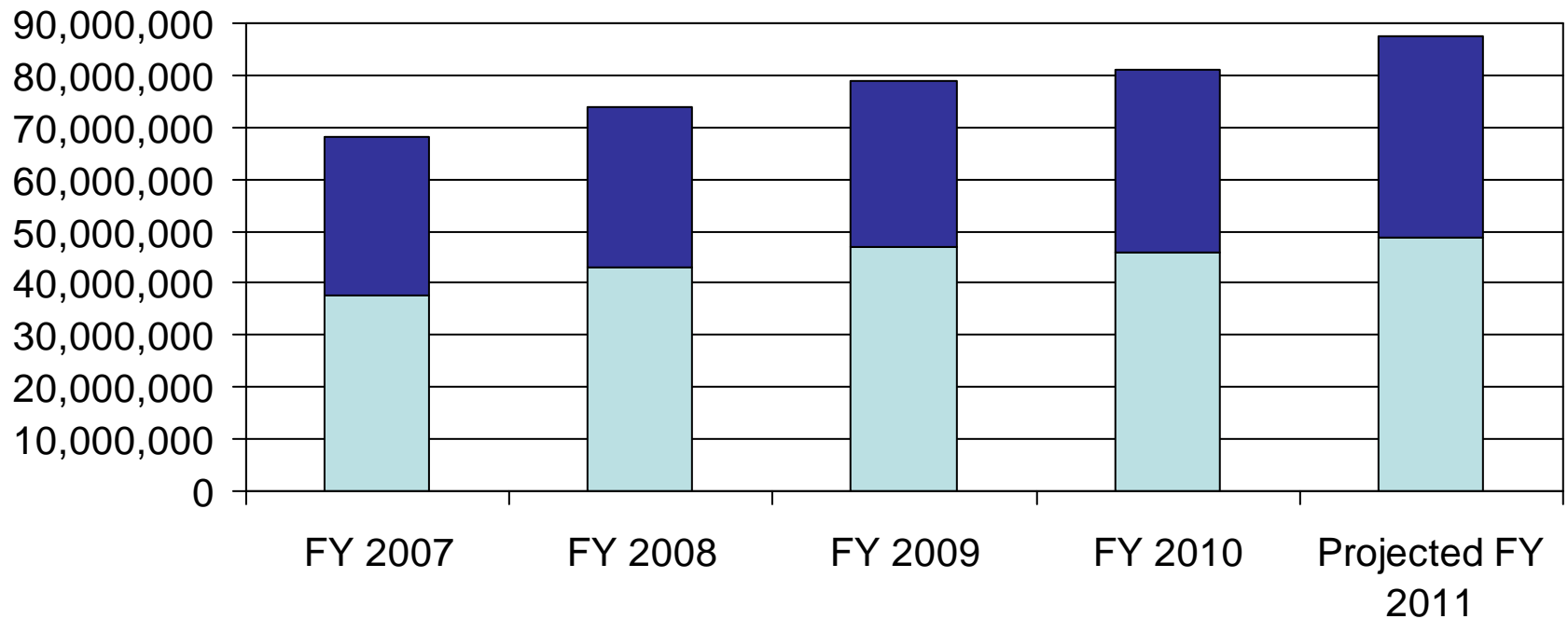
Charity Care

Uninsured/Underinsured +29%

Charity +27%

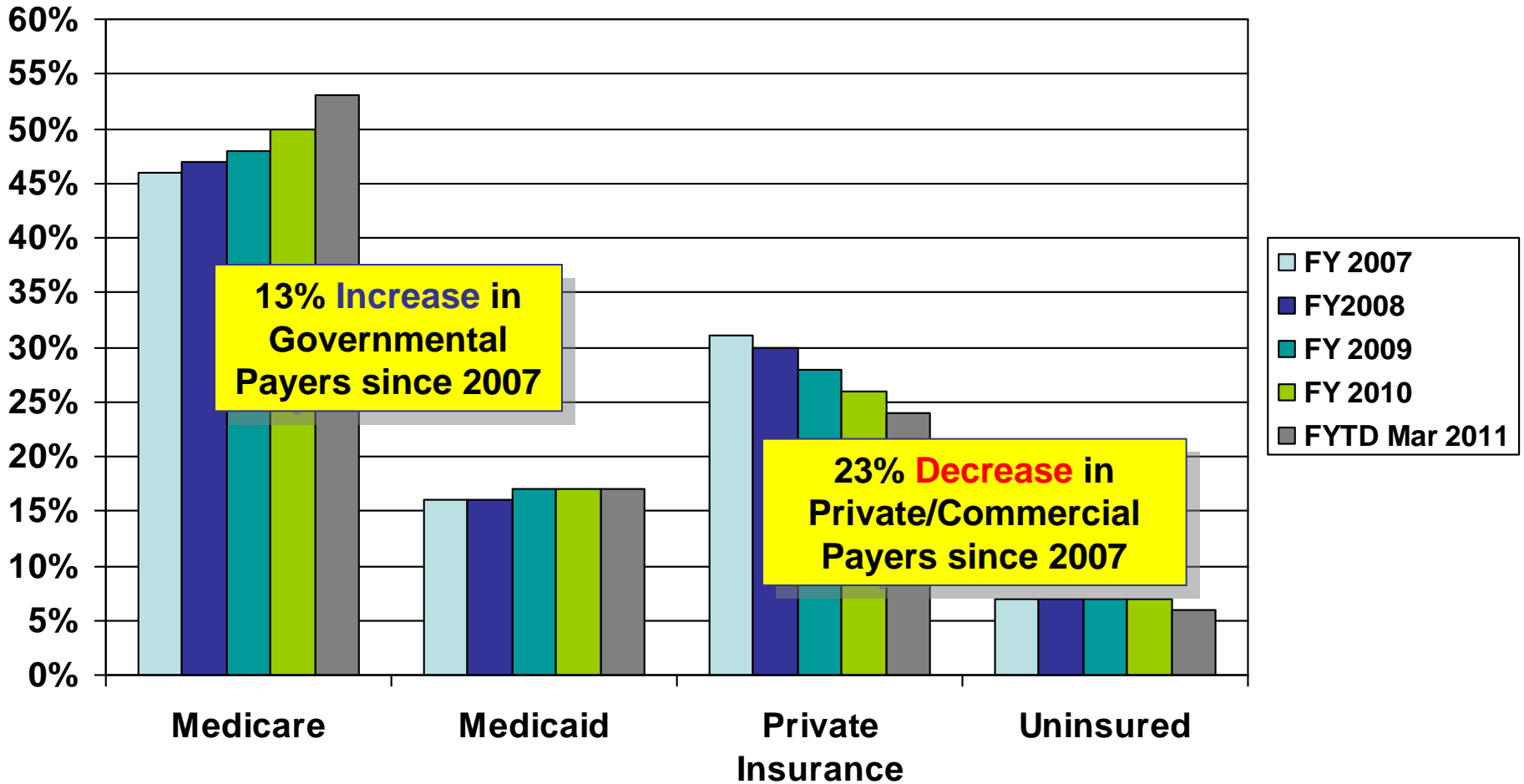
Cost of Uncompensated Care

Uninsured & Underinsured Charity Care <200% FPL

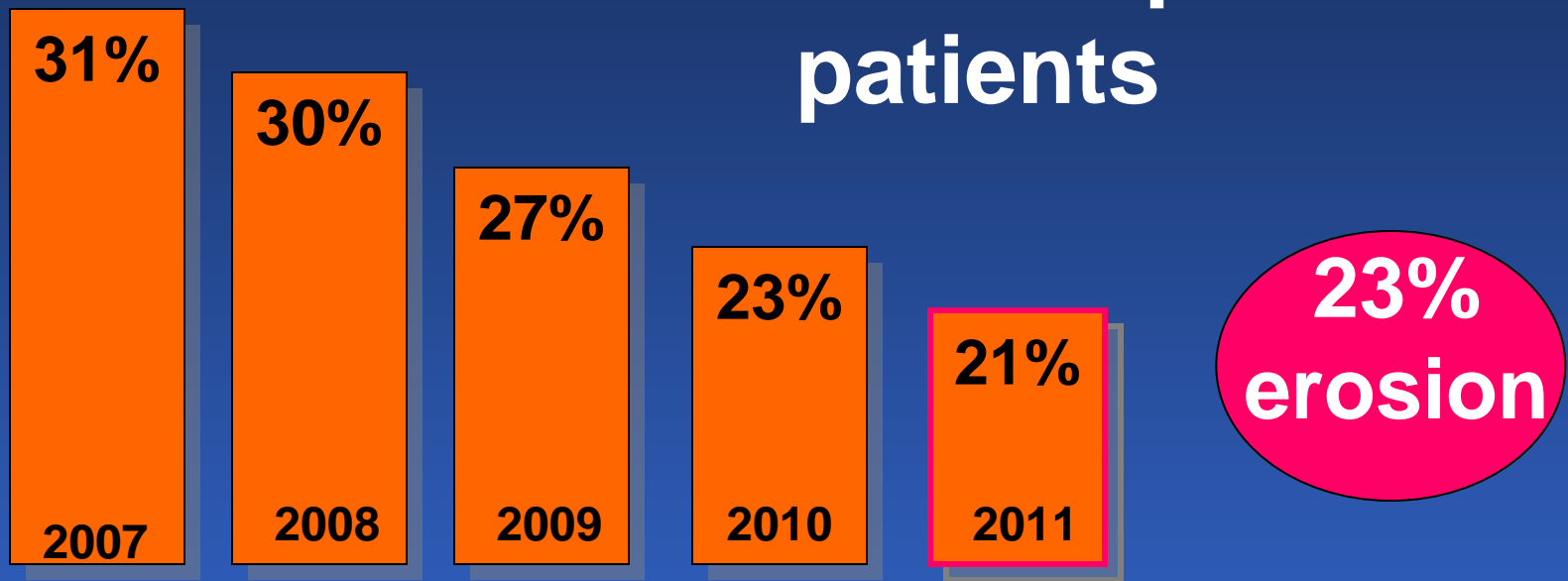


+\$20 million in cost in 5 years

Payer Mix



Decline in commercial revenue for hospitalized patients



79% of hospitalized patients government-sponsored (Medicare/Medicaid) or uninsured/underinsured.

Children's services dependent on Medicaid

We Keep Our Charges & Costs Low

AHCA Large Urban Hospital 2009 Actual Data

	Gross Revenue Per CMI AA	Compared to Peer Group Average	Standard Cost Per Adj. Admit	Compared to Peer Group Average
Lee Memorial Hosp + HealthPark Medical Center	\$24,589	-17%	\$5,623	-16%
Cape Coral Hospital	\$22,702	-32%	\$4,884	-20%
Gulf Coast Medical Center	\$25,360	-24%	\$6,181	+1.5%

Source: Group 4: Gross Rev. per CMI AA = \$33,249 average

Group 4: Standard Cost per AA = \$6,041 average

Group 7: Gross Rev. per CMI AA = \$29,643 average

Group 7: Standard Cost per AA = \$6,696 average

Standard cost per adjusted admit:

Cost/adjusted admission/CMI/geographic adj factor x FYE adjustment

Lee Memorial's Positive Impact on Community Post Acquisition from HCA October 1, 2006 for (SWFL Regional & Gulf Coast Hospital) Gulf Coast Medical Center

- **- 40%** - Published charges reduced immediately to LMHS standard charges
- **+ 100** - Bedside nursing staff increased immediately to LMHS standard staffing
- **Technology** - Invested immediately in bedside monitoring
- **Leverage** - Supply costs per adjusted admit flat for 5 years
- **Productivity** - Corporate costs flat for 5 years
- **- 12%** - Prices today still less than 5 years ago as operated by national investors

Operational Efficiencies

- Personnel Policies
 - Mid-point Salaries
 - Performance Based Incentives
 - 403b and 457b (No Traditional Defined Benefit Retirement Plan)
 - Flexible Staffing Through Use of PRNs
- LeeSar & Cooperative Services of Florida
- Financial Early Warning Indicators
 - \$65 Million Budget cost & revenue enhancements in 2008
- Lean Sigma ... operations improvement
 - Employed Blackbelts
 - Process Reengineering
 - Continuous Improvement

Ongoing Challenges

GROWTH:

- Lee County Outpaced Florida last decade
41% to 18%

AGING:

- Creates future demand for services and unprecedented capital needs (Medicare dependent; chronic illnesses)

CAPACITY:

- Little capacity for growth
- Out of space for children and adults!
- At capacity during season

REIMBURSEMENT CUTS:

- Medicaid
- Medicare

**Increasingly a government
dependent community for
health care funding**

Community Health Visioning 2017

Seven Priorities (2011)



1. **Healthy Lifestyles**

2. Primary Care Alternatives
3. Chronic Disease Management
4. Behavioral Health
5. Public Awareness of Services
6. Healthcare Workforce Shortage
7. Electronic Medical Record



Caring People ... Caring for People



Caring People ... Caring for People



Thank You!!!!