

- DRAFT MEETING MINUTES -

Florida Commission on Review of Taxpayer Funded Hospital Districts

Meeting Date: November 21, 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, Paul Duncan, Jacob C. Jackson (via phone), Marshall Kelley, Representative Matt Hudson, Senator Joe Negron represented by Senator Claude Hendon, Randall McElheney (via phone) and Jeff Gregg, Executive Director

Members Absent: J. Scott McCleneghen

AHCA Staff Present: Kaylyn Boles, Ryan Fitch, Marsha Webb, Marisol Novak, Beth Eastman and Faye Miller

Interested Parties Present: Peter Taylor, Sarasota Memorial; Paul Belcher, Florida Hospital Association; Bruce Rueben, Florida Hospital Association; Christine Sexton, Tallahassee Reporters; Blaine Cherry, Florida Tax Watch; Sonya Sowards, Florida Tax Watch; John Owens, Financial Healthcare Strategies; Lori Hundley, Parrish Medical; Jim Zingale, Safety Net Hospital Alliance of Florida; Harry Duncanson, Memorial Health System; Michael Glazer, Ausley & McMullen; Dee Schaeffer, Halifax; Glenn Burhans, Greenberg Trauig; Eric Prutsman, Prutsman and Associates; Carl Crabtree.

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.

Review and Approval of November 7th Meeting Minutes: Chairman Calabro called for a review and approval of the minutes from the November 7, 2011 commission meeting. A motion was made by Representative Hudson and seconded by Commissioner Kelley. The minutes were approved.

Presentation by Keith Arnold, J. Keith Arnold & Associates – Alternative Funding Strategy for Indigent Care: Mr. Arnold provided a presentation about alternative funding to the public medical assistance trust fund (PMATF). The purpose of the presentation was to present a funding mechanism that would provide PMATF tax relief to non-taxing hospital districts and to use PMATF tax relief for capital outlay projects for critical healthcare needs.

He provided background of the Public Medical Assistance Act of 1984 and subsequent legislative efforts. There was a task force created in 1999 and additional legislation in 2000. Mr. Arnold provided information about the public hospitals in Florida that have no taxing authority and of the 8, Lee Memorial Health System pays almost \$13 million in PMATF assessments with Doctors Memorial paying the least at less than \$150,000.

Mr. Arnold provided a brief history of Lee Memorial Health System and that they service a five county region. He stated that Lee Memorial provides all acute indigent care for Lee County.

Today they are the largest public healthcare organization in the state of Florida, and second largest in the nation, which operates without direct tax support or taxing power. They employ over 10,400 individuals and they operate four acute care hospitals in addition to specialty care and ambulatory services. He mentioned that there are no pediatric trauma services currently, but they would like to build a children's hospital to serve those needs. This could be accomplished through his proposal, which is to provide PMATF relief to public hospitals with no taxing authority for the purpose of constructing new capital projects within their communities.

Approximately \$480 million PMATF funds were collected during CY 2010. Commission members asked how the relief would be equitably distributed among the hospitals addressed. Mr. Arnold stated that the Lee Memorial details were known, but that they would need to contact the other facilities involved and discuss the specifics and how it would benefit everyone. It was mentioned that AHCA would need to play a role in determining the equitability. Commission members agreed that this was an innovative approach and the details need further vetting.

Presentation by Carl Crabtree, citizen of Ocala: Mr. Crabtree provided follow-up comments to his presentation on June 20 regarding information he learned from previous Commission meeting presentations. He was taken aback with the huge difference in Medicaid rates between two hospitals in Marion County. He stated that the difference in rates is troubling when both hospitals provide the same services. He also has concerns about financial aspects of Munroe Regional, which includes the CEO's pension and how it was calculated. Mr. Crabtree explained that he has nothing to gain from his concerns. He asked if his comments would be posted and was told they would be posted along with the other meeting materials on the website.

Public Comment – Dr. Jim Zingale, Safety Net Hospital Alliance of Florida: Dr. Zingale provided follow up information from the November 7 Commission meeting. He provided the Commission members with handouts disputing the statistical analysis that showed the 15-17% and 10-12% cost differential between government hospitals and non-government hospitals. His "simple" analysis shows a different story and those hospitals actually cost less. He provided an analysis of all hospitals divided up by for profit, not-for-profit, and public hospitals (as defined by AHCA). Additional analyses were performed without Campbellton-Graceville and Jackson Memorial, who are outliers. These documents will be posted online with the other meeting materials.

Commissioner Brad Dinkins Proposal: Commissioner Dinkins provided the Commission members a proposal for dissolution of hospital districts. This proposal is similar to Representative Larry Metz's proposal presented at the November 7th meeting. There was discussion among Commission members and varied opinions. Representative Hudson doesn't believe that all districts should be eliminated. He doesn't think that this would work everywhere as Representative Metz has a unique situation in his area. He stated that the districts are all different; therefore, they shouldn't be looked at together. Dr. Duncan agreed with Representative Hudson. He agrees that the needs have changed over the years and have gotten worse. Commissioner Dinkins believes that the system needs to be re-worked for the citizens of the state. Chairman Calabro stated that he liked the principle of where Representative Metz was moving, but that it needs modifications.

Meeting Adjourn: The meeting adjourned at 1:30 p.m.