

December 6, 2011

TO: FELLOW COMMISSIONERS

FROM: BRAD DINKINS

**RE: Commission findings and recommendations for review and discussion
at our 12/6/11 meeting**

After considering your response to my recommendations and findings at our last Commission meeting, I modified my positions and made revisions that I believe will be more accepting and favorable. My continued desire is that we bring to Governor Scott and the Florida legislature reform ideas that reflect principled values, fiscal responsibility, and district governance that will best serve the taxpaying citizens of Florida.

Per Governor Scott's charge in Section 4 of his Executive Order I therefore submit these new and revised **FINDINGS** and **RECOMMENDATIONS** for our review and open discussion.

FINDINGS

We found as Bert Fish Hospital CEO Steve Harrell told us, that "**hospital districts are steeped in politics**". We found district governance concerns, financial accountability issues, irrational business practices, and taxation without representation.

From one district to another **the governance model was varied and inconsistent in form.**

Private hospitals (both for profit and nonprofit) had a lower average cost per day for patient expense than the public/government hospitals.

There was an imbalance of **medicaid reimbursement rates that favored certain public/government hospitals** over private ones.

Some **districts impose taxes upon citizens where there is no elected representation.**

Some **private and public hospitals are receiving local tax revenue, while making good and sometimes substantial profits.**

Some district hospitals are **being awarded local tax dollars despite paying excessive salaries and benefits for executive staff, having irresponsible business practices, and operating inefficiently.**

Many private and some public/government **hospitals were found to provide quality healthcare and without local tax support.**

Before allocating local tax dollars for indigent care to public and nonprofit hospitals, it appears **hospital districts have failed to require the determination of the dollar value of the hospital's tax exemption benefits already being contributed by the citizenry.** (The tax benefits include exemptions from ad valorem and tangible property taxes, local and state sales taxes, and state corporate and federal income taxes).

All Florida **counties have statute authority to raise indigent care support via a sales tax referendum.**

Public/government hospitals who sell their assets can provide long term benefits for indigent care to it citizens. Such a success story occurred in Manatee County. In 1984 Manatee Memorial, a public hospital, was sold to a private company. The sale netted \$45 million and the county commission put the money into a "Health Care Trust Fund" to provide for indigent care. The Fund balance in 2011 is \$35.9 million. The TRUST now supplies indigent funding for 3 hospitals in Manatee County.

RECOMMENDATIONS

I hereby suggest that the Florida Statutes be amended to reflect the following recommendations:

SOVEREIGN IMMUNITY

Provide the same sovereign immunity benefits for private hospitals, as those done exclusively for the public/government hospitals.

STATE-FUNDED HOSPITAL DOLLARS

Remove all inequities where the state is providing more favorable funding to public/government hospitals than to private hospitals, such as medicaid reimbursement rates and medicaid rebasing.

EMINENT DOMAIN

Remove eminent domain powers from all hospital districts and public/governmental hospitals.

TAXATION REFERENDUM

If a hospital district or public/governmental hospital benefits from a local sales or property tax, provide that a local voter referendum be conducted every four years to determine if the tax should be continued or removed. Any re-enactment of a local tax shall be done by a local referendum.

INDIGENT CARE

All local taxes collected for a hospital district or public/governmental hospital shall be used exclusively for medically indigent persons who are qualified residents.

INDIGENT CARE AND TAX EXEMPTED HOSPITALS

If nonprofit hospitals (including public/government hospitals) are to receive local tax support for the medically indigent, there should be a determination of the dollar amount of all the nonprofit tax exemptions it receives and this data should be used for awarding local tax dollars as the needs dictate. (Such exemptions shall include local ad valorem and tangible taxes, local and state sales taxes, state corporate and federal income taxes). If a district has one or more for-profit hospitals then the dollar amount of the nonprofit's tax exemptions shall be credited against any local tax revenue that should be awarded.

GOVERNANCE

Hospital district trustee/board member reform

No trustee/board member of a hospital taxing district shall be allowed to jointly serve on a separate hospital Board of Directors that the district serves.

No hospital district trustee/board member may jointly serve as a trustee/board member (where the district is the lessor) and also serve on the Board of Directors of the hospital (the lessee) which has a lease with the hospital district. Additionally, no district trustee/board member is allowed to serve in any dual leadership capacity, where the hospital district and another entity is jointly participating in an operating agreement.

Trustee/board members of all hospital districts shall be elected in a referendum vote by the electorate in that district. The initial term of service shall be four years, and one additional term may be served upon a successful re-election.

Dissolution, formation, and sunset of hospital districts

Where a hospital district has not been approved by the general electorate of that district, provide for a voter referendum in the next general election to decide if that district should be continued or dissolved.

Any re-enacted or newly proposed hospital district must first be approved by a successful referendum of the electors in that district prior to submission to the local legislative delegation.

Provide a ten year "sunset provision" for all hospital districts. However allow for a voter referendum to be held prior to each "sunset" to decide if the district voters want to over-ride the upcoming "sunset" of the district.

One hospital district per county

Provide reform language so that each county shall contain no more than one hospital district.