



Southeast Volusia Hospital District

PO Box 909
New Smyrna Beach, Florida 32168
386-423-0001

December 9, 2011

VIA ELECTRONIC DELIVERY

Mr. Jeffrey N. Gregg, Bureau Chief
Health Facility Regulation
Agency for Health Care Administration
2727 Mahan Drive, Building 1
Tallahassee, FL 32308

RE: Florida Commission on Review of Taxpayer Funded Hospital Districts

Dear Mr. Gregg:

We appreciated the opportunity to make a presentation to the Florida Commission on Review of Taxpayer Funded Hospital Districts in October. We have closely followed the activities of the Commission as we are aware that recommendations that come from the work of this group may end up in legislation that could have a profound effect on the future of this hospital. On behalf of both the Southeast Volusia Hospital District and Bert Fish Medical Center, we wanted to take this opportunity to add a few final comments as the Commission finishes up its report.

As we discussed with the Commission, Bert Fish Medical Center has been a part of New Smyrna Beach for over 55 years and provides jobs for over 700 local residents. Our busy emergency department has become well-known for our expertise in the treatment of shark bites. Our ability to provide emergency angioplasty services along with our status as a certified stroke center, among many other services, make Bert Fish a vital community resource, particularly given the fact that there are no other nearby hospitals.

As we stated in our presentation, it is no secret that Bert Fish is facing serious challenges. As a smaller, middle-aged, community based hospital, we lack many of the resources that larger healthcare organizations enjoy. Our community has high levels of Medicare and uninsured patients that add additional financial strains on the institution. Hospitals that are part of larger multi-facility organizations

tend to have better access to capital, can enjoy economies of scale, tend to have a more diverse mix of payers and generally have a better chance to succeed economically, particularly in these challenging times. When the economy turns around, the New Smyrna Beach area is well-positioned for growth. But for now, this area, and consequently this hospital, while still providing high quality care, faces tough times.

In the Executive Order that established the Commission, the Governor asked for recommendations regarding the best mechanism for the transition of government-operated hospitals to other governance models. He also asked for suggestions regarding the process for conversion. The experience of Bert Fish provides some hard-learned lessons that should be considered.

Several years ago, the Board of the Southeast Volusia Hospital District realized that the historical model for operating this hospital needed to change. The process that was followed shows the difficulties that can be faced in making that transition. SEVHD went through a diligent process to find a new partner. While the complexities of operating under Florida's Sunshine Law ultimately thwarted that initial effort, the underlying reasons for seeking a partnership have not gone away. Florida Law currently authorizes the sale or lease of public hospitals. Legislation introduced in 2011 and again for 2012 would make that process more complex. We understand and appreciate the need for oversight and transparency in the process of taking a public asset as significant as a hospital and moving it into private hands regardless of whether that operator is for-profit or not-for-profit. But at the same time, it has to be recognized that if there is a decision to encourage the transition away from publicly operated hospitals, that transition cannot occur if there are obstacles that unduly complicate the process. It is our suggestion that any changes to current law should only be made after considering whether each additional step in the process serves a legitimate public purpose that does not unnecessarily over-regulate the transaction and thereby add to its complexity.

For example, we have seen suggestions that would make the sale/lease of a public hospital subject to either voter or court approval. While voter approval regarding whether and how much citizens should be taxed is not something we would oppose (as long as it does not threaten the ability to access bond and other capital markets), the idea of making transactions as complicated as hospital sales, leases or other similar arrangements subject to voter approval does not seem advisable. Our government does not generally make those kinds of details in other services such as police, fire, utilities, etc. subject to voter approval and hospital sales or leases should also not be made part of the political process. That is what elected or appointed board members are for. Court oversight, on the other hand, if properly structured may be more workable - if it does not make the process more difficult.

One of the other things that appears to have come from the Commission meetings is clear evidence that each tax district hospital situation in Florida is different. As some have said, "if you've seen one tax district, you've seen one tax district." I understand that at your most recent meeting, you heard about very contentious, unpleasant and expensive events in Citrus County that has resulted in multiple lawsuits between the tax district board and the private not-for-profit hospital board. We have no comment on either side of that fight. However, we are concerned about general conclusions about other tax districts being made from the bad situation that exists in that county. Likewise, any

suggestions for legislative changes that might come from either side of that dispute have to be met with a concern about bad facts resulting in bad law and the possibility of causing unanticipated adverse consequences.

One takeaway from all of this evidence may be a recommendation from the Commission that there is so much complexity and diversity within the industry that major 'one size fits all' suggestions should be very limited. Instead, a suggestion for special acts, directed at each situation and crafted by local legislators may be the best and fairest way to respond to the Governor.

Let us add one other comment. One of the questions that has come from the Commission discussions regarding the use of taxpayer dollars for health care is whether those dollars should 'follow the patient' or simply go to the tax-supported institutions that are controlled by those taxing districts. While SEVHD tax dollars primarily go to Bert Fish, that is only because Bert Fish provides such a significant percentage of the uncompensated care in our area. In reality, the tax dollars in our area do follow patients that receive care from other institutions outside of the boundaries of our district. We support that concept. And should institutions like Bert Fish be sold or leased, then the role of the SEVHD, should it continue to exist, should be transitioned to managing both the proceeds of the transaction and any tax revenues to provide for indigent care of residents of the district, regardless of where that care is provided.

We sincerely appreciate and thank the members of the Commission for their service. If you or any members of the Commission have any questions, please let me know.

Sincerely,



Harold P. "Pat" Card
Chair, Southeast Volusia Hospital District



Steve Harrell
CEO, Bert Fish Medical Center

Cc: SEVHD Board
Kelly Sullivan
Michael J. Glazer