

SUMMARY MINUTES
Chairman's Meeting
Indian River County Hospital District
Hospital District Conference Room
May 17, 2017
12:00 PM

TRUSTEES:	Marybeth Cunningham Ann Marie McCrystal Karen Deigl Tracey Zudans	Allen Jones Dr. Michael Weiss Barbara Bodnar
STAFF :	Ann Marie Suriano Kate Voss	Jennifer Frederick Jennifer Peshke, Esq.
OTHER ATTENDEESS:	Mary Linn Hamilton Lewis Clark Paul Nezi Vicki Soule	Mary Blumstein George Andreassi Michelle Genz Janet Begley

Convene Meeting – Marybeth Cunningham, Chairwoman

Mrs. Cunningham convened the monthly chairman's meeting of the IRCHD at 10:30 AM by welcoming those in attendance.

VNA Mobile Unit Additional Funding Request- Mary Linn Hamilton, VNA CEO

Mrs. Hamilton provided a review of the request for additional funding. The total request is \$112,379.28. This amount consists of \$18,055.97 for a shortfall from October- December 2016 for the cost of operating the unit. Further, in January, 2017 the District implemented that the unit bill for District qualified indigent patients only. Therefore, they are requesting \$94,323.31 to cover the costs related through January-March.

There was further Trustee discussion concerning the mobile unit and the patients it serves. Many Trustees feel the unit serves the ALICE population, which is a population that is just above the Federal Poverty guideline and does not qualify for indigent care. Mrs. Blumstein indicated that they would not be requesting further "true up" funding from the District and will continue to utilize other avenues for funding. Mr. Jones made a motion to approve the request which was seconded by Ms. Deigl. The motion carried unanimously.

Policy & Procedure Manual Amendment Discussion- Jennifer Frederick, Program Liaison

Mrs. Frederick stated that she met with Trustee, Ms. Deigl, to review and discuss the currently policy and procedure manual concerning indigent care guidelines. They both discovered that the manual needed many changes and revisions, as some of the information was outdated. They will continue to work on this matter and bring their suggested changes to the board in the next few months.

Additionally, there was further discussion concerning the Care Card and if the backlog of applications have been addressed. Mrs. Frederick explained that the District has hired a temporary employee to address the backlog and upload the patient information to the database. She is about half way through the process and is expected to complete the task by the end of June.

Indigent Care Agreement Negotiation Update- Allen Jones, Treasurer

Mr. Jones gave a historical review the Indigent Care Agreement and stated that he was told by Mr. Susi that in the 1990's, the District's reimbursement of indigent care at the hospital was the most profitable line of business at IRMH. This led to a tax payer "revolt" of sorts which further led to the election of new District trustees focusing on eliminating or drastically reducing reimbursement rates to the hospital for indigent care. He explained that this ultimately led to lawsuits and controversy, and at the next election brought new Trustees to the board that attempted to take a more balanced approach. Ultimately the Trustees developed what became known as the "Bolwell" principle. Mr. Harry Bolwell, former Treasurer of the District at the time and is quoted as suggesting "the hospital should neither lose money nor make money on caring for the District's indigent patients."

Mr. Jones explained that this was the same principle used for reimbursement until around four years ago, when another dispute arose on how much the District should pay and no consensus on the renewing of the indigent care agreement could be reached. A controversial negotiation process led to no agreement being reached in 2014 and therefore the old agreement expired. By the terms of the expired agreement, both parties would abide to the expired terms until a new agreement was reached. In 2015, the District retained Ken Connor of Elliott, Davis Decosimo, a CPA firm in Chattanooga, Tennessee, that specializes in healthcare accounting. Mr. Conner developed a concept called the non-Federal rate. This idea is that basing costs on the Medicare Cost report entirely did not represent the services actually used by indigent patients, particularly in the intensive care units, cancer and heart treatments, among others. The concept is most indigent are younger and less susceptible to those chronic afflictions. He created a methodology to calculate the non-Federal rate, backing out Medicare expenses and basing District reimbursement rates on the resulting lower cost structure.

He further explained that there are payment categories of coverage provided by the District: inpatient, outpatient and inpatient behavioral health. During negotiations, formulas were

established for each and those rates were paid to IRMC for indigent care. As a result, District reimbursements have been generally declining since the establishment of the non-Federal rate formula. He feels that some of these were due to the Affordable Care Act effectively reduced the volume of District indigent eligibility, however the calculation in the new agreement led to about \$500,000 less payments to IRMC, than would have been made under the old agreement formula. Additionally, IRMC estimates they lost about \$800,000 on providing care to the District's indigent. The District computes their losses are closer to \$300,000.

Mr. Jones stated that during the recent review and negotiations, Mr. Connor updated the non-Federal formulas based on the 2016 Medicare Cost Report, and that is what is proposed in the agreement to be approved by the Trustees. He believes that this agreement has worked well for taxpayers, and his recommendation is that they continue it. He explained that the only principal difference is that the previous agreement allowed IRMC to increase rates at a maximum of 3% annually. The new agreement limits the increase to a maximum of 2.7% based on the latest Medicare Cost Report. Mr. Jones recommended to the Trustees that they approved the Seconded Amended and Restated Indigent Care Agreement.

There was further Trustee discussion concerning the other health agencies that are funded and developing a uniform funding agreement. Mrs. Peshke explained that she and Mrs. Frederick prepared agreements for each agency and they are in effect for fiscal year 2016-2017. She will be working with Mrs. Frederick for the agreements that will go into effect for the upcoming fiscal year.

Mr. Jones discussed and asked for Trustee feedback concerning a bonus incentive for the hospital, if they were to meet certain metrics which would be chosen by the trustees. He explained that a similar bonus is in place for the Partners Program. Dr. Weiss felt that if the hospital was able to earn a bonus, they should be subject to a penalty as well, for not meeting quality metrics. Most trustees felt that the District could not enforce a penalty on the hospital for poor performance, due to the fact that there is already a funding agreement in place. There was further discussion among the Trustees who felt that if they began a bonus opportunity for the hospital, they would need to make that available for the other funded agencies, which most Trustees did not feel comfortable with. Additionally, they discussed that there are many changes effecting healthcare on a national and state level and it is still undetermined how consumers will be affected by those changes. The Trustees did agree that some form of quality metrics should be in place for all the agencies so that the District is spending tax payer dollars on the most effective services for the community.

Other Business-

Mrs. Peshke discussed that the lease agreement between the hospital and the VNA regarding the Human Services Building, has been amended and updated. Mrs. Peshke asked for approval to move forward with finalizing the lease. Dr. Weiss made a motion to approve, which was seconded by Ms. Deigl. Motion carried unanimously. Additionally, Mrs. Suriano stated that the District is in the process of hiring a contractor to conduct a survey of the building and its needed repairs. She will report back to the Trustees on their findings and recommend and further action to be taken if needed to the board.

Dr. Weiss informed the Trustees that he received a copy of a complaint letter sent to the Agency for Health Care Administration, from a community member regarding patient care at IRMC. There was a discussion among the Trustees regarding whether Dr. Weiss should prepare a response directly from him to the author of the letter or have the board draft a collective response from the Trustees. The Trustees agreed that since the letter was addressed and sent directly to Dr. Weiss, he should be responsible for drafting the response and that it was not a board issue. The Trustees also agreed that a copy of the letter should be sent to either Camie Patterson, Senior VP/Chief Operating Officer or Kathy Grichnik, M.D., Senior VP/Chief Medical Officer at IRMC for their knowledge and follow up.

Adjourn- The meeting was adjourned at 12:00 PM