

**MINUTES
BOARD OF TRUSTEES
INDIAN RIVER COUNTY HOSPITAL DISTRICT
Regular Monthly Meeting
March 17, 2016
4:30 PM**

ATTENDEES: Dr. Michael Weiss John Val Zudans, MD.
 Eugene Feinour Allen Jones
 Marybeth Cunningham Ann Marie McCrystal

EXCUSED Thomas Spackman, MD.

OTHER ATTENDESS: Ann Marie Suriano Jennifer Peshke, Esq.
 Jennifer Frederick Andrea Fedock
 Tom Hardy Kyleigh Sarcie
 Mary Blumstein Joe Saul
 Myra Weiss Janet Bagley
 Gerri Smith Mayur Rao
 Gregory Gardner Grace Simonson
 Dan Vanderburghe Keith Morgan

Convene Meeting – Eugene Feinour, Chairman IRCHD

Mr. Feinour convened the regular monthly meeting of the Indian River County Hospital District (“IRCHD”) at 4:30 p.m., by welcoming the public at home and in the commission chambers. The first order of business was the approval of the regular monthly meeting minutes dated February 18, 2016, Chairman’s meeting minutes dated February 18, 2016, and a March disbursement of \$1,063,467.56. Mrs. Cunningham made a motion to approve the minutes, which was seconded by Dr. Weiss. The motion passed unanimously. Mr. Feinour stated that this is an extremely active time for the District and that annual budget process for funding the community health agencies had begun.

District Counsel Report, Jennifer Peshke, Esq.

Mrs. Peshke provided a monthly counsel report and stated that she attended the quarterly Partners Collaborative meeting with Mrs. Suriano and Mr. Jones, which was productive and served as an opportunity to open the lines of communication between the Partners Program, Indian River Medical Center (“IRMC”), and the District. She explained that the District would continue to participate in these quarterly collaborative meetings to further strengthen the lines of communication, which in turn will strengthen the program and benefit the patients being served. Further, Mrs. Peshke met with IRMC counsel Ms. Val Larcome, Esq. regarding some additional hospital bylaw amendments for the Trustees review and approval. She stated that she would review their request and prepare a cover letter outlining the proposed amendments and her

recommendations, prior to the April Chairman's meeting. Next, she informed the Trustees that she attended a seminar offered to lawyers and government representatives in Florida, regarding updates and information on the Sunshine Law. She stated that she would give a full report on this matter at the next Chairman's meeting in April. Lastly, Mrs. Peshke explained she had been tracking Senate Bill 0614 and House Bill 0477, which are both concerning Special Taxing Districts. Earlier in the week, she received notification that the House Bill died in the local government affairs subcommittee, but is still being reviewed by the finance and tax committee. Additionally, the Senate Bill died in the community affairs committee, but it still being reviewed at the finance and tax appropriation level. She will keep the Trustees informed on any future changes regarding both Bills.

Mr. Jones stated that he would provide a full report regarding the Partners Collaborative Meeting at next month's Chairman's meeting, but reported that if you are a pregnant indigent living in Indian River County and have your paperwork certified from the Health Department, Partners is guaranteeing that you can obtain an appointment within one week. He explained that the prior average had been three weeks, so this is a vast improvement for the residents.

Financial Statement Review- Allen Jones, Treasurer IRCHD

Mr. Jones provided a Treasures report and stated that the District is in good financial standing with \$9 million in the bank. He reported that TCCH has spent almost 80% of their budgeted funding for indigent dental care at this point in the fiscal year. He stated that the District is reviewing their charges and what this means for indigent dental care. Further, he stated that the hospital is spending less on indigent care than what was budgeted. The District calculated that there is approximately a \$400,000 difference between what has been paid and what is being billed. They will continue to monitor this, but do not want to true up \$400,000 in funding at one time. He recommended that the budget difference be phased out over time. Mrs. McCrystal stated that TCCH will be presenting their quarterly budget report at next month's meeting and she encouraged TCCH to have the information concerning the dental programs budget, to present to the Trustees.

Executive Report- Ann Marie Suriano, Executive Director IRCHD

Mrs. Suriano provided an Executive Director report and stated that the Mental Health Collaborative ("MHC") held its annual meeting on March 16, 2016, and the collaborative unanimously approved to move forward with the Connections Program and adopted a new budget plan. She explained that in the past, MHC was a small group of concerned community members and has now grown into a larger organization, with many community leaders serving on the Board. Additionally, it was agreed that MHC would apply for their 501(c) 3 tax-exempt status. Mrs. Suriano further discussed that the District staff had prepared a time line and action steps to accompany the goals and objectives, surrounding the Districts Strategic Plan. These action steps will be presented to the Trustees for their review and comment at the April Chairman's meeting.

Trustee Open Discussion-

Dr. Weiss opened the Trustee discussion and stated that he indirectly encouraged some community members to utilize the VNA Mobile Unit, as opposed to going to the hospital's emergency room to receive non-emergent care. He was told that these individuals did in fact use the mobile unit and were very pleased with the treatment they received. He hopes that the hospital will continue to work with the other health agencies in moving forward with the task of emergency room diversion. Mrs. Cunningham stated that ER diversion was an area of concern addressed in the Community Health Needs Assessment ("CHNA"). The CHNA Advisory Committee is currently working on strategies to combat this and she will keep the Trustees informed as to the status of this matter.

IRMC, Inc. Monthly Report- FY 14-15 Audit Review, Gregory Gardner, CFO IRMC & Dan Vandenberghe, CPA at RSM International, LTD.

Mr. Gardner gave the hospital's monthly report and stated in accordance with the lease agreement between IRCHD and IRMC, annually the hospital has their audit representative present the audited financial statement to the Trustees and answer any questions they may have concerning the results. He introduced Mr. Dan Vanderburghe, partner at RSM International, LTD., the firm who conducted the FY 2015 Audit. Mr. Vanderburghe provided a brief overview of the Independent Auditor's Report, which included the following areas:

- Management's Responsibility for the Financial Statements
- Auditors Responsibility
- Auditors Opinion
- Consolidated Statements of Operations for years ending September 30, 2014 & 2015
- Consolidated Balance Sheet September 30, 2015

Further discussion ensued. Please refer to attached presentation.

After Mr. Vanderburghe finished his presentation, Mr. Feinour opened the floor for Trustee comment. Mr. Jones asked various questions concerning Mr. Vanderburghe working relationship with the hospital and their cooperation during the audit process. Mr. Vanderburghe stated that there were no restrictions placed on him during the process and that the hospital was compliant with all requests in a timely manner. Further, Mr. Jones questioned if the material deficiency had been corrected and what steps they were taking to make the necessary corrections. Mr. Vanderburghe stated the deficiency has been addressed by the IRMC Board of Directors, the Audit Committee and IRMC management and he feels that the deficiency has been substantially mitigated and there are no other significant findings to report. Mr. Jones continued and questioned if the provision on bad debt improvement was meaningful or coincidental. Mr. Vanderburghe stated that he felt the improvement was meaningful if you compare it to the healthcare spectrum, which is effected by the Affordable Healthcare Act. Lastly, Mr. Jones questioned what was included in "other" revenues, which was approximately 10% of the hospital total revenues. Mr. Vanderburghes explained that those revenues are made up of services the

hospital provides that are not tied to patient direct revenues and it also includes the unrestricted contributions from the IRMC Foundation.

Next, Dr. Zudans directed various questions to Mr. Gardner concerning IRMC's monthly financial statement. He asked how involved the IRMC Board of Directors ("BOD") are in the hospital's financial undertakings, specifically referring to page 29 of the Audit regarding Vero Radiology. Mr. Gardner stated that the BOD are very involved, specifically regarding Vero Radiology, and they met numerous times with legal counsel and financial advisors regarding this acquisition. Dr. Zudans inquired how they concluded that Vero Radiology was evaluated and appraised at approximately \$14.6 million. Mr. Gardner stated that the building is one of the best constructed medical office spaces in the county and there have been many lease-hold improvements done to raise the value of the property. Mr. Keith Morgan, IRMC BOD and audit committee member echoed Mr. Gardner's comments and assurance that the BOD's thoroughly vetted and reviewed this acquisition and others. Dr. Zudans stated that as a Trustee, feels it is important that the District is reassured that other physician practices, being purchased by the hospital, are handled in the same manner as the Vero Radiology acquisition. Mr. Gardner assured Dr. Zudans that they were and stated that they refresh their evaluation process routinely.

Next, Mrs. Cunningham inquired whether the hospital's pension liability was still frozen. Mr. Gardner explained that the plan was initially frozen in 2002 and there were about 1300 participants. This week they are beginning a process with the firm Towers, Watts & Willis to de-risk the plans and offer volunteer settlements to some term vested employees with low balances.

Lastly, Dr. Weiss questioned how the other physician based practices purchased by the hospital, have been performing financially. Mr. Gardner stated that the hospitalist groups, in aggregate, are breaking even and the hospital-based practices are showing losses, therefore they are beginning to subsidize those.

Unfinished Business- Presentation of IRCHD Strategic Plan March, 2016-February, 2018, Michael Felix, MSHA

Mr. Felix began his presentation by reviewing the steps he, District staff, and the Trustees have taken to complete the strategic planning process. Mr. Felix and Mrs. Suriano conducted many interviews with community leaders, health service leaders, and individual discussions with Trustees to gather their views and opinions about where they see the District heading in the next two years. Mr. Felix provided further review of the strategic plan, which included the following areas of importance:

- Strengthen board governance and District operations.
- Complete a mission and vision statement.
- Emphasis on measurable outcomes, quality, costs and access to care.
- Prevention and health promotion in the community.
- Increasing interaction with health and human services organization to forge new alignments.

Further discussion ensued. Please refer to attached presentation.

Mr. Felix discussed the goals and objectives of the strategic plan and asked the Trustees for additional questions or comments. Mrs. Cunningham stated that she believes this plan takes the District in a good direction and will show initiative in taking direction to improve the health of the community. She proposed to the other Trustees that during this current budget cycle, the District set aside funding that would help support a pilot program in connection with the Health Needs Assessment data. The Trustees agreed that this was a good idea but suggested that they research and utilize a program structure that has had success, before they commit to spending money. It was agreed upon by the Trustees that once they have more information on this matter, they would revisit the issue. Further, it was discussed what steps would need to be taken in order to change the District's name and be referred to as a 'Health District'. Mrs. Peshke stated that it would be a multi-step process, in which many formation documents would need amending. If it is determined through analysis that this is the best option for the District, they could work through the logistics. Mr. Feinour stated that in anticipation of the Chairman's meeting next month, he encouraged the Trustees to focus on principle issues and move forward to the next phase of this process. Mrs. Cunningham made a motion to accept the strategic plan presented by Mr. Felix and Mr. Jones seconded the motion. The motion passed unanimously.

Other Business

There was no other business.

Public Comment

There was no public comment.

Adjournment

The meeting was adjourned at 6:33 PM

Respectfully Submitted,



Ann Marie McCrystal
Secretary