

**MINUTES
BOARD OF TRUSTEES
INDIAN RIVER COUNTY HOSPITAL DISTRICT
Regular Monthly Meeting
October 20, 2016
4:30 PM**

TRUSTEES:	Eugene Feinour Ann Marie McCrystal Michael Weiss	Marybeth Cunningham John Val Zudans, MD.
EXCUSED:	Thomas J. Spackman, MD.	
STAFF:	Ann Marie Suriano Kate Voss	Jennifer Frederick Jenifer Peshke, Esq.
OTHER ATTENDEESS:	Joseph Saul Gerri Smith Matt Reiser Vicki Soule Miranda Hawker Hugh McCrystal Mary Linn Hamilton Janet Bagley Mike Shea Jeff Susi	Lewis Clark Cameron Shea Bob Savage Rick Van Lith Karen Deigl Mary Blumstein Stuart Kennedy Tom Hardy Myra Weiss Jack Weisbaum

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. He indicated that the final public budget hearing scheduled for 5:30 PM today, had been canceled. He will provide further explanation at that time. The first order of business was the approval of the Special Meeting Minutes dated September 9; Chairman Meeting Minutes dated September 14; First Public Budget Hearing dated September 15; Regular Monthly Meeting Minutes dated September 15; Final Public Budget Hearing September 29; and a October disbursement of \$1,117,376.33. Mrs. Cunningham made the motion to approve, which was seconded by Mrs. McCrystal. The motion carried unanimously.

Mr. Feinour gave an update on two initiatives that the District is working on in connection with their strategic plan, the first being the District Care Card Program. The intent of the card is to decrease duplications during the qualifying process of patients. The District feels this process will help expedite the delivery of health care services to patients in Indian River County.

Further, the District has scheduled their first of several town hall meetings. The meeting will take place in Fellsmere on Tuesday, November 29, 2016. The purpose of this meeting is to provide the community with knowledge regarding the District's initiatives and to receive feedback from the community regarding their health care needs.

District Counsel Report, Jennifer Peshke, Esq.

Mrs. Peshke provided her monthly report and stated that the District has finalized and approved a budget for the new fiscal year. Additionally, she worked with District staff to finalize the agency funding agreements, which will replace the funding letter that was used previously. She continued by stating that she has worked with District staff to finalize details concerning the Care Card, which will be implemented over the next few months.

The District approved a Request for Proposal and budgeted additional funds for the same, to be available for qualified and approved health agencies who apply. Those applications received will be thoroughly vetted and discussed before any funding is awarded.

Further, Mrs. Peshke instructed any Trustees who have questions concerning permissible behavior and communication during this election time, to contact her individually so that she can ensure everyone is acting in compliance with the Sunshine Law.

Lastly, Mrs. Peshke updated the Trustees as to the status of active House and Senate Bills with relation to Special Districts and their authority to levy taxes. To date there has not been any further activity.

Financial Statement Review-Allen Jones, Treasurer

Mr. Jones provided the monthly financial statement review and stated the District is in sound financial shape. As of September 30, the District had approximately 3.9 Million in funds prior to withdrawal of this month's expenses.

Mr. Jones provided a brief history of the District's past fiscal year. He stated that the District received net tax receipts of approximately \$13.6 million. Administrative expenses for the District were approximately \$700,000, which is around 4.9% of the total budget and \$300,000 under the projected budget. Program expenses were under budget by approximately \$1.3 million. This was mainly because the District paid IRMC \$1.1 million less than what they had originally projected. The opposite was true for last fiscal year when the Hospital experienced a growth in indigent care and requested an additional \$400,000 in funding from the District, which was paid from District reserves. That caused the millage rate to rise, in order for the reserves to be replenished. This current fiscal year, which began October 1, 2016, the millage rate will be substantially lower because program and administrative expenses were below budget, and those savings will be passed onto taxpayers. Mr. Jones explained that the current millage rate is the lowest rate since the 1999-2000 fiscal year. During those years, actual tax revenues raised were higher than current projections. This was also due to higher property values in 1999/2000. Further, the District has been able to expand the number of agencies being funded, while keeping the millage rate low.

Executive Director Report-Ann Marie Suriano, Executive Director

Mrs. Suriano provided her executive director report and stated that LIP funding has been reinstated for IRMC. She explained that quarterly, the District will advance \$920,888.25 to the Agency for Health Care Administration, for which \$1,663,623.50 will then be given to IRMC to support health services for the underserved population. The match funds will then be deposited back into the District's account, after the hospital receives them. The total amount of LIP funding the hospital will receive is \$3,683,553. The transfer of funds will be reflected on the District's financial statement. She further stated that before any future funds are transferred, she will ask for approval from the board. Mr. Jones made a motion to approve the District participation in LIP funding for the hospital, which was seconded by Mr. Feinour. The motion carried.

Lastly, she stated that the election for the open seats on the hospital district board, has gathered much community interest. She encouraged community members to review the candidate's responses to questions concerning the District, which have been published in Vero Communique and TC Palm. She also offered the opportunity to anyone who would like more information on the District and its operations, to contact her directly to provide any answers or facts concerning the same.

Quarterly Agency Reports- Vicki Soule, CFO Treasure Coast Community Health, Inc.

Mrs. Soule provided a history of TCCH's financial performance for the last fiscal year. In May, TCCH requested additional funding from the District to support additional needs in dental and behavioral health services. The District agreed to reimburse TCCH with an additional \$160,000 in funding. She explained that even with the additional funds, TCCH still went over their budget by \$10,098. The District did not reimburse those funds, even though the services were provided and billed. TCCH served 6,293 indigent qualified patients. She further reviewed data concerning medical, dental and behavioral health for the 3rd and 4th quarter.

IRMC Monthly Report- Jack Weisbaum, Treasurer of IRMC Board of Directors

Mr. Weisbaum provided the hospital's monthly report, which included a progress report on the emergency department performance, patient experience, and financial clarification with regard to efficiency and understanding the hospital's profitability. To begin the discussion, he introduced Katherine Grichnik, MD Chief Quality Officer at IRMC. Dr. Grichnik's role at IRMC is to improve the quality of care at IRMC.

Dr. Grichnik reviewed data concerning the emergency department's performance and patient experience at IRMC. She further reviewed that same data in comparison to state and national averages. In some cases, IRMC scored above average concerning responsiveness of hospital staff and communication with doctors. In other areas, such as quietness and communication regarding medicine, they scored below average. She further reviewed the patient satisfaction data, which comes from a CMS approved vendor called Health Stream. Health Stream directly contacts the patient for the data and then shares the data with IRMC. Dr. Grichnik stated that IRMC continues to make efforts to improve and achieve the goals they have set.

Mr. Weisbaum presented a review of the Lease between the District and IRMC, due to some reports that IRMC leases the hospital rent free from the District. He stated that the lease specifically addresses rent and it requires that the IRMC pay as rent all sums sufficient for payment of debt of service during the term of this agreed for bonds issues by the Trustees. It also requires the medical center to pay all cost of improvements to the hospital. Since 1985, IRMC has paid \$98 million in principal and interest pavements. In addition, IRMC has invested \$306 million in improvements and medical equipment. This totals \$404 million or \$13 million annually. \$102 million of the improvements were done through philanthropic donations.

Mr. Weisbaum further discussed information concerning the hospital's overall efficiency as measured by operating expense, which is collected from AHCA. It has been said that the hospital to the north and south of IRMC are more profitable because they are better run and more efficient. According to the most recent information IRMC, when compared to state average and three for-profit area hospitals, shows that IRMC has the lowest net operating expense per adjusted admission. Mr. Weisbaum explained that IRMC mission is not to provide a maximum return to shareholder, but to provide a great value to the community. In 2015, IRMC was named one of Florida's 10 best value hospitals. Mr. Weisbaum further reviewed the commercial payment schedule, which showed IRMC is reimbursed at a much lower rate than surrounding hospitals for the same services rendered. He explained that the difference in profitability is specifically related to payment rates from commercial insurance companies. Should IRMC be paid more annually, it would affect county government, school district, small business and individuals negatively.

Mr. Feinour, recessed this regular meeting at 5:30 PM.

Mr. Feinour announced the District advertised to re-hold their final public budget hearing at 5:30 PM, but that the meeting will no longer take place. He asked Mrs. Suriano to give a brief summary as to why. Mrs. Suriano stated that The District held its final public budget hearing on September 29, 2016 and assessed a millage rate of .8443. On October 12, the Department of Revenue ("DOR") contacted the District office to notify them that after a review of the District's TRIM compliance package, it was determined that the required vote was not attained. The DOR cited section 200.065(5) F.S., which requires an affirmative vote of the majority of the board to assess a millage rate and stated that the District would be required to re-hold the final hearing. Mrs. Suriano told the representative from the DOR that pervious instruction stated a majority vote was only needed if the taxing authority was assessing a millage greater than the current year, which the District is not doing. The representative insisted that he was correct and District staff followed through with rescheduling the hearing. Today at 1:00 PM, the DOR called the District office again to inform the District that after further review from DOR counsel, it was determined that the District was in compliance and a re-hearing was not necessary.

Mr. Feinour reconvened the regular meeting at 5:35 PM.

IRMC Monthly Report Continued- Jack Weisbaum, Treasurer of IRMC Board of Directors

In summary, Mr. Weisbaum stated that the IRMC emergency department continues to improve and will continue to do so, under the direction of Dr. Grichnik. Further, IRMC pays rent

in accordance with the lease and has done so since the inception of the lease. IRMC will work towards improving their bottom line through new negotiated rates and still continues to be the best value hospital in the area. He invited Trustees to attend the finance committee meeting at the hospital on October 31, where they will discuss these matters in detail.

Mr. Jones offered his support to the hospital regarding their efforts to negotiate better reimbursement rates and he feels this problem goes beyond IRMC and is a statewide issue. Mr. Weisbaum welcomed his offer. Mrs. Cunningham echoed Mr. Jones comments and stated that in many states, it is illegal for insurance companies to differentiate reimbursement rates for providers.

Mr. Susi addressed the board to clarify any misinterpretations regarding the lease and rent payments. Mr. Susi stated that the hospital rent is comprised from two components, which include the obligation to pay principal and interest, along with all improvements that are made to the facility. The hospital also has the option to pre-pay rent, which was exercised in 2010 when IRMC paid off the outstanding bonds early. Further discussion ensued between the Trustees and Mr. Susi regarding the lease and rent issue. There was further Trustee discussion surrounding the discrepancies regarding payment rates from commercial insurance companies to IRMC.

New Business- Approval of Termination of Agreements

Mrs. Cunningham made a motion to direct District Counsel to proceed with notice to terminate the current Agreement for Mobile Health Unit Services, which no longer serves its original purpose. This agreement will be replaced with the Agency Funding Agreement, which depicts the fee for service funding structure the Board of Trustees has approved to fund the VNA for serving District qualified individuals receiving services at the Mobile Unit. The motion was seconded by Mr. Jones. Dr. Weiss asked that the new agreement recognize this change is effective at the end of the 60 day notice to terminate in order to transition the mobile unit to fee-for-service funding. Mrs. Peshke stated that the language reflecting the same has been included in the new agreement. The motion carried unanimously.

Further Mrs. Cunningham made a motion to notify the VNA that the District will not exercise their option to purchase the Mobile Unit back for \$1.00, which allows the VNA to retain title to the Mobile Unit. Mrs. McCrystal seconded the motion and the motion carried unanimously.

Mr. Jones made a motion to direct District Counsel to proceed with notice to terminate the current Operating Agreement for Gifford Health Center, which no longer represents current use of facility and services outlined in the original Agreement. This agreement will be replaced with the Agency Funding Agreement, which depicts the fee for service funding structure the Board of Trustees has approved to fund current pediatric and We Care Services delivered at the Gifford Health Center. Mrs. Cunningham seconded the motion and it carried unanimously.

Mrs. McCrystal made a motion to direct District Counsel to work with Health Department Counsel to prepare a second addendum to lease for Gifford Health Center. This amended language will reflect the current Agency Funding Agreement, and coincide with

other leases of District leased properties. Dr. Weiss seconded the motion, which carried unanimously.

Public Comment-

Hugh McCrystal, M.D. addressed the board and stated that if IRMC were to raise their rates, and negotiate higher commercial reimbursements, the hospital would benefit financially however, community residents and government agencies would be the ones who are affected. He further stated that if IRMC were to raise their rates, they would be included on a national database, which lists the most overpriced hospitals. Currently the hospital to the north and south of IRMC are on that list. Dr. McCrystal stated that there is room to raise the rates slightly, without hurting taxpayers.

Mr. Susi commented that he agrees that IRMC should look for opportunities to obtain rate increases. He stated that the hospital will also look to work with large employers in the county for assistance in accessing those better rates and have begun to start those conversations. He will report back to the District with their progress when appropriate.

Adjournment

The meeting adjourned at 6:00 PM

Respectfully Submitted,

Ann Marie McCrystal
Secretary