

**MINUTES
BOARD OF TRUSTEES
INDIAN RIVER COUNTY HOSPITAL DISTRICT
Regular Monthly Meeting
March 16, 2017
4:30 PM**

TRUSTEES:	Marybeth Cunningham Ann Marie McCrystal Karen Deigl	Allen Jones Omar Hussamy, MD Barbara Bodnar
EXCUSED:	Dr. Michael Weiss	
STAFF:	Ann Marie Suriano Kate Voss	Jennifer Frederick Jennifer Peshke, Esq.
OTHER ATTENDEESS:	Vicki Soule Gerri Smith Thomas Hardy Tracey Zudans Daniel Vandenberghe Lewis Clark	George Andreassi Miranda Hawker Val Zudans Jeff Susi George Eighmy Michelle Genz

Convene Meeting – Marybeth Cunningham, Chairwoman IRCHD

Mrs. Cunningham convened the regular monthly meeting of the Indian River County Hospital District (“IRCHD”) at 4:30 p.m.

Consent Agenda – Marybeth Cunningham, Chairwoman

Mrs. Cunningham asked for a motion to approve the Chairman’s Meeting Minutes dated February 15, Regular Monthly Meeting Minutes dated February 16, and a March disbursement of \$871,973.08. Mrs. McCrystal made the motion to approve, which was seconded by Ms. Deigl. The motion carried unanimously.

Mrs. Cunningham stated that the Collaborative Committee heard a presentation given by Mr. Jamie Orlikoff, of Orlikoff Associates, on March 10. The meeting was well attended and full of important information regarding healthcare. Additionally, she met with Kelly Enriquez, who is the CEO of Sebastian River Medical Center to discuss healthcare in Indian River County.

District Counsel Report, Jennifer Peshke, Esq.

Mrs. Peshke provided her monthly report and stated that she continues to monitor the active House and Senate Bills related to Special Districts and their authority to levy taxes. To date, all active bills are with the Senate as the legislative session is now underway and the District should be seeing more activity and will soon know more as to whether these bills will proceed or die. These include HB 843, which would scale back the Sunshine law, and SB 740 which, if passed, would prohibit a Special District that has the authority to tax from exercising its authority to tax without the consent of the electors residing within the District. Mrs. Peshke stated that she would continue to monitor and report on the status of these bills next month.

Further, she continues to monitor, with interest, and has sent correspondence to the local legislators to ascertain their position on Governor Scott's push for deregulation of the health care industry, which could have a negative impact on the ability of a not-for profit hospital to care for the indigent population. She explained that this is in regards to a bill proposed by Senator Rob Bradley, to repeal the law that determines how many hospitals, nursing homes, and hospices can be in one area at a time based on demand for services. Further, if this bill were to pass and become a law, the deregulation would target not-for profit and mission based hospitals, which must serve all patients, regardless of their ability to pay. Mrs. Peshke stated that she will report on this matter when the District hears back from the local legislators. Additionally, she continues to monitor the Republican Health Care Bill introduced by President Trump in an effort to repeal the Affordable Care Act. She will be monitoring, closely, Governor Scott's reaction to this bill and the status of the bill as it affects the State of Florida and our Medicaid population.

Lastly, Mrs. Peshke stated that she has attended several meetings of the recently formed Collaborative Committee comprised of two Trustees, two Hospital Board members and the Chairman of the Foundation Board. She has also attended several presentations by potential consultants who have come to speak to the group to outline how they would assist in the approach of possible action to be taken with regard to the structure in place between the Hospital and the District. The meetings are open to the public and she encouraged the Trustees to attend.

Financial Statement Review-Allen Jones, Treasurer

Mr. Jones provided the District's financial report and stated that the District has received \$10.9 million of the approximately \$12 million projected to be received by the County Property Appraiser. There is also approximately \$2 million in reserves, which may be utilized for special matters. He reviewed the District's cash disbursement list, which shows the amounts funded to the various health agencies that provide care to uninsured individuals in the county, who meet the guideline requirements. He explained that this is in the fundamental purpose of the District, not just to support the hospital or the health department. The mission of the District is to support the indigent population by purchasing these health services and that reimbursement the District provides is intended to cover the cost of the care that is provided. Mr. Jones stated that the District anticipates receiving \$12.3 million in total revenues and the budget expenses for indigent services is approximately \$13 million, and it is anticipated that the District will spend around \$1.1 million in administrative expenses. This year the revenues are projected to be less than the expense due to the fact that last fiscal year the District did not spend \$1.8 million of budgeted funds, which they had anticipated to spend. Therefore, the District carried over those

funds into this fiscal year, which reduced the millage rate to one of the lowest amounts in several years.

Mr. Jones stated that his detailed report is to bring light to the fact that the principle reason the District did not spend all of the budgeted program funds was due to the fact that many funded agencies did not utilize their total budget, as well as declining patient volumes. The declining patient volumes are due in part to the Affordable Care Act, which is currently under review for repeal. He further reviewed a report by Moody's Investors Service issued on March 9, 2017 stating that "the American Health Care Act ("AHCA"), which is the act currently proposed before Congress that would replace the ACA, is credit negative for non-profit hospitals." Further, this act would reduce spending for Medicaid, which would leave more people uninsured and therefore eligible for indigent care. Mr. Jones explained that the District's funded agencies are continuing to follow last year's trend of treating fewer uninsured patients and as a result year to date agencies have received payment from the District for \$759,000 less than was projected. From his review and research, Mr. Jones believes that the new AHCA attempts to cap Federal spending and push the cost to the states via Medicaid. Further, the Governor of Florida's position is in support of reducing charitable care and moving to push the responsibility to the local county picture. He stated that the District has an important role to play in this evolving healthcare environment and he encouraged the Trustees and the public to be alert to changes that are happening nationally and state wide in regards to reducing spending for charitable health care.

Executive Director Report- Ann Marie Suriano, Executive Director

Mrs. Suriano provided her Executive Director report and discussed the District Board's original idea to hold a Trustee retreat on April 3. She asked for Trustee input with regard to postponing the retreat until the Collaborative Committee has more information about the future of the District, IRMC and health care. Mrs. McCrystal agreed that the retreat should be postponed and the other Trustees echoed her comments.

Mrs. Suriano further discussed matters concerning the upcoming Florida Association of Special District's annual summit in Tallahassee on March 22, 2017, which she will be attending. During that time, a legislative update will be given and she intends to attempt to speak with Representative Mayfield or Representative Grall.

Additionally, Mrs. Suriano informed the Trustees that the Low Income Pool Funding Agreement facilitated through the Agency for Health Care Administration ("AHCA") was amended and the District is currently waiting to receive the updated agreement. Once she has received the Agreement, the District can move forward with transferring the remaining monies to AHCA, which will then be distributed to IRMC. IRMC will then transfer those funds back to the District. She will update the Trustees on the status of this matter next month.

Lastly, Mrs. Suriano stated that she and Mrs. Frederick met with Ms. Hamilton and Mrs. Blumstein, of the VNA, to discuss matters concerning the Human Services Building ("HSB"), which the VNA rents from the District and the Care Card Program. Ms. Hamilton indicated that the HSB's physical condition is deteriorating and in need of costly repairs. Mrs. Suriano stated that she would discuss the matter in greater detail at the next Chairman's meeting.

Funded Agencies Quarterly Report- UF Center for Psychiatry & Addiction Medicine- Wayne Creelman, M.D.

Dr. Creelman provided the Trustees with an update on the first quarter performance data for the UF Center, Vero Beach. The center had a total of 97 indigent visits for psychiatry and addiction medicine care. The total amount spent for the Medication Voucher program was \$11,249.00. He further discussed the current initiatives that the Center is engaging in, which include collaborating with the Connection Center by providing psychiatric evaluation and additional services. Additionally, the Center is in the process of recruiting a child and adult psychiatrist to contribute to the increased need for services to those individuals in an outpatient setting.

IRMC, Inc. Monthly Report- IRMC Care to Indigent Patients- George Eighmy, Sr. VP/CFO

Mr. Eighmy began his presentation by reviewing the Mission statements of the District and IRMC, both of which reference providing the best healthcare to residents of the county. He explained that currently Governor Scott is proposing to reconsider funding Florida hospitals based on the hospital's profitability, compared to "Charitable Purpose". Mr. Eighmy prepared two reports outlining each hospital in Florida's Charitable Purpose. He explained that the key groups who need economic support from the District and IRMC are indigent, uninsured, and underinsured or Medicaid patients.

He further reviewed hospital unaudited financial data from the current fiscal year regarding indigent patient visits to IRMC. The total sum of unreimbursed IRMC cost in support of the community is \$14.2 million with \$1.4 million for District qualified indigent patients, \$4.3 million for uninsured patients and \$8.5 million for Medicaid. He further reviewed the two reports outlining each hospital in Florida's Charitable Purpose and discussed data concerning the surrounding area hospitals. Compared to Lawnwood and Sebastian, IRMC sees many more charitable patients than the two. Further, IRMC is the third highest charitable purpose hospital in the state and is the highest not-for profit institution in the state concerning charitable purpose. He explained that because of IRMC's position with regard to Charitable Purpose, IRMC is not on the schedule to receive cuts from the Governor's standpoint. There was further discussion among the Trustees concerning this data with relation to the hospitals financial performance and its ability to make a profit.

The Trustees asked for an update concerning the hospital's negotiations with obtaining higher commercial insurance reimbursement rates. Mr. Eighmy stated that they expect approximately a \$5.8 million increase for the last part of the fiscal year, which annualizes to around \$12 million a year. They are still in negotiations with one insurer and have extended their termination letter to that insurer for an additional 30 days. The other three insurers have been receptive and those contracts should be in effect by April 1.

District Annual Audit FY 15-16- Kip Jacoby, CPA Morgan, Jacoby, Thurn, Boyle

Mr. Jacoby provided a review of the District Financial Audit for FY 15-16. He explained that since the District is a governmental agency, the Audit is presented in a governmental format and there are a few extra items that are beyond a normal commercial business audit. He stated that the District's Audit was clean and unmodified, which is the highest level of Audit you can attach to an entities' financial statements. The Audit consists of three sections, with the first being the Management's Discussion and Analysis which contains a condensed financial summary that gives an ability for management to comment on more important points of the fiscal year. He reviewed data concerning the District's net position and stated that at the end of September 2016, the District had net assets of \$6.4 million, which was an increase of \$1.3 million from last fiscal year. This was due to approximately \$500,000 of additional cash brought forward and the receipt of \$920,000 in funds back from the Agency for Health Care Administration concerning Low Income Pool funding. Total liabilities are approximately \$956,000, which was down from the previous year, leaving a total net position at \$5.4 million. Further, total net operating revenues were at \$13.7 million, which was an increase of \$787,477. Total operating expenses were at \$12,284,549, which was on track with last fiscal year. Mr. Jacoby further reviewed the District's budget versus actual expenses and explained that the District has a \$1,648,871 favorable variance for fiscal year 15-16. Mr. Jacoby indicated that a new section was added to the Audit, which reviews indigent care and program funding. In closing, he stated that the District is in compliance with all internal controls and state requirements

Resolution 2017-02- Jennifer Peshke, Esq. and Allen Jones, Treasurer

Mr. Jones stated that due to the changing healthcare environment, a collaborative committee has been formed to review the current governance structure between the hospital and the District. The purpose of this resolution is to approve spending District funds to hire a consultant to facilitate the process. The firm chosen to facilitate this process will give a presentation on March 28 at the joint meeting of the IRMC and District Boards. Therefore, Mr. Jones recommends that the Trustees approve the resolution and allow the Collaborative Committee to move forward with this process, and made a motion to approve Resolution 2017-02, which Mrs. Peshke read aloud. ("Attachment 1"). Ms. Deigl seconded the motion and stated that she feels this project is necessary and that the District and the hospital need to evaluate the needs of the community as the healthcare environment is rapidly changing. Further, as a District trustee, she believes it is their fiduciary responsibility to review the current governance structure of the hospital and what is needed for the community in the future. Mrs. Cunningham asked for public comment. Dr. Zudans provided a public comment and stated that he agrees this process needs to be conducted, however he feels that it is the responsibility of the hospital's Board of Directors and CEO. Mrs. Bodnar questioned if the consultants have been used prior to this project. Mrs. Cunningham stated that the firm is completely independent and has no bias to either institution. Mrs. Cunningham called the question for approval of Resolution 2017-02. The motion passed unanimously.

Lastly, Mr. Jones provided an update on the Partners Program. He stated that during Mr. Orlikoff's presentation, he discussed a report conducted on a hospital in Houston, Texas. For many years, this hospital struggled to reach zero maternal deaths in a year and was finally able to do so in 2016. Mr. Jones pointed out that Indian River County has not had a single maternal death in many years, which is a considerable achievement for the Partners Program. He thanked all members that are involved with Partners and acknowledged the quality care they are providing to our community.

Adjournment- The meeting adjourned at 5:45 PM

Respectfully Submitted,

Ann Marie McCrystal
Secretary