

August 23, 2010

MINUTES OF
THE REGULAR MEETING OF THE
CITRUS COUNTY HOSPITAL BOARD

JULY 26, 2010 12:00 P.M.

(1) CALL TO ORDER

The regular monthly meeting of the Citrus County Hospital Board of Trustees [CCHB or Hospital Board] was held Monday, **July 26, 2010**, at the Citrus Memorial Hospital Administration Building, 2nd floor Boardroom, 502 W. Highland Blvd., Inverness, Florida. The Chairman called the meeting to order at 12:00 P.M.

(2) PUBLISHED MEETING LEGAL NOTICE

(Copy of Agenda & Legal Notice Attached)

(3) ATTENDANCE

Board Members: Deborah L. Ressler, (Vice Chairperson); Deborah O. Frankel, Esquire (Secretary); Michael Smallridge (Trustee) and James Wood, FCAS, MAAA (Trustee). [Dr. Rao, Citrus County Hospital Board Chairperson, was noted absent due to being out of the Country]

Also in attendance:

William J. Grant, Esquire, CCHB General Counsel
Vickie LaMarche, CCHB Interim Executive Director
Harry Kilgore, CCHB Director of Finance
Denise Lyn, Esquire
Karla Dozier (CCHB Staff)

Ryan Beaty, Citrus Memorial Health Foundation, Inc. (CMHF, Inc.), CEO
Mark Williams, CMHF, Inc., CFO
George Mavros, CMHF, Inc., Director of Professional Services
Linda McCarthy, CMHF, Inc., CNO
Lori Dennison, CMHF, Inc., Director of Nursing Operations

Prestige Court Reporter Services, (CMHF, Inc.) (Jennifer Rogers)

Members of the Public: Chris Van Ormer, Citrus County Chronicle; Sandra Chadwick, CMHF, Inc.; David Langer, CMHF, Inc., Chairman; Pareshkumar G. Desai, MD, Citrus County Medical Society; William Dixon, M.D., Florida Wellcare Alliance, Amy Katz, Daryl Oster, Brenda Oster, Michael Reed, Joe Chrietzberg, and additional members of the public.

(4) APPROVAL OF MINUTES

VIA CONSENSUS, *the May 24, 2010 Minutes were tabled for consideration August 23, 2010.*

(5) PUBLIC COMMENT

A. Daryl Oster:

Mr. Oster advised he submitted his application to the Governor's office for a position on the Citrus County Hospital Board of Trustees. Mr. Oster noted private hospitals often provide greater indigent care, are more efficient and pay taxes. Mr. Oster suggested the Hospital Board invite an expert to address the possibility of "privatizing" the hospital and further requested the Board eliminate Foundation local tax support by tentatively setting the millage at zero.

B. Pareshkumar G. Desai, MD:

Request for accounting of prior five years tax levies: Dr. Desai noted that over the last five years the taxpayers have been taxed over \$45,000,000 to support the hospital and the perception is that the taxes were levied to support indigent care. Dr. Desai requested an accounting to indicate what percentage of taxes actually went to indigent care and capital improvements versus general expenses including attorneys, lobbying, PR, bonuses, etc. Notice of Non-compliance with Public Records Requests: Dr. Desai advised that he has several public records requests that have not been responded to by the Foundation. It was clarified that Dr. Desai made the requests of the Hospital Board who responded the records were not in the possession of the Hospital Board and the requests were forwarded to the Foundation. Mr. Beaty advised it was his understanding all of Dr. Desai's requests have been responded to, however, he will verify with staff.

(6) CORRESPONDENCE

The following correspondence items were received:

- A. 07.08.2010 Langer/Rao: "Notice of Default against the Hospital Board" for failure to pay 2009 indigent care and capital expenditure costs with \$1.2M outstanding and failure to pay 2010 indigent care costs of \$943,274 through May 31, 2010; alleged default must be cured by July 23 or all available action (litigation or arbitration) will be pursued against the Hospital Board.

Board discussion regarding the 07.08.2010 CMHF, Inc. Notice of Default against the Hospital Board:
See: Minute Notes (9)(B) to follow.

- B. 07.15.2010 Grant/Stillwell: Receipt of CMHF, Inc. Notice of Default without referenced attachments; forward to CMHF, Inc. Hospital Board 2009/2010 Indigent Care Policy & request CMHF, Inc. submit indigent care requests consistent with policy; absent alleged default, willingness to discuss issues.
- C. 07.15.2010 Grant/Purvis Gray: Letter to Hospital Board Auditors responding to knowledge of threatened or pending litigation.
- D. 07.07.2010 Mavros/Rao: Concern regarding the HB 07.06.2010 meeting addressing compliance line issues.
- E. 07.13.2010 Ressler/Mavros: Response to concerns.
- F. 07.16.2010 Grant/Buchanan Ingersoll (CMHF, Inc.): Delayed receipt of the CMHF, Inc. 06.21.2010 public records request; 03.19.2010 CMHF, Inc. public records request - response forwarded to Mr. Stillwell.
- G. 07.15.2010 Stillwell/Grant: CMHF, Inc. public records request regarding Florida WellCare & Citrus County Medical Society presentation supporting documents.
- H. 07.19.2010 Stillwell/LaMarche: Receipt of CCHB 07.16.2010 public records request regarding employee opinion survey; CMHF, Inc. is researching statutory exemption applicability.
- I. 07.22.2010 Buchanan Ingersoll, Oliver/Rao: Public record request for essentially all CCHB records from 1980 forward.
- J. 07.19.2010 Morgan & Morgan/CCHB: Notice of wrongful death, medical negligence action against Citrus Memorial Health Systems, et al (*K. Patterson, deceased April 5, 2008*) (*failure to diagnose vascular condition resulting in pulmonary embolism & failure to properly anti-coagulate & treat*).

(Correspondence Copies on File)

(7) CEO INFORMATIONAL REPORT

(A.) United Health Care Reimbursement Rates: Mr. Williams reported United Health Care commercial inpatient reimbursement rates are based on the CMS DRG values. The outpatient charges are reimbursed at established negotiated rates and if not specifically contractually mentioned, outpatient charges are reimbursed based on a percentage against charges. The Medicare replacement product is reimbursed at approximately 100% of Medicare rates.

(B.) VHA Hospital Comparison Nursing Update Staffing Ratios: Ms. McCarthy, CMHF, CNO presented a report regarding nursing staffing ratios, nursing hours per patient day and comparison to other institutions. *(Copy on File)* Mrs. McCarthy advised CMHS utilizes comparisons with the national data bank, Action OI, Thomson Reuter, California Nurses Association and the *monthly Perspective on Staffing Guidelines*. Mrs. McCarthy stated that she was waiting for results from the Florida Nurses Association to see if state-wide nursing/patient ratios will be mandated. Mrs. McCarthy stated that her nursing staff is very comfortable with their staffing models and feel that they are able to provide the appropriate level of care. Mrs. Frankel complimented Mrs. McCarthy and CMHS nursing professionals, however - based upon the Action OI indicators – expressed concern CMHS nursing is staffed at approximately 25% of best practice standards. It was noted the significant challenge in recruiting nurses and Mr. Beaty noted the difficulty based upon a low reimbursement payor mix.

Ms. McCarthy noted the recent purchase of patient IV pumps linked with the pharmacy and the anticipated Bedside Management Work Station with electronic document management. Mrs. Frankel suggested that the Boards work together to increase nursing staffing ratios, perhaps with additional funding.

(C.) Compliance Line Information and Update: Mr. Mavros presented an informational report regarding the July compliance line activity. Ten reports were received; four related to patient complaints and four involving a former employee regarding a 2008 incident. One complaint concerned the potential difficult Management position regarding necessary counseling of staff. Mr. Mavros interviewed many managers who agreed, if there was an appropriate reason to counsel the employee and appropriate documentation was maintained, the Managers would not be subject to undue compliance issues. Mrs. Ressler noted one complaint concerned an employee who felt she had been retaliated against by a Manager, however the CMHF, Inc. investigation found the charge unfounded. Mrs. Ressler noted the employee asked for the matter to be reinvestigated and submitted a public records request. Mr. Mavros advised a different CMHF, Inc. investigator reinvestigated the matter.

(D.) Medical Staff By-Laws Update: Mr. Beaty updated the Board that Dr. Harrer had checked with the Medical Staff counsel who appeared no closer to completing the legal review of the CMHF, Inc. proposed Medical Staff ByLaws. Mr. Beaty advised he would have the By-Laws presented to the Hospital Board, however, it does not appear the ByLaws will be ready for review at the August or September Medical Staff meeting.

(E.) Request For Staff To Take Time Off: Mr. Beaty advised due to lowered summertime census, the Foundation & Executive Management is implementing an expense reduction measure requiring employees to take five days off over five pay periods. Employees may utilize their accrued Paid Time Off (PTO), or if an employee has no accumulated PTO, they will be required to take the time off without pay. Mrs. McCarthy stated that the clinical departments are not included in the mandatory employee time reductions, as the patient care staff currently use PTO as a matter of flexing. Mr. Beaty stated that the expense reduction measure is required for all non-clinical positions within the entire organization.

ADDITIONAL MATTERS:

CMHF Request For Capital Funding FYE 2010: Mr. Beaty and Mr. Williams presented a document requesting capital expenditure funding. (Copy Attached) The document indicates "approved" budgeted capital items of \$7,389,774 and "actual" capital expenditures of \$3,200,763. Mr. Beaty advised the Hospital Board Budget provides for public funding for capital expenditures upon Foundation expenditure of \$7 million dollars of capital improvements. Mr. Beaty advised it was his viewpoint, the capital improvement threshold was established due to the anticipated Federal grant to fund investments in Electronic Medical Record (EMR) technology. Mr. Beaty advised that the federal grant would not be forthcoming until the Foundation achieves "meaningful use" of an operable shared electronic record system. The Foundation anticipates achieving EMR "meaningful use" in 2012, however the federal grant is distributed over several years. It was noted the Foundation - to support the FYE 2010 Hospital Board funding amount - represented \$13,000,000 (later reduced to \$11,000,000) of capital expenditures, were budgeted, however, the actual Foundation capital expenditure to date amounts to only \$3,200,000. Mr. Grant advised the matter would be placed on the next regular meeting Agenda.

RECESS 1:35 P.M. – 2:12 P.M.

Discussion Regarding CMHF Shift of Bad Debt To Charity: Mr. Smallridge inquired regarding the CMHF, Inc. "Comments - May 2010 Financial Results" (Copy Attached) document reflecting a significant "shift from bad debt to charity." Mr. Williams indicated over the last eighteen months CMHF, Inc. has "shifted" a significant amount of "bad debt" accounts to the "charity" (tax-payer funded) classification. "Charity" amounts, similarly to charges exceeding Medicare or insurance allowable charges, are accounted as a deduction against gross charges or gross revenues. As the "charity" deduction amount increases, the net revenue amount decreases. "Bad Debt" is accounted as an expense as opposed to a deduction from gross charges. As "bad debt" accounts are reclassified to "charity" accounts, the bad debt expense amount is reduced. Mr. Williams advised the bad debt reclassification to charity is the result of CMHF, Inc. improving the qualification process for charity.

Mr. Williams addressed the charity qualification process and indicated the CMHF, Inc. maximum eligibility income threshold is less than 200% of the Federal Poverty Level (FPL) and indicated verification includes review of tax returns, W-2 statements or earning statements. Mr. Williams advised available assets are reviewed. Mr. Grant requested - to support Foundation funding requests - financial eligibility documentation including household income be provided to the Hospital Board. Mrs. Frankel noted the significant changes in the Foundation "sponsorship" policies, in actuality, *lessen* the required supporting documentation and verification process and allow tax-payer supported "sponsorship" for patients with unlimited assets.

Mrs. Frankel noted previous CMHF, Inc. policies required all non-emergent patients to complete a two-page "sponsorship" application and submit supporting income documentation as described by Mr. Williams. The current CMHF, Inc. outpatient policy does not require the two-page application, only requires the patient to submit a one-page self-declaratory *approximation* of income and does not require any additional supporting documentation. Mr. Williams, while uncertain of the CMHF, Inc. policy parameters, believed the Foundation general practice is to have all patients, excepting emergent, complete the two-page application & submit supporting documentation. Mrs. Frankel noted, although pursuant to CMHF, Inc. sponsorship policy, inpatients (not outpatients) must *disclose* assets, there is no CMHF, Inc. sponsorship maximum asset threshold – hence patients with unlimited significant assets potentially qualify for CMHF, Inc. (tax-payer supported) sponsorship. Mrs. Frankel noted the Hospital Board, on behalf of the taxpayers, is committed to ensuring funding for indigent care, however alternative, non-tax based funding should be utilized to fund general uninsured or non-indigent, low-income services. The supplemental or alternative funding includes the State Low Income Pool (LIP), Disproportionate Share (DSH) as well as tax benefits derived from not-for-profit status.

Commenting on the significant difference between CMHF, Inc. 2010 budgeted bad debt and the CMHF, Inc. actual year to date reduced bad debt expense deduction, Mr. Williams noted the 2010 budget estimated bad debt based upon historical percentages. Mr. Williams noted the 2010 actual bad debt amount is significantly less than the budgeted amount due to the reclassification of bad debt to (tax-payer supported) sponsorship or charity. Mrs. Frankel noted the Foundation current bad debt percentage, with the transference to tax-payer supported sponsorship, is down to approximately 1.3% against gross charges however, the Florida Agency for Healthcare Administration (AHCA) benchmark for not-for-profit hospitals is approximately 4.3% of gross charges.

Mr. Williams commented the most recent AHCA data is several years old and with federal changes requiring not-for-profit corporations to document community benefit and charity care, most corporate bad-debt percentages will decrease. Mrs. Frankel noted FYE 2009 actual bad debt expense amount was \$21,000,000 and FYE 2010 the bad debt expense amount is projected to be approximately \$10,000,000. Mr. Williams advised the 2009 bad debt amount additionally included a significant amount of prior years bad debt adjustments. It was noted if the bad debt expense were inappropriately estimated at a low percentage, the effect would be to possibly overstate revenue. Mr. Williams advised CMHF does a number of procedures to ensure what is being recorded as net revenue is actually collectible.

Request For CMHF Monthly Financials: Mrs. Ressler requested the CMHF, Inc. monthly financials be included in the Hospital Board meeting packets and additionally requested Mr. Williams be available at Hospital Board meetings to discuss the financial statements. *Via consensus*, the requests were approved.

JCAHO Investigation For Cause: Mrs. Ressler advised she had received information the Joint Commission of Hospital Accreditation (JCAHO) had recently made a "for cause" investigation of an incident occurring at CMHS. Mr. Beaty advised July 7, 2010 JCAHO investigated a complaint regarding issues in the cardio vascular area regarding inadequate methodology to bring concerns to management and medical staff attention. Mr. Beaty advised JCAHO found the complaint to be unfounded, however JCAHO did find additional areas of concern. Mr. Beaty advised CMHF, Inc has responded to the JCAHO report. The Hospital Board requested Mr. Beaty provide the Board the JCAHO report and the CMHF, Inc. response. Mr. Beaty agreed to provide both documents to the Hospital Board.

(8) CCHB STAFF REPORT

(A.) Financial Report June 2010: Mr. Kilgore, Hospital Board Director of Finance, presented the June Citrus County Hospital Board financial reports including the monthly "CCHB Governmental Fund Balance Sheet", "CCHB Statement of Revenues, Expenditures and Changes in Fund Balance", "CCHB Statement of Cash Flows" and List of Payees (07.08.2010 – 7.26.2010) (Copies Attached) Mr. Kilgore noted the financial reports reflect the June 30, 2010 "Total Liabilities and Fund Balance" and "Cash and Cash Equivalents" amount of \$8,661,277. Mr. Kilgore additionally noted the financial statements reflect the May 24, 2010 Board Budget Amendment allocating \$1,200,000 to an expense account "Operating and Capital Expenditures for Citrus Memorial Health System." The account is restricted until further decision by the Board.

MOTION by Mrs. Frankel, Second by Mr. Wood to accept the June Financial Reports and List of Payees/Invoices (07.08.2010 – 07.26.2010).

Upon being called, the Motion passed unanimously, 4-0.

(B.) Compliance Line Update: Ms. LaMarche mentioned the duplicity of the Compliance Line on the Board Agenda. Ms. LaMarche inquired of the Board if the statistical information provided by Mr. Mavros was sufficient or would the Board prefer be to hear additional details (without mentioning patient or employee names). Mrs. Ressler suggested that if there were any serious incidents that Ms. LaMarche felt needed to be considered by the Board, than that matter should be further discussed. Mrs. Frankel commented and the Board agreed that the information provided by Mr. Mavros is generally appropriate and further information is not necessary unless as indicated above. Ms. LaMarche advised a second compliance line informational insert would be included with Employees' paychecks July 30.

(C.) Status of the Citrus County Hospital Board Banking RFP: Mr. Kilgore advised five responses to the Hospital Board banking service RFP had been received. Mr. Kilgore distributed the responses addressing general banking services from Regions Bank, BB&T, Capital Bank, Brannen Bank, and Old Florida National Bank. Center Bank submitted a proposal limited to Certificate of Deposits. The proposals, together with staff analysis, will be reviewed by the Board and considered at a subsequent meeting.

(D.) Employee Opinion Survey Public Records Request: Ms. LaMarche advised a public records request was made regarding the employee opinion survey recently conducted by a CMHF, Inc. consultant. Mr. Stillwell responded the public records request had been received and CMHF, Inc. is researching statutory exemption applicability.

(E.) Management of Complaints Made By Citizens: Ms. LaMarche discussed the appropriate response protocol when the Hospital Board receives public complaints regarding the hospital. Ms. LaMarche advised, pursuant to the request of Dr. Rao, a written response is sent advising that the patient or citizen should contact CMHF, Inc. management to investigate, however should timely resolution not be received, the matter should then be referred to the Hospital Board for follow-up. Complaints regarding the Foundation or staff will be referred to Mr. Mavros, the CMHF, Inc. Compliance Officer. Ms. LaMarche noted she had received several contacts requesting the Boards meet together and resolve the conflicts. Ms. LaMarche advised Mrs. Ressler responded the Hospital Board shared the concerns and invited the citizens to attend both the Hospital Board and Foundation Board meetings.

UNFINISHED BUSINESS:

(9) FOUNDATION GOVERNANCE ISSUES

(A.) CEO Resignation / Specific Performance: Mr. Grant advised he was addressing the CEO resignation and considering legal alternatives. Mrs. Frankel reiterated her previous viewpoint that, due to Mr. Beaty's difficult position as CEO of two conflicted Boards, the matter should not be pursued and no further time or resources be utilized. Mr. Grant advised he has almost completed his opinion and several Hospital Board members requested further information. Mr. Grant noted Mrs. Frankel's previous Motion to limit actions had failed during the previous meeting.

(B.) July 08, 2010 Notice of Default (by CMHF, Inc.) Against Citrus County Hospital Board:
(Discussed under Correspondences (6)(A))

Mr. Grant advised he had received the July 08, 2010 Foundation Notice of Default against the Hospital Board for alleged failure to fund 2009 indigent care & capital expenditures (outstanding amount asserted due: \$1,200,000) and failure to fund 2010 indigent care costs (through May) of \$943,274. Mr. Grant noted the Hospital Board position contesting any funding default. Mr. Grant further noted although the Foundation 2009 audit may reflect the contested \$1,200,000 as receivable, the draft 2009 Hospital Board audit does not reflect the amount as a payable or liability owed the Foundation. Mr. Grant also noted the amount asserted in the Foundation Notice of Default conflicts with previous Foundation submitted amounts. It was noted the Notice of Default provides - should the Hospital Board not cure the alleged default by remitting all contested funding by July 23, 2010 - the Foundation may seek all legal action including arbitration or lawsuit.

Mr. Smallridge noted that the Foundation Notice of Default erroneously asserts that the Hospital Board is requesting supporting documentation include patient's names and account numbers. Mr. Smallridge clarified the Hospital Board has repeatedly indicated the supporting documentation need *not* include patient names or account numbers.

Mr. Grant clarified that the Hospital Board has submitted multiple requests for financial eligibility documentation including household income, however, the Foundation has not provided the requested financial eligibility documentation.

Mrs. Frankel commented although the Foundation has been on notice since September 2009 documentation would be required to support indigent care funding, the Foundation apparently did not specifically add the Hospital Board to the patient HIPPA disclosure consent forms. Mrs. Frankel noted that all patients consent to the release of necessary information to third party payers & disclosure to the Hospital Board would therefore be appropriate. Nevertheless, Mrs. Frankel noted, the Hospital Board was not, in fact, requesting patient names or account numbers. It was noted any patient information received by the Hospital Board would be specifically exempted from disclosure pursuant to any public records requests.

Mrs. Frankel additionally addressed the validity of the Foundation Notice of Default as follows:

EYE 2009: Mrs. Frankel advised although the Foundation Notice of Default asserts a Hospital Board failure to fund \$1,200,000 for indigent care and capital expenditures, in actuality, based upon the Foundation 2009 Audited Financial Statements, the Hospital Board *over-funded* 2009 Foundation indigent care and capital expenditures by approximately \$3,800,000. Mrs. Frankel further commented even were the Hospital Board to *double fund* all 2009 capital projects previously financed by Hospital Board issued Bonds/Revenue Notes, outstanding 2009 Hospital Board funding would only be approximately \$100,000.

Mrs. Frankel noted, although the 2009 CMHF, Inc. funding amounts were not specifically restricted in the 2009 Hospital Board budget, the Hospital Board considered the Foundation representations regarding projected indigent care & capital expenditures to determine the appropriate 2009 CMHF, Inc. tax-supported funding amount. Mrs. Frankel additionally noted, although the Foundation – to support the 2009 tax appropriation - represented approximately \$8,000,000 of non-bond financed capital improvements were projected, Foundation 2009 actual expenditures for such improvements only amounted to approximately \$2,500,000. Mrs. Frankel advised it was her viewpoint, noting the significantly reduced 2009 Foundation *actual* capital improvement expenditures compared to Foundation projected capital improvements represented to support the 2009 tax appropriation, an equitable solution would be to place the disputed 2009 amount in a restricted fund, dedicated to capital improvements. Mr. Grant & Mr. Kilgore noted the contested amount has been allocated to a restricted Foundation account, subject to Hospital Board decision.

EYE 2010: Mrs. Frankel advised there are differences between the Foundation “sponsorship” policy and the Citrus County Hospital Board Indigent Care Policy and the Boards should work together to address the policies.

Mr. Grant advised he had corresponded the Board’s intention to Mr. Stillwell, however, recommends no meeting take place while the Foundation maintains the Notice of Default. Mr. Smallridge advised perhaps, at this juncture, judicial resolution would be appropriate to resolve the differences. Mr. Grant noted the Hospital Board made a good faith 2010 indigent care advance, subject to reconciliation with Hospital Board policy, and noted the lengthy time process in resolving the differences either through arbitration or litigation.

(C.) Status of Sovereign Immunity: Mr. Grant advised all supporting documents are being prepared in support of the Request for an Attorney General Opinion.

(D.) Sunshine Law Violations: To be addressed at future meeting

(E.) Notice of Default (by Hospital Board) Against Citrus Memorial Health Foundation, Inc.: Mr. Grant advised he would determine the appropriate action in conjunction with the CMHF, Inc. Notice of Default against the Hospital Board.

(F.) Lease & Hospital Care Agreement Validity: Mr. Grant advised the Lease & Hospital Care Agreement resolution was similar to other proposed actions and would be addressed at a future meeting.

Additional Matters:

Mrs. Frankel commented that many articles have appeared in the *Citrus County Chronicle* requesting the two Boards meet without pre-conditions to resolve the governance issues. Mrs. Frankel noted that the Hospital Board should again express their absolute willingness to meet with the Foundation without any pre-conditions and implore the Foundation to join the Hospital Board in such a meeting.

MOTION by Mrs. Frankel, Second by Mr. Wood that the Hospital Board confirm the Hospital Board's absolute willingness to publicly meet with the Foundation Board without any pre-conditions whatsoever for the purpose of negotiating and resolving all governance issues.

Following the opportunity for public comment, upon being called, the Motion passed: 3 Ayes with Mr. Smallridge voting Nay.

(10) FYE 2011 FOUNDATION PRELIMINARY BUDGET & TAX APPROPRIATION

Mr. Grant referred to the CMHF FYE 2011 Preliminary Operating and Capital Budget (*Copy Attached*). Mr. Grant noted the CMHF 2011 budgeted tax support of \$8,122,877 and suggested a Budget Workshop be scheduled. Mr. Smallridge noted the number of replacement items and inquired regarding the depreciation schedule and timing or determining factors when considering replacements. The Board requested the Foundation provide detailed information.

Public Comment: Dr. Desai inquired whether the Foundation independently funds capital expenses by reserving funding equal to the depreciation expense. Mr. Williams advised the Foundation does fund depreciation expense by restricting cash for asset replacements. Dr. Desai advised the taxpayers should not be responsible to fund replacement items as available cash is accrued consistent with the depreciation expense deduction.

Additional Board Discussion: Mrs. Ressler informed the Board that she had received information indicating, during staff meetings, Mr. Beaty has encouraged employees to attend the upcoming Budget Hearings with signs expressing negativity towards the Hospital Board. Mr. Beaty advised that during employee forums he does encourage employees to attend the Budget Hearings and, if they wish, "speak up," but does not encourage employees to carry signs expressing negativity towards the Hospital Board. Mr. Beaty could not recall encouraging employees to carry signs.

NEW BUSINESS

(11) FYE 2011 BUDGET WORKSHOP

Mr. Kilgore advised the Citrus County Hospital Board proposed operating Budget will be forwarded shortly and a Budget Workshop should be scheduled to address the Foundation Budget and appropriate tax support as well as the Hospital Board operating Budget. *Via consensus*, the Board established the date of the Budget Workshop August 23, 2010 at 10:00AM.

Mrs. Frankel requested CMHF, Inc. provide a more detailed budget with category detail of preliminary revenue amounts and drilldown detail of accounts included within the general expense categories. Mrs. Frankel additionally requested CMHF, Inc. provide detailed information regarding the projected State low-income subsidies including LIP, Disproportionate Share, Self-Exemption (Re-Basing) and additional funding. Mrs. Frankel commented the originally projected 2010 state subsidies approached \$5,000,000 and State funding is specifically provided to assist communities with low-income care. It was noted projected State subsidies should be considered when determining the local ad valorem tax supported funding to support indigent care.

(12) FYE 2011 BUDGET HEARINGS

Mrs. Ressler noted the currently scheduled Budget Hearings fall on the significant religious holiday of Rosh Hashanah and requested the Hearings be rescheduled for more dates.

MOTION by Mr. Wood, Second by Mrs. Frankel to move the FYE 2011 Budget Hearings to September 15 and September 29, 2010. Upon being called, the Motion passed unanimously 4-0.

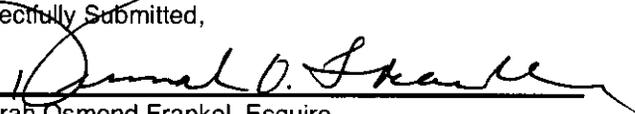
(13) NEXT SCHEDULED MEETING DATE

FYE 2011 Budget Workshop: August 23, 2010 @ 10:00AM (CMHS Administrative Building)
FYE 2011 Tentative and Final Budget and Tax Resolution Hearings: September 15 and September 29, 2010 @ 5:00 PM (Citrus County Commission, Citrus Courthouse).

(14) Adjournment

MOTION by Mrs. Frankel, Second by Mr. Wood to adjourn meeting. The Motion was approved unanimously, 4-0, and the meeting adjourned at 3:23 PM.

Respectfully Submitted,


Deborah Osmond Frankel, Esquire
Secretary

07.26.2010 Minutes "Copy Attached":

1. Agenda 07.26.2010
2. Legal Notice Publication
3. CMHF, Inc. Request for 2010 Capital Funding
4. CMHF, Inc., "Comments – May 2010 "Shift from Bad Debt to Charity"
5. June 2010 Hospital Board Financial Report & List of Payees (07.08.2010 – 07.26.2010)
6. CMHF FYE 2011 Preliminary Budget & Tax Appropriation (received Hospital Board 06.30.2010)

07.26.2010 "Copy on File"

1. Correspondences
2. Mrs. McCarthy, CMHF, Inc., CNO, Nursing Staffing Presentation

dfo draft