

MINUTES OF
THE PUBLIC HEARING OF THE
CITRUS COUNTY HOSPITAL BOARD

SEPTEMBER 15, 2010 5:01 P.M.

(1) CALL TO ORDER

The Public Hearing of the Citrus County Hospital Board of Trustees [CCHB or Hospital Board] was held Wednesday, **September 15, 2010**, at Citrus County Commission Chamber, LLC, 110 N. Apopka Avenue, Inverness, Florida. Chairman Rao called the meeting to order at 5:01 P.M.

Pledge of Allegiance

(2) PUBLIC MEETING LEGAL NOTICE (TRIM)

(3) ATTENDANCE

Board Members Present: V. Upender Rao, M.D., Chairman; Deborah L. Ressler, BSN, Vice Chairman; Deborah Osmond Frankel, Esquire, Secretary/Treasurer; Michael A. Smallridge, Trustee.

Board Members Absent: James Wood, Trustee

Also in attendance:

William J. Grant, Esquire, CCHB General Counsel
Vickie LaMarche, Chief Operating Officer
Harry Kilgore, CCHB Director of Finance
Karla Dozier (CCHB Staff)

(4) WELCOME BY CHAIRMAN DR. RAO

(5) STATEMENT OF PROCEDURES BY CHIEF OPERATING OFFICER LAMARCHE

(6) TRUSTEE STATEMENT(S) MADE BY:

Chairman Rao
Vice Chairman Ressler
Secretary Treasurer Frankel, statement entered into the record as Exhibit "A" attached hereto.
Trustee Smallridge

(7)

A. *Review of the Certification of Taxable Value ready by Finance Director Kilgore.*

B. *Public Comment*

C. *Citrus County Hospital Board Presentation by Chief Operating Officer LaMarche, Finance Director Kilgore, and General Counsel William Grant.*

D. *Adoption of the Tentative Millage Rate by Resolution 2010-02*

Motion by Frankel, Second by Ressler to tentatively set the millage rate at the 1.0000 mills for discussion purposes.

Motion to Amend Motion on Floor by Smallridge, Second by Ressler to amend Motion on floor to reduce tentative millage from 1.0000 to .45000. Motion to Amend passes 4-0.

Original motion, as amended, setting tentative millage rate at .45000, passed 4-0.

(8)

A. Review of the Citrus County Hospital Board Budget FY 2010-2011 by Finance Director Kilgore.

B. Public Comment

C. Adoption of the Tentative Budget by Resolution 2010-03

Motion by Frankel, Second by Ressler to adopt the tentative budget. Motion passed 4-0.

(27) Adjournment

Motion by Ressler, Second by Frankel to adjourn the meeting. Motion passed 4-0 at 9:00 p.m. EST.

Respectfully Submitted,



Deborah Osmond Frankel, ESQ.

Secretary

September 29, 2010

09.15.10 Minute "Exhibits Attached":

A. Letter by Deborah Osmond Frankel

CITRUS COUNTY HOSPITAL BOARD

P.O. Box 1030
Inverness, Florida 34451-1030

September 03, 2010

Respected Citrus County Social Service Organizations and Citrus County Community Leaders:

**RE: Citrus Memorial Health Foundation, Incorporated
August 19, 2010 Correspondence Addressing CMHS Indigent Care**

Dear Fellow Citizens:

The purpose of this letter is to express the absolute commitment of the Citrus County Hospital of Trustees (Hospital Board) to protecting the healthcare needs of all citizens of Citrus County – most importantly - the vulnerable, elderly and needy of our community. Simply stated, the Hospital Board is dedicated to ensuring necessary healthcare services are equitably provided to all citizens of Citrus County. The Board respectfully responds to the recent inflammatory and misleading correspondence sent by Citrus Memorial Health Foundation, Incorporated (CMHF corporation).

Although the CMHF corporation, together with the "Navigant Consulting" Chronicle article,¹ threatens the necessity of significant reductions in low-income health services, absolutely no reductions are necessary nor are service denials contractually permissible. In fact, the alarming assertions of CMHF executive management and the highly compensated CMHF corporate consultant are grievous misinterpretations of long-standing Hospital Board policy, available State low-income funding, and not-for-profit corporate community benefit obligations. It is essential our community receive accurate information regarding indigent care policies, available funding resources and responsibility for continued healthcare services.

Hospital Board Indigent Care Policy Unchanged

"Sweeping changes" were not made to the Citrus County Hospital Board Indigent Care Policy. While a private corporation cannot - through contract or otherwise - force a public board to assess taxes, the Hospital Board, representing the people of Citrus County, funds indigent care pursuant to the Florida Health Care Responsibility Act and the Florida Indigency Eligibility Certification Standards established in the Florida Administrative Code. *Such funding policy is consistent with the long-standing controlling provisions of the hospital lease and contractual agreements between the entities.*²

Recently, the Hospital Board noted corporate "charity" costs transferred to the Citrus taxpayer increased from \$1,870,218 in 2008 to \$4,623,153 in 2009 – an increase of 240% in a single year. The Board evaluated the extraordinary 2009 increases in taxpayer supported corporate costs and substantiated material differences between the contractually controlling Florida Act and the unilaterally implemented internal corporate policies.³ Additionally the Hospital Board analyzed the 2008 and 2009 corporate policies and determined that the corporation, in 2009 - to effectively transfer substantial additional costs to the taxpayer – merely rewrote its internal charity policies to significantly reduce charity application procedures, supporting documentation requirements and lessen verification processes.⁴

The CMHF corporation, seeking enhanced revenues, often expressed the need to "shift bad debt to (taxpayer supported) charity" and the 2009 internal material lessening of required documentation more than doubled the indigent care funding received by the corporation from the taxpayers. Importantly, the CMHF corporation never advised the Hospital Board of the internal policy changes nor did the Hospital Board approve the corporate changes.

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Upon isolating the significant corporate reductions in documentation requirements, the Hospital Board – *at a properly noticed public meeting* - codified and restated the twenty-year plus existing policy to ensure the eligibility standards and proper documentation set forth by the Florida Act and Hospital Board policy are appropriately followed. Such is our fiduciary duty to the citizens of Citrus County.

Hospital Board Indigent Care Policy Incorporating The Florida Healthcare Responsibility Act Is Appropriate Taxpayer Supported Policy: Additional Resources Are Available To Fund Corporate Indigent Care Services Beyond the Scope of The Local Taxpayer Supported Policy

As indicated, the Hospital Board Indigent Care Policy funds indigent care services pursuant to the Florida Health Care Responsibility Act and the Florida Health Care Indigency Eligibility Certification Standards. The Act – current law – covers patients with incomes less than 100% - 150% of the Federal Poverty Level and adopts assets limitations consistent with Florida's Medically Needy program and national SSI medically needy disability provisions. The Act, thoroughly researched and updated annually, provides detailed and uniform indigent care eligibility criteria specifying residency, income/assets levels, required documentation and verification procedures.

The Hospital Board recognizes some services provided by the corporation are beyond the scope of the Board's Indigent Care Policy. However, it is important to note the difference between government indigent care *reimbursement* policies and indigent care policies necessary to support not-for-profit status.⁵ All not-for-profit corporations must provide significant community benefits to maintain tax-favored status and, in the case of hospitals, must provide significant uncompensated indigent care *at corporate expense*.⁶ Although corporate services provided to patients with incomes up to 200% of FPL or beyond, to patients with unlimited assets, not required to submit applications nor supporting documentation, or charge reductions to all patients, are beyond the scope of the Florida Act and the local tax-supported policy, *all* such CMHS services are fully funded by corporate not-for-profit obligations as well as available State funding programs.

100% Of All Current And Projected CMHF Corporate Services Characterized As "Charity" Are Fully Funded

Significant State and federal programs currently provide substantial financial subsidies, contributions and benefits to the CMHF corporation to help our community offset the costs incurred in providing indigent health care services. In fact, multiple resources are available to fund services for low-income patients with financial resources beyond the scope of the Florida Health Care Responsibility Act and the Citrus County Indigent Care policy. It is the Hospital Board's viewpoint the support received from *all* resources should be considered in determining reasoned and necessary local tax support.

Of paramount importance is the fact that *100% of all current 2010 and projected 2011 corporate services characterized as "charity" are absolutely fully funded by combined resources of available State low-income funding programs and local Hospital Board tax-supported funding*. 2010 CMHF corporate service costs characterized as "charity" are projected to be approximately \$4,000,000 with the corporation receiving approximately \$3,900,000 from State low-income programs and enhancements. 2011 corporate "charity" costs are budgeted at \$4,000,000 with the corporation receiving approximately \$3,355,000 from State programs.⁷

The State programs, administered through the Florida Medicaid Division, are specifically designed to relieve the local tax burden and assist communities with providing necessary healthcare services to low-income and Medicaid patients. Although, the State programs provide substantial funding towards corporate charity services, additional resources are available to further assist with funding. As earlier stated, as a "not-for-profit" entity, the corporation has an absolute obligation to provide significant charity services - *at corporate expense* - to our community and the local tax-based Hospital Board Indigent Care policy provides additional support.

CMHF Corporation Is Mandated To Provide Healthcare Services

The CMHF corporation threatens dramatic and alarming service reductions should the Hospital Board not acquiesce to excessively fund – exclusively through local tax support without regard to alternative available resources - all costs asserted in the 2009 unilaterally enacted corporate policy. However, by controlling contract, the CMHF corporation absolutely must provide necessary healthcare services to residents of Citrus County.

The 1990 privatization documents transferring operations, management and control of our public hospital to the private corporation absolutely mandates the CMHF corporation must provide medically necessary healthcare services to the citizens of Citrus County without regard to the patient's ability to pay.

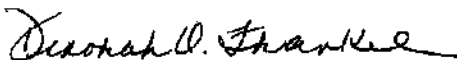
Emphatically stated: the CMHF corporation simply does not have the option of "cutting loose 68% of Citrus County residents" from necessary low-income healthcare services.

The Hospital Board will act vigilantly to demand and ensure the CMHF corporation abides by its contractual commitment to provide healthcare services to the people of Citrus County. The Hospital Board will view any attempt by the CMHF corporation or executive management to reduce community healthcare services as an absolute breach of the privatization agreement and will intervene appropriately.

Although the recent corporate correspondence unfortunately makes alarming and misleading allegations, it is clear, 100% of all current 2010 and projected 2011 expanded corporate "charity" or "sponsorship" costs are fully and responsibly funded – even significantly overfunded - through utilization of combined resources. The Hospital Board, in good faith, simply cannot ask the local taxpayers to further double fund corporate costs.

With analytical consideration of the misleading CMHF corporate allegations and without regard to the CMHF corporate campaign fueled by expensive attorneys, consultants and PR advisors, the public Hospital Board will stand to responsibly protect our hospital, our dedicated CMHS employees, and the provision of healthcare services to all of Citrus County. The Hospital Board is deeply honored to meet with the community on September 8, 2010.

With sincere respect and appreciation,



Deborah Osmond Frankel, Esquire
Secretary -Treasurer

Citrus County Hospital Board of Trustees 2001 – present
Citrus Memorial Health Foundation, Incorporated 2001 - 2009

Citrus County Hospital Board Indigent Care Policy
Lease & Hospital Care Agreement, Indigent Care Provision
Lease & Hospital Care Agreement, Mandatory Provision of Services Without Regard To Ability To Pay
AHCA Funding FYE 2010, 2011
CMHF Sponsorship Policy 2008, 2009
CMHF AFS 2008, 2009 Cost of Charity
Chronicle, Trustees Fully Fund Indigent Care; V. LaMarche, Executive Director, Citrus County Hospital Board
Chronicle, Foundation Please Meet With Us; D. Ressler, Vice-Chair-person, Citrus County Hospital Board

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¹ It should be noted the Chronicle article attached to the corporate letter was written by a highly compensated CMHF corporate consultant. The initial CMHF corporate contract with Navigant included compensation in the amount of \$180,000. Subsequent CMHF corporate compensation paid to Navigant has not been disclosed.

² Section 27 of the 1990 Lease Agreement between the Citrus County Hospital Board and the Citrus Memorial Health Foundation, Incorporated - provides indigent care shall be funded pursuant to the Florida Healthcare Responsibility Act. Section 27 was amended in 1992 to provide for continued indigent care services pursuant to the Florida Health Care Responsibility Act, with the mandatory Hospital Board funding requirement deleted.

³ After lengthy public record requests, the Hospital Board discovered the corporate charity policy covers patients with resources beyond the controlling Florida Health Care Responsibility Act eligibility requirements, provides coverage to patients with *unlimited* personal assets or resources, includes charge reductions for all patients exceeding 200%, even 300% of the Federal Poverty Level (FPL) and commencing in 2009, covers certain Levy and Sumter residents as well as additionally covers residents of other counties on a case by case basis. Apparently all such costs are transferred to the Hospital Board for taxpayer supported funding. Healthcare service costs for non-resident patients, or local patients with *unlimited* available assets and charge reductions for all patients at *any* income level (the latter, generally appropriate as a deduction from gross revenue based upon vast increases in corporate charge rates) should *not* be transferred to the Citrus taxpayer.

⁴ The FYE 2008 corporate charity policy required *all* charity applicants submit an application and submit proof of income which could include a previous tax return, current income statement, asset, support information or other appropriate documentation. *Indigent care qualification and submission for tax supported funding were made only upon the patient providing appropriate documentation or proof of residency and financial eligibility.*

Commencing with FYE 2009 - pursuant to the new corporate policy - emergency services and outpatient services no longer required an application, proof of income, nor supporting documentation; rather a personal one-page, "income approximation statement" signed by the patient became sufficient "documentation" to secure taxpayer funding. Although the 2009 corporate policy covering inpatient services still required the formal two-page application, the patient could be "presumptively eligible" and the patient's personal income approximation statement would be considered sufficient income documentation. The relaxed corporate policies - in many cases - lacking any requirements for supporting documentation or independent verification and based solely upon the patient's unsubstantiated personal statement effectively facilitated the transference of general corporate service obligations to the local taxpayers.

⁵ Florida *direct reimbursement* programs such as the Medicaid programs or the HCRA, with few exceptions, such as the exception for pregnant women or very young children, defines indigent care eligibility at 100% - 150% (or less) of FPL and generally limits available assets. Although The Florida Uniform Hospital Reporting Statute (FHURS) defines "charity" services for *reporting* purposes as uncompensated services provided to patients with income generally less than 200% of FPL, the FHURS statute addresses the *maximum* charity *reporting* threshold, inclusive of *all* charity services whether supported by local government, supported by State low-income programs or supported by corporate community benefit obligations utilized to support not-for-profit status.

⁶ All Not-For-Profit corporations must provide sufficient community benefits to justify the NFP tax benefits received. CMHF annually documents & utilizes the provision of charity care to maintain tax-exempt status. See: *CMHF, Inc. Annual Form 990 Return of Organization Exempt From Income Taxes*. Additionally, as a Not-For-Profit corporation, CMHF receives significant state & local tax benefits including exemptions from state sales taxes, intangible taxes, local property taxes & local tangible taxes. The self-evident significant tax benefits counterbalance and fund the CMHF corporate cost of providing charity care.

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⁷ FYE 2010 the corporation will receive the following approximate compensation amounts from the various Florida low-income support programs (State Fiscal year amounts – slight variations may occur due to variances between the State fiscal year and the corporate fiscal year): LIP program \$1,287,127; DSH program \$721,697; Self-Exemption program \$1,958,665; Buyback Trend Adjustment \$427,507. [FYE 2010 total anticipated Florida support for low income - uninsured or underinsured and additional enhanced Medicaid reimbursement based upon Medicaid and charity services exceeds \$3,967,489]

FYE 2011 the corporation will receive the following approximate compensation amounts from the various Florida low-income support programs (State Fiscal year amounts – slight variations may occur due to variances between the State fiscal year and the corporate fiscal year): LIP program \$1,127,896; DSH program \$707,715; Self-Exemption program \$1,085,351; Buyback Trend Adjustment \$434,069. [FYE 2011 total anticipated Florida support for low income - uninsured or underinsured and additional enhanced Medicaid reimbursement based upon Medicaid and charity services exceeds \$3,355,031]

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