

August 23, 2010

MINUTES OF
THE REGULAR MEETING OF THE
CITRUS COUNTY HOSPITAL BOARD

MAY 24, 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, **May 24, 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 Attached)

(3) ATTENDANCE

Board Members: V. Upender Rao, MD (Chairperson); Deborah L. Ressler, (Vice Chairperson); Deborah O. Frankel, Esquire (Secretary); Michael Smallridge (Trustee) and James Wood, FCAS, MAAA (Trustee).

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), Robin Gelinis (CCHB Staff)

Ryan Beaty, Citrus Memorial Health Foundation, Inc. (CMHF, Inc.), CEO
Emery Hensley, CMHF, Inc., Director of Reimbursement
Mark Williams, CMHF, Inc., CFO
George Mavros, CMHF, Inc., Director of Professional Services
Tara Anderson, CMHF, Inc., Financial Services
Neil Katz, MD
Cab Reporting (CCHB); Joy Hayes Court Reporter Services (CMHF, Inc.)

Members of the Public: Chris Van Ormer, Citrus County Chronicle; Sandra Chadwick, CMHF, Inc.; David Langer, CMHF, Inc., Chairman; Pareshkumar G. Desai, MD, Florida WellCare Alliance; Joe Chrietberg, Edna Mattos, Daryl Oster, John Popp, Jimmie T. Smith, Neil Katz, MD., Rocky Hensley and additional members of the public.

(4) APPROVAL OF MINUTES

Motion by Mrs. Ressler, Second by Mr. Wood, to approve the March 03, 2010 Minutes & Exhibits. The Motion passed unanimously. 5-0.

Motion by Mr. Wood, Second by Mrs. Ressler, to approve the March 22, 2010 Minutes & Exhibits. The Motion passed unanimously. 5-0.

(5) PUBLIC COMMENT

A. Pareshkumar G. Desai, MD, Florida WellCare Alliance: Dr. Desai commented regarding a newspaper article announcing the Foundation intends to open a cancer center, geriatric center and psychiatric center in central Citrus County. Dr. Desai expressed concern that the local physicians who currently serve the community as specialists in the proposed expansion areas have not been made aware of the Foundation's intention of expanding into similar areas. Dr. Desai additionally commented regarding the March 19th, 2010 CMHF "Conflict Committee" meeting and noted his concerns that the meeting may have been inappropriately conducted by Mr. Stillwell, CMHF General Counsel. Dr. Desai commented an independent, neutral party should conduct the meetings and business of the CMH Conflict Committee.

B. Mr. Daryl Oster: Mr. Oster commented that the Board has the power to set the millage rate at zero until the Strategic plan of the Hospital is made public. Mr. Oster expressed the need for the Citrus Memorial Health Foundation to show exactly how tax funds are spent and how the funds are planned to be spent in the future.

Board Discussion: General discussion ensued regarding the impropriety of the Hospital Board not being provided the CMHF, Inc. strategic plan.

C. Rocky Hensley, Center State Bank: Mr. Hensley thanked Mr. Beaty and his staff for keeping him informed regarding the negotiations between the Hospital and United Health Care.

(6) CORRESPONDENCE

The following correspondence items were received:

- A. 03.04.10 Stillwell/Grant: Composition of CMHF, Inc. Conflict Cmt & May 19, 2010 date.
- B. 03.05.10 Grant/Stillwell: Absent conflict, WGrant will attend Conflict Cmt; DMerrill alternate
- C. 03.05.10 Grant/Stillwell: Request for confirmation of Stillwell representation at time of legislative delegation hearing that Foundation (Gorrie) proposed Amendment should correctly provide that the initial selection of private directors shall be made by private directors and all subsequent election of private directors shall be made by entire Foundation Board, including Hospital Board Directors.
- D. 03.05.10 Stillwell/Grant: Strategic Plan will not be released to Hospital Board absent court order or Foundation decision subsequent to execution of confidentiality agreement.
- E. 03.10.10 Stillwell/Grant: Response conceding Stillwell represented Amendment should have provided subsequent to initial selection, private Foundation Directors would be elected by entire Foundation Board, inclusive of Hospital Board Directors, however Foundation never voted on same & offer is withdrawn.
- F. 03.09.10 Grant/Stillwell: Response to Stillwell letter refusing to release strategic plan to Hospital Board.
- G. 04.04.10 Florida WellCare Alliance, Fallows/ Senate: Support of the CCHB SB 2752.
- H. 05.12.2010 Letter to E. Hensley (not provided).
- I. 05.13.10 LaMarche/Beaty: Indigent Care funding as percentage of tax collections (BCollins request).
- J. 03.19.10 Grant/Beaty: D. Ressler will attend Conflict Committee as alternate for Dr. Rao.
- K. 03.24.10 Langer/Rao: Foundation rejection of Hospital Board March 22 Resolution proposing Chairmen engage in continued negotiations; Foundation counter-offer to invite Hospital Board to return to Foundation Board (in status quo minority position) with potential future governance discussions, conditional upon Hospital Board transference of FYE 2009 \$1.2M and FYE 2010 \$1.8M; CMHF, Inc. Notice of Default against Hospital Board forthcoming.

(7) NO AGENDA ITEM

(8) CEO INFORMATIONAL REPORT

(a.) Medical Staff by Laws. Kelly Copas: Ms. Copas advised the Medical Staff Bylaws are being completely revised and the revision process has been lengthy. Buchanan & Ingersoll, CMHF, Inc. external counsel, has proposed and reviewed the revisions. The Medical Staff Bylaws Committee - Dr. Sevilla, Dr. Harrer, Dr. Kumar and Dr. Fonseca - has referred the proposed revisions to independent counsel representing the CMHS medical staff. It is anticipated the proposed revised bylaws will be discussed in the August medical staff meeting with a Medical Staff vote regarding approval in September. Mrs. Frankel requested Mr. Beaty provide an analysis of the major differences between the current Hospital Bylaws and the proposed Hospital Bylaws as prepared by CMHF, Inc. A request was made for Ms. Copas to come back next month and present the comparison.

(b.) Physician Reduction / Recruitment: Mr. Beaty announced that CMHF, Inc. is assisting Inverness Surgical Associates (ISA) in recruiting a general surgeon. This surgeon would be an employee of CMHF, Inc. for the first year and could continue CMHF, Inc. employment upon agreement by both parties (CMHF, Inc. & the physician). Genesis Women's Center is considering recruitment of a female OB/GYN. Mr. Beaty stated that CMHF, Inc. would assist with the recruitment if both parties decide to move ahead. Dr. Rao stated his concern that physician credentials need to be taken into consideration and all recruited physicians should be board certified in their respective fields. Mr. Beaty additionally advised Dr. Neil Katz, Orthopedic Surgeon is being released from his employment contract with CMHF, Inc. and has been given 6 months notice.

(c.) Status United Health Care Negotiations: Mr. Beaty advised negotiations with United Health Care are continuing with anticipated reimbursement rates for the hospital and physician components (CMHF, Inc. employed physicians) of 140% of Medicare reimbursement. Mr. Beaty further advised certain contractual language is still outstanding.

(d.) Oncology Planning Process: Mr. Beaty, advised pursuant to the recent strategic plan, a CMHF, Inc., Director, Mr. Bob Collins has suggested three areas: oncology, psychiatry, and geri-psychiatry, that he believed should be considered as Foundation expansion plans are made to develop new services. Mr. Grant noted a recent article that appeared in an advertising supplement to the St. Petersburg Times on Sunday, May 16th, 2010 (*Copy On File*) in which Mr. Collins suggested financing the projects with the funding previously donated to the CMHF, Inc. Development office for the purpose of a Family Care Health and Education Center in central Citrus County. Mr. Smallridge noted the advertisement article quoted Mr. Collins commenting the donated funds should be utilized not for the original purpose but rather to "endorse a movement toward care for cancer, geriatric and mental health." Dr. Rao commented the proposed service areas are already presently well served by providers in the community. Mr. Beaty reported that he would like to see additional medical services such as cardiac-pulmonary and pediatrics - perhaps in a joint venture with All Children's Hospital - be included in the Foundation's proposed expansion of services. Mr. Beaty indicated the expansion plans are in the preliminary stages and would provide the Trustees with information as the project proceeds.

(e.) Alex Villacastin, MD. Project Update: Mr. Mavros updated the Board regarding the CMHF, Inc. lease of Dr. Villacastin's property for the development of a CMHF, Inc. Citrus Springs Rehabilitation facility. Mr. Mavros advised the Foundation and Dr. Villacastin executed the lease and the project is presently in the permitting stage.

(f.) Capital Expenditure Discussion and Request: Mr. Beaty advised the Hospital Board Budget provides for public funding for capital expenditures only upon Foundation completion of \$7 million dollars of capital expenditures. 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 Hospital achieves "meaningful use" of an operable shared electronic record system. The hospital anticipates achieving EMR "meaningful use" in 2012, however the grant is distributed over several years. Mr. Beaty requested the Board begin funding capital expenditures as soon as possible. Mrs. Frankel requested Mr. Beaty provide a detailed report demonstrating FYE 2010 capital improvements to date.

(g.) Charity Care: Mr. Mark William, CFO CMHF, Inc. distributed a document entitled "Charity Care Fiscal Year 2010." (Copy Attached) The document addressed CMHF, Inc. sponsorship services during the period of October 2009 – April 2010 and identified "Direct Charity Care" to uninsured patients and "Co-pays and Deductible Charity" amounts for insured patients. The document detailed by month the total charges for direct charity, the 24% cost-to-charge ratio, and the total amount of co-pay and deductible written-off. Ms. Tara Anderson, CMHF Financial Services, discussed the amounts. Mr. Beaty proposed that the Hospital Board pay any amounts the primary insurance does not pay, up to a maximum of 24% of gross charges.

Mr. Williams stated based upon CMHF, Inc. policies and calculations, the total amount of October 2009 – April 2010 uninsured charity funding and insured charity (co-pay and deductible) is \$2,373,246 less the Hospital Board 2010 payment of \$1,589,124 leaving an outstanding balance of \$784,122.

Discussion noted the proposed outstanding amount of \$784,122 included \$580,461 for uninsured sponsorship care and \$203,661 for sponsored insured patients co-pays and deductibles. Discussion continued regarding bad debt – charity differences and the appropriate methodology for determining indigency and reimbursement thresholds. The AHCA reporting definition was discussed, as was the Florida Health Care Responsibility For Indigents Act, Medicaid definitions and not-for-profit community benefit validation.

Motion by Mr. Wood, Second by Mrs. Frankel that the Board fund \$580,461 for charity care through April. It was noted the Motion should include a provision payment would be subject to year-end reconciliation, to which Mr. Beaty had no objection. The Motion was called and passed unanimously, 5 -0.

(h.) Compliance Line Information and Update: Mr. Beaty advised 11 calls had been received and Mr. Mavros would update the Board regarding resolution at the next meeting. Concerns were raised that the Foundation notice to employees had listed an incorrect telephone number and the Foundation establishment of a secondary reporting line as well as providing conflicting or confusing information would interfere with the effectiveness of the compliance line purpose. Discussion ensued. Mr. Beaty agreed to do a correction clarifying the ambiguities. Mr. Smallridge requested Mr. Beaty provide a report regarding compliance line calls received by CMHF, Inc. and resolution. Mr. Beaty agreed to provide the report.

(i.) Sugarmill Woods Audit/Review: Rick Mellin, President of ZHA, Inc. of Orlando, a construction program management firm, presented a review of the Sugarmill Woods project (Copy on File). Mr. Mellin noted the \$4,300,000 GMP (Gross Maximum Contract Price) was reviewed by an outside entity, CRI, LLC (Copy on File) to attest to compliance with the contractual documents and project costs. The CRI review recommended the GMP be reduced \$40,000, primarily due to lack of appropriate documentation, while the builder believed the contract should only be reduced by \$12,000. Discussion ensued regarding the qualification of the selected builder. Mr. Mellin advised that the two other builders were more qualified, however, the selected builder was local to Citrus County. Mr. Mellin noted that the project was not subject to public competitive bidding, rather the process was a "competitive negotiation" of fees and general conditions after the builder was selected from known builders from whom the Foundation and ZHA invited responses. Mr. Mellin further noted the total building cost of \$157.25 per square foot and the price per square foot was the approximate average of similar projects.

Public Comment: Dr. Desai, Mr. Oster & Mr. Chrietberg

*** RECESS***

Physician Recruitment

Public Comment: Dr. Desai presented public comment regarding physician recruitment. Dr. Desai advised several years ago orthopedic physicians were recruited by the Foundation to be employed physicians. Dr. Desai noted that the orthopedic recruitment, in his opinion, resulted in private orthopedic physicians Dr. Chung and Dr. Couch to leave CMHS and also resulted in a reduction of physician referrals to CMHS. Dr. Desai questioned the Foundation policy of recruiting and employing physicians without genuine long-term need and restricting the physician from entering local private practice subsequent to employment with CMHS.

Public Comment: Dr. Neil Katz advised he was recruited by CMHF, Inc. as there was a need for an orthopedic surgeon, in addition to the current physicians and assured there was sufficient need and the commitment would be long term. Dr. Katz felt the Foundation parameters for physician recruitment policies could be improved, including an appropriate analysis of need and physician integration into the business model. Dr. Katz noted that although he has a three year employment contract, of which he has served approximately one and a half years, the Foundation has terminated his employment contract and advised there is not enough need in the area to support two CMHF, Inc. employed orthopedic physicians. Dr. Katz noted contrary to initial representations by Foundation management, neither he nor the other CMHF employed orthopedist has a strong practice.

Board Discussion: Mr. Smallridge and Dr. Rao requested Mr. Beaty provide information regarding expenditures relating to physician recruitment as well as policies and processes concerning physician develop initiatives.

(9) CCHB STAFF REPORT

(a.) *Financial Report:* Mr. Kilgore presented the February and March financial reports and List of Payees (4.29.2010 – 5.24.2010) (Copy Attached) and noted the differences between the Hospital Board financials previously prepared by the Foundation and the current reports prepared by the Hospital Board. The Foundation prepared reports identified \$1.2 million carried forward from FYE 2009 as a liability due the Foundation. Mr. Kilgore advised that as the amount was carried forward as "Administrative and Other Services" and the funding remains contested, the current reports do not indicate the 2009 amount as a liability owed the Foundation; rather the amount is presently included in the Hospital Board "Fund Balance Carryover – Prior Year." Similarly, the previous financials, as prepared by the Foundation, listed a monthly CMHF, Inc. indigent care liability accrual of \$375,000 (FYE 2010 HB \$4.5 M budgeted CMHF, Inc. funding, divided by 12 months). Mr. Kilgore advised, based upon the lack of CMHF, Inc. supporting documentation and policy controversies, the current reports prepared by the Hospital Board, do not identify the proposed indigent care accrual amount as a liability due the Foundation.

Motion by Mrs. Ressler. Second by Mr. Wood to accept the February & March Financial Reports and List of Payees/Invoices. Following the opportunity for public comment, the Motion passed unanimously, 5-0

(b) *Appraisal of Sugarmill Woods:* Ms. LaMarche advised one appraisal has been completed regarding the Sugar Mills Woods project with a cost \$1250, however the additional proposals are between \$4,000 - \$5,000 dollars. Ms. LaMarche requested permission to conduct the second audit with a projected cost of approximately \$5,000 dollars. Via consensus, the Board agreed to the second appraisal at the projected cost.

(c) *Compliance Line Update:*

See previous Minute Agenda Item (8.)(f), referenced above.

(d.) *Banking Services:* Mr. Kilgore advised upon a review of Hospital Board Bank statements, it was determined that the 2.75% interest rate was reduced in March reduction to 1.16 %, followed by April reduction to 0.5%. Mr. Kilgore spoke with Brannen Bank and was told that he could not get information because as he was not authorized on the account.

Motion by Mrs. Ressler, seconded by Mr. Wood to pass a Resolution authorizing the Trustees, Ms. LaMarche, Mr. William Grant, and Mr. Harry Kilgore to receive banking information from Brannen Bank. Following the opportunity for public comment, and appropriate discussion, the Motion passed unanimously, 5 - 0.

NEW BUSINESS

(Discussed out of Agenda order)

**(18.) NOTICE OF DEFAULT ISSUED BY CMHF, INC. AGAINST THE HOSPITAL BOARD.
FYE 2009 \$1.2M INDIGENT CARE & CAPITAL EXPENDITURES FUNDING ALLEGED OUTSTANDING
FYE 2010 \$1.9M INDIGENT FUNDING ALLEGED OUTSTANDING**

Mr. Grant, referencing the Notice of Default, advised on May 3, 2010, the Foundation issued a Notice of Default against the Hospital Board (*Copy Attached*) for alleged failure to fund FYE 2009 indigent care and capital expenses of \$1.2M and failure to fund FYE 2010 indigent care expenses in the amount of \$1,914,273. Mr. Grant advised the Foundation's assertions were, in his opinion, patently false. Mr. Grant advised pursuant to discussions between the Foundation's attorneys and staff, the Foundation would withdraw their Notice of Default based upon the previous transfer of \$1,589,123 (attributable to FYE 2010) or execution of a "Reconciliation Agreement" and Board consideration of the FYE 2009 \$1.2 M contested amount. Mr. Grant noted the Board had this date, transferred the contested \$1.2 million to a specific fund to permit reallocation at the discretion of the Hospital Board.

(19.) ISSUANCE OF NOTICE OF DEFAULT BY CITRUS HOSPITAL BOARD OF TRUSTEES TO CMHF, INC.

Mr. Grant advised that as the parties are in negotiation, he no longer recommended issuing a Notice of Default to the Foundation.

(20.) AUTHORIZATION FOR LAW ACTION FOR REPEATED CMHF, INC. SUNSHINE VIOLATIONS

Mr. Grant advised that recently the Foundation delivered certain requested documents, however, the CMHF, Inc. lobbyists' retainer agreements and expenditures remained outstanding. Mr. Grant advised Mr. Beaty indicated the documents would be forthcoming. Mr. Grant advised he was not requesting authorization to pursue Sunshine violations at this time. *Alleged*

UNFINISHED BUSINESS

(12.) CEO / R. BEATY CONTRACT RENEWAL

(Discussed out of Agenda order)

Mr. Grant advised Mr. Beaty's current contract expires December 31, 2011, however, the Foundation voted January 25, 2010 to extend Mr. Beaty's contract to December 31, 2016. As the Citrus County Hospital Board is a co-signor of Mr. Beaty's December 2011 contract, Mr. Grant recommended the Board articulate a position or refer to committee for consideration. Mr. Grant further advised that the Hospital Board external counsel, Akerman Senterfitt had, on April 7, 2010, requested certain information of Mr. Beaty, as a public record request, that had not been forthcoming. Mr. Beaty advised the Foundation external counsel was reviewing the request and it should be forthcoming.

Mrs. Frankel suggested the Board review Mr. Beaty's contract and clarify his obligation to the Hospital Board, as well as to the Foundation. Mrs. Frankel noted as Mr. Beaty's current contract only addresses obligations to the Foundation Board and Mr. Beaty's compensation, incentive goals and performance is currently subject to review exclusively by the Foundation Board, language should be included for Hospital Board input and review. Mrs. Frankel and Mr. Wood suggested notifying Mr. Beaty of the Board's intention to renew his contract similarly to the Foundation, however contractual references to Hospital Board rights and clarifications need to be included. Discussion ensued concerning approval of contract extension at such an early time period. Dr. Rao, as Chairperson, appointed a Committee consisting of Mrs. Ressler and Mr. Smallridge, to review and clarify the language of Mr. Beaty's contract.

(13.) REVIEW OF INCIDENT INVOLVING FOUNDATION EMPLOYED PHYSICIAN

(Discussed out of Agenda order)

Discussion ensued regarding the inappropriate behavior and inappropriate confrontation by a Foundation employed physician directed to a member of the Citrus County Hospital Board as documented in Mr. Grant's Email of May 23, 2010. Mr. Beaty advised he was looking into the matter and discussion was tabled to the next meeting.

(10) Space Rental

Mr. Kilgore noted J.W. Morton Real Estate was engaged to conduct a fair market rental appraisal analysis (*Copy On File*) for the offices and storage facility currently being utilized by the Citrus County Hospital Board & located at the law office of Grant & Samargya. The appraisal firm inspected and measured all facilities and determined the fair market value of a full service lease including telephones, fixtures, receptionist services, water, electricity, garbage, utilization of office furniture, unlimited use of copy and fax machines, etc to be a monthly rental amount of \$1429.

Motion by Mr. Wood, second by Mrs. Frankel, to pay \$1,429 a month for the full service rental; the Motion was amended to commence month to month lease payments with utilization effective December 1st, 2009. Upon being called, the Motion passed unanimously, 5-0.

(11) Review of Citrus Memorial Health Foundation, Inc. 2010 Proposed Policies

Ms. Denise Lyn, Esquire presented the Hospital Board suggested revisions to the 2010 CMHF, Inc. five new policies previously referred to the Hospital Board for review & comment:

Policy B-05 "CMHF, Inc. Foundation Process For The Management of Construction Projects": Discussion ensued. Motion by Mr. Smallridge, Second by Ms. Ressler to approve the suggested revisions of policy B-05 and forward as comments to the Foundation. Upon being called, the Motion passed unanimously, 5-0.

Policy F-15 "Procurement, Solicitation of Quotes and Bids":

[Mrs. Frankel, advised of potential conflict, was excused from further discussions, and exited the room.]

Discussion ensued.

Motion by Mrs. Ressler, Second by Mr. Smallridge to approve the suggested revisions of policy F-15 and forward as comments to the Foundation. Upon being called, the Motion passed 3-1, with Mr. Wood voting nay.

Policy P-207 "Executive Management Compensation Administration": Discussion ensued.

Motion by Mr. Wood, Second by Ms. Ressler, to approve the suggested revisions of policy P-207 and forward as comments to the Foundation. Upon being called, the Motion passed unanimously, 4-0.

Policy B-02 "CMHF, Inc. Conflict of Interest" Discussion ensued.

Motion by Mr. Wood, Second by Ms. Ressler, to approve the suggested revisions of policy B-02 and forward as comments to the Foundation. Upon being called, the Motion passed unanimously, 4-0.

(*Letter & Policies, Copy on File*)

(*CCHB proposed comments & suggested revisions, Copy on File*)

(12.) CEO / R. BEATY CONTRACT RENEWAL

(*Discussed out of Agenda order, see Minute reference above*)

NEW BUSINESS:

(13.) REVIEW OF INCIDENT INVOLVING CMHF, INC. EMPLOYED PHYSICIAN

(*Discussed out of Agenda order, see Minute reference above*)

(14) REQUEST TO INITIATE A REVIEW OF THE LEASE AGREEMENT BY THE ATTORNEY GENERAL

Mr. Wood expressed concern regarding outstanding controversies regarding the Lease Agreement and believed the Lease to be the origin of outstanding governance issues between the Boards. Mr. Wood stated he believed the Attorney General should immediately review the Lease. *Via consensus*, further discussion was tabled.

(15) MEDIATION

Mr. Grant presented Emails initiated April 19 (the date of the Tallahassee mediation/resolution attorney session with the Citrus Legislative Delegation) wherein Mr. Stillwell referred to an additional mediation session between the Boards on April 26. Mr. Grant suggested dates in mid May, however, Mr. Stillwell was out of the country until May 24, but possibly a date could be set for June. Discussion ensued and the Board, via consensus agreed further mediation would be appropriate in hopes of resolving differences and it was decided Mr. Grant would contact Mr. Stillwell to get establish date alternatives.

(16) LEGAL OPINION MEDICAL STAFF BOARD CERTIFICATION PURSUANT TO MEDICAL STAFF BY-LAWS

Tabled / Not addressed

(17) NO AGENDA ITEM

(18) NOTICE OF DEFAULT ISSUED BY CMHF, INC AGAINST HOSPITAL BOARD

(Discussed out of Agenda order, see Minute reference above)

(19) ISSUANCE OF NOTICE OF DEFAULT BY HOSPITAL BOARD TO CMHF, INC.

(Discussed out of Agenda order, see Minute reference above)

(20) AUTHORIZATION OF LAWSUIT FOR REPEATED SUNSHINE LAW VIOLATIONS.

(Discussed out of Agenda order, see Minute reference above)

(21) SOVEREIGN IMMUNITY OPINION FROM ATTORNEY GENERAL / OR BY LEGAL ACTION

Tabled / Not addressed

(22) HEALTH FAIR & MEDICAID SIGN-UP DAY BY TRUSTEE SMALLRIDGE

Mr. Smallridge advised he has been working with Mr. Beaty and other hospital personnel to do a Health Fair & Medicaid sign up day July 7. Mr. Smallridge requested \$7500 to be allocated out of administrative expenses to pay start up costs for the program.

Motion Mr. Wood, Second by Mrs. Frankel, to allocate \$7500 from administrative expenses to fund the July 7 Health Fair & Medicaid event. Upon being called, the Motion passed unanimously, 5-0.

(23) CONVERT EXECUTIVE DIRECTOR, FINANCE DIRECTOR & ONE STAFF FROM PART TIME TO FULL TIME

Tabled / Not addressed

(24) Gray Robinson Conflict of Interest

Tabled / Not addressed

(25) Next Schedule Meeting Date

June 30, 2010

(26) July meeting date

July 26th, 2010

(27) Adjournment

Motion by Mrs. Ressler, Second by Mrs. Frankel, to adjourn meeting. The Motion was approved unanimously, 5-0, and the meeting adjourned at 5:40 PM.

Respectfully Submitted,



Deborah Osmond Frankel, Esquire
Secretary

05.24.2010 Minutes *"Copy Attached"*:

1. CMHF, Inc., CMHS Charity Care Fiscal Year 2010
2. CCHB February and March 2010 Financial Report and List of Payees
3. CMHF, Inc. Notice of Default, May 3, 2010

05.24.2010 Minutes *"Copy on File"*

1. CMHF, Inc. May 16, 2010 Advertising Supplement Regarding Service Area Expansion
2. ZHA Sugarmill Woods Presentation
3. CRI, LLC Audit/Attestation of Sugarmill Woods Contractual Compliance
4. J.W. Morton, Century 21 May 23, 2010 Appraisal of Hospital Board Leased Space
5. CMHF, Inc. January 2010 Policies and Hospital Board Proposed Comments

dfo draft

CITRUS COUNTY HOSPITAL BOARD OF TRUSTEES

ADMINISTRATIVE BOARD ROOM, 2ND FLOOR

ADMINISTRATIVE BUILDING

502 W. HIGHLAND BLVD., INVERNESS, FL 34450

MONDAY, May 24, 2010 at 12:00 p.m.

AGENDA

(1) Agenda

- Call to Order
- Pledge of Allegiance

(2) Published Meeting Legal Notice

(3) Attendance:

V. Upender Rao, M.D.,

Chairman

Debbie Ressler, RN,

Vice Chairwoman

Deborah Osmond Frankel, Esquire,

Secretary/Treasurer

Michael Smallridge

James Wood, FCAS, MAAA

Others in attendance:

(4) Approval of minutes from March 3, 2010 and March 22, 2010 meetings.

(5) Public Comment (3 min per individual/5 min per group)

(6) Correspondence

- a. Letter from Clark Stillwell, Esquire dated March 4, 2010.
- b. Letter to Clark Stillwell, Esquire dated March 5, 2010.
- c. Letter to Clark Stillwell, Esquire dated March 5, 2010.
- d. Letter from Clark Stillwell, Esquire dated March 5, 2010.
- e. Letter from Clark Stillwell, Esquire dated March 10, 2010.
- f. Letter to Clark Stillwell, Esquire dated March 9, 2010.
- g. Email from Mark Fallows dated April 4, 2010.

i. Letter to Ryan Beaty from Vickie LaMarche dated May 13, 2010.

j. Letter to Ryan Beaty dated March 19, 2010.

k. Letter from David Langer dated March 24, 2010.

(7)

(8) CEO Report

- a. Medical Staff By-Laws update (Kelly Copas/Lisa Sielski)
- b. Physician Reduction/Recruitment.
- c. Status United Health Care Negotiations.
- d. Oncology Planning Process.
- e. Alex Villacastin, MD, Project Update.
- f. Capital Expenditure Discussion and Request.
- g. Charity Care Policy Proposal.
- h. Compliance Line Information and Update.
- i. Sugarmill Woods Audit/Review.

- (9) Citrus County Hospital Board staff report.
 - a. Finance Report for February and March 2010.
 - b. Appraisal of Sugarmill Woods.
 - c. Compliance Line Update.
 - d. Citrus County Hospital Board Banking Services.

Unfinished Business

- (10) Space Rental.
- (11) Review of Citrus Memorial Health Foundation's Proposed Policies.
- (12) CEO Beaty Contract Renewal.

New Business

- (13) Review of incident involving Michael Bernacki, MD with Trustee Ressler.
- (14) Request by Trustee Wood to initiate a review of the Lease Agreement by the Attorney General.
- (15) Citrus Memorial Health Foundation, Inc. request for Mediation between both parties.
- (16) Legal Opinion regarding Board Certification for Medical Staff pursuant to Medical Staff By-laws.

- (18) Notice of Default issued by Citrus Memorial Health Foundation, Inc.
 - a. Charity Care
 - b. 1.2 Million Dollars
- (19) Issuance of Notice of Default by Citrus County Hospital Board of Trustees to Citrus Memorial Health Foundation, Inc.
- (20) Authorization of Lawsuit for repeated Sunshine Law violations.
- (21) Sovereign Immunity opinion from Attorney General/ or by suit.
- (22) Medicaid Sign-Up Day by Trustee Smallridge
- (23) Convert Executive Director, Finance Director and one staff from Part Time to Full Time.
- (24) Gray Robinson Conflict of Interest
- (25) Next Scheduled Meeting Date choices: Monday, June 21, 2010, Wednesday, June 30, 2010 or Thursday, July 1, 2010 at 12:00 p.m.
- (26) July meeting date July 26, 2010.
- (27) Adjournment.

1716-0520 THCRN
PUBLIC NOTICE

A meeting of the Citrus County Hospital Board will be held on Monday, May 24, 2010 at 12:00 p.m. and in the Board Room, located on the second floor of the Citrus Memorial Health System Administration Building, 502 Highland Blvd., Inverness, Florida to discuss:

- Medical Staff By-Laws update (Kelly Copos/Lisa Sielski)
- Physician Reduction/Recruitment
- Status United Health Care Negotiations
- Oncology Recruitment/Development
- Alex Vitacostin, MD, Project Update
- Capital Expenditure Discussion and Request
- Charity Cars Policy Proposal
- Compliance Line Information and Update
- Citrus County Hospital Board staff report
- Space Rent
- Review of Citrus Memorial Health Foundation's Proposed Policies
- Review of incident involving Michael Barmack, MD with Trustee Ressler
- Request by Trustee Wood to initiate a review of the Lease Agreement by the Attorney General
- Citrus Memorial Health Foundation, Inc. request for Mediation between both parties
- Legal Opinion regarding Board Certification for Medical Staff pursuant to Medical Staff By-Laws
- Resolution for transparency
- CEO Beatty Contract Renewal
- Notice of Default Issued by Citrus Memorial Health Foundation, Inc.
- Issuance of Notice of Default by Citrus County Hospital Board of Trustees to Citrus Memorial Health Foundation, Inc.
- Authorization of Lawsuit for repeated Sunshine Law violations
- Sovereign Immunity opinion from Attorney General/ or by suit
- Medicaid Sign-Up Day by Trustee Smallridge
- Convert Executive Director, Finance Director and one staff being from Part Time to Full Time
- Next Scheduled Meeting Date choices: Monday, June 21, 2010, Wednesday, June 30, 2010 or Thursday, July 1, 2010 at 12:00 p.m.
- July meeting date July 26, 2010.

Copies of the Agenda are available by calling Grant & Samargya, LLC at 352-726-5111. Any person wishing to appeal any decision made by this Board, with respect to any matter considered at such meeting, must ensure that a verbatim record of the proceedings is made, which record must include the testimony and evidence upon which the appeal is to be based.

Published one (1) time in Citrus County Chronicle, May 20, 2010.

Citrus Memorial Health System
Charity Care
Fiscal Year 2010

Direct Charity Care - No Insurance	IP	OP	Total
October	328,135	598,051	926,186
November	802,798	813,256	1,616,054
December	468,583	855,705	1,324,288
January	654,343	517,824	1,172,167
February	544,402	610,423	1,154,825
March	1,015,536	589,855	1,605,390
April	588,918	652,106	1,241,025
	4,402,715	4,637,220	9,039,936
Cost to Charge Ratio	0.24	0.24	
Direct Charity Care	1,056,652	1,112,933	2,169,585

Co-pays and Deductable Charity	IP Co-pay	OP Co-pay	Total
October	1,375	25,009	26,384
November	32,153	6,973	39,126
December	73,206	12,024	85,230
January	779	9,699	10,478
February	15,679	6,092	21,770
March	5,720	2,644	8,364
April	2,334	9,975	12,310
	131,245	72,416	203,661

Totals

Direct Charity Care Total	2,169,585
Co-pays and Deductable Charity Total	203,661
Total Charity Care Expense due	2,373,246
Received 5-22-10	1,589,124
Amount due from CCHB	784,122

CITRUS COUNTY HOSPITAL BOARD
BALANCE SHEET
AS OF FEBRUARY 28, 2010

FEBRUARY 28,
2010

ASSETS

Cash

9,391,978

TOTAL ASSETS

9,391,978

LIABILITIES

Due to Citrus Memorial Health Foundation, Inc.
FY 2009
FY 2010

Accounts Payable

154,875

TOTAL LIABILITIES

154,875

FUND BALANCE

Beginning of Year

1,793,127

Current Year Revenues Over Expenditures

7,443,976

Total Fund Balance

9,237,103

TOTAL LIABILITIES AND FUND BALANCE

9,391,978

CITRUS COUNTY HOSPITAL BOARD

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE PERIOD ENDED FEBRUARY 28, 2010**

SOURCES

REVENUES

Ad-valorem (Property) Taxes
Excess Property Tax Fees
Interest Distribution
Investment Income
Miscellaneous Income

TOTAL REVENUES

EXPENDITURES

Funds Restricted to COST of Documented & Qualified Charity Care
Funds Restricted to Contribution to Long Term Capital Improvement Expenditures
Property Appraiser Fees
Tax Collector Commissions
Reserve for Uncollectible Tax Receipts
Administrative Expenses
Salaries
Employer Social Security Contribution
Employer Medicare Contribution
Federal Unemployment Tax
State Unemployment Tax
ADP Fees
Florida Retirement System Contribution
Total Personal Services Costs

	MONTH OF FEBRUARY 2010	YEAR TO DATE	2009/10 BUDGET
Ad-valorem (Property) Taxes	341,007	7,977,262	10,074,922
Excess Property Tax Fees		83,389	
<i>Interest Distribution</i>		1,730	
Investment Income	19,613	54,274	71,500
Miscellaneous Income		111	
TOTAL REVENUES	360,620	8,116,766	10,146,422
Funds Restricted to COST of Documented & Qualified Charity Care	-	-	4,500,000
Funds Restricted to Contribution to Long Term Capital Improvement Expenditures	-	-	1,500,000
Property Appraiser Fees	195,510	195,510	262,718
Tax Collector Commissions	6,820	160,045	201,498
Reserve for Uncollectible Tax Receipts	-	-	302,248
Administrative Expenses			
Salaries	8,457	24,099	
Employer Social Security Contribution	524	1,494	
Employer Medicare Contribution	123	349	
Federal Unemployment Tax	255	380	
State Unemployment Tax	41	464	
ADP Fees	150	676	
Florida Retirement System Contribution	456	1,518	
Total Personal Services Costs	10,006	28,980	

Legal Services	74,164	184,521	
Legislative Initiative	36,125	65,325	
Bank Fees	6	32	
Transcription Services	5,462	11,289	
Audit Fees	5,000	5,000	
Membership Fees	-	175	
Supplies	4,695	8,106	
Printing & Copying		324	
Memberships		1,500	
Travel	(2,214)	9,631	
Advertising	1,556	2,568	
Other Expenses		(216)	
Total Administrative Expenditures	134,800	317,235	2,158,035
TOTAL EXPENDITURES	337,130	672,790	8,924,499
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	23,490	7,443,976	1,221,923
OTHER SOURCES			
Fund Balance Carryover (prior year)		1,793,127	2,548,850
OTHER USES			
Reserved Fund Balance			3,770,773
EXCESS OF REVENUES AND OTHER USES OVER (UNDER) EXPENDITURES AND OTHER USES	23,490	9,237,103	-

CITRUS COUNTY HOSPITAL BOARD
 STATEMENT OF CASH FLOWS
 FOR THE PERIOD ENDED FEBRUARY 28, 2010

	Current Month	YTD
Cash Flows from Operating Activities		
Ad Valorem Taxes	341,007	7,977,262
Other Revenues	0	85,230
Direct Payment to CMHS	0	0
Property Appraiser Fees	(130,340)	(130,340)
Tax Collector Commissions	(6,820)	(160,045)
Administrative Expenses	(45,095)	(227,530)
Net Cash Provided by (Used In)		
Operating Activities	158,752	7,544,577
Cash Flows from Investing Activities		
Interest Income	19,613	54,274
Medicaid Inpatient Payment Program		
Net Cash Provided by (Used In)		
Investing Activities	19,613	54,274
Increase (Decrease) in Cash and Cash Equivalents	178,365	7,598,851
Cash and Cash Equivalents at Beginning of Period	9,213,613	1,793,127
Cash and Cash Equivalents at February 28, 2010	9,391,978	9,391,978

**CITRUS COUNTY HOSPITAL BOARD
BALANCE SHEET
AS OF MARCH 31, 2010**

**MARCH 31,
2010**

ASSETS

Cash

9,477,394

TOTAL ASSETS

9,477,394

LIABILITIES

Due to Citrus Memorial Health Foundation, Inc.

FY 2009

FY 2010

-

-

Accounts Payable

127,005

Payroll Liabilities

6,707

TOTAL LIABILITIES

133,712

FUND BALANCE

Beginning of Year

1,793,127

Current Year Revenues Over Expenditures

7,550,555

Total Fund Balance

9,343,682

TOTAL LIABILITIES AND FUND BALANCE

9,477,394

CITRUS COUNTY HOSPITAL BOARD
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 FOR THE PERIOD ENDED MARCH 31, 2010

	MONTH OF MARCH 2010	YEAR TO DATE	2009/10 BUDGET
REVENUES			
Ad-valorem (Property) Taxes	247,757	8,225,019	10,074,922
Excess Property Tax Fees	-	83,389	
Interest Distribution	-	1,730	
Investment Income	9,150	63,424	71,500
Miscellaneous Income	-	111	
TOTAL REVENUES	256,907	8,373,673	10,146,422
EXPENDITURES			
Funds Restricted to COST of Documented & Qualified Charity Care	-	-	4,500,000
Funds Restricted to Contribution to Long Term Capital Improvement Expenditures	-	-	1,500,000
Property Appraiser Fees	65,170	195,510	262,718
Tax Collector Commissions	4,955	165,000	201,498
Reserve for Uncollectible Tax Receipts	-	-	302,248
Administrative Expenses	-	-	
Salaries	14,929	39,029	
Employer Social Security Contribution	926	2,420	
Employer Medicare Contribution	216	566	
Federal Unemployment Tax	103	483	
State Unemployment Tax	346	810	
ADP Fees	157	833	
Florida Retirement System Contribution	1,685	3,202	
Total Personal Services Costs	18,362	47,343	

Legal Services	161,214	265,445	
Legislative Initiative	29,624	94,949	
Bank Fees	6	39	
Transcription Services	6,726	16,566	
Audit Fees	7,500	7,500	
Membership Fees	-	175	
Supplies	2,630	9,154	
Printing & Copying	-	324	
Memberships	-	1,500	
Travel	794	10,425	
Advertising	1,924	3,107	
Office Rent	6,296	6,296	
Other Expenses	-	(216)	
Total Administrative Expenditures	235,077	462,607	2,158,035
TOTAL EXPENDITURES	305,203	823,118	8,924,499
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(48,296)	7,550,555	1,221,923
OTHER SOURCES			
Fund Balance Carryover (prior year)		1,793,127	2,548,850
OTHER USES			
Reserved Fund Balance		-	3,770,773
EXCESS OF REVENUES AND OTHER USES OVER (UNDER) EXPENDITURES AND OTHER USES	(48,296)	9,343,682	-

CITRUS COUNTY HOSPITAL BOARD
STATEMENT OF CASH FLOWS
FOR THE MONTH ENDED MARCH 31, 2010

	Current Month	YTD
Cash Flows from Operating Activities		
Ad Valorem Taxes	247,757	8,225,019
Other Revenues	0	85,230
Direct Payment to CMHS	0	0
Property Appraiser Fees	(65,170)	(195,510)
Tax Collector Commissions	(4,955)	(165,000)
Administrative Expenses	(101,366)	(328,895)
Net Cash Provided by (Used In)		
Operating Activities	76,266	7,620,844
Cash Flows from Investing Activities		
Interest Income	9,150	63,424
Medicaid Inpatient Payment Program		
Net Cash Provided by (Used In)		
Investing Activities	9,150	63,424
Increase (Decrease) in Cash and Cash Equivalents	85,416	7,684,267
Cash and Cash Equivalents at Beginning of Period	9,391,978	1,793,127
Cash and Cash Equivalents at March 31, 2010	9,477,394	9,477,394

CITRUS COUNTY HOSPITAL BOARD

INVOICES

ITEM	DATE	INVOICE #	NAME	AMOUNT
1	4/29/2010	2467	Liberty Court Reporting (04-26-10 regular meeting)	\$ 1,075.00
2	4/29/2010	2468	Liberty Court Reporting (04-26-10 finance committee)	\$ 398.50
3	04/29/10	2469	Liberty Court Reporting (04-26-10 executive committee)	\$ 512.00
4	05/03/10	12644941	Citrus County Chronicle	\$ 55.32
5	05/03/10	326514	Officemax	\$ 63.84
6	05/03/10	336492	Officemax	\$ 100.36
7	05/03/10	7-062-69619	FedEx	\$ 38.20
8	05/10/10	CL-20108789-5	Compliance Concepts, Inc.	\$ 2,500.00
9	05/10/10	2010002126	Track Down Inc.	\$ 35.00
10	05/11/10	20225	Advantage Printing	\$ 1,260.14
11	05/12/10	8495591	Akerman Senterfitt - Larry Williams	\$ 25,057.00
12	05/17/10	545153	Officemax	\$ 220.93
13	05/17/10	562830	Officemax	\$ 127.86
14	05/18/10		Karla Dozier - Traveling Reimbursement	\$ 38.27
15	05/18/10		Robin Gelinas - Traveling Reimbursement	\$ 23.14
16	05/18/10		Harry Kilgore (CCHB Credit Card Reimbursement)	\$ 1,772.57
17	05/19/10		Akerman Senterfitt	\$ 15,000.00
18	05/19/10		Greenberg Traurig	\$ 15,000.00
20	05/24/10	1494	Denise A. Lyn P.A.	\$ 2,150.00
21	05/24/10	12262	Grant & Samargya, LLC.	\$ 24,575.65
TOTAL				\$ 88,530.28

2467	Liberty Court Reporting (04-26-10 regular meeting)	\$	1,075.00
2468	Liberty Court Reporting (04-26-10 finance committee)	\$	398.50
2469	Liberty Court Reporting (04-26-10 executive committee)	\$	512.00

TOTAL \$ 1,985.50

326514	Officemax	\$	63.84
336492	Officemax	\$	100.36
545153	Officemax	\$	220.93
562830	Officemax	\$	127.86

TOTAL \$ 512.99

8467050	Akerman Senterfitt (total invoice 14,266.90, apply)	\$	13,995.96
8473198	Akerman Senterfitt (total invoice 1,521.39, apply)	\$	1,004.04

TOTAL \$ 15,000.00

2627049	Greenberg Traurig (total invoice \$ 26,989.82, apply)	\$	15,000.00
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TOTAL \$ 15,000.00

LAW OFFICE OF
CLARK A. STILLWELL, LLC
ATTORNEY AT LAW

BANK OF INVERNESS BUILDING
320 U.S. HIGHWAY 41 SOUTH
INVERNESS, FLORIDA 34450

TELEPHONE: (352) 726-6767
FAX: (352) 726-8283
caslaw@tampabay.rr.com

MAILING ADDRESS:
POST OFFICE BOX 250
INVERNESS, FL 34451-0250

May 3, 2010

VIA HAND DELIVERY and
United States Mail
William J. Grant, Esquire
Grant & Samargya, LLC
123 N. Apopka Avenue
Inverness, Florida 34450

Re: Citrus Memorial Health Foundation, Inc. (Foundation)
Indigent Care Billings to Citrus County Hospital Board (Hospital Board)
Fiscal year 2009-2010

Dear Mr. Grant:

Pursuant to Lease (Lease) and Hospital Care Agreement (HCA), Citrus Memorial Health Foundation has billed to the Hospital Board the sum of \$1,954,000.00 for indigent care for month of October, 2010 through February, 2010. See attached memorandum. The billings are per the parties' Lease and Care Agreement and consistent with Hospital's Board tax resolution wherein indigent care reimbursement rate was set at 0.24 per \$1.00 of such care.

On March 24, 2010, the Foundation board of Directors voted to proceed with Notice of Default to Hospital Board under HCA for nonpayment of the 2009-2010 indigent care billings plus a carryover amount of \$1,200,000.00 due to the Foundation for capital and indigent care expenses for year 2008-2009.

The Hospital Board's tender of a check, dated April 28, 2010 is insufficient as it is contrary to the above stated amount owed and the Board has failed to address the prior year's deficiency. Accordingly, that check is returned and enclosed. The notice of default per the Lease and HCA will proceed per Foundation Board direction by separate letter.

I am advised that the tendered sum may be a result of lack of data or miscalculation of such data. Either way, the tender sum while appreciated is contrary to above noted Agreements. The proper sum is payable readily calculable and objective. The Foundation looks forward to receipt of said sums listed in Notice of Default. Per

terms of Lease and HCA, the Foundation will continue to provide indigent care to citizens of Citrus County consistent with its policies for such.

Very truly yours,

LAW OFFICE of CLARK A. STILLWELL, LLC


Clark A. Stillwell

CAS/tp

cc: Client
James Kennedy, Esquire