

1 MINUTES OF REGULAR MEETING OF NORTH LAKE COUNTY
2 HOSPITAL DISTRICT OF SEPTEMBER 19, 2013
3

4 A regular meeting of the North Lake County Hospital District (the "District") was held
5 on September 19, 2013 at 5:30 p.m. in County Commission Chambers, Administration
6 Building, 315 W. Main Street, Tavares, Florida.
7

8 Ms. Catherine C. Hanson, Chairman, called the meeting to order and led the Pledge of
9 Allegiance. M. Meredith Kirste, attorney for the North Lake County Hospital District,
10 called the roll to ascertain the trustees present for the meeting, with the following
11 members in attendance: Catherine C. Hanson, Chairman; Robert Bone; Jerry Brown;
12 Frances Grossi, Vice Chairman; and Davis Talmadge.
13

14 MINUTE APPROVAL
15

16 On a motion by Mr. Talmadge, seconded by Mr. Brown and carried unanimously by a
17 vote of 5-0, the NLCHD board approved the minutes of the regular NLCHD meeting of
18 July 18, 2013 as presented.
19

20 PROPOSED BUDGET AMENDMENT FOR 2013/2014
21

22 Ms. Pat Sykes-Amos stated that she wanted to discuss this item now since she needed to
23 leave the meeting early. She related that there were currently no budget amendments and
24 explained that she prepared the Budget Scenario Worksheet for what the budget would
25 look like at 1 mill, .95 mill, .9 mill, and .85 mill. She pointed out that the unallocated
26 medical care was the amount that would be disbursed among the clinics and hospitals and
27 the fund balance and the unallocated medical care amounts would be reduced if they
28 decided to do a budget amendment.
29

30 REQUESTS FOR FUNDING
31

32 Request from Florida Hospital Waterman
33

34 Mr. David Ottati, CEO of Florida Hospital Waterman, thanked the board for the work
35 they did and for trying to make the best decisions for the community. He noted that
36 Waterman's goal was to continue to elevate all aspects of healthcare and to create
37 excellent services for the community. He pointed out the costs of providing care to the
38 community, specifying that \$17,238,763 went to the underprivileged, \$7,143,602 went to
39 the elderly, \$613,819 went to the community's wellness, \$632,647 went to the
40 community's spiritual needs, and \$16,004,698 was for capital investments which totaled
41 \$41,633,529. He indicated that the total unfunded care was \$24,098,971. He stated that
42 they were requesting \$4 million for the 2013-2014 Fiscal Year, adding that as they were
43 going through this process, they realized they had provided another \$3.7 million of
44 unsubstantiated claims that did not qualify for this year, so they would be short for the
45 2012-2013 funding year.
46
47

Request from Leesburg Regional Medical Center

Mr. Phil Braun, General Counsel for Leesburg Regional Medical Center (LRMC), thanked the board for their work and expressed that LRMC was celebrating its 50th anniversary and they would not have been here that long or have the facility that they had if it was not for this taxing district. He then explained that they had three requests, which were to reimburse LRMC up to the amount of the actual charity care provided that was not already allocated or reimbursed by the district from the 2012-2013 funding allocations, to participate in the Letters of Agreement with the State in the amount of \$4,059,601 and the self-funded add-on and buy backs in the amount of \$3,321,509 with the remainder of \$738,092 allocated for the LIP program, and to release the previously set aside amount of \$542,600 for them to either participate in a State matching program or be paid directly to LRMC. He stated that LRMC's mission was to improve the health and quality of life of the individuals and communities they served. He noted that they had a huge economic impact to the community and pointed out the costs of providing care to the community, specifying that \$18,222,478 went to the underprivileged, \$7,555,194 went to the elderly, \$976,653 went to the community's health and wellness, and \$17,271,439 was for capital improvements which totaled \$44,025,764. He indicated that Medicare was the main payor for LRMC, but it only covered the costs of normal maintenance, and there was no extra to help improve the system or the quality of healthcare. He related that the funding from the District has gone down over the years, but the charity care costs continue to grow and has increased 108 percent from 2009 to 2013. He mentioned that there were some challenges ahead for them, because they did not get the Medicaid expansion from the Affordable Care Act this year, they have had reductions in the Medicare reimbursement, and there were more uninsured and underinsured patients because of the slow economic recovery. He stated that LRMC provided \$752,300 more charity care to district residents than what was allocated in 2013, and he requested that they continue with the one mill, because it was a reasonable amount, even though the amount of money needed to help reimburse the care was more than one mill.

Request from LifeStream Behavioral Center

Mr. Howard Weiner, Vice President of LifeStream Behavioral Center, stated that they were requesting a budget amendment moving \$127,370.65 that was designated for the clinic in Eustis over to their hospital since the clinic was not opened. He added that they were also requesting \$563,000 for their hospital and \$520,000 for the clinic in Leesburg and the clinic in Eustis, which they planned to open this year. He explained that they were running at approximately 90 percent occupancy at the hospital with about a 37 percent indigent rate for care. He indicated that they planned on adding 20 beds in their open recovery building for children, since they currently had only a six-bed children's unit. He pointed out that the clinic in Leesburg was now located on 3rd Street so the patients had access to a primary care physician, psychiatrists and a pharmacy. He mentioned that about 80 percent of their clients did not have a primary care physician and that nationally the mentally ill died about 25 years before the average person.

Request from St. Lukes Free Medical and Dental Clinic

Ms. Karen Beary, Vice President of Catholic Charities of Central Florida, expressed that she was grateful for what the county provided to charity care since most counties were struggling to fund charity care. She stated that their request was the same as last year for \$100,809. She indicated that they had five factors that prevented them from accessing the full amount of money last year, and two of the factors were because the doctors did not sign their itemized charges like they should have and it was not caught in time, and the patients did not have full documentation. She mentioned that they have been working with auditors to fix those problems, and they suggested that instead of billing the patients for separate services, they should just charge a flat rate of \$110.78 per visit and include lab work, so the patients could get the care they needed and stay out of the emergency departments.

Mr. Bone asked if they had calculated what the cost would have been if they had charged the flat rate this year.

Ms. Beary replied that they lost \$39,516, because 356 patients did not have their equivalent bill signed.

Request from Florida Hospital Waterman Community Primary Health Clinic

Ms. Anita Young from Florida Hospital Waterman Foundation was representing the Community Primary Health Clinic. She stated that their request was for \$240,000, which was based on information they have submitted so far. She specified that they budgeted \$225,000 last year, of which \$178,024 was submitted for reimbursement, and for the last two quarters they have already submitted over \$60,000 in each quarter. She added that they believed it was reasonable and attainable for them to continue at that level for the next year. She expressed that they have been blessed by the funds that have been shared with them and were able to add volunteer staff. She pointed out that during the timeframe of July 1, 2012 through June 30, 2013 they served 3,414 patients, but were only able to submit 1,609 of those claims based on the paperwork that was required and the substantiation of those claims. She noted that they faced the same struggles as other clinics, but they were working to encourage their patients to take more responsibility on their behalf and on behalf of the clinic as well.

Request from Community Medical Care Center

Mr. Samuel Smith, Executive Director of Community Medical Care Center in Leesburg, explained that they had 5,880 qualifying visits from July 1, 2012 through June 30, 2013 and had another 2,500 visits that did not qualify, because the patients were outside of the taxing district. He noted that they had around 8,000 visits the year before, but their numbers were down because some of their regular clients had shared costs or had Medicare. He stated that they distributed a little over \$2 million a year in free medications and that much of their work was preventative. He related that their request was for \$200,000, because that was approximately what they billed for last year.

BOARD ACTION OF PROPOSED BUDGET AMENDMENT FOR 2013/2014

Mr. Bone asked Mr. Farlen Halikman, CPA with Moore Stephens Lovelace, if he had recognized that the clinics had documented their claims better over the last couple of quarters.

Mr. Halikman answered "yes," adding that the training they did early on was working hand in hand in trying to explain all of the rules and what needed to be in the file before it was handed to them to sign off on. He noted that it was difficult in the first quarter to find the patients that had come and gone to have them sign off on their affidavits and provide information on their assets. He stated that the hospitals had allocated some resources to help the clinics in collecting the information and making sure it was collected up front. He pointed out that it has been a learning process for everyone, and it was clear to see the trend from quarter to quarter that it was getting better.

Mr. Bone asked if the last two quarters were more representative of the ongoing need and if he expected those trends to continue.

Mr. Halikman answered that he did, noting that the most recent quarter was the most representative of what they expected the next quarter to be. He specified that the system should improve and capture more of the indigent care in 2014 than it did in 2013.

Ms. Grossi asked what impact the Affordable Care Act would have if implemented in January 2014.

Mr. Halikman explained that Florida had more people in the 65 and older age range than any other state; therefore, they paid more Medicare premiums into the "bucket" in Washington. He noted that at the end of the year, that money gets allocated to every hospital in the country based on the Medicaid care that they provided for the year. He indicated that even though Florida paid more to fund the Medicaid program, they would not get as many dollars back, because there would be a big drop in the Disproportionate Share Hospital (DSH) payments for 2014 and there was not going to be a Medicaid expansion in Florida.

Mr. Bone pointed out that some of the allowable claims for the hospitals and clinics were greater than what was allocated and asked what would happen to the over-allocated funds.

Mr. Brown asked what that would do to the budget next year as well.

Ms. Kirste explained that there were funding agreements in place indicating that the District was entitled to recoup the amounts in question and may request those funds; however, since this was a new situation, it would be up to the Board to determine whether they would request the funds back for those who had been overcompensated or allow them to rollover into the next year's budget.

1 Mr. Bone clarified that the enabling legislation required documentation for payments, so
2 payments that have not been documented would have to be corrected in some way.

3
4 Ms. Fran Crunk, CFO of Florida Hospital Waterman, pointed out that Ms. Sykes-Amos
5 had stated at the last board meeting that any shortfall from the hospitals that had already
6 been funded based on the letters of agreement would come out of next year's allocation,
7 although she commented that Waterman would not have a problem with issuing a check
8 back to the District if that was requested, since it would have the same impact to the
9 hospital in the long term.

10
11 Mr. Bone asked whether there was a request made by anyone for additional funding for
12 the 2012-13 year.

13
14 Mr. Braun responded that they provided about \$725,000 extra in charity care, and they
15 were requesting more than they had previously. He commented that he believed that
16 Waterman should return that money to the District and that it would affect the District's
17 budget. He opined that the District did not need a lot of reserves, since the taxes would
18 come in in November, and they should have enough to get them through to the next
19 collection.

20
21 Mr. Wiener explained that although they were requesting more money, they were actually
22 requesting money that had been allocated to them in order to pay for audited indigent
23 care their hospital had already provided, and he noted it would not add to their budget
24 this year.

25
26 Mr. Bone expressed concern about a budget issue for this year caused by an
27 underpayment and an overpayment, and he opined that there was sufficient need
28 continuing in the community for the indigent care requests being made by the providers
29 and clinics for a total of \$9,683,410 for next year.

30
31 Ms. Hanson pointed out that they had not yet gotten a request from Community Health
32 Center, which may add to that total.

33
34 Mr. Bone stated that if the issue with the \$474,000 overpayment was carried over to the
35 2013-14 budget year, it would effectively reduce the above-mentioned total by that
36 amount. He suggested that they keep the \$474,000 in the 2012-13 budget year and
37 address that as a budget issue for this year rather than carry it over into next year by
38 asking Waterman Hospital to make a payment this year back to the District and allocate it
39 to LRMC based on their additional budget request, and he made that into a motion.

40
41 Mr. Halikman responded that he believed what Mr. Bone was proposing would work, but
42 pointed out that the \$474,222 number for Waterman would shrink a little bit due to a
43 recalculation that would impact that number when they were provided the final
44 calculations. He also suggested that since Community Medical Care Center underspent,
45 they take the clinic money and move it to the hospital the way they had done for
46 LifeStream.

47

1 Mr. Braun pointed out that the District had roughly \$500,000 left in their fund balance
2 that had not yet been allocated, without even considering the \$474,000 from Waterman.

3
4 On a motion by Mr. Bone, seconded by Mr. Brown and carried unanimously by a 5-0
5 vote, the NLCHD board moved that after completing the full 2012-2013 auditing work to
6 make a final determination of all monies and care that was documented to a reconciliation
7 at that point in time and that any monies that were overpaid to Florida Hospital
8 Waterman or anyone else be put back into the District account, that they look at funds
9 allocated to the care clinics that have not been allowably used by those clinics to be
10 added to those funds that might be reimbursed back from Waterman to be paid to LRMC
11 and LifeStream for their documented care to the extent that that amount is equal to or less
12 than the additional amount that has been requested by LRMC and LifeStream.

13
14 RECITATION FOR THE RECORD

15
16 Ms. Kirste announced that the name of the taxing authority is North Lake County
17 Hospital District; the rollback rate is 1.01439 mills; percentage of decrease over the
18 rollback rate is 1.42 percent; and the millage rate to be levied is 1.0 mills.

19
20 WAIVER OF THE READING OF THE ENTIRE PROPOSED RESOLUTIONS

21
22 On a motion by Mr. Bone, seconded by Mr. Brown and carried unanimously by a 5-0
23 vote, the board moved to waive the reading of the entire proposed resolutions.

24
25 PUBLIC HEARING FOR RESOLUTION 2013-01 SETTING MILLAGE

26
27 Mr. Bone specified that one mill would provide a taxable base of \$8,392,100 or a total of
28 \$9,625,580 with additional sources of funds available, which would leave \$8,840,553 for
29 the medical providers after the proposed anticipated budget expenses allowable, which
30 was less than what was being requested. He added that there was sufficient
31 documentation of the requests made by the medical providers and supported by the
32 auditor to support the one mill assessment for the 2013-14 budget year.

33
34 The Chairman opened the public hearing.

35
36 Mr. Vance Jochim, a resident of Tavares and writer of a blog about fiscal issues, pointed
37 out that the South Lake County Hospital District was advertising a tax rate of .8 mill,
38 although they were allowed to ask for 1 mill, because they look at their responsibility to
39 control costs being taken from taxpayers. He opined that he has not seen a lot of outreach
40 by the NLCHD to get other clinics onboard, even though he has seen data indicating that
41 the cost per patient visit or encounter to the clinic was significantly less than the
42 hospitals' cost. He commented that the taxpayers were having a hard enough time in this
43 economy, and he believed they should be reducing the millage rather than taking the
44 maximum from the taxpayers to give the clinics and hospitals everything possible that
45 was on their "wish list."

1 Ms. Hanson commented that it would be helpful to compare the South Lake District to
2 this area, including how many clinics they support.

3
4 Mr. Jochim suggested that the District ask the auditor to do an analysis of that, although it
5 would cost the District additional fees for that.

6
7 Ms. Anita Young from the Florida Hospital Waterman Foundation assured everyone that
8 the hospital was trying to encourage individuals coming through their emergency
9 department to utilize care through their Community Primary Health Clinic. She specified
10 that 385 of the 1391 patients they had contact with in the six-month time frame from
11 January through July of 2013 followed up at their clinic, resulting in 182 new primary
12 care patients and a 57 percent conversion rate from using the emergency department to
13 the clinic facility, as well as a substantial cost savings of almost \$2,400 per visit.

14
15 Ms. Marilyn Bainter, a resident of the Eustis area, stated that one of the objects of the
16 legislation was to reduce the millage rate in the future, and she pointed out that LRMC
17 and Waterman have invested the tax dollars with AHCA and LIP to get additional funds.

18
19 Mr. Ken Carpenter, a resident of Eustis and former NLCHD board member, explained
20 that he had been part of putting together this program, and although it was like pulling
21 teeth for the providers, it has done its job as there have been no questions with regard to
22 transparency anymore. He stated that he was in favor of one mill and that the hospitals
23 had more encounters than what had been documented, but the numbers were close to the
24 tax that was collected and allocated for the last fiscal year. He then clarified that the
25 matching programs through AHCA only benefitted Medicaid patients, and the legislation
26 the District was operating under clearly indicated that they could not support Medicaid
27 patients.

28
29 Mr. Braun commented that it was hard to compare the South Lake County Hospital
30 District to theirs, because even though they reduced their millage, the South Lake
31 Hospital received the entire millage and did not have to use that money for indigent care,
32 charity care or clinics. He also mentioned that the hospitals have never hidden the buy-
33 back or matching programs from the board, adding that it was the only way for the
34 taxpayers to get their money back into the community to support healthcare.

35
36 Ms. Hanson related that the indigent care needs in South Lake were probably not as great
37 as they were in the North Lake area. She also noted that transparency was important to
38 her and she thought everyone had done an outstanding job this year and that next year
39 would be much easier.

40
41 Ms. Crunk pointed out that the legislation specifically states in Section 6D that
42 maximizing the public and private grant of the matching funds was permitted. She
43 related that that was a tremendous benefit for the hospitals and the community.

44
45 There being no one else who wished to speak, the Chairman closed the public hearing.
46
47

1
2 BOARD ACTION ON RESOLUTION NO. 2013-01
3

4 On a motion by Mr. Bone, seconded by Mr. Brown and carried by a 4-1 vote, the
5 NLCHD board approved Resolution No. 2013-01 setting the tentative millage rate at 1.0
6 mills for the 2013-2014 Fiscal Year.

7
8 Ms. Grossi voted "no."
9

10 PUBLIC HEARING ON RESOLUTION 2013-02 ADOPTION OF BUDGET
11

12 The Chairman opened the public hearing.
13

14 Mr. Jochim noted that the agenda and resolutions for the meeting were not published on
15 the NLCHD's website for the public to view, which was important for transparency. He
16 also suggested making sure an accountant was at the meeting to answer any questions
17 since they were dealing with such a large amount of money.
18

19 There being no one else who wished to speak, the Chairman closed the public hearing.
20

21 Ms. Kirste pointed out that the meeting was published on the website and in the
22 newspaper in accordance with the law, and the supporting documentation was uploaded
23 to the website as they received it.
24

25 BOARD ACTION ON RESOLUTION NO. 2013-02
26

27 Ms. Kirste stated that they needed to approve the tentative budget by this resolution, but
28 the resolution would need to be amended since the numbers would change.
29

30 Mr. Braun indicated that the board just needed to approve a millage and a tentative
31 budget, and the allocations for the medical care would be filled in later once they decided
32 the amounts to give to the hospitals and the clinics. He also requested that the board
33 allocate the amounts for the buy-back and matching programs for the next meeting since
34 the letters of agreement were due on October 1.
35

36 On a motion by Mr. Bone, seconded by Mr. Brown and carried unanimously by a 5-0
37 vote, the NLCHD board approved Resolution No. 2013-02 adopting the proposed budget
38 for the 2013-2014 Fiscal Year.
39

40 LETTERS OF AGREEMENT WITH THE STATE THROUGH AHCA
41

42 Ms. Kirste explained that there would be two letters of agreement this year, one for
43 LRMC and one for Waterman, and that the letters would be completed once the board
44 approved the millage and the amount each hospital would receive.
45

46 Mr. Braun noted that their requests showed a breakdown of how they wanted the funding.
47
48

1
2 LAWSUIT AGAINST NLCHD
3

4 Ms. Kirste pointed out that section 15 of the packet included a letter from Mr. Lewis
5 Stone, Stone & Gerken, P.A., who represented the Board in the lawsuit, advising that
6 they had received a Notice of Voluntary Dismissal from the Plaintiffs, which terminated
7 the case.
8

9 APPOINTMENT OF BOARD MEMBER
10

11 Mr. Brown asked where they were with the appointment of another board member.
12

13 Ms. Kirste stated that two candidates have applied and that the Governor had interviewed
14 one candidate and should be making a decision within the next 30 days. She noted that
15 she contacted both candidates letting them know there was a meeting that night.
16

17 ADJOURNMENT
18

19 There being no further business to be brought before the board, the meeting was
20 adjourned at 7:19 p.m.
21
22

23 
24 _____
25 Catherine C. Hanson, Chairman