



**MIAMI-DADE COUNTY
FINAL OFFICIAL MINUTES
Hospital Governance Task Force**

Board of County Commissioners

Stephen P. Clark Government Center
Commission Chambers
111 N.W. First Street
Miami, Florida 33128

March 28, 2011
As Advertised

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Board of County Commissioners

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CLERK'S SUMMARY AND OFFICIAL MINUTES
MIAMI-DADE COUNTY HOSPITAL GOVERNANCE TASKFORCE
MARCH 28, 2011

The Miami-Dade County Hospital Governance Taskforce (HGT) convened a meeting at the Offices of The Beacon Council, 80 S.W. 8th Street, Suite 2400, Miami, Florida, on Monday, March 28, 2011, at 8:30 a.m., there being present members: Manuel P. Anton, III; Martha Baker, Jose Cancela, Susan Dechovitz, Lee Chaykin, Ed Feller, Larry Gage, Brian Keeley, M. Narendra Kini; Marisol Losa; Steven Marcus; Ana Mederos; Steven Pinkert; Sharon Pontious; Alternate member Jaime Caldwell representing Linda Quick; Lillian Rivera; Donna Shalala; Alternate member Amy Perry representing Steven Sonenreich; and Juan Carlos Zapata; (Members Linda Quick and Mr. Steven Sonenreich were absent).

ROLL CALL:

The following staff members were present: Commission Auditor Charles Anderson; Assistant County Attorneys Eugene Shy, Valda Clark Christian, Karon Coleman, and Laura Llorente; Michael Murawski, Commission on Ethics & Public Trust; S. Donna Palmer, Office of Commission Auditor; and Deputy Clerk, Mary Smith-York.

Mr. Charles Anderson, Commission Auditor, called the meeting to order and welcomed everyone to today's (3/28) meeting. He recognized Honorable Commissioner Rebeca Sosa and expressed his appreciation for her leadership and dedication to resolving the issues facing Jackson Health Systems.

1. SELF INTRODUCTION OF MEMBERS:

2. OPENING STATEMENT:

Honorable Commissioner Rebeca Sosa greeted attendees and expressed her appreciation to the Hospital Governance Taskforce (HGT) members for serving as part of this professional group. She presented the reason this task force was created and explained how each member was selected to serve in accordance with his/her area of expertise. Commissioner Sosa expressed special thanks to State Attorney Katherine Fernandez Rundle for her part in creating the task force as a result of the Miami-Dade County Grand Jury's final report concerning Jackson Health System. She provided a brief overview of the HGT's purpose to examine alternative measures and to review models from other hospitals' approaches to governance and make recommendations to the Board of County Commissioners (BCC). Commissioner Sosa expressed her appreciation to the BCC for approving the resolution that created this task force, and to Susan Dechovitz and the State Attorney's Office for their support in bringing this idea into fruition. She emphasized the importance of this function being free of political influence and pointed out that she would leave the meeting immediately following her remarks.

Following Ms. Susan Dechovitz' remarks commending Commissioner Sosa for her courage in coming forward to bring this important issue before the BCC in response to the Grand Jury's Final Report, Commissioner Sosa exited the meeting.

Mr. Anderson presented the order of the day and asked that each member state his/her name and organization affiliation, for the record, before delivering comments or presentations.

3. PRESENTATIONS

Commission on Ethics & Public Trust:

Mr. Michael Murawski, Advocate, Commission on Ethics and Public Trust, distributed to each member a copy of the Conflict of Interest and Code of Ethics, along with a breakdown of the members' responsibilities as board members. He then provided a brief historical overview of the creation of the Miami-Dade Office of Commission on Ethics and Public Trust (COE) in 1996, and its purpose. He noted the COE was created by voters and, therefore, was part of the County's Home Rule Charter. Mr. Murawski advised that the three missions of the COE were to: 1) Provide outreach and training to various groups, boards, etc., 2) Enforce the code, and 3) Give opinions and advice. He highlighted Section 2-11.1, No. 4, (a) Advisory Personnel, and noted the HGT would have limited exclusion from contracting with the County, be required to file financial disclosures and adhere to gifts reporting policies. Mr. Murawski pointed out that Page 15, Subsection (r) "Ethics Commission to render opinions on request," was of utmost importance, and encouraged members to feel free to call the COE for assistance.

County Attorney's Office

. Assistant County Attorney Karon Coleman presented a brief overview of the Sunshine Law and Public Records. She advised members that the Government in the Sunshine and the Public Records Laws applied to their activities while serving on the HGT. She noted her memorandum, provided as a handout today, entitled "Sunshine Law & Public Records," outlined the basic principles for members' reference. Ms. Coleman invited members to approach her colleagues: Assistant County Attorneys Eugene Shy, Valda Clark Christian, Laura Llorente, as well as herself with any questions pertaining to the referenced laws. She read, into the record, the basic principles of the Sunshine Law as reflected in the aforementioned handout, along with detailed explanations. Ms. Coleman congratulated HGT members on their appointments to this board and wished them well.

Assistant County Attorney Eugene Shy asked Assistant County Attorney Valda Clark Christian to provide members with an overview of their responsibilities and information that was being made available for members.

Assistant County Attorney Valda Clark Christian reviewed the resources that were available to members on the Commission Auditor's Website at www.miamidade.gov/auditor/hospitalgovernance.asp. She noted this Website contained various documents, including legal statutes and ordinances. Ms. Clark Christian stated a copy of the Miami-Dade County Home Rule Charter was also available at this site, along with a copy of Section 25-A of the Miami-Dade County Code, which concerned the Public Health Trust (PHT). Additionally, she noted a copy of Chapter 155 of the Florida Statutes, regarding the sale or lease of hospitals, as well as County Resolution R-30-11,

establishing this Hospital Governance Taskforce, were also available. Ms. Clark Christian noted other information available on the Website included: various legal opinions related to financial and service matters; the Final Report of the Grand Jury; issues related to public hospitals before the Florida Legislature this Session; articles regarding governance of hospitals, both general and public; and materials related to Steward Health Care, LLC's (Steward's) Proposal relevant to the PHT.

In response to Ms. Susan Dechovitz' inquiry of whether the County's and/or the Florida Legislature's level of authority over Jackson Health System was documented, Ms. Clark Christian noted the referenced memorandum dated February 25, 2010, related to the County Commission's authority and/or responsibility, with respect to the PHT.

Regarding Ms. Dechovitz' question of whether documents relating to offers by companies, other than Steward's proposal were submitted Assistant County Attorney Eugene Shy advised that he believed other such documents had been submitted to Commission Chairman Joe Martinez. Mr. Shy noted he would make those documents available to each taskforce member as quickly as possible.

Ms. Dechovitz asked that the County Attorney's Office also provide HGT members with continuous updates regarding the proposed legislation relating to hospitals that was currently before the Florida Legislature.

Overview of the Public Health Trust (PHT)

Mr. John Copeland, III, Chairperson, Public Health Trust, expressed appreciation for this opportunity to be a part of this important effort and congratulated taskforce members on their appointments. He emphasized the importance of an early evaluation of how to fix this broken business model and noted a requirement of a solution must include the core business issue as an integral part of the agenda. Mr. Copeland provided a brief historical overview of the PHT, highlighting the following points:

- Creation of the Trust in 1973;
- Governing Body of the Board of Trustees; and
- Powers and duties of the Trust, with the exception of anything with respect to: land and assets; collective bargaining; and final budget approval and healthcare policies.

Mr. Copeland referred members to Chapter 25-A of the County Code for information regarding the special relationship the PHT had with the University of Miami (UM). He pointed out that Chapter 25-A stipulated that any amendments made to the By-laws were valid only upon approval by the Board of County Commissioners. Mr. Copeland noted the composition, size, and responsibilities of the PHT were changed in 2003 when Chapter 25-A underwent a major overhaul, and the Office of Countywide Healthcare Planning was created, under the Office of the County Manager, redefining Jackson's focus solely on planning facilities within the system. Mr. Copeland noted the PHT Board consisted of 17 citizen volunteer members, who were fully committed to Jackson Health System's long-term sustainability. He pointed out that the PHT provided leadership for joint planning between Jackson Health System, University of Miami, Miller School of

Medicine, Florida International University, Herbert Wertheim College of Medicine, Miami-Dade County, and other private and community organizations. Mr. Copeland stated the PHT continued to operate a world class facility recognized for its medical excellence, in spite of the challenges faced over the past 18 months. He advised that JHS' capital needs included the current cash crisis; impending challenges of local, state, and federal levels with respect to funding; anticipated increases in the cost of care; and an aging infrastructure; totaling more than \$1 billion. Mr. Copeland stated a workable solution would need to include resources that funded the mission of covering all community services provided. He noted some of the PHT's objectives included continuing to look for ways to reduce expenses, becoming as efficient as possible, creating a competitive cost structure, aligning better operations with its academic partners, and optimizing contributions from the profitable service lines. Commenting that these fiscal challenges were not unique to the PHT, Mr. Copeland encouraged HGT members to consider models from around the country in their research. He noted he looked forward to working with the HGT and invited members to present him with any of their questions or concerns.

Historical Overview & Presentation on Jackson Health System (JHS)

Dr. Eneida Roldan, President and Chief Executive Officer, Jackson Health System, provided a brief oral presentation of the history and current status of JHS, including the challenges, serving Miami-Dade County for more than 90 years. She described JHS as an integrated healthcare delivery system with 2,200 beds and a \$2 billion budget. Additionally, Dr. Roldan noted JHS was comprised of six hospitals across three campuses, and included a Health Plan, Primary Care Clinics, Nursing Homes, and Inmate Care. She explained the operations and services provided at Jackson Memorial Hospital's main campus and its affiliation with the University of Miami/Miller School of Medicine. Dr. Roldan referenced the half-penny tax referendum that was approved by County residents in 1991, to provide quality care in trauma, burns, children's and other needed medical services. She discussed JHS' 2001 acquisition of Jackson South Community Hospital (formerly Deering) and 2006 acquisition of Jackson North Medical Hospital (formerly Parkway). Dr. Roldan noted that since its inception in 1982 to the present, Jackson Memorial Hospital had continued to fulfill a mission of service to everyone regardless of their ability to pay. She indicated this mission was costly in view of the current national economic downturn and the rapidly changing healthcare industry. Dr. Roldan noted JHS had experienced the same challenges from governance, operations, and a mission of providing services with little resources from the 1970s to today. She commented on a report by the Institute of Medicine last week that listed Miami as having a sicker population than any other city in the U.S. She pointed out that in 1991, JMH provided care to a population of 2 million people and an unemployment rate of 7 percent, versus the 2010 population of 2.5 million people and an unemployment rate greater than 13 percent; notwithstanding a demographics exhibiting greater diversity, an increasing aging population, and widespread migration to various areas of the County. Through the support of Ad valorem taxes, grants, charitable donations, trauma funding, and Building Better Communities General Obligation Bonds, Dr. Roldan noted, greater access of the mission was accomplished. Dr. Roldan noted that in June 2009, a new leadership team brought greater transparency to JHS' old problems of greater demand to reduce cost,

improve efficiencies and consolidate, and fewer resources. Consequently, over the past two years, she stated that JHS had focused on placing blame rather than looking for solutions, which similar entities had found.

Dr. Roldan listed flexibility, knowledge of the current markets, changing reimbursements, and streamlining of the decision-making process as features imperative to creating the change that would sustain JHS. She explained the initiatives used by the new leadership team to reduce losses of \$244 million to the actual loss of \$93 million—a \$151 million turnaround. She added that the team was currently trending toward a loss of approximately \$100 million, which was due mostly to new challenges of declining inpatient volume, reduction in funding, reduction in labor and non-labor costs; in spite of increased cash collections. Dr. Roldan stated there was a current projected loss of \$400 million, including a proposed \$250 million in Medicaid reductions. She stated that to balance a budget with this projected loss and break even at the end of the Fiscal Year would require elimination of much of the JHS that exists today. Dr. Roldan questioned whether JHS could afford to be everything to everyone or would it need to focus on being true to its core mission and those services it could provide with the best healthcare delivery system. She advised that JHS needed to remain viable in a competitive market with a sustainable system for the next 90 years. She emphasized the urgent need for dollars, changes in the healthcare delivery model, and rapid decision-making processes to keep JHS as it existed.

Mr. Ted Shaw, Chief Transition Officer, Jackson Health System, presented a slide show regarding JHS, reiterating comments made by Dr. Roldan and highlighting the following points:

- New challenges facing JHS;
- Year-to-date accomplishments;
- Increase in cash collections of approximately \$42 million;
- Declines in volume and state funding for the indigent;
- Insufficient infrastructure;
- Gap widening between the cost of JHS' mission and available public funds;
- Economy and crisis cost approximately \$200 million in 2009;
- Approximately \$400 million to fulfill mission;
- Cost of mission will increase due to reduction in Medicaid;
- Cash on hand trending well; and
- Labor efficiency struggles to offset unexpected volume declines.

In conclusion, Mr. Shaw noted the challenges were still there and changes needed to be made quickly and jointly to sustain JHS. He stated the alternative to JHS not being there would not be good for the community.

Ms. Martha Baker asked Mr. Shaw to provide HGT members with a copy of the foregoing presentation.

In response to Ms. Baker's inquiry of what percentage of operational efficiencies of improvements was possible, Mr. Shaw advised that after considering labor costs, rates,

and benefits, this facility was still inefficient. He indicated a possible increase to the current 25 percent efficiency of no more than 5 percent was possible.

Dr. Steven Pinkert asked Mr. Shaw to provide HGT members with information regarding losses and efficiencies distributed over facilities and services.

In response to Dr. Kini's question regarding the decline in patient volume versus the rising unemployment rates, Mr. Shaw noted the decline was partly due to aggressive competition among hospitals to get into the Medicaid market. Additionally, he noted patients that JHS help to qualify for Medicaid tend to seek medical services elsewhere once approved. Mr. Shaw also stated the decline could also be driven by insurance companies that consider JMH a high cost provider.

Additionally, Dr. Roldan noted, regarding unemployment, the existence of an increased number of urgent care centers and the inability to capture the outpatient population also contributed to the decline in volume.

In response to Ms. Dechovitz' inquiry regarding JHS' government needs to achieve the required nimble, Mr. Shaw stated the PHT was too large and having to report to too many people, being this Board and the BCC. He suggested there be a 7 to 9 member board with the ability to make the decisions.

In response to Ms. Dechovitz' question regarding the model that would best serve JHS, Mr. Shaw stated a capital partner was necessary regardless of the model selected. He explained that it would not necessarily need to be a hospital and referenced the great partnership JHS experienced with FIU and UM, and noted their inclusion was necessary for the success of this effort.

In response to Ms. Ana Mederos' inquiry of what top ten decisions JHS would make and implement within the next 30 days, if given the authority to do so, Mr. Shaw listed the following: revisit bargaining union contracts to allow more flexibility to operate more efficiently; review the services being provided to rationalize where and what to do; seek financing partners to assist with being more nimble and capturing market share; encourage the legislature to ensure JHS received adequate funding and assignment of health plans; enlist help from public entities to join our health plan; participate in our own health plan; and ensure that the funds and materials that allow the academic programs to train and grow are sustained.

Ms. Martha Baker, as Union President of Healthcare at JHS, requested the HGT to fully understand the operations aspect before making any decisions pertaining to the hospital's governance.

Responding to Ms. Baker's comments, Dr. Donna Shalala, University of Miami President, cautioned the HGT to avoid going beyond its abilities and noted governance could help with the operations aspect. She acknowledged the validity of Ms. Baker's

point; however, she indicated focusing on operations issues too deeply would cause the HGT to go outside its assignment.

In Response to Dr. Kini's inquiry regarding what type backgrounds would be ideal for JHS, Mr. Shaw stated people with backgrounds in finance operations, leadership, and Information Technology, as well as unionized environment management.

Dr. Roldan added that the ideal mix would also include someone who had witnessed and followed the evolution of this community.

Dr. Steve Marcus requested Mr. Shaw and Dr. Roldan to provide HGT members with a financial breakdown on the entire financial state of JHS, including information for those facilities and departments that were profitable and those that were not profitable.

Ms. Mederos requested Mr. Shaw and/or Dr. Roldan to submit to HGT members a written report on recommendations they had made.

Mr. Shaw acknowledged Ms. Mederos' request and noted the JHS would present its 2012 Budget within the next 30 days with several recommendations. He advised a report would be ready for review in two weeks.

Dr. Lillian Rivera, Miami-Dade Health Department, asked Dr. Roldan, as the outgoing CEO, what she desired in terms of governance.

Dr. Roldan stated she would like this panel to look at the community as a whole to determine what was needed in Miami-Dade County. Additionally, she noted looking at the different spectrums and entities and assessing who they are in the community. Dr. Roldan further noted she desired to see a countywide healthcare delivery system, rather than only at JHS and she would like to see the layers of governance. Pertaining to Dr. Rivera's question regarding barriers to JHS' flexibility, Dr. Roldan advised that attempting to rush the system in a short timeframe without having the dollars to do so. She noted the community needed to decide whether a public healthcare system was necessary, since there were no dollars to pay for this costly issue.

In response to Dr. Pinkert's request for clarification on whether the HGT's function was to recommend for JHS being public or private or for who would govern the organization, Assistant County Attorney Shy advised that the HGT's main function was to recommend models of governance. He stated financing was a large component of governance and should be examined with regard to both public/private partnerships and governance issues. Assistant County Attorney Shy clarified his use of financing related to independent districts having statutory authority with the ability to elect a millage after going through the approval process.

Ms. Baker reiterated the importance of the operations aspects prior to addressing the governance issues. She questioned how a diagnosis of what's broken could be made without knowing the basics of where it's broken.

Ms. Dechovitz responded to Ms. Baker's comments stating the HGT needed to look at what model of governance would allow JHS to obtain the level of nimbleness desired, as well as the greatest access to money.

Dr. Shalala referenced the Grand Jury's Final Report and noted the focus was on restructuring so JHS would have access to working and a private investment gap.

Mr. Juan Carlos Zapata noted, based on Dr. Roldan's statement regarding lack of funding, the HGT should decide what type of governance structure would be able to make the imminent tough decisions of what services would be available and who would receive those services.

4. RELATIONSHIP BETWEEN UM AND JHS

Dr. Pascal J. Goldschmidt, Dean, University of Miami-Miller School of Medicine, provided a brief explanation regarding the unique relationship between the University of Miami-Miller School of Medicine (UM) and Jackson Health System (JHS). He noted the affiliation between the two entities started six (6) years ago with a basic affiliation agreement that was last updated in 2004 and an annual agreement that was revised each year. He noted the two organizations were separate entities that shared a common mission to deliver a single standard of care for everyone regardless of ability to pay. Dr. Goldschmidt explained how UM doctors were paid either by reimbursements, by Medicare payments to JMH, or by direct payment from patient insurance companies. He noted the enormous hospital approach to care was no longer valid and stated JMH should be right-sized. Pertaining to private practice issues, Dr. Goldschmidt recommended selecting activities with positive margin attraction and advised that, in a conversation with BCC Chairman Martinez, he suggested a Request for Proposal (RFP) soliciting private partners should be issued.

Dr. Roldan provided a brief summary of the relationship between JHS and Florida International University (FIU). She noted FIU's college of Medicine was currently stationed at Jackson North Medical Center. She further noted conversations were underway regarding moving FIU to Jackson Main campus; however, she noted the issue of sovereign immunity needed to be considered when attempting to locate both UM and FIU at the main campus.

Ms. Baker pointed out that this team would need to consider what options would preserve or sacrifice the sovereign immunity of FIU and UM; as well as whether goals for the legislature to broaden that aspect would be realistic.

Assistant County Attorney Karon Coleman agreed to provide a brief presentation at the next meeting regarding sovereign immunity.

Ms. Dechovitz asked that this group consider creating a list of the existing viable options in an attempt to guide the discussions.

Dr. Roldan noted she would provide, at the next meeting, reasons institutions consolidated or aligned themselves in particular partnerships and what types of partnerships they formed. Additionally, she stated she would address partnership tenures.

Mr. Larry Gage, President, National Association of Public Hospitals and Health Systems (NAPH), distributed a handout entitled "Jackson Health System Comparative Peer Group Analysis." He advised members that he would compile information regarding various models, including explanations for what and why the institutions chose their particular style of governance. Mr. Gage informed members of the necessity of this group to look at the legal powers of the PHT and noted the multiple layers of democracy could be resolved through negotiations between the PHT and the County.

5. ORGANIZATION AND STRUCTURE OF TASK FORCE

Selection of Chair and Vice Chair

Assistant County Attorney Eugene Shy opened the floor to nominations for the Chair of the Hospital Governance Task Force.

Mr. Juan Carlos Zapata declined the nomination, by Dr. Edward Feller, to serve as Chair of the HGT.

Following Ms. Baker's nomination of Mr. Jose Cancela as Chair, Mr. Cancela informed members that he served on the Public Health Trust Foundation from 1990 to 1992 and was currently a consultant, which might be a conflict of interest.

Discussion followed Mr. Cancela's acceptance of his nomination, regarding whether his serving as a consultant to the PHT Foundation constituted a conflict of interest. Upon HGT members' determination that a conflict of interest issue existed, Mr. Cancela withdrew his acceptance and declined the nomination.

Ms. Amy Perry noted, although Ms. Linda Quick was absent, Ms. Quick would be a good choice as chair, due to her vast experience and suggested she be nominated.

Dr. Keeley nominated Ms. Linda Quick to serve as Chair of the HGT.

Mr. Cancela asked Mr. Zapata to reconsider accepting the earlier nomination to serve as Chair, which Mr. Zapata accepted.

Hearing no further nominations, Assistant County Attorney Shy closed the floor to nominations for Chair with the two candidates.

Ms. Smith-York, Clerk, announced the ballot results were as follows: Ms. Linda Quick received two (2) votes and Mr. Juan Carlos Zapata received 14. She noted, for the record, that Mr. Juan Carlos Zapata was selected as Chair of the Hospital Governance Task Force.

Chair Zapata opened the floor to nominations for Vice Chair.

Dr. Shalala nominated Ms. Susan Dechovitz to serve as Vice Chair, and upon hearing no further nominations, the floor was closed to nominations.

Chair Zapata announced that, since there were no other nominations, Ms. Susan Dechovitz was selected as the Vice Chair.

Selection of Additional HGT member

It was moved by Dr. Edward Feller, that the selection of additional HGT members be deferred to the next meeting. This motion was seconded by Mr. Cancela, and upon being put to a vote, passed by a unanimous vote of those members present.

Meeting Schedules

Following discussion among members regarding the best time and location for future meetings, the HGT decided to convene every Thursday of each week at 3:00 p.m., for the next 90 days, beginning April 7, 2011. The location would remain at the Beacon Council Offices, 80 SW 8th Street, Suite 2400, Miami, Florida, unless that site was unavailable, at which time an alternate location would be advised.

Decision – Who Should Write Final Recommendations for BCC

Discussion ensued among members regarding the final recommendations and the need for strict adherence to the Sunshine Law throughout the development of said recommendations.

6. OTHER MATTERS

Dr. Shalala asked staff to provide HGT members with a listing of the future meetings.

7. ADJOURNMENT:

There being no further discussion, the Hospital Governance Task Force meeting was adjourned at 11:52 a.m.



Juan C. Zapata, Chairperson
Miami-Dade Hospital Governance Task Force