

Miami-Dade County Hospital Governance Taskforce Final Report

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Executive Summary

I. Introduction

- A. Mission. The Miami-Dade County Hospital Governance Taskforce (Taskforce) was created by Board of County Commissioners (BCC) Resolution R-30-11, adopted January 20, 2011, which, in part, cited concerns that the Miami-Dade County “Public Health Trust is in the midst of an economic crisis that appears to be due in large part to its governing structure; and ...the Miami-Dade County Grand Jury in its report dated August 5th, 2010 specifically determined that the Public Health Trust’s ‘governance must be changed.’” The BCC directed the Taskforce to:

Study possible models for the governance of the Public Health Trust, including but not limited to

- (a) operation of the Public Health Trust by a private, not-for-profit 501(c)(3) organization with a board of doctors, nurses, community leaders, and health care professionals, as was done, for example, with Tampa General Hospital;*
- (b) operation of the Public Health Trust by an independent tax district, as was done for the North and South Broward Hospital districts;*
- (c) other models, perhaps blending these models, as the Taskforce may decide; and*
- (d) other recommendations regarding the governance and financing of the Public Health Trust, as the Taskforce may decide.*

In its deliberations and recommendations, the Taskforce shall at all times keep in mind the importance of protecting the interests of the taxpayers of our community.¹

Complete its work and file an executive summary of its recommendations with the Clerk of the Board no later than 60 days from the first meeting of the Taskforce and will file a final report no later than 90 days from the first meeting of the Taskforce. The Taskforce will cease to exist 100 days from the first meeting of the Taskforce.¹

The resulting timeline, based on the March 28, 2011 first meeting of the Taskforce, required the Taskforce to file an executive summary no later than _____, 2011 and a final report no later than _____, 2011. Also, the Taskforce is to cease to exist on _____, 2011.

A copy of Resolution R-30-11 is attached as Appendix A of this report.

- B. Membership. The Taskforce consisted of a diverse group of 20 members appointed by individuals or organizations designated in Resolution R-30-11. At its first meeting on March 28, 2011, the Taskforce selected Mr. Juan C. Zapata as Chairman and Ms. Susan Dechovitz as Vice Chairperson. The complete membership list of the Taskforce is listed in Table 1.

¹ Extracts from Miami-Dade County Resolution R-30-11 adopted January 20, 2011

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Table 1.
Hospital Governance Taskforce Membership List

Member Affiliation	Chosen By	Name
Chief Executive Officer of Baptist Healthcare System, Inc. or designee	Chief Executive Officer	Brian E. Keeley
Chief Executive Officer of Miami-Children's Hospital or designee	Chief Executive Officer	M. Narendra Kini
Chief Executive Officer of HCA Kendall Regional Medical Center or designee	Chief Executive Officer	Lee Chaykin
Chief Executive Officer of either Hialeah, Northshore Medical Center and Palmetto General Hospital	CEO of Tenet Healthsystems Medical, Inc.	Ana Mederos
Chief Executive Officer Mt. Sinai Medical Center or designee	Chief Executive Officer	Steven D. Sonenreich
Chief Executive Officer Mercy Hospital or designee	Chief Executive Officer	Manuel P. Anton
Administrator ,or appointee, of the Florida Department of Health-Miami-Dade County Health Department	Administrator	Lillian Rivera
State Attorney of Miami-Dade County or designee	State Attorney	Susan Dechovitz, Vice Chairperson
Individual appointed by the Mayor	Mayor	Jose Cancela
Individual appointed by the BCC	Board of County Commissioners	Steven Pinkert
Individual appointed by the BCC	Board of County Commissioners	Marisel Losa
Individual appointed by the BCC	Board of County Commissioners	Donna Shalala
Individual appointed by the BCC	Board of County Commissioners	Juan C. Zapata, Chairman
Individual appointed by the BCC	Board of County Commissioners	Ed Feller
Representative of Unions at the Public Health Trust	Board of County Commissioners	Martha Baker
Physician who is a member of the Medical Executive Committee of Jackson Memorial Hospital	Other members of the task force	Michael Barron
Representative or designee from the National Association of Public Hospitals and Health Systems (NAPH) based in Washington, D.C.	National Association of Public Hospitals	Robert Johnson
Representative of the Florida Nursing Association	Florida Nursing Association	Sharon Pontious
Chief Executive Officer of the Health Foundation of South Florida or designee	Chief Executive Officer	Steven Marcus
Chief Executive Officer of the South Florida Hospital & Healthcare Association or designee	Chief Executive Officer	Linda Quick

C. Process

D. Governance Models – The Taskforce considered each of the following governance models. Considerations were made with input from several national organizations, executives interviewed from selected health care systems in other parts of the country, JHS executives, reference materials, and Taskforce members, themselves.

a. Direct Operational Control by the County or Status Quo.

There was consensus that very little to be gained (and potentially much to be lost) to direct operational by the County. One of their current obstacles to success, even as a semi-independent Public Health Trust, the management does not have adequate autonomy from County rules, regulations and requirements, unless the County was willing to give the Trust considerably more autonomy than they currently enjoy.

b. Direct Operational Control by the University of Miami.

There was consensus that direct control by a university would not be practical. Potential barriers to the success of a University of Miami management agreement may include the difficulty of negotiating all of the details of such an agreement, the willingness of the County to enter into the required funding agreements, while providing iron-clad assurances that there would not be political interference once the relationship is established, and the question of how such an agreement would fit within the long-range strategic plans of the University for its own health system. There is the additional consideration of incorporating Florida International University into the structure.

d. Enhanced Status Quo – Enhanced PHT

There was consensus that establishment of an enhanced PHT, as a medium-term solution, could provide for the transition between the Financial Recovery Board (the already adopted short-term solution) and a long-term solution, which would require considerably more power.

An enhanced PHT would be a smaller, more nimble, and more empowered organization than the present PHT.

e. Hospital Authority or Public Benefit Corporation.

Both are generally thought of as semi-independent entities that retain ties to the governmental entity that created them. Those that have had the greatest measure of success in transforming their systems have been granted considerably greater autonomy than is currently enjoyed by the PHT and management. Since such autonomy could clearly be granted under the current structure if the County was willing to do so, there would likely be little need to also create an entirely new authority or PBC structure to accomplish the same goal (unless it is done for image or “branding” purposes.)

f. Taxing District

There was consensus that establishment of a Hospital District, which could levy property taxes, would not be desirable. The creation of a taxing district requires a number of political approvals, including the approval of the voters who reside within the district. This has been considered to be politically unfeasible in the past. Also, Governor Scott has recently made clear his concern about taxing districts and appointed a commission to study them, so this may not be an ideal time politically to seek to create a new one. Finally, it is well known that the North Broward District is itself seriously exploring alternative models to its current district structure, so that this structure may not ultimately prove to be ideal.

g. Non- Profit Organization formed by the County.

For the long-term, there was consensus in the Taskforce that one way to address the concerns would be to consider the creation of a new non-profit corporation to operate the

Jackson Health System. Such a new corporation would by its nature need to be granted substantial operating autonomy, which would include the ability to on its own to enter into a more robust management or affiliation agreement with the University. Such a model could also be considered a stepping stone to a full asset merger with the University Health system. The creation of a non-profit corporation that retains the mission of a safety net health system has clear analogies in Florida (Tampa General) and in other states (Boston Medical Center, Grady Memorial, Truman Medical Centers, etc.).

For example, Truman Medical Centers, Kansas City, MO, is an example of a non-profit managed healthcare system in which human resources and procurement are independent of government. Financing support is similar to a public institution. In facilities leased to non-profits, the County commonly retains ownership of physical assets which allows for issuing of revenue bonds when capital is needed.

In the formation of Boston Medical Center, the governance structure was based on Boston's community health centers, private entities driven by a public mission.

Potential obstacles to the successful implementation of a non-profit model would include the degree to which the County was willing to transfer all of the necessary financial and operating autonomy (including personnel, financial and procurement autonomy) to the new corporation, while also ensuring adequate funding for the system's safety net mission.

h. Hybrid or Multiple Structures.

The Taskforce saw an example in Los Angeles County, where the direct, county controlled health care system, was planning a new hospital that would be operated by a new 501(c)(3) non-profit corporation that would remain within the County's health care network but be managed and operated under its own board. Such a hybrid system in Miami-Dade County could offer the advantages of both a countywide healthcare system with a customer-focused, local community based satellite hospital that could build its own relationships and contracts with local healthcare providers.

i. Oversight.

There was consensus on the advisability to create an independent oversight entity to ensure public accountability on:

- Use of public funds (½ penny surtax funds; ad valorem revenues; charity care funding, etc.); and
- That the public's healthcare needs are being met.

In Boston, there is an example of a public health commission that was encouraged to establish an advisory committee to act as an oversight entity to monitor the provision of health care in Boston, particularly to the city's vulnerable populations.

II. Pros and Cons re: Surtax, Sunshine, Sovereign Immunity, Debts

III. Presentation Summaries

IV. Interview Summaries

V. Recommendations

Overview

1. Recommendations of Task Force should be viewed in their entirety rather than selectively; many recommendations are coupled with others.
2. Have a governance model that provides clear lines of accountability for the governing body to the County government and to the public.
3. Emphasize JHS as a “health care system” not as just a “hospital.”

Mission

4. Set forth a clearly stated mission statement & vision for the health system that reaffirms JHS’ roles as safety net hospital, academic teaching hospital, and health system with multiple academic relationships.
 - A general agreement about Jackson system being a safety net is paramount as well as the relationship with UM and FIU and both must be in the Mission Statement for the future Health System.

Board Composition

5. A. 7 - 9 members initially appointed by Miami-Dade County Board of County Commissioners serving staggered 3-year term, with three term limits.
B. There should be a board of directors, composed of seven or nine directors, serving as the governing body of JHS.
6. The initial board of directors should be appointed by the Miami-Dade BCC, and all subsequent directors should be nominated and approved by the JHS board of directors.
7. A. The board of directors should be made up of people with professional backgrounds and experiences in such fields as health care executive management, law, general business, medicine, nursing, labor relations, finance, community relations/community affairs, academia, etc.
B. The Board should be comprised of at least 30% voting physician membership.
C. Composed of diverse and experienced civic, health and business leaders (no interest group guaranteed representation, except for County).
D. They should have experience in health care (one should be a practicing physician), hospital and clinic systems, financing, and human resources.
8. Board chair serves two-year term and reports to County annually regarding mission, financial performance and such matters as County may request.
9. Non-Voting Board should also be set up composed of those who are "stakeholders" in the system as well as representatives of the community.

Ethics

10. Establish an organization and governance structure that provides independence, flexibility, and nimbleness for the organization.
 - Most important of all: Board must be independent of BCC.
11. Emphasis on ethics and absence of perceptions of conflicts of interest in the governing body. Members should have no conflicts of interest, personally or as stakeholders, in the

outcome of their decisions. The governing body's sole interest should be the future of Jackson Healthcare System.

- Board members should not be "stakeholders" in the Jackson system or any involvement in Management of any of Jackson System's competitors.
 - There should be no ethical conflict between their Board function and their occupation.
 - Directors should be citizens who are not serving in management or governance of any other health system at the time of their service on the JHS board of directors.
12. Include diversity in the governing body.

Legal structure and governance

Short-term

13. Enhance and support governance by PHT/FRB
14. Amend Chapter 25A of the County Code as necessary to enhance PHT/FRB.
15. Include 2/3 vote requirement for BCC to override PHT/FRB and for BCC directives to the PHT/FRB adopted by resolution.
16. Board structure – smaller, board size of 9 or less members.
17. Board membership – greater expertise; qualifications to be determined.
18. Eliminate unfunded mandates.

Long-term

19. Incorporate major changes in Home Rule Charter and appropriate additional changes to Chapter 25A.
 20. A. Establish a new, 501(c)(3) non-profit corporation or public benefit corporation to manage and operate JHS.
B. Miami-Dade County entrust operations and management of Jackson Health System to a new non-profit corporation created by the County, reserving to the County selected powers to ensure, on behalf of the community, the preservation and enhancement of Jackson Health System's mission and assets.
C. Establish an organization to run the operations of the Health System and an organization to operate as a benefit corporation for the uninsured.
- The Benefit corporation would be charged to overhaul the process for expending the billion dollars now spent on charity care. The model could follow Palm Beach County in which the Health District has a budget given to them by the County from the allocation of a tax revenue stream. The Health District Board oversees an operational organization which qualifies applicants into one of three benefit plans. In all cases, the county resident has their care managed beginning with an assignment to a Primary Care Provider. The person receives an appointment and begins with a well check-up rather than waiting for an acute care episode. This is a critical governing policy.
 - The other organization could be a non-profit hospital management corporation which would govern the operations of the hospital facilities and work closely with the benefit corporation. [If such an entity existed could the hospital retain its sovereign immunity within the existing framework?]
 - [Sustainability: How will Jackson be a preferred choice of the new HMO capitated system if the operational costs of the hospital are seen by the insurance companies to be higher than other community hospitals or if the insurance payment rate is below the cost of what it costs Jackson to do business?]

- D. The Taskforce makes no recommendation of the preferred form of non-profit corporation to be created by the County.
- The 501(c) (3) already authorized by statute can be formed immediately, but provides fewer options for and leads to impediments to resolution of work force and other issues.
 - The County has the power, by statute, to create a 501(c) (3); but only the state legislature can create a public benefit corporation (PBC).
 - The PBC affords the County more flexibility for dealing with work force issues, tort liability and other matters, but requires legislative action regarding many details of its operation.
 - The corporate structure would best be a PBC as it would be easier to structure sovereign immunity as well as some protection from Sunshine. (In a competitive environment as healthcare, decisions made in the Sunshine will not help make a future Jackson Health System successful). Possibly a 501(c)3 corporation can be structured also to accomplish these two issues.)
21. A. Be subject to adherence to Sunshine laws, appropriate for public hospitals and health systems.
B. Modify Sunshine laws (applicable to public hospitals/healthcare) as necessary to enable a more sustainable business model.
22. Be protected by sovereign immunity.
23. Create an independent oversight entity to ensure public accountability on:
- Use of public funds (½ penny surtax funds; ad valorem revenues; charity care funding, etc.); and
 - That the public's healthcare needs are being met.

Financial Relationships

24. Assume dollars follow the patient.
25. Jackson Health System be provided with an operating line of credit of up to ? for cash flow deficits, to be repaid from future earnings.
- An additional source of capital will be soon needed that the County cannot or will not contribute.
26. Provide Jackson Health System financing at the County's cost of funds for future capital expenditures, repaid from Jackson Health System's depreciation and retained earnings.
27. It may well be necessary to have some form of partnership with a private entity as in this fiscal environment I do not see the availability of government funds that will be needed in the next 1-2 years to keep the system viable.
28. Make capital expenditure investments to enhance productivity and improve competitiveness.
29. "Funding deficits" to a consistent formula for indigent care, enhancing managerial accountability.
30. Oppose selling JHS to a private entity as that would most likely involve venture capital, whose whole function would be to build up the system and sell it – something that would not be in the best interest of our citizens.
31. For financial solvency those unfunded mandates added several years ago by BCC to the system must be either withdrawn or paid for completely by the County.
32. The increasing burden of retirement and health insurance payments from retired employees prior to the change in governance be taken over by the County not left with the Healthcare system.

Powers to be Retained by Board of County Commissioners

33. Reserve the power to determine mission and community needs, with commensurate financial support.
 - Role of BCC should be minimal.
 - BCC must not be able to involve in operations, contracts, both purchasing and labor, and all other aspects an independent company carries out.
34. Select initial Jackson Health System board and ratify selection of future board nominees.
35. Responsible for funding payments for care of indigent Miami-Dade County residents.
36. Establish county ordinances that permit the Miami-Dade County to enter into contracts with Jackson Health Systems for health services.
37. Retain ownership of the facilities used by Jackson Health System to provide health services to the citizens of Miami-Dade County.
 - Own Jackson Health System assets.
38. Lease property to the Jackson Health System.
 - They couldn't sell it and that way it wouldn't revert to the City of Miami.
 - Lease to new entity.
39. Acquire and sell real estate for use by Jackson Health System, based on recommendations from the JHS Board of Directors.
40. Approve any significant sale, transfer or related disposition of assets.
41. Approve any financing for major capital expenditures.
42. Approve capital budgets submitted by the Jackson Health System Board of Directors for the acquisition, replacement or removal of facilities.
43. Take control of Jackson Health System if non-profit corporation fails to meet its mission, prescribed operational or financial objectives or other material terms of the lease between the County and the new Jackson Health System board.
44. Provide oversight of tax money going to support a "safety net".
 - If financing involves the County, guaranteeing all or part of it, clearly state that the County would have a role in this.
45. Approve capital borrowing and issuance of capital bonds for Jackson Health System.
46. Authority to approve naming of facilities of Jackson Health System.

Powers Reserved to Health System Governing Board

47. A. Hire, fire and set compensation of the health system's CEO.
B. Hire, support, evaluate, motivate, and remove for cause the CEO for Jackson Health System.
48. Establish by-laws that empower the board of directors to make, adopt policies, rules and regulations to govern the health system.
49. Make its own decisions regarding policy, human resources, labor contracts, purchasing, growth or reduction decisions of medical services, contracts and payments to academic institutions, etc.
50. Develop and establish policies.
51. Conduct long range strategic planning.
52. Establish an organized medical-dental staff and approve credentials of all practicing physicians and dentist.
53. Establish pay and compensation for its executives, employed physicians and employees.
54. Meet all local, state and national standards governing hospitals and health systems.

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55. Provide audited financial reports annually to the Miami-Dade County Board of Commissioners.
56. Submit an annual report to the Miami-Dade County Board of Commissioners on the operations and services of Jackson Health System, with particular emphasis on care and services provided to indigent residents of Miami-Dade County.
57. Approve the health systems operating budget and capital equipment budgets.
58. Approve the health systems capital facilities budget, subject to approval of the Miami-Dade BCC for the acquiring, building and upgrading facilities.
59. Contract with businesses for procuring goods and services.
60. Develop and enter into affiliation agreements with academic and other organization necessary to carry out the mission of the health system.
61. Enter into labor and collective bargaining agreements.

Task Force Conclusion

62. Jackson Health System is an important community resource and its mission is in jeopardy under the status quo.
63. Greater accountability is required for the fulfillment of the mission within a sound financial framework, given budgetary restraints, reduced federal and state funding and competitive pressures.
64. With two-thirds of Jackson Health System's operating expenses represented by human resource costs, every effort should be made to leverage the work force through productivity enhancements, cross-training and competitive practices.
65. A new governance model, with a more diverse board, must be established to remain focused on Jackson Health System's mission and operational and financial performance.

Culture

66. Participation - All members should have a voice in decision-making.
 - Such broad participation is built on freedom of association and speech, as well as capacities to participate constructively.
67. Follows the Rule of Law - Legal frameworks should be fair and enforced impartially.
68. Transparency - Transparency is built on the free flow of information. Processes, and information are directly accessible to those concerned with them, and enough information is provided to understand and monitor them. Transparency means that decisions taken and their enforcement are done in a manner that follows rules and regulations.
69. Responsive - Processes serve all stakeholders within a reasonable timeframe. Proactive culture of commitment and engagement that drives both the board and the organization it governs toward high performance an open culture of cooperation and transparency is healthy and will attract skilled board members.
70. Consensus Orientation/Innovative Thinking - Good governance mediates differing interests to reach a broad consensus on what is in the best interests of the group and, where possible, on policies and procedures. Fosters creation of new concepts.
71. Equitable/Inclusive - All members have opportunities to improve or maintain their well-being. Ensuring that all members feel that they have a stake in it and do not feel excluded. Culture that fosters teamwork and community involvement. Opportunities for self improvement.
72. Effectiveness and Efficiency - Processes produce results that meet needs while making the best use of resources.

73. Accountability - Accountable to the public, as well as to institutional/external stakeholders. Accountability is a key requirement of good governance.
74. Strategic Vision/Sustaining the Mission and Values - Leaders and the public have a broad and long-term perspective on the future of the JHS along with a sense of what is needed for such development. There is also an understanding of the historical, cultural and social complexities in which that perspective is grounded. Sustains the mission and values of the organization.
75. How the Board Spends its Time and Makes Decisions - Board leaders should pay strict attention to how much Board time is spent passively listening to reports and how much time is spent discussing strategic issues and the duties of care. The fiduciary role and responsibilities of governing boards require them to make many decisions that shape the organization and its direction. The manner in which a board approaches and conducts its decision-making processes is a fundamental component of its culture and has a major impact on the organization's performance.

Implementation

76. Engage work force and physician group to ensure commitment to mission and to long-term financial viability of Jackson Health System and to participate in the process for change.
77. Set aggressive timetable.
78. Delegate select advisory powers, including oversight of Jackson Health System, during transition period.
79. Charge Advisory Board with responsibility to work with Jackson Health System management and County to determine next steps and implement recommendations.
80. Retain legal, financial, organizational, governance and health care consultants.
81. Budget over next 18 months for costs associated with organization of and transition to new organizational structure.
82. Create Advisory Board during transition; select 3-5 persons to form nucleus of new board.

Appendices

- A. Meeting Agenda
- B. Meeting Minutes
- C. Governance Options Spreadsheet
- D. List of Trust Decisions Subject to the Commission's Approval (Prior or Subsequent) or the Commission's Override
- E. Legal Issues Attendant to Current Financial Exigencies at PHT
- F. Commission on Ethics and Public Trust Recommendations
- G. Inspector General Recommendations

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Commission on Ethics and Public Trust Recommendations

From: Meyers, Robert (COE)

Sent: Friday, April 29, 2011 4:21 PM

In response to HGT Chair Juan C. Zapata's queries, I am providing the following:

The County's Conflict of Interest and Code of Ethics Ordinance has always applied to PHT officials and employees and was recently amended to cover contract staff. This will have enormous implications for individuals who contract with the PHT and/or Jackson. Therefore, we need to engage in ethics training for these contractors. Given the number of parties that transact business with Jackson, we may need a physical presence there to enable us to conduct the training and to enforce the ethics code – whether it involves allegations against officials, employees, contract staff or lobbyists.

In light of the fact that many individuals doing business at Jackson are classified as lobbyists (e.g., sales reps.) and our office is responsible for issuing opinions and enforcing the lobbying rules and regulations, we would like to see our office receive a greater percentage of the registration fees go towards our efforts in ensuring compliance by these parties.

We would also like to see the PHT/Jackson ban all gifts from individuals transacting business with Jackson. We also have concerns about the extent to which employees with outside employment are getting prior approval before accepting outside employment and we want to make certain that employees are not accepting outside work which conflicts with their hospital employment.

Finally, we would like to participate in training for those who sit on the PHT committees. We appear before the Board of Trustees on a regular basis, but we haven't had the opportunity to present to the committees to advise the members of possible conflicts of interest and other issues that could arise by sitting on a committee of a public hospital.

We have no comments on the governance structure per se.

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From: Mazzella, Christopher (OIG)
Sent: Monday, May 02, 2011 2:03 PM

Dear Mr. Zapata and HGT Members:

Currently, the Office of Inspector General (OIG) is satisfied with the access and funding afforded to it to adequately conduct its oversight responsibilities as mandated by the County's IG enabling ordinance. However, if the JHS governing structure should change, especially if it becomes a private not-for-profit that receives county subsidies, then I would recommend that the resolution/ordinance creating such an entity, and the entity's by-laws, incorporate the following type of language:

that the language expressly provides for OIG oversight;
that the language provides for OIG access to JHS records, including medical and financial records;
that the language expressly requires the entity to fully cooperate with the OIG and that it refer/and or report all complaints of waste, fraud, abuse and mismanagement to the OIG promptly; and
that the enabling legislation and by-laws expressly provide for the inclusion of the ¼% IG contract fee as outlined in the county's IG enabling ordinance.

The IG enabling ordinance contains other pertinent provisions relative to the OIG's authority and powers which should be applicable to the new entity as well. When appropriate, we would, of course, work closely with the BCC, JHS staff, and the County Attorney's Office in drafting adequate OIG language.

Thank you for soliciting my input in this important matter.

Chris Mazzella
Inspector General
Miami-Dade County