

# FY 2010 - 11 Adopted Budget and Multi-Year Capital Plan

## Public Health Trust

The Miami-Dade County Public Health Trust (PHT) is responsible for the operation, governance, and maintenance of the Jackson Health System (JHS), which includes Jackson Memorial Hospital (JMH), Jackson South Community Hospital, Jackson North Medical Center, and various health centers. JMH serves as a public hospital, major teaching hospital, and regional tertiary care referral hospital.

As part of the Health and Human Services strategic area, JHS has a unique role in South Florida's community. It is the only safety net provider of health services in Miami-Dade County, and it is the largest teaching and charity-care hospital in the State of Florida with over 2,100 licensed beds. JMH is an accredited, non-for-profit, tertiary care hospital and the major teaching facility for the University of Miami Miller College of Medicine. Jackson North Medical Center is the major teaching facility for the new Florida International University Medical School. In addition, JMH's trauma facilities provide an adult and pediatric Level 1 trauma center, and the Transplant Center is ranked among the ten busiest in the nation. JMH has the only burn center south of the Orlando/Tampa region and serves as the primary designated facility for all of South Florida in a bioterrorist event. It is the major full-service provider for the indigent and uninsured in Miami-Dade County, a regional referral center, and a magnet for medical research and innovation. In addition to JMH and its two satellite hospitals, JHS provides a countywide network of healthcare services that includes primary care centers, school-based clinics, and nursing home services. JMH is one of the busiest hospitals in the nation, based on the number of admissions to a single facility.

Because JHS provides a single standard of care regardless of ability to pay, many in the community have access to healthcare services that would be otherwise unavailable. As a leader in bringing direct services to the community, JHS has taken innovative approaches to providing healthcare to the underserved, uninsured segment of the community. In addition, JMH has partnered with several public schools to provide school-based clinics in poor, underserved areas.

## FY 2010-11 Adopted Budget

### Expenditures by Activity

(dollars in thousands)

Jackson Health Services

\$137,952

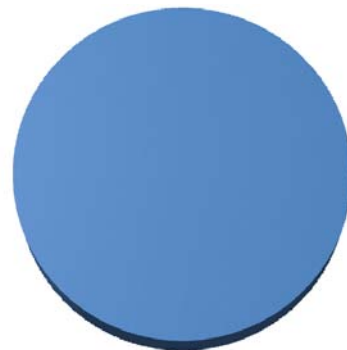


### Revenues by Source

(dollars in thousands)

Countywide General Fund

\$137,952



# FY 2010 - 11 Adopted Budget and Multi-Year Capital Plan

## TABLE OF ORGANIZATION

<b><u>OFFICE OF THE PRESIDENT AND CHIEF EXECUTIVE OFFICER</u></b>	
<ul style="list-style-type: none"> <li>• Formulates policy and provides recommendations to the Public Health Trust (PHT) Board; oversees and manages Jackson Health System (JHS) and other health care programs; acts as liaison with local, state, and federal agencies; and coordinates public information and media relations</li> </ul>	
<b><u>REVENUE CYCLE AND FISCAL SERVICES</u></b> <ul style="list-style-type: none"> <li>• Provides administrative services including budget and financial planning; revenue cycle functions including patient billing, Health Information Management (medical records), and collections; strategic sourcing (procurement); internal audits, compliance, and public safety; human resources; and information technology</li> </ul>	<b><u>HOSPITAL BASED PATIENT CARE SERVICES</u></b> <ul style="list-style-type: none"> <li>• Administers Jackson Memorial Hospital, Jackson North Medical Center, Jackson South Community Hospital, and various direct care services including hospital based clinics, emergency, trauma, women's and children's, mental health, and detoxification services; provides certain support services including patient relations, chaplaincy, interpreters, volunteers, pharmacy services, South Florida AIDS Network, and the Rape Treatment Center</li> </ul>
<b><u>MEDICAL AFFAIRS</u></b> <ul style="list-style-type: none"> <li>• Oversees physician and house staff services and provides various management functions including those for clinical resources, clinical quality and patient safety, risk and health information, and nursing services; acts as liaison with clinical services and accreditation and licensure agencies; and directs radiology and rehabilitative services</li> </ul>	<b><u>NON-HOSPITAL BASED PATIENT CARE SERVICES</u></b> <ul style="list-style-type: none"> <li>• Administers various ambulatory care and other patient care services including primary care centers, school clinics, homeless shelter clinics, nursing home programs, inmate medical care at the jails, and other community services</li> </ul>
<b><u>SUPPORT SERVICES</u></b> <ul style="list-style-type: none"> <li>• Plans and manages construction projects and provides maintenance of facilities and equipment; provides laundry, dietary, and environmental services</li> </ul>	<b><u>NON-PATIENT CARE SERVICES</u></b> <ul style="list-style-type: none"> <li>• Administers Jackson Memorial Hospital Health Plan and manages leased properties including Jackson Medical Towers and retail space</li> </ul>

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### FINANCIAL SUMMARY

(dollars in thousands)	Actual FY 08-09	Budget FY 09-10	Adopted FY 10-11
<b>Revenue Summary</b>			
General Fund Countywide	177,870	158,478	137,952
Total Revenues	177,870	158,478	137,952
<b>Operating Expenditures Summary</b>			
Salary	0	0	0
Fringe Benefits	0	0	0
Other Operating	177,870	158,478	137,952
Capital	0	0	0
Total Operating Expenditures	177,870	158,478	137,952

(dollars in thousands)	Total Funding		Total Positions	
Expenditure By Program	Budget FY 09-10	Adopted FY 10-11	Budget FY 09-10	Adopted FY 10-11
<b>Strategic Area: Health and Human Services</b>				
Jackson Health Services	158,478	137,952	0	0
Total Operating Expenditures	158,478	137,952	0	0

### CAPITAL BUDGET SUMMARY

(dollars in thousands)	PRIOR	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FUTURE	TOTAL
<b>Revenue</b>									
FEMA Reimbursements	199	0	0	0	0	0	0	0	199
JMH Depreciation Reserve Account	0	57,155	6,950	0	0	0	0	0	64,105
JMH Foundation	0	6,000	0	0	0	0	0	0	6,000
BBC GOB Future Series	0	0	4,536	0	21,172	0	0	18,995	44,703
BBC GOB Series 2005A	8,650	0	0	0	0	0	0	0	8,650
BBC GOB Series 2008B	11,966	0	0	0	0	0	0	0	11,966
BBC GOB Series 2008B-1	4,068	0	0	0	0	0	0	0	4,068
BBC GOB Series 2010B	0	22,613	0	0	0	0	0	0	22,613
JMH Future Revenue Bonds	0	48,457	26,543	0	0	0	0	0	75,000
JMH Revenue Bond 2005	69,428	0	0	0	0	0	0	0	69,428
JMH Revenue Bond 2009	73,520	0	0	0	0	0	0	0	73,520
JMH Revenue Bond Interest 2005	21,263	100	0	0	0	0	0	0	21,363
JMH Revenue Bond Interest 2009	504	250	0	0	0	0	0	0	754
Total:	189,598	134,575	38,029	0	21,172	0	0	18,995	402,369
<b>Expenditures</b>									
<b>Strategic Area: Health And Human Services</b>									
Equipment Acquisition	9	68,943	0	0	3,650	0	0	0	72,602
Facility Improvements	2,832	69,349	33,493	0	2,432	14,179	0	0	122,285
Health Care Facility Improvements	86,560	30,998	4,536	0	911	0	0	18,995	142,000
Infrastructure Improvements	10,189	44,012	11,281	0	0	0	0	0	65,482
Total:	99,590	213,302	49,310	0	6,993	14,179	0	18,995	402,369

### CAPITAL HIGHLIGHTS AND OPERATIONAL IMPACTS

- The FY 2010-11 Adopted Capital Budget and Multi-Year Plan is \$213.3 million, which includes telecommunications, technology, and medical equipment acquisitions (\$68.9 million), infrastructure improvements (\$44 million), and facility improvements (\$100.4 million); projects funded with Building Better Communities General Obligation Bond (BBC GOB) proceed allocations may be adjusted as final bond sale capacity determinations are made
- The FY 2010-11 Adopted Capital Budget and Multi-Year Plan identifies unfunded capital projects such as infrastructure upgrades, information technology hardware and systems, medical equipment, and the Master Development Plan (\$632 million)
- Over the past several years, critical infrastructure repairs at PHT facilities have been deferred; to remedy that situation, a PHT revenue bond was authorized to raise \$150 million for infrastructure rehabilitation and repairs; of the total, \$75 million for projects was issued in FY 2008-09; in light of the fiscal challenges facing the PHT and the County, issuance of the balance originally planned for FY 2010-11 will be deferred; if additional funds become available, the capital contribution of \$57.2 million may be increased to meet the most pressing infrastructure needs

## FY 2010 - 11 Adopted Budget and Multi-Year Capital Plan

### DIVISION: JACKSON HEALTH SERVICES

The Jackson Health Services Division operates Jackson Memorial Hospital (JMH), Jackson South Community Hospital (JSCH), Jackson North Medical Center (JNMC), and various health facilities.

- Provides a public hospital, major teaching hospital, and regional tertiary care referral hospital
- Provides a countywide network of healthcare services that includes primary care centers and school-based clinics
- Provides over 2,100 licensed hospital beds
- Provides a Level 1 adult and pediatric trauma center, transplant center, burn center, and primary designated facility for a bioterrorist event
- Provides a single level of care regardless of ability to pay

### Strategic Plan Outcome - Measures

- HH2-2: Increased utilization of available health and human services across all neighborhood facilities

Objectives	Measures			FY 08-09		FY 09-10		FY 10-11
				Target	Actual	Target	Actual	Target
Increase use of JHS hospital services	Patient days-JMH	OP	↔	411,004	368,286	363,265	336,624	328,253
	Patient days-JNMC	OP	↔	72,707	64,991	56,906	52,591	51,380
	Patient days-JSCH	OP	↔	44,247	44,158	47,768	41,739	45,593
	Hospital visits-JMH	OP	↔	399,936	393,576	377,321	351,304	339,049
	Emergency Department visits-JMH	IN	↔	132,344	139,551	150,232	122,467	135,950
	Emergency Department visits-JNMC	IN	↔	49,220	49,986	51,372	43,492	48,257
	Emergency Department visits-JSCH	IN	↔	38,228	35,557	33,798	31,132	32,454

### BUDGET ENHANCEMENTS OR REDUCTIONS AND ADDITIONAL COMMENTS

- The Public Health Trust's FY 2010-11 Adopted Budget is \$1.907 billion; the General Fund support in FY 2010-11 reflects a decrease of \$20.5 million, to \$137.952 million from the FY 2009-10 budget of \$158.5 million, as a result of the decreased property tax roll and other underperforming revenues in the County's General Fund; revenue from the half-cent Local Option Healthcare Sales Surtax in FY 2010-11 reflects a reduction of \$6.9 million to \$162.8 million (at 95 percent) in FY 2010-11 from \$169.7 million budgeted in FY 2009-10, \$170 million is projected to be realized in FY 2009-10
- In February 2010, a budget deficit of approximately \$229.4 million and a severe cash flow shortfall was projected for FY 2009-10; the deficit was primarily attributable to audit adjustments, lower than expected patient volumes, and an increase in the cost of indigent care; since February, savings from the Cash Sustainability Plan and other initiatives reduced the projected year-end deficit in the Profit and Loss Statement to \$77.6 million; initiatives included: renegotiating contracts with our bargaining units; eliminating 68 management and supervisory positions; and reducing 547 other positions to begin adjusting staffing to a level consistent with best practices in the industry; and reducing the costs of supplies and contractual services
- In FY 2009-10, other initiatives to improve the year-end cash position included restructuring the payments between the University of Miami and the PHT; changes to the Jackson Health Plan; deferring capital projects and acquisitions; and redirecting the use of bond proceeds and interest earnings to purchase needed diagnostic equipment

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- As a proprietary agency of the County, it is necessary for the PHT to retain sufficient working capital to provide for operating and other costs as accounts receivable and accounts payable vary; at the beginning of FY 2009-10 cash on hand totaled \$113.6 million (or 25.5 days); cash on hand at the end of FY 2009-10 was projected to be \$74.9 million; however, cash at year end was \$82 million (or \$18.4 days) , and the FY 2010-11 Adopted Budget estimates cash on hand on September 30, 2011 to be \$70.5 million; the industry standard and the long term goal for the PHT is to have a minimum of 100 days cash on hand, which would be approximately \$450 million
- The PHT provides medical care to inmates of the Miami-Dade Corrections and Rehabilitation Department; the mix of inmates requires the PHT to provide care to a juvenile population, a jail population, and a prison population as defined by state and federal law with different mandated levels of care for each population; a request for proposal process to outsource inmate medical services is underway, and a full report will be provided when the process is completed
- In FY 2010-11, the PHT will continue funding the following health-related programs at a level comparable to FY 2009-10: \$300,000 for the County Attorney's Office for worker's compensation support; \$1.131 million for public health programs administered by the Miami-Dade County Health Department; \$250,000 for community-based organizations; \$6.924 million for Community Health of South Florida, Inc.; and \$33.6 million to fund a portion of the County's state-mandated Medicaid reimbursement payments; payments for the Air Rescue helicopter and Countywide Healthcare Planning will be assumed by the County (\$1.2 million)
- The County issued debt on behalf of PHT of \$55 million in FY 2004-05, \$30 million in FY 2005-06 for capital projects; and \$45 million issued in the summer of FY 2008-09; debt service payments are budgeted at \$14.719 million in FY 2010-11; the debt service for the FY 2009-10 financing, which is a County responsibility, is budgeted at \$ 3.6 million in FY 2010-11; each year, the staff of the PHT will work with County staff to offset negative effects on the County budget
- The PHT will participate in the Florida State Disproportionate Share (DSH) Program for the nineteenth year; funding is allocated annually by the State of Florida to institutions that serve a larger than average number of Medicaid patients; as part of the DSH formula, PHT is responsible for payments to the Medicaid Upper Payment Limit (UPL) program; the County makes payments directly to the State of Florida rather than to PHT on an accelerated schedule established by the Agency for Health Care Administration; the program is dependent on action from the federal government, State of Florida Legislature, and other participating counties; the annual intergovernmental agreements between the County and the State of Florida are executed administratively, consistent with the appropriation of funds by the Board of County Commissioners in the FY 2010-11 Adopted Budget
- During the 2010 legislative session, the Medicaid reimbursement rate was reduced by approximately seven percent with an expected annual impact of approximately \$45 million; however, the legislature included language to allow for the "buy back" of the reduction at a cost of approximately \$14 million
- *For FY 2010-11, the budget includes annualizing the financial improvements realized from the FY 2009-10 Cash Sustainability Plan and other initiatives; the PHT continues to identify new initiatives relating to administrative and operational efficiencies, increasing revenues and cash collections, and targeted growth opportunities; the FY 2010-11 Adopted Budget includes a net financial improvement of \$219.3 million in initiatives; significant efficiencies and service adjustments include: personnel cost savings from the employees contribution to the cost of health insurance, deferral of merit increases and longevity and other payments, and savings from reductions in overtime and agency costs and from attrition; conversion of primary care centers to Federally Qualified Health Centers; increased financial benefit in Managed Care (JM Health Plan) net revenues in light of the new Medicare HMO plan, the Exclusive Provider Organization plan, and the single option group health insurance plan for PHT employees; a reduction in the cost of supplies and other purchased services; improved patient access and central business office processes; Care Management benefits from a reduction in length-of-stay and patient throughput; and growth oriented initiatives in centers of excellence and at Jackson North Medical Center and Jackson South Community Hospital*
- To the extent that savings from efficiencies and operational changes and net revenues are not realized, other service adjustments will be necessary; although efforts will be made to minimize the impact of such reductions by taking into account alternative service availability, patient volumes, and the cost of service, it is anticipated that any other adjustments will increase wait times as patients seek services at other facilities; to the extent that patients with the inability to pay for care have difficulty locating alternative service locations, treatment may be delayed or omitted; in cases such as these, their conditions may deteriorate and emergency care may be required