

MEMORANDUM

Agenda Item No. 11(A)(20)

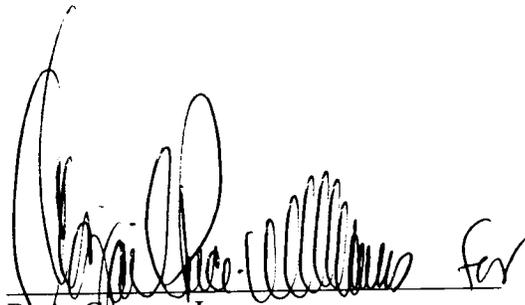
TO: Honorable Chairman Dennis C. Moss
and Members, Board of County Commissioners

DATE: November 4, 2010

FROM: R. A. Cuevas, Jr.
County Attorney

SUBJECT Resolution authorizing and directing the Public Health Trust to form a not-for-profit private corporation to be known as North Dade Health Center, Inc.; recognizing the Board of the Corporation as the Board of Directors for the North Dade Health Center; and authoring agreement to co-apply for FQHC status

The accompanying resolution was prepared and placed on the agenda at the request of Prime Sponsor Commissioner Barbara J. Jordan.



R. A. Cuevas, Jr.
County Attorney

RAC/jls



MEMORANDUM

(Revised)

TO: Honorable Chairman Dennis C. Moss
and Members, Board of County Commissioners

DATE: November 4, 2010

FROM: R. A. Cuevas, Jr.
County Attorney

SUBJECT: Agenda Item No. 11(A)(20)

Please note any items checked.

- "3-Day Rule" for committees applicable if raised
- 6 weeks required between first reading and public hearing
- 4 weeks notification to municipal officials required prior to public hearing
- Decreases revenues or increases expenditures without balancing budget
- Budget required
- Statement of fiscal impact required
- Ordinance creating a new board requires detailed County Manager's report for public hearing
- No committee review
- Applicable legislation requires more than a majority vote (i.e., 2/3's ____, 3/5's ____, unanimous ____) to approve
- Current information regarding funding source, index code and available balance, and available capacity (if debt is contemplated) required

Approved _____ Mayor
Veto _____
Override _____

Agenda Item No. 11(A)(20)
11-4-10

RESOLUTION NO. _____

RESOLUTION AUTHORIZING AND DIRECTING THE PUBLIC HEALTH TRUST TO FORM A NOT-FOR-PROFIT PRIVATE CORPORATION TO BE KNOWN AS NORTH DADE HEALTH CENTER, INC.; RECOGNIZING THE BOARD OF THE CORPORATION AS THE BOARD OF DIRECTORS FOR THE NORTH DADE HEALTH CENTER LOCATED AT 16555 NW 25 AVE. MIAMI, FLORIDA 33147; AND AUTHORIZING AND DIRECTING THE PUBLIC HEALTH TRUST TO NEGOTIATE AND EXECUTE AN AGREEMENT WITH THE NEWLY CREATED NOT-FOR-PROFIT CORPORATION TO CO-ADMINISTER THE NORTH DADE HEALTH CENTER AND TO CO-APPLY FOR FEDERALLY QUALIFIED HEALTH CENTER STATUS

WHEREAS, pursuant to Chapter 25A of the Code of Miami-Dade County, Florida (Chapter 25A), the Public Health Trust (the "Trust") was created as an agency and instrumentality of Miami-Dade County responsible for the governance, operation and maintenance of Jackson Memorial Hospital and other Designated Facilities (as such term is defined in Chapter 25A), and charged to establish standards for the provision of financial and programmatic support of primary health care facilities operating within Miami-Dade County; and

WHEREAS, the North Dade Health Center located at 16555 NW 25 Ave, Miami, Florida 33147 ("The Center") is a primary health care facility presently governed, operated and maintained by the Trust; and

WHEREAS, The Center as presently operated does not qualify for federal funds that are available to community health centers that meet the requirements to become a federally qualified

health care center (“FQHC”) as such term is defined in Section 330 of the Public Health Service Act (“PHSA”); and

WHEREAS, because of operating deficits which would be alleviated partially by the financial benefits of having FQHC status, the Trust is requesting the Board of County Commissioners’ approval to apply to convert the Center into an FQHC; and

WHEREAS, in order for The Center to qualify for FQHC status it must be operated by an independent board of directors, a majority which are directly served by The Center; and

WHEREAS, the Trust seeks approval from this Board to form a new not-for-profit private corporation to be known as North Dade Health Center, Inc., and asks this Board to recognize the Board of Directors of the North Dade Health Center, Inc. as the Board of Directors of The Center, empowered to enter into an agreement with the Trust for the co-administration of The Center and the co-application for FQHC status; and

WHEREAS, this Board desires to accomplish the purposes outlined in the accompanying memorandum and business plan, copies of which are incorporated herein by reference,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA, that this Board hereby (i) authorizes and directs the Public Health Trust to form a not-for-profit private corporation, as described in the accompanying memorandum and business plan, to be known as North Dade Health Center, Inc., which shall have the power to co-administer The Center and to join with the Trust in applying for FQHC status for The Center; (ii) recognizes the Board of Directors of North Dade Health Center, Inc. as the Board of Directors of The Center, and (iii) authorizes and directs the Trust to negotiate and execute an agreement with the North Dade Health Center, Inc. for the FQHC co-application and for the co-administration of The Center.

The Prime Sponsor of the foregoing resolution is Commissioner Barbara J. Jordan. It was offered by Commissioner _____, who moved its adoption. The motion was seconded by Commissioner _____ and upon being put to a vote, the vote was as follows:

| | |
|---------------------------------|--------------------|
| Dennis C. Moss, Chairman | |
| Jose "Pepe" Diaz, Vice-Chairman | |
| Bruno A. Barreiro | Audrey M. Edmonson |
| Carlos A. Gimenez | Sally A. Heyman |
| Barbara J. Jordan | Joe A. Martinez |
| Dorrin D. Rolle | Natacha Seijas |
| Katy Sorenson | Rebeca Sosa |
| Sen. Javier D. Souto | |

The Chairperson thereupon declared the resolution duly passed and adopted this 4th day of November, 2010. This resolution shall become effective ten (10) days after the date of its adoption unless vetoed by the Mayor, and if vetoed, shall become effective only upon an override by this Board.

MIAMI-DADE COUNTY, FLORIDA
BY ITS BOARD OF
COUNTY COMMISSIONERS

HARVEY RUVIN, CLERK

By: _____
Deputy Clerk

Approved by County Attorney as
to form and legal sufficiency.

APW/VCC

Valda Clark Christian

BUSINESS PLAN

SUMMARY:

The Public Health Trust of Miami-Dade County (the "PHT") seeks authority to (1) establish a not-for-profit private corporation to co-apply with the PHT for federally qualified health center status pursuant to Section 330 of the Public Health Service Act (the "PHSA") and to co-administer the North Dade Health Center ("The Center") with the PHT, and (2) negotiate and execute an affiliation/operating agreement (the "Affiliation Agreement") with the newly created not-for-profit corporation for the co-application and co-administration of The Center. The calculated savings for The Center is \$2,454,967. The Center was selected due to its high index of health disparity in high incidents of diabetes, hypertension, infant mortality and its high financial loss. The incorporated Center will serve as an independent not-for-profit entity. The Articles of Incorporation, the Bylaws and the Affiliation Agreement will set forth the responsibilities of the Trust and the newly created entity and will endeavor to protect the interest of the PHT and Miami-Dade County while allowing for compliance with Section 330 of the PHSA. The PHT will retain its personnel, fiscal responsibility and assets of The Center, details will follow in Section "PHT and Center Overall Responsibilities". The Affiliation Agreement will be between the PHT and the newly created not-for-profit corporation with the grant being awarded by the Federal government. In order for this transaction to occur, the Board of County Commissioners (BCC) will need to delegate to the PHT the authority to form a newly created entity that will co-manage and co-operate The Center. Enclosed please find Policy Information Notice (PIN) 99-09 which allows for the co-management and co-operation of The Center.

BACKGROUND:

Beginning in 2014, Medicare and Medicaid Disproportionate Share Program (DSH) allotments will be transitioned to fund community based primary care (Federally Qualified Health Centers). The goal of this strategy is to increase the focus on primary care and prevention. This will shift the volume and reimbursement to serve the primary care market. Hospital systems without integrated primary care strategies will suffer great financial losses.

Miami-Dade County has over 646,000 uninsured residents under the age of 65 (2008). In 2006, over 50% of the uninsured were below 200% of the federal poverty level. In light of these statistics, Jackson Health System (JHS) has made the strategic decision of converting our Primary Health Care Centers into FQHCs. This transformation will allow JHS to take advantage of the following federal resources:

- Significant Low Income Pool (LIP) funding for ER diversion programs in the community.
- Research funding for health centers who can provide access for longitudinal studies.

- Hospital systems are being incentivized to develop Alternative Systems of Care to support an integrated approach to community based primary care.
- Provides \$650,000 in grants for each applicant.
- Ensures access to enhanced Medicaid and Medicare reimbursement.
- Enhance graduate education reimbursement.

The federal grant application was issued on August 9, 2010 and is due on November 17, 2010. The aforementioned grant will not be reissued until next year. In this application cycle, 5% of the grant is mandated to be awarded to public hospitals, so this presents a significant funding opportunity for JHS. We have obtained support from our Washington legislative delegation for the submission of the aforesaid grant application, which is extremely competitive.

The Needs Assessment (enclosed as the PowerPoint presentation) demonstrates that the northern part of the County is one of the highest local areas affected by health disparities; therefore, starting the application process with The Center increases our funding probability.

Different governing models have been studied, including Denver Health, Florida Palm Beach Health Department, and other health taxing districts. At least 80% that are co-applicants are incorporated.

Two of the PHT current primary care clinics, the Dr. Rafael A. Peñalver Clinic and the Jefferson Reaves Senior Health Center are already incorporated and have existing boards. On April 27, 1999, the Miami-Dade County Board of County Commissioners passed resolution R-451-99 recognizing the Board of Directors of the Dr. Rafael A. Peñalver Clinic as the Board of Trustees for that health center, and authorizing it to act in such capacity. The resolution clearly states that the clinic and equipment therein are the property of Miami-Dade County. The employees and the fiscal responsibility are governed by the PHT policies. Jefferson Reaves Senior Health Center has the same relationship as the Dr. Rafael A. Peñalver Clinic. They both are incorporated and have executed agreements with PHT to provide primary health care services. Our goal is to strengthen this existing model and incorporate The Center with its own board of directors. The Center is the only clinic of the three that can acquire FQHC status that is not incorporated and at this time, due to results of the Need Assessment, has the best probability of being awarded as an FQHC.

Potential board of directors has been identified through a thorough application process. The initial board will be selected and seated upon approval of the incorporation by BCC. Among the responsibilities of the first meeting, the newly seated board of directors will approve the already PHT-approved FQHC Budget for 2011 and the FQHC Co-Application prepared for submission on November 17, 2010.

PHT BOARD OF TRUSTEE APPROVAL HISTORY:

On May 11, 2010 the Strategic and Program Planning Committee of the PHT Board authorized staff to initiate the process of converting the JHS Primary Health Centers into the FQHC model. Our research revealed the following requirements:

- Independent incorporated board.
- HRSA's goal to provide services to the underserved community. Thus, this prompted the development of a needs assessment to determine the areas of health disparities.

Consistent updates were provided to the PHT Board at the Strategic and Program Planning Committee on October 12, 2010. On the aforesaid date, the PHT approved a resolution entitled:

RESOLUTION ADOPTING THE ATTACHED NORTH DADE HEALTH CENTER FEDERALLY QUALIFIED HEALTH CENTER ('FQHC') APPLICATION BUSINESS PLAN, IN PRINCIPLE; AND AUTHORIZING THE PUBLIC HEALTH TRUST PRESIDENT TO (1) PROCEED WITH THE ESTABLISHMENT OF A NOT-FOR-PROFIT PRIVATE CORPORATION TO CO-APPLY WITH THE PUBLIC HEALTH TRUST FOR FQHC STATUS AND TO CO-ADMINISTER THE CENTER WITH THE PUBLIC HEALTH TRUST; AND (2) NEGOTIATE AND EXECUTE AN AGREEMENT WITH THE NEWLY CREATED NOT-FOR-PROFIT CORPORATION FOR THE CO-APPLICATION AND CO-ADMINISTRATION OF THE CENTER

PURPOSE OF THE INCORPORATION:

The new section 330(j) (3) (H) of the PHSA requires that all health care centers which receive health center funding under section 330 of the PHSA, have a governing body which meets all section 330 requirements, including the requirement that a majority of the governing board of the health center be comprised of individuals who are served by or who are clients of the health care center ("consumer representatives"). The public entity can either (a) reconstitute its board so as to meet the requirements of section 330 of the PHSA or (b) partner with a co-applicant whose board has the adequate consumer representatives in order to meet the section 330 requirements.

Benefits of converting to an FQHC also include:

- Medical home environment for patients.
- Encourages hospitals, doctors, and post-acute providers to improve patient care and achieve savings through bundled payments.

- Closes the gap on primary care shortage.
- Creates new program to develop community health teams supporting medical homes to increase access to community-based, coordinated care
- Develops demonstration program for chronically ill Medicare beneficiaries using physician and nurse practitioner-directed home-based primary care teams
- Expand innovative payment and delivery arrangements

An independent non-profit will be given the authority to manage the health center to the extent allowed by Chapter 25A of the Code of Miami-Dade County, Florida, with shared responsibility in the exercise of some authorities. The delegation of authority to this newly created entity and the shared roles and responsibilities will be fully described in the Affiliation Agreement. The governing board of the independent non-profit will maintain an acceptable size, composition, and meeting schedule and will be composed of consumer representatives to the extent required by the PHSA.

The PHT already complies with a majority of the Federal Standards for Health Centers as described below:

- Be a public or private not-for-profit organization;
- Provide comprehensive primary care (directly and/or by contract);
- Access of patient to care regardless of ability to pay;
- Serve a medically underserved area or a medically underserved population;
- Have clinical and administrative leadership, systems and procedures to guide the provision of services;
- Ongoing quality improvement programs;
- Have a schedule of fee discounts based upon the patient's ability to pay for patients with incomes below 200% of the Federal Poverty Level (FPL).

By having a community-based board in collaboration with PHT (through an agreement, Bylaws and article of incorporation), we will be able to collaborate on:

- Hiring the Executive Director;
- Establishing services, hours of operations;
- Establishing Fee schedules, discount schedules, and the annual budget
- Have a board that is representative of the community being served and at least 51% of board members must be regular consumers of the health center.

An affiliation agreement between the Public Health Trust and North Dade Health Center, Inc. ("NDHC, Inc.") will allow both entities to oversee the provision of primary and preventive health care while complying with applicable laws and regulations. The agreement will define the covered services; population served; fiscal responsibility; budget development; board membership and composition; and the role, selection, evaluation and removal of the executive director; as well as dispute resolution.

The advantages outweigh any disadvantages and that is the reason health systems across the nation are converting their primary health centers that traditionally are a financial loss to the organization into FQHC. The risk associated with this model is one that if the corporation decides to sever relationship with PHT as an incorporated body it

can be done. But this decision will leave the corporation with no viable avenue to sustain its mission, since the building, asset, finance and employees are the property of the PHT and County.

SERVICES:

The Center currently provides the following services:

Comprehensive Primary Care:

- Pediatrics/Immunizations
- Obstetrics/Gynecology Exams
- Adult Medicine
- Laboratory
- Pharmacy Services
- Radiology
- School/Work Physicals

Special Services:

- Dental Exams
- Mammograms
- Eye Exams and Glasses
- Nutritional Counseling
- Pediatric Cardiology
- Pediatric Waiting Room Pagers
- Pharmacy Re-fill Phone Line
- Podiatry
- HIV/AIDS Testing and Care
- Social Services
- WIC Referrals
- Individualized Health Teaching
- Educational Programs on a Full Range of Topics
- NDHC Health Care-A-Van
- Community Health Screenings

In addition the grant will provide enhanced services such as chronic disease management and wellness clinics.

NORTH DADE HEALTH CENTER, INC. BOARD OF DIRECTORS:

Composition and Selection:

- The Board will consist of 9-25 members. For the inaugural Board, the President and CEO of JHS will select the initial, or first seated, Board members and Officers.

- Candidates will complete a comprehensive biographical profile, which will be reviewed against the expectations of the governing board. Selected candidates will be interviewed by the JHS President and CEO, a PHT Board Member and the Vice President for Ambulatory Services upon approval of the incorporation by the BCC. The candidate(s) selected will receive a letter of notification regarding their appointment to the Board. The candidates not selected will also receive a letter regarding their non- appointment to the Board.
- A majority of the Board members will be users of The Center's services. These members will be representatives of the individuals receiving services by The Center.
- No more than one half of the remaining members of the Board may be individuals who derive more than 10% of their annual income from the health care industry.
- The remaining members of the Board must be representatives of the community where the project's catchment area is located and will be selected for their expertise in community affairs, local government, finance, and banking, legal affairs, trade unions and other commercial and industrial concerns or social service agencies within the community.
- No member of the Board may be an employee of the health care center.
- No Board member may pursue any personal activity that will involve a conflict-of-interest.
- The officers of the Corporation will be the Chairman, Vice Chairman, Secretary, Treasurer, and such other officers as may be elected by the Board of Directors.

Election, Term of Office, and Qualifications:

Officers other than the Chairman shall be elected by the Board of Directors at its annual meeting (excluding the initial set of Officers). Each officer shall hold office until his/her successor is either elected at the next annual meeting of the Board; resignation is effective, removed from office, or deceased. The board of the NDHC, Inc. shall select one of its members to recommend to the PHT Board as Chairman of the Board and such recommendation shall be voted upon by the PHT Board (excluding the initial Chairman who will be selected by the JHS President and CEO).

Resignations:

Any officer may resign at any time by giving notice in writing to the Chairman. The Chairman may resign at any time by giving notice to the NDHC, Inc. Board of Directors and the Chairman of the PHT. Unless otherwise specified in the notice, the resignation shall be effective upon receipt.

Removal:

Any officer **other than the Chairman** may be removed for cause, by a two-thirds vote of the Board of Directors at any meeting. The Chairman may be removed for cause upon written notice from the Chairman of the PHT.

Vacancies:

A vacancy in any office by reason of death, resignation, removal, disqualification, or any other cause may be filled for the unexpired portion of the term in the manner described by these Bylaws for regular election or appointment to such office.

Terms:

- The terms of all directors shall be for a period not to exceed three years.
- The initial terms of directors shall be staggered so that the term of approximately one-third of the total seated directors will expire after a year.
- The directors shall hold office until successors are appointed and have taken office.
- Directors may be re-appointed to succeed themselves, but shall not be eligible to serve more than two consecutive full terms. Upon the unanimous approval of the Board, directors who have served more than two consecutive terms shall be eligible to serve one additional term after their current term has expired for a total of three consecutive terms.
- Notwithstanding these term limitations, a director who has served three consecutive terms may have his or her term extended for an additional term, if no other candidates are available to serve and upon the unanimous approval of the Board of Directors.
- An officer of the Corporation shall not receive, directly or indirectly, any salary, compensation, or payment from the Corporation, either as such officer or in any other capacity.

Function and Roles:

- **Chairman:** The Chairman shall be the principal executive officer of the Corporation and shall have general charge and control of the affairs of the Corporation and general supervision over its officers and agents, subject to the direction of the Board of Directors. The Chairman may sign and execute in the name of the Corporation agreements or other instruments authorized by the Board. The Chairman shall have such other powers and duties as may be incidental to the office, or as assigned to him/her by the board.
- **Vice Chairman:** At the request of the Chairman or in his/her absence or disability, the Vice Chairman shall perform all the duties of the Chairman and

when so acting, shall have all the powers of, and be subject to all restrictions of the Chairman. The Vice Chairman may also sign and execute in the name of the Corporation agreements or other instruments authorized by the Board. The Vice Chairman shall have such other powers and duties as may be assigned to him/her by the Board or the Chairman.

- **Secretary:** The Secretary shall record all the proceedings of the meetings of the Board of Directors, cause all notices to be duly given in accordance with the provisions of these Bylaws and as required by law, retain custody of the records and seal of the Corporation and cause such seal to be affixed to all instruments authorized to be executed by the Corporation; and to ensure that the reports, statements, and other documents and records required by law are properly kept and filed. The Secretary shall have such other powers and duties as may be incidental to his or her office, as assigned to him or her by the Board or the Chairman.
- **Treasurer:** The Treasurer shall be the principal financial officer of the Corporation, shall have the care and custody of all funds of the Corporation, and shall deposit the funds in accordance with instructions of the Board of Directors and the agreement between the PHT and The Center. He or she shall receive money paid on account of the Corporation, and shall payout the funds on hand for all bills and other just debts of the Corporation, in accordance with established budget. He or she shall make such reports on the finances of the Corporation to the Board as may be required at any time, and shall perform all other duties coinciding with the office of the Treasurer.

Board of Directors Overall Responsibilities:

The Board of Directors shall have the following authority:

1. Collaborate in the development and preparation of the federal grant application.
2. Provide comprehensive primary care services to residents of the medically under-served areas of North Dade.
3. Increase the accessibility of primary care services to the uninsured and under-insured population group of North Dade.
4. As a community health center, strive to provide and deliver the highest possible quality of primary care in furtherance of the goal hereunder.
5. Develop an integrated primary care program with other community resources.
6. Monitor the services being provided by the community health center to ensure that the needs of The Center are being met within the constraint of the committed financials and other resources.
7. Ensure that professional standards are maintained and observed.
8. Assess, plan, implement and evaluate the community health needs of The Center and interpret those needs for the staff and the residents of the community.
9. To be responsible for approving the selection and dismissal of the director within the guidelines of the PHT Personnel Policies and Procedures.

10. To provide guidance regarding services and their priorities, and to establish how these priorities should be ranked as they pertain to program development.
11. To adopt and be responsible for operating personnel policies and procedures, including selection and dismissal procedures, salary and benefits scales and employee grievance procedures within the guidelines of the Public Health Trust Personnel Policies and Procedures.
12. To be responsible for evaluating health care activities including services utilization patterns, productivity of The Center, patient satisfaction, achievement of projects objectives, and development of a process for hearing and resolving patient grievances.
13. To ensure that The Center is operated in compliance with applicable federal, state and local laws, rules and regulation.
14. To adopt health care policies, including scope and availability of services, location and hours of operation.
15. To assure compliance with the approved Quality Assurance Plan.
16. To review all policies regarding the conduct of the federally funded project.

PHT and Center Overall Responsibilities:

1. The PHT will retain authority for the following:
 - a. To hire all Center personnel, with the exception of the Executive Director of The Center who shall be nominated by the Board of Trustees of the PHT and selected by majority vote of the Board of Directors of the newly created non-profit.
 - b. To establish personnel policies and procedures, including selection and dismissal procedures, salary and benefit scales, employee grievance procedures, and equal employment opportunity practices; and
 - c. To develop management and control systems that are in accordance with sound financial management procedures, including: the provision for an audit on an annual basis to determine, at a minimum, the fiscal integrity of financial transactions and reports and compliance with the terms and conditions of FQHC Look-Alike designation; approval of the annual center budget; establishment of systems for eligibility determination, billing and collection, including partial payment schedules; making other reasonable efforts to collect for costs in providing health services to persons eligible for Federal, State or local public assistance; and, long range financial planning.
2. The Center will work to ensure that the operation is done in accordance with the terms and conditions of the HHS Notice of Grant Award to the Public Health Trust.
3. All Center personnel shall be employees of the Public Health Trust, which shall be responsible for the payment of wages, fringe benefits, workers compensation and unemployment compensation.
4. The PHT will retain title to all assets obtained with Grant funds. Assets will be vested in the Public Health Trust for the use and benefit of The Center.

- In the event of termination of this Agreement, the Public Health Trust shall retain or transfer such assets to an organization as designated by HHS.
5. The NDHC, Inc and Public Health Trust shall establish the following policies for health care delivery at The Center, which shall include but with limitation: scope and availability of services, location and hours of services, quality of care, audit procedures, and budgeting and financial auditing (consistent with the Grant Application Notice of Grant Award, Federal, State and local regulations, Public Health Trust Bylaws and such Public Health Trust rules and regulations which do not limit the specific authority granted by this subsection).
 6. Grant funds will be disbursed by the Public Health Trust in accordance with the federally approved budget. No disbursement will be made other than as set forth in the budget without prior written approval of the Public Health Trust. Any grant funds remaining after the end of the Fiscal Year will be disbursed at the direction of the granting authority. The Public Health Trust shall make its books and records available for inspection at all times upon request by the NDHC, Inc., or it's duly authorized agent or representative.

OPERATIONS

General Powers:

The business and affairs of The Center will be co-managed by the Board of Directors of The Center and the PHT. The Board of Directors of The Center will be given the authority to manage the health center to the extent allowed by Section 25A of the Code of Miami-Dade County, Florida, with shared responsibility in the exercise of some authorities. The Board of Directors shall have the power to act on behalf of the Corporation as permitted by the statutes of the State of Florida, the Articles of Incorporation, Bylaws, and the Affiliation Agreement.

The Executive Director of The Center will have primary responsibility over the day-to-day operations of The Center. This individual is responsible for the preparation of the budget and financial plan for each fiscal year, which shall be reviewed and approved jointly by the Board of Directors and PHT prior to submission to any government or funding agency. This position will be nominated by the PHT, selected by majority vote of the Board of Directors of The Center and will be employed by the Public Health Trust.

Structure:

The structure proposed is one that follows the Policy Information Notice (PIN) that describes the requirements for all programs covered under Section 330 of the PHSA. The statute states in Section 330 (j) (3) (h) that all programs must have a governing body which assumes full authority and oversight responsibility for the health center.

The governing board must maintain an acceptable size, composition and meeting schedule. It will be composed of individuals, a majority of who are being served by The Center and who as a group, represent the individuals being served by The Center.

In order to achieve these requirements the Board of Directors for NDHC, Inc. must, as the rest of our Primary Health Centers, be incorporated. The Executive Director of The Center will report to the Board of Directors and be an employee of the Public Health Trust, the same structure followed by Denver Health.

The goal is to give the Board the autonomy to operate The Center as required by the 330 Grant. In addition, the Board composition or membership is to ensure that boards are sensitive to the needs of all of the consumers or clients. The community representation is to provide a pulse or voice of the community.

The provision outlined also allows the Public Health Trust to be a co-applicant on the grant and in that capacity the Public Health Trust retains the responsibility of establishing fiscal and personnel policies. The autonomy of the Board of Directors is recognized to the extent allowed by the Public Health Trust Bylaws with shared responsibility in the exercise of some authorities.

In PIN #99-09 the preference of the Federal government model is to have the co-applicant incorporated as a separate entity, with adopted Bylaws which specify its authorities and methods of operation, vis-à-vis the public entity. Experience has shown that this is the preferred method of the federal government

FINANCIAL IMPACT:

In fiscal year 2010 The Center had a projected loss of \$4.6 million and for fiscal year 2011 it will have a loss of \$3.2 million without the FQHC initiative. If this center is converted into a FQHC, The Center will have a loss of \$765,096 for fiscal year 2011, a loss of \$340,267 for fiscal year 2012; however, by fiscal year 2013 it will break even.

The steps to the projections are as follows:

- The proposed budget begins with the Needs Assessment and Community Characteristics prepared for the clinic's target population.
- Volume is derived from the historical actual, current staffing, target productivity, and national standards for primary care clinic physician productivity. Year 2 of the proposed FQHC volume increases with the intent to add one physician, for a total of 7 physicians to supplement the additional need in the target population.
- Net Revenue is calculated based on actual reimbursement and collection rates by payor. FQHC proposed Net Revenue takes into account the additional \$650,000 in grant funding and increased reimbursement for Medicaid and Medicare payor sources.

- Expenses are based on historical actual purchased services and supplies with inflation of 3% and 5% respectively in line with overall PHT budget practices.

North Dade Health Center
Proposed FQHC Budget

| | Projected FY 2010 | without FQHC Projected FY 2011 | FQHC Projected FY 2011 | without FQHC Projected FY 2012 | FQHC Projected FY 2012 |
|---------------------------|-------------------|-----------------------------------|---------------------------|-----------------------------------|---------------------------|
| Visits: | 28,338 | 28,338 | 28,338 | 26,338 | 31,308 |
| Net Revenues: | | | | | |
| Total Net Revenues | \$ 676,148 | \$ 676,148 | \$ 2,481,116 | \$ 676,148 | \$ 2,949,068 |
| FQHC Grants | 0 | - | 650,000 | - | 650,000 |
| Total Revenues | \$ 676,148 | \$ 676,148 | \$ 3,131,116 | \$ 676,148 | \$ 3,599,068 |
| Expenses: | | | | | |
| Total Salaries & Benefits | \$ 4,935,520 | \$ 3,368,703 | \$ 3,368,703 | \$ 3,394,223 | \$ 3,394,223 |
| Purchase Services | 205,067 | \$ 199,718 | \$ 199,718 | \$ 203,710 | \$ 203,710 |
| Supplies | 85,628 | \$ 272,592 | \$ 272,592 | \$ 286,222 | \$ 286,222 |
| Total Direct Expenses | \$ 5,227,214 | \$ 3,841,011 | \$ 3,841,011 | \$ 3,884,155 | \$ 3,884,155 |
| Other Operating Costs | \$ 59,966 | \$ 55,200 | \$ 55,200 | \$ 55,200 | \$ 55,200 |
| TOTAL OPERATING EXPENSES | \$ 5,287,180 | \$ 3,896,211 | \$ 3,896,211 | \$ 3,939,355 | \$ 3,939,355 |
| Total Income/(Loss) | (4,611,032) | (3,220,063) | (765,095) | (3,263,207) | (340,287) |
| FTEs | 59.1 | 40.0 | 40.0 | 40.0 | 40.0 |

All grant funds will be disbursed by the Public Health Trust in accordance with the federally approved budget. The following is the proposed budget for year one.

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FQHC Budget Justification
Jackson Health Systems

| REVENUE | YEAR 1 |
|-----------------------------------------------------------------------------------|--------------------|
| Gross Revenue | |
| Medicaid: Medical | 1,275,076 |
| Medicaid: EPSDT (if different from medical rate) | |
| Medicaid: Dental | |
| Medicaid: BH/SA | |
| Medicaid: Other Fee for Service | |
| SUBTOTAL MEDICAID | 1,275,076 |
| Medicare: all inclusive FQHC rate | 606,414 |
| Medicare: other fee for service | |
| SUBTOTAL MEDICARE | 606,414 |
| Private Insurance (Medical) | 596,753 |
| Private Insurance (Dental) | |
| Private Insurance (BH/SA) | |
| SUBTOTAL PRIVATE | 596,753 |
| Self-Pay: 100% charge, no discount (Medical) | 894,216 |
| Self-Pay: 0% - 99% of charge, sliding discounts including full discount (Medical) | 4,980,716 |
| Self-Pay: 100% charge, no discount (Dental) | |
| Self-Pay: 0% - 99% of charge, sliding discounts including full discount (Dental) | |
| Self-Pay: 100% charge, no discount (BH/SA) | |
| Self-Pay: 0% - 99% of charge, sliding discount including full discount, (BH/SA) | |
| SUBTOTAL SELF PAY | 5,874,932 |
| SUBTOTAL: Other Public | 270,291 |
| TOTAL FEE FOR SERVICE | 8,623,466 |
| Contractuals | |
| Medicaid | (599,141) |
| Medicare | (484,159) |
| Private | (10,412) |
| Self Pay | (5,048,640) |
| Other Public | - |
| TOTAL CONTRACTUALS | (6,142,361) |
| Net Revenue | |
| Medicaid | 675,936 |
| Medicare | 122,254 |

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| | |
|----------------------------------------|------------------|
| Private | 586,342 |
| Self Pay | 826,292 |
| Other Public | 270,291 |
| TOTAL NET REVENUE | 2,481,115 |
| Other Operating Revenue- GRANTS | 650,000 |
| TOTAL REVENUE | 3,131,115 |
| EXPENSES | |
| Personnel | 2,552,047 |
| Fringe Benefits | 816,655 |
| Travel | 7,700 |
| Equipment | 7,500 |
| Supplies | 272,592 |
| Contractual | 55,492 |
| Construction | - |
| Other | 184,224 |
| TOTAL DIRECT CHARGES | 3,896,211 |
| Indirect Charges | |
| TOTAL EXPENSES | 3,896,211 |
| NET INCOME / (LOSS) | (765,096) |

No disbursement shall be made other than as set forth in the budget without prior written approval of both entities. The Center's staff with PHT overview and supervision shall be responsible for maintaining such financial records and developing the budget in the administration of the grant.

The Budget will be developed by the Executive Director in accordance with PHT financial policies and procedures. Both PHT and NDHC, Inc. must approve the annual budget.

The PHT will continue to fund The Center as defined in FY 2011 budget. The Center acknowledges that funding contemplated under the agreement may be subject to contingent funding from other sources. Funds for such services may be depleted for reasons beyond the control of the PHT. While the PHT will make best efforts to avoid the possibility of the following occurring, if sufficient funds are not included in the next annual budget, funding from outside sources are cut off or reduced, or funds are exhausted from reasons beyond the control of PHT, both entities will discuss potential initiatives to ameliorate the financial impact. The PHT agrees that the state and federal grant dollars as well as enhanced reimbursement rates, received for FQHC services will

all be for the benefit of The Center to ensure that such funds are used to increase access to primary and preventative care.

Grant Award Notification:

It is anticipated that notice will be given to successful grant applicants within three to six months of the submission deadline.

Next Steps:

Upon completion and approval of our first application, our goal is to use The Center as our model and make all of our primary care centers FQHCs or FQHC Look-Alikes. The goal for this project is to have all of our applications for the remainder of the clinics completed by the first quarter of calendar year 2011.

Upon BCC approval the following timeline will be followed:

1. Review of the application and interview Board of Directors for NDHC, Inc.
2. Selection of Board Directors, including officers, for NDHC, Inc.
3. Seating of first Board of Directors for NDHC, Inc.
4. Review and approval by Board of Directors, NDHC, Inc. of the Bylaws and review and execution of the affiliation agreement
5. Approval of application and budget by the Board of Directors
6. Submit application to 330 grant
7. PHT CEO continue Federal efforts for approval of application together with the Heinz Foundation
8. Review Look-Alike status for the other two centers and submit application