

Marion County Hospital District

Minutes of the Meeting of the Board of Trustees

April 27, 2015 @ 5:00 p.m.

Marion County Hospital District Office
1121 SW 1st Avenue, Ocala, FL

Larry Strack - Chairman of the Board

Call to Order

Larry Strack called the April 27, 2015 regular meeting of the Marion County Hospital District Board of Trustees to order with a quorum present at 5:30 p.m.

Board Members Present

Larry Strack, Rich Bianculli, Ram Vasudevan, Ken Marino, David Cope, Sam McConnell, Randy Klein (arrived at 5:55 p.m.)

Board Members Absent

None

Hospital Attorneys Present

Jonathan S. Dean

Others Present:

Jon Kurtz, Debbie Cooper, Dolly Dockham, Terri Judy, Fred Hiers, Mary Lu Fritz, Stan McClain, Dick Grosso, Kerrie Jones-Clark

Approval of Previous Minutes (April 21, 2015 and March 30, 2015)

The Minutes of the April 21 and March 30, 2015 Meetings were approved as presented.

A **Motion** was made by Sam McConnell to accept the Minutes of the March 30, 2015 Board meeting and the April 21, 2015 Committee meetings as presented. The **Motion** was seconded by Ken Marino. With no further discussion, the motion carried unanimously.

New Business

Financial Review

Cash Report

Debbie Cooper advised that the Cash Report attached to the Agenda was for the previous period and the correct Report for the current period with updated balances will be sent to the trustees by email.

March Financial Report

Ms. Cooper and Mr. Kurtz discussed the March financials prepared by Crippen & Co.

A **Motion** was made by Sam McConnell to accept the Financial Report of Crippen & Co. as presented. The **Motion** was seconded by David Cope. With no further discussion, the motion carried unanimously.

Grant Committee update

WellFlorida Community Health Survey

David Cope gave a brief overview of the Health Survey, which has now been launched. Children's Alliance has put the survey on their website, as well as getting copies of the survey and distributing them through various coalitions. Mr. Cope has contacted Jeff Feller at WellFlorida to confirm that we are still on track.

Mr. Cope, Ed Dean and Jon Kurtz had a conference call with Nicolas Witttrup at IHI (Institute for Healthcare Improvement) on April 8, 2015. Mr. Cope commented on the success IHI has had and reported on one of their case studies from Genesee County, Michigan known as Genesys HealthWorks: Pursuing the Triple Aim Through a Primary Care-Based Delivery System, Integrated Self-Management Support, and Community Partners.

A **Motion** was made by Sam McConnell to accept the Grant Committee report as presented. The **Motion** was seconded by Ken Marino. With no further discussion, the motion passed unanimously.

Investment Committee and Investments Update

Investment Reports – Advisors Present for Quarterly Review

Rich Bianculli gave a brief synopsis of the meeting with investment advisors for their quarterly meeting on April 21, 2015. Overall, the investments are up by \$6MM over the past six months.

Investment Training

The investment committee members are required to have eight (8) hours of investment training annually. There will be three 2 hour and 45 minute sessions held on the Monday before each quarterly investment committee meeting. Each investor will take a turn presenting the training, which will be videotaped and/or recorded for any trustee that cannot be present at the training session. The training sessions will be held at the District Office from 2:00 p.m. to 5:00 p.m. with SunTrust leading the July training session, Goldman Sachs leading the October training session and Massey Quick leading the January 2016 session.

Mr. Bianculli encouraged the trustees to review the training topics and make any suggestions for additional topics they would like to include.

July 2015 Training by SunTrust:

Foundation Board Responsibility
Terminology

October 2015 Training by Goldman Sachs:

Portfolio Management
Risk Analysis
Asset Allocation
Portfolio construction: How to mitigate risk
Navigating and speaking their language – Alpha, Beta, Sharpe ratio, volatility

January 2016 Training by Massey Quick:

Equity Markets

Fixed Income Investing

Private Equity Investing

Hedge Fund Investing

Dividend Yielding Stock Investing

Value Stock Investing

Bond Investing

A Primer on Bonds: What's this business when interest rates go up bonds go down?

Alternative investments: What are they and why would I want them?

A **Motion** was made by Sam McConnell to accept the Investment Committee report as presented. The **Motion** was seconded by Ram Vasudevan. With no further discussion, the motion passed unanimously.

Finance Committee update

Sam McConnell gave an overview of the Finance Committee meeting held on April 21, 2015 and went briefly through the items in the Finance Committee Minutes.

Escrow

Indemnity Claims

the request to pay the Hospital Readmission Reduction Penalties (HRR Penalties) of \$121,789 for the period of April 1, 2014 through February 24, 2015 and Hospital Vale-Based Purchasing Program Penalties for \$178,853 for the period of April 1, 2014 through February 24, 2015 from CHS are being reviewed by our consultant and we will forward his memo to Linda Fleming at Carlton fields per the request of Chairman Larry Strack. These are penalties incurred going back two years and can be incurred in future years due to the Affordable Health Care Act.

Covisint

The software provided by Covisint under the Covisint Agreement was not functional and Covisint was in breach of the agreement prior to the Lease Commencement date. MRMC claims to have had \$475K in losses and there are fees due prior to the Lease Commencement date in the amount of \$150,802. There is a \$750K cap on damages due to failure to disclose against the contracts. Greg Coughlin and Jon Dean will be negotiating with Covisint about the balances due.

Liability Issues

There are currently 4 professional liability cases pending; all general liability cases have been settled. There are 11 workers compensation cases, not including the cases in excess.

Stark Violations

Jon Kurtz advised the Board that CHS is evaluating two possible Stark violations. The first potential violation concerns deductibles of physicians and families paid by the Hospital. The second potential violation is that compensation was being paid to directors of various groups of doctors in the Hospital. It was requested to have Jon Dean or Jon Kurtz have Greg Coughlin send information on the violations/penalties to Linda Fleming for further analysis.

Action Steps for Goal Three

This document was discussed in more detail at the Grant meeting and Sam McConnell recommended since it is an operational agreement with many individual responsibilities that it go to the Board for approval. The goal is to populate the action steps by the May Board meeting.

Memorandum of Understanding with Munroe

Jon Kurtz and Debbie Cooper met with Eric LaChance, CFO of CHS, to discuss the TSA that expires on March 31, 2015. A new agreement (MOU) has been generated to show items that will continue to be performed by CHS after 3/31/15. Those services include:

1. Process the financial close for the month ending 3/31/2015.
2. Continue to process credit balances in AR as of 3/31/2015.
3. Reinstate Medicare number and prior NPI (1548265739) every 90 days or as required.
4. Records custody agreement. Assist in retrieving records when requested by Seller.
5. General support, if available to provide.
6. AR agreement to encompass posting of payments and adjustments including payments to collection agencies
7. Continue to work RAC and CMS requests if Lessee can reasonably handle.
8. Continue to work payment errors and straddle payments.
9. Hosting of certain systems. Incremental costs, if any, will be charged to Seller.

All work will be billed at \$35/hour except where consultants are utilized, and then the charge will be actual contracted hourly rate, plus 20%, to allow for travel and incidentals charges.

A **Motion** was made by Sam McConnell to accept the Finance Committee Report, as presented, with the exception of the recommendation to acquire the Blocker Building. The **Motion** was seconded by Ram Vasudevan. With no further discussion, the motion passed unanimously.

Other Matters

Blocker Building

The Hospital has requested that the District purchase the Blocker Building from the County and then the District would lease the property back to the Hospital for the purchase price and any additional fees incurred. The property would then become part of CHS's capital improvement plan which is due June 30, 2015.

Hank Ehlers, Trustee, owes the District approximately \$700K for payment of back taxes on the TimberRidge property, which were paid on the TimberRidge office complex's behalf. CHS has indicated they want to handle the negotiations and have accountability to collect the delinquency so that they can remain in the driver's seat.

After discussion, it was the recommendation that the Trustees acquire the Blocker Building at 1219 South Pine Avenue in Ocala for the County's appraised value and that the Lease and Purchase Agreement be amended to include the Blocker property, contingent upon CHS agreeing to allow a pro rata sharing of any money recovered. Also, a Notice of Default of Lease will be filed by CHS immediately.

It was requested that Jon Dean contact the attorney for CHS and Mr. Kurtz contact Bob Moore at CHS with the Board's recommendation.

A **Motion** was made by Randy Klein to acquire the Blocker Building for the County's appraised value and amend the Lease and Purchase Agreement with CHS to include the Blocker Building property; CHS will immediately file a Notice of Default of Lease as to the Ehlers property; CHS will proceed with collection of the amounts owed to the District and CHS, with CHS agreeing to allow a pro rata sharing of any money recovered relative to the amounts owed to each party. The **Motion** was seconded by Sam McConnell. With no further discussion, the motion passed unanimously.

Old Business

None

Legal Matters

None

Public Comments

None

Adjournment

The meeting was adjourned by Larry Strack at 6:52 p.m.



Lawrence J. Strack, Chairman