

**NORTH BROWARD HOSPITAL DISTRICT  
BOARD OF COMMISSIONERS'  
REGULAR MEETING  
Wednesday, August 28, 2013- 4:00 p.m.  
Broward Health Imperial Point  
Auditoriums**

**MINUTES**

The Regular meeting of the Board of Commissioners of the North Broward Hospital District was held on Wednesday, August 28, 2013 at 4:00 p.m. in the auditoriums at Broward Health Imperial Point, 6401 North Federal Highway, Fort Lauderdale, Florida.

Notice of this meeting is attached to the official Minutes as EXHIBIT I. The official Agenda for this meeting, as presented for the consideration of the Board, is attached to the official Minutes as EXHIBIT II. Original registration sheets listing attendees, as well as those who wished to address the Board, are attached to the official Minutes on file in the Board of Commissioners' office.

Chair Gustafson called the meeting to order at 4:05 p.m.

**ROLL CALL**

*Commissioners:*

Present: Commissioner Joel Gustafson – Chair  
Commissioner Debbie Kohl- Treasurer/Secretary  
Commissioner David Di Pietro - Board Member  
Commissioner Kimberly Kisslan – Board Member  
Commissioner David C. Nieland – Board Member

**At this time, Commissioner David Nieland was sworn in as a Board member of the North Broward Hospital District by Broward County Commissioner Chip LaMarca, District 5.**

The invocation was given by Rabbi Lewis Littman, Retired, followed by the Pledge of Allegiance led by Alice Taylor, CEO, Broward Health Imperial Point.

**COMMENTS FROM AUDIENCE:**

Dr. Terrace Lamb, an Internal Medicine/Hospitalist at BHIP, addressed the Commissioners and informed them that he was opposing the recommendation of the BHIP Medical Council that he resign his position on staff at BHIP. He explained that he has been on staff for about 3 years and the reason for the resignation is because he is only Board Eligible and not Board Certified. Dr. Lamb said that he was Board Certified in the past but let it lapse. He explained that he is scheduled to take the exam in October and is scheduled for reappointment December 1, 2013. Dr. Lamb said that he was asking the Board to let him stay on staff up until his reappointment in December.

Mr. Eugene Massagee advised the Commissioners to read Resolution No. 13-6-26-2. He said it is a resolution which he feels is giving part of their power to another Board or entity within this community that very little is known about. He urged the Commissioners to read the resolution very carefully. He feels that it should be changed. He also suggested that the new Board members visit John deGroot's website.

Mr. John deGroot and his wife asked for 3 minutes each. However, Mrs. deGroot said that she was giving up her minutes to Mr. deGroot; thereby, allowing Mr. deGroot a 6-minute time limit.

Mr. Goren stated as a matter of record, there is no such time as roll over minutes for Broward Health. The policy is a 3-minute time limit; however, it is the Chair's decision to allow it if he so chooses.

Chair Gustafson said that he would allow the roll over minutes.

Mr. John deGroot said that he was here today to give them some statistics which might assist them when comparing the financial information from FY 2012 to FY 2013. He then discussed an employed physician group who he says has suffered losses of more than \$101.4 million since 2008 and has also sparked an ongoing federal anti-trust investigation of the District which has generated to date \$11.6 million in legal fees for outside counsel. He questioned why the Commissioners have not inquired about this. His other point was the District's growing addiction to investment revenue. He said that when analyzing the numbers, the District's revenue comes from interest and investment and not from healthcare.

### **ELECTION OF VICE CHAIR**

Chair Gustafson informed the Board that they need to elect a Vice Chair. Commissioner Kohl nominated Commissioner David Di Pietro to serve as the Vice Chair. There being no other nominations.

**It was moved by Commissioner Kisslan, seconded by Commissioner Kohl that nominations be closed. Motion carried unanimously.**

Chair Gustafson congratulated Commissioner Di Pietro on becoming Vice Chair.

### **APPROVAL OF MINUTES**

Chair Gustafson asked if there was motion to approve the minutes of the Regular Board of Commissioners meeting held on July 31, 2013.

1. Request approval of the Minutes of a Regular Meeting of the Board of Commissioners held July 31, 2013 Board of Commissioners meeting.

Mr. Goren advised the Commissioners that placed at their seat was an amended set of minutes for their review. He advised the Commissioners that the revised minutes corrected the following: The date for the second and final tax hearing (September 25); and states that Commissioner Kisslan did vote on the nominations to the ACO Board which included her name.

**It was moved by Commissioner Kisslan, seconded by Commissioner Kohl:**

**THAT THE MINUTES OF THE REGULAR MEETING OF THE BOARD OF COMMISSIONERS HELD ON JULY 31, 2013 BE APPROVED AS AMENDED.**

**Motion carried unanimously.**

### **MEDICAL COUNCIL AGENDA**

2. **BROWARD HEALTH IMPERIAL POINT**

Dr. Groene gave the following update:

- FIU Psychiatry/Hospitalist contract expires September 17 at which time the Ventry Medical Group will assume psychiatry call.
- Dr. Carlos Bejar was recognized as the “Most Valuable Physician” for the second quarter of 2013.
- BHIP hosted an Open House for the new Joint Replacement Center on August 26, which is located on the 5<sup>th</sup> floor of the main hospital. Refurbished rooms are to design to enhance the patient’s healing experience as they recover from Joint Replacement surgery.
- BHIP employees donated a total of 48 backpacks to McNabb Elementary School students.
- Alice Taylor has held sever (7) Town Hall sessions in August involving 181 employees.
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Dr. Groene sadly announced that Debbie Connor who was BHIP’s outpatient supervisor passed away on August 20<sup>th</sup>. A Memorial Service was held in the auditoriums. To honor her memory and to keep her in their hearts, BHIP’s soon to be renovated outpatient waiting area will bear her name.

Dr. Linda Groene, Chief of Staff of Broward Health Imperial Point, reported that the Medical Council had reviewed and recommended for approval by the Board of Commissioners all exhibited Medical Staff Changes and Additions; Medical Staff Reappointments; Allied Health Changes and Additions; and Allied Health Reappointments.

**It was moved by Commissioner Kisslan, seconded by Commissioner Di Pietro:**

**THAT THE BOARD OF COMMISSIONERS APPROVE THE RECOMMENDATIONS OF BROWARD HEALTH IMPERIAL POINT’S MEDICAL COUNCIL OF ITEMS 2 (A-D):**

- A. Medical Staff Changes and Additions
- B. Medical Staff Reappointments
- C. Allied Health Changes and Additions
- D. Allied Health Reappointments

**Motion carried unanimously.**

3. **BROWARD HEALTH NORTH**

Dr. Hoffberger provided the following update:

- BHN held a Leadership Development Program for their Nurses, Supervisors and Managers. This is done a couple times a year to promote patient care, increase patient satisfaction between staff and patients.
- CPOE Training began at BHN and their go-live date is October 1<sup>st</sup>.

Dr. Darren Hoffberger, Chief of Staff of Broward Health North, reported that the Medical Council had reviewed and recommended for approval by the Board of Commissioners all exhibited Medical Staff Additions, Changes and Resignations; Allied Health Additions, Changes and Resignations; Medical Staff Reappointments; Allied Health Reappointments and Community Health Reappointments.

**It was moved by Commissioner Kohl, seconded by Commissioner Di Pietro:**

**THAT THE BOARD OF COMMISSIONERS APPROVE THE RECOMMENDATIONS OF BROWARD HEALTH NORTH'S MEDICAL COUNCIL OF ITEMS 3 (A-E):**

- A. Medical Staff Additions, Changes and Resignations
- B. Allied Health Additions, Changes and Resignations
- C. Medical Staff Reappointments
- D. Allied Health Reappointments
- E. Community Health Reappointments

**Motion carried unanimously.**

4. **BROWARD HEALTH MEDICAL CENTER**

Dr. Chokshi provided the following update:

- BHMC was recognized by US News and World Reports: out of seven hospitals in South Florida, BHMC was ranked the best in the following specialties: Nephology; Neurology; Neurosurgery; Orthopedics and Pulmonary.
- BHMC is the only Broward Health hospital to receive no readmission penalty from the CMS.
- CPOE 92% compliance in 3<sup>rd</sup> week.

Dr. Rajiv Chokshi, Chief of Staff of Broward Health Medical Center, reported that the Medical Council had reviewed and recommended for approval by the Board of Commissioners all exhibited Medical Staff Changes and Additions; Allied Health Changes and Additions; Community Health Services Changes and Additions; Medical Staff Reappointments; Allied Health Reappointments; and Community Health Services and Weston Urgent Care Center Reappointments

**It was moved by Commissioner Di Pietro, seconded by Commissioner Kisslan:**

**THAT THE BOARD OF COMMISSIONERS APPROVE THE RECOMMENDATIONS OF THE BROWARD HEALTH MEDICAL CENTER'S MEDICAL COUNCIL OF ITEMS 4 (A – F):**

- A. Medical Staff Changes and Additions
- B. Allied Health Changes and Additions
- C. Community Health Services Changes and Additions
- D. Medical Staff Reappointments
- E. Allied Health Reappointments
- F. Community Health Services and Weston Urgent Care Center Reappointments

**Motion carried unanimously.**

5. **BROWARD HEALTH CORAL SPRINGS**

Dr. Sachedina provided the following update:

- Broward Health Coral Springs won the Press Ganey 2013 Guardian of Excellence Award in Clinical Quality. Using 2012 data, 23 active clinical core measures were used to calculate an overall composite score. They performed in the 95<sup>th</sup> percentile. The Guardian of Excellence award for clinical quality is only given to those hospitals who meet this high percentile. An award will be sent to Drew Grossman as their CEO. This is a tremendous accomplishment as very few hospitals achieve this total rate of 95%.
- BHCS had 18 consecutive days without anyone leaving the ER without treatment. This is not a common occurrence in ERs. The national benchmark is 2 to 3% and BHCS is presently at 0.14% for the year. To show the improvement, last year BHCS was at 4%.

Dr. Azeem Sachedina, Chief of Staff of Broward Health Coral Springs, reported that the Medical Council had reviewed and recommended for approval by the Board of Commissioners all exhibited Medical Staff Appointments and Changes; Medical Staff Reappointments; and Allied Health Reappointments.

**It was moved by Commissioner Di Pietro, seconded by Commissioner Nieland:**

**THAT THE BOARD OF COMMISSIONERS APPROVE THE RECOMMENDATIONS OF BROWARD HEALTH CORAL SPRINGS MEDICAL'S MEDICAL COUNCIL OF ITEMS 5 (A-C):**

- A. Medical Staff Appointments and Changes
- B. Medical Staff Reappointments
- C. Allied Health Reappointments.

**Motion carried unanimously.**

**CEO REPORT:**

Mr. Nask provided an update on the following:

**Healthcare Reform Issues:** Open enrollment for the health exchanges begins on October 1<sup>st</sup>. BH has applied for all of its facilities to be registration centers. The initial feedback was that they would be approved or not by August 15<sup>th</sup>. As of yet, BH has not had any feedback. Mr.

Nask said that the Health Exchange Enrollment is up in the air and not sure how it will take place. One of the options would be for people to enroll online but that could be a challenge for some. Mr. Nask stated that BH is entering another area of turmoil and the month of September will be critical in terms as to how BH will effectively get people signed up for the Health Exchanges. Mr. Nask said that there are eight (8) companies that have been approved to be Health Exchanges Insurance Companies: SIGNA; Coventry (BH has a contract with them for a high performance network where the network was narrowed and it came up with a fairly competitive price); ETNA; Vista; United Healthcare: Blue Cross; Humana; and Seltics. Mr. Nask said that they are just trying now to get through the enrollment process.

**Accountable Care Organization:** Mr. Nask informed the Commissioners that BH's application was sent in and BH did receive an initial feedback from Medicare. BH is currently submitting corrective information on the 29<sup>th</sup> of August and hopes to be certified as an ACO within the next couple of weeks which will allow BH to participate in the Medicaid Shared Savings Program (MSSP).

**Urgent Care Center at Magnolia:** Mr. Nask informed the Board that the Center is now up to seeing nearly 20 patients a day. BH is seeing a lot of activity of patients being referred to BHCS when necessary. There is also a primary care practice located at the Center and that practice has been expanding. Mr. Nask commented that this has been a good project.

Mr. Nask then advised the Commissioners that the Plantation Urgent Care Center located at the Jacaranda Plaza will be opening up early in September. Urgent Care Centers are open 7 days a week. Mr. Nask explained that in one of the strategic planning sessions it was decided to embark on Urgent Care Centers as a strategy to get out into various communities. The communities identified were: Weston, Magnolia Plaza in Coral Springs and Jacaranda Plaza in Plantation.

Mr. Nask also reported that BH has received notice that the County has signed off on BH's settlement for \$400,000. He explained that this was an issue where the state had put through a plan to recoup Medicaid funds around the state for the counties portion of the Medicaid funding. He said that a year ago, BH received a bill from the County in the amount of \$11 million to send money back to the state for incorrect payments on behalf of the county. BH engaged in a class action law suit—it went from BH owing \$11 million to BH receiving \$400,000. The board voted on accepting these dollars.

### **CFO REPORT**

Mr. Robert Martin provided an update on the Medicaid Statewide Managed Care Initiative that was brought to the Board several months ago. Mr. Martin said that BH filed an application to become one of four (4) Medicaid HMO or PSN providers in Broward County. He reported that BH went through several steps in round one and was invited back on August 27<sup>th</sup> for round two. Mr. Martin said everything was looking good until that point and time. He explained that AHCA is supposed to be awarding the slots for up to five (5) providers by September 16<sup>th</sup> with the intent to negotiate with four (4) vendors. Currently there are 37,000 members' lives in BH's current PSN between Memorial and Broward Health. In addition, Mr. Martin informed the Commissioners that Jackson was a part of the PSN for Region 11; however, under negotiations with AHCA, Jackson is no longer going to be participating in BH's PSN; it will just be Memorial and Broward Health if selected. BH's PSN has 37,000 members and it can grow from 23,000 additional members to 43,000 members. If that happens, it will be necessary to go out and look for a 40,000 sq. ft. building that would accommodate the PSN's needs and bring BH and Memorial's back offices together.

Mr. Nask provided background information regarding the formation of the PSN. Mr. Nask informed the Commissioners that 10 years ago the state embarked on a pilot program to put Medicaid recipients into a managed care program rather than just paying per diem for everyone. There were three counties that piloted the program: Broward, Dade and Duval. BH formed the PSN for Region 10 and 11 and began processing managed care contracts for the Medicaid patients that enrolled in that program. Mr. Nask informed the Commissioners that two years ago, the state passed legislation to expand Medicaid managed care across the state allowing the managed care companies to participate as well as the existing PSNs. Mr. Nask advised the Commissioners that BH's plan may go up 150% to 200% and so could Memorial's plan. This is what is driving the demand up for additional space for processing of claims from managed care companies. Mr. Nask said BH has had some significant savings and cash distributions from the PSN program over the last 8 or 10 years.

Mr. Martin stated that under the current scenario, BH is paid under the per diem bases; however, come next year anywhere from April through September when it is rolled out statewide, BH will be paid under a capitated plan and will be completely at risk to make sure that it can manage that population through a set dollar threshold. Mr. Martin said that AHCA will award five (5) plans, by September 16<sup>th</sup> and then they will come back and ultimately score them, settling for 3 or 4 maximum per statute.

Commissioner Di Pietro asked what would happen if BH did not get selected. Mr. Nask commented that BH's PSN would then not be participating in the managed care. Mr. Martin said that the PSN would go away and BH would be subject to other plans giving BH fair rates and since they are capitated plans, they will be denying claims.

Mr. Martin also informed the Commissioners that BH had an actuary do an actuarial sound bid to submit to AHCA and BH thought that AHCA might shortcut it; however, AHCA came back and offered \$3.00 more which equates to a little over \$3 million a year.

**Mr. Martin then provided a financial update for July as well as FY 2013 performance which ended June 30<sup>th</sup>, currently being reviewed by the auditors.**

**July: Volumes** were ahead of budget. System-wide admissions were right at budget for the month; **compensated admissions** were up 1%; **short stay cases** up 7% or a little more than 100 cases over budget; **births** up 7%; **surgeries** up 2%; **outpatient visits** up 2% a little over 400 visits; **ER visits** were down 3% --600 visits; the **compensated ED visits** were down 8%. He then reviewed the information by medical centers.

**Operating statement for July:** Mr. Martin stated that for the month BH had \$81 million in net operating revenue which was \$1.4 million short of budget; **salary and benefits** \$1.5 million favorable to budget; **supplies** \$300,000 favorable to budget; **other expenses** \$9.1 million favorable to budget. **Total expenses** for July came in at \$3.6 million favorable to budget; **net loss** from operations for the month was \$11.7 million vs. a budget of \$13.9 million—for the first month of the year BH started out with a positive \$2.2 million favorable to budget. **Investment Income** for the month of July was great with \$11.7 million for Investment Income vs. a budget of \$1.3 million or a positive variance of \$10.4 million for the month; **Excess revenue** showed a positive gain of \$11 million vs. a budgeted loss of \$1.3 million. Mr. Martin said that BH has started out the first month of the fiscal year with a positive variance to the bottom line of \$12.4 million.

**In looking at the medical centers:** BHMC lost \$2.5 million which was \$300,000 unfavorable to budget; BHN lost \$800,000 which was \$800,000 favorable to budget; BHIP lost \$1.2 million which was \$100,000 favorable to budget; BHCS lost \$100,000 which was \$1 million favorable to budget; CHS/Home Health Hospice Program lost \$1.4 million which was \$100,000 unfavorable to budget. **Net reimbursement per adjusted patient day** down 5% from budget but BH was able to control expenses; expenses were 7% favorable to budget.

**Key Financial Indicators:** BH continues to have a strong financial sheet despite the substantial Medicaid cuts that BH has incurred over the last two years; **Days cash on hand**, according to Moody's, 157 days up by 17 days from the prior July; **Days in AR-** 57 days up 3 days from prior year (in the month of July some of this was due to contract negotiations with Blue Cross unable to come to an agreement with increased rates so BH had to hold bills but BH will recapture this in the month of August); **Cash to Debt** very strong at 245%; **Debt to capitalization** is very low less than 24%; excess margin solid 10.7% for the first month—very strong numbers.

**Total cash collected--**\$76 million. He then reviewed the cash flow statement.

**Community Benefit Summary:** Total cost of \$26.7 million was \$700,000 favorable to a budget of \$27.4 million; funding sources were \$18 million vs. a budget of \$18.1 million or \$100,000 unfavorable to budget. The first month, BH's benefit costs in excess of funding stood at \$8.7 million vs. a budget of \$9.2 million, about \$500,000 favorable variance.

Mr. Nask commented that what the Community Benefit Summary shows is that when taking BH's charity which is a fair prescriptive calculation and the bad debt expense, and some other line items, BH has \$323 million out of BH's \$1 billion of uncompensated care. Mr. Nask said going back to 2006, the ad valorem tax line was \$196 million and the Community Benefit Line #15 was close to zero. Mr. Nask explained that BH has been lowering its tax dependency from \$196 million to \$154 million per year which equates to \$45-\$50 million per year which has been taken out of the tax base. Mr. Nask said that through other operational improvements and investment returns BH has been able to fund the community benefit which has grown from zero to \$105 million. Mr. Nask stated that this is an important fact in understanding BH's commitment to unfunded care in the community.

Commissioner Kohl commented that basically BH is taking care of the operations of its hospitals with its own operational revenue as well as contributing toward the cost associated with the unfunded community. Mr. Nask said that is why BH's investment portfolio is an important component to BH's finances.

Mr. Martin then reviewed FY 2013—he reminded the Commissioners that the auditors are currently in process of reviewing the year-end work and so far there are no major findings to date.

**Fiscal Year 2013 pre audited:** Net operating revenue of \$988 million for the year, just short of \$1 billion. BH came in less than \$15 million less than budget for the year. **Salary and Benefits** favorable variance of \$12 million as BH was able to flex staff and increase productivity; **Supply costs** up \$4.5 million (some of that was in donated drugs and increase of implant costs); **Other expenses** were favorable by \$10.7 million. For the year, BH's **total expenses** were \$18.1 million favorable to budget; **net loss from Operations-**\$129 million vs. a budget loss of \$132 million for a favorable variance of \$2.7 million, compared to prior year, BH operated in \$15.5 million less than what was spent last year.

Mr. Martin reminded the Board that during the budget process, Mr. Nask mentioned the \$28 million Medicaid rate reductions that BH took in FY 2012; however, BH took an additional \$8 million in Medicaid rate reduction in FY 2013. Also in 2013, BH received \$9 million less of Meaningful Use money than it received in FY 2012; had one-time expenses in FY 2013 i.e., \$2 million for ICD10; \$2.5 million for CPOE implementation; \$1 million NexGen; \$2 million increasing BH's GME program (added 24 residents for the year); \$500,000 on the system evaluation as required by House Bill 711. Mr. Martin stated that those reductions and expenses explain the \$15 million negative variance.

**Investment Income** earned \$51.8 million or \$38.7 million favorable to budget and actually almost \$50 million favorable of what was earned last year. **Excess Revenue** \$59 million vs. a budget of \$13 million for a positive variance of \$46 million. **Key Financial Indicators; Days Cash on Hand** (Moody's) through June BH was 161 days, up 28 days from last year; **Days in AR** at 56 was up slightly by 2 days from prior year; **Cash to debt** strong at 245%; **Debt to Capitalization** 24%; and excess margin was a solid 5.1% margin. Mr. Martin stated that the auditors should be finalizing their work by the end of September.

### **GENERAL COUNSEL REPORT**

Mr. Sam Goren reported that following the ACO board meeting, two Shade Sessions will be held: one to address the Woodward case and the second one to address the Mantle case. Mr. Goren described the process for holding Shade Sessions in detail.

Mr. Goren addressed the items that will be voted on at today's ACO Board meeting. The ACO is an entity of BH and legally formed in Tallahassee. The application was filed and moving in the right direction. He stated that the Regular Board meeting will recess and there will be a meeting of the ACO Board. However, before holding the ACO meeting, Mr. David Nieland must be approved by motion as a member of the ACO board. He then asked the Chair to entertain a motion to approve Commissioner Nieland as a member of the ACO Board. **Chair Gustafson entertained a motion and it was moved by Commissioner Kohl, seconded by Commissioner Kisslan approving Commissioner David Nieland as a member of the ACO Board. Motion carried unanimously.**

In addition, Mr. Goren advised the ACO Board members that Dr. Matthew Moretti, who was approved at the July 31<sup>st</sup> ACO meeting, is unable to serve and a motion is needed to approve Dr. Yaneth Trujillo as his replacement. Dr. Trujillo is present and will join the Commissioners at the ACO board meeting. Mr. Goren asked for the Chair to entertain a motion to approve Dr. Yaneth Trujillo as Dr. Matthew Moretti's replacement on the ACO Board. Dr. Trujillo has met all of the legal qualifications and will be a participating member and have an interest in it.

**It was then moved by Commissioner Kohl, seconded by Commissioner Kisslan that the Board approve Dr. Yaneth Trujillo as a member of the ACO Board. Motion carried.**

Mr. Goren explained that following the regular business of the Board at the public meeting, the Board will recess and go into the ACO Board meeting. At that meeting, the Board will then approve the prior actions taken at the July 31 meeting to make sure that there was record evidence that there was ratification of prior actions taken. Aside from the Commissioners, Mr. Robert Hanzler and Dr. Yaneth Trujillo, who are members of the ACO board, are also in attendance and will be participating in today's ACO meeting. Mr. Goren informed the Commissioners that Commissioner Di Pietro will not be attending the ACO Board meeting today because he is still not sure if he has a conflict. Mr. Goren stated that Commissioner Di Pietro has filed the appropriate voting conflict with an abundance of caution at the last meeting. Mr. Goren said they have studied

that issue and will conclude in some future time if Commissioner Di Pietro has a conflict; however, as a matter of caution, Commissioner Di Pietro will not be attending the ACO Board meeting today.

Following that meeting, there will be another recess for the Board to enter into two Shade Sessions. He then explained who would be present at the Shade sessions.

Mr. Goren then asked for approval to hold a Shade Session following the September 25, 2013 regular meeting of the Board meeting to update the Commissioners on the Vega vs. NBHD case. **It was moved by Commission Kisslan, seconded by Commissioner Nieland, that the Board approve holding a Shade Session following the board meeting in September. Motion carried unanimously.**

### **COMMITTEE REPORTS:**

**Combined Building / Finance Committee--** August 21, 2013 – Commissioner Debbie Kohl  
Commissioner Kohl said that the only item not on the agenda today is the Design, Construction report. All other items discussed at the meeting are on the Consent Agenda or Discussion Agenda for final approval.

**It was moved by Commissioner Kisslan, seconded by Commissioner Di Pietro that the Board approved the Minutes of the Combined Building and Finance Committee minutes as presented. Motion carried unanimously.**

**Legal Affairs Committee --**August 21, 2013 – Commissioner David Di Pietro  
Commissioner Di Pietro reported that they discussed the OIG legal bills from Arent Fox in the amount \$116,798.68; reviewed a summary of the legal bills from outside counsels as well as legal bills from General Counsel; hired a new senior associate general counsel who will begin work on September 9<sup>th</sup> and will be located on the 3<sup>rd</sup> floor of the Corporate headquarters; and approved an on-call contract for General Surgeons at BHMC—the rate was \$1700 per diem rate which was previously at the 75 percentile which is now the 90 percentile for a period of one (1) year; and received an update on the BHCS Fire Assessment.

Mr. Nask clarified that the contract for the General Surgeons was at the same rate; however, it just came in at the 90th percentile—there was no increase on the rate.

**It was moved by Commissioner Kohl, seconded Commissioner Kisslan that the minutes of the Legal Affairs Committee held on August 21, 2013, be approved as presented. Motion carried unanimously.**

### **AGENDA CHANGES—Item 7 was removed from the Consent Agenda.**

Commissioner Di Pietro asked that Item 7 be removed from the Consent Agenda so more information could be provided to Commissioner Nieland before he votes on this item.

**It was moved by Commissioner Di Pietro, seconded by Commissioner Kohl that Item 7 be pulled from the Consent Agenda. Motion carried unanimously.**

7-Authorization for the President/CEO to approve the expenditure of up to \$52,306,675 for the construction and renovation of The Chris Evert Children's Hospital which consist

of 7 and 8 South Tower, 2 and 4 Robinson Wing with associated enabling projects and renovation of the 2 MOB for physician sub-specialty center.

Mr. Nask provided an update on the project. He informed the Commissioners that back in the 2000's there was a huge renovation project at BHMC in the range of \$200 million; however, the Chris Evert Children's Hospital was not part of that renovation. It then became necessary to renovate the post partum unit so there would be private rooms and bathrooms. The Pediatric Unit (the children's portion) still had semi-private rooms with bathrooms not in all of the rooms. BHMC looked at what it would take to renovate the Chris Evert Children's Hospital. The original scope of the project ran around \$105 million. With the changes in Medicaid rate cuts, the project was reevaluated. It was felt that the post partum unit needed to be done first at a cost of \$22 million. That project was started and is almost complete and will be opened up to the community with all private rooms and bathrooms. Mr. Nask informed the Commissioners that what was remaining was a balance on paper of approximately \$80,000 to renovate the remaining pediatric component, ER, main entrance, and a walkway from parking garage.

At this point, with the changes in Medicaid cuts and anticipated reductions in the length of stay for pediatric patients, the scope of the project was reevaluated. After reevaluating the project, it was lowered to \$52,306,675 reducing the project by \$30,000. Mr. Nask said it gets BHMC everything they need and is a little more prudent without affecting the care and treatment of their patients.

Mr. Nask said what is being requested today from the Board is for final approval to proceed with that component of the project which will take place over the next three (3) to five (5) years. Mr. Nask said that the \$53 million has been factored into the budget and the renovation of the pediatric facility will begin and become a state-of-the-art facility.

Commissioner Nieland asked if the project is approved will it affect patient care. Mr. Nask said that while the renovation is under way, patient care will not be affected.

**It was moved by Commissioner Di Pietro, seconded by Commissioner Kohl:**

**THAT THE BOARD OF COMMISSIONERS AUTHORIZE THE PRESIDENT/CEO TO APPROVE THE EXPENDITURE OF UP TO \$52,306,675 FOR THE CONSTRUCTION AND RENOVATION OF THE CHRISEVERT CHILDREN'S HOSPITAL WHICH CONSIST OF 7 AND 8 SOUTH TOWER, 2 AND 4 ROBINSON WING WITH ASSOCIATED ENABLING PROJECTS AND RENOVATION OF THE 2 MOB FOR PHYSICIAN SUB-SPECIALTY CENTER.**

**Motion carried unanimously.**

Commissioner Kisslan thanked the BHMC and CECH teams for narrowing the scope of this project from \$105 million to \$53,000 million and that it was coming out of operations rather than BH incurring debt. She also appreciated that the emphasis was placed on the clinical and patient aspects as opposed to the facade aspect of the project.

#### **CONSENT AGENDA**

Chair Gustafson asked for approval of the remaining Items 6-8-9 and 10 as listed on the Consent Agenda

6. Approval for payment to Arent Fox for Invoices RE: OIG Matter for May services.
8. Approval of Bid Results for ISC Building Roofing Replacement Services RFQ
9. Approval of Bid Results for BHN CCU Renovation Project RFQ
10. Approval of an on—call agreement for general surgery for a term of one year for \$620,500 plus an estimated fee-for-service compensation of \$267,000—BHMC.

**It was moved by Commissioner Kisslan, seconded by Commissioner Kohl:**

**THAT THE BOARD OF COMMISSIONERS APPROVE ITEMS 6 – 8 – 9 – and 10 AS LISTED ON THE CONSENT AGENDA.**

**Motion carried unanimously.**

### **DISCUSSION AGENDA**

With regard to items 11 and 12, Chair Gustafson asked for an approval since Mr. Martin provided an in-depth review of the Financial Statements for June and July under his report.

11. Acceptance of the Interim Financial Statement for the month of June 2013
12. Acceptance of the Interim Financial Statement for the month of July 2013

**It was moved by Commissioner Kisslan, seconded by Commissioner Kohl:**

**THAT THE BOARD OF COMMISSIONERS ACCEPT THE INTERIM FINANCIAL STATEMENTS FOR THE MONTHS OF JUNE 2013 AND JULY 2013 AS PRESENTED.**

**Motion carried unanimously.**

13. Approve by, Resolution 13-08-28-1: 1) declare as surplus vacant land identified as Broward County Property Appraiser Parcel ID No. 494120580010 and; 2) solicit bids for the sale of this property “as is”, subject to Board of Commissioners’ approval.

Mr. Paul Echelard presented Item 13. Mr. Echelard stated that BH has undertaken a strategic planning initiative to look at all of the properties owned by the District and what was the best use of those properties as well as opportunities around BH’s campuses to maximize on being able to isolate some sites and acquire properties.

Mr. Echelard provided some background information as to the original purchase of this property located on NW 90 Terrace in Sunrise Florida. He said that in reevaluating the location, size and zoning of this specific property they found that it does not meet the strategic purpose of Broward Health. In addition, there are 3 hospitals located around a 3 mile radius of the property and the demographics show that the 5 year adult population in that area shows a negative growth. With the new CHS location on Oakland Park and 441 which will open in 2014, BH will be able to serve the population in that area.

It is recommended that this property be sold to the highest bidder; thereby, reducing BH's current insurance and maintenance costs and convert this non-performing and non-strategic asset into cash to support BH's ongoing on going mission of providing healthcare services for the people of Broward County.

Mr. Echelard then explained in detail the process for selling the property as well as advising them that the final sale will be approved by the Board of Commissioners and that they have the right to deny any bids they feel are not competitive.

Following the reading of Resolution 13-08-28-1,

**It was moved by Commissioner Di Pietro, seconded by Commissioner Kisslan:**

**THAT THE BOARD OF COMMISSIONERS APPROVE BY, RESOLUTION 13-08-28-1: 1) DECLARE AS SURPLUS VACANT LAND IDENTIFIED AS BROWARD COUNTY PROPERTY APPRAISER PARCEL ID NO. 494120580010 AND; 2) SOLICIT BIDS FOR THE SALE OF THIS PROPERTY "AS IS", SUBJECT TO BOARD OF COMMISSIONERS' APPROVAL.**

**Motion carried unanimously.**

14. Approval for the purchase of Medical Office Building and associated parking lot located at One Sample Road, Deerfield Beach, Florida 33064 at a cost of \$2,500,000. It is also requested that the Board of Commissioners of the North Broward Hospital District approve an additional \$2,500,000 of capital to renovate the Medical Office Building to insure the continuance of the structural integrity, in accordance with Resolution 13-08-28-02

Mr. Echelard informed the Commissioners that BH has the opportunity to acquire a medical office building and associated parking lot next to BH North. He stated that this is part of BH's strategic plan to insure that it has the necessary resources and that BH takes advantage of marketing opportunities to support future developments that will increase access points and satisfaction for BH's patients and community. This purchase will increase BH's market share and competitive healthcare market as well as increasing margins necessary to support the mission of BH.

Mr. Echelard requested approval to purchase the Medical Office Building and associated parking lot located on the campus of BH North for a cost of \$2,500,000. In addition, the building requires significant renovation to insure the structural integrity and to provide an environment for appropriate patient care. Physicians and patients from the building are patients that utilize BH North for routine outpatient and inpatient services. This building is connected to BHN by a walkway that is physically attached to the hospital and takes patients into the hospital.

BH feels that acquiring this office building represents a good investment and it is also a good value due to the market timing and taking advantage of an opportunity to acquire an existing building on the campus of BHNorth.

The property was appraised at \$2,550,000 and a Purchase Price of \$2,500,000. Required renovations are estimated to be an additional \$2,500,000.

Commissioner Di Pietro said there was a deed on this property and BH had a right to purchase the property.

Mr. Echelard said that in 2027, BH has the opportunity to purchase this building for \$1; however, BH would then also purchase all of the liabilities that would be associated with that building.

Mr. Goren advised the Board that there is a court judgment that has foreclosed this property. There is a public sale scheduled for the 15<sup>th</sup> of September to sell the property on the courthouse steps. Mr. Goren stated that BH has a unique opportunity to purchase this property and close on this property at the negotiated price. The contract price is \$2.5 million and the property must be delivered with free and clear title. Mr. Goren said that they have been dealing with the Lender involved in this discussion who must release the property from the mortgage. The Seller still has the opportunity to sell the property even though it has been foreclosed. The District is purchasing the property from HELD who is able to provide BH with clear title. Mr. Goren said that in the event that clear title is not available at closing, the District will not close on the property. Should there be outstanding issues with the title, the District retains every right and option to cancel the contract based upon any and all inspections or anything that would a detriment to closing the transaction.

Mr. Goren stated that this is the best legal posture the District could be in. The District has a relationship established with the Lenders legal counsel regarding a potential closing based upon the price which is fixed. Should that price change, administration will come back to the board for consideration.

Commissioner Di Pietro asked if the District could foreclose on all of the physician practices in the building if they were part of the law suit. Mr. Echelard said he did not believe that they were part of the law suit. Commissioner Di Pietro asked if the District was taking over the leases. Mr. Goren replied subject to whatever leases exist.

At this time, Dr. Darren Hoffberger, Chief of Staff for BH North addressed the Board. He stated that he is a tenant of the building and has been paying the bank to avoid legal actions for a while. Dr. Hoffberger feels that this is a great opportunity for the District. Every office is filled with physicians who support BH North. The building needs some renovations, each floor has 4 or 5 physician offices which equals to about 15 practices which support the hospital directly.

Commissioner Di Pietro said that maybe the District might want to look at what practices are currently in the building and for purposes of anti-kickbacks make sure that the leases are compliant.

Mr. Nask commented that once the purchase is closed and the District gets information, administration will provide financial information as to what they are paying. The District will have to bring it into compliance because the owner may not have the same compliance requirements as the District.

Mr. Echelard said that administration has already begun looking at the leases and the portfolio of physicians in the building to make sure those tenants meet the needs of the hospital.

Commissioner Kisslan said that she understands that there is some concern about the forcibility of that reverted clause.

Mr. Goren said that this issue was raised at the prior meetings by Commissioner Kisslan and Commissioner Di Pietro. Mr. Goren stated that without getting into the legal arguments, there are some clouds around that opportunity which may delimit the ability of the Board to make that decision down the road. He said that the clearest option really exists now through the foreclosure process where the bank is currently holding the mortgage. Mr. Goren said that the District will not buy the property if it exceeds the purchase price or if there is anything that is revealed during the inspection which includes: title, survey, environmental etc. He said the Board has the absolute right to cancel the contract and receive back its deposit. The District is not committed to doing anything inappropriate or in violation of any common rules of acquisition of real estate in the State of Florida or this County for this organization. This is a strait forward contract and legal and administration will keep you updated as it proceeds.

Following the reading of Resolution 13-08-28-02,

**It was moved by Commissioner Di Pietro, seconded by Commissioner Nieland:**

**THAT THE BOARD OF COMMISSIONERS APPROVE FOR THE PURCHASE OF MEDICAL OFFICE BUILDING AND ASSOCIATED PARKING LOT LOCATED AT ONE SAMPLE ROAD, DEERFIELD BEACH, FLORIDA 33064 AT A COST OF \$2,500,000. IT IS ALSO REQUESTED THAT THE BOARD OF COMMISSIONERS OF THE NORTH BROWARD HOSPITAL DISTRICT APPROVE AN ADDITIONAL \$2,500,000 OF CAPITAL TO RENOVATE THE MEDICAL OFFICE BUILDING TO INSURE THE CONTINUANCE OF THE STRUCTURAL INTEGRITY, IN ACCORDANCE WITH RESOLUTION 13-08-28-02.**

**Motion carried unanimously.**

### **COMMENTS BY COMMISSIONERS**

Commissioner Di Pietro welcomed Commissioner Nieland to the Board of Commissioners of the North Broward Hospital District.

Commissioner Kohl said that she had a lot of questions when she first came on the Board a year ago especially not knowing healthcare. She commented to Commissioner Nieland that administration and staff have gone out of their way to answer any questions that she might have had contrary to what the audience had communicate earlier. They have always been available to her anytime she had any questions and was sure that they would be available to him as well.

Chair Gustafson welcomed Commissioner Nieland to the Board as well.

Commissioner Kisslan welcomed Commissioner Nieland and said that it was nice being at the meeting.

Commissioner Nieland thanked everyone for having him as their Commissioner. Commissioner Nieland said that his background is in oversight and compliance; he is in law enforcement and has been for most of his entire career. Prior to that, he worked in healthcare. Commissioner Nieland said that his father, who recently passed away, was the Chief of Staff at a North Carolina hospital. He said that he understands what the commitment is in the industry, physicians, nurses and all of the staff. He said he started when he was 16 years old mopping floors of the hospital until he switched over. So he came from really, really emptying the trash at the hospital. Commissioner Nieland said this is really a great honor to be a Commissioner of this board.

**At 5:50 p.m. the Board of Commissioners recessed to go into a meeting of the ACO Board meeting.**

**The Board of Commissioners reconvened at 6:15 p.m.; then recessed at 6:15 p.m. to enter into two Shade Sessions.**

**The Regular Board of Commissioners reconvened at 6:45 p.m.**

### **NEXT REGULAR BOARD MEETING**

The next regularly scheduled Board of Commissioners' meeting will be held on September 25, 2013 at 4:00 p.m. in the conference center at Broward Health North, 201 East Sample Road, Deerfield Beach, Florida.

Meeting adjourned at 6:50 p.m.

Respectfully submitted,  
Debbie L. Kohl, Secretary/Treasurer

**BY: Maryanne Wing**

**A FULL RECORDING OF THIS MEETING IS AVAILABLE ON TAPE**