TOWN OF PALM BEACH

Office of the Town Clerk

REPORT OF THE MEDICAL CARE COMMISSION MEETING
HELD ON DECEMBER 18, 2006
9:30 A.M.

I. CALL TO ORDER

Chairman Dennis called the meeting of the Medical Care Commission to order at 9:37 a.m. on Monday, December 18, 2006.

Chairman Dennis advised that the following members of the Commission were present: Chairman Michael Dennis, Vice Chairman Robert Friedman, Commission Member Richard Furlaud, Commission Member Norman Goldblum, and Commission Member Michael Stein.

II. PLEDGE OF ALLEGIANCE

All present recited the Pledge of Allegiance.

III. APPROVAL OF AGENDA

The Agenda was approved as printed.

IV. OPENING COMMENTS

Chairman Dennis opened the meeting with a brief background of various cultural holidays. He also asked the Committee, in the spirit of exchanging gifts, to provide a gift to the people of Palm Beach County, which was: to give the community projects that would improve the medical services which were needed or were currently deficient. He said this was required not only for those who could afford the best but also for those who could afford the least.

Chairman Dennis spoke of several meetings and phone calls he had held, in the past, in regard to raising awareness of health issues. He said that the best gift the community could expect to receive was to have Good Samaritan exercise its influence for the benefit of the community. He spoke of a conversation he had last spring with Dr.

Cosgrove, CEO of Cleveland Clinic, and spoke of plans the Clinic had to operate an extended hours office practice within Palm Beach.

V. PRESENTATION BY:

JUDY GOODMAN, P.A.
REPRESENTING GOOD SAMARITAN/TENET HEALTHCARE.

Chairman Dennis invited Judy Goodman, a Management Consultant representing Tenet to address the commission.

Ms. Goodman informed the Committee of her progress in making both Community Healthcare and Good Samaritan stronger. She also informed the Committee of a recent meeting with Tenet's Chief Operating Officer Reynolds J. Jennings, and Paul Echelard, the hospital's CEO, Commission Chairman Dennis, and others, where questions were freely and frankly discussed. She advised that Mr. Jennings was the individual responsible for making the decision for Tenet to purchase Good Samaritan in 2001, which Ms. Goodman stated, followed a potential closure of St. Mary's and Good Samaritan.

Ms. Goodman stated that Tenet was the largest healthcare provider in Palm Beach County with five general hospitals, one rehabilitation hospital, approximately 1,700 inpatient beds, 2,200 affiliated physicians, and more than 5,300 employees with an annual payroll of $350 million. She stated that Tenet had an excellent cancer care center with two good trauma centers at St. Mary's and at Delray Hospital. She stated that Tenet was the second largest hospital operator nationwide. She added that she wanted things to be kept in perspective with regard to Palm Beach County.

Ms. Goodman advised that Mr. Jennings would become Vice Chairman of Tenet Healthcare Corporation on January 1, 2007, for a transitional period prior to formal retirement, after which he would continue his services in a consulting role. She added that Steven Newman, manager of the Tenet California Hospital Group would succeed Mr. Jennings. Ms. Goodman emphasized Mr. Jennings' deep interest in Florida and the future of Tenet's hospitals, especially Good Samaritan. Ms. Goodman spoke of the corporation's efforts to solve many problems resulting from the purchase of the hospital. She stated that the future looked very good for the company. Ms. Goodman advised that Mr. Jennings had reiterated that Tenet planned to invest substantial financial resources to upgrade Good Samaritan's facilities and pursue newer services such as angioplasty with the intent of enhancing both the scope and volume of services.

Ms. Goodman stated that Tenet had, in recent years, worked on integrating its internal systems, and, having done that, Tenet was now implementing its system-wide programs and plans. Tenet had also had a study done by McKinsey & Company, which had completed the Good Samaritan portion of that study, which Ms. Goodman indicated would be shared with the Commission.

Ms. Goodman stated that Tenet had fulfilled its five-year commitment to the Attorney General to expend more than $30 million on upgrading St. Mary's and Good Samaritan's facilities. In addition, Tenet had committed, at a corporate level, to a $350 million dollar investment in its overall system-wide facilities. Some of these resources would be spent on Good Samaritan in the million dollar refurbishing of the second floor for specialized surgery and the previously announced upgrading of the cath lab to accommodate the angioplasty program.

Ms. Goodman addressed the concerns of certain individuals about why Good Samaritan had decided not to seek an exemption that would have permitted them to perform emergency angioplasty even though such a license had initially been pursued from the state. Ms. Goodman also informed all present that seven other hospitals had applied for this exemption. She stated that Good Samaritan had not applied for this exemption and agreed that the public was entitled to a better explanation as to why Tenet and Good Samaritan had decided against seeking such an exemption.

She said that Dr O'Gara was hired to study the current issues at the hospital on May 24 and 25, 2006. She advised that Dr. O'Gara had written to the hospital in September, 2006 with regard to percutaneous coronary intervention (PCI) services at Good Sam. Due to Dr. O'Gara's confidentiality request, Ms. Goodman stated she could not divulge details of the letter. However, she stated that the hospital was re-contacting Dr. O'Gara to see if he would conduct a conference call with Dr. Dennis and those assigned to the newly appointed angioplasty task force, to review his opinions.

Ms. Goodman briefly summarized Dr. O'Gara's views and comments. She stated that both Dr. O'Gara and other consultants had pointed out that an angioplasty program was possible if it was done the right way. She stated that the Commission needed to look at the hospital's total financial position. She felt that by the end of 2005, cash flow for operating activities had significantly improved. Ms. Goodman stated she shared Dr. Dennis' views that these conversations were positive and open.

Chairman Dennis thanked Ms. Goodman for her comments. He stated that this Commission had to be the voice of realism.

Commission Member Stein spoke of his suggestion, at the previous meeting, to hire an outside professional consultant to evaluate the needs of the community, assess providers in the area and assess strengths and weaknesses. He hoped for Tenet's cooperation in this effort.

Commission Member Goldblum asked whether the emergency room doctors were a corporation within themselves. Ms. Goodman stated that they were independent contractors but was not sure whether they were set up as a corporation or not. She advised that Tenet managed the administrative employees that worked for Tenet in the emergency room.

In response to the query of Commission Member Goldblum, Ms. Goodman stated that if a corporate, non-profit structure was set up to employ and pay a physician, it could be stipulated how much time this doctor was available on call. Mr. Goldblum asked

whether the Commission could sit down and work out such an arrangement with Good Sam. Ms. Goodman encouraged the Commission to get guidance from other healthcare foundations and facilities that did this.

Commission Member Furlaud asked whether Good Samaritan was not responsible for medical care given in the emergency room. Ms. Goodman clarified that the medical staff were independent contractors who used their own benchmarks in clinical assessment. She stressed that clinical and administrative supervision were two separate issues.

Commission Member, Dr. Traverse, spoke in favor of pursuing the Good Samaritan Law. He stated that 84% of Palm Beach residents were in favor of this type of law as it would reduce the medical liability for specialists coming into the emergency room.

Ms. Goodman cautioned against the zeal and passion of the community intruding on the independent work of analysts' processes. Chairman Dennis stated that the Commission was not into zeal, but into real.

KIMBERLY MITCHELL
City Commissioner, West Palm Beach

Chairman Dennis invited Kimberly Mitchell of West Palm Beach City Commission to address the Commission. He stated that Ms. Mitchell was asked to join the group as a representative of West Palm Beach in order to ensure that everyone in the region served by Good Samaritan would have their interests represented.

Ms. Mitchell addressed the Commission indicating that she had brought with her 3 individuals whom she was proposing the Mayor of the City of West Palm Beach appoint including Gail **Coniglio***, Harvey **Oyer*** and Shawn **Haniger***. Ms Mitchell stated she had recommended these individuals to the Mayor and was hoping for her decision on the Commission's composition within the week.

Ms. Mitchell further stated that while she could provide anecdotal input about how West Palm Beach residents felt about Good Sam's services, it was better to look at services they wanted to receive from Good Samaritan. She requested input concerning the financial outlay expected from the City of West Palm Beach and reiterated that the City was fully committed to the project.

Chairman Dennis stated he viewed this as being a very positive step. He asked Ms. Mitchell to stay in touch and expressed the hope that a meeting would soon be scheduled. Ms. Mitchell thanked the Chairman.

Commissioner Member Goldblum stated that one of the points that had not been discussed was that the County Commissioners were evaluating the possibility of a community hospital, which could possibly solve a lot of the community's problems, and

developments in that regard should be monitored for impact on the project under discussion.

Ms. Goodman pointed out that this was a political season. She also stated that the independence of the study needed to remain independent.

Commission Member Stein stated that an outside independent consultant was to be hired to conduct the study to ensure the study would be objective, completely independent and without passion. The consultant would be able to provide a broad and realistic view of the needs of the community and the services that would be required and available to meet those needs. He added that among those services, Good Samaritan would obviously be included.

Commission Member Stein asked Ms. Goodman if Tenet Corporation and Good Samaritan would cooperate with the study, and help realistically identify those services which Good Samaritan should provide as well as others that may not be required.

Ms. Goodman said that the MacKenzie Report or its summary would identify that, and be available to the Committee and the consultant, if hired. She stated that Tenet would be happy to provide all publicly releasable information, consistent with the Securities and Exchange Commission's regulations.

Chairman Dennis asked for comments from Commission members and the public.

Mr. Bill Guttman, a member of the public, stated that some statements made during the meeting that day were inconsistent with remarks made a week ago. He said he viewed the relationship with Good Samaritan as a "roller coaster ride" and pointed out that Good Samaritan had had three CEOs.

Mr. Guttman commented on Ms. Goodman's statement that in order for Good Samaritan to offer angioplasty surgery, it would need to upgrade its facilities. Mr. Guttman stated that Mr. Mark Bryan, the earlier CEO of Good Samaritan, had supported the legislative effort to allow hospitals without open heart surgery programs to do emergency angioplasty. He quoted Mr. Bryan as follows: "We have the physicians to do it, we have the desire to do it, we would love to do emergency angioplasty at our facility. I have the people trained, I have the equipment and they were not being fully utilized at this time but the law has to change."

Mr. Guttman cited certain expert cardiologists to emphasize the need for Good Samaritan to offer emergency angioplasty. He said that the American College of Cardiology had recommended a lower licensure threshold for emergency angioplasty versus elective angioplasty since the former was a life saving procedure.

Ms. Goodman stated that an emergency was not well defined and that a heart attack was not necessarily viewed by regulators as comprising an emergency. However, she said they would certainly keep in mind the community's need for it.

Mr. Guttmann encouraged the hospital to re-read the guidelines. He stated that while the hospital was applying for the appropriate licenses to perform both elective and emergency angioplasty surgery, it would also be appropriate for the hospital to apply for any required exemptions so as to enable it to offer emergency angioplasty solely to heart attack victims.

Mr. Jimmy Zisson, resident of Palm Beach stated that the payroll for Good Samaritan was substantially higher when it was being funded by the community. He said that since Tenet took over the hospital, the physician's payrolls and bed utilization were dramatically lower. Mr. Zisson said that when the community was funding and donating to the operation of the hospital it attracted and contracted with some very good doctors because of the community's generosity; that Tenet could not take credit for having inherited some very good doctors and the excellent cancer care facility at the hospital when in fact those entities were part of the hospital before Tenet took it over. Mr. Zisson also stated that at St. Mary's Hospital, which Tenet had also taken over, the excellent trauma care that was highlighted in that morning's presentation by Ms. Goodman, was paid for by the County's tax dollars and not by Tenet. Mr. Zisson felt it was disingenuous for Tenet to try and take credit for the above situations.

Mr. Zisson said that he felt there was a conflict of interest in a 'for profit' hospital doing what was right for the community it serves versus what was best for the corporation's shareholders. He said that Tenet had a reputation for having the lowest reimbursement rates of all the major hospital chains. Mr. Zisson posed this question: Since Tenet owned fifty-five hospitals including several stroke and cardiac centers that it listed as among the best in the country, why was it taking Mr. Echelard two years to study whether or not Good Samaritan was going to be able to implement the angioplasty program the community had been waiting for. He stated he did not attribute any of these problems to Ms. Goodman since she had recently been hired by Tenet. However, he said that corporations feel the need to hire management consultants only when they were unable to solve their own problems. Mr. Zisson characterized Tenet's management style as 'constructive ambiguity'. He asked whether Tenet would be willing to make a commitment to the community to stay on for the next ten years, since it could, as it had done elsewhere, cite a need to redeploy its assets and close the Good Samaritan facility. Mr. Zisson said the community could not afford to be left high and dry if Tenet pulled out of it. He said that if some of those present were emotional or passionate that was a good thing, since those present were neighbors and part of the community, and were concerned for it. He felt the management of Tenet needed to figure out why more of the doctors at Good Samaritan were less satisfied than they were in the last decade, and why the hospital's bed utilization rate was down when the bed utilization at neighboring hospitals, like Bethesda and Jupiter, was up. He stated neither its doctors nor the community had a high regard for Good Samaritan and management's job was to figure out why. Mr. Zisson felt what was needed was not another study, but results from people who were doers and not consultants.

Chairman Dennis thanked everyone for their participation. He added that he had arranged for a representative of Price Waterhouse Coopers to make a presentation. However, as Tenet had not approved, this presentation would not take place.

There being no further business, the Medical Care Commission Meeting of December 18, 2006, was adjourned at 11:10 a.m.

APPROVED:

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Michael Dennis, M.D.
Chairman