Report of the Medical Care Commission Meeting held on March 23, 2007

1. CALL TO ORDER AND ROLL CALL

The Medical Care Commission meeting was called to order by Chairman Michael Dennis at 9:05 a.m. on Tuesday, March 23, 2007. On roll call, the following members of the Medical Care Commission were found to be in attendance: Chairman Michael Dennis, Vice Chairman Robert Friedman, Commission Members Richard Furlaud, Norman P. Goldblum, Michael Stein and Dr. Norman Traverse.

II. PLEDGE OF ALLEGIANCE

Chair Dennis led the Pledge of Allegiance.

III. APPROVAL OF AGENDA

The agenda was approved as written.

IV. APPROVAL OF MINUTES OF THE DECEMBER 18, 2006, JANUARY 19, 2007, JANUARY 30, 2007 AND FEBRUARY 12, 2007 MEETINGS

The Minutes were approved through motion of Commission Member Goldblum, seconded by Commission Member Furlaud. The motion was approved unanimously.

V. PRESENTATION OF THE MCKINSEY AND COMPANY REPORT ON GOOD SAMARITAN MEDICAL CENTER BY DR. SAUMYA SUTARIA

Chair Dennis stated that he wanted to make a few remarks to put things in prospective. He reported that the Medical Care Commission (MCC) was appointed in an atmosphere of confusion, even gloom about the future of medical services in the region, especially at the hospital where so many Palm Beachers have sought treatment over many decades. Many were still inclined to seek their elective medical services in communities to the north but recognized that in time-sensitive emergencies they were at great risk. There was a lack of knowledge about availability in those circumstances. It seemed that voices of concern and alarm were not being heard. Palm Beach County was unique for its size and absence of a teaching hospital network. There seemed to be no

growth in an industry that was challenged by a burgeoning population. He reported things have changed in the course of the last 14 months.

Chair Dennis further stated that today, ironically, he is often asked why there is so much activity surrounding the medical field. Almost weekly another clinical entity pops up. A partial answer is that this Commission has done what it set out to do: the Commission has listened to our residents through our survey and multiple open forums have identified the elements of a panoply of services stretching in an arc that encompasses Palm Beach. This information is being prepared in a substantive guide which will soon go to the printer and be distributed to every Palm Beacher. The Commission has engendered an interest in the community by acting as a catalyst in increasing the awareness of problems within the system and acting to encourage solutions which meet the needs of our residents. The Commission has been forceful in demanding attention from certain hospital administrations and have worked to improve what was active and pushed for the creation of services that were missing, or in fact, never existed.

Chair Dennis gave two examples:

1) The Commission has been credited with influencing the Cleveland Clinic to open a clinical center near the island rather than in Boca Raton. They currently have a facility across the north bridge and are accelerating their plans to move to an 18,000 square for treatment and diagnostic center just a mile to the west.

2) In search for an academic presence, the Commission began negotiations with the University of Miami last spring and hosted an unprecedented conference last September which brought together every major treatment center in the area. Dr. William O'Neill, Director for Clinical Affairs, appeared before the Commission several times and heard the call for action. Recently the Miller Medical School in Miami appointed a regional director for Palm Beach County who will live in this town and coordinate their developing multiple programs.

Chair Dennis reported that Dr. Harry Phillips, III will be at Town Hall on April 4 at 1:00 p. m. to introduce himself to the community and discuss the University of Miami involvement in medical student education. Dr. Phillips will explain the current level of achievement in neurological treatment advances and the status of the preliminary, exploratory efforts to create a viable self-sustaining urgent care center on or near the island. Everyone is invited to a reception at Café L'Europe following his presentation which will be sponsored by the Palm Beach Civic Association

Chair Dennis further commented that one of the central missions of the MCC was to evaluate the viability of Good Samaritan as a resource for the community. The Commission has recognized that no single hospital can be everything to everybody and that no evaluation of any single hospital can be conducted in a vacuum. What is Good Sam now and what can it be were burning questions. What are the option of the community if Tenet pulls out of Good Sam in four years, which it is allowed to do or

even more frustrating what if they keep Good Sam at a sub operating level for the needs of our community and our citizens.

Chair Dennis reported at one point the Commission had considered hiring a firm such as Price Waterhouse Cooper to help in this effort but that seemed extravagant. Then the Commission learned that our new level of communication with Tenet Healthcare would allow to share the study already completed by McKinsey and Company.

Chair Dennis then welcomed Dr. Saumya Sutaria, principal of McKinsey and Company.

Dr. Sutaria presented a power point presentation and reported that there would be three or so major purposes with respect to the presentation. The first, as requested by the Commission, to give a sense of prospective of where the health care sector is and is going. The next is what challenges are faced and how it will ultimately affect hospitals in the region including Good Samaritan Hospital and then talk specifically about Good Samaritan and its services. This will include what has been done to invest in the facility and what opportunities might exist going forward to enhance said services that they offer this community and other communities of which they serve patients.

Chair Dennis thanked all for making the presentation possible. He commented that the three items to Good Sam's viability in the future are economics, quality of service and the physician issue. He asked Dr. Sutaria if he sees Tenet Health Care in business at Good Sam five years from now.

Dr. Sutaria stated that it is hard for him to comment as he does not have any privileged information what Tenet is going to do in the market.

Commission Member Stein questioned if Tenet or Good Sam had considered an affiliation with a major academic center in order to help improve quality availability of physicians as a means of protecting the market share from the outside medical centers that are coming here and would he recommend it.

Dr. Sutaria stated that it was a very good question but he does not know if Tenet or Good Sam had considered this but his company had taken a look at this option. His company had looked at an academic center potentially helping with quality, condition improvements and growing market shares but most of the academic centers are struggling to maintain a full compliment of faculty today which includes the Cleveland and Mayor Clinic. The academic centers strategy is to bring the brand and bring local physicians into that fold then you would have to see if the local physicians would be interested in leaving some of their private practice and becoming employees of the institution. He stated academic centers bring image and brand share perception which is a very important component and hospitals that benefit from that partnership pay hundreds of thousands of dollars per year for the right to put a name for the affiliation of a center. He commented that facilities need to think of process improvement rather than brand improvement with respect to delivering quality to the community. He stated that he could

not say if it would improve the quality of care in this market place but it would give more access to more sophisticated care outside the market. He does not think it is good complement for Good Sam and thinks that this is true for all hospitals as it is tough competition for them.

Commission Member Stein stated that the argument Dr. Sutaria had presented against a academic medical center coming here runs counter in everything the Commission has heard and he would like to have a representative from a major academic center to respond to Dr. Sutaria's comments and hear the other side of that issue.

Dr. Fink from the University of Chicago, stated that he thought if Good Sam had a partnership with a medical school, such as the Mayo Clinic, the standard of care would go up as well a quality. He further stated that he sat on a committee to try to establish the criteria for quality but it was very difficult. He suggested establishing a county hospital and send the indigent to that hospital which would will help every other hospital in the area. Also he had spoken to medicare in the past to see if they would allow the hospitals to just break even.

Dr. Sutaria stated that if the Commission is interested in an academic affiliation, they should speak with Tenet, who is one of the largest owners of major academic centers in the country.

Madelyn Christopher, JFK Hospital, addressed the question of an academic affiliation and reported that JFK has been working the University of Miami, FAU and Boca Community She explained the number of things that must be in place to have a residency program. JFK has allotted space for a clinic for residents, which would also be in conjunction with the VA hospital near 45th Street, and be a real plus for the community in the area of recruiting primary care physicians. She stated that JFK is in the process of bringing in other specialists to round out their team and their physicians perceive the academic affiliation as very positive and were involved in the residency program.

Dr. Conway stated that specialists will not come to the emergency room at Good Sam unless they are paid a $1,000 a day and no one knows where that money would come from.

Commission Member Furlaud congratulated Dr. Sutaria for a wonder presentation and the enormous amount of material. He stated that it would be beneficial to him and to other members of the commission if they could have some of charts to study as there is a lot of material in them and he would like to go over them in more detail.

Dr. Sutaria stated that he would be happy to make these available.

Commissioner Furlaud commented that a large proportion of patients comes from medicaid and insurance companies that are increasingly reducing the amount they are paying, then there are the balance of the patients who come in and have no coverage and have to be treated for free. There is also a problem with a low occupancy rate and St

Mary's next door has the same problem. He questioned what kind of a business plan Tenet would need in order to make a success of Good Sam and would there be hope in turning it around for a viable economic entity.

Dr. Sutaria stated that from an economic standpoint Tenet is recovering from several allegations they were charged with which have been settled and has resulted in a large financial burden. The only way a hospital in that situation can recover is on the basis of three things:
1) Long term ground work, superior execution in quality, service and the building and rebuilding of a handful of service lines that start to draw market share.
2) Survive on the basis of which most non-for-profit hospitals service is community support to actually bring much of the out-patient volume back to the hospital in order to subsidize the continued in-patient growth and ultimately reach a capacity where the hospital generates enough of a return that covers overhead, taxes, etc.
3) The physicians that practice at that hospital have to decide that ultimately the flight of their practices is going to create a non-viable entity. It was understandable that doctors had a concern over a short period of time when Tenet had a multi-million dollar settlement potentially handing over its head but with that gone the physicians have to decide if they are committed to this hospital.

Dr. Sutaria commented that everyone is concerned about financial viability but it is dependant upon a lot more things than short term return potential but ten years into the future it could be a great market to be in.

Commission Member Furlaud questioned if it would be a good idea to combine Good Sam and St Mary's.

Dr. Sutaria stated that health care is a local market game and the demographics show that the patient population is a great deal different and the viability of each institution is dependant upon its micro market. He further stated there has already been a move to have distinct services in different hospitals so the notion of aggregating services for a higher quality product has already started to happen which is the first step in the integration.

Commission Member Furlaud commented that one of the biggest problems in the emergency room at Good Sam is how long you have to wait. It is not the question of find a neurosurgeon but just to have to wait to see a doctor. He questioned if something could be done to improve this situation.

Dr. Sutaria stated one of the problems is a lot of patients are there for primary care so a bed would be occupied over two and one half hours because those patients without medicaid or insurance coverage can't find a doctor. He commented that until there is more balance in the willingness of private physicians to see patients for primary care purposes who are underinsured or have Medicaid there is going to be that problem.

Commission Member Furlaud make a suggestion that Good Sam management might find a way of adapting the emergency room to the new configuration of patients that are now coming in as opposed to the old fashion way.

Commissioner Member Goldblum stated that according to Dr. Sutaria's figures the Town of Palm Beach supplies one percent of the services to Good Sam provides. He would like to see an emergency room on the campus of Good Sam that was funded by the State that would take on the indigent patients which would leave Good Sam to run a very good economical hospital.

Dr. Earl Campazzi, Island Medical Care, complemented Dr. Sutaria on his presentation. He stated that he practices primary urgent care on the island and approximately 5% are charitable cases and to date no one has been turned down for economic reasons. He further stated his clinic is open from 8:00 a.m. to 5:00 p.m., the phones are answered 24-7 and he will open the office or make house calls if necessary

Dwight Chenette, CEO, Health Care District, stated he enjoyed the presentation and questioned the integration services at the system level. He questioned how Tenet balances their ownership interest with another facility just a few miles away and the second question how much considering the close distance of those two facilities in the difficult market factor see maintaining both of those facilities long term.

Dr. Sutaria stated that this is a growing community and if there is enough commitment to the hospital both from the outpatient side and also from the physicians there is no reason the hospital cannot be viable although he has no basis on commenting on the hospital's viability.

Commission Member Stein commented that emergency rooms are a major concern in hospitals all over the country but he personally has had a very good experience at Good Sam's emergency room. He stated that walk-in centers are fine but when he has a problem he wants to go to Good Sam and know that he can be treated effectively in the emergency room and sent home or can be moved into a bed in the hospital for further care.

Dr. Francine Greco spoke on emergency room overcrowding. She reported she has been an emergency room physician for twenty one and one half years and is currently working at an urgent care center in Palm Beach. She stated the emergency room overcrowding is partly due to taking care of the population who has no money and does not have access to primary care physicians but also when there are no beds available for lack of staffing or waiting for a doctor to admit a patient. She said if there is a fast tract area those beds can be filled with patients waiting to be admitted to the hospital.

VII. SCHEDULING OF NEXT MEETING DATE

The next meeting date was scheduled for April 4, 2007 at 1:00 p.m.

VIII ANY OTHER MATTERS

None

IX. ADJOURNMENT

There being no further business, the meeting was adjourned at 12:05 p.m.

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Michael Dennis, M. D.
Chairman