REPORT OF THE MEDICAL CARE COMMISSION MEETING
HELD ON FEBRUARY 14, 2006

I. CALL TO ORDER AND ROLL CALL

The meeting of the Medical Care Commission was called to order at 9:45 a.m., on February 14, 2006, in the EOC, Fire Station Central. On roll call, all Commission Members were present with the exception of Commission Member Michael Stein. Others present for all or a portion of the meeting were: Brian Fuller and Sara Blake.

Chair Michael Dennis welcomed Mr. Norman Goldblum to the Commission. Chair Dennis announced that Commission Member Robert Friedman was named as Vice Chairman of the Commission, replacing Ms. Margaret Bilotti, who had resigned for personal reasons.

II. PLEDGE OF ALLEGIANCE

III. APPROVAL OF AGENDA

The Agenda was approved.

IV. APPROVAL OF MINUTES OF THE JANUARY 24, 2006, MEETING

Commission Member Furlaud moved approval of the January 24, 2006, meeting minutes. The motion was seconded by Vice Chairman Friedman. The motion carried 5-0, as Commission Member Stein was absent.

V. APPROVAL OF MINUTES OF THE FEBRUARY 7, 2006, MEETING

The Minutes were not available for approval.

VII. PAUL ECHELARD, CEO
GOOD SAMARITAN HOSPITAL

Mr. Echelard provided an overview of Good Samaritan Hospital. Several of the items discussed were that the Hospital:

- Opened in 1920, had 83 beds, over 1,000 employees, with a salary base of about $50 million, 400 physicians affiliated with the Hospital, and last year had 9,552 inpatient admissions, and 50,266 outpatient incidents;
- Had not been losing millions of dollars, as was indicated, but did have hurricane losses;
- Was on track for financial viability;
- Contributed $2 million in property taxes each year;
- Recognized by the American Heart Association for the cardiac care in their facility;
- Served a core of patients from Central West Palm Beach and Coastal communities;
- Central area was the lower-income and indigent population, which were high utilizers of emergency services;
- 70% of the Coastal area was on Medicare, which fought reimbursements and continued to cut back on how much they paid for the services provided;
- Largest percent of their market was between the ages of 15 and 44, which were not high utilizers of inpatient care;
- $11.5 million was provided for charity and indigent care for 2005;
- Coastal community represented 3% of total population;
- Was the market leader in General Surgery, Orthopedics, Cardiac medicine, Pulmonary medicine, Neurology, Oncology and Gynecology, and the secondary providers were St. Mary's and JFK;
- Vision was to be the leader in quality and service, employer of choice, leader in technology, capital investments, and reduction in duplication of services in the community;

- Invested $25.8 million for maintenance in the 85-year-old Hospital;
- Challenges were: aging medical staff, recruitment of physicians; and nursing care;
- Services: general, acute care, and medical services;
- Leader in oncology;
- Surgery services: 1500 outpatient surgeries in 2005, and 2800 inpatient surgeries;
- Emergency room (ER) had 24 rooms/bays, and 11 ER physicians;
- State guidelines regulated the doctor's pay for working in the ERs;
- 20% of the ER patients were uninsured;
- Transferred 218 patients to other facilities, which was 1% of total patients in 2005;
- Instituted a fast track program in the ER to reduce the wait time by separating non life threatening patients from life threatening;
- Stroke care service requirements in the ER included a conventional radiologist, neurologist, and neurosurgeon; and
- Could not meet the requirements of performing the number of angioplasties each year in order to maintain the program, because it did not have enough patients who needed it.

Mr. Echelard concluded by saying that Good Samaritan's facilities provided high quality healthcare, regardless of the challenges of an increasing uninsured population, aging physicians, a decline in physicians, medical malpractice, and decreasing reimbursements from Medicare and insurance companies.

Mr. Echelard's responses to the Commission Members questions were:

- The vision and goal of Good Samaritan Hospital were to be a provider of care to the community for the next 5 to 25 years;

- Approximately 30% of patients were insured with HMO's or Managed Care;

- There were 19 stroke patients in 2005 that came from the Town of Palm Beach; if the patients met the stroke criteria, they were transferred to JFK and Palm Beach Gardens Medical Centers, which were certified stroke centers;

- Tenet Healthcare had met their financial objective and annually improved profits;

- Physicians were recruited by a medical group practice with a starting salary and then as a partner, however, today's groups did not want to bring in physicians;

- Malpractice was a major deterrent in attracting physicians to the area;

- Private funding for specific services, for example, Hospice, required government approval, and a separate license, in order to be accepted in Good Samaritan Hospital;

- The hospitals worked together to support the community, making profit possible for the for-profit hospitals; the difference between the for-profit hospitals was that they paid taxes, returning a small dividend to the stockholders, and the not-for-profit hospitals did not pay taxes, but from an operational standpoint, there was no difference;

- It was a challenge for Good Samaritan Hospital and St. Mary's Medical Center to survive in the same region, because the two hospitals had separate administration and separate programs;

- Tenet Healthcare was a corporation that conducted a multi state business; but it was the responsibility of Good Samaritan Hospital and St. Mary's Medical Center for making a successful private entity;

- The community's assistance was required in two ways in order for the hospitals to continue their services: financial resources and utilizing the hospitals, for example, x-rays, laboratory work, and other services;

- To alleviate the waiting time at the Hospital, there were plans this year for implementation of electronic medical records;

- A change in state legislation would assist the hospitals that had to compete with outside facilities for outpatient services;

Mr. Echelard's responses to the questions by the public were:

- Many hospitals did not have teaching affiliations, but provided excellent care;
- The Hospital needed information on how to change the patient's perception of quality versus the reality of quality;
- The Hospital had done a tremendous amount of work researching the guidelines and funding to plan for a stroke care center;
- Of the three hospitals in the area, St. Mary's Medical Center treated most of the indigent and uninsured patients;
- The Hospital's goal was to be price competitive on all outpatient services, including sports services; and
- It was possible to have a relationship with other facilities for surgical services.

VIII. PAUL WALKER, CEO
ST. MARY'S MEDICAL CENTER

Mr. Walker provided an overview of the services of St. Mary's Medical Center, which included several of the following items:

- St. Mary's was the largest hospital in Palm Beach County with 460 bays, 300 patients, all private rooms, 1800 full and part time employees, and payroll, salary, wage and benefits of approximately $100 million a year;
- 60,000 to 65,000 ER visits annually;
- The only hospital that had a 24/7 pediatrics emergency department;
- One of two trauma centers in the county;
- Trauma center that accepted transfers from Martin, St. Lucie, and Okeechobee counties;

- Third busiest trauma center in the state;
- 8,000 inpatient admission and 400 doctors on the medical staff;
- Patients insurance comprised of 35% Medicaid, 40% HMO, 14% Medicare, and 11% in the Palm Beach District were self-pay;
- Based on total charges, charity care and the uninsured debt came to approximately $80 million a year;
- Paid close to $70 million a year to keep physician specialty doctors on staff for trauma cases,;
- List of several services:
    - Free standing inpatient psychiatric facility;
    - A 22-station outpatient dialysis center;
    - Newly renovated children's hospital, which cost $7 million;
    - A free standing diagnostic center and clinical center;
    - Four medical office buildings on the campus, one of which was dedicated to pediatrics specialties;
    - Quantum House operated by the Quantum Foundation, had bedrooms and kitchens for $15 a night in order for a parent to be with their child;
- In 2006, the Medical Center would be evaluating the service centers, and agreed with Mr. Echelard of Good Samaritan Hospital that both Hospitals should have primary stroke designations because of the 2005 Stroke Act requiring patients to be treated in a stroke center; and
- St. Mary's was currently in the process of selling a facility for the Molly Wilmont project, recruiting pediatric surgeons, expanding radiology capabilities; and being a residency training site in emergency medicine, for Florida Atlantic University.

Mr. Paul Walker concluded his overview by saying that the challenges in the county were recruitment and retention of physicians, that Florida was a litigious state, the malpractice insurance was too high, and there was a decline in the reimbursement rate in South Florida for the indigent and uninsured patients.

Mr. Walker's responses to the questions of the Commission members were:

- Neurologists were needed in order to have a stroke center; and in St. Mary's only four neurologists were willing to cover the emergency responses.
- It was unknown whether neurological sciences were included in the development of the residency program that was associated with teaching hospitals, because the residencies had not yet been defined;
- Physicians' cooperation to participate at the hospitals was necessary in order to meet the community's needs, but the growing trend was that physician's were not working in the hospitals;
- The children's hospital occupancy rate was 65%;
- The profitability rate of St. Mary's was close to breaking even on a cash basis to cover the operating expenses;
- Both hospitals were required in order to serve the community, because either hospital could not accommodate all the patients;
- Planned to be open and viable five years from now;
- If there was no change in the law and no change in the financial relationship with the community, St. Mary's Medical Center would be able to continue to operate;
- Physicians that had malpractice insurance were the targets for litigation;
- 70% of physicians did not have malpractice insurance, and
- The Tenet Healthcare had a portfolio of 15 hospitals in South Florida, some with margins better than others, which sometimes depended on the location.

VIII. RFP SUBMITTAL REVIEW
BARBARA FEENEY, TREASURE COAST HEALTH COUNCIL (TCHC)

Chair Dennis noted that the Treasure Coast Health Council (TCHC) was the first of three Request For Proposals (RFP's) submitted.

Ms. Barbara Feeney of TCHC provided a brief overview of her proposal.

Chair Dennis commented that the Commission decided to work with survey individuals as consultants, and do the work in-house in order to minimize the cost.

Ms. Feeney agreed to work as a consultant, and submitted her scope of work and hourly fee to the Commission.

Chair Dennis indicated that the Commission decided that a written, mailed survey should arrive on every doorstep with a self-addressed, stamped envelope, and a cover letter to encourage people to respond, because this was their single opportunity to express their concerns about their medical care package.

Commission Member Traverse moved approval of authorizing Chair Dennis to make the decision on behalf of the Commission to interview the other groups who submitted Request for Proposals (RFP's) or to decide on TCHC's RFP. The motion was seconded by Vice Chairman Friedman. The motion carried 5-0, as Commission Member Stein was absent.

Chair Dennis noted that Mayor McDonald and the Palm Beach Civic Association would contribute to the Survey.

IX. COMMENTS FROM THE PUBLIC

There were none.

X. NEXT MEETING, FEBRUARY 21, 2006, 9:30 A.M.

XI. ANY OTHER MATTERS

There were none.

XII. ADJOURNMENT

There being no further business, the meeting of the Medical Care Commission of February 14, 2006, was adjourned at 12:45 p.m.

Commission Member Traverse moved adjournment of the February 14, 2006, meeting. The motion was seconded by Vice Chair Friedman. The motion carried 5-0, as Commission Member Stein was absent.

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Michael Dennis, M. D.
Chairman

Prepared by:
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