

MINUTES

**FINANCE COMMITTEE
MEETING SEPTEMBER 12, 2018
10:00 A.M.**

MEETING CALLED TO ORDER: 10:07 a.m.

MEETING ADJOURNED: 11:54 a.m.

ROLL CALL: Commissioner Berry/Chair, Commissioner Ure, Commissioner Wellins, Commissioner Gregoire, Commissioner Klein.

PRESENT: Beverly Capasso/CEO, Gino Santorio/COO, Alan Goldsmith/CFO, Lynn Barrett/General Counsel, Nick Hartfield/CCO, Nigel Crooks/CIA

PUBLIC COMMENTS: None.

APPROVAL OF MINUTES:

1. Approval of Finance Committee meeting minutes, dated July 26, 2018

MOTION: It was moved by Commissioner Gregoire, seconded by Commissioner Uri, to:

APPROVE THE FINANCE COMMITTEE MEETING MINUTES DATED JULY 26, 2018.

Motion *carried* unanimously.

TOPIC OF DISCUSSION:

2. Budget FY 2018-2019 Beverly Capasso, CEO / Alan Goldsmith, CFO

Ms. Capasso, reported that prior to her arrival as CEO in year 2017, Broward Health had ended the year with a net loss in operations of approximately \$149 million dollars. Shortly after, Medicaid announced that Broward Health would be receiving \$20 million less in funding. These two factors were the tone in defining the debut of the first year of a three-year strategic plan. At the time, the debt structure was unstable and provided significant risk to the cash position. Within ten months, the new Management Team identified over \$31 million in savings and improved operations, resulting in a ten percent improvement over prior year.

Mr. Goldsmith reported a positive budget and tax reduction for the Broward community.

North Broward Hospital District Board Of Commissioners
1700 Northwest 49th Street, Suite #150, Ft. Lauderdale, 33309

Mr. Goldsmith reported the Operating Statement as the following:

- Line 15: The 2019 Operations Budget Net Loss is expected to be \$127.1, indicating a \$7.6 million gain versus prior year.

OPERATING STATEMENT (\$ IN MILLIONS)

1. Net Operating Revenue	\$1,063.9	\$1,070.8	\$1,102.9	\$32.1	3.0%
2. Salaries	534.6	535.5	553.9	18.4	3.4%
3. Benefits	134.4	142.0	130.6	(11.4)	(8.0%)
4. Fees -Physician	65.7	57.6	62.2	4.6	8.0%
5. Fees -Other	110.9	105.5	114.4	8.9	8.4%
6. Supplies	240.1	234.4	232.8	(1.6)	(0.7%)
7. Insurance	10.0	10.1	10.6	0.5	5.0%
8. Repairs & Maintenance	18.6	20.9	20.3	(0.6)	(2.9%)
9. Lease & Rentals	9.9	10.1	10.2	0.1	1.0%
10. Utilities	18.5	18.5	19.5	1.0	5.4%
11. PMATF Assessment	12.0	12.2	12.3	0.1	0.8%
12. Other	4.9	5.1	5.6	0.5	9.8%
13. Depreciation	53.5	53.5	57.5	4.0	7.5%
14. Total Expenses	\$1,213.1	\$1,205.4	\$1,230.0	\$24.6	2.0%
15. Net Loss from Operations	(\$149.2)	(\$134.7)	(\$127.1)	\$7.6	(5.6%)
16. TaxRevenue (Net)	137.9	138.1	128.6	(9.5)	(6.9%)
17. Investment Income (Net)	56.1	52.1	20.2	(31.9)	(61.2%)
18. Interest Expense	(9.2)	(18.1)	(17.1)	1.0	(5.5%)
19. Donations (Net) & County Funding	(2.1)	(5.3)	(3.1)	2.2	(41.5%)

	FY 2017	Unaudited 2018	Proposed Budget 2019	Variance	% Over (Under)
22. Hours per APO	27.8	28.1	28.8	0.70	2.5%
23. FTE's	7,883.4	7,792.0	8,043.4	251.4	3.2%
24. OT/Agency% of Prod Hours	5.19%	4.29%	2.03%	(2.3%)	(52.7%)
25. SWB % of NOR	62.9%	63.3%	61.9%	(1.4%)	(2.2%)
26. Supplies % of NOR	22.6%	21.9%	21.1%	(0.8%)	(3.7%)
27. CMI- Medicare	1.7076	1.7493	1.7600	1.1%	0.6%
28. CMI-All	1.4020	1.4461	1.4500	0.4%	0.3%
29. Operation Margin	(14.0%)	(12.6%)	(11.5%)	1.1%	(8.4%)

Discussion ensued regarding the Board Report's individual budgets. It was confirmed said budgets would be discussed prior to the second and final tax hearing. The Mr. Goldsmith made

MINUTES

no increases or decreases to the Board Report's budgets, as the Commissioners Could manage and/or modify their respective reports.

Commissioner Berry recommended legal expenses be reviewed in a Shade meeting, closed to the public.

Ms. Barrett clarified that the Board could not call a Shade or discuss budget. Only General Counsel has the authority to call a Shade meeting when seeking guidance and advice on a current legal matter involving the District, as per Florida Statute 286.

As a result of General Counsel's guidance, Commissioner Berry requested the legal expenses be reviewed in the public.

Commissioner Gregoire confirmed she and General Counsel frequently discuss activity of outside firms and expenses.

Ms. Barrett reported on legal expenses and services that added up to \$6.1 million in total. Commissioner Wellins recommended the expenses be broken down and categorized in more detail for a future meeting.

Ms. Barrett requested a Shade session under 286.011, Grant v. North Broward Hospital District, et al, in order to discuss litigation expenditures and/or settlement strategy at the earliest possible date.

MOTION: It was moved by Commissioner Berry, seconded by Commissioner Wellins, to:

CALL A SHADE SESSION UNDER 286.011, GRANT V. NORTH BROWARD HOSPITAL DISTRICT, ET AL, IN ORDER TO DISCUSS LITIGATION EXPENDITURES AND/OR SETTLEMENT STRATEGY AT THE EARLIEST POSSIBLE DATE.

Motion *carried* unanimously.

It was noted that Shade meetings could not be held after a Committee meeting since no actions are taken there. Once a Board or Special meeting is adjourned, a Shade could be held.

Discussion ensued regarding Legal and Compliance FTE's.

- Gino Santorio, EVP/COO reported the Statistical Overview as seen below:

STATISTICAL OVERVIEW

MINUTES

North Broward Hospital District Board Of Commissioners
1700 Northwest 49th Street, Suite #150, Ft. Lauderdale, 33309

	FY	Unaudited	Proposed		%
	2017	2018	Budget	Variance	Over(Unde
			2019		
1. Average Length of Stay	5.2	5.4	5.1	(0.30)	(5.6%)
2. Patient Days	324,223	317,488	310,731	(6,757)	(2.1%)
3. Admissions - Compensated	52,812	50,786	51,780	994	2.0%
4. Admissions - Uncompensated	9,416	8,357	9,062	705	8.4%
5. Admissions - Total	62,228	59,143	60,842	1,699	2.9%
6. Short Stay Cases	21,254	23,324	24,444	1,120	4.8%
7. Short Stay Days	29,651	31,881	31,160	(721)	(2.3%)
8. Births	5,773	5,961	6,191	230	3.9%
9. Surgeries	31,197	29,304	30,138	834	2.8%
10. Outpatient Med Ctr. Visits	207,506	203,573	207,439	3,866	1.9%
11. ED Visits	288,997	279,523	286,276	6,753	2.4%
12. CHS Visits	102,532	94,013	113,620	19,607	20.9%
13. Physician Practice Visits	279,306	235,434	264,151	28,717	12.2%
14. BH Weston Visits	25,067	25,400	32,730	7,330	28.9%
15. Home Health/Hospice Visits	23,406	22,318	31,043	8,725	39.1%
16. Urgent Care Ctr. Visits (Coral Springs & Plantation)	13,403	12,331	12,510	179	1.5%

*Mr. Santorio noted that the budget for the new fiscal year would be aggressive in an effort to recruit physicians that were lost in the past year.

2019 CAPITAL BUDGET

	Actual	Approved	Total
	Expenditures	B2018	Proposed Budget
	as of 6/30/18	Rollover	2019
SIGNATURE PROJECTS			
Infrastructure	\$155,793,956	\$26,068,931	\$26,068,931
Renovations	5,104,662	1,112,497	1,112,497
Total Signature Projects	\$160,898,618	\$27,181,428	\$27,181,428

MINUTES

North Broward Hospital District Board Of Commissioners
1700 Northwest 49th Street, Suite #150, Ft. Lauderdale, 33309

REGIONS	
BHC/ ROLLOVER	\$21,163,825
BHCS	2,909,562
BHN	2,909,562
BHMC	5,537,127
BHIP	3,491,475
BHW	367,492
BIOMED	7,048,124
Pharmacy	2,917,534
IT	2,327,650
Real Estate	2,327,650
TOTAL ROUTINE CAPITAL	51,000,000

*Mr. Santorio noted that \$10 million dollars of the \$21,163,825 million listed in BHC/Rollover, is being held for unforeseen expenses.

MEETING ADJOURNMENT: Meeting was adjourned at 11:54 am

MOTION: It was moved by Commissioner Klein, seconded by Commissioner Uri, that:

THE FINANCE COMMITTEE MEETING BE ADJOURNED.

Motion *carried* unanimously.

AUTHENTICATION OF MINUTES: Patricia Alfaro, Special Assistant to the Board of Commissioners.

*Audiotape available upon request.

Respectfully submitted,

Commissioner Ray T. Berry
Secretary / Treasurer