

MINUTES

1700 NW 49th Street, Suite #150, Ft. Lauderdale, 33309

extended period of time. The Board's attention was brought to a chart listing two bids, starting with the medical plan. A second bid listed coverage that included life, disability, dental and vision. Results of the negotiations showed a savings of \$6.4 million dollars projected for 2019, in which almost all of the savings were accompanied by benefit enhancements.

The medical plan is currently a self-funded arrangement, in which Broward Health pays a fee to an administrator who performs the administrative function of the plan and then pays the cost of the claims as they are incurred by Broward Health employees and family members. There are currently two administrators, Best Choice (in-house to Broward Health) and Aetna. The goal of the bid released, was for only one administrator to consolidate the plan. During the review and scoring process, Aetna scored the highest and was recommended for implementation as the sole administrator. The arrangement would be a one year agreement. Aetna agreed to mirror the current medical plan's design and the copays and providers would remain the same.

Switching from a dual arrangement to a sole arrangement would result in a savings of \$3.3 million dollars. Employees would continue to have three plan designs to choose from, the only change is the administrators would go from two to one. Employee premiums are set by Broward Health and will be determined in the next few months. Prescription drugs were not part of this bid as that contract was renegotiated back in February 2018 at a savings of \$8 million dollars.

Discussion ensued between the Board and Ms. Cohen related to cost savings projected per year.

Commissioner Wellins mentioned contractual obligations with outside entities who have signed up employees, but may not be ready to move from Best Choice this quickly. Commissioner Wellins inquired if the Board should consider disbanding Best Choice.

Ms. Barrett stated she would have to consider it from a policy perspective, as there may be ongoing governmental reviews.

Mr. Goldsmith opined that regardless of moving employees to Aetna, the (TCA) Total Claims Administration non-employee portion would not be taken away. It is not being disbanded and providers are not being noticed of any changes.

Ms. Barrett confirmed that if what Mr. Goldsmith stated were true, and no one were receiving a letter of termination, then it would not affect the investigation.

Commissioner Wellins asked Mr. Goldsmith if he planned on eventually shutting TCA down.

Mr. Goldsmith explained that if the employees were in fact moved to Aetna and strategies initiated for outpatient PPUCs as a result of inpatient PPUCs discontinuing, there would be no need for TCA. (CCP) Community Care Plan may be a second provider option in the next two years as administration fees would not be incurred.

MINUTES

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Ms. Cohen clarified that part of the savings provided by Aetna was offered due to being the sole provider. If a portion of the population were shared with another administrator, the administrative costs would increase although the network discounts would not.

Chairman Klein inquired about a statement on page 6 of the RFP and Results, "A formal competitive bid was not required due to current spend amount, and both piggyback bid materials and competing quotes were obtained." He further inquired if items presented to the Board, were reviewed by the Compliance and Legal departments prior.

Mr. Goldsmith clarified that the process would be to first put the items through the PSE Committee, which Mr. Goldsmith personally chairs before contracting processes take place. Once the procurement code is followed, the process filters through many channels, such as Operations, Finance, Compliance, Legal, as well as the Compliance 360 process.

Ms. Barrett further clarified that the Legal department does not normally know what RFPs are being considered until the cone of silence comes down and an email is received announcing, "*You're in the cone*".

Commissioner Wellins asked that the updated procurement policy be brought to the Board prior to execution to ensure vendor services are aggregated and not split up into separate contracts, avoiding an RFP.

Ms. Barrett clarified that the Board as a whole has jurisdiction over the procurement code if it were revised.

Chairman Klein requested a copy of the procurement code be provided to the Board Members.

2. Market Assessment & Adjustment –Phase II Gino Santorio

Mr. Santorio gave an update related to the rate adjustments for nursing and non-nursing staff. The Human Resource department performed a thorough analysis of market rates across the different facilities and it was recommended an adjustment be made affecting 1300 non-nursing employees equaling to approximately \$2.2 million dollars. This increase ranges between fifty cents (.50) to five (\$5) dollars per person. Mr. Santorio informed the Committee that the 2018-2019 fiscal year budget will reflect this adjustment.

Mr. Goldsmith confirmed he would bring the proposal to the budget workshop in August, requesting the Board retroactively approve the adjustment as of July 1st, 2018. Nothing has been paid out as of now.

Mr. Santorio reported the proposal was announced at a staff town hall meeting prior to adjustment approval, however the information has been retracted.

Commissioner Berry asked if there were any current restrictions capping Senior Management from moving budgeted line items without authorization. Mr. Goldsmith confirmed there are not.

MINUTES

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Commissioner Berry and Chairman Klein agreed a policy modification should be made so that some kind of threshold exist within the procurement code.

3. PTO - Paid Time Off

Ray Berry / Alan Goldsmith

Commissioner Berry briefly explained that the Paid-Time-Off (PTO) subject randomly came to his attention when attempting to locate Mr. Nyamora who at the time was on vacation. This occurred shortly after having already taken time off. Being that Mr. Nyamora commenced his tenure only 7 months prior, Commissioner Berry delved deeper. Commissioner Berry was informed the Executive Team, being Tier-One and Tier-Two, has unlimited PTO with minimal checks and balance. In inquiring status of the accruals employees accumulated before the policy change, he was informed the accruals were paid out at approximately \$5 million dollars. This decision did not come to the Board for approval.

Commissioner Berry opined shareholders, being the public, would have a problem with this as although Broward Health is not cash poor, it is operating poor. The Broward Health Hospital District is losing \$140 million dollars a year before taxes. Commissioner Berry does not believe this is good policy and further has a problem with having four direct reports receiving unlimited PTO. The policy change fundamentally changed the direct reports' compensation plan without the Board's knowledge although the Board is responsible for them.

Mr. Goldsmith projected a \$600-\$700k savings a year to the bottom line by changing the policy. From a compliance perspective, the only thing that has changed is that the PL time is carried over and unlimited. The expectation is Tier-One and Tier-Two staff are on call 24/7 and are attached to their mobile phones. Although he does not have documentation as proof, case studies show that staff do not generally report PL time as they consider answering phone calls and emails justified they were not in fact taking time off.

Mr. Goldsmith reported that he asked General Counsel if Senior Management needed to bring the policy change to the Board and he was advised that the change was operational and did not need Board approval.

Ms. Barrett clarified that the Board not knowing the policy change was not a legal issue, as there was no requirement for Board approval. It is in the discretion of senior staff to report what they believe is significant. There are two reasons that items come to the Board, policy and budgeting. From a policy standpoint the change does appear to be operational. Ms. Barrett reported that she was told by Mr. Goldsmith that the payout money was already budgeted.

Commissioner Berry indicated that the policy change was substantial and does not agree it should be considered interference to know when a significant amount of money is leaving the organization.

Commissioner Wellins opined a \$5 million dollar payout from accrued liability for existing employees should have triggered a discussion with the Board, especially because it was a major change in cash position as well as a major change in policy. It was accrued but not truly budgeted for the purpose that it was used for. When it comes to matters related to the four direct reports, changing their responsibilities related to when they report to work, how many hours they're

MINUTES

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expected to work and how much vacation they are allowed to receive, is in the purview of the Board of Commissioners. Commissioner Wellins believes those individuals should be excluded from the PTO policy as their salaries should not be arbitrarily changed from what the Board voted on. He recommended the item be reviewed at a Human Resource Committee meeting and then decided by the Board.

Commissioner Klein agreed the Board needs to be informed of all activity related to Board Reports. He understood that the operational decision was made to make the policy change, but would have preferred it be reported for informational purposes.

Commissioner Berry requested there be legislative clarity on the non-interference clause. He believes the non-interference justification is inappropriately being used to block the Board from honoring their fiduciary responsibility to tax payers and preserving assets for the organization. He does not believe it was the intent of the Board when creating the policy to prohibit Members from ensuring management's permission is being used effectively and not being abused.

Ms. Barrett clarified that the Board does have the authority of oversight.

MEETING ADJOURNMENT: Meeting was adjourned at 7:55 p.m.

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

*Audiotape available upon request.

Respectfully submitted,

Commissioner Ray T. Berry
Secretary / Treasurer