NOTICE OF MEETING

NORTH BROWARD HOSPITAL DISTRICT

BOARD OF COMMISSIONERS

A Finance Committee meeting will be held on Wednesday, July 22, 2020, immediately following the Compliance and Ethics Committee meeting, via WebEx. The purpose of this committee meeting is to review and consider any matters within the committee’s jurisdiction.

NOTE: This public board meeting shall be conducted only through communications media technology in accordance with Fla. Exec. Order No. 2020-69 (March 20, 2020) and § 120.54(5)(b)2., Florida Statutes.

Any person who decides to appeal any decision of the District’s Board with respect to any matter considered at these meetings will need a record of the proceedings, and for such purpose, may need to ensure that a verbatim record of the proceedings is made which record includes testimony and evidence upon which the appeal is to be based.
FINANCE COMMITTEE
Immediately following the Compliance and Ethics Committee Meeting
June 17, 2020

The Finance Committee of the North Broward Hospital District was held immediately following the Compliance and Ethics Committee Meeting on June 17, 2020 via WebEx video conference.

1. **NOTICE**

Official notice and agenda of this meeting is attached to the Minutes, as EXHIBIT I and EXHIBIT II, as presented for consideration of the Committee.

2. **CALL TO ORDER**

There being a quorum present, the meeting was called to order by Chair Stacy L. Angier at 1:50 p.m.

3. **COMMITTEE MEMBERS**

*Present:* Commissioner Stacy L. Angier, Chair
Commissioner Ray T. Berry, Vice Chair
Commissioner Nancy W. Gregoire
Commissioner Marie C. Waugh

*Not Present:* Commissioner Christopher T. Ure

Senior Leadership
*Additionally Present:* Gino Santorio/President/Chief Executive Officer, Alan Goldsmith/Chief Administrative Officer, Alex Fernandez/Chief Financial Officer, Linda Epstein/Corporate General Counsel, Jerry Del Amo/Deputy General Counsel

4. **GOVERNOR'S EXECUTIVE ORDER ANNOUNCEMENT**

General Counsel delivered the Governor’s Executive Order for the record, as seen below.

“This public board meeting is being conducted through communications media technology in accordance with the Governor’s Executive Order No. 20-69, as extended by Governor’s Executive Order No. 20-139 and Section § 120.54(5)(b)2 of the Florida Statutes. This meeting is open to the public who are able to attend this meeting via telephone conference call. The conference call information is currently posted on Broward Health’s website. All the Finance Committee
requirements of Florida’s Sunshine Law are still in effect, including the memorialization of minutes. While not a requirement under Florida law, we will attempt to record this meeting and post it on Broward Health’s website for the public and for those who may not be able to attend this live telephone conference.”

5. **PUBLIC COMMENTS**

None.

6. **APPROVAL OF MINUTES**

Staff Recommendation: That the Finance Committee of the North Broward Hospital District approve the minutes from February 19, 2020.

Staff recommendation carried without dissent.

7. **TOPIC OF DISCUSSION**

Broward Health Finance Chain Award - Supply Chain Department Cost Savings

Mr. Fernandez presented the Supply Chain Department Cost Savings Initiative awards to Brittany Finkelstein, Coordinator, Sourcing and Fito Remy, Value Analysis Analyst, for working closely with the clinical staff in Radiology Nuclear Medicine on a conversion of Broward Health’s radio pharmaceuticals. Their overall contribution will be $4.2m.

Two additional awards were given to Supply Chain Department Leaders, LaRae Floyd, Manager of Operations & Supply and Diversity and Jose Hernandez, Director, Supply Chain, for their COVID-19 Efforts. They and their teams have established a corporate stockpile of supplies to ensure that hospitals, staff, physicians and patients have what they need to maintain safety during the pandemic, specifically Personal Protective Equipment.

The last award went to Jorge Hernandez, VP, Supply Chain and Chief Procurement Officer, for his leadership during COVID-19 and transforming the Supply Chain Department over the last two years.

7.1. **CFO Presentation (Presenter - Alex Fernandez, SVP, Chief Financial Officer)**

Mr. Fernandez presented the Financial Review, Fiscal Year 2020, May 2020 as listed below.

- Broward Health Systems
  - Drivers and Performance
- Financial Performance Graph
  - Gain and Loss on Operations
- Growth Graph
  - Trends within year-to-date Hospitalization
Trends within year-to-date Surgeries and ED visits

- Broward Health North
  - Drivers and Performance
- Service
  - Drivers and Performance
- Key Financial Indicators
  - Drivers and Performance
- Revenue Cycle Dashboard
  - Drivers and Performance
- FY 2020 Financial Initiative Update: Per Mr. Fernandez this item took a backseat due to COVID-19.
- CARES Act YTD Comparison
  - Performance
    ▪ Comparison of financials with and without stimulus funding

Mr. Fernandez shared detailed spreadsheets of the COVID-19 impact with the committee.

- Tax Hearing Timeline
  - Proposed Millage Rate is Discussed – Late July 2020
  - First Tax Hearing – Mid September 2020
  - Second Tax Hearing – Late September 2020

Mr. Fernandez reported the following additional updates:

- S&P Debt Rating
- Bank United - Letter of Credit

7.2. Acceptance of the Interim Financial Statement for May 2020 (Presenter - Alex Fernandez, SVP, Chief Financial Officer)

**MOTION:** It was moved by Commissioner Waugh, seconded by Commissioner Gregoire that:

Staff Recommendation: That the Finance Committee recommend that the Board of Commissioners of the North Broward Hospital District authorize the District to approve the May 2020 Interim Financial Statement.

**Staff recommendation carried unanimously.**

7.3. BHMC, Contractual Agreement for Urology On-Call Services
MOTION: It was moved by Commissioner Berry, seconded by Commissioner Waugh, that:

Staff Recommendation: That the Finance Committee recommend that the Board of Commissioners of the North Broward Hospital District authorize the District to enter into on-call agreements for urology services at the 90th percentile at Broward Health Medical Center.

Staff recommendation carried unanimously.

*Item 7.5, Systemwide, Implementation of Glucose Meters, Nova Biomedical was heard prior to Item 7.4, BHN, Contractual Agreement for Neurological Surgery On-Call Services.

7.5 Systemwide Implementation of Glucose Meters, Nova Biomedical

MOTION: It was moved by Commissioner Gregoire, seconded by Commissioner Berry, that:

Staff Recommendation: That the Finance Committee recommend that the Board of Commissioners of the North Broward Hospital District authorize the District to approve to purchase 5,075,280 glucose strips over seven (7) years from a Group Purchasing Organization (GPO) vendor, Nova Biomedical, in accordance with the District’s Procurement Code, for $1,674,842.

Staff recommendation carried unanimously.

Commissioner Angier moved that the Finance Committee agree to return to agenda item, 7.4, BHN, Contractual Agreement for Neurological Surgery On-Call Services.

Motion carried unanimously.

7.4. BHN, Contractual Agreement for Neurological Surgery On-Call Services

MOTION: It was moved by Commissioner Gregoire, seconded by Commissioner Waugh, that:

Staff Recommendation: That the Finance Committee recommend that the Board of Commissioners of the North Broward Hospital District authorize the District to approve to enter into a contractual agreement for Neurological Surgery On-Call services at the 75th percentile of Fair Market Value.

Staff recommendation carried unanimously.

7.6. CHS, HCH, Revisions to Policy CHS-003-012 HCH Financial Assistance, Discounted Sliding Fee Policy

MOTION: It was moved by Commissioner Berry, seconded by Commissioner Gregoire, that:

Staff Recommendation: That the Finance Committee recommends that the Board of Commissioners of the North Broward Hospital District authorize the District to approve revisions
to Policy - CHS-003-012 Healthcare for the Homeless Financial Assistance/Discounted Sliding Fee Policy.

Staff recommendation carried unanimously.

7.7. CHS, HCH, Scope Adjustment Request to Modify HRSA Electronic Handbook

MOTION: It was moved by Commissioner Waugh, seconded by Commissioner Gregoire, that:

Staff Recommendation: That the Finance Committee recommend that the Board of Commissioners of the North Broward Hospital District authorize the District to approve Scope Adjustment Request to make minor modification to scope of project in HRSA Electronic Hand Book (EHB) allowing Healthcare for the Homeless to employ a full-time (40 hours per week) Outreach Worker to provide direct Outreach Services.

Staff recommendation carried unanimously.

7.8. Resolution FY20-21, Resolution to Clarify and Amend the Procurement Policy Pertaining to Construction Services, Electrical Work, and Construction-Related Design Services

Note: The Finance Committee confirmed to have reviewed all of the redline changes, which were available to the public on Broward Health’s website.

MOTION: It was moved by Commissioner Gregoire, seconded by Commissioner Berry, that:

Staff Recommendation: That the Finance Committee recommend that the Board of Commissioners of the North Broward Hospital District authorize the District to approve Resolution FY20-21, Resolution to Clarify and Amend the Procurement Policy Pertaining to Construction Services, Electrical Work, and Construction-Related Design Services

Staff recommendation carried unanimously.

8. ADJOURNMENT

There being no further business on the agenda, the Chair adjourned the meeting at 2:42 p.m.

Respectfully submitted,
Commissioner Stacy L. Angier, Secretary/Treasurer

Finance Committee 5
Financial Review
Fiscal Year 2020
COVID-19/Denials Management

July 22nd, 2020
# Broward Health System

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</thead>
<tbody>
<tr>
<td>Feb Actual</td>
<td>Mar Actual</td>
<td>Apr Actual</td>
<td>May Actual</td>
<td>Jun Preliminary</td>
<td>Actual</td>
<td>Jun Preliminary</td>
<td>Jun Bud</td>
<td>% Var</td>
<td>(in millions)</td>
<td>($ in millions)</td>
<td>($ in millions)</td>
<td>(in millions)</td>
<td>(in millions)</td>
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<tr>
<td>4,557</td>
<td>3,984</td>
<td>3,040</td>
<td>3,697</td>
<td>3,825</td>
<td>52,244</td>
<td>58,519</td>
<td>(12.0%)</td>
<td>2,476</td>
<td>1,933</td>
<td>1,155</td>
<td>1,473</td>
<td>1,913</td>
<td>25,712</td>
</tr>
<tr>
<td><strong>Net Operating Revenue</strong></td>
<td><strong>SW &amp; B</strong></td>
<td><strong>Supplies</strong></td>
<td><strong>Other</strong></td>
<td><strong>Depreciation &amp; Common Service</strong></td>
<td><strong>Net Gain/(Loss) from Oper</strong></td>
<td><strong>Net Gain/(Loss) from Oper Budget</strong></td>
<td><strong>Over / (Under)</strong></td>
<td><strong>Cares Act Funding</strong></td>
<td></td>
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<tr>
<td>$88.4</td>
<td>$87.4</td>
<td>$57.4</td>
<td>$76.9</td>
<td>$87.7</td>
<td>$1,029.7</td>
<td>$1,150.6</td>
<td>(11.7%)</td>
<td>$57.7</td>
<td>$58.6</td>
<td>$55.6</td>
<td>$55.1</td>
<td>$56.3</td>
<td>$672.9</td>
</tr>
</tbody>
</table>

**Note - Per new GASB, any stimulius funding is to be reported in Non-Operating revenue. Net Operating Revenue above adjusted for Apr and Jun to reflect this change**
COVID-19

### Total Hospitalization

- **Feb**: 4,000
- **Mar**: 4,500
- **Apr**: 5,000
- **May**: 5,500
- **Jun**: 6,000

### Total Surgeries

- **Feb**: 500
- **Mar**: 1,000
- **Apr**: 1,500
- **May**: 2,000
- **Jun**: 2,500

### ED Visits

- **Feb**: 10,000
- **Mar**: 12,000
- **Apr**: 14,000
- **May**: 16,000
- **Jun**: 18,000

### Outpatient Medical Ctr. Visits

- **Feb**: 4,000
- **Mar**: 6,000
- **Apr**: 8,000
- **May**: 10,000
- **Jun**: 12,000

### Physician Visits

- **Feb**: 12,000
- **Mar**: 17,000
- **Apr**: 22,000
- **May**: 27,000
- **Jun**: 32,000
## Cumulative COVID-19 Financial Impact

### Revenue Impact from Changes in Volume

<table>
<thead>
<tr>
<th>Service</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>Jun</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Elective surgeries</strong></td>
<td>2,504,151</td>
<td>7,515,208</td>
<td>4,833,268</td>
<td>2,073,341</td>
<td>16,925,968</td>
</tr>
<tr>
<td>-Loss Elective surgeries volume-IP</td>
<td>141</td>
<td>355</td>
<td>264</td>
<td>170</td>
<td>930</td>
</tr>
<tr>
<td>-Loss Elective surgeries volume-OP</td>
<td>189</td>
<td>917</td>
<td>489</td>
<td>399</td>
<td>1,994</td>
</tr>
<tr>
<td><strong>OP facilities/clinics</strong></td>
<td>1,405,546</td>
<td>4,830,687</td>
<td>3,113,817</td>
<td>1,057,340</td>
<td>10,407,390</td>
</tr>
<tr>
<td>-Loss OP facilities/clinics</td>
<td>6,117</td>
<td>11,478</td>
<td>8,450</td>
<td>7,093</td>
<td>33,138</td>
</tr>
<tr>
<td><strong>Physician clinics</strong></td>
<td>8,063</td>
<td>19,194</td>
<td>10,645</td>
<td>4,054</td>
<td>41,956</td>
</tr>
<tr>
<td>-Loss Physician visits</td>
<td>383,640</td>
<td>3,188,680</td>
<td>1,768,394</td>
<td>673,516</td>
<td>6,014,230</td>
</tr>
<tr>
<td>-Loss Physician visits</td>
<td>316</td>
<td>2,179</td>
<td>1,061</td>
<td>1,552</td>
<td>5,108</td>
</tr>
<tr>
<td><strong>Urgent care</strong></td>
<td>6,978,605</td>
<td>21,290,229</td>
<td>16,955,698</td>
<td>9,531,072</td>
<td>54,755,604</td>
</tr>
<tr>
<td>-Loss Urgent care visits</td>
<td>473</td>
<td>1,234</td>
<td>859</td>
<td>565</td>
<td>3,131</td>
</tr>
<tr>
<td><strong>Emergency departments</strong></td>
<td>3,081</td>
<td>10,286</td>
<td>10,979</td>
<td>8,624</td>
<td>32,970</td>
</tr>
<tr>
<td>-Loss Admissions</td>
<td>11,304,385</td>
<td>36,910,805</td>
<td>26,713,067</td>
<td>13,396,513</td>
<td>88,324,770</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>
# Broward Health System

<table>
<thead>
<tr>
<th>Debt Service Coverage Ratio</th>
<th>February</th>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Excess of Revenue Over Expenses less Unrealized</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Add Depreciation</td>
<td>35.2</td>
<td>39.6</td>
<td>44.0</td>
<td>48.3</td>
<td>54.3</td>
</tr>
<tr>
<td>Add Interest Expense</td>
<td>11.4</td>
<td>12.9</td>
<td>14.3</td>
<td>15.7</td>
<td>17.1</td>
</tr>
<tr>
<td><strong>Income Available for Debt Service</strong></td>
<td>57.8</td>
<td>57.4</td>
<td>57.4</td>
<td>51.8</td>
<td>74.8</td>
</tr>
<tr>
<td><strong>Max Annual Debt Service on LT Debt</strong></td>
<td>15.2</td>
<td>17.0</td>
<td>17.2</td>
<td>19.0</td>
<td>20.7</td>
</tr>
<tr>
<td><strong>Annual DSCR (1.1x)</strong></td>
<td>3.8</td>
<td>3.4</td>
<td>3.3</td>
<td>2.7</td>
<td>3.6</td>
</tr>
<tr>
<td><strong>Headroom</strong></td>
<td>41.2</td>
<td>38.7</td>
<td>38.4</td>
<td>31.0</td>
<td>52.0</td>
</tr>
</tbody>
</table>

**COVID-19**
Broward Health System  - Cares Act Stimulus Funding

- BH received a total of $74.8 mil in Cares Act Funding:
  - BH received $18.7 million of the $50 billion in the first 2 trenches released of the $100 billion designated to support hospitals and healthcare providers – April 20
  - BH received the following for Safety Net:
    - $18.6 mil – First payment June 20
    - $426k - Second payment June 20
    - $11.3 mil – July 20
  - BH received $25.8 mil for HHS High Area Impact Payment – July 20
Centralized Denials Management
Broward Health System – Centralized Denials Team
Go-Live Date July 6th, 2020

Reports to Managed Care
Total of Employees: 9 (nine)

- Director of Denials Improvement
- 4 Clinical Denials Specialist
- 4 Technical Denials Specialist (1 vacant position)

Healthrise Team
- Director
- Senior Manager
- Analytical Support Specialist

The Clinical and Denials Specialists will conduct comprehensive reviews of denied accounts and write compelling arguments to ensure payment.
Broward Health System

Major Focus Areas

• Measure - Tracking and Trending
• Analyze - Where do we need to focus our efforts
• Improve - Determine Corrective Actions Needed
• Tools - Revamp PIC worklist structure

Since go-live we have identified issues across the district with timely admission notifications, status changes and post discharge account corrections. Working in conjunction with the CPAS team, a new Admissions Unit will be launched in August 2020 to streamline the process and reduce the first pass denial rates.
SUMMARY OF REQUEST

DATE: July 29, 2020

FACILITY: Broward Health Coral Springs

PROGRAM/PRODUCT LINE: Emergency Department Services
Obstetrics / Gynecology On Call Services

REQUEST: Board approval to enter into contractual agreements for Obstetrics / Gynecology On Call Services at a fair market rate of compensation at the 88th percentile of national benchmark data.

PURPOSE: To provide Obstetrics / Gynecology On Call Services for Broward Health Coral Springs Emergency Department and Obstetrics program.

CAPITAL REQUIRED: Not Applicable

FISCAL IMPACT: Annual compensation is within the fair market value and is commercially reasonable as documented by Health Care Appraisers, at the 88th percentile for Obstetrics / Gynecology On Call Services.

BUDGET STATUS: Budgeted

LEGAL REVIEW: The contract is subject to General Counsel’s review and approval as to legal form and conditioned on no material changes in the approved business terms.

APPROVED: ________________________ DATE: _______________
Gino Santorin, President/CEO BH
Gino Santorio 07/15/2020 14:34 EDT
MEMORANDUM

TO: Board of Commissioners
FROM: Gino Santorio, President/CEO BH
DATE: July 29, 2020
SUBJECT: Board approval to enter into contractual agreements for Obstetrics / Gynecology On Call Services at a fair market rate of compensation at the 88th percentile of national benchmark data.

BACKGROUND

Broward Health Coral Springs (BHCS) is requesting approval to enter into a contractual agreement for Obstetrics / Gynecology On Call service. Broward Health has documented and objectively determined there is a legitimate business purpose for the services of qualified physicians to provide services in the specialties of Obstetrics / Gynecology On call.

ACTION/PROJECT DESCRIPTION

A fair market value (FMV) and commercial reasonableness (CR) assessment of the proposed arrangements for Obstetrics / Gynecology was conducted by an independent third party. The assessment determined that the request, at the 88th percentile for Obstetrics / Gynecology of the national benchmark date, are within FMV for similar services being provided across the country and is commercially reasonable.

BHCS is licensed to provide Obstetrics / Gynecology services and is a required to provide evaluation of management of patient presenting to its Emergency and Obstetrics Department under its EMTALA requirements. BHCS has a need to contract with physicians to provide uninterrupted on-call availability for its emergent patients.

BHCS has six physicians on the call coverage panel. The proposed rate is consistent with the current rate. A lower rate was originally offered and the physicians declined.

FINANCIAL/BUDGETARY IMPACT

Operating expense is budgeted.

JUSTIFICATION

To continue to provide Obstetrics / Gynecology at Broward Health Coral Springs.
STAFF RECOMMENDATION

Therefore, it is requested that the Board of Commissioners of the North Broward Hospital District authorize the District to enter into call coverage agreements for Obstetrics/Gynecology at the 88th percentile at Broward Health Coral Springs.
SUMMARY OF REQUEST

DATE: July 29, 2020

FACILITY: Broward Health Medical Center

PROGRAM/PRODUCT LINE: Orthopedic Surgery On-Call

REQUEST: Approval to enter into an Emergency Department On-Call Coverage and Inpatient Services Agreement for Orthopedic Surgery at the 90th percentile.

PURPOSE: To continue to provide required On-Call Orthopedic Surgery coverage.

CAPITAL REQUIRED: None

FISCAL IMPACT: An independent third-party appraiser has determined: (1) the arrangement to be commercially reasonable, and (2) the total maximum compensation is within Fair Market Value (FMV).

BUDGET STATUS: Budgeted

LEGAL REVIEW: The contract is subject to General Counsel’s review and approval as to legal form and conditioned on no material changes in the approved business terms.

APPROVED: ___________________ DATE: _______________
Gino Santorio, President/CEO BH
Gino Santorio 07/15/2020 14:34 EDT
MEMORANDUM

TO: Board of Commissioners

FROM: Gino Santorio, President/CEO BH

DATE: July 29th, 2020

SUBJECT: Approval to enter into an Emergency Department On-Call Coverage and Inpatient Services Agreement for Orthopedic Surgery at the 90th percentile.

BACKGROUND

Broward Health Medical Center (BHMC) is requesting approval to enter into contractual agreements for Orthopedic Surgery On-Call services. BHMC has documented and objectively determined there is a legitimate business purpose for the services of qualified physicians to provide services in the specialty of Orthopedic Surgery.

BHMC is designated as a level one Adult and Pediatric Trauma Center for Emergency Services. Hospitals are required under EMTALA to provide evaluation of management of patients presenting to its Emergency Department. BHMC has a need to contract with the group/physicians to provide uninterrupted on-call availability for its emergent patients.

ACTION/PROJECT DESCRIPTION

Broward Health is requesting that the Board of Commissioners authorize the District to continue with paid Emergency Department On-Call Coverage and Inpatient Services Agreements for Orthopedic Surgery at the 90th percentile. An independent third-party appraisal report determined that the proposed arrangements are commercially reasonable, and the compensation is within fair market value.

FINANCIAL/BUDGETARY IMPACT

The proposed on-call dollars are budgeted for FY-21.
JUSTIFICATION

BHMC has documented and objectively determined that there is a legitimate business purpose to continue to provide paid On-Call Orthopedic Surgery services.

STAFF RECOMMENDATION

Therefore, it is requested that the Board of Commissioners of the North Broward Hospital District authorize the District to enter into Emergency Department On-Call Coverage and Inpatient Services Agreement for Orthopedic Surgery at the 90th percentile at Broward Health Medical Center.
SUMMARY OF REQUEST

DATE: July 29th, 2020

FACILITY: Broward Health Medical Center

PROGRAM/PRODUCT LINE: Psychiatry On-Call services

REQUEST: Approval to enter into an Emergency Department On-Call Coverage and Inpatient Services Agreement for Psychiatry service which is greater than the 90th percentile of the national benchmark data.

PURPOSE: To continue to provide required On-Call Psychiatry coverage.

CAPITAL REQUIRED: None

FISCAL IMPACT: An independent third-party appraiser has determined: (1) the arrangement to be commercially reasonable, and (2) the total maximum compensation is within Fair Market Value (FMV).

BUDGET STATUS: Budgeted

LEGAL REVIEW: The contract is subject to General Counsel’s review and approval as to legal form and conditioned on no material changes in the approved business terms.

APPROVED: ___________________________ DATE: ________________

Gino Santorio, President/CEO BH
Gino Santorio 07/15/2020 14:33 EDT
MEMORANDUM

TO: Board of Commissioners
FROM: Gino Santorio, President/CEO BH
DATE: July 29th, 2020
SUBJECT: Approval to enter into an Emergency Department On-Call Coverage and Inpatient Services Agreement for Psychiatry services which is greater than the 90th percentile of the national benchmark data

BACKGROUND

Broward Health Medical Center (“BHMC”) is requesting approval to enter into contractual agreements for Psychiatry On-Call services. BHMC has documented and objectively determined there is a legitimate business purpose for the services of qualified physicians to provide services in the specialty of Psychiatry.

BHMC is licensed to provide Psychiatry services and is also a Baker Act Receiving Facility and is required to provide evaluation of management of patients presenting to its Emergency Department under its EMTALA requirements. BHMC has a need to contract with the group/physician to provide uninterrupted on-call availability for its emergent patients.

BHMC has 4 (four) physicians on the call coverage panel. A lower rate was originally offered and the physicians declined. After meeting with the physicians, all agreed to take no less than greater than the 90th percentile of the national benchmark data.

ACTION/PROJECT DESCRIPTION

Broward Health is requesting that the Board of Commissioners authorize the District to enter into Emergency Department On-Call Coverage and Inpatient Services Agreement for Psychiatry which is greater than the 90th percentile. An independent third-party appraisal report determined that the proposed arrangements are commercially reasonable, and the compensation is within fair market value.

FINANCIAL/BUDGETARY IMPACT

The proposed on-call dollars are budgeted for FY-21.
JUSTIFICATION

BHMC has documented and objectively determined that there is a legitimate business purpose to continue to provide paid On-Call Psychiatry services.

STAFF RECOMMENDATION

Therefore, it is requested that the Board of Commissioners of the North Broward Hospital District authorize the District to enter into Emergency Department On-Call Coverage and Inpatient Services Agreement for Psychiatry which is greater than the 90th percentile at Broward Health Medical Center.
EXECUTIVE SUMMARY OF REQUEST 1

DATE: July 29, 2020

FACILITY: Broward Health Corporate Offices

PROGRAM/PRODUCT LINE: Broward Health Physician Group and Broward Health Corporate Real Estate

REQUEST: Authorization to execute a Lease Agreement with Welltower OM Group, LLC for 4,808 square feet of medical office space at 600 S Pine Island Road, Suite 204, Plantation, Florida, 33324

PURPOSE: Medical Office Space Lease

CAPITAL REQUIRED: Not applicable

FISCAL IMPACT: NBHD’s payment of rent commences the earlier of (a) the date that Welltower completes the tenant improvements; or (b) the date NBHD commences its business in the leased space. Rent equals $146,079.06 in initial year, including the security deposit. Rent equals $163,176.31 annually thereafter, with 3% annual escalation starting in year three (3) of the agreement. Welltower’s tenant improvement allowance is an amount not to exceed $408,680.

BUDGET STATUS: Budgeted

LEGAL REVIEW: The contract is subject to General Counsel’s review and approval as to legal form and conditioned on no material changes in the approved business terms in addition to outside Real Estate legal counsel.

APPROVED: ___________________________ DATE: ________________
Gino Santorio, President/CEO
Gino Santorio 07/15/2020 14:34 EDT
MEMORANDUM IN SUPPORT OF SUMMARY OF REQUEST 1

TO: Board of Commissioners

FROM: Gino Santorio, President/CEO

DATE: July 29, 2020

SUBJECT: Authorization to execute a Lease Agreement with Welltower OM Group, LLC for 4,808 square feet of medical office space at 600 S Pine Island Road, Suite 204, Plantation, Florida, 33324.

BACKGROUND

The subject site is approximately 4,808 square feet of medical office space. Through negotiations, Welltower OM Group, LLC (“Welltower”) and NBHD have reached an agreement for an initial term of ten (10) years. NBHD may exercise its option to terminate the lease at the conclusion of year five (5) of the lease by providing Welltower with written notice of its intent to terminate twelve (12) months prior. NBHD also has the right of first refusal to rent space contiguous to the leased space at the same rental rate.

NBHD’s payment of rent commences the earlier of (a) the date that Welltower completes the tenant improvements; or (b) the date NBHD commences its business in the leased space. Rent equals $146,079.06 in initial year, including the security deposit. Rent equals $163,176.31 annually thereafter, with 3% annual escalation of the rent, starting in year three (3) of the agreement. Welltower will build out the space using building standard materials and finishes based on a mutually agreed upon space plan between NBHD and Welltower, not to exceed $408,680 (or $85.00 per square foot) for the tenant improvement allowance.

ACTION/PROJECT DESCRIPTION

Authorization to execute a Lease Agreement with Welltower OM Group, LLC for 4,808 square feet of medical office space at 600 S Pine Island Road, Suite 204, Plantation, Florida, 33324.

FINANCIAL/BUDGETARY IMPACT

$146,079.06 in the initial year, upon commencement of rent payments. $163,176.31 annually thereafter, with 3% annual escalation of the rent, starting in year three (3) of the agreement. Tenant improvement allowance equals an amount not to exceed $408,680.
JUSTIFICATION

NBHD has a longstanding tradition of providing quality care, which extends well beyond its hospitals and clinics, and into the community. A presence in the Plantation, Florida area supports NBHD’s execution of its growth strategy.

STAFF RECOMMENDATION

Therefore, it is requested that the Board of Commissioners of the North Broward Hospital District authorize the District to execute a ten (10) year Lease Agreement with Welltower OM Group, LLC for 4,808 square feet of medical office space at 600 S Pine Island Road, Suite 204, Plantation, Florida, 33324 subject to the terms and conditions as outlined in the Executive Summary of Request 1.
<table>
<thead>
<tr>
<th>Year</th>
<th>Base Rent With 3% Yearly</th>
<th>CAM with 3% Yearly</th>
<th>Total Base Rent +CAM</th>
<th>Security Deposit</th>
<th>Year 1 total S.F Input</th>
<th>Base Rent/S.F./Yr</th>
<th>CAM/S.F/Yr</th>
<th>CAM/sf/3%</th>
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</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>$79,957.04</td>
<td>$57,455.60</td>
<td>$137,412.64</td>
<td>$8,666.42</td>
<td>$146,079.06</td>
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<td>$21.63</td>
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<td>Year 2</td>
<td>$103,997.04</td>
<td>$59,179.27</td>
<td>$163,176.31</td>
<td>$11.95</td>
<td>$12.3085</td>
<td>$12.63</td>
<td>$13.06</td>
<td>$12.88</td>
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<td>Year 3</td>
<td>$107,116.95</td>
<td>$60,954.65</td>
<td>$168,071.60</td>
<td>$12.3085</td>
<td>$12.68</td>
<td>$13.06</td>
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<td>Year 4</td>
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<td>$13.45</td>
<td>$13.85</td>
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<td>Year 5</td>
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<td>Year 6</td>
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<td>$66,606.79</td>
<td>$183,656.37</td>
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<td>Year 7</td>
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<td>$68,604.99</td>
<td>$189,166.06</td>
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<td>Year 8</td>
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<td>$15.14</td>
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<td>Year 9</td>
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<td>$72,783.04</td>
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<td>Year 10</td>
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<td>$74,966.53</td>
<td>$206,706.86</td>
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<td>$17.20</td>
<td>$17.80</td>
<td>$17.20</td>
<td>$17.20</td>
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<td>Total</td>
<td></td>
<td>$1,136,474.01</td>
<td></td>
<td>$658,664.06</td>
<td>$1,795,138.07</td>
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<td></td>
<td>LANDLORD TI ALLOWANCE</td>
<td></td>
<td>$408,680</td>
<td></td>
<td>$2,203,818.07</td>
<td>$2,612,500.07</td>
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<td></td>
<td>Additional Landlord TI</td>
<td></td>
<td>$144,240</td>
<td>$2,348,058.07</td>
<td>$2,612,500.07</td>
<td>$2,612,500.07</td>
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</table>
SUMMARY OF REQUEST

DATE: July 29, 2020

FACILITY: Broward Health Corporate Offices

PROGRAM/PRODUCT LINE: Broward Health Corporate Offices

REQUEST: Authorization to execute a Food and Nutrition Management Services Agreement with Aramark Healthcare Support Management Services, LLC

PURPOSE: Food and nutrition management services for NBHD hospitals

CAPITAL REQUIRED: $3,000,000 for equipment and renovations in the food services areas at NBHD hospitals.

FISCAL IMPACT: $17,969,581 in FY 21

BUDGET STATUS: Budgeted

LEGAL REVIEW: The contract is subject to General Counsel’s review and approval as to legal form and conditioned on no material changes in the approved business terms in addition to outside Real Estate legal counsel.

APPROVED: ___________________________ DATE: ________________

Gino Santorio, President/CEO
Gino Santorio 07/15/2020 14:34 EDT
MEMORANDUM

TO: Board of Commissioners
FROM: Gino Santorio, President/CEO
DATE: July 29, 2020
SUBJECT: Authorization to execute a Food and Nutrition Management Services Agreement with Aramark Healthcare Support Management Services, LLC.

BACKGROUND

Broward Health issued a Request for Proposals (“RFP”) for the provision of Food and Nutrition Management Services on October 23, 2017. Pursuant to this bid process, Aramark Healthcare Support Management Services, LLC (“Aramark”) submitted its proposal on December 7, 2017. Furthermore, in an award letter dated January 12, 2018, NBHD awarded Aramark the right to negotiate a contract to provide food and nutrition management services.

The term of the agreement is five years. NBHD will invest $3M in equipment and renovations to operationally and financially improve food service operations. NBHD will receive an 8% rebate on the cost of all food and food related items purchased. This rebate represents a savings to both federal health care programs and Broward County tax payers. Furthermore, the agreement is structured so that Aramark’s management fee is 100% at risk in years 2 through 5 of the agreement, which means that Aramark is required to refund a portion or all of its management fee to Broward Health if it fails to achieve key performance targets outlined in the agreement. Moreover, the key performance targets are tied to the safety and quality of the food served, as well as the prudent management of the budget. Therefore, any incentive paid to Aramark is a reflection of safe, and above-average quality food services that meet or positively exceed Broward Health’s budget expectations.

ACTION/PROJECT DESCRIPTION

Authorization to execute a Food and Nutrition Management Services Agreement with Aramark Healthcare Support Management Services, LLC.

FINANCIAL/BUDGETARY IMPACT

$17,969,581 in Fiscal Year 2021.
JUSTIFICATION

Aramark will be responsible for the management of food and nutritional services for patients, visitors and employees at all of the NBHD’s hospitals, which also includes purchase of food and related items on NBHD’s behalf and providing enhanced room services to NBHD’s patients. Food and nutrition management services are necessary to support the Food and Nutrition Services Departments at each of NBHD’s hospitals in maintaining compliance with CMS conditions of participation requirements as it pertains to food and dietetic services, and Joint Commission provision of care, treatment and services requirements.

STAFF RECOMMENDATION

Therefore, it is requested that the Board of Commissioners of the North Broward Hospital District authorize the District to enter into a 5-Year Food and Nutrition Management Services Agreement with Aramark Healthcare Support Management Services, LLC.
<table>
<thead>
<tr>
<th>BH Pillar</th>
<th>KPI</th>
<th>Metric</th>
<th>Threshold</th>
<th>Achievement</th>
<th>Full Eligible Points</th>
<th>Threshold Points (33% of Eligible Pts)</th>
<th>Achievement Points (66% of Eligible Pts)</th>
<th>Full Eligible Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality 20 points</td>
<td>HACs</td>
<td>Falls and Trauma</td>
<td>&lt;=0.75</td>
<td>&lt;=0.104</td>
<td>&lt;=0.065</td>
<td>2</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Quality 20 points</td>
<td>VBP</td>
<td>CDIFF</td>
<td>&lt;=0.748</td>
<td>&lt;=0.3464</td>
<td>&lt;=0.2165</td>
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<td>3</td>
<td>5</td>
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<tr>
<td>Quality 20 points</td>
<td>VBP</td>
<td>CLABSI</td>
<td>&lt;=0.687</td>
<td>&lt;=0.4656</td>
<td>&lt;=0.291</td>
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<td>3</td>
<td>5</td>
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<td>Quality 20 points</td>
<td>VBP</td>
<td>CAUTI</td>
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<td>&lt;=0.34</td>
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<td>3</td>
<td>5</td>
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<tr>
<td>Service 20 points</td>
<td>HCAHPS (Top % Box)</td>
<td>Global Hospital Rating</td>
<td>&gt;=72.4</td>
<td>&gt;=73.8</td>
<td>&gt;=76.6</td>
<td>1</td>
<td>3</td>
<td>4</td>
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<tr>
<td>Service 20 points</td>
<td>HCAHPS (Top % Box)</td>
<td>Communication w/Nurses</td>
<td>&gt;=78.1</td>
<td>&gt;=79.29</td>
<td>&gt;=82.84</td>
<td>1</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Service 20 points</td>
<td>HCAHPS (Top % Box)</td>
<td>Willingness to Recommend</td>
<td>&gt;=72.02</td>
<td>&gt;=73.64</td>
<td>&gt;=76.87</td>
<td>1</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Service 20 points</td>
<td>Patient Flow</td>
<td>Request to Occupy</td>
<td>&lt;=165</td>
<td>&lt;=158</td>
<td>&lt;=150</td>
<td>1</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Service 20 points</td>
<td>Patient Flow</td>
<td>% of Discharges w/Transport</td>
<td>&gt;49.5%</td>
<td>&gt;52.25%</td>
<td>&gt;55%</td>
<td>1</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>People 15 points</td>
<td>Productivity</td>
<td>Productive Hours Per APD</td>
<td>90%</td>
<td>95%</td>
<td>100%</td>
<td>2</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>People 15 points</td>
<td>Turnover</td>
<td>Turnover</td>
<td>&lt;=19.25%</td>
<td>&lt;=18.375%</td>
<td>&lt;=17.5%</td>
<td>3</td>
<td>7</td>
<td>10</td>
</tr>
<tr>
<td>Growth 15 points</td>
<td>Net New Providers</td>
<td>Net New Providers</td>
<td>90%</td>
<td>95%</td>
<td>100%</td>
<td>2</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Growth 15 points</td>
<td>Access to Care</td>
<td>OP Visits</td>
<td>90%</td>
<td>95%</td>
<td>100%</td>
<td>3</td>
<td>7</td>
<td>10</td>
</tr>
<tr>
<td>Finance 30 points</td>
<td>Revenue Cycle</td>
<td>First Pass Denial</td>
<td>&lt;=9.5%</td>
<td>&lt;=9%</td>
<td>&lt;=8.5%</td>
<td>3</td>
<td>7</td>
<td>10</td>
</tr>
<tr>
<td>Finance 30 points</td>
<td>Net Gain/(Loss) from Ops</td>
<td>Net Gain/(Loss) from Ops</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>0</td>
<td>0</td>
<td>20</td>
</tr>
</tbody>
</table>
Management Annual Incentive Plan Competitive Market Practices Review

July 2020

Gary Lawson
Partner, Tampa

Bob Younkevicius
Sr. Associate, Tampa

Michalla Nolan
Associate, Atlanta

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Introduction

• Mercer was engaged by Broward Health (“Broward”) to comment on the competiveness and reasonableness of the Broward’s Management Annual Incentive Plan.

• The 2020 market data supports the development of an executive and management annual incentive program that places a portion of pay at-risk and is only paid to participants based on achievement of defined financial, quality, service, people, and growth objectives.

• This document provides an overview of market practices in annual incentive plan design and comparison of Broward’s plan to those market practices.
Annual Incentive Plan Market Practices Prevalence and Eligibility

- 84% of health care organizations have annual incentive plans for executives and managers.
  - Most organizations use eligibility guidelines to ensure that employees at similar levels, performing similar functions, are treated comparably across the system.
  - Plan design generally restricts eligibility to individuals who are most likely to have a direct impact and influence on overall organization performance.
  - Eligibility typically covers all senior levels of management and department directors; however, approximately 70% of the organizations report extending eligibility to manager level employees. This is an slight increase from 2015, where survey data reported 68% of organizations extended eligibility to managers.

Annual Incentive Plan Market Practices Target Award Opportunity

• In the market, annual incentive opportunity typically varies by job level, with greater opportunity for more senior executives with more direct impact on the organizational results.

<table>
<thead>
<tr>
<th>Job Level</th>
<th>Target Award Opportunity (as % of base salary)</th>
<th>Maximum Award Opportunity (as % of base salary)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Executive Officer</td>
<td>40%</td>
<td>53%</td>
</tr>
<tr>
<td>Chief Operating Officer</td>
<td>30%</td>
<td>45.00%</td>
</tr>
<tr>
<td>Chief Financial Officer</td>
<td>30%</td>
<td>37.80%</td>
</tr>
<tr>
<td>Chief Medical Officer</td>
<td>25%</td>
<td>37.50%</td>
</tr>
<tr>
<td>Other SVPs*</td>
<td>25%</td>
<td>37.50%</td>
</tr>
<tr>
<td>Hospital CEOs (e.g., non-system CEOs)</td>
<td>30%</td>
<td>45%</td>
</tr>
<tr>
<td>Vice Presidents/Administrators*</td>
<td>20%</td>
<td>30%</td>
</tr>
<tr>
<td>Directors*</td>
<td>12%</td>
<td>15%</td>
</tr>
</tbody>
</table>

* There is some variance among the survey data for these roles; percentages shown approximate the award opportunities for these job levels

• Broward’s target opportunity at 30% for the CEO and 20% for other top executive lags the market target opportunity

• Additionally, Broward’s target opportunity is also the maximum opportunity whereas the market practice is to build in a upside for over achievement (e.g. 125% - 150% of target).

Mercer 2019 Integrated Health Networks (IHN) Compensation Survey
Annual Incentive Plan Market Practices
Performance Measures

• The majority of healthcare organizations evaluate annual performance utilizing enterprise/organization level metrics with a “balanced scorecard” approach that leverages a combination of organizational metrics across metric categories including financial, growth, mission, patient experience, people and quality objectives.
  – The most common financial and non-financial performance metrics are net operating income and clinical quality indicators respectively; however, many other measures are utilized:
    - Financial: income/margin, ROI, productivity, cost per adjusted patient day, fundraising, bond rating
    - Quality: patient/clinical outcomes, hospital rating.
    - Growth: market share, revenue growth, service expansion, new ventures.
    - Patient Experience: patient satisfaction, patient access, patient safety.
    - Mission/Service: community benefit, research, population health.
    - People: employee engagement, physician engagement; human resources satisfaction, diversity.

• Within each metric category organizations typically have 2 - 4 performance metrics depending on the metric category (e.g., quality and patient satisfaction tend to have more metrics to address specific areas of focus).

• Broward’s Management incentive plan performance metrics and number of metrics look reasonable relative to market.

Annual Incentive Plan Market Practices
Goal Setting

• The majority of healthcare organizations set goals based on either:
  – Budget
  – Year-over-year improvement
  – Relative performance against peers or index

• Budget tends to be more heavily relied upon for financial related metrics while year-over-year improvement and performance against an index or peers tends to be used more for other metrics

• Based Mercer’s understanding of Broward’s goal setting philosophy and process, we would conclude it to be in line with the above described market practice

• 77% of reporting organizations also use a performance “circuit breaker” to determine the funding of the plan. This is a minimum level of performance that must be achieved before any incentive plan dollars are accrued, to ensure the affordability of the plan.
  – Among organizations using this performance circuit breaker, 71% eliminate the potential payout and 29% provide a reduced payout if the minimum performance is not achieved.
  – For those organizations that reduce payouts, 71% leave the reduction up to the discretion of the Board/Committee and 29% have a formula driven reduction.

• The most common circuit breaker performance measure used is net operating income. Additional funding circuit breakers may be patient satisfaction or quality related.

• **Broward’s reliance on the incentive plan being self funding is in line with having a performance based circuit breaker for incentive payouts**

Annual Incentive Plan Market Practices Governance, Accountability, and Review

- While there is no standard formula for selecting measures and performance targets, a comprehensive and rigorous approach creates a rational and defensible link between pay and performance.

- To meet the IRS requirements, the incentive plan payouts cannot be based solely on profitability.

- The performance measures must support the tax-exempt mission for which the organization exists.

- The leadership team recommends the performance measures, utilizing an array of both quantitative and qualitative metrics and the governing Board Committee approves the metrics.

- The performance metrics should reflect stretch but achievable performance levels.

- **Broward’s incentive program aligns with the standards related above.**
Recommendations & Next Steps

In summary, Mercer’s assessment found that Broward’s Management Annual Incentive Plan is aligned to many market best practices. Further alignment can be achieved by considering the following recommendations:

- **Target Award Opportunity**
  - Align target opportunity to the market and consider building in a upside for over achievement

- **Performance Measures & Weights**
  - Maintain market aligned metrics

- **Goal Setting**
  - Continue leveraging the existing goal setting approach

- **Funding Circuit Breaker**
  - Leverage existing self funded plan
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