



JACKSONVILLE CITY COUNCIL

TRUE COMMISSION AMENDED PERFORMANCE COMMITTEE MEETING MINUTES December 3, 2009 3:00 p.m.

City Council Conference Room B
Suite 425, City Hall
117 W. Duval Street

Attendance: Committee Members Greg Anderson (Chair), Joe Andrews, Thomas Martin, Mark Cowart and Wes Benwick (arr. 3:51)

Guest: Kirk Sherman and Kim Taylor – Council Auditor’s Office; Pam Markham – Inspector General; Penny Thompson – Shands Jacksonville Medical Center; Tony Bates – Concerned Taxpayers of Duval County; Jeff Clements – City Council Research Division

The meeting was called to order at 3:03 p.m. by Chairman Greg Anderson who informed the committee that the City has created a revised budget web page, partly in response to suggestions made by the TRUE Commission and discussed at the November Performance Committee meeting. Additional suggestions for improvements are still being solicited. He also announced that the guest speaker for the committee’s January meeting will be Adam Hollingsworth, the Mayor’s Chief of Staff, who will be discussing the challenges posed by the FY10-11 budget.

Mr. Anderson introduced Kim Taylor to begin the discussion of the City’s annual contribution to Shands Jacksonville for indigent care services. Ms. Taylor distributed a handout showing the City’s appropriations to Shands from 1982 to the present and Shands’ cost of charity care for the same years. In 1982 (9 months) the City funded \$12,154,185 (89%) of the hospital’s \$13,650,869 in charity care. The city appropriated approximately \$18 million per year from 1984 through 2000, and \$23.7 million per year thereafter. Shands’ cost of charity care provided has increased dramatically to \$60.6 million in FY07-08, of which the City’s \$23.7 million covered 39% of the cost of the care. The remaining 61% was paid from other sources or constituted a loss to the hospital’s bottom line.

Ms. Taylor explained that the Council Auditor’s Office formerly audited the contract every year to determine Shands’ compliance with the provisions of the funding contract regarding verification of the county of residence and the income of persons seeking care before City reimbursement could be sought. The audits found extremely good compliance (nearly 100%) for several consecutive years, so it was determined in 2006 that continued annual audits were no longer needed. Kirk Sherman indicated in response to a question that the contract would be audited again for compliance in 2010.

Pam Markham explained that patients pay for their services on a sliding scale based on income and family size, so there is considerable calculation involved in determining how much each patient pays, and the percentage for each patient changes as their employment status and income change. The City is the payer of last resort and all possible expenses are supposed to be charged to Medicare and Medicaid first. The City and Shands have worked with the Duval County Health Department over the years to establish

outpatient clinics that could provide health care for the uninsured in a more effective and less expensive setting than the hospital emergency room, where waits for non-emergency care can be extremely long.

Penny Thompson of Shands Jacksonville explained that Shands is the successor to the former Duval Medical Center and then University Hospital. The City of Jacksonville owns the property, buildings, equipment and furnishings and contracts with Shands to operate the facility. The City does not own the buildings that comprised the former Methodist Hospital property, which have been consolidated into the Shands complex. The Shands operations contract with the City runs through 2067, but Shands cannot fulfill the contract until that time if the operational deficits keep piling up at the current rate. According to Ms. Thompson, "Something has got to change to produce a more financially sustainable operation." Ms. Thompson noted that, for reasons unknown, Jacksonville is the only one of the large urban counties in Florida specifically *prohibited* from levying a dedicated tax millage to pay for indigent care. The City has lobbied for the legislation for a number of years to change this provision of state law and bills passed both the Florida House and Senate in the 2009 session to make the change, but Governor Crist vetoed the bill. Shands and the City now have to determine the best course of action to bring this matter to completion, including whether or not to wait for the end of Governor Crist's term and to deal with a new governor in 2011.

Ms. Thompson also reported that Shands and the University of Florida are drastically restructuring their relationship and that could have major consequences for Shands' operations in Jacksonville, including the possibility that Shands could decide to pull out of Jacksonville altogether at some point. Shands requested an additional \$3 million in the City budget for FY09-10 to help defray some of the huge unfunded care liability, but the City's own budget troubles did not allow for any additional resources. Shands intends to make the request again for the FY10-11 budget.

Ms. Thompson briefly outlined how the Low Income Pool (LIP - formerly "disproportionate share") program allows urban counties with large amounts of uncompensated indigent care to contribute local funds to a state pool that is used to leverage additional Medicaid funds from the federal government. Miami-Dade County contributes over \$300 million per year to the LIP fund and Broward County contributes over \$200 million; Jacksonville contributes \$23.7 million. The health care reform debate currently ongoing in Congress may have a substantial impact on the LIP program. The Senate version of the bill could seriously reduce the federal government's participation in the LIP program. Private hospitals are also trying to gain access to the LIP program, which they do not currently have, to help pay for part of the cost of their uncompensated care. Any of these developments would further reduce the funds available to Jacksonville for use by Shands. Ms. Thompson feels that Shands is an indispensable asset to Jacksonville, in terms of indigent care provided, the high quality of medical care provided by an academic medical center with the latest technology and highest quality faculty doctors, and in overall economic impact from thousands of jobs and thousands of patients coming to Jacksonville from out of town to access the high quality care available there. She hopes the community and the City will rally to Shands' cause and deal with the huge problem that is posed by a growing indigent care caseload.

There being no further business, the meeting was adjourned at 3:55 p.m.

Jeff Clements, Chief
Council Research Division
630-1405

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4:00 p.m.