

**FRANKLIN COUNTY BOARD OF COUNTY COMMISSIONERS
PUBLIC WORKSHOP
COURTHOUSE ANNEX – COMMISSION MEETING ROOM
OCTOBER 15, 2019
1:30 PM
MINUTES**

Commissioners Present: Noah Lockley – Chairman, William Massey-Vice-Chairman, Joseph Parrish, Ricky Jones, Bert B. Boldt, II

Others Present: Marcia M. Johnson-Clerk of Court, Erin Griffith-Assistant Finance Director, Michael Moron-County Coordinator, Michael Shuler – County Attorney, Lori P. Hines-Deputy Clerk to the Board.

Call to Order

Chairman Lockley called the meeting to Order.

Mr. Moron said the Board will hear a presentation from Mr. Jim Coleman, CEO of Alliant, about healthcare in Franklin County. He explained Alliant also represents Tallahassee Memorial Hospital (TMH) in the discussions. Mr. Moron reported Mr. Mark O’Bryant, TMH, has assured him Mr. Coleman speaks for TMH. He stated Mr. Coleman will explain that they have been partnering with other hospitals and would like to take a regional approach. Mr. Moron said they will start the workshop off with public comments and then Mr. Coleman will do his presentation. He went on to say after the presentation the Weems Board of Directors will ask their questions and make their comments and then the Board of County Commissioners will do the same. Mr. Moron explained after the questions and comments Mr. Coleman will have time for a wrap up session.

Chairman Lockley welcomed new City of Apalachicola Mayor Kevin Begos to the meeting.

Public Comments

Mr. Alan Feifer, Concerned Citizens of Franklin County, thanked Mr. Coleman for being here today and the Board for conducting this workshop. He stated they did not have the proposal before the meeting so it is difficult to ask questions. Mr. Feifer said it is a short proposal and he encouraged the Board to ask for pass through costs and third party costs not on the proposal.

Ms. Gathana Parmenas, a resident of Carrabelle, said she read the proposal and there is a lack of specifics. She reported the proposal needs to be expanded on before the Board can rely on this proposal.

Commissioner Boldt said public comment is valuable to them so they want everyone to be comfortable providing their comments.

Mrs. Donna Butterfield, a resident of St. George Island, stated she does not know if TMH has reviewed the FLEX report from the Office of Rural Health. Mr. Coleman responded no. Mrs. Butterfield suggested the report be carefully monitored for the Alliant proposal. She stated they want to make sure the Office of Rural Health's great recommendations are incorporated into any contract the county enters into because it is a fantastic resource. Mrs. Butterfield said they have probably not addressed these items since they have not seen the FLEX report.

Mayor Begos stated the hospital is of crucial interest to the City. He said if the Board and their staff have any reading suggestions for him, the new commissioners or new city attorney they would appreciate it. He offered to meet with Mr. David Walker, CEO at Weems Memorial Hospital, or anyone to get an update. Mr. Doug Creamer, Weems Memorial Hospital Board Chairman, invited Mayor Begos and the Mayor of the City of Carrabelle, to attend the Hospital Board meetings so they will have up to date information. Mayor Begos accepted the invitation and said he will provide his email information.

Ms. Barbara McInturff, a resident of Apalachicola, thanked Commissioner Boldt for reaching out to her with a follow-up. She explained her issue is there has not been a feasibility study in some time. She stated a hospital is expensive so they should do a feasibility study to look at the population numbers.

Mr. Jim Coleman Jr. – CEO Alliant – Presentation

Mr. Coleman stated a term sheet was provided which is basically an outline of the services offered and then there would be a larger contract with specifics. He explained he was here 2 ½ years ago working with the hospital and in June, 2017 they left a report of recommendations for Weems Memorial Hospital. Mr. Coleman reported he changed companies and that was one of the reasons for the delay. He said he is glad to be here today to explain what he thinks they can do together with TMH and some of the things that are developing in the region that will offer other opportunities to share and reduce overhead costs. Mr. Coleman stated he works out of Chattanooga, Tennessee and his home office is in Louisville, Kentucky. He provided his background in the healthcare field and how he met Mr. O'Bryant. He explained several years ago Mr. O'Bryant contacted him about his vision for working with hospitals around TMH. Mr. Coleman said TMH is a tertiary care center and they need healthy facilities that surround them in the region so they can discharge the patients back to their communities for rehabilitation and swing-bed admissions which will allow TMH to have more open space at their facility. He reported the hospital is an asset and usually provides some of the highest paying jobs in the community. He stated it is one of the largest economic drivers and a big factor in recruiting industry. Mr. Coleman provided a power point presentation. He said Alliant deals solely in rural healthcare with either critical access hospitals or prospective payment system (PPS) hospitals which are not critical access. He reported 80% of their facilities are critical access so

they have experience with critical access hospitals. Mr. Coleman stated they have owned, managed or leased facilities since 1978. He listed the states where they have facilities and the state where they have worked with facilities. Mr. Coleman provided a list of the leadership within their organization and the hospitals they supervise. He named the key personnel that would be involved with the hospital if they move forward. He explained under each regional CEO they have two regional CFO's and they give financial oversight for each facility. Mr. Coleman said their parent company is Blue & Company. He explained Blue & Company is a top 60 Certified Public Accountant (CPA) firm and they have a book of business for healthcare consulting. Mr. Coleman reported his ability to access resources at Blue & Company enables him to present a management fee that is about half of the original proposal he presented 2 years ago while still providing the same or better services. He stated they also have some sister companies such as Alliant Purchasing which is a group purchasing organization which allows for reduced pricing for supplies and Alliant Risk Services is their own insurance captive. He explained they go into each hospital they work with and look at their insurance rates and do an analysis to determine if there are insurance savings. Mr. Coleman reported Heartland Health System is also a group and they have ownership in several facilities and look into acquisition. Mr. Duffie Harrison, Weems Memorial Hospital Board, inquired if access to these consultants will be covered under the management fee and not a separate charge. Mr. Coleman agreed but reported if they got in a situation where it would take a lot of resources then they would come back to the Board with a recommendation and a focused effort. He explained they would provide normal operational support and they would work this out when they draft the contract. He provided the list of facilities they have worked with and the hours spent in the facilities. Mr. Coleman stated he met Mr. Walker and they need local management day to day but his company is there to add the bench strength, oversight and support. Mr. Creamer asked how many facilities they have under contract. Mr. Coleman agreed to provide this information a little later. He explained they have a strong partnership as TMH offers any service and has a large amount of resources. Mr. Coleman stated they need to identify what is needed here and then work with Mr. O'Bryant to identify an action plan with TMH. He said TMH has physician locations in every county except Franklin County and 90% of Franklin County's inpatient admissions go to Leon County. He reported the inpatient market share (swing beds) is so low in Franklin County it did not register on the Florida Hospital Association Market Share Report. He pointed out they have nowhere to go but up with this item. He explained Mr. O'Bryant and TMH want to be able to release their patients back to a sustainable facility that provides good quality care in their local community. Mr. Coleman reported Mr. O'Bryant always wanted Weems Memorial Hospital to partner with a professional management company before TMH made an investment. He stated this is the reason they make a good partner for Alliant plus their affiliation with the Florida State University (FSU) Medical School. He explained TMH has great access to new doctors coming out of medical school and that is what they need in Franklin County. He reported one of the reason they do not have much inpatient volume is they do not have doctors to admit patients. Mr. Coleman explained the key is to determine where they need to be located and what kind they need. He reported their focus is to bridge the gap in resources for rural hospitals. Mr. Coleman said the term sheet is a starting point and can be customized. He reported the CEO's salary is included in the monthly fee on the term sheet but

it would change if the Board wants to do it differently. He presented their typical client profile. Mr. Coleman presented a map showing the hospitals they have and their purchasing partners. He explained the purchasing partners are part of their group purchasing organization that allow them to offer discounted prices and negotiate better deals for all their hospital supplies including capital equipment. He reported their expertise is strategy, benchmarking, supply chain management, C suite management, support, clinical operations, financial new services and governance. He stated they have a governance retreat each year and provide education. Mr. Coleman said all of the rural markets are different but they have services lines that may work to bring in additional revenues. He reported they have to look at the market to determine what service lines to try. Mr. Coleman stated he has developed a list of partners that they can go to for different services and they already have an agreement for a certain rate. He explained if they find one of these services that will work then they will present it to the Board. Mr. Coleman said someone mentioned a feasibility study and they are on track because they need to know what a facility would look like here so it would be sustainable on its own operations and have the county support in the background. Mr. Coleman discussed a new facility he visited in Alabama and said it is bigger than what is needed here but his company is also going to be building a replacement facility in Calhoun/Liberty. He explained the goal is to get to a place where they can rely on operations and not rely on the county assessment. Ms. Kristen Anderson, Weems Memorial Hospital Board, said they have to take into consideration that there are a lot of visitors that they need to be able to take care of. Mr. Coleman stated that is a great opportunity and that is where a new facility and marketing a new facility would go well. He explained in talking to Mr. O'Bryant they have not committed yet but if they go forward they have talked about a seasonal clinic on St. George Island. He reported TMH would probably put the clinic in with their money. He stated Mr. O'Bryant is talking to a doctor that almost came here earlier this year and could be used for this market. Mr. Coleman explained TMH can provide things which are valuable because if they build a facility and do not have physicians other than the Emergency Room (ER) doctors then they are back to the same situation. He reported right now they have essentially a free-standing emergency room and with the current volumes that is not sustainable. Mr. Coleman pointed out the hospitals they have on a map. He stated they have purchased the facility in Graceville and are currently in talks with the Apalachee Center to convert it to a behavior health center. He reported it will not be repurposed as an acute care hospital because it is too close to 3 other hospitals. He stated they own North Florida Community Hospital which is a critical access hospital. Mr. Coleman reported they are currently in negotiations with Doctor's Hospital in Bonifay which is also a critical access hospital. He said they are working with Jackson Hospital in Marianna on some cardiology programs for their hospital in Chipley and some orthopedic support. Mr. Coleman discussed the Calhoun/Liberty Hospital they own in Blountstown and said it is also critical access. He explained they still do not have settlements to figure out how much they are going to have to build another hospital. He said FEMA has not settled and the insurance company is close to settling. Mr. Coleman reported the state has given them some funds from the hurricane fund for the hospital. He said they have a very busy Emergency Department and the Agency for Health Care Administration (AHCA) finally approved opening a 10 bed unit which they rebuilt and currently they have a consensus of 8-9 patients. He explained the replacement

facility will depend on how much money they receive and the gap for the replacement costs. He stated they have been engaged at Doctor's Memorial Hospital in Perry since May of this year. He said this is a PPS hospital but meets the criteria to be a critical access hospital. Mr. Harrison asked him to explain what a critical access hospital is versus a PPS hospital. Mr. Coleman explained there is criteria to be a critical access hospital and if they are not currently designated there are strict requirements to become one. He said the reason most hospitals fail is the mileage requirement. He reported you must be 35 miles from the closest hospital but if some of the roads are secondary then you can meet the requirement which is the situation with Doctor's Memorial Hospital. Mr. Coleman reported there are only 12 critical access hospitals in the whole state and Weems Memorial Hospital is one of them. He addressed the number of rural health care facilities that have closed since 2010. Mr. Coleman said the critical access designation came about because of hospital closures. He stated now hospitals are closing again because of reimbursements and demographics. He reported care delivery shifts affect critical access and small rural hospitals. He said everything used to be about inpatient care but now the focus is on outpatient services because of technology. He reported most hospitals were not prepared for the shift from inpatient to outpatient and this also affected Weems Memorial Hospital. Mr. Coleman explained behavior health has impacted rural hospitals and used a lot of services and is not reimbursed very well or at all. He addressed economic demographic shifts and said it is hard to recruit physicians to rural communities. Mr. Coleman said it is also hard to recruit someone with experience to run a hospital. He addressed managed care plans and Medicare reimbursement rates. Mr. Coleman stated the county is geographically isolated but has a large influx of tourist population on St. George Island that they need to target and focus on. He said aging infrastructure is one of the things they have at Weems Memorial Hospital and most people are struggling with replacing the facilities because it is costing them more to keep them open than to replace them. He stated they have to determine how to replace the facility and what the facility should look like. He highlighted the financial struggles but said the county should be commended for having the one cent sales tax as a strong support for the hospital. Mr. Coleman reported on the critical access designation and said it stemmed hospital closures until 2010. He said there has also been some bad management companies in the past years that have caused hospitals to close. Mr. Coleman said the critical access designation was passed to reduce the financial vulnerability and improve access to health care for rural markets. He explained to accomplish this they offered cost based reimbursement for Medicare services. Mr. Coleman reported the basic requirements for a critical access hospital is they must have 25 or fewer acute care inpatient beds, be located more than 35 miles from another hospital with the exception for secondary roads, have an average length of stay of 96 hours or less for acute care patients and have an emergency room that is open 24 hours a day, 7 days a week. He stated most facilities that qualified were grandfathered in back then but now the rules are stringent. He explained the hospital in Port St. Joe cannot qualify for the critical access designation because it is too close to Weems Memorial Hospital but if Weems Memorial Hospital closed then they could probably meet the requirements and become a critical access hospital. He stated there is a value to that designation and if they had the hospital up and running he could provide that amount. Mr. Coleman stated the FLEX Program is a resource from Health Resources and Services Administration (HRSA) that can help with payment

reimbursement information and provides funding opportunities and grants. He said the grants for 2020 will be for Emergency Medical Services (EMS). Mr. Coleman pointed out if you run an EMS out of your critical access hospital you are also eligible for cost based reimbursement but he is not sure if that is happening on the cost report for Weems Memorial Hospital. He explained the reimbursement is cost plus 1% so they cover all the costs but only for the Medicare participation rate. He reported the more Medicare patients and swing beds the better it is. Mr. Coleman addressed staff requirements for licensure and said because rural facilities have trouble recruiting positions they would allow waivers to a lower level of supervision but it must be in agreement with state license requirements. He stated as they look at building a new facility all the associated costs including construction costs and depreciation costs will be considered in setting the reimbursement rate for the next year. He reported once the hospital opens and the new rate is set for Weems it will be high and that will last for about 10 years until it depreciates out. Mr. Coleman said they talked about feasibility studies and proforma goes along with that. He reported these items are used as a guide when they determine costs and what they will build. He stated with their financial expertise they can help build that proforma to do the analysis. Mr. Coleman reported out of the 10 facilities they work with 8 are financially viable and 2 are close to being financially viable. He said they would focus on operations, engage the entire management team and have bi-weekly calls with Mr. Walker on items they would expect him to stay on top of and they would be expecting to see progress on those items. He stated they would have a team call for an action plan for the whole facility monthly. Mr. Coleman explained they would address where they are on projects and they would have a new set of initiatives each year per their business plan. He stated the key is finding the additional revenue streams. Mr. Coleman said recruiting is huge for this market. He reported they will be engaging the Hospital Board and the Board of County Commissioners with establishing strategic direction. He presented their successful results with the hospitals they acquired or manage. Mr. Coleman said with one of the hospitals they only focused on labor management and revenue cycle and obtained additional revenue.

Weems Board of Directors – Questions & Comments

Ms. Kristen Anderson, Weems Memorial Hospital Board, asked Mr. Coleman to explain labor management. Mr. Coleman explained labor management is managing the amount of labor you need to provide care to the volumes they have at the hospital. Ms. Anderson asked if this includes getting rid of staff or adding staff. Mr. Coleman responded potentially yes and they see it at every hospital they go to. He explained it can be managed with reductions in staff by growing volumes or not replacing staff as staff leaves. He stated they run all these rural hospitals so they know how many people are needed for every area of the hospital and they have a metric. He said it can be addressed several ways and they also look at productivity in each specific department. Ms. Anderson pointed out in this county the hospital is one of the most important sources of jobs. Mr. Coleman said it is in almost every community. Mr. Creamer reported their purpose with engaging them would be to expand their services which would increase the revenue and probably increase staff. Mr. Coleman stated they could increase it on the inpatient side because they must have core staff even with one patient but

the same staff can probably take care of more patients. He explained they must increase revenue so they can bring in more services. Mr. Coleman reported number one in the proposal is the decision to build a hospital. He stated if they decide to build the hospital then engage with Alliant and TMH. He stated once they get the contract then they focus on operations of the hospital. He reported when they started at another hospital for several months they reviewed the operations of the hospital, conducted the productivity study and looked at new revenue streams. He said they got the 340B program up and running and this program was not in place before. Mr. Coleman reported critical access automatically qualifies for this program. He discussed the use of 340B with the clinics, hospital and prescriptions. He said the same strategy applies in Franklin County as they have to determine where to have clinics and they must also be sustainable. Mr. Coleman stated concurrently they will take the Florida Hospital Association (FHA) data and complete an analysis and apply trends. He explained they conduct a board retreat to present the data so they understand the trends and what is going on with the facility and the market. He reported at that retreat they also discuss where they need to take the facility and what it needs to look like. Mr. Coleman said after they review the operations then they look at the financials. He stated he does not have any confidence in the financials that were submitted to them to prepare for their proposal. He explained the contractual percentages should change but not the changes that showed in the financials so there is some work that needs to be done on this issue. Mr. Coleman reported after they have all this information then they determine a sustainable model. He discussed distinct part units and how they would be additional revenue streams. He said they will identify what they think the best model is, put the plan together and execute the plan. Mr. Harrison questioned the time line involved with a reasonable model and strategic plan for Franklin County. Mr. Coleman said he thinks they can get things going with operations in 6 months if they have no major problems and concurrently pull all the data and complete an analysis. He reported the person who completes this analysis will come on site and interview elected officials and key stakeholders. Mr. Coleman explained she will randomly select discharged patients and community members and have two focus groups and she will ask how they feel about Weems Memorial Hospital and gathers that information for the presentation. He stated after this information is compiled they pick a date for the board retreat. He said they should have a strategic direction at that point and the worst case scenario for time would be 9 months. He explained they will not have a drawing for a building and what it will look like within 9 months but they should be close to talking about what it is. Mr. Coleman reported he has not looked at the current design in some time but that design may just need to be adjusted. He stated if they can adjust this plan it would be good so they do not spend additional money. Mr. Creamer said their fee includes the CEO's salary. Mr. Coleman stated he has been told to include it or not include it but it is included in his fee. He referenced the model of all their facilities on the presentation and said they need a CFO in Blountstown. He stated a good CFO could manage two facilities and that would work for Calhoun/Liberty and Weems and could save 50% on the salary for the CFO. He reported there are other opportunities as they grow such as IT oversight which could be shared between 3 facilities. Mr. Coleman stated when they get enough facilities in a geographic region not only can they work with TMH for volumes to come back to them but they can also save money by reducing the overhead, sharing among facilities and getting good services. Mr.

Coleman said there are some places where a CEO is over more than one hospital but he feels like the CEO needs to be in the community but the CFO is different. Mr. Creamer expressed concern over who the CEO would be loyal to. Mr. Coleman stated they would be loyal to both just like he would be. He reported two of their hospitals share a CFO and it works well. Mr. Walker stated Mr. Mikel Clark, Hospital Board Member, is not here but sent a statement and he read the statement. Mr. Walker discussed the interlocal agreements and said they need to be out as they make their presentations. Mr. Coleman stated the community is to be commended for voting for this additional sales tax. Mr. Harrison asked about third party and pass through costs. Mr. Coleman said they would only have this if a lot of resources were required on site but it would be presented to the Board. Mr. Walker said he sees a great need in the community and people that they partnered with have to fight for the hospital and what is best for Franklin County. He stated revenue cycle is big and they have been a reactionary facility but they need to look at how they can grow and bring in additional services to streamline their revenue sources. He reported the sales tax proceeds may not always be there so they need to think beyond what they get from the county and try to increase their services. He explained he was impressed by what they mentioned about how they can diversify funding locally and asked him to speak more about that. Mr. Coleman reported they have 8 partners with different service lines and every service line does not fit every community but they come in and do an analysis and see what works. He explains they are good partners and if something does not work they just walk away. Mr. Coleman reported their partners provide ancillary services that work well in rural hospitals. He stated the insurance captive is a huge money saver for facilities. He explained they will look at new revenue streams but operations also need to be working as good as possible. Commissioner Massey asked if they get the job how long would it be before they wanted to build a hospital. Mr. Coleman responded hopefully within a year. He explained then they would know what should happen and what it should look like. Mr. Coleman reported hopefully they can modify the current plans or keep them the same. Mr. Creamer asked where Mr. Coleman sees Weems Memorial a year from now if they get the contract. Mr. Coleman said hopefully they have a good clear strategic direction and maybe some service lines. He stated they can work on growing inpatient volumes from TMH and getting swing bed patients back to the hospital. He explained the new services lines will cost a little to add and there is funding available so they would need to approach the Board about the services. Mr. Coleman reported if the financials for the clinics are correct then they need to work on making the Carrabelle clinic work better and focus on what they can do. He said TMH can support the Carrabelle Clinic with rotating specialists and/or telemedicine support. Mr. Coleman explained if the financials are correct the clinic near the hospital is not functioning as well and they need to decide if they will keep it going or look at another location. He reported they may take the resources from this clinic and work with Mr. O'Bryant and place a seasonal clinic on St. George Island. Mr. Coleman said he has a lot of ideas for the county since he has been working with them for some time and knows the market and what will work. Mr. Creamer questioned what role TMH will play. Mr. Coleman reported mostly from the clinical side with support, bringing doctors in and providing help with marketing. He reported Mr. O'Bryant would be glad to provide these items with his staff. He stated swing beds are a big item and they are working on this same item with the hospital in Perry. Ms. Anderson said she is not clear about what was

said about the local clinic near the hospital. Mr. Coleman replied it does not appear to be as financially strong as the clinic in Carrabelle. Ms. Anderson asked if he thinks they can make it financially strong. Mr. Coleman stated he does not know and as part of strategy that look at it and see if it makes sense or does it need to be different. He commented they will do the same thing with the Carrabelle Clinic and the hospital. He explained every 2 years they do the Board planning process and that is part of their fee also. He reported this is part of their standard process to keep the Hospital Board and the County Commission engaged so everyone agrees they are going in the right direction. Mr. Coleman stated the county probably pays someone to do the cost report preparation but that is also part of their fee in addition to doing at least one interim report during the year. He explained as a critical access hospital if they do not correctly calculate the costs and see the status they could end up with a surprise at the end of the year. He stated their cost report specialist will come in and spend time at the facility to make sure everything is allocated correctly. Mr. Harrison asked if any of the other facilities have EMS services. Mr. Coleman answered yes and said it is not his expertise but he has managed hospitals with EMS services. He reported EMS services are critically important to the community and critical important to the success of the hospital. He stated if the county has a new facility then EMS will really get behind supporting the facility even more than they do today. Mr. Coleman said Liberty/Calhoun and Perry have the same challenge as Franklin County as they are big counties with only a few vehicles to cover the area and limited resources. He stated the demand for personnel is also big. Mr. Moron reported if the Hospital Board is finished then they will allow the County Commission to address Mr. Coleman.

County Commissioners – Questions & Comments

Commissioner Boldt stated they need to be thinking about a goal of getting people to tomorrow and about a tool kit that allows them to do this at an efficient cost. He reported he hears hospital but at the same time they must preserve the critical access license. Commissioner Boldt referenced a drawing on the Board he made and said it is not just the managing of the facility but the whole medical environment. He said it is also about how they expand their outpatient area and EMS. He stated they need to determine the tool kit they need to develop to address these issues and still preserve the critical access license and make them favorably to people they refer patients to and entities that refer patients to them. He asked about his feeling of the global picture in relation to his management. Mr. Coleman agreed it is the same as he outlined and where they need to go. He explained some people have suggested an urgent care but EMS services cannot take patients to urgent care so they would need to go to an emergency department in Tallahassee or Panama City. He stated they must get a mix of services, recruit personnel and doctors, and work on the inpatient side as they figure out what the new facility should look like. Commissioner Boldt asked if they can build a top notch emergency department and still maintain the critical access license. Mr. Coleman responded probably not because they will not be a hospital. Commissioner Boldt inquired about a micro hospital. Mr. Coleman stated he has a plan for a micro hospital but it is basically a hospital smaller than 25 beds. He reported the requirement for critical access is 25 beds or less. Mr. Walker stated the current plan is a 10 bed inpatient private room facility with new emergency

room department with diagnostic services and the existing facility would have ancillary services. Mr. Coleman explained the only caveat is they have the 10 inpatient acute beds but if the market is good for a 10 bed geo psych unit they could add those 10 beds and run it within the same facility and those beds do not count against the 25 beds as they are a distinct part unit. Mr. Creamer stated they looked at this before as a Medicare supported program and it looked to be viable but never materialized. Mr. Coleman explained one of his partners is the group that signed the agreement with the hospital for this unit but it never happened. Chairman Lockley asked if the county would have to pay for these partners. Mr. Coleman said some they would and some they would not have to pay for but they will be bringing revenue into the facility. He explained if they do infusion service they will do an analysis and their business plan has a onetime startup fee and then for every patient they bring in they do revenue cycle management of that service. He said they get a flat fee for each patient so they have incentive to bring in volume. He explained they will market this service to other areas in the region. Mr. Coleman reported this still would be a process of determining the service and the Board would have to agree with it. He stated they would also have a proforma to see what it will do and in 6-9 months they will come back to the Board and report on the status and if it is not doing what they thought it would they will either fix it or drop the service. Chairman Lockley stated his mission and goal is to try to get an agreement with the two cities because in Carrabelle they agreed to build a clinic and that was done but in Apalachicola they said they would build a hospital and they have not done it. He said the Board did not say they were going to build a clinic in Apalachicola but they opened one thinking it would help. He explained people have got comfortable now but if they are losing money then they need to take another look. Mr. Coleman agreed and said that is why they go through the strategic process. He stated they will look at the clinics, the hospital, locations, and positions that need to be recruited. He reported they will do ratios for certain types of doctors based on the current population. He stated they will calculate the need for doctors in Franklin County and he thinks it will be primary care, internal medicine and maybe a general surgeon. Mr. Coleman stated everyone wants specialists to come in but they must remember specialists get their referrals from primary care doctors so they must build up the primary care basis to make it attractive so a specialist from another location comes over and does a clinic one day a week. He said in another location they are starting telemedicine for cardiology. Mr. Coleman reported they need to determine the best model for health care in Franklin County. Chairman Lockley said it will be hard for a clinic to make money here as people were used to going to the emergency room before the clinic and they are still doing it. Mr. Coleman stated this happens in rural communities and the way to try and address it is to put the clinic close to the emergency room and sometimes it works and sometimes it doesn't. He explained in some areas they placed a clinic in a new building adjacent to the hospital. Mr. Coleman reported there will be a certain amount of utilization just because of the new facility. He explained if the financials are correct there is a loss at the clinic in Apalachicola and there is a surplus at the Carrabelle Clinic which is good and they have to determine how to make it stronger. Mr. Coleman said they have to determine what they are going to do with the clinic in Apalachicola or if they look at other sites that may be more sustainable. Commissioner Massey said the only doctor's office they have is the Carrabelle Clinic. Mr. Creamer explained they tried to redirect traffic from the emergency room to the

Apalachicola clinic. He stated they also need to remember that they subsidize the Carrabelle clinic but do not subsidize the clinic in Apalachicola. Commissioner Parrish reported they have two clinics and they can look back and question if that was the thing to do but it is hard to get people to come in and compete against government clinics that are subsidized. He stated at the time Carrabelle did not have a clinic and the people needed services. Commissioner Parrish explained the issue is revenues have to at least match expenditures and right now that is not happening. He said the clinics are going to make revenue but they need to at least break even. He stated the only way to make revenue to enhance EMS and get better salaries and benefits for employees is to have a revenue stream and the only way to have a revenue stream is to build a facility. Commissioner Parrish said they need inpatient stays and need to provide good service. He reported the last time he looked at the financials neither clinic was breaking even. Commissioner Parrish said the employees have been promised things but they will not happen with the revenue. He explained the county does not want any money out of the hospital but if they boost the revenues then they can reinvest in the facility. Mr. Coleman agreed but said the rural health clinics can help the hospital be successful by referring patients there for outpatient services and testing. Commissioner Parrish said they must have a facility and the facility they have now is not conducive to attracting people. Mr. Coleman agreed the first impression of an old building is not good and a lot of areas are facing this problem. He reported they will have an increase in volumes if they rebuild and they can potentially market with a clinic on St. George Island. Commissioner Parrish reported he has talked with Board members on the Calhoun/Liberty Board and they are also in favor of sharing a CFO saving both small rural hospitals money. Mr. Coleman pointed out if the timelines for building were similar they are also some advantages there. Commissioner Parrish stated Calhoun/Liberty is facing a lot of the same challenges Franklin County is facing. Mr. Coleman reported Mr. Ken Arnold who is the Board Chairman in Perry also said he would be glad to talk with any of them about his experience with Alliant so far. Chairman Lockley stated he wants to see bricks and mortar. Commissioner Massey said they need to make a decision because they have been working on it for 8 years and have not got any closer. Commissioner Boldt asked if there is any model where TMH financially puts money in to build the facility. Mr. Coleman stated he will not speak for Mr. O'Bryant but there are models and he has discussed them with Mr. O'Bryant. He explained there are models that would work and it would boost the allowable costs on the cost report. Mr. Coleman stated they do an analysis and then get the blessing from CMS and move forward. Commissioner Parrish inquired if the money they are reimbursed for on the cost report stays with the hospital. Mr. Coleman answered yes. Commissioner Parrish clarified Mr. Coleman's company is paid their fee and all other revenues stay with the hospital. Mr. Coleman responded yes. Commissioner Parrish reported the salary of the CEO is also included in his fee. Mr. Coleman answered yes but they are going to get reimbursed that amount even if it is a pass-through. He explained he can go back and give the Board a term sheet with just the management fee for 5 years. He reported they still have an early out of 90 days which will show when they develop the contract. Commissioner Jones clarified what the voters voted on was building a hospital, building a clinic and maintaining and increasing the EMS. He said there are some things that still need to be done and that is why they are here today. Commissioner Jones said he agrees that building a new facility is just one piece of the puzzle and there are a

lot of things that need to happen with health care in Franklin County. He reported he is encouraged by any thought about a clinic being centrally located in the county. Commissioner Jones said he agrees the clinic in Apalachicola may be too close to the hospital but they can decide that at a later date. He stated talking about building a new facility is an important first step in the right direction because if they cannot get doctors to fill the facility then it will be a dead issue. He reported it has not been discussed very much but they also need pediatric services. Commissioner Jones said if they only have services once you are an adult then they have trained their children to go out of the county for service. He questioned if there is anything important or how will they be affected in health care in the county by what the legislature has recently done in the state on the certificate of need being done away with. Mr. Coleman said he just read an article about this and there has been no increase in new filings for construction or projects related to health care in Florida. He stated he does not see anyone wanting to come into this market as it is today. Mr. Coleman reported once they are on the radar then it may be different. He stated in large cities micro hospitals are used in the suburban areas and then people are directed to the large hospitals for tertiary treatment. Commissioner Jones asked if the current proposal has any allowances for assumption of liability by the management company instead of the county. Mr. Coleman said they have a model standard contract and it is covered in that contract. He explained there are certain legal issues they must have signed for both parties. Commissioner Jones stated it is not an end all but if they do need to know. Mr. Coleman agreed they need to know and said they do not want to assume liabilities for what they do not know is going on so it protects both ways. Chairman Lockley said Apalachicola is the best place for the hospital but in time with the number of people moving to the state there will be two hospitals in the county. Mr. Coleman reported there are many articles in magazines about Franklin County and it will grow. Chairman Lockley agreed the TDC is putting the information out there. Chairman Lockley thanked Mr. Coleman for his presentation. Mr. Coleman stated he does not go into the vision and mission for Alliant as he was trying to keep his presentation short but their passion is working with rural hospitals and facilities. He reported they goal is congruent with the Board and they want it to be successful and have the access points they need and he thinks those are the goals of TMH. He said it is a great partnership and you do not always have a partnership with a tertiary facility that is willing to work with the county the way they are and that adds to the options and capabilities. Mr. Coleman stated whatever decision he wishes them the best and hopes they are part of it. Chairman Lockley thanked Mr. Coleman and said he will be hearing from the Hospital Board and Mr. Moron.

Adjourn

There being no further business to come before the Board, the meeting was adjourned at 3:54 p.m.

Noah Lockley - Chairman

Attest:

Marcia M. Johnson - Clerk of Courts