



# LEE MEMORIAL HEALTH SYSTEM

## BOARD OF DIRECTORS

### PLANNING

## Committee of the Whole MEETING

March 4, 2010, 1:00pm

Lee Memorial Hospital Boardroom  
2776 Cleveland Ave, Ft. Myers, FL 33901

### ELECTRONIC BOARD PACKET

**ALL MEETINGS ARE OPEN TO THE PUBLIC AND THE PUBLIC IS INVITED TO ATTEND**

Any Public Input pertaining to an agenda item is limited to three minutes and a  
“Request to Address the Board of Directors” card must be completed  
and submitted to the Board Assistant prior to the meeting.

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33902

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**LEE MEMORIAL HEALTH SYSTEM BOARD OF DIRECTORS**

**PLANNING**  
**COMMITTEE OF THE WHOLE MEETING**

**Thursday, March 4, 2010**

**1:00 p.m.**

**Lee Memorial Hospital Boardroom**

**AGENDA**

CAPE CORAL HOSPITAL  
  
GULF COAST MEDICAL CENTER  
  
HEALTHPARK MEDICAL CENTER  
  
LEE MEMORIAL HOSPITAL  
  
THE CHILDREN'S HOSPITAL  
  
THE REHABILITATION HOSPITAL

LEE PHYSICIAN GROUP

LEE CONVENIENT CARE

BOARD OF DIRECTORS

DISTRICT ONE

Stephen R. Brown, M.D.  
Marilyn Stout

DISTRICT TWO

Richard B. Akin  
Nancy M. McGovern, RN, MSM

DISTRICT THREE

Lois C. Barrett, MBA  
Linda L. Brown, MSN, ARNP

DISTRICT FOUR

Frank T. La Rosa  
Dawson C. McDaniel

DISTRICT FIVE

James Green  
Jason Moon



1. **CALL TO ORDER** (*Linda Brown, MSN, ARNP, Planning Chairman*)  
The meeting of the Planning Committee of the Whole of the Lee Memorial Health System Board of Directors will be called to order. Matters concerning the business of Lee Memorial Health System consisting of Gulf Coast Medical Center & Lee Memorial Hospital/HealthPark Medical Center and its subsidiaries (HealthPark Care Center, Inc., Lee Memorial Home Health, Inc., Cape Memorial Hospital, Inc. doing business as Cape Coral Hospital, and Lee Memorial Medical Management, Inc.) may be reported, discussed and recommended by the Committee of the Whole, then referred to the full Board of Directors for final action.
2. **PUBLIC INPUT**: Any public input pertaining to items on the Agenda is limited to three minutes and a "Request to Address the Board of Directors" card must be completed and submitted to the Board Administrator prior to meeting.
3. Consent Agenda (*Approval*)
  - A. Rehabilitation Hospital Annual Entity Executive Summary
4. Strategic Vision Activity (*Verbal Update*)  
(Kevin Newingham, Vice President Strategic Services – 10 min)
5. Legislative Briefing (*Verbal Update*)  
(Sally Jackson, System Director of Community Projects – 10 min)
6. Light Rail Initiative (Wayne Daltry, Community Representative, Planning Committee – 10 min)  
(*Verbal Update*)
7. Orthopedic Co-Management Company (*Update*)  
(John Wiest, Chief Operating Officer-Business & Strategic Services, Kevin Newingham, Vice President Strategic Services – 30 min)
8. Other Items
9. **Date of the next REGULAR Planning Committee of the Whole:**  
Thursday, April 8, 2010 2:00pm  
Lee Memorial Hospital Boardroom, 2776 Cleveland Avenue, Ft. Myers, FL 33901

**10. ADJOURNMENT of PLANNING COMMITTEE**

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**LEE MEMORIAL HEALTH SYSTEM  
BOARD OF DIRECTORS**

**PUBLIC INPUT –  
AGENDA ITEMS:**

**Any public input  
pertaining to items on the  
Agenda is limited to three  
minutes and a  
“Request to Address the Board of Directors”  
card must be completed and  
submitted to the Board Assistant  
prior to meeting.**

**Refer to Board Policy: 10:15E: Public Addressing the Board**

**Non-Agenda Item:**

Individuals wishing to address the Board on an item NOT on the Agenda, the Board office must be notified of subject matter at least seven (7) days prior to the meeting to allow staff time to prepare and to insure the matter is within the jurisdiction of the Board.

**LEE MEMORIAL  
HEALTH SYSTEM BOARD OF DIRECTORS  
ENTITY REPORTING EXECUTIVE SUMMARY**

**ENTITY/BUSINESS NAME: The Rehabilitation Hospital March 2010 YTD**

**DIRECTOR & TITLE: Walter Ittenbach, Vice President**

**REPORT DATE: March 4<sup>th</sup> 2010**

<p><b><u>BUSINESS DESCRIPTION:</u></b> The Rehabilitation Hospital is a 60-bed comprehensive, integrated inpatient medical rehabilitation facility accredited by The Joint Commission and Commission on Accreditation of Rehabilitation Facilities (CARF). It is also a State of Fla. designated Brain and Spinal Cord Injury Program.</p>	<p><b><u>MISSION STATEMENT:</u></b> The Rehabilitation Hospital provides the most efficient, outcome-oriented, and comprehensive medical rehabilitation services in Florida.</p>
<p><b><u>SYSTEM GOAL: <i>Financial Performance</i></u></b></p> <ul style="list-style-type: none"> <li>• Major Accomplishments</li> <li>• Scorecard Performance <ul style="list-style-type: none"> <li>○ Revenue</li> <li>○ Profit/Loss</li> <li>○ Explanation of major variances</li> </ul> </li> <li>• Key Utilization Trends</li> </ul>	<p>Exceeded budget gain from operations Total revenue: \$19,459,000; Net revenue \$12,992,000 Gain from operations: \$5,171,000 (+) Variance-gain from operations of \$123,000 to budget and a acute care/TRH cost avoidance contribution of \$608,000 Shift in payer mix from commercial to Medicare resulting in lower reimbursement/case</p>
<p><b><u>SYSTEM GOAL: <i>Quality</i></u></b></p> <ul style="list-style-type: none"> <li>• Major Accomplishments</li> <li>• Scorecard Performance <ul style="list-style-type: none"> <li>○ LOS Trends</li> <li>○ Outcome Data</li> </ul> </li> </ul>	<p>% Patients discharged to community consistent with peer group in nation. (73.1% vs. 74.2% nation) LOS slightly lower (12.2 days vs. 13.8 days nation) Longitudinal outcomes (90 days post discharge) comparable or favorable to nation in all impairment categories except traumatic &amp; non-traumatic spinal cord injury, and cardiac (all three impacted by resources and/or support system-caregiver support)</p>
<p><b><u>SYSTEM GOAL: <i>Service</i></u></b></p> <ul style="list-style-type: none"> <li>• Major Accomplishments</li> <li>• Scorecard Performance <ul style="list-style-type: none"> <li>○ Inpatient Satisfaction</li> </ul> </li> </ul>	<p>We developed solid clinical communication flows between acute care units, key service lines (trauma, orthopedics, neurology/stroke, cardiac) &amp; TRH through our Rehabilitation Nurse liaisons stationed in each of the four campuses. Likelihood to recommend for TRH averaged 90.5, which was slightly below our target of 91.0</p>
<p><b><u>SYSTEM GOAL: <i>People</i></u></b></p> <ul style="list-style-type: none"> <li>• Major Accomplishments</li> <li>• Scorecard Performance <ul style="list-style-type: none"> <li>○ Employee Satisfaction</li> <li>○ Vacancy Rates</li> <li>○ Personnel Turnover</li> </ul> </li> </ul>	<p>45.4% of Registered Nurses attained advanced certification (Certified Rehabilitation Registered Nurse) 73.1% on Therapists (PT, OT, and Speech) have advanced Neuro Developmental Training/certification. Employee satisfaction: TRH = 76.6; LMHS = 75.34 placing TRH above the 75<sup>th</sup> percentile and LMHS mean New hire turnover decreased from 20% to 5%; total turnover less than 10%</p>
<p><b><u>SYSTEM GOAL: <i>Community</i></u></b></p> <ul style="list-style-type: none"> <li>• Major Accomplishments</li> <li>• Scorecard Performance <ul style="list-style-type: none"> <li>○ Market Share</li> <li>○ Community Preference</li> </ul> </li> </ul>	<p>Served 1,036 patients in FY 2009; + 82 to budget and + 93 to prior year  TRH is the only licensed comprehensive inpatient rehabilitation facility in Lee County-our primary market</p>
<p><b><u>Key Challenges &amp; Opportunities</u></b></p> <ul style="list-style-type: none"> <li>• Market Overview <ul style="list-style-type: none"> <li>○ Key Competitive Developments</li> <li>○ Key Legislative or Political Developments</li> <li>○ Key Technology Developments</li> <li>○ Potential New Ventures and/or Businesses</li> </ul> </li> </ul>	<p><b><u>Key regulatory/administrative challenges impacting TRH</u></b></p> <ul style="list-style-type: none"> <li>○ Declining trauma volumes</li> <li>○ Shifting payer mix from commercial to Medicare</li> <li>○ Issuance of Final Rule (CMS) effective 1/2010 impacting admitting criteria</li> <li>○ Resumption of Recovery Audit Contractor activities</li> <li>○ State budget constraints impacting State Brain and Spinal Cord Injury program support</li> </ul> <p><b><u>Key opportunities</u></b></p> <ul style="list-style-type: none"> <li>○ Creating "system of care" for Brain/Spinal Cord, Stroke patients with Post Acute Care &amp; Outpatient partners</li> </ul>

# **Planning Committee of the Whole**

## **Strategic Vision Activity**

*(Kevin Newingham, Vice President, Strategic Services)*

***(Verbal Update Only)***

**There is no documentation for this item.**

# **Planning Committee of the Whole**

## **Legislative Briefing**

*(Sally Jackson, System Director of Community Projects)*

***(Verbal Update Only)***

**There is no documentation for this item.**

# **Planning Committee of the Whole**

## **Light Rail Initiative**

*(Wayne Daltry, Community Representative, Planning Committee)*

***(Verbal Update)***

**There is no documentation for this item at this time.**



# Orthopedic Co-Management Company

March 2010

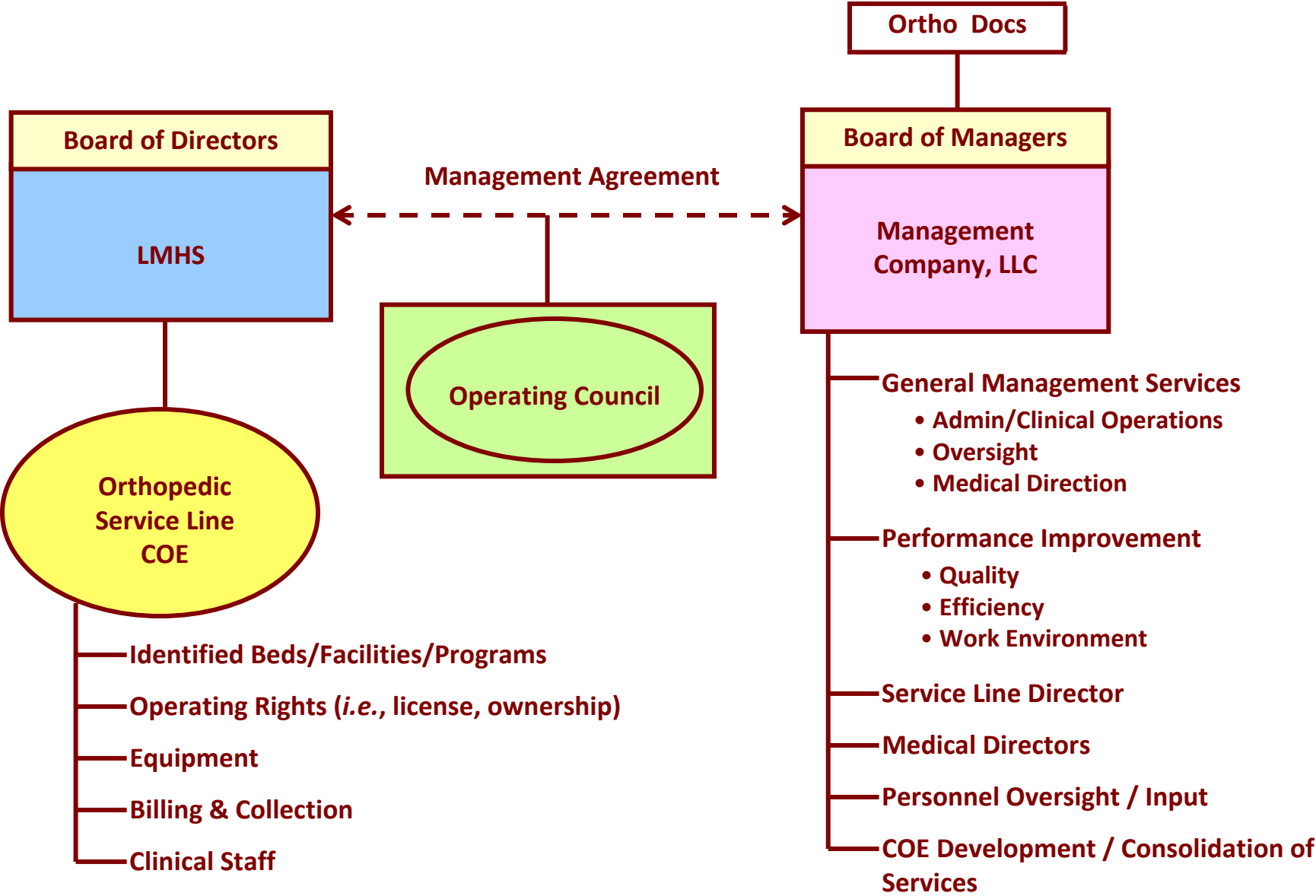
## The Benefits of Co-Management

- Quick to implement. No construction. CON is not required.
- Provides 'flexibility' to the Hospital and Physicians for future collaborative initiatives (i.e., is sustainable and flexible in design).
- Reimbursement risk from payers resides with the hospital.
- Strong model for initiating Hospital / Physician alignment and collaboration.
- Facilitates improved communication between Hospital and Physicians.
- Creates a mechanism for Physicians to play an active role in managing the service line.
- Initiates Pay for Performance focus for both the Hospital and Physicians.
- Provides a vehicle for Hospital and Physicians to work collaboratively to improve clinical quality and operational efficiencies of specific service lines.
- No current issues of uncertainty because of regulatory issues (Medicare, OIG, IRS, etc...).
- Win – Win – Win for Physicians, Hospital, and Community.

## The Co-Management Company Model

- The Physicians would form a new entity that would contract with the Hospital to manage certain activities of the orthopedic service line.
- Membership in the Operating Council would be divided between Hospital and the Physicians.
- The Physicians would play a direct and active role in the daily management of the Program.
- The compensation for services provided by the Co-Management Company would include both fixed and incentive components such as:
  - Base Management Fee
  - Quality of Service Incentive
  - Operational Efficiency Incentive
  - New Program Development Incentive
- The Physicians and the Hospitals will establish various oversight committees needed to appropriately manage the programs/facilities

# Proposed Structure



### Next Steps

- Draft legal documents based on the discussions and recommendations from the 2/11/10 meeting.
- Select FMV firm
- Provide selected FMV firm with draft legal documents and PwC document from 2/11/10 meeting
- FMV completes valuation
- Draft job description and initiate search for Orthopedic Program Director.
- Determine composition of operating council
- Meeting with physicians to review FMV results and draft legal documents
- LMHS Board approval of final co-management arrangement

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**LEE MEMORIAL HEALTH SYSTEM**  
**BOARD OF DIRECTORS**

**OTHER ITEMS**

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**LEE MEMORIAL HEALTH SYSTEM  
BOARD OF DIRECTORS**

**DATE OF THE NEXT  
REGULARLY SCHEDULED  
MEETING**

**PLANNING  
Committee of the Whole  
MEETING**

***Thursday,  
April 8, 2010  
2:00pm***

Lee Memorial Hospital Boardroom  
2776 Cleveland Ave, Ft. Myers, FL 33901