Lee Memorial Health System

Board of Directors

Planning Committee of the Whole

Meeting

March 5, 2009, 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.
LEE MEMORIAL HEALTH SYSTEM BOARD OF DIRECTORS

PLANNING COMMITTEE OF THE WHOLE MEETING

Thursday, March 5, 2009
1:00 p.m.
Lee Memorial Hospital Boardroom

TENTATIVE AGENDA

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 Southwest Florida Regional Medical Center/Gulf Coast Hospital & 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 Assistant prior to meeting.

3. Consent Agenda (Approval)
   A. February 12, 2009 Planning Committee Meeting Minutes
   B. LMHS Strategic Scorecard for FY 2009 (to be distributed at meeting)

4. Ambulatory Services (Updates)
   A. Lee Physician Group (Mark Atkins, Vice President/Lee Physician Group – 10 min)
   B. Management Services Organization (MSO) Employed Specialty Physicians (Dave Rybicki, System Director/Ambulatory Operations/MSO - 10 min)
   C. Outpatient Services (Dave Cato, System Director/Outpatient Services - 10 min)
   D. Physician Initiatives (Brett Hickman, Partner/PriceWaterhouseCoopers (PWC) - 20 min)

5. “Tobacco Free Lee” Project (Action) (Brad Pollins, System Director/Organizational Effectiveness – 15 min)

6. Other Items

7. Date of the next REGULAR Planning Committee of the Whole:
   Thursday, April 2, 2009, 2:00 p.m.
   Lee Memorial Hospital Boardroom, 2776 Cleveland Avenue, Fort Myers

8. ADJOURNMENT of PLANNING COMMITTEE

BI/BOD/AGENDA/2009/030509 Planning Committee Tentative Agenda
3. Consent Agenda: (Approval)

A. February 12, 2009 Planning Committee Meeting Minutes

B. LMHS Strategic Scorecard for FY2009 (to be distributed at meeting)
### LEE MEMORIAL HEALTH SYSTEM BOARD OF DIRECTORS
#### PLANNING COMMITTEE OF THE WHOLE MEETING MINUTES
**Thursday, February 12, 2009**

**LOCATION:** Lee Memorial Hospital Boardroom, 2776 Cleveland Avenue, Fort Myers, FL 33901

**MEMBERS PRESENT:** Linda Brown, MSN, ARNP, Chairman/Planning Committee; Richard Akin, Board Chairman; Nancy McGovern, RN, MSM, Board Vice Chairman; Marilyn Stout, Treasurer; Steve Brown, M.D., Director; Frank La Rosa, Director; Dawson McDaniel, Director; Kerry Babb, Director; James Green, Director; Wayne Daltry, Community Representative/Planning Committee; Fred Pollier, Community Representative/Planning Committee; Jack Elkenberg/Community Representative/Planning Committee; Marliese Mooney, Physician Leadership Council Consultant/Planning Committee

**MEMBERS ABSENT:** Lois Barrett, MBA, Board Secretary

**OTHERS PRESENT:** James Nathan, CEO/President; Cathy Stephens, Board of Directors’ Liaison; John Wiest, Chief Financial and Institutional Services Officer; Donna Giannuzzi, RN, Chief Patient Care Officer; Chuck Krvenko, M.D., Chief Medical Officer/Clinical and Quality Services; Jon Cecil, Chief Human Resources Officer; Galle Anthony, Chief Administrative Officer/LMH; Larry Antonucci, M.D., Chief Administrative Officer/CCH; Doug Luckett, Chief Administrative and Ancillary Services Officer/SWFRMC/GCH; Charles Swain, Chief Compliance and Internal Audit Officer; Cathy Kahle, System Director/System Counsel; Angela D’Anna, System Director/Internal Audit; John lacusone, M.D., Executive Director/The Children’s Hospital; Kevin Newingham, System Director/Planning and Strategy; Anne Rose, Executive Director/System Director/Administrator Business Development, Marketing, Communications, Lee PHO, Lee County Trauma Services District; Karen Krieger, System Director/Public Affairs; Sally Jackson, System Director/Community Projects; Whitney Andreu, Director/Marketing and System Communications; Brandy Church, Director/System Communications; Dean Lin, M.D., Lee Neurosurgery; John Mascaslusno, M.D., Associates in Cardiac Care; Debbie Kendzierski, Manager/Planning & Strategy; Denise Heinemann, RN, DrPH, Community Representative/Quality & Education Committee; David Berger, M.D., Community Representative/Quality & Education Committee; Tuck Wilson, M.D., Physician Leadership Council Consultant/Quality & Education Committee; Jennifer Moody, Principal and Managing Director/Amerimed Consulting; John Moss, D.O., Suncoast Surgery Center; Jacqueline Staal, Guest; Bob Johns, Guest; Peter Young, Guest; Jennifer Reed, Reporter/News-Press; Beth Finney, Executive Secretary, Board of Directors

**NOTE:** Documents referred to in these minutes are on file by reference to this meeting date in the Office of the Board of Directors and on the Board of Directors website at [www.lememorial.org/boardofdirectors](http://www.lememorial.org/boardofdirectors), for public inspection.

<table>
<thead>
<tr>
<th>SUBJECT</th>
<th>DISCUSSION</th>
<th>ACTION</th>
<th>FOLLOW-UP</th>
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<tbody>
<tr>
<td>MEETING CALLED TO ORDER</td>
<td>The PLANNING COMMITTEE OF THE WHOLE meeting was CALLED TO ORDER by Planning Chairman Linda Brown, MSN, ARNP at 2:27p.m. The Board sits as the Lee Memorial Health System Board of Directors of Southwest Florida Regional Medical Center, Gulf Coast Hospital, Lee Memorial Hospital, HealthPark Medical Center and the Board of Directors of its subsidiary corporations: Cape Memorial Hospital, Inc. doing business as Cape Coral Hospital; Lee Memorial Medical Management, Inc.; Lee Memorial Home Health, Inc.; and HealthPark Care Center, Inc.</td>
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<td>PUBLIC INPUT</td>
<td>David Berger requested to address the Board (Public Request to Address the Board, Exhibit 1) with regard to the LMHS Breast Center. He hopes there are future plans to create a more comprehensive breast center, which will provide services beyond just radiology. Jim Nathan said this item is currently being researched and will be addressed in the future.</td>
<td>Jim Nathan Future update on Breast Center</td>
<td></td>
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<td>LMHS BREAST CENTER</td>
<td>David also commented on a letter he received with regard to tobacco free health care facilities. He strongly encouraged System administration to further examine adopting a policy for tobacco free campuses. Linda Brown said the tobacco free initiative was discussed during the February 5th Governance meeting and System leaders have already started moving forward in planning for tobacco free facilities.</td>
<td></td>
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<tr>
<td>TOBACCO FREE FACILITIES</td>
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| CONSENT AGENDA | Linda Brown asked if anyone wished to pull any of the items listed on the Consent Agenda for discussion.  
A. January 15, 2009 Planning Committee Meeting Minutes  
B. LMHS Strategic Scorecard for FYTD December 2009 (Exhibit 2) | A motion was made by Kerry Babb to approve the Consent Agenda consisting of the following:  
A. January 15, 2009 Planning Committee Meeting Minutes  
B. LMHS Strategic Scorecard for FYTD December 2009 (Exhibit 2)  
The motion was seconded by Marilyn Stout and it carried with no opposition. | |
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<thead>
<tr>
<th>SUBJECT</th>
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<th>ACTION</th>
<th>FOLLOW-UP</th>
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<tr>
<td><strong>COMMUNITY PHYSICIAN NEEDS ASSESSMENT REPORT</strong></td>
<td>Jim said the purpose of the Community Physician Needs Assessment report is to determine the long-term needs of our community and especially in terms of recruiting physicians. Kevin Newingham said today’s presentation has been shared with the Medical Society and excerpts from the presentation will be included in the Medical Society Monthly newsletter. Jennifer Moody presented the Community Needs Assessment Report (Exhibit 3). Discussion ensued with regard to the future of healthcare in areas such as physician recruitment, changes in Medicare and Medicaid, and a national health care plan.</td>
<td>A motion was made by Nancy McGovern to accept the Community Physician Needs Assessment Report (Exhibit 3). The motion was seconded by Marilyn Stout and it carried with no opposition.</td>
<td></td>
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</table>
| **LMHS MARKETING PROGRAM** | Linda Brown said marketing has distributed a packet of information (Exhibit 4) today for the Board to review. Anne said the purpose of today’s update is to provide a summary of what was discussed at the January 8, 2009 Branding/Marketing Workshop and to provide an overview of the LMHS Strategic Marketing plan. Anne reviewed the Marketing and Brand Identity presentation (Exhibit 5) and the LMHS Annual Marketing Plan (Exhibit 6). Discussion ensued with regard to community buy-in of LMHS slogans, budgeting for branding, and using focus groups to obtain external input from the community. Anne said the goal is to create a corporate identity, which reflects the essence of the LMHS caregivers who are the core of our business. John Wiest said there are two things to accomplish: technology and people. Further discussion ensued regarding next steps in the following areas: targeting specific areas and locations for marketing, educating the community on services being offered by LMHS, competing with other health care providers, supporting our physicians and marketing their talents. John Wiest suggested forming a marketing committee to work toward improving the following areas:  
• Recruiting and supporting our physicians  
• Increase marketing of LMHS outpatient facilities  
• Invest into marketing a creating a clear and consistent message regarding LMHS’ great reputation  
• Increase marketing efforts in the Bonita area  
• Continue efforts toward imaging  
• Phasing into the branding and imaging process due to budget constraints  
Steve Brown added the elephant in the room is private physicians not supporting hospital-based physicians. Dawson McDaniel said branding and marketing is a long-term process, which will continue over many years. He said LMHS should focus on marketing the high quality of care and services being provided by this organization. Linda Brown reviewed the proposed motion included in the Marketing and Brand Identity presentation (Exhibit 5). Anne Rose requested to withdraw the proposed motion listed on the presentation, as it does not pertain to the direction of the Board based on today’s conversation. | (Wayne Daltry left the meeting at 3:14pm) | |
| **BOARD POLICIES:**  
10.36B: SYSTEM MARKETING PROGRAM  
10.37B: DISPLAY OF SYSTEM NAME AND LOGO INFORMAL | John Wiest said once the committee is formed they will meet to discuss a timeline for addressing a marketing plan. Anne reviewed Board Policy 10.36B: System Marketing Program (Exhibit 7) and Board Policy 10.37B: Display of System Name and Logo (Exhibit 8). Kerry Babb said these policies will be reviewed once a marketing committee is developed and will then be brought back to the Board for further discussion and adoption. | (James Green left the meeting at 3:54pm) | |
| | (Nancy McGovern left the meeting at 4:01pm) | | |

A motion was made by Marilyn Stout directing for Kerry Babb, John Wiest, and Anne Rose to create a marketing committee to work toward developing future marketing tactics and plans. The motion was seconded by Richard Akin and it carried with no opposition.
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<tr>
<th>SUBJECT</th>
<th>DISCUSSION</th>
<th>ACTION</th>
<th>FOLLOW-UP</th>
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<tbody>
<tr>
<td>MARKETING FORUM</td>
<td>Kerry Babb provided a brief update on his recent informal marketing forum held with physicians. He said the physicians are very proud to be a part of this organization however they are seeking additional support from the Board and System leaders in their marketing challenges. Kerry said he will continue to work toward collaborating with the physicians to provide them with the support they need to operate effectively and efficiently in the system.</td>
<td></td>
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<tr>
<td>FY 2009 SYSTEM STRATEGIC PRIORITIES</td>
<td>Jim Nathan said in consideration of the VIP Reception being held at Gulf Coast Medical Center tonight he will hold all information included in his report for a future meeting.</td>
<td>(Kerry Babb left the meeting at 4:21pm)</td>
<td></td>
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<tr>
<td>OTHER ITEMS</td>
<td>Frank requested to discuss the Board Liaison assignments. He said he is disappointed in the Board’s decision to give Marilyn Stout the Regional Advisory Committee on Trauma Services liaison position. He said he has worked very hard with the Trauma department in various projects and fundraising, while developing relationships along the way. He resigned all of his assigned liaison assignments.</td>
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<td>ADJOURNEMENT</td>
<td>The next REGULAR Planning Committee of the Whole meeting will be March 5, 2009, 1:00pm, Lee Memorial Hospital Boardroom, 2776 Cleveland Avenue, Fort Myers, FL</td>
<td>The Planning Committee of the Whole meeting was ADJOURNED by Planning Chairman Linda Brown, MSN, ARNP at 4:25p.m.</td>
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Minutes were recorded by Beth Finney, Executive Secretary/Board of Directors Office

Lois C. Barrett, MBA
Board Secretary
Consent Agenda Item B:

*LMHS System Strategic Scorecard for FY 2009

*Due to the normal rotation of the Scorecard review, it will not be available until the day of the meeting 3/5/09 and will be distributed at that time.
**DATE:** March 5, 2009  
**NAME OF SERVICE LINE/ENTITY UPDATE:** Ambulatory Services Update  
**PERSON RESPONSIBLE & TITLE:** C.B. Rebsamen, M.D. /C.M.O.  

**KEY ACCOMPLISHMENTS**  
- Completed assessment by PWC of Physician Services division  
- Opportunities for improvement identified and recommended action steps implemented.  
- Steering Committee established to monitor ongoing progress  

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<tr>
<th>GOALS (MET)</th>
<th>GOALS (UNMET)</th>
</tr>
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</table>
| - Significant reduction in losses related to employed and contracted physicians  
- Clarified future infrastructure needs | - Long range business plan for the Physician Services division is in development |

**FINANCIAL STATUS** (including cash flow statement, projected cash flow, balance sheet and income statement)  
See attached slides  

**PROBLEMS/ISSUES**  
The two interrelated strategies of physician employment and expanding outpatient services is controversial with some of the independent physicians.  

**ANTICIPATED NEEDS**  
Clearly stated Board support for the current strategies of:  
1. Physician employment  
2. Outpatient Services expansion  

**SUMMARY/COMMENTS**  
Over the last 12 months, increased focus on opportunities for improvement have been very successful in achieving organizational clarity and improved financial performance.
AMBULATORY SERVICES UPDATE

LEE PHYSICIAN GROUP – MARK ATKINS
MSO EMPLOYED SPECIALTY PHYSICIANS – DAVE RYBICKI
OUTPATIENT SERVICES – DAVE CATO
PRICEWATERHOUSE COOPER (PWC) – BRETT HICKMAN
LEE PHYSICIAN GROUP

MARK ATKINS, VICE PRESIDENT LEE PHYSICIAN SERVICES
Lee Physician Group
~Who Are We?

- Physicians 72
  (60% - FP/IM; 40% OB, Pediatrics, Urgent Care)
- Physician Extenders 20
- Employees 406
- Physicians on EMR 33
- Practice Locations 28
<table>
<thead>
<tr>
<th></th>
<th>ACTUAL</th>
<th>LAST YR</th>
<th>VARIANCE TO LAST YR</th>
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<tr>
<td>Visits:</td>
<td>111,030</td>
<td>118,281</td>
<td>(7,251)</td>
</tr>
<tr>
<td>Operating Revenue:</td>
<td>15,002,773</td>
<td>14,851,186</td>
<td>151,587</td>
</tr>
<tr>
<td>Expenses:</td>
<td>17,305,668</td>
<td>18,283,002</td>
<td>977,334</td>
</tr>
<tr>
<td>Gain/Loss:</td>
<td>(2,302,895)</td>
<td>(3,431,816)</td>
<td>1,128,921</td>
</tr>
<tr>
<td>FTE's:</td>
<td>406</td>
<td>437</td>
<td>31</td>
</tr>
<tr>
<td>Visits per FTE</td>
<td>273</td>
<td>271</td>
<td></td>
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</tbody>
</table>
Total LPG/LCC OP Contribution Margin
Based on LPG/LCC Patient Data Base

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<tr>
<td>Value</td>
<td>5,000,000</td>
<td>7,500,000</td>
<td>10,000,000</td>
<td>12,500,000</td>
<td>15,000,000</td>
<td>20,000,000</td>
<td>25,000,000</td>
<td>30,000,000</td>
<td>35,000,000</td>
</tr>
</tbody>
</table>

- **Outpatient**
Lee Physician Group
OP Cases vs. Non-Employed Phys

FY 07 FY 08 FY 09-est

Lee Physician Group
Independent Physicians
Challenges

• Current Economic Climate
  – Changes in Patients Ability to Pay
  – Deferral of Annual Check-ups
  – Changes in Patient’s Insurance Coverage

• Improving the Outpatient Impact of Lee Physician Group

• Uncertainty of Future Reimbursement
  – Pay for Quality
  – E-Prescribing
  – Health Care Reform-Current Government Administration
  – Projected shortage of Primary Care Physicians in the Community
Successes

- Centralized Scheduling/New Resident Program
- Electronic Medical Record Implementation
- Physician Productivity
- Overall Patient Satisfaction 95.5 – Highest in history of Lee Physician Group
“MSO” EMPLOYED SPECIALTY PHYSICIANS UPDATE

DAVID RYBICKI, SYSTEM DIRECTOR
History of Employed Specialists

• Originally, only Neurosurgeons, ER, and Trauma physicians employed-(These groups are still independently managed through Dr. Krivenko)

• My position was created in 2004 to manage daily operations of the Peds specialists practices and new adult specialists (employed or contracted) that were likely to be needed due to the changing environment and behavior of independent physicians and physician shortages in our area causing ER call coverage openings.
History of Employed Specialists

- Pre 2004, a handful of Pediatric Specialists aligned with TCH (7)
- Physicians recruited/hired due to coverage issues at system campuses/ER’s
- Began establishing office based practices for these physicians to enable them to see patients post discharge and accept new patient referrals
MSO Specialty Physicians Today

• Adult: (Total 36 + 1 Mid-level) 1st Yr. hired
  – General, Vascular, Bariatric Surgeons (8) 2005
  – Non-invasive Cardiologists (4) 2006
  – Pulmonary Intensivists (8+1 ARNP) 2006
  – Infectious Disease (4) 2007
  – Plastic Surgery (1) 2007
  – Neurology (11) (PT coverage only) 2006
  – Pain Mgt. Physicians (Contracted ~ 3) 2006
  – Radiologists (Contracted ~ 2 groups)
**MSO Specialty Physicians Today**

- **TCH Pediatric Specialists**
  (Total of 20 + 8 Mid-level)
  - General Surgeons (3) 2003
  - Hematology/Oncology (3) 2001
  - Critical Care/Hospitalists (7 + 4 ARNP’s) 2001
  - Infectious Disease (2 + 1 ARNP) 2003
  - Endocrinology (1 + 1 ARNP) 2007
  - Neurology (1) 2008
  - Psychology (1) 2005
  - Psychiatry (1 hired, March 2009 Start) 2009
  - Part time Pediatric Retinologist 2005
  - Part time ARNP’s ~ Neonatal Development 2005
<table>
<thead>
<tr>
<th>Adult Specialists</th>
<th>FY ’07 Actual Yr. End</th>
<th>FY ’08 Actual Yr. End</th>
<th>FY ’09 YTD Jan. Var. To Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Revenue</td>
<td>$10,238,045</td>
<td>$15,136,334</td>
<td>($207,925)</td>
</tr>
<tr>
<td>Expenses</td>
<td>$13,073,413</td>
<td>$18,293,187</td>
<td>$101,691</td>
</tr>
<tr>
<td>Gain/Loss</td>
<td>($2,835,368)</td>
<td>($3,156,853)</td>
<td>($106,234)</td>
</tr>
<tr>
<td>Outpt Margin</td>
<td>$1,481,396</td>
<td>$2,695,000</td>
<td>TBD</td>
</tr>
<tr>
<td>Inpt Margin</td>
<td>$2,154,000</td>
<td>$3,548,661</td>
<td>TBD</td>
</tr>
<tr>
<td>Total Impact:</td>
<td>$800,028</td>
<td>$3,086,808</td>
<td>TBD</td>
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## LMHS Financial Impact

<table>
<thead>
<tr>
<th>Pediatric Specialists</th>
<th>FY ’07 Actual Yr. End</th>
<th>FY ’08 Actual Yr. End</th>
<th>FY ’09 YTD Jan. Var. to Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Revenue Expenses</td>
<td>$4,947,168</td>
<td>$5,796,068</td>
<td>$103,853</td>
</tr>
<tr>
<td></td>
<td>$6,559,701</td>
<td>$7,504,031</td>
<td>$93,903</td>
</tr>
<tr>
<td>Gain/Loss</td>
<td>($1,612,533)</td>
<td>($1,707,963)</td>
<td>$197,756</td>
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<tr>
<td>Outpt Margin</td>
<td>$1,568,209</td>
<td>$2,418,738</td>
<td>TBD</td>
</tr>
<tr>
<td>Inpt Margin</td>
<td>$4,437,663</td>
<td>$5,100,143</td>
<td>TBD</td>
</tr>
<tr>
<td>Total Impact</td>
<td>$4,393,339</td>
<td>$5,810,918</td>
<td>TBD</td>
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</table>
Strategy/Challenges for Employed Specialists

- Focus on A/R revenue cycle & revenue opportunities with PWC consultants to decrease annual operational losses
- Provide more outpatient opportunity for growth, (Colonial/Pine Island Buildings)
- Continue to meet the specialty coverage needs where deficient in all campuses
- Revise business plans of specific physician practices/areas with PWC
Strategy/Challenges for Employed Specialists ~ cont’d

- Move forward with EPIC practice management system for office and billing efficiency and develop the clinical EMR for specialty physicians in the years to come
- Promote our physicians both internally and externally in new ways to build awareness of services offered
- Continue to encourage ancillary and cross referrals to and from LMHS employed specialists
- Continue to retain and recruit new specialists as directed/needed by being market competitive in compensation and long term opportunity
OUTPATIENT SERVICES UPDATE
DAVID CATO, SYSTEM DIRECTOR OUTPATIENT SERVICES
Why Does Outpatient Matter?

- Vital Part of LMHS Bottom Line
- ROI – More Bang for Our Buck
- Efficient Delivery of Care
- Patient Satisfaction
- Healthcare Transition IP to OP
- Extend Market Reach
- Reimbursement Advantages
LMHS Outpatient Centers

• Hospital Campus Based
• HP Commons (Multi-Diagnostic)
• Plantation Road
• The Sanctuary (Multi-Diagnostic)
• Therapies (7)
• Pain Management (3)
• Breast Health Centers (3)
• OP Lab Draw Stations (7), (2)
• Bonita Community Health Center (JV)
Lee County Outpatient Market Share

<table>
<thead>
<tr>
<th>Service</th>
<th>Market Share</th>
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<tbody>
<tr>
<td>LMHS</td>
<td>14.5%</td>
</tr>
<tr>
<td>Amb Surg</td>
<td>15.1%</td>
</tr>
<tr>
<td>Card</td>
<td>16.8%</td>
</tr>
<tr>
<td>Rad</td>
<td>15.0%</td>
</tr>
<tr>
<td>Rehab</td>
<td>10.1%</td>
</tr>
<tr>
<td>Lab</td>
<td>16.0%</td>
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<tr>
<td>Onc</td>
<td>32.6%</td>
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<tr>
<td>Endo</td>
<td>10.5%</td>
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<tr>
<td>Pain</td>
<td>16.5%</td>
</tr>
<tr>
<td>Sleep</td>
<td>27.9%</td>
</tr>
<tr>
<td>Wnd Care</td>
<td>89.1%</td>
</tr>
<tr>
<td>IV Ther</td>
<td>8.9%</td>
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<tr>
<td>WBHC</td>
<td>20.7%</td>
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### PROFITABILITY

Does not include SWR and GCH

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<thead>
<tr>
<th></th>
<th>FY 06</th>
<th>FY 07</th>
<th>% of Change 06 - 07</th>
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<tbody>
<tr>
<td>Volume D/C</td>
<td>231,052</td>
<td>237,342</td>
<td>2.7%</td>
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<tr>
<td>Total Charges</td>
<td>$268,509,811</td>
<td>$321,324,166</td>
<td>19.7%</td>
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<tr>
<td>Payments</td>
<td>$89,675,210</td>
<td>$102,077,537</td>
<td>13.8%</td>
</tr>
<tr>
<td>Payment as % of Charges</td>
<td>33.4%</td>
<td>31.8%</td>
<td>-4.9%</td>
</tr>
<tr>
<td>Total Cost</td>
<td>$81,125,483</td>
<td>$89,682,180</td>
<td>10.5%</td>
</tr>
<tr>
<td>Total Direct Cost</td>
<td>$49,419,327</td>
<td>$59,154,989</td>
<td>19.7%</td>
</tr>
<tr>
<td>Total Contribution Margin</td>
<td>$40,255,883</td>
<td>$42,922,548</td>
<td>6.6%</td>
</tr>
<tr>
<td>Total Margin</td>
<td>$8,549,727</td>
<td>$12,395,357</td>
<td>45.0%</td>
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FY 2008 Profitability will be available after April 2009 due to the Billing/Payment Cycle.
FY 2008 Update

Volume & Revenue Trends for All Locations

- Volumes increased 0.5% to 265,429.
- Gross Revenue increased 13.4% to $555 million primarily due to:
  - patient mix
  - volume increases
  - rate increases
Profitability
% of Margin by Patient Type

% Margin by Patient Type

% by Patient Type

% Margin

% by Patient Type

% Margin w/DSH

Inpatient

Outpatient

89%

62%

11%

38%

27% DSH

11% IP

0%

10%

20%

30%

40%

50%

60%

70%

80%

90%

100%
Physician Referral HP Commons

LPG Bass Road referred 456 OP cases per physician in 2008 (17.5 x more than non Lee)
All LPG referred 94 OP cases per physician in 2008 (3 x more than non Lee)
Direct Correlation locating OP with Employed Physicians
Outpatient Challenges/Opportunities

**Challenges:**
- OP Competition
- Independent Physician Relationships
- Bonita Community Health Center

**Opportunities:**
- Employed Physician Referral Base
- Bonita/Estero Market
- Growth at the new OP Center (Colonial)
- Growth of Newly Opened OP Plantation
- New OP growth Opportunities
Agenda

• Physician Initiatives Steering Committee Update

• The Need for Progress

• What’s Next
Physician Initiatives Steering Committee Update

- Following the Board Retreat in August 2008, a steering committee was formed to oversee the improvements to the management of LMHS’s physician operations.
- Some of the improvement tasks include:
  - Revising select employed and contracted physician agreements around productivity, operations and quality metrics.
  - Process improvements in support of employed and contracted physician practices.
  - Operational recommendations in support of employed and contracted physician practices.
Physician Initiatives Steering Committee Update

LMHS/PwC Initiatives

Operational/Process Improvements: $2.0 million
Physician Initiatives: $4.4 million
Estimated Cumulative Total $6.4 million

Note: The total above represents estimated cumulative savings realized during the various initiatives. Additional savings should be realized from the following initiatives in the next 12 to 18 months: AR improvements, conversion of some practices to provider based status, ancillary capture and additional physician contract redesign.
The Need for Progress

- Currently, a number of employed and contracted physicians at LMHS have separate (decentralized) financial and operational functions. These separate financial and operational functions lead to the siloing and non-standardization of these functions as well as result in duplicative services like billing and collecting.

- A more centralized, organized and deliberative approach is necessary to enhance all physician relationships (employed, contracted and independent) and will help better align physician incentives with the ultimate goal of improving clinical outcomes and coordination of care.
What’s Next

• LMHS has built a solid foundation for success with its primary care infrastructure
• The creation of a more organized structure within LMHS will allow LMHS to improve communications, efficiency and coordination of physician services within LMHS and better relate to independent physicians willing to collaborate with LMHS
• We recommend separate councils be developed as follows:
  ✓ Primary Care (Lee Physician Group)
  ✓ Employed and Contracted Adult Specialty
  ✓ Employed and Contracted Hospital Based
  ✓ Employed and Contracted Pediatrics
  ✓ Ambulatory Ventures
  ✓ Independent Physicians
• Each council will be comprised of both LMHS executives and physicians and may also include representatives from finance, nursing and medical directors
• This will provide LMHS a council for each critical component of physician care:
  ✓ An organized form of management
  ✓ Increased standardization and a reduction of redundancy
• In addition, a coordinating council should be developed to help tie together all councils, improve communications and pursue system-wide operational and quality improvements
What’s Next

• Over the next five years, LMHS will need to gradually strengthen existing as well as offer additional resources to improve operations and respond to changes in physician practices.

• The most immediate need of operational resources exist in physician marketing and physician contract management.

• LMHS presently provides a full range of services to the Lee Physician Group but such services will need to be enhanced for all employed and contracted physicians in areas such as:
  ✓ Finance
  ✓ Nursing
  ✓ Billing & Collections
  ✓ Information Technology
  ✓ Human Resources
  ✓ Advertising & Marketing
  ✓ Other Operational Assistance (i.e. medical records management, scheduling, etc.)

• Without focused attention to the proposed changes in infrastructure for physician operations, LMHS could experience a deterioration in its current situation and at a minimum will struggle to hold gains that have already been realized.
**DATE:** February 26, 2009  
**LEGAL SERVICE REVIEW?** YES X  NO__

**SUBJECT:** Tobacco Free Lee Campuses & Properties

**REQUESTOR & TITLE:** Jon Cecil, Chief Human Resources Officer

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**PREVIOUS BOARD ACTION ON THIS ITEM (IF ANY)**
(Justification and/or background for recommendations - internal groups which support the recommendation i.e. SLC, Operating Councils, PMTs, etc.)

At the February 5, 2009 Governance Committee, the committee approved the concept for Lee Memorial Health System to pursue a Tobacco Free plan for all its campuses and properties. The Governance Committee requested that a system-wide committee be formed to develop a plan for implementation, and the project team bring back in the month of March a date for its approval for implementation for Tobacco Free Lee Campuses and Properties.

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**SPECIFIC PROPOSED MOTION:**
Recommend that a phased implementation plan be developed and implemented at all Lee Memorial Health System (LMHS) facilities, campuses, properties in which it is doing business whether properties are leased, rented, or owned. The plan will be fully implemented no later than November 19, 2009 to coincide with the celebration of the national "Great American Smoke Out" program sponsored by the American Lung Association.

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**PROS TO RECOMMENDATION**
A phased plan has demonstrated a very good success rate according to Tobacco Free research. Final implementation of the program during the “Great American Smokeout” will provide additional opportunities to obtain greater staff, physicians, and community support and participation regionally by other healthcare organizations. The complexity of this project necessitates sufficient planning and implementation time. Research indicates most healthcare organizations have needed 6 to 12 months or greater to implement.

**CONS TO RECOMMENDATION**
Individuals not involved, aware of research, or understanding the project’s complexity may question the length of time to implement.

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**LIST AND EXPLAIN ALTERNATIVES CONSIDERED**
Extensive research has been conducted and reviewed, so LMHS has the opportunity to select the very best practices and minimize redundancy of design and implementation work.

**FINANCIAL IMPLICATIONS**

<table>
<thead>
<tr>
<th>Budgeted</th>
<th>Non-Budgeted</th>
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(Tobacco Free Lee Program project budget is a deliverable item by the project team at a future date. FY 2009 operational expenses will be identified for senior leadership approval and FY 2010 expenses will become part of the FY 2010 Budget.)

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**OPERATIONAL IMPLICATIONS** (including FTEs, facility needs, etc.)
This is to be determined during program/plan design.

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**SUMMARY**
The LMHS Board of Directors is requested to approve a phased implementation plan for Tobacco Free campuses and properties and complete implementation no later than November 19, 2009.
Project Update Objectives

- Review the Steering Committee Structure
- Communicate accomplishments to date
- Answer any questions you may have
A system-wide group to provide guidance and oversight for the planning and implementation of the Tobacco Free Lee Project for Lee Memorial Health System.
Project Objectives

• Create a healthier environment for everyone who works at and visits our locations
• Demonstrate our commitment to improve the health and wellness of the community
• Increase health system involvement in treating tobacco addiction
• Become tobacco free system-wide on November 19, 2009
<table>
<thead>
<tr>
<th><strong>BOARD LIAISON:</strong></th>
<th>Kerry Babb, Marketing and Communication Board of Director Liaison</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PROJECT SPONSOR:</strong></td>
<td>Jon Cecil</td>
</tr>
<tr>
<td><strong>CHAIRPERSONS:</strong></td>
<td>Brad Pollins and Joan Carroll</td>
</tr>
<tr>
<td><strong>REPORTING TO:</strong></td>
<td>Senior Leadership Council</td>
</tr>
</tbody>
</table>
Functional Membership

- Patient Care Services
- Physicians
- Physician Services
- Respiratory Services
- Pharmacy
- Lee Physicians Group’
- Outpatient Services
- Plant Operations
- Property Management
- Security
- Business Development & Contracting

- Human Resources
- Organizational Effectiveness
- System Communications
- Legal Services
- Press and Public Information
- Wellness Center
- Risk Management
- Health Advocacy
- HealthPark Care Center
- Central Business Services
### Subcommittees Chairs

<table>
<thead>
<tr>
<th>Subcommittee</th>
<th>Chair</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facilities</td>
<td>Rod Allen &amp; Tina Glenn</td>
</tr>
<tr>
<td>Communications</td>
<td>Brandy Church</td>
</tr>
<tr>
<td>Community</td>
<td>Sally Jackson</td>
</tr>
<tr>
<td>Compliance, Policy, &amp; Procedures</td>
<td>Wendy Piascik</td>
</tr>
<tr>
<td>Employee Health &amp; Relations</td>
<td>Alison Thurau</td>
</tr>
<tr>
<td>Patient Care</td>
<td>Lisa Sgarlata RN &amp; Cindy Brown RN</td>
</tr>
<tr>
<td>Physician Relations</td>
<td>Mark Greenberg, M.D.</td>
</tr>
</tbody>
</table>
Key Accomplishments

1. Project Charter, Schedule, and Workplan completed
2. Steering Committee assembled and launched
3. Subcommittees finalized with appointed Chairs
4. Go live date recommended – November 19, 2009
5. Decided on Staged implementation approach
Next Steps

• Phase 1 Rollout – Finish Plan Design

• Phase 2 – Restrict smoking, move smoking areas away from entrances, limit access, begin weaning process

• Phase 3 – Go live

• Phase 4 – Evaluate Implementation
What Questions Do You Have?
OTHER ITEMS
DATE OF THE NEXT REGULARLY SCHEDULED MEETING

PLANNING Committee of the Whole MEETING

THURSDAY, April 2, 2009 2:00pm

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