

CONVERSION STRUCTURE EVALUATION

Public Hearing

Thursday, April 25, 2024



Today's Discussion



 **Welcome & Why We're Here** | Donna Clarke, Chair, Board of Directors

 **Lee Health History & Background** | Dr. Larry Antonucci, President & CEO

 **Overview & Recommendation** | Dr. Larry Antonucci, President & CEO

 **Conversion Process & Timeline** | Michael Nacheff, VP Government Relations

 **Public Testimony** | George Knott, Board Counsel

 **Closing Remarks** | Donna Clarke, Chair, Board of Directors

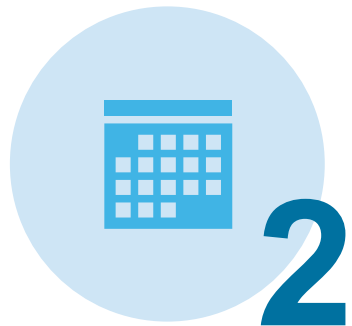
Why We're Here



Provide background on what we're evaluating and why we feel its important to take this step



Provide an open forum for community members to testify and express their perspectives



Update you on where we are in the process and what Lee County residents can expect moving forward



Ensure you know where to access the latest information and ask questions in the future



History & Background

Dr. Antonucci



**Local Mission.
Regional Impact.**



**Among the Largest Public
Health Systems in U.S. & FL**



Locally Led & Governed



Top Employer in Lee County



A Critical Safety Net



Trusted Provider



Widest Array of Care



Major Economic Engine

Why Evaluate Our Structure

- 1916**
Lee Health opens as a community-focused nonprofit
- 1968**
Began operating as an independent special healthcare district created by the Florida Legislature and governed by an elected Board of Directors
- 1970- Today**
Decades of rapid growth in our communities
- 2019**
Repeal of the CON program
- 2020-2022**
65 new hospitals announced being built in Florida
- 2023**
Recognizing the uphill climb of systems like ours, the Florida Legislature established a process and timeline to evaluate our structure



Our commitment to our safety-net mission, as well as continued local leadership and independence is unwavering. This commitment is also the driving factor in our decision to evaluate our structure.



Overview & Recommendation

Dr. Antonucci

Structure Comparison

Key Similarities



	Special District/Govt. Health System (Current)	Community-Focused Nonprofit Health System
Safety-Net Mission	Organization maintains strong focus on and commitment to its longstanding mission of caring for every Lee County resident	
Quality & Safety	Leadership & staff maintain strong commitment to provide every patient the best care and experience possible	
Fiduciary Responsibility	The Board has a duty of care to ensure the organization’s community-focused mission is being met and to act in the best interest of the organization and its stakeholders – patients, the community, physicians and team members.	
Operating Margin	Margins continue to be reinvested back into the system and community to improve care for patients and the overall health of the community	
Charity Care	Organization maintains strong focus on and commitment to its mission of caring for Lee County residents; Patients in need of care receive it regardless of ability to pay	
No Taxing Authority	Lee Health does not have taxing authority today and has never depended on local tax support to cover the cost of day-to-day operations. This would not change if Lee Health converts to a community-focused nonprofit health system.	

Structure Comparison

Key Differences



	Special District/Govt. Health System (Current)	Community-Focused Nonprofit Health System
Board Leadership	Board leadership continues; board members are publicly elected	Board leadership continues; board members no longer publicly elected
Business Practice Governance	Governed by the Lee Health's Enabling Act and Florida law applicable to public entities	Governed by Florida law applicable to not-for-profit corporations
Growth & Expansion	Future organizational growth confined to Lee County, restricting potential regional impact, revenue and economies of scale; patients continue long commutes for care	Organization has option to grow beyond Lee County to meet needs of region, reduce burden on patients, achieve greater economies of scale and diversify revenue
Sovereign Immunity	Sovereign immunity limits negligence lawsuits to the government agency only and caps damages awards. It exists to protect public funds that help cover the cost of providing services	Sovereign immunity ends and all limits are lifted. Current insurance program enhanced and expanded to provide organization and staff protection from financial liability

Kaufman Hall Report Conclusion

“Lee Health is expected to continue facing systematic operational, strategic, political, and financial challenges, along with regional and local competitive pressures.”

To the extent Lee Health can realize the value of prospective strategic opportunities, increase its competitive position at a level that surpasses the near-term financial impact and continue to effectively deliver on its mission, Kaufman Hall stated: “We recommend Lee Health continue with the conversion process” (p. 25).



Our Promises

- ✓ Ensure a **sustainable future**
- ✓ **Preserve the safety-net status** in Lee County in perpetuity
- ✓ Deliver on our community **nonprofit mission** for our region
- ✓ **Compete fairly** with new entrants and future changes
- ✓ **Pursue strategic conversion opportunities**
- ✓ **Partner and engage with physicians** as key stakeholders
- ✓ Keep **safe and high-quality care at the center** of all we do
- ✓ Continue to assure **no burden is on the taxpayers**
- ✓ **Maintain local control** and ownership
- ✓ Commit to a **transparent process**
- ✓ **Expand access and services** to meet patients where they need care
- ✓ **Improve quality, care coordination and boost retention** through expanded partnerships with physicians



Addressing What We've Heard

- ✓ Lee Health is not for sale
- ✓ The conversion evaluation is being conducted with full transparency
- ✓ Lee Health will be legally bound to provide safety net/charity care in perpetuity
- ✓ Lee Health liabilities will not shift to Lee County government or residents
- ✓ No taxing authority

Why Conversion Makes Sense

- ✓ **Solidify Lee Health's Financial sustainability** – No added burden for taxpayers
- ✓ **Maintain local control** – Lee Health is not for sale
- ✓ **Maintain the safety net status** in perpetuity
- ✓ **Ability to make strategic decisions** in confidence
- ✓ **Unleash our ability to expand access** and services to meet patients where they need care
- ✓ **Improve quality, care coordination and boost retention** through expanded partnerships with physicians

Leadership Recommendation

There is significant energy and enthusiasm among senior leadership about the opportunities conversion provides Lee Health, and we are confident in our team to navigate these changes.

We believe conversion is a strategic move towards securing our future, our safety-net mission and maximizing our impact in the communities we serve.






Process & Timeline

Michael Nachef

Process & Timeline



EVALUATION		DISCERNMENT 			NEGOTIATION	
Evaluation Gate	Phase 1 Evaluation	Report Gate	Phase 2 Discernment	Decision Gate	Phase 3 Negotiation	Approvals Gate
<p>WITHIN 180 DAYS OF AUG. 31 VOTE At the Latest: Feb. 27, 2024</p> <hr/> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Lee Health Board of Directors vote to conduct evaluation (Completed 8.31.23) <input checked="" type="checkbox"/> Conduct a Public Hearing (Completed 1.25.24) <input checked="" type="checkbox"/> Receive official Evaluation Report (Completed 2.15.24) 		<p>WITHIN 120 DAYS OF REPORT RECEIVED At the Latest: June 20, 2024</p> <hr/> <ul style="list-style-type: none"> <input type="checkbox"/> Examine Evaluation Report & identify structure that provides greatest benefit <input type="checkbox"/> LHBOD Board of Directors Act: <ul style="list-style-type: none"> ▪ Pursue conversion & start Phase 3 ▪ End the process with no changes 			<p>WITHIN 120 DAYS OF LHBOD VOTE At the Latest: Oct. 12, 2024</p> <hr/> <ul style="list-style-type: none"> <input type="checkbox"/> Negotiate terms for an agreement with Lee County <input type="checkbox"/> Votes to accept or reject terms by: <ul style="list-style-type: none"> ▪ Lee Health Board of Directors ▪ Board of County Commissioners 	

Continued Transparency



Physician Engagement

- **Medical Staff Town Hall:** 9/14
- **Lee Physician Group Town Halls:** 9/1 and 9/6
- **Lee Physician Group Meetings:** 4/22, 4/25, 5/2, 5/6, 5/8, 5/20



Team Member Engagement

- **Leadership Updates:** 10/30, 1/30
- **Outreach Team:** 10/31
- **Staff Town Halls:** 11/2, 11/10 and 11/14
- **Lee Health Leadership Alumni Meeting:** 11/14
- **VP Town Hall:** 12/21
- **Senior Leader Meetings:** 3/11 and 3/12



Community Townhalls

- Community Town Halls held in each of the five health system board member districts



Public Meetings

- **Conversion Evaluation Report:** 2/15 and 2/29
- **Workshops and Special Meetings:** 11/7, 11/13, 1/11, 2/8, 3/5, 3/14, 4/11 and 4/18



Public Hearings

- January 25, 2024
- April 25, 2024



Lee Health Website Updates

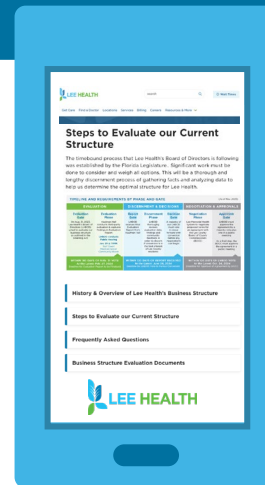
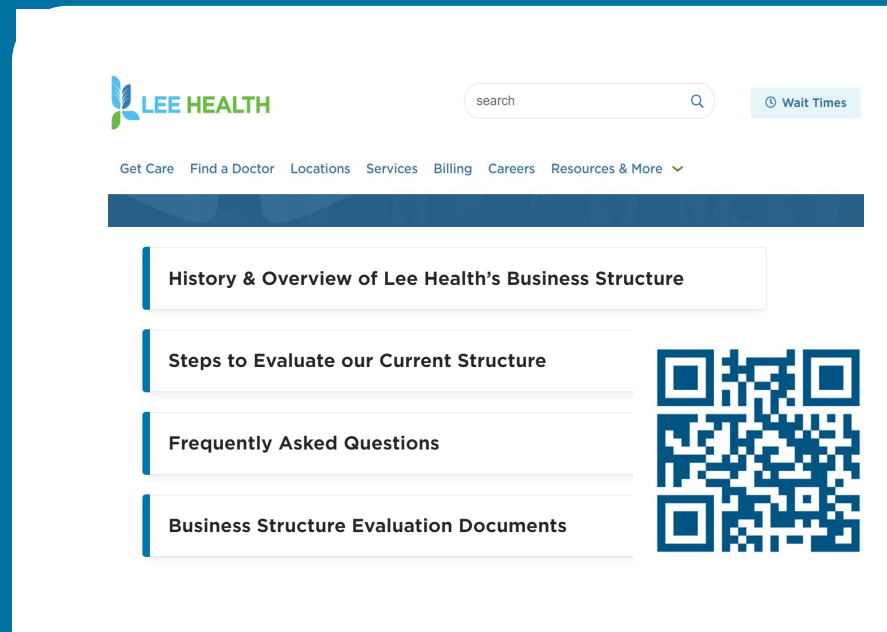
- Created LeeHealth.org/LookingAhead
 - Official resources
 - Continual updates to FAQ
 - Additional questions can be submitted to: LookingAhead@LeeHealth.org



Public Testimony

Our Single Point Of Truth

LeeHealth.org/LookingAhead



Access by
Phone, Tablet or
Computer

Frequently Updated
Official Resources
(Including Board Updates)

Detailed Timeline with
Phases & Gates

Link to Submit Additional
Questions

You can also email us at
LookingAhead@LeeHealth.org

Thank you.

We're honored to have you on this journey with us.