

HOWARD COUNTY BOARD OF COMMISSIONERS SPECIAL SESSION MAY 22, 2012

The Howard County Board of Commissioners met in Special Session on Tuesday, May 22, 2012 at 5:00 p.m. in the Lower Level Conference Room of the Howard County Administration Center. Those in attendance included President Tyler Moore and Vice President Paul Wyman. Commissioner Thompson was absent. Also in attendance were County Attorney Larry Murrell and Auditor Ann Wells. Council President Richard Miller, Council Vice President Stan Ortman, Council Members Jeff Stout, Les Ellison, Joe Pencek, Dwight Singer, and John Roberts were in attendance as the continuation of their previously scheduled 4:00 p.m. Council Meeting.

*Due to the absence of Commissioner Thompson, in order to carry on the business of this meeting,
President Moore will vacate the chair in order to second any motion.*

The purpose of this meeting is to conduct a public hearing and act upon the proposed Affiliation Agreement by and among Community Health Network, Howard Regional Health System and Community Howard Regional Health, Inc. The Howard County Council and the Board of Trustees of Howard Regional Health System will also be meeting in public session at this same time and place for the purpose of acting upon a proposed Joint Resolution by and among the Commissioners, County Council and Howard Regional Health System Trustees.

President Tyler Moore officially opened the Public Hearing, and stated that presentations by Howard Regional Health Center and Community Health Network would be submitted as a part of the Public Hearing. He invited Mr. James Alender, President and CEO of Howard Regional Health System, to the podium.

Mr. Alender submitted his presentation concerning the merger and what it means to Howard Regional Health Systems. He included the following points of consideration:

- Why the Hospital is looking for a partnership
- Health Care reform issues – increase in patients – declining reimbursement rates – value based purchasing
- Integrative Health Care Delivery System vs Fractured Health Care Delivery System
- Electronic Medical Records and their maintenance
- Supply chain management – reduced medical costs and technology due to larger volumes
- Debt Service and Debt management – increased access to capital – lower interest carrying costs
- Broader Integrative Network for State of Indiana – Integrative Physicians Network
- Pick up enhanced managed care contracts – increased reimbursement for Charity Care
- Seamless delivery system – help patients manage total care

Mr. Alender continued to talk about the process of finding a partner and how the Board of Trustees chose Community Health Network.

- Look for a Not-For-Profit entity; meeting the needs of the community regardless of the patients' ability to pay.
- Partner plan for a locally delivered Health Care system - not expecting cases to be stabilized then shipped to the Partner Health Care facility.
- Partner to offer back-up services for multiple specialty services.
- Understand environmental changes in Kokomo – experience working with automotive community – a two-hospital hospital system – working with an aging population and their health care needs.
- Identified five potential partners – chose Community Health Network

Why did Howard Regional choose Community Health Network?

- Community Health believes in local governance and local health care being provided “locally” through a network of hospitals committed to quality patient care. Two thirds of the residents of the communities will be on this new Board (Community Howard Regional Health System); 50% of the residents of the Boards will always be Howard County.
- Community will allow new entity to be a “regional medical center”; to provide and support high quality and cost efficient health care – allowing them to grow in the surrounding counties who have come to rely on Howard’s sub-specialty services such as Oncology and Cardiology, among others.
- Continue to provide Charity Care – support the needs of the community.

- Howard has already been in partnership with Community the last ten years, through the free-standing ambulatory Surgery Center – investor and hospital owned.
- Partnership will allow new entity to continue and expand in Community Mental Health Center services.
- Partnership will allow and support (with capital) the new entity to continue a Regional Medical Plan, addressing the needs of Howard County and the six contiguous counties that will be serviced as a Regional Medical Center.
- Community Health will assume all the hospital's debt and liability.
- Services will provide for economic growth in Howard County.
- Will provide a continuity of care for community.

Mr. Alender introduced Mr. Brian Mills, President and CEO of Community Health Systems, who stepped to the podium to address the Board of Commissioners, County Councilmen and the public. Mr. Mills has been with Community Health since 1985, and it's CEO for the last three years. A Strategic Plan was put into place as a not-for-profit health care facility. When the Affordable Health Care act was enacted, Community did not have to change their plan. Mr. Mills continued to offer statistics concerning their network of facilities.

- Howard County and Howard Regional is a perfect fit for Community Health as it concerns market share in Indiana.
- Community Health is a perfect fit for a Howard Regional partnership.
- Community Health's message is different from their competitors. Community believes their purpose as a Not-For-Profit provider of health care, is to promote the small "C" community and make health care more accessible and affordable in the local market. They NEED local governance. This process has also enable Community Health to gain market share.
- Made a major investment in helping to start the College of Osteopathic Medicine in Marion University. The first class will begin in 2013, 150 students, all from Indiana. Community, St. Vincent's and Marion University will look for rotations in all their system's hospitals. They will also find residency spots for all the students. Students accepted give a guarantee that they will be a Primary Care physician.

At this time President Moore opened the floor for question and comment. Commissioner Wyman thanked the Boards from both hospitals for the work they've done toward this partnership. There being no further comment, Mr. Wyman made a motion to close the Public Hearing. Mr. Moore seconded the motion and it carried. The hearing was closed at 5:44 p.m.

Mr. Murrell submitted Resolution No. 2012 –BCCR-13 and Resolution No. 2012-HCCR-14, joint resolutions of the Board of Commissioners of Howard County, the County Council of Howard County, and the Board of Trustees of Howard Community Hospital d/b/a Howard Regional Health System, that as of the Closing Date set forth in the Affiliation Agreement, Howard Regional Health System should cease doing business as a county hospital, and affirm the provisions of IC 16-22-3-18(d) as to Howard County not being responsible for any liabilities of Howard Regional Health Systems that were incurred on or before, or are incurred at any time after the Effective Date, except as otherwise agreed to in the Affiliation Agreement. Mr. Murrell commented that the Affiliation Agreement is subject to continuing work on remaining legal issues in paragraph two, page two. He asked Mr. Rick Hall of Barnes & Thornburg, to explain and confirm the covenants and agreements that run to Howard County.

Mr. Hall congratulated Community Health Network and Howard Regional Health, and their attorneys for working through this complicated agreement. Howard County wanted to confirm the following provisions were put in place.

- Local control – a majority of the Board needed to be from Howard County (not employees of the new hospital), giving an independent and local flavor to governing decisions.
- The County's liabilities would be closed with respect to the operation of the hospital.
- If the new entity is not operated, the assets would be transferred back to the County or used by another entity for County health care.
- Maintain a Regional Medical Center with "Acute Care" operations.
- Day to day operations of the facility will be turned over to Community Health. The County will be out of hospital business.

President Moore expressed appreciation to the Board of Trustees of Howard Regional for convening their Board of Trustees meeting jointly, tonight, and to representatives from both hospitals.

A motion was made by Mr. Jay Freeman of the of the Howard Regional Board of Trustees to approve the Joint Resolutions of the Board of Commissioners of Howard County, the County Council of Howard County, and the Board of Trustees of Howard Regional Health System. The motion was seconded by Dr. Hazelbaker and carried unanimously.

A motion was made by Mr. Wyman to approve Resolution No. 2012-BCCR-13 – a joint resolution of the Howard County Board of Commissioners, the County Council of Howard County, and the Board of Trustees of Howard Community Hospital d/b/a/ Howard Regional Health System, subject to final legal confirmation of paragraph two, page two. Mr. Moore seconded the motion. He also reminded those present that of the statement made by Commissioner Thompson as follows:

“Because of a scheduling conflict, I may be unable to attend the Special Meeting tomorrow. I want to go on record that I am 100% in favor of the Board of Commissioners’ decision on the Hospital issue.”

The motion carried.

A motion was made by Mr. Stout to approve Resolution No. 2012-HCCR-14, a joint resolution between the Board of Commissioners of Howard County, the Howard County Council, and the Board of Trustees of Howard Community Hospital d/b/a Howard Regional Health System, subject to final legal confirmation of paragraph two, page two. The motion was seconded by Mr. Ortman and carried.

Council President Miller gave historical comment to the County’s facilitation of Howard Community Hospital, not its operation. Mr. Miller believes this will be a “...very good and productive relationship between the two...”. He congratulated both hospitals and their Boards.

There being no further business to come before the Board of Commissioners at this time, the Special Session was adjourned on a motion made by Mr. Wyman and seconded by Mr. Moore.

HOWARD COUNTY BOARD OF COMMISSIONERS:

TYLER O. MOORE, PRESIDENT

PAUL G. WYMAN, VICE PRESIDENT

WILLIAM THOMPSON, MEMBER

ATTEST:

ANN WELLS, AUDITOR

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