



OFFICE OF THE PRESIDENT & CHIEF EXECUTIVE OFFICER

May 22, 2015

The Honorable Rick Scott
Office of the Governor
State of Florida
The Capitol
400 S. Monroe Street
Tallahassee, FL 32399-0001

Dear Governor Scott:

I am pleased to respond to your May 8 request seeking assistance with low-income health care funding. We greatly appreciate your support of the Low Income Pool program and look forward to working with the Commission.

Sarasota Memorial, a public, nonprofit health system, is a regional referral center and health care safety net, shouldering a disproportionate share of uninsured and underinsured care while providing the most highly specialized services. Our 819-bed hospital serves nearly 90 percent of Medicaid patients and 65 percent of self-paying hospital patients in Sarasota County. It also is the only hospital in the county providing obstetrics services, maternity care, newborn intensive care, pediatric services and psychiatric care for patients of all ages.

We strongly support your statement that Floridians "deserve access to the healthcare services they need at a price they can afford." Sarasota Memorial has long demonstrated its commitment to providing top-quality, affordable care for all who need it, both locally and statewide.

The health system has been a longstanding partner with Florida to serve low-income patients, making significant contributions of Intergovernmental Transfers over the years to help finance Medicaid care throughout the state.

At the local level, our charity care, bad debt, subsidized care and cost of essential services for our community (including a free specialty care clinic) reach about \$84 million annually. Positive margins help offset these costs.

Even with our extensive depth and breadth of care, we have worked hard to keep services affordable. Sarasota Memorial has the lowest charges of all hospitals in Sarasota County, according to Floridahealthfinder.gov. Our network of Urgent Care Clinics offers residents a low-cost, convenient alternative to the Emergency Room.



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We stand ready to work with the Commission to enhance care for all Floridians, but encourage members to consider the responsibility each hospital has in responding to local needs. Sarasota Memorial reinvests all surplus revenues back into our community, under the governance of a publicly elected Hospital Board.

In recent years, our margins have allowed us to make a number of critical investments in patient care, including opening a new trauma program, constructing a long-overdue patient care tower to replace 50-year-old facilities and launching a medical residency program to address physician shortages. We were the only local hospital to make a significant investment in the medically underserved community of North Port, opening a freestanding emergency care center and outpatient facility there in 2009.

At the same time, Sarasota Memorial has invested in resources to ensure we provide the highest quality of care, as evidenced by positive patient outcome measures. Our patient readmission rates, for instance, are among the best (lowest) in the nation, according to CMS data. We are the highest-rated hospital in Sarasota and Manatee counties in a new CMS star ratings system that measures patients' satisfaction with their hospital experience; Sarasota Memorial is the only hospital in the area to earn four stars.

In our efforts to serve the community, Sarasota Memorial also strives to operate with the highest level of efficiency. An indicator of our success in this area can be found in our total cost per patient case, which is better (lower) than expected when compared to national averages, according to severity-adjusted data from more than 850 hospitals in the Premier Research Database.

As the Commission proceeds with its work, we urge the group to base its assessment on information that presents a complete and comparable picture of a health system's performance. The Florida Hospital Uniform Reporting System (FHURS) includes only financial data for our hospital as a stand-alone entity and does not take into account several additional costly programs that are part of our health system, including a multi-specialty physician practice group and skilled nursing & rehabilitation center. The state data also is a snapshot of hospital financial results that includes unrealized "paper" earnings or losses on investments that can fluctuate with the financial markets and is not representative of a facility's overall financial strength.

Because of our unique role as a health care safety net and government entity, profit-sharing scenarios developed by the Commission could raise constitutional, financial and home rule concerns and jeopardize our ability to meet the short- and long-term health needs of our community.

Please don't hesitate to contact me if I can be of assistance to you or the Commission. We look forward to continuing our partnership with Florida while serving our community.

Again, thank you for your efforts to renew the waiver for the LIP program.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Verinder', with a stylized flourish at the end.

David C. Verinder
President & CEO
Sarasota Memorial Health Care System