

1 Public Hearing

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Public Hearing

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Regarding Conversion Of Lee Memorial Health System To A  
A Private, Not For Profit Corporation

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Pages 1 through 40

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Thursday, January 25, 2024  
3:00 p.m. - 3:49 p.m.

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Gulf Coast Medical Center Community Room  
13681 Doctors Way, Fort Myers, Florida 33912

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Stenographically Reported By:  
Karen K. Crawford, CSR, RPR, FPR  
Certified Shorthand Reporter  
Registered Professional Reporter  
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## 1 APPEARANCES:

2 Chairperson, Donna Clarke  
3 Vice Chairperson, Therese Everly, BS, RRT  
4 Secretary, Dane Allen, Esq.  
5 Treasurer, David Collins  
6 Director Nancy McGovern, RN, MSM  
7 Director Kathy Bridge-Liles, RN, MS  
8 Director David Klein, MBA  
9 Director Daniel Adler  
10 Director Stephen R. Brown, M.D.  
11 Lawrence Antonucci, M.D, President and CEO  
12 George H. Knott, Esq., Board Counsel  
13 Mary McGillicuddy, Esq., Chief Legal Counsel  
14 Michael Nacheff, VP Government Relations  
15 Karen Crawford, Court Reporter  
16 Katie Fournier, Board Office Coordinator

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1           MS. CLARKE: Welcome, everybody. I am going to  
2 stand up because I am not as tall as Dr. Antonucci.  
3 I am Donna Clarke and I am the Chair of the Lee  
4 Health Board. And I welcome you all today. Thank  
5 you for taking time out of your very busy lives to  
6 come join us and address the future of the Lee  
7 Health System.

8           I want to introduce all of my Lee Health  
9 Board of Directors. Let's start over here. And if  
10 you all will wave, in case I point at the wrong  
11 person and say a different name. Therese Everly,  
12 Dr. Stephen Brown, Nancy McGovern, David Collins,  
13 our Treasurer. And Therese Everly is our Vice  
14 Chair, sorry. And I am going to skip over to the  
15 next Director is David Klein, our Secretary Dane  
16 Allen and Dan Adler, they make it tough, and Kathy  
17 Bridge-Liles. And this is Katie in my office who  
18 keeps us all straight. And then you know Dr. Larry  
19 Antonucci. And Michael Nacheff who heads up our  
20 legislative group. This is George Knott, he is a  
21 board counsel. And then we have Mary McGillicuddy  
22 who is the Lee Health System counsel. Is there  
23 anybody I forgot? Raise your hand. Diane Champion  
24 for those of you -- is home with a cold. She was  
25 able to attend the board meeting earlier virtually,

1 but she couldn't make it in person to this, so she  
2 sends her regards. And thank you for showing up  
3 particularly any of the volunteers out there.

4 Okay. I'm going to turn it over to Larry.

5 This is George Knott, our board counsel,  
6 and he will share with you how this is going to  
7 work.

8 MR. KNOTT: The question is why are we here.  
9 As part of the evaluation process under our  
10 enabling legislation as we make a decision or  
11 consider whether or not to convert from a special  
12 unit of -- independent special district to a  
13 private nonprofit corporation, we are required by  
14 the Florida legislature to conduct a public  
15 hearing. I am going to put this down, if you don't  
16 mind.

17 The purpose of the public hearing is to  
18 elicit the thoughts, the opinions, information that  
19 the public might want to share with members of our  
20 board of directors. So they are here to listen  
21 today. They are here to listen to you, the  
22 citizens of Lee County, and to take your thoughts,  
23 your considerations, your opinions into account, as  
24 they continue through the evaluation process,  
25 ultimately making a very important decision as to

1           whether or not conversion from an independent  
2           special district to a private nonprofit corporation  
3           is in the best interest of the residents of Lee  
4           County.

5                        So I would at this point turn it back over  
6           to Donna, and then I will speak a little bit later  
7           about how the process will go from there.

8                        Donna.

9                        MS. CLARKE: Okay. And for everyone who didn't  
10          go on the website or didn't attend any town halls,  
11          and for those of you, to remind you, Dr. Antonucci  
12          is going to give us an update and some background  
13          so that we know you understand where we are and how  
14          this -- why the board voted to begin with this  
15          evaluation.

16                      DR. ANTONUCCI: Thank you, Donna.

17                      Thank you all for being here. I really  
18          appreciate it and I know the board appreciates you  
19          taking the time to really inform them on a very  
20          important decision they are going to have to make,  
21          and that really is what is the best structure for  
22          Lee Health in the future to maintain what it has  
23          been for over a hundred years, and that is a safety  
24          net provider in this community, and also to do that  
25          with local control; that's really what this is all

1 about.

2 And so a process began with the  
3 legislature who passed a law giving the board  
4 permissive authority, in other words, giving them  
5 the authority to look into this to see whether it  
6 makes sense or not. And so that's where we are in  
7 the process.

8 We will give you a little bit more detail  
9 on exactly how the process works. But before we do  
10 that I want to do a little bit of history. So we  
11 talked about why we are here. I will provide a  
12 little bit of history and then we will talk about  
13 the structure that is being contemplated, how is it  
14 similar to where we are today, how is it different  
15 from where we are today.

16 Michael Nacheff, our VP of government  
17 relations, will go over the actual process and the  
18 timeline so you will understand that.

19 And then George will moderate us through  
20 public testimony. And we want to hear what your  
21 thoughts are and what you are thinking.

22 So why we're here. How did this all come  
23 about? Let's go back in time. 1916 Lee Memorial  
24 Hospital was founded. It operated actually as a  
25 private not for profit for about 50 years. It was

1 non-governmental. And then in the mid 60s the  
2 legislature passed a law establishing this special  
3 district which makes Lee Health a governmental  
4 entity right now. And we have operated as a  
5 governmental entity since the 1960s.

6 Now what is unique about us as a  
7 governmental entity is that we do not have taxing  
8 authority. This is highly unusual for a public  
9 health system. If you look at the other public  
10 systems in the state, such as Jackson Memorial,  
11 Sarasota Memorial, Broward, et cetera, they all  
12 have the ability to levy a tax, either an ad  
13 valorem tax or a sales tax to help support their  
14 safety net mission. And by safety net mission what  
15 that means is that we take care of anybody who  
16 comes in regardless of their ability to pay,  
17 whether they are insured, whether they are under  
18 insured. And so this is -- this is really how we  
19 operate. Now -- and we did very well. The system  
20 has grown tremendously, has grown with the  
21 community.

22 But in 2019 things changed a little bit.  
23 There used to be a law in the State of Florida  
24 called Certificate of Need, which said that you  
25 cannot build a hospital, unless you establish a

1           need to do so. And for all of those years Lee  
2           Health has been providing care in this community  
3           and meeting that need. But in 2019 the legislature  
4           said we are going to let anybody build a hospital  
5           anywhere in the state.

6                       Now one of the challenges is that when  
7           they passed that law they put no restrictions on  
8           this. In other words, you could build a hospital,  
9           you don't even have to have an emergency room, you  
10          don't have to take care of the uninsured, you don't  
11          have to accept Medicare or Medicaid.

12                      And so this puts us in a potential  
13          vulnerable situation, as you look down the road,  
14          because what we are facing now is a situation where  
15          we provide services that other people don't want to  
16          provide frankly. We provide services that don't  
17          have a positive margin. We provide services that  
18          have a very low margin. But in order to fund that,  
19          we have to have a significant amount of business of  
20          commercial payers, in other words, people with  
21          commercial insurance. It is just a simple fact.

22                      Seventy percent of our business is  
23          Medicare and Medicaid. Medicare and Medicaid  
24          payments do not cover the cost of care. So that  
25          difference is borne by those with private



1 insurance. If we were to lose a significant  
2 portion of that, it could create a problem for us.

3 So we began to think in 2019 well, we know  
4 there are going to be competitors in our field,  
5 there will be other hospitals, and that's okay, we  
6 are not afraid to compete, but we want to compete  
7 on an even playing field. Competitors that will be  
8 coming to our community will be able to operate  
9 regionally. They can operate in the entire region  
10 of Southwest Florida or even beyond that. We are  
11 limited as a governmental entity to operating only  
12 within Lee County.

13 In addition, other competitors will be  
14 able to do joint ventures and partnerships with  
15 physicians for instance. One of the things we are  
16 seeing is a tremendous movement of care outside of  
17 the hospital into the ambulatory space. And so  
18 joint ventures with physicians and surgeons is very  
19 important. This is very cumbersome for us as a  
20 public entity.

21 So these are some of the things we began  
22 to think about. We began approaching the  
23 legislatures and asking them whether we can change  
24 our legislation to allow us to at least work  
25 regionally. And it became very apparent after two

1 years they were not going to consider that. And  
2 what they suggested is if you want to operate in a  
3 more regional way, why don't you consider a  
4 conversion to a community based not for profit or  
5 non-governmental not for profit.

6 Now most of the hospitals -- about 50  
7 percent of the hospitals in the country are that  
8 structure, they are non-governmental not for  
9 profits. About 15 percent of the hospitals in the  
10 country are what we are today, and that is a  
11 governmental not for profit. And we will go over  
12 some of the similarities in just a moment.

13 So where we are in the process -- let's go  
14 to the next slide here. Okay, what's really  
15 critical? Since 1916, as I said, we have had a  
16 local mission to be the safety net provider in this  
17 community, and this is something that is extremely  
18 important to us. We have a regional impact. We  
19 see patients from around the region that come to  
20 see us here. We are locally led and governed,  
21 again something that is important to us. We are a  
22 critical safety net. We take care of everyone  
23 regardless of their ability to pay. We have a wide  
24 array of care. We are one of the largest public  
25 health systems in the United States, probably

1 fourth or fifth. We are the top employer in Lee  
2 County, a trusted provider and a major economic  
3 engine with 15,000 employees.

4 So these are some of the dates that I  
5 referred to, when I was speaking before. 1916 we  
6 opened as a community-focused not for profit. In  
7 '68 we began operating as an independent special  
8 district. And we grew tremendously with the  
9 community. I talked about the Certificate of Need  
10 Repeal in 2019. And between '20 and '22 65 new  
11 hospitals were announced being built in Florida.

12 So the state legislature recognized the  
13 challenges that we make and that's why they gave us  
14 the permissive authority to say look, if you want  
15 to consider another option in structure, go ahead  
16 and do that.

17 But if you go to the right, that's really  
18 what it's all about, our commitment to our safety  
19 net mission, as well as our local leadership and  
20 independence. This is what is unwavering. This is  
21 what we want to continue. This is the decision  
22 that the board is going to have to make.

23 Now part of this decision making process  
24 is exactly why we are here; it's to hear from the  
25 public. Another part of the process is the hiring

1 of an independent third party consultant to come in  
2 and do an evaluation. That evaluation is a six-  
3 month evaluation that will be completed before the  
4 end of February. And we are waiting for that  
5 report. We have not gotten that report back. So  
6 we don't know what their opinion will be to answer  
7 that question, what is in the best interest of the  
8 citizens. So no decisions have been made and the  
9 board is waiting for that to help inform them, as  
10 they make this decision.

11 This chart demonstrates the similarities  
12 between where we are today on the left as a special  
13 government health system not for profit and a  
14 community focused not for profit health system.  
15 Strong focus on commitment to mission of caring for  
16 every resident. Leadership and staff, strong  
17 commitment to provide care to every patient. The  
18 board has a duty to ensure the organization's  
19 community-focused mission is being met and to act  
20 in the best interest of the organization and its  
21 stakeholders.

22 Another important similarity is all  
23 margins, all dollars that are generated, are  
24 returned to the community. That's how we do things  
25 like add three floors to this hospital, build the

1 Golisano Children's Hospital, expand our presence  
2 in Gulf Coast, excuse me, in Gulf Coast Medical  
3 Center. These are the investments that we make  
4 back in the community. Every dollar that is made  
5 is invested back in the community and that is  
6 unchanged.

7 Strong focus and commitment on care for  
8 Lee County residents. Patients in need of care  
9 receive it regardless of ability to pay, as I said.  
10 As I said, no taxing authority. Very unusual for a  
11 safety net public entity. Of course, that would be  
12 unchanged. We don't have taxing authority now and  
13 we would not have taxing authority, if a conversion  
14 occurs to a community-focused nonprofit.

15 Now here are some key differences. Right  
16 now our board is elected by the public. If we were  
17 to convert, the board leadership, the current board  
18 leadership, can continue in their current roles,  
19 but in the future there would not be elections of  
20 board members. Board members would then be what is  
21 called self-perpetuating. In most cases what they  
22 do is they create a governance committee and they  
23 invite people from the community to serve on the  
24 board. This is the way many of the community-  
25 focused not for profits exist. Naples Community

1 Hospital, Tampa General, Orlando Health, the Mayo  
2 Clinic, all of these are community-based or private  
3 not for profits or non-governmental not for profit.

4 Practice governance is -- we are currently  
5 governed by our Enabling Act and Florida law, as it  
6 applies to public entities. If we were to convert,  
7 we would be governed by Florida law applicable to  
8 not for profit corporations, and there is plenty of  
9 law that governs that.

10 As I mentioned earlier, one of the things  
11 that we are restricted by is our growth is confined  
12 to Lee County and that restricts our regional  
13 impact, our diversification of revenue, the ability  
14 to raise dollars, that we can then reinvest into  
15 our local community. And it also results in longer  
16 commutes for care for patients who live in our  
17 neighboring communities.

18 In a conversion situation we would have  
19 the option to grow beyond Lee County and could grow  
20 anywhere we wanted essentially, wherever we felt  
21 the need was and wherever we felt there would be  
22 support.

23 One of the big differences as a  
24 governmental entity we have what's called sovereign  
25 immunity. That limits negligence lawsuits to any

1 government agency and it caps damage awards. And  
2 it exists to protect public funds. If we were to  
3 convert, we would not have sovereign immunity. We  
4 would have to insure ourselves. We currently carry  
5 insurance. We would have to extend that to a  
6 higher level so we would protect our staff and, of  
7 course, the patients most importantly. The  
8 important thing to know is our staff would still be  
9 held harmless and would not suffer any financial  
10 implications from a lawsuit. We would hold them  
11 harmless, defend them and pay out any damages  
12 related to their work.

13 All right. So I mentioned before that the  
14 Florida legislature last session passed this law  
15 that gives us permissive authority to look at this  
16 to see whether it makes sense. I am going to ask  
17 Michael now to come up and actually walk you  
18 through the timeline and explain exactly what the  
19 law says and how it works.

20 Michael.

21 MR. NACHEF: Thank you very much,  
22 Dr. Antonucci, Board of Directors, members of the  
23 public. I appreciate you all very much for being  
24 here today. As Dr. Antonucci said, I am going to  
25 walk you through our process and timeline. Today

1 is the first time, I'm actually very excited, we  
2 have been able to put the second check mark on this  
3 graph. It has taken about six months to get there.  
4 we are currently conducting the public hearing.  
5 Let me walk you through that.

6 So we are in phase 1 of the evaluation  
7 phase. And in phase one of the evaluation it began  
8 a six-month clock or 180 days on 8-31-23 when the  
9 board of directors conducted their vote. Since  
10 that point in time, a third party reviewer has been  
11 brought on, as Dr. Antonucci said, to create this  
12 report and review the system and review the two  
13 forms of government structure that we are looking  
14 at. The first is the form we are today. And the  
15 second is the community-based not for profit that  
16 could be tomorrow.

17 In that review they must return the  
18 evaluation report by the latest February 27, 2024,  
19 so next month. And we are now on the conducting  
20 public hearing phase at this moment. So the last  
21 check in this case will be to receive the  
22 evaluation report by next month and then we will be  
23 in phase 2, once the report hits the deck.

24 As you can see in phase 2, the conditions  
25 of what will be required are to examine the



1 evaluation report and identify the structure that  
2 provides the greatest benefit to the residents of  
3 Lee County. That will be up to the Lee Health  
4 Board of Directors to act. And in that timeline  
5 they are going to be reviewing the information that  
6 they receive. They are planning to conduct  
7 additional community town halls for those of you  
8 who have so far participated.

9 As a matter of frame of reference, the  
10 town halls provide some dialogue back and forth  
11 with questions and answers. What you will find is  
12 on [leehealth.org/lookingahead](http://leehealth.org/lookingahead), if you go to the  
13 website, and we will mention that again at the end  
14 of the meeting. More than 45 questions and answers  
15 have been posted, as a result of the questions that  
16 have been submitted there, and you may find some of  
17 the answers you are looking for along the way.

18 In those 120 days that will start next  
19 month at some point, the board of directors will  
20 eventually get to a timeline of June 26, 2024 or  
21 before. So in the 120-day phase that starts, they  
22 must decide to either end the process with no  
23 changes and we remain the structure that we are  
24 today or to pursue phase 3 of the evaluation, which  
25 would again begin another 120-day clock. So they

1 will have 120 days to read the report and decide to  
2 move forward or not. And then if they elect to  
3 move forward, they would open phase 3, which is a  
4 negotiation with the county to come up with a term,  
5 a set of covenants, a contract to meet the mission,  
6 that safety net mission that you heard  
7 Dr. Antonucci reference. The negotiating of the  
8 terms of the agreement with Lee County would have  
9 to be done within that 120 days and you would come  
10 to a final set of votes. The final set of votes  
11 would be again by the Lee Health Board of Directors  
12 for a third and final vote and the Lee County Board  
13 of County Commissioners for a final vote.

14 After those two things were to occur, if  
15 they were to occur, then the district would  
16 dissolve after a certain period of time and the new  
17 community-based not for profit would exist in its  
18 place meeting the mission and covenants. So that  
19 is the process and timeline and where we are today.

20 A note from what Dr. Antonucci has  
21 presented to the board of directors earlier, and we  
22 wanted to make sure to let everyone here know as  
23 well, the board of directors has made great effort  
24 to honor the commitment, the transparency and  
25 communication throughout this process. And the

1 team working on it internally has worked to help  
2 support that. So we have held a number of internal  
3 and external town halls that have allowed for the  
4 building of questions and answers. We published  
5 all of the information that the board of directors  
6 considered on the website, again  
7 [leehealth.org/looking ahead](http://leehealth.org/looking-ahead), and that is the single  
8 source of truth for this process that you will find  
9 all of the information that they are seeing and  
10 that will allow you to participate in this process  
11 beyond the town hall meeting.

12 We are really proud of the fact that for  
13 those who have come out and have asked really good  
14 questions that we have been able to stand there  
15 with you and learn together. So it's -- in all of  
16 this you can see the dates, I don't have to list  
17 them out specifically, but you know that we made a  
18 number of efforts to reach our nearly 16,000  
19 employees internally and the members of the  
20 community throughout Lee County and different  
21 geographic locations represented by the board  
22 members' districts.

23 With that, ladies and gentlemen, I am  
24 going to hand it back to the chair and the board  
25 counsel.

1 MS. CLARKE: Thank you, Michael.

2 George, you're up.

3 MR. KNOTT: Thank you, Chair. I would like to,  
4 just as others have said, thank you for attending  
5 this important public hearing to share with the  
6 board your thoughts and ideas regarding the  
7 conversion process.

8 I'd like to provide a few points of order  
9 in order for the hearing to ensure that everyone  
10 has an opportunity to have their thoughts heard by  
11 the board of directors. We would request that  
12 anyone who desires to speak complete a Request To  
13 Address The Board form. Mr. Knipe at the back of  
14 the room, if you would raise your hand, sir, has  
15 the stack of forms. And if you have not filled  
16 out one and you would like to address the board,  
17 please see Mr. Knipe so that we can get your name  
18 and make sure we call on you.

19 Comments for each speaker shall be limited  
20 to 15 minutes. When you have one minute left,  
21 Miss Fournier will raise a yellow card indicating  
22 you have one minute left to conclude your comments  
23 so that you can begin concluding your comments.  
24 And then when you have reached your 15-minute  
25 maximum, she will raise a red card indicating that

1 the time has come to allow someone else to address  
2 the board.

3 Because the purpose of this public hearing  
4 is to receive your thoughts and your opinions on  
5 conversion, this will not be conversational in  
6 nature. We have had a lot of town hall meetings,  
7 Michael listed them on the screen for you, where we  
8 have had conversational meetings. And we plan on  
9 having additional town halls in the future where  
10 there are conversational interactions with the  
11 board of directors so that you can gain more  
12 knowledge. That is not the purpose of this  
13 meeting.

14 The purpose of this meeting according to  
15 the legislation is to receive your comments, to  
16 listen, so that the board members, as elected  
17 officials, can take your comments into  
18 consideration, when they make that important  
19 decision as to whether or not conversion is in the  
20 best interest of the residents of Lee County.

21 On behalf of the board, we appreciate your  
22 attendance and look forward to receiving your  
23 thoughts.

24 So with that I will call Frank Geltner to  
25 the mike. If you want to come up to the mike,

1 Mr. Geltner, and share with us your ideas and  
2 thoughts.

3 MR. GELTNER: Yes. Is this being recorded?

4 MR. KNOTT: Yes, sir, it is. There is a  
5 stenographer to my left who is making a verbatim  
6 record of everything that is being said during this  
7 public hearing.

8 MR. GELTNER: Well, I have 15 questions here  
9 which I am not going to ask. And I have ten -- the  
10 15 are human generated and there are ten that are  
11 AI generated because we thought it would be  
12 helpful.

13 I am reading a question that my brother  
14 who is a local attorney asked, and this will be the  
15 only question I ask. And rather than going through  
16 this governance change process he asks, why isn't  
17 the Lee Health Board and Lee County Board of County  
18 Commissioners fighting to restore the Certificate  
19 of Need as it was then changed in 2019 or with  
20 appropriate modification? Is the Florida State  
21 legislature trying to kill public hospitals like  
22 Lee Health? And where do our local legislators  
23 stand on this issue?

24 I know that the impact of the repeal of  
25 the Certificate of Need is on your website so I

1           won't read that. But that's the extent of my  
2           comments.

3           MR. KNOTT: Thank you very much.

4           MR. GELTNER: Who do I give the questions to?

5           MR. KNOTT: I would present the questions to  
6           Mr. Knipe in the back of the room.

7           The next gentleman I would call to the  
8           microphone is Mr. Rogala.

9           MR. ROGALA: Good afternoon. I have been a  
10          resident of Lee County since 2010. The Lee Health  
11          system and the population has grown significantly,  
12          since I arrived in 2010. Thankfully, the Lee  
13          Health System has expanded as the growth occurred.

14          So this is a big deal to me. I have two  
15          threads of thought here. One is it's not broke,  
16          why fix it? And the other is the comment that it's  
17          -- I think it was verbalized by Dr. Antonucci at a  
18          meeting, we don't know what we don't know. Any CEO  
19          that doesn't follow up on that is probably not  
20          doing their job.

21          At the same time if the conversion does  
22          take place and Lee Health moves into other  
23          counties, what's their liability to take care of  
24          charity cases? If they happen to move into another  
25          county, and I'm directing this to all of the board

1 members, if they move into another county, make a  
2 big investment and it fails, Lee Health in Lee  
3 County is very profitable -- or profitable to the  
4 extent that they have a healthy financial reserve.  
5 What happens if the county they move into is not  
6 profitable? Do you have to draw on Lee County  
7 residents? It seems like a little bit of a risk to  
8 me.

9 The other thing that goes into my thinking  
10 is Lee County I don't know what their total assets  
11 is or are, it's a significant amount. So how could  
12 another hospital move into Lee County and become  
13 profitable? Sure, they can build an emergency room  
14 here and an emergency room there, a surgical center  
15 here and a surgical center there, but Lee County is  
16 -- I don't know what the net worth of Lee Health  
17 would be, but I'm going to say it's somewhere  
18 around 10 to \$20 billion.

19 So we have been fortunate to have two CEOs  
20 in succession that came from Lee County, care about  
21 Lee County, took care of the Lee Health System and  
22 the residents of Lee County.

23 If the conversion does take place, then I  
24 think we lose the transparency and the  
25 accountability of having elected officials conduct



1           their meetings in a public forum. I have been able  
2           to go to the meetings. I started attending in  
3           August. I have been pleased with the commitment  
4           from everybody at the meetings. But how do I get  
5           that information, if you are no longer public? If  
6           there's a switch to private nonprofit, how do I get  
7           information? How do I know what is said at the  
8           board meetings? How do I know who the new CEO will  
9           be in ten years from now, if I am still around,  
10          when every day that passes the care that I receive  
11          from Lee Health becomes more and more important to  
12          me.

13                        So I just leave you with that thought. I  
14          know you will consider it with a great deal of  
15          thought yourself, but I wanted to make those  
16          points in front of you today. Thank you.

17                        MR. KNOTT: Thank you.

18                        Mr. Pendino, if you could come --

19                        MS. PENDINO: I am good.

20                        MR. KNOTT: Excuse me. All right.

21                        Dr. Kordonowy.

22                        DR. KORDONOWY: Hi. I am Ray Kordonowy. I am  
23          an internist in town and I have been in practice  
24          since 1983, and so I have a long memory in the  
25          history of our hospital systems and our current

1 hospital system. I have asked the board questions.  
2 I understand we are not asking questions today.

3 So I wanted to kind of just go through the  
4 HB 227 bill and kind of inform the public, because  
5 I don't think a lot of people have read it. I am  
6 not going to read the whole bill, but there is a  
7 summary analysis that's available on the internet.  
8 And, as I look at this, I began to -- and, of  
9 course, I'm a little -- I guess a little skeptical  
10 about, you know, what's the agenda ultimately. I  
11 understand the board and Dr. Antonucci aren't going  
12 to answer that question at this time.

13 But one of the things I noticed was with  
14 the Enabling Act the part that hasn't been  
15 discussed at all, as far as I can tell from the  
16 board, is that part of what was done was that there  
17 was an authorization of how you manage your funds  
18 and investments. That was enable. It wasn't just  
19 on speculation. It is something you are in power  
20 to do what you want with money has changed.

21 So I found that interesting because it  
22 leads to a question, I know you are not going to  
23 answer it, but it's a question, is that going to be  
24 a mechanism by which you can acquire assets in the  
25 future? Are you going to be able to use your own

1 current treasure chest to make investments? Is  
2 that part of the agenda? That's a question a  
3 skeptical citizen might ask.

4 I am trying to understand what the plan  
5 is. I know there's a plan, otherwise we wouldn't  
6 have gotten enabling legislation.

7 I do understand again from the prior  
8 summary analysis that there is a formula should  
9 assets be exchanged in which possibly there will be  
10 public funding placed. Again there is a 50 percent  
11 here and 50 percent there as I recall.

12 So once again I am just explaining to the  
13 public that they can avail themselves of this  
14 information and try to digest it as best they can.

15 I also see that obviously this requires a  
16 collaborative effort with the county and the county  
17 commissioners. Again what this means is if the  
18 conversion is sought, there is going to be an  
19 exchange of responsibilities. And it means that we  
20 are going to be putting some responsibilities onto  
21 the county. And the county commissioners are the  
22 ones that are going to negotiate what that is. I  
23 am not sure everybody understands all of that. But  
24 the point is, with this dissolving of governance,  
25 what Lee will be effectively doing is dissolving

1 the district responsibility that they have for the  
2 safety net of the community.

3 what the board is telling us and  
4 Dr. Antonucci is telling us is their concern is if  
5 we do that, then how do we help assure the county  
6 or the district has a safety net? As I said, there  
7 is a formula described as to if there were -- in  
8 other words, if liabilities and assets are put  
9 against each other, all liabilities are handled and  
10 there is net positive revenue, there is apparently  
11 a formula by which the county commissioners and the  
12 hospital are going to work from.

13 So, in other words, if a conversion is  
14 done, it appears there will be an acceptance  
15 between the county and/or district I guess because  
16 -- the district is not restricted just to the  
17 county, as I understand it. So there is going to  
18 be an agreement. And that means that again, of  
19 course, the public will be possibly responsible in  
20 some manner. It could be the county commission  
21 could tax us I assume.

22 So I think there's a clear -- there is a  
23 clear change of responsibility that happens, if  
24 this conversion happens. Whether that's good or  
25 bad I am not here to make that judgment. I just

1 want to make that point to the public, because  
2 currently the public's benefit of letting this  
3 model as it exists currently be here is that Lee  
4 would provide us charitable care and access to  
5 certain community services. That responsibility  
6 will dissolve when and if this happens.

7 Another important point. In this bill,  
8 and this goes to the board, it also goes to the  
9 commissioners, if there is a conflict of interest,  
10 eventually that has to be stated. There is a  
11 clear conflict of interest for me already that is  
12 apparent, which is that in the Enabling Act the  
13 current board can carry themselves into the new  
14 entity. This is a currently voted for board. They  
15 are going to be able to attend the new entity as  
16 the new board, if they choose to.

17 I would like those on the board who don't  
18 plan to stay on the board, if there is a  
19 conversion, it would be nice if you would publicly  
20 state that for us; that would be nice.

21 Likewise, the county commission can't be  
22 on the new board because that is a state probably  
23 county conflict that is already recognized, so they  
24 are not going to let them do that. So my point is  
25 we don't know what's going to happen or how the new

1 board is going to be compensated once or if it  
2 dissolves. Currently the board is a public entity.  
3 They are given a stipend that we all authorize as a  
4 public entity.

5 Those are my comments. Thank you.

6 MR. KNOTT: Thank you very much, Doctor.

7 All right. Next we would call Mr. William  
8 Gruver to the microphone.

9 MR. GRUVER: Thank you. My name is William  
10 Gruver and I live on Sanibel. I'd like to start by  
11 telling you, those of you who don't know me, a  
12 little of my background.

13 I am a retired partner from Goldman Sachs where  
14 we advised businesses and governments around the  
15 world on their financing strategies. I am also a  
16 professor emeritus at Bucknell University where I  
17 taught finance and strategy for two decades.

18 while I was pursuing those two careers I  
19 had the opportunity to serve on two not for profit  
20 boards of healthcare organizations. Speaking to  
21 the last gentleman, those were both pro bono  
22 boards, meaning we weren't paid anything. One of  
23 those boards was a public not for profit and the  
24 other was a private not for profit. So I thought  
25 it would be helpful if I talked to the board today

1 and to the assembled citizens about my experience  
2 on those two boards. And specifically I'd like to  
3 address two areas where I think there's a lot of  
4 questions and concern, valid concerns, in the  
5 community.

6 The first is regards governance and the  
7 misperception of the word "private." Geisinger  
8 Health System in Pennsylvania, one of those boards  
9 I served on is very similar to Lee. They are  
10 almost the same age plus or minus a hundred years.  
11 They were both originally formed as private  
12 entities. The major difference is that Geisinger  
13 has stayed a not for profit for the past hundred  
14 years and Lee has gone through the metamorphosis  
15 you saw on the slide show.

16 Abigail Geisinger, when she founded  
17 Geisinger back in 1915, advised her leadership at  
18 the time who came from the Mayo Clinic to make it  
19 the best. And that has remained the mission  
20 statement for Geisinger for the last hundred years.  
21 By make it the best she was concerned that her  
22 local workers in her town of Danville,  
23 Pennsylvania, which was an iron mining community,  
24 and she was concerned that the ironworkers and  
25 their families serious illnesses would have to make

1 the arduous journey to Pittsburgh, Pennsylvania to  
2 get world class healthcare. And she said I want a  
3 hospital here that's the best in class so my people  
4 don't have to take that arduous journey.

5 Just because the proposed Lee organization  
6 has the word "private" in it is not to be confused  
7 with private equity. There are no shareholders at  
8 Geisinger. The shareholders at Geisinger, as they  
9 would be and still are at Lee Health, would be the  
10 members of the community. Geisinger remains a not  
11 for profit. It remains a safety net hospital, just  
12 like Lee Health is in its current form and just  
13 like Lee Health will be in its proposed form, if  
14 the conversion goes through. The safety net aspect  
15 doesn't go away.

16 Geisinger is in business not like a  
17 commercial entity to maximize profits for  
18 shareholders. Geisinger is in business not to lose  
19 money so that it can earn a modest return and  
20 reinvest those proceeds in better and more services  
21 for the local community. There are no special  
22 dividends to the shareholders. In lieu of special  
23 dividends to the shareholders there are improved  
24 and better and more services available for the  
25 local community.



1                   That's my first point.

2                   The second point where I think there's  
3                   some confusion, and I just heard the question asked  
4                   again, is why change from a public to a private not  
5                   for profit? I eagerly await the Kaufman Hall  
6                   report. So I don't have a final judgment yet, but  
7                   if I were forced based on my prior experience on  
8                   both the public not for profit and the private not  
9                   for profit boards, it wouldn't be a close call.  
10                  The private not for profit enables the board to  
11                  move with much greater speed, foresight and  
12                  responsiveness to a dynamic marketplace where  
13                  everyone isn't bound by the same rules.

14                  Let me give you an example from my  
15                  Geisinger days. We wanted to, again under  
16                  Mrs. Geisinger's mandate to make it the best and  
17                  not have her people travel long distances for  
18                  exceptional healthcare, we wanted to add specialty  
19                  services, children's health, women's health,  
20                  oncology, cardiology, but we quickly learned, and I  
21                  will say in some cases we learned the hard way,  
22                  that our local payer mix in simple Pennsylvania was  
23                  insufficient to support those expensive services.  
24                  So what we had to do in order to afford those  
25                  specialty services was expand our geographic

1 blueprint. We did so by going into northeast  
2 Pennsylvania. And by providing those  
3 specialty services, higher margin specialty  
4 services, we were then able to subsidize the  
5 essential basic services for our local market. We  
6 would not have been able to do that had we been  
7 restricted to our own market counties. We had to  
8 move into new counties.

9 I see a similar challenge facing Lee today  
10 and I also see similar geographic opportunities  
11 before Lee today. But those opportunities will  
12 only be recognized with conversion.

13 Thank you for your time.

14 MR. KNOTT: Thank you.

15 MS. CLARKE: Thank you.

16 MR. KNOTT: We would next call to the mike  
17 Mr. Martin. Dr. Martin, excuse me.

18 DR. MARTIN: I told others I don't use that  
19 often because if I look like a dope, I insult the  
20 University of Minnesota and I refuse to do that. I  
21 am Mike Martin. I am a citizen, a retiree, a  
22 taxpayer, a utilizer of the services of Lee Health.  
23 And at least one time in my life I was an  
24 economist.

25 For me the question is very simple, and I

1 will to some extent agree with my colleague over  
2 here, I don't think you have a choice. I think if  
3 you look around the country at other places like  
4 this who have gone through this exact exercise,  
5 Philadelphia, Chicago, many places I have lived in  
6 including New Orleans, and my home town of  
7 Crosby-Ironton, Minnesota, on the northern range of  
8 Minnesota, had to do this to preserve the capacity  
9 to serve the community.

10 As was noted, I don't think anyone  
11 disputes the fact that the economies of size and  
12 providing medical care become profound. And you  
13 cannot offer a wide band width of high quality  
14 service, unless you can spread those costs over an  
15 ever larger number of users. It's as simple as  
16 that. And the math is clear.

17 Now how you get there and the questions to  
18 be answered are certainly profound, but at least in  
19 my judgment having watched this happen in many  
20 communities, I don't know if it is a curse or a  
21 blessing. I don't want to go through them all  
22 because it sounds like I can't hold a job, but the  
23 reality is this has been faced over and over again.

24 The other thing I would say about an  
25 elected board, and some of you may know, I worked

1 at a number of public universities, none with an  
2 elected board, and it worked extremely well because  
3 what you want on the board is expertise that can  
4 lend itself to the issues of the day that drive  
5 medical care. That's not to say you can't have a  
6 great board here by being elected, but in this  
7 reality a board that comes with sufficient  
8 expertise that they can be a much more profound  
9 group of leaders of the governance I think is  
10 essential. And I have lived a long period of time  
11 and never found a need to elect the board of a  
12 public university.

13 So it comes back to what I said at the  
14 very beginning, I don't think you have a choice.  
15 People will debate that. I am just from the  
16 perspective I have had for many, many years and  
17 many, many communities, I will come back to the one  
18 I grew up in, Crosby-Ironton, Minnesota, population  
19 3,000, the hospital I was born in, Miners Hospital,  
20 went bankrupt. The communities around it organized  
21 a private not for profit called Cuyuna Medical  
22 Center, which is one of the best in northern  
23 Minnesota. It went from serving 3,000 to serving  
24 80,000. And had it not been for that hospital my  
25 parents who eventually died up there would have had

1 to travel 80 miles one way for care.

2 So I saw what it did to that community and  
3 I know what it has to do here. And I believe you  
4 have to have a safety net. I believe it has to be  
5 a high quality safety net. And I also believe you  
6 have got to find a way to cover those costs by  
7 expanding the market of those who can help  
8 subsidize in effect those patients.

9 Thank you very much.

10 MR. KNOTT: Thank you, Dr. Martin.

11 That is the end of the stack of people who have  
12 requested to address the board. There is still an  
13 opportunity, if anyone would like to speak to the  
14 board, to have them consider your thoughts to  
15 speak. I would just ask that you fill out a form.  
16 Is anyone else here to address the board? With  
17 that stated, I will turn it back over to the Chair.

18 MS. CLARKE: Well, thank you all for coming  
19 out. And thank you all for listening. You may not  
20 have had things you wanted to share with us, but  
21 you are obviously thinking about what we are going  
22 through.

23 I wanted to share with you that your board  
24 is committed to transparency and ongoing  
25 conversations with our community throughout every

1 phase of the process. You have already seen what  
2 we have done. We expect this report by the end of  
3 February. And after that report comes out, comes  
4 to us, it will be posted on the website so everyone  
5 has access to it.

6 After that report comes out, we will be  
7 sharing a schedule for additional town hall  
8 meetings around Lee County to hear your input. And  
9 at that time we can have dialogue back and forth so  
10 the board can again gain your next level of concern  
11 and your opinions after the information that we get  
12 is available to you and you are able to digest it.

13 Kaufman Hall is an unbiased third party  
14 that the legislation required us to hire to do this  
15 evaluation. And many of the issues that you had  
16 questions on will be addressed in that report, and  
17 some tougher issues for us will be addressed in  
18 that report. So we all will get smarter as we go  
19 through this process. And your board very much  
20 wants to communicate with you.

21 The website does also have the ability for  
22 you to ask questions and get answers, but again  
23 it's a public forum and your question and your  
24 answer then becomes available to everyone else.  
25 And it's very possible that the questions on the

1 website that we have already answered may already  
2 address your concerns, if you have the opportunity  
3 to do that.

4 You can email us directly at  
5 lookingahead@leehealth.org, and that will come into  
6 our group so that we acknowledge the question and  
7 we can email you back your answer.

8 Please remember we are handing out flyers  
9 back there, in case you didn't have time to write  
10 all of the important stuff down, we appreciate  
11 that. But we want to continue the dialogue. And I  
12 believe I speak for the whole board in  
13 understanding the six town halls that we had we  
14 appreciated the opportunity to be able to talk to  
15 you, answer your questions, hear your answers back.  
16 So there will be more dialogue, which I think is an  
17 important part of this process.

18 And at this point it's my job to end the  
19 public hearing and say thank you all very much for  
20 coming out and stay involved because we want to  
21 hear what you think.

22 (Thereupon the proceedings were concluded  
23 at 3:49 p.m.)

24  
25

1 STATE OF FLORIDA )

2 COUNTY OF LEE )

3

4 I, Karen K. Crawford, Certified Shorthand  
5 Reporter, Registered Professional Reporter, Florida  
6 Professional Reporter, do hereby certify that I was  
7 authorized to and did stenographically report and  
8 electronically record the foregoing proceedings  
9 consisting of pages 1 through 40 inclusive; and that the  
10 transcript is a true record of all proceedings had.

11 I further certify that I am not a relative,  
12 employee, attorney or counsel of any of the parties, nor  
13 am I a relative or employee of any of the parties'  
14 attorney or counsel connected with the action, nor am I  
15 financially interested in this action.

16 Dated this 29th day of January, 2024.

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20 Karen, K. Crawford, CSR, RPR, FPR

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