



Advocate Spencer <info@ohkw.org>

Meeting today

Advocate Spencer <info@ohkw.org>

Tue, Jan 7, 2025 at 9:35 AM

To: "Dr. Lesley Thompson" <drlesleythompson@gmail.com>, Doksplacetoo@gmail.com, kovide@comcast.net, StephenHammond1@aol.com, marychamberskw@aol.com, Erica Sterling <erica@spottswoodlaw.com>, mary@spottswoodlaw.com, rtoppino@charleytoppino.com

Commissioners,

My apologies for not being able to be at today's meeting in person, to continue OUR HOSPITAL Key West's important work on our Public Hospital on behalf of our community.

AHCA, The Florida Agency for Health Care Administration has been gracious with providing OHkw financial data on all Florida Hospitals, including Lower Keys Medical Center.

According to AHCA, Lower Keys Medical Center has earned an average of \$25 Million each year, over the last ten years. That's a Quarter of a Billion Dollars in the last ten years. Given Lower Keys average annual Revenue of \$100 Million a year, that's a 25% Net Income rate, which is 5 Times the National Average given the National Average is under 5%.

This extreme profitability over the National Average is likely due to Lower Keys Medical Center being designated as a Rural Hospital, a Federal Enhance Reimbursement Rate afforded them for Medicare and Medicaid. This Federal Subsidy Program is intended to help the communities served in Rural Hospitals, not enrich Shareholders in Tennessee.

If the contention is true that the Lower Florida Hospital District Board has only the authority over Real Estate transactions with Hospital Operators, not specific Health Care services provided within our Hospital, then perhaps you should approach meeting the Board's fiduciary duty to the Public Health, for the Public Good for our Inhabitants (written in your stated purpose) in the following manner.

Garnering comparison Hospital Operators who are willing to agree, ***within a Real Estate Lease Agreement***, a provision, which would compel, as a condition of the Lease, a minimum Operating Net Income percentage remaining and reinvested back our Keys Community is one such answer. This is because it's a logical assumption that ***requiring a percentage of Net Income remaining and being reinvested back into health care services in the Keys***, would reasonably result in better patient-outcomes.

The next logical conclusion would be finding a Hospital Operator who is willing to maintain a percentage of Net Operating Income within the Keys Health Care environment ***as a condition of their lease***.

I have been authorized to express the following to you today. Mount Sinai is willing to maintain 100% of ALL NET INCOME within the Keys (at LKMC and other sites within the Keys to serve in multiple Keys environments). If this were the case today, that's \$25 Million Per Year, or a Quarter Billion in additional Health Care funding in ten years for our community **AS A CONDITION OF THEIR LEASE**.

While we don't advocate for Mount Sinai, specifically, and would in fact like to see numerous other Hospital Operators make the same commitments to use as a comparison for the District Commissioners to choose from (our core advocacy) the Sinai commitment is a stark contrast compared to our current Hospital Operator Lease Agreement which has no reinvestment of profits provision back into our Hospital System.

With attaining as many comparison Hospital Operators in mind as the goal, knowing which physical facilities are available to be part of the consideration within a Lease Agreement is an obvious and critical component in a Hospital Operators contemplation of a lease.

Kennedy Drive, and their apparent hold on, or entanglement within our Public Hospital facility *is perhaps the biggest hurdle you face as commissioners* in your ability to seek contemplation of other Hospital Operators within a new lease agreement, because without Kennedy Drive's approval our Public Hospital is thrown into Health Systems, an entity as your counsel describes as, an entity on paper only.

We would like the board to make a motion today to seek outside legal counsel to provide an independent evaluation on your entanglement with Kennedy Drive within our Public Hospital, in order to inhibit a private entity to exert what appears to be authority over our Public Hospital, and the District, given their necessary approval on any subsequent lessee at the end of the current Lease. It is our position you cannot meet your fiduciary duty without such outside independent legal counsel on this matter.

Further, attached for your reference is data provided by AHCA for all Florida Hospitals, over the past ten years sorted by Net Income High to Low.

You'll note that of all Florida Hospitals for the past 10 years (total 2,554 years of Hospital Data reported), LKMC is within the top 10% in 9 of their past 10 years.

If in fact Federal subsidies under the Rural Reimbursement rates is what's contributing to LKMC's extraordinary Net Income, this should stay in the Keys to improve the health care for our community. Not shareholders.

--

Spencer Krenke

Advocate

OUR HOSPITAL Key West

website - <https://www.ohkw.org/>

email - info@ohkw.org



AHCA All Hospital Data FL - Hospital Margin Sort.xlsx

643K