PUBLIC HEALTH TRUST BOARD OF TRUSTEES

ONE-DAY COMMITTEE MEETINGS AGENDAS

Tuesday, April 25, 2017
9:00 a.m. to Adjournment

Jackson Memorial Hospital
West Wing Board Room
First Floor
1611 N. W. 12th Avenue
Miami, Florida 33136
The PHT Board of Trustees One-Day Committee Meetings will commence at 9:00 a.m. with the Reasonable Opportunity for the Public to be Heard as required by Section 286.0114, Fla. Stat. (Chapter 2013-227, Laws of Florida), and then followed by the Chairman's Remarks, Presentations and Discussion. The Audit and Compliance Subcommittee meeting will follow the Chairman's Remarks, Presentations and Discussion which will then be followed by the scheduled subcommittee and committee meetings. The meetings will be held in the West Wing Board Room.

Reasonable Opportunity to be Heard

Please be advised that those members of the public wishing to speak on a proposition before the Board of Trustees or its committees will be called in the order in which they registered with the Secretary of the Board of Trustees. A speaker shall be limited to no more than two (2) minutes on a proposition before the Board of Trustees or its committees.

Chairman’s Remarks, Presentations and Discussion

Following the Reasonable Opportunity to be Heard

Audit and Compliance Subcommittee

Following the Chairman’s Remarks, Presentations and Discussion

Purchasing and Facilities Subcommittee

Following the Audit and Compliance Subcommittee meeting

Joint Conference and Efficiencies Committee

Following the Purchasing and Facilities Subcommittee meeting

Fiscal Committee

Following the Joint Conference and Efficiencies Committee meeting

Strategy and Growth Committee

Following the Fiscal Committee meeting
AUDIT AND COMPLIANCE SUBCOMMITTEE

AGENDA

April 25, 2017
PUBLIC HEALTH TRUST BOARD OF TRUSTEES

AUDIT AND COMPLIANCE SUBCOMMITTEE

AGENDA

Tuesday, April 25, 2017
Following the Chairman’s Remarks, Presentations and Discussion

Jackson Memorial Hospital
West Wing Board Room

Audit and Compliance Subcommittee
Robert Zarco, Chairman
William J. Heffernan, Vice Chairman
Mojdeh L. Khaghan
Irene Lipof

Public Health Trust Rules

Any person making impertinent or slanderous remarks or who becomes boisterous while addressing the committee, shall be barred from further audience before the committee, unless permission to continue or again address the committee be granted by the Chairperson. No clapping, applauding, heckling or verbal outbursts in support or opposition to a speaker or his or her remarks shall be permitted. No signs or placards shall be allowed in the Board Room. Persons exiting the Board Room shall do so quietly.

The use of cell phones in the Board Room is not permitted. Ringers must be set to silent mode to avoid disruption of proceedings. Individuals, including those seated around the board table, must exit the Board Room to answer incoming cell phone calls.

1. Meeting Call To Order

   (a) Previous subcommittee meeting minutes (February 2, 2017)

       Motion to approve the previous committee meeting minutes

       Robert Zarco, Chairman
2. Reports

(a) Corporate Compliance and Ethics

Presented by Judy Ringholz, Vice President, Compliance and Ethics and Chief Compliance Officer

(1) Office for Civil Rights Status Update
(2) Fair Warning Implementation
(3) Office of Compliance and Ethics Staffing Update
(4) Evaluation of Compliance Programs and Measuring Effectiveness
   (1) Evaluation of Corporate Compliance Programs – U.S. Department of Justice, February 8, 2017
   (2) News Article: A Compliance Wake Up Call for Boards – Society for Corporate Compliance and Ethics, March 9, 2017
   (3) Measure Compliance Program Effectiveness: A Resource Guide
      (1) Health Care Compliance Association – Office of Inspector General, March 27, 2017

(b) Internal Audit

Presented by Andre Reid, Associate Vice President, Internal Audit Department

(1) Internal Audit Balance Scorecard Presentation
(2) Fiscal Year 2017 Internal Audit Plan Status Update
(3) Internal Audit Follow-up Status Summary
(4) Review of Fiscal Years 2016 and 2017 Final Audits
   (1) FY16 Capital Project Review - East Tower 3A Bathroom Renovation
   (2) FY17 Capital Project Review - West Wing 10 Patient Floor Modernization Process
   (3) FY16 JMH Anesthesia Charge Capture and Billing Process
   (4) FY17 ZeroChaos Invoicing and Payment Investigation Memorandum
   (5) FY17 REVA, Inc. Invoice Compliance Review Memorandum
   (6) FY17 Patch Management Continuous Audit – Q1 and Q2
   (7) FY17 JHS IT Change Control Continuous Audit – Q1
   (8) FY17 Active Directory Continuous Audit – Q1 and Q2
   (9) FY17 Clinical Trials Audit
   (10) FY17 JMH Plant Operations and Engineering Services Contract Audit

3. Adjournment

Robert Zarco, Chairman
1. Meeting Call To Order
AUDIT AND COMPLIANCE SUBCOMMITTEE MEETING MINUTES

Thursday, February 2, 2017
Followed the Chairman’s Remarks, Presentations and Discussion

Jackson Memorial Hospital
West Wing Board Room
First Floor
1611 N. W. 12th Avenue
Miami, FL 33136

Audit and Compliance Subcommittee
Robert Zarco, Chairman
William J. Heffernan, Vice Chairman
Mojdeh L. Khaghan
Irene Lipof

Members Present: Robert Zarco, Chairman, William J. Heffernan, Vice Chairman, Irene Lipof, and Mojdeh L. Khaghan

Member(s) Excused: None

Board of Trustees Member(s) Present: Joe Arriola and Bryan Avila

In addition to the Subcommittee members, the following staff members, and Assistant Miami-Dade County Attorneys were present: Don S. Steigman, Peter Paige, M.D., Matthew Pinzur, Myriam Torres, Judy Ringholz, Andre Reid, Rosa Costanzo, and Raul Ordonez; and Laura Llorente and Suzanne Villano-Sharif, Assistant Miami-Dade County Attorneys

Reasonable Opportunity for the Public to be Heard

Prior to commencing the Public Health Trust Board of Trustees (PHT BOT) One-Day Committee meetings Joe Arriola, Chairman requested anyone from the public audience to be heard.

There were no requests from the public audience to be heard.

1. Meeting Call to Order

William J. Heffernan, Vice Chairman, Audit and Compliance Subcommittee officially called the meeting to order at 9:08 a.m.

(a) Previous subcommittee meeting minutes (September 28, 2016)

Motion to approve the previous subcommittee meeting minutes

Mojdeh L. Khaghan moved approval; seconded by Irene Lipof, and carried without dissent.
2. Reports

(a) Corporate Compliance and Ethics

Raul Ordonez, Director of Compliance reported the following:

(1) Policy Initiative Status Update

Jackson Health System (JHS) leaders and Compliance and Ethics Department staff have identified a need for policy management within areas where there is room for improvement. The processes by which policies are reviewed and managed have been centralized; and central policy directors have been updated to be more user friendly for the Compliance and Ethics Department staff and created a new policy portal pilot program with certain JHS leaders which have had favorable responses. Work is ongoing with the new policy pilot program to determine whether or not implementing the new policy portal would interfere with the upcoming Joint Commission Survey. The policies are operating and procedural policies that all JHS employees will have access to. The Public Health Trust Board of Trustees will be provided with a training session on how to access and navigate through JHS policies and procedures.

(2) Compliance Staffing Update

The individuals listed below have been selected as Compliance Officers at the following JHS locations:

Danielle Gordet, Jackson North Medical Center; and
Rosa Kelso, Jackson South Community Hospital

(3) Fiscal Year 2016 Compliance Update

Data extracted from the Department of Health and Human Services and Department of Justice Health Care Fraud and Abuse Control Program Annual Report for fiscal year 2016; published January 2016 was distributed at the meeting. The data highlighted the financial impact and efforts made during fiscal year 2016 to reduce healthcare fraud and abuse. Healthcare fraud and abuse is a top priority for the Federal Government; and JHS will continue to focus on its efforts to reduce the number of health care fraud-related crimes.

The gavel was passed over to Robert Zarco, Chairman, Audit and Compliance Subcommittee at 9:14 a.m.

(b) Internal Audit

Andre Reid, Associate Vice President, Internal Audit Department stated that over the past two months changes were implemented within the Internal Audit Department. Highlights of some of the changes include a review of risk assessment; met with met with Executive Management Leaders to provide an overview of the department’s progressive audit approach; due to the fact that JHS have been changing the healthcare environment with reduction and governmental subsidy staff have not only reviewed a risk impacts but residual impacts and aligned JHS with an organizational objective from a strategic standpoint; and reviewed revenue enhancement opportunities and cost reduction initiatives.
2. Reports

(a) Internal Audit cont…

Mr. Reid reported the following:

(2) Internal Audit Balance Sheet

The Fiscal Year 2017 Audit Plan (Plan) showed that 41% out of 100% of the Plan has been completed. It is anticipated that the entire Plan will be completed by December 30, 2017.

(3) Revised Internal Audit Work Plan – Fiscal Year 2017

Everyone was reminded that in October 2016 the Subcommittee was advised that the Internal Audit Work Plan for Fiscal Year 2017 had been revised.

(4) Audit Follow-up Status Summary as of January 9, 2017

Out of a total of 56 open observations 22 have been identified as completed, 6 items remain open and the remaining items are on-track for completion.

(5) Fiscal Year 2016 Audit Reports:

The audit findings and recommendations were brought to the attention of management on each of the audit reports listed below as well as reports of management responses and action plans.

(a) Inpatient Discharge Disposition Coding Process
(b) University of Miami/Public Health Trust Annual Operating Agreement Profit and Loss Statement Line Item Validation Review: Miami Transplant Institute and Pediatrics
(c) Internet Firewall Security
(d) Environmental Services and Biohazard Waste Disposal Process

In addition to the public meeting each member of the Subcommittee was individually briefed regarding the fiscal year 2016 Audit Reports. Details on each of the audit reports were included in the agenda.

Mr. Zarco recognized Mr. Reid for the way in which he explained to him the level of improvements of the audits that have been conducted this fiscal year compared to last fiscal year. Mr. Zarco also recognized Mr. Reid for being extremely knowledgeable and doing an amazing job in the manner which he makes presentations.

(1) KPMG – 3-Year Extension Update

Myriam Torres, Vice President, Finance Division stated that staff is recommending a waiver of formal competition for a three (3) year agreement with KPMG, external auditors, from June 1, 2017 to June 30, 2020. The first year fees will remain the same as year 2017 with an increase of 3% for the remaining two (2) years of the agreement. The agreement will include a new audit partner assigned to JHS for the next 3 years and KPMG has committed to increasing their Small Business Enterprise (SBE) subcontracting goal from 10% to 20%.
2. Reports

   (a) Internal Audit cont…

   Due to where JHS is currently with the General Obligation Bond Program, the process and costs involved to select a new external audit Mr. Heffernan stated that he is in favor of moving forward with an extended agreement with KPMG and waiving the requirements for formal competition under the Trust’s Procurement Policy and Bylaws.

   The item will be presented to the Fiscal Committee with a recommendation to accept an extended agreement with KPMG and waiving the requirement for formal competition under the Trust’s Procurement Policy and Bylaws.

3. Adjournment

   Robert Zarco, Chairman, Audit and Compliance Subcommittee at 9:29 a.m.

Meeting Minutes Prepared by

   Ivenette Cobb-Black
   Executive Assistant
   Public Health Trust Board of Trustees
2. Reports
2 (a) Corporate Compliance and Ethics
2 (a) (1) Office for Civil Rights Status Update
Dear Jackson Family,

Protecting our patients' health information has become more and more challenging as security threats continue to evolve. Transforming medical records to an electronic environment creates opportunities for immediate access to data, which can literally save lives. However, with these opportunities comes increased risk for inappropriate access to protected health information (PHI). Therefore, we are enhancing our information security measures and asking everyone at Jackson to work together to protect our patients' information.

In order to minimize the risks to our patients and to Jackson that are associated with enabling access to PHI, we have acquired and are implementing a new patient privacy monitoring technology called FairWarning®. This technology will allow us to more easily detect inappropriate access to PHI by automating monitoring activities in our organization’s clinical applications, such as Cerner.

We will be monitoring activities that will allow us to detect inappropriate or malicious conduct, such as:

- Accessing medical records without a job-related need to do so at the time of access;
- Sharing or compromising credentials (e.g., user IDs) or passwords;
- Stealing patient data;
- Viewing a family member's record;
- Viewing a co-worker's record;
- Viewing a VIP's or celebrity's record;
- Unusual access/activity within electronic health records.

FairWarning® is designed to protect the integrity of our health information. This monitoring program will allow us to assure our patients that we are committed to protecting their privacy.

Remember:
- Access information systems, such as electronic health or billing records, for legitimate business purposes only.
- If you leave your workstation unattended – even for a moment – you must either lock it or sign off.
- Never share your user ID or password with anyone.
- You will be held responsible for any activity in our application systems that is conducted under your user ID and password.
- If you learn of someone who is inappropriately accessing or using PHI, notify our chief privacy officer immediately by calling 305-585-2902, or report the conduct anonymously by calling the compliance hotline at 800-684-6457.
All patients who choose one of our facilities as their healthcare provider have high expectations for the level of care and attention they will receive. Those expectations include knowing that their privacy will be respected and their health information will be safeguarded. Each of us is responsible for protecting our patients and their medical records.

If you have a question, an idea, or feedback to share with me, please email myview@ihsmiami.org.

Sincerely,

Carlos A. Migoya
President and CEO

Jackson Health System
‘An academic health system with a public healthcare mission.’

MISSION STATEMENT
To build the health of the community by providing a single, high standard of quality care for the residents of Miami-Dade County.

VISION STATEMENT
Our strategic vision is to be a nationally and internationally recognized, world-class academic medical system and to be the provider of choice for quality care.
This message is being sent on behalf of Judy Ringholz, Vice President and Chief Compliance Officer.

Dear Jackson Leaders,

Cybersecurity and patient privacy breach exposures threaten our organization and its reputation every day. For this reason, I am extending a call to action to all of you. Facilitating access to our patients’ health information intensifies Jackson Health System’s vulnerability to security threats, which, in turn, requires us to stay one step ahead of the bad actors. We must all work together to earn the trust that our patients give us by minimizing the risks associated with potential breaches of our patients’ privacy through inappropriate access to, or misuse of, their protected health information (PHI). As leaders, you have the enhanced responsibility of making certain that everyone on your team:

- Is familiar with the our HIPAA Privacy Manual (500 series policies) related to the privacy and confidentiality of PHI, with attention to Section 503, “Use of Disclosure of PHI,” as well as Policy 901 titled “Enterprise Security;”
- Is aware that we have implemented our new privacy monitoring technology, FairWarning®, which went live this week and will allow us to monitor inappropriate access to, and activity within, our patients’ health records;
- Understands that accessing patient information should only be done for business (i.e., work-related) purposes at the time of access and that, as leaders, we take our responsibility to protect our patients’ PHI very seriously;
- Acknowledges that violations of HIPAA and/or Jackson policies will result in disciplinary action up to, and including, termination of employment; and
- Reads Mr. Migoya’s Jackson View message from last Friday, April 7 (attached).

Thank you for your support in this important endeavor. If you have any questions or concerns, please feel free to contact me directly.

Sincerely,

Judy Ringholz RN, JD, CHC
Vice President and Chief Compliance Officer
Office of Compliance and Ethics Staffing Update
2 (a) (4)  Evaluation of Compliance Programs and Measuring Effectiveness
U.S. Department of Justice
Criminal Division
Fraud Section

Evaluation of Corporate Compliance Programs

Introduction

The Principles of Federal Prosecution of Business Organizations in the United States Attorney’s Manual describe specific factors that prosecutors should consider in conducting an investigation of a corporate entity, determining whether to bring charges, and negotiating plea or other agreements. These factors, commonly known as the “Filip Factors,” include “the existence and effectiveness of the corporation’s pre-existing compliance program” and the corporation’s remedial efforts “to implement an effective corporate compliance program or to improve an existing one.”

Because a corporate compliance program must be evaluated in the specific context of a criminal investigation that triggers the application of the Filip Factors, the Fraud Section does not use any rigid formula to assess the effectiveness of corporate compliance programs. We recognize that each company’s risk profile and solutions to reduce its risks warrant particularized evaluation. Accordingly, we make an individualized determination in each case.

There are, however, common questions that we may ask in making an individualized determination. This document provides some important topics and sample questions that the Fraud Section has frequently found relevant in evaluating a corporate compliance program. The topics and questions below form neither a checklist nor a formula. In any particular case, the topics and questions set forth below may not all be relevant, and others may be more salient given the particular facts at issue.


Sample Topics and Questions

1. Analysis and Remediation of Underlying Misconduct

   - **Root Cause Analysis** – What is the company’s root cause analysis of the misconduct at issue? What systemic issues were identified? Who in the company was involved in making the analysis?

   - **Prior Indications** – Were there prior opportunities to detect the misconduct in question, such as audit reports identifying relevant control failures or allegations, complaints, or investigations involving similar issues? What is the company’s analysis of why such opportunities were missed?
Evaluation of Corporate Compliance Programs

- **Remediation** – What specific changes has the company made to reduce the risk that the same or similar issues will not occur in the future? What specific remediation has addressed the issues identified in the root cause and missed opportunity analysis?

2. **Senior and Middle Management**

  - **Conduct at the Top** – How have senior leaders, through their words and actions, encouraged or discouraged the type of misconduct in question? What concrete actions have they taken to demonstrate leadership in the company’s compliance and remediation efforts? How does the company monitor its senior leadership’s behavior? How has senior leadership modelled proper behavior to subordinates?

  - **Shared Commitment** – What specific actions have senior leaders and other stakeholders (e.g., business and operational managers, Finance, Procurement, Legal, Human Resources) taken to demonstrate their commitment to compliance, including their remediation efforts? How is information shared among different components of the company?

  - **Oversight** – What compliance expertise has been available on the board of directors? Have the board of directors and/or external auditors held executive or private sessions with the compliance and control functions? What types of information have the board of directors and senior management examined in their exercise of oversight in the area in which the misconduct occurred?

3. **Autonomy and Resources**

  - **Compliance Role** – Was compliance involved in training and decisions relevant to the misconduct? Did the compliance or relevant control functions (e.g., Legal, Finance, or Audit) ever raise a concern in the area where the misconduct occurred?

  - **Stature** – How has the compliance function compared with other strategic functions in the company in terms of stature, compensation levels, rank/title, reporting line, resources, and access to key decision-makers? What has been the turnover rate for compliance and relevant control function personnel? What role has compliance played in the company’s strategic and operational decisions?

  - **Experience and Qualifications** – Have the compliance and control personnel had the appropriate experience and qualifications for their roles and responsibilities?
Evaluation of Corporate Compliance Programs

- Autonomy – Have the compliance and relevant control functions had direct reporting lines to anyone on the board of directors? How often do they meet with the board of directors? Are members of the senior management present for these meetings? Who reviewed the performance of the compliance function and what was the review process? Who has determined compensation/bonuses/raises/hiring/termination of compliance officers? Do the compliance and relevant control personnel in the field have reporting lines to headquarters? If not, how has the company ensured their independence?

- Empowerment – Have there been specific instances where compliance raised concerns or objections in the area in which the wrongdoing occurred? How has the company responded to such compliance concerns? Have there been specific transactions or deals that were stopped, modified, or more closely examined as a result of compliance concerns?

- Funding and Resources – How have decisions been made about the allocation of personnel and resources for the compliance and relevant control functions in light of the company’s risk profile? Have there been times when requests for resources by the compliance and relevant control functions have been denied? If so, how have those decisions been made?

- Outsourced Compliance Functions – Has the company outsourced all or parts of its compliance functions to an external firm or consultant? What has been the rationale for doing so? Who has been involved in the decision to outsource? How has that process been managed (including who oversaw and/or liaised with the external firm/consultant)? What access level does the external firm or consultant have to company information? How has the effectiveness of the outsourced process been assessed?

4. Policies and Procedures

a. Design and Accessibility

- Designing Compliance Policies and Procedures – What has been the company’s process for designing and implementing new policies and procedures? Who has been involved in the design of policies and procedures? Have business units/divisions been consulted prior to rolling them out?

- Applicable Policies and Procedures – Has the company had policies and procedures that prohibited the misconduct? How has the company assessed whether these policies and procedures have been effectively implemented? How have the functions that had ownership of these policies and procedures been held accountable for supervisory oversight?
U.S. Department of Justice
Criminal Division
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Evaluation of Corporate Compliance Programs

- **Gatekeepers** – Has there been clear guidance and/or training for the key gatekeepers (e.g., the persons who issue payments or review approvals) in the control processes relevant to the misconduct? What has been the process for them to raise concerns?

- **Accessibility** – How has the company communicated the policies and procedures relevant to the misconduct to relevant employees and third parties? How has the company evaluated the usefulness of these policies and procedures?

b. **Operational Integration**

- **Responsibility for Integration** – Who has been responsible for integrating policies and procedures? With whom have they consulted (e.g., officers, business segments)? How have they been rolled out (e.g., do compliance personnel assess whether employees understand the policies)?

- **Controls** – What controls failed or were absent that would have detected or prevented the misconduct? Are they there now?

- **Payment Systems** – How was the misconduct in question funded (e.g., purchase orders, employee reimbursements, discounts, petty cash)? What processes could have prevented or detected improper access to these funds? Have those processes been improved?

- **Approval/Certification Process** – How have those with approval authority or certification responsibilities in the processes relevant to the misconduct known what to look for, and when and how to escalate concerns? What steps have been taken to remedy any failures identified in this process?

- **Vendor Management** – If vendors had been involved in the misconduct, what was the process for vendor selection and did the vendor in question go through that process? See further questions below under Item 10, “Third Party Management.”

5. **Risk Assessment**

- **Risk Management Process** – What methodology has the company used to identify, analyze, and address the particular risks it faced?

- **Information Gathering and Analysis** – What information or metrics has the company collected and used to help detect the type of misconduct in question? How has the information or metrics informed the company's compliance program?
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- **Manifested Risks** – How has the company's risk assessment process accounted for manifested risks?

6. **Training and Communications**

- **Risk-Based Training** – What training have employees in relevant control functions received? Has the company provided tailored training for high-risk and control employees that addressed the risks in the area where the misconduct occurred? What analysis has the company undertaken to determine who should be trained and on what subjects?

- **Form/Content/Effectiveness of Training** – Has the training been offered in the form and language appropriate for the intended audience? How has the company measured the effectiveness of the training?

- **Communications about Misconduct** – What has senior management done to let employees know the company's position on the misconduct that occurred? What communications have there been generally when an employee is terminated for failure to comply with the company's policies, procedures, and controls (e.g., anonymized descriptions of the type of misconduct that leads to discipline)?

- **Availability of Guidance** – What resources have been available to employees to provide guidance relating to compliance policies? How has the company assessed whether its employees know when to seek advice and whether they would be willing to do so?

7. **Confidential Reporting and Investigation**

- **Effectiveness of the Reporting Mechanism** – How has the company collected, analyzed, and used information from its reporting mechanisms? How has the company assessed the seriousness of the allegations it received? Has the compliance function had full access to reporting and investigative information?

- **Properly Scoped Investigation by Qualified Personnel** – How has the company ensured that the investigations have been properly scoped, and were independent, objective, appropriately conducted, and properly documented?

- **Response to Investigations** – Has the company's investigation been used to identify root causes, system vulnerabilities, and accountability lapses, including among supervisory manager and senior executives? What has been the process for responding to investigative findings? How high up in the company do investigative findings go?
8. **Incentives and Disciplinary Measures**

- **Accountability** – What disciplinary actions did the company take in response to the misconduct and when did they occur? Were managers held accountable for misconduct that occurred under their supervision? Did the company’s response consider disciplinary actions for supervisors’ failure in oversight? What is the company’s record (e.g., number and types of disciplinary actions) on employee discipline relating to the type(s) of conduct at issue? Has the company ever terminated or otherwise disciplined anyone (reduced or eliminated bonuses, issued a warning letter, etc.) for the type of misconduct at issue?

- **Human Resources Process** – Who participated in making disciplinary decisions for the type of misconduct at issue?

- **Consistent Application** – Have the disciplinary actions and incentives been fairly and consistently applied across the organization?

- **Incentive System** – How has the company incentivized compliance and ethical behavior? How has the company considered the potential negative compliance implications of its incentives and rewards? Have there been specific examples of actions taken (e.g., promotions or awards denied) as a result of compliance and ethics considerations?

9. **Continuous Improvement, Periodic Testing and Review**

- **Internal Audit** – What types of audits would have identified issues relevant to the misconduct? Did those audits occur and what were the findings? What types of relevant audit findings and remediation progress have been reported to management and the board on a regular basis? How have management and the board followed up? How often has internal audit generally conducted assessments in high-risk areas?

- **Control Testing** – Has the company reviewed and audited its compliance program in the area relating to the misconduct, including testing of relevant controls, collection and analysis of compliance data, and interviews of employees and third-parties? How are the results reported and action items tracked? What control testing has the company generally undertaken?

- **Evolving Updates** – How often has the company updated its risk assessments and reviewed its compliance policies, procedures, and practices? What steps has the company taken to determine whether policies/procedures/practices make sense for particular business segments/subsidiaries?
10. **Third Party Management**

- **Risk-Based and Integrated Processes** – How has the company's third-party management process corresponded to the nature and level of the enterprise risk identified by the company? How has this process been integrated into the relevant procurement and vendor management processes?

- **Appropriate Controls** – What was the business rationale for the use of the third parties in question? What mechanisms have existed to ensure that the contract terms specifically described the services to be performed, that the payment terms are appropriate, that the described contractual work is performed, and that compensation is commensurate with the services rendered?

- **Management of Relationships** – How has the company considered and analyzed the third party's incentive model against compliance risks? How has the company monitored the third parties in question? How has the company trained the relationship managers about what the compliance risks are and how to manage them? How has the company incentivized compliance and ethical behavior by third parties?

- **Real Actions and Consequences** – Were red flags identified from the due diligence of the third parties involved in the misconduct and how were they resolved? Has a similar third party been suspended, terminated, or audited as a result of compliance issues? How has the company monitored these actions (e.g., ensuring that the vendor is not used again in case of termination)?

11. **Mergers and Acquisitions (M&A)**

- **Due Diligence Process** – Was the misconduct or the risk of misconduct identified during due diligence? Who conducted the risk review for the acquired/merged entities and how was it done? What has been the M&A due diligence process generally?

- **Integration in the M&A Process** – How has the compliance function been integrated into the merger, acquisition, and integration process?

- **Process Connecting Due Diligence to Implementation** – What has been the company’s process for tracking and remediating misconduct or misconduct risks identified during the due diligence process? What has been the company’s process for implementing compliance policies and procedures at new entities?


4 USSG § 8B2.1(b)(5)(7) and (c); USAM 9-28.800 Comment; OECD Handbook, B, p.10 et seq.


6 USSG § 8B2.1(b)(5)(C); FCPA Guide, p. 61; OECD Handbook, C.10, p.60 et seq.


A Compliance Wake Up Call for Boards
March 9, 2017 by SCCE

By Adam Turteltaub
adam.turteltaub@corporatecompliance.org

Although the idea of board oversight of compliance programs is nothing new, up until recently there was very little guidance as to what, in practice, that means from the government’s perspective. Is meeting a few times a year enough? Does compliance have to report to the board directly? How well do boards have to understand compliance as a discipline?

Those questions and many others were answered, ironically, by a series of questions from the Fraud Section in the Criminal Division of the US Department of Justice. “Evaluation of Compliance Programs”, a document released in February, lays out a series of questions prosecutors are likely to ask in evaluating the effectiveness of compliance programs. Included in the document are the following questions about the board’s role in overseeing compliance. Below each question are some implications for organizations and their boards to consider.

• **What compliance expertise has been available on the board of directors?**
  Note that the question asks about expertise “on the board of directors” not “available to the board of directors.” Few boards have present or former compliance professionals on them. Now may be the time to look for including compliance expertise as part of the “balance” that makes up a good board. Likewise organizations should seek out training for helping board members understand their role in compliance oversight.

• **Have the board of directors and/or external auditors held executive or private sessions with the compliance and control functions? Have the compliance and relevant control functions had direct reporting lines to anyone on the board of directors?**
  The message here is clear: filters are bad. Whether it’s having someone keep compliance from getting to the board, having the GC or someone else do the compliance report, or having management in the room listening in and vetting every word, it’s not a good thing in the DOJ’s eyes. Frank and direct conversations are necessary.
• What types of information have the board of directors and senior management examined in their exercise of oversight in the area in which the misconduct occurred? What types of relevant audit findings and remediation progress have been reported to management and the board on a regular basis?

• As noted elsewhere in the document, the DOJ is eager to see root causes addressed, not just band aids. They are looking for comprehensive, not quick, fixes. Boards will need to ensure that management delivers.

• How often do they meet with the board of directors? The days of the annual compliance update are dead. Regular interactions are now expected, and likely, very regular interactions at times when the organization is managing a compliance failure.

• Are members of the senior management present for these meetings? This can be read a couple of ways. On the one hand having management present can demonstrate support. However, there are times when compliance will need to speak frankly about management’s support of the compliance program, and potentially investigations of management. In those cases, having management in the room is likely not a good sign.

• Who reviewed the performance of the compliance function and what was the review process? This question underscores that the compliance team has to be evaluated fairly and can’t count on its future being dependent on people whom it may be investigating or holding to account. Boards should probably start also asking why a compliance officer quit or was fired.

• How have management and the board followed up? This question is, perhaps, the most profound. It underscores the fact that the compliance officer is not responsible for the organization acting in a compliant manner. It’s the responsibility of the business unit. By making it clear that management and the board need to follow up when a breach occurs, it underscores that the business’s leadership owns responsibility for making sure organizations operate lawfully and ethically.

In addition to the areas outlined specifically for board members, it would also be prudent for the board to review the rest of the DOJ document to identify other areas to focus on. For example, there is an entire section dedicated to incentives. Members of the compensation committee would be wise to read through it and consider the implications. A couple of questions in particular stand out: “How has the company considered the potential negative compliance implications of its incentives and rewards?” and “What incentives has the company adopted to promote adherence to the company’s compliance and ethics program?”

While all of this may seem daunting and new, it’s not. As the DOJ notes, this document synthesizes many individual elements of direction that are available elsewhere. But, by putting everything together in one place, they are providing compliance officers, management, and boards a clear roadmap of expectations. That’s a lot better than trying to guess what the prosecutor may someday want. And that can help board members and those they oversee, sleep a lot better at night.
2 (a) (4) (3) Measure Compliance Program Effectiveness: A Resource Guide
2 (b) Internal Audit
Value Objective:

- Identify and validate the adequacy, effectiveness, and efficiency of controls related to material processes and functions potentially impacting the organization objectives.
- Identifying process improvement opportunities to enhance process functions and optimize resources.
FY17 Audit Plan Status Update As of April 10, 2017

*Audit plan status categories:
- **Not Started**: Audits which have not commenced;
- **In Process**: Audits which have commenced and are either at the planning or fieldwork stage;
- **Reporting**: Audits for which the fieldwork stage has been completed and the draft report has been written; and
- **Completed**: Audits for which the final report has been issued to Management.

** Total Audits : 33 (29 original audits and 4 unplanned /special requests)
FY17 Audit Reports For April 2017 Audit Committee

**Completed Audits**

Unsatisfactory - Multiple moderate or a significant systemic control observation(s) that would potentially lead to a material impact (financially, operationally, reputational, and compliance) on a business unit and/or organization objectives.

Needs Improvement - Moderate and semi-systemic control observation(s) that could lead to a material, visible reputation, and/or consequential (financially, operationally, reputational, and compliance) impact.

Satisfactory - Minimal to no systemic control observation(s) that would not materially impact (financially, operationally, reputational, and compliance) the business unit and/or organization objectives were identified.
FY17 Audit Follow Up Status As of April 10, 2017

* Total Number of Open Observations are 57
2 (b) (2) Fiscal Year 2017 Internal Audit Plan Status Update
## Prior Projects Observation Status as of April 10, 2017

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Audit Report Name</th>
<th># Open Observations</th>
<th>Mgmt. Indicated &amp; Completed</th>
<th>On-track</th>
<th>Of Concern</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>2013 JNMC Radiology Inventory and Supply</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0</td>
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<tr>
<td>2014</td>
<td>2014 JNMC Patient Intake &amp; Revenue Cycle – Operating Room Audit</td>
<td>1</td>
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<tr>
<td>2015</td>
<td>Business Continuity/Disaster Recovery Assessment</td>
<td>3</td>
<td>0</td>
<td>3</td>
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<tr>
<td>2015</td>
<td>Operating Room (&quot;OR&quot;) Inventory Management, Charge Capture, CDM, and Billing</td>
<td>2</td>
<td>0</td>
<td>2</td>
<td>0</td>
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<tr>
<td>2015</td>
<td>Internal Penetration Test</td>
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<td>4</td>
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<td>0</td>
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<tr>
<td>2016</td>
<td>Lease Administration</td>
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<td>3</td>
<td>0</td>
</tr>
<tr>
<td>2016</td>
<td>Active Directory</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0</td>
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<tr>
<td>2016</td>
<td>Internet Firewall Security</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0</td>
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<tr>
<td>2016</td>
<td>Capital Projects - ET 3A Bathroom Renovation</td>
<td>2</td>
<td>0</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>2016</td>
<td>Clinical Trials Process Review</td>
<td>2</td>
<td>0</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>2016</td>
<td>JMH Anesthesia Charge Capture and Billing</td>
<td>2</td>
<td>0</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>2016</td>
<td>FY16 External Penetration Test</td>
<td>31</td>
<td>31</td>
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<tr>
<td>2017</td>
<td>Capital Projects - West Wing 10</td>
<td>3</td>
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<td>3</td>
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<tr>
<td>2017</td>
<td>Plant Operations/ Engineering Contracts Audit</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0</td>
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<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>21</strong></td>
<td><strong>1</strong></td>
</tr>
</tbody>
</table>

### Mgmt. Indicated & Completed
- Management has indicated that the action plans were completed, however Internal Audit is in the process of validating that the action plans were implemented as agreed.

### On-track
- Management expects that the action plan(s) will be completed on time, or the due date has been extended for good reasons.

### Of Concern
- Action plans are not expected to be completed on time, no other action was taken to mitigate the risk, or no extension of the due date was requested/discussed with Internal Audit.

## Details For The Category "Of Concern"

<table>
<thead>
<tr>
<th>Title:</th>
<th>Lack of Consistency in Medication Charge Capture</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criteria:</td>
<td>All drugs administered to patients should be documented in Cerner and/or Omnicell to initiate patient charges in the Siemens billing system.</td>
</tr>
<tr>
<td>Action Plan:</td>
<td>Anesthesia Technician will compare the anesthesia record against the charges in Siemens to validate the accuracy of the medication used and documented by the Anesthesia Providers prior to submission.</td>
</tr>
<tr>
<td>Results of the Follow Up:</td>
<td>As of 4/10/2017, IA noted that 6 (60%) 10 encounters (patients anesthesia records) had drugs administered to patients for which no charges were found in Siemens.</td>
</tr>
</tbody>
</table>
2 (b) (4) Review of Fiscal Years 2016 and 2017 Final Audits
Engagement Team:
Priya Kiswani, Manager Internal Audit
Maria Molina-Boronat, Senior Internal Auditor
Andre Reid, Associate Vice President, Internal Audit

FY 2016 Capital Project Review: East Tower 3A Bathroom Renovation

January 23, 2017
To: David Clark, Associate Vice President, Facilities Design & Construction  
  Jaime Cruz, Director of Plant Operations, JMH and Satellites  
  Isa Nunez, Vice President, Facilities, Design & Construction, JHS  
  Kenneth Robertson, Director, Procurement Construction Services, JHS  
  William Seed, Senior Vice President, Facilities, Design and Construction JHS  
  Kathleen Sposato, Corporate Director, Infection Prevention & Control, JHS

Date: September 29, 2016

Re: FY 16 Capital Project Review: East Tower 3A Bathroom Renovation

I. Executive Summary

The Office of Internal Audit (“IA”) conducted this review using guidance from The International Professional Practices Framework (“IPPF”), Standards and Code of Ethics set by the Institute of Internal Auditors (“IIA”).

In our opinion, the Capital Project Review: East Tower 3A Bathroom Renovation is **Inadequate** as it relates to the design and adequacy of controls as well as adherence to Jackson Health System (“JHS”) and/or departmental policies. The audit opinion is based on testing results and the observations identified during the audit. Below is a listing of the identified observations with High or Medium risk ratings. The observations noted in this Executive Summary represent either significant or potentially significant risks or internal control weaknesses which require immediate attention. Low risk rated observations, if any, are not included in the Detailed Comments section of this report, but were discussed with management during fieldwork and/or at the closing meeting.

Detailed information regarding any identified IA observations and recommendations for remediation are included in the Detailed Comments section of this report. Other findings, which did not result in a reportable observation and did not require management action plans, were discussed with management either during/after fieldwork and/or at the closing meeting. While IA noted some exceptions, overall, there was a 58% accuracy rate for the 36 attributes reviewed.

Other audit findings and recommendations have been brought to the attention of management and presented below:

<table>
<thead>
<tr>
<th>Identified Observations:</th>
<th>Risk Ranking:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Inadequate Infection Control Risk Assessment Policy and Procedure.</td>
<td>High</td>
</tr>
</tbody>
</table>
2) Expired Infection Control Risk Assessment Permit and Deficiencies Identified within the ICRA Forms/Checklist | High

3) Lack of Policies and/or Procedures to Govern the Project Management Process | High

4) No Evidence of Periodic Monitoring of Capital Projects | High

5) Deficiencies Noted Within the Payment Application Review and Approval Process | High

6) Lack of Capital Project Close-Out Process in Place | High

7) Inadequate Record Retention of Capital Project | High

8) Lack of Construction/Repairs Permit Obtained | Medium

The audit observations listed above and in the Detailed Comments section are presented in descending order of importance.

IA would like to extend our appreciation to the JHS Facilities, Design & Construction, Plant Operations and Engineering Services, Procurement Construction Services, Capital Accounting and Infection Prevention & Control Department personnel, who assisted and cooperated with us during the audit.

cc: Carlos Migoya, President & Chief Executive Officer, JHS
Lilian Abbo, Chief Infection Prevention & Control and Antimicrobial Stewardship, JHS
Alejandro Contreras, Senior Vice President of Operations, JHS
Rosa Costanzo, Vice President of Strategic Sourcing & Chief Procurement Officer, JHS
Mylene Diaz, Associate Administrator, Capital, General Accounting, JHS
Anthony Kaniewski, Director Engineering Services, JSCH
Mark Knight, Chief Financial Officer & Executive Vice President, JHS
Geralyn Lunsford, Chief Executive Officer, Holtz Children’s Hospital
Heriberto Martinez, Assist Dir Engineering Services, JNMC
Edgar Rodriguez, Controller, JHS
Gino Santorio, Chief Operating Officer, JMH
Don Steigman, Chief Operations Officer & Executive Vice President, JHS
David Zambrana, Chief Executive Officer, JMH
II. Background Information and Audit Overview

Overall Process Risk Classification
Inherent Risk: High
Residual Risk: High

Audit Rating
Inadequate = Overall, controls and performance are at an unacceptable level. Controls may not exist, are not well designed, and/or are not working as intended. Detailed comments, which merit inclusion in the audit report, describe errors or opportunities for control improvement. Audit observations identified require immediate action from operating management and immediate attention from senior management. Overall attribute testing results are below 85% adherence to controls

Background
As part of the Fiscal Year (“FY”) 2016 Audit Work Plan, the Office of IA performed an audit of controls over the Capital Project: East Tower 3A Bathroom Renovation process. The guidelines used for audit testing for the Capital Project: East Tower 3A Bathroom Renovation project were the following Public Health Trust (“PHT”) and Miami Dade County policies:

- Policy Number: 114 - Public Records Retention and Disposition;
- Policy Number: 167 - Capital Expenditures;
- Policy Number: 208 - Scope of Delegation for Physical Plant Modification;
- Policy Number: 248 - Procurement Regulation;
- Policy Number: 248B - Contract Management Regulation;
- Policy Number: 570 Plant Operations and Engineering Services Department, Infection Control Risk Assessment; and
- Section Number: 105.2 - Miami Dade County website.

Leading practices were also used from the Center of Disease Control and Prevention (“CDC”) and the American Institute of Architects (“AIA”).

JHS has embarked on a $1.8B, 10 year capital plan that includes new construction projects, renovation of existing facilities, and infrastructure improvements. This strategic plan is intended to transform JHS into a modernized, patient-centered healthcare system that can better meet the future needs of Miami-Dade County residents. JHS will allocate $970M of its own funds along with $830M voter-approved bond money to support the overall capital plan.

The East Tower 3A Bathroom Renovation project was requested by the Holtz Children’s Hospital (“Holtz”) and managed in-house by the JHS Plant Operations and Engineering Services Department. The project was considered a non-signature project\(^1\) and was awarded through the

\(^1\) Based on the Jackson Bond Citizens’ Advisory Committee quarterly report, IA noted that the following were classified as signature projects: Jackson West Campus, Rehabilitation Hospital, Holtz Children’s Outpatient Center, as well as the New Patient Tower, Jackson Memorial Hospital Campus Floor Modernization Projects, Jackson North Medical Center, and Jackson South Community Hospital. All other projects are considered non-signature projects.
Job Order Contract (“JOC”) procurement process, providing the user department (i.e. Holtz) with prequalified contractors and “Speed to Market.”

On March 30, 2015, the PHT Board and Executive Management approved eight patient bathroom renovations for a budgeted amount of $186K. On April 16, 2015, the East Tower 3A Bathroom Renovation project was awarded to the third party contractor, BDI Construction Company. Renovation commenced on May 27th, 2015, and the final payment application received from third party contractor was on January 29, 2016 totaling $167K, resulting in a cost savings of $19K. In addition, the project cost was 100 percent reimbursed by the Management and Budget Department for Miami-Dade County.

Audit Scope
Perform a review of the Capital Project: East Tower 3A Bathroom Renovation project as it relates to the design and adequacy of controls for the various phases of the project life.

Audit Objective
Determine if the Capital Project: East Tower 3A Bathroom Renovation project is designed efficiently and is operating effectively as it relates to the various phases of the project life.

Audit Testing Procedures
Our procedures included the following:

- Validated that the capital project initiation forms existed and that they were appropriately authorized, accurate, complete and performed timely. Reportable observation #8; Process Improvement Opportunities #9.
- Performed a review of the Job Order Contract (“JOC”) process and validated that the appropriate procurement due diligence documentation existed, was complete, accurate and appropriately reviewed/authorized to support the JOC contract. Process Improvement Opportunities #11, #12, #13.
- Validated that the required permits (i.e. construction permit and ICRA permit) and regulatory requirements (Agency for Health Care Administration) were completed and performed timely. Reportable observation #2, #3 and #8; Process Improvement Opportunity #10.
- Reviewed the completeness and accuracy of the Plant Operations and Engineering Services Department Infection Control Risk Assessment (“ICRA”) Policy and/or Procedures. Reportable observation #1.
- Reviewed the daily ICRA forms/checklist for existence, completeness, accuracy and timeliness. Reportable observation #2.

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2 Speed to Market refers to an accelerated procurement process, where vendors have been prequalified, resulting in decreased time required to source contractors and goods vendors.

3 The various phases for the East Tower 3A Bathroom Renovation project included: project initiation, planning, sourcing, programming, construction, project management, and project close-out.

4 Project initiation forms include: Facilities Action Request (“FAR”), Project Evaluation Form (“PER”), Jackson Miracle Bond Project Review and Approval Form, Job Order Contract Detailed Scope of Work, Activity Commitment Summary, Lawson Requisition Form and Permit Application issued by Miami-Dade County.
• Gained an understanding of the capital project management process and validated that appropriate controls were designed and were operating effectively. **Reportable observation #4, #5.**

• Reviewed the contractor payment applications for the period under construction (i.e. May 2015 to January 2016) and verified the existence, accuracy, completeness and timeliness, authorization and recording of the payment applications. **Reportable observation #6; Process Improvement Opportunity #15, #16.**

• Reviewed the Miracle Funds Reimbursement Request Form, and validated the existence and timeliness of the submission of reimbursements to Miami Dade County (“MDC”). **No reportable observation noted.**

• Gained an understanding of the capital project-close out process and validated that appropriate controls were designed and were operating effectively. **Reportable observation #7; Process Improvement Opportunity #14.**
III. Capital Project Review: East Tower 3A Bathroom Renovation – Detailed Comments and Management Responses

1. **Inadequate Infection Control Risk Assessment Policy and Procedure**
   
   High

   The JHS Infection Prevention and Control Manual does not address Infection Control Assessment, and Measures during and after construction works. Moreover, the existing Infection Control Risk Assessment (“ICRA”) Policy and Procedures Code No. 570 is dated October 29, 2007 and was instituted by JHS Infection Prevention and Control; Facilities, Design and Construction as well as Plant Operations and Engineering Services Departments to provide guidelines on the prevention of transmitted infectious agents during demolition, construction and/or renovation of JHS facilities. IA, reviewed the existing, outdated policy and procedures, and noted the following observations:
   
   - No explicit definition as to the frequency for performing ICRA inspections during the construction phases;
   - No clear roles and responsibilities of the individuals involved within the ICRA process;
   - The policy does not include required documentation of the JHS Project Manager’s periodic inspection to ensure effective infection control measures were in place;
   - The policy does not include required documentation of the contractor staff preparing the daily ICRA form/checklist; and
   - The policy did not include procedures to document incidences noted during the ICRA inspection.

   **Cause:**
   Infection Prevention and Control Department in collaboration with Facilities, Design and Construction as well as Plant Operations and Engineering Services Department Management have not prioritized updating the existing ICRA policies and procedures to address construction works such as demolition, and renovation/repair activities.

   **Effect:**
   Failure to update established policies and procedures may result in inadequate ownership and oversight of infection control measures, which in turn could impact the health and safety of patients, visitors, and employees during demolition, construction and/or renovation of JHS facilities.

   **Recommendation:**
   We recommend that the Plant Operations and Engineering Services Department Management in collaboration with Facilities, Design and Construction and JHS Infection Prevention and Control Department Management, review and update the existing ICRA policy and procedures to ensure that the Infection Control Manual incorporates the Infection Control Assessment and Measures before, during and after constructions activities and that it addresses the following items:
   
   - Roles and responsibilities of individuals involved in the ICRA process;
- Procedures on the adequate documentation of tasks performed by contractor and JHS project manager during periodic inspections of infection control measures;
- Define the frequency for performing ICRA inspections during construction/renovation/repairs;
- Documentation on actions and/or procedures to be performed when issues are identified.

Management Response and Action Plan:
Plant Operations and Engineering Services, Facilities Design and Construction as well as Infection Prevention and Control Departments will collaborate to update and revise the existing ICRA policy and procedure to include deficiencies identified above.

Responsible Party:
Jaime Cruz, Director of Plant Operations, JMH and Satellites
David Clark, Associate Vice President, Facilities, Design & Construction
Isa Nunez, Vice President Facilities, Design & Construction, JHS
Kathleen Sposato, Corporate Director, Infection Prevention and Control, JMH

Expected Completion Date:
February 28, 2017
2. **Expired Infection Control Risk Assessment Permit and Deficiencies Identified within the ICRA Forms/ Checklist.**

The JHS Infection Prevention and Control ("IPC") Department is required to assess the construction site/project and determine the preventive measures to be applied given the patient risk and type of construction work. Upon review of the site, the IPC department will issue an Infection Control Construction Permit which includes the location, the project start date, expiration date and the measures to be complied with. The permit is then signed and approved by the JHS Project Manager and the Infection Control Associate.

IA noted for Capital Project: East Tower 3A Bathroom Renovation, there were construction activities occurring under expired ICRA Permits for both Phases I and II of the project. For Phase I, there were 22 days of construction work with an expired permit for 5 bathroom units. For Phase II, there were 77 days of construction work with an expired permit for 3 bathroom units.

In addition, IA noted that the JHS Plant Operations and Engineering Services ICRA policy and procedures dated October 29, 2007, Code No. 570 Section 3 to 6 states that “…each project shall be evaluated by the team individually and should identify the risk to the population served. The ICRA form shall be used to determine the risk criteria and will serve as a documented summary for reference and monitoring of the project. Members of the team or a representative should monitor the ICRA measures until the project has been completed, inspected and thoroughly clean”.

IA reviewed the ICRA Forms/ Checklist for the Capital Project: East Tower 3A Bathroom Renovation for Phases I and II and noted the following exceptions:

- The daily ICRA forms/ checklist for the project Phase I included the wrong project number;
- There was no documentation of the daily ICRA form/ checklist being completed for Phase II of the project; and
- IA noted that 74% (58 of 78) ICRA forms for Phase I was not signed by the contractor.

**Cause:**
IA noted the following root causes for the above observations:

- Due to inadequate management oversight, construction activities occurred under expired ICRA permits.
- Due to an outdated and inadequate JHS Plant Operations and Engineering Services ICRA policy and procedures, there was no standard established for periodic inspections of ICRA measures during project execution phase. In addition, there was no requirement stipulated within the policy for the contractor to sign the ICRA forms.
**Effect:**
- Expired ICRA permits could result in a lack of compliance with ICRA measures, which could possibly expose JHS to potential fines and penalties from regulatory bodies (e.g. Joint Commission) as well as impact the health and safety of patients, visitors, and employees during demolition, construction/renovation/repairs of JHS facilities.
- Failure to define the frequency of periodic inspections and level of documentation required during inspections may result in inadequate daily assessments and oversight of infection control measures. This in turn could impact the health and safety of patients, visitors, and employees during demolition, construction/renovation/repairs of JHS facilities.

**Recommendation:**
We recommend that the JHS Plant Operations and Engineering Services Management review ICRA permits when expected project delays have occurred/or are about to occur, to ensure all permits are current and comply with established measures. In addition, JHS Plant Operations and Engineering Services Management should update the existing policy and procedures to specifically define the frequency of periodic inspections. In addition, the policy should address the level of documentation required at the various stages of the project life cycle and the requirement of the contractor’s signature within the ICRA checklist/form.

**Management Response and Action Plan:**
For all future projects going forward the JHS Plant Operations and Engineering Services Management will review the ICRA permits when expected project delays may occur/or are about to occur, to ensure all permits are current and comply with established measures.

In addition, the JHS Plant Operations and Engineering Services Department will create a Engineering Project Management sheet which will include the ICRA measures and the contractor’s signature. JHS Plant Operations and Engineering Services Department will revise the ICRA Policy and Procedures to include the Engineering Project Management sheet.

**Responsible Party:**
Jaime Cruz, Director of Plant Operations, JMH and Satellites

**Expected Completion Date:**
February 28, 2017
3. **Lack of Policies and Procedures to Govern the Project Management Process**
   
   High

   Established policies and/or procedures support a strong control environment to govern and guide the capital project management process. Currently, the JHS Plant Operations and Engineering Services Department has no policies and/or procedures addressing guidelines on managing capital projects.

   **Cause:**
   The JHS Plant Operations and Engineering Services Management has not prioritized the development of policies and/or procedures for administering the day to day project management for capital projects.

   **Effect:**
   Failure to establish policies and/or procedures addressing the project management process could result in project costs over-runs and possible loss of revenue due to delayed project completions.

   **Recommendation:**
   We recommend that the JHS Plant Operations and Engineering Services Management develop a capital project management policy and/or procedure which will enable the Engineering Project Manager to execute and document the required steps to initiate, monitor/evaluate and deliver capital projects.

   **Management Response and Action Plan:**
   Upon finalization of the Facilities, Design and Construction Department’s Procedure Manual, the JHS Plant Operations and Engineering Services Department will follow and adapt the capital project management requirements stated within the manual to execute and document the required steps to initiate, monitor/evaluate as well as the delivery of capital projects. In addition, JHS Plant Operations and Engineering Services Management will update the daily Engineering Project Management sheet.

   **Responsible Party:**
   Jaime Cruz, Director of Plant Operations, JMH and Satellites

   **Expected Completion Date:**
   January 31, 2017
4. **No Evidence of Periodic Monitoring of Capital Projects**

High

The Center for Disease Control and Prevention (“CDC”) Unified Process Practices Guide for Project Status Reporting recommends using periodic monitoring tools such as project reports to track the overall project life cycle. Project Status Reports are a management monitoring tool which should be used throughout the life of the project. In addition, this tool provides a documented history of the project’s progression, issues and resolutions.

IA noted that there were no established periodic project status reports to provide information on the projects progress, issues and resolutions.

**Cause:**
The JHS Plant Operations and Engineering Services Management has not prioritized establishing project status reports to monitor the capital project.

**Effect:**
Failure to establish project status reports could result in inadequate monitoring of project cost and project timelines.

**Recommendation:**
We recommend that the JHS Plant Operations and Engineering Services Management establish project status reports to monitor the various phases of the capital project. Some examples of recommended monitoring tools include: key performance indicators, executive milestones, planned accomplishment status and project risk summary.

**Management Response and Action Plan:**
Upon finalization of the Facilities, Design and Construction Department’s Procedure Manual, the JHS Plant Operations and Engineering Services Department will follow and adapt the capital project management periodic monitoring tools stated within the manual. In addition, Plant Operations and Engineering Services will incorporate the Engineering Project Management sheet.

**Responsible Party:**
Jaime Cruz, Director of Plant Operations, JMH and Satellites

**Expected Completion Date:**
Policies and/or Procedures: January 31, 2017
Engineering Project Management sheet: February 28, 2017
5. **Deficiencies Noted Within the Payment Application Review and Approval Process**

High

IA reviewed five payment applications paid to the contractor and noted the following exceptions:

- The JOC-13-11538-JE, article 9.5.1, general conditions states that "…the Trust will, within seven days after receipt of the Contractor's application for payment, will either approve the application for payment, or return the application to the Contractor". In addition, article 9.5.2 states that "...approved applications for payment shall be processed for payment within 45 days of receipt by the Trust."
  - IA noted that four (80%) out of five payment applications did not include the JHS Project Manager’s review date within the payment application.
- Governmental Accounting Standards Board (“GASB”) No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements, states that “…governmental fund liabilities and expenditures should be accrued”.
  - IA however noted that unapproved payment applications received, were not reported to the Capital Accounting Department to be accrued for expenses incurred. Payment application three was received on September 31, 2015 and approved on January 28, 2016. During this time period, IA noted that no accrual was made.

**Cause:**
No policies and/or procedures were established to ensure that the JHS Project Manager dates his/her approval of the payment applications. In addition, Plant Operations and Engineering Services Management was unaware of the JHS Accounts Payable and Capital Accounting process requirements.

**Effect:**
No evidence of JHS Project Manager date of approval within the payment application form may result in management being unable to monitor compliance with payment terms. In addition, lack of compliance with GASB requirements could result in understated accruals.

**Recommendation:**
We recommend that the JHS Plant Operations and Engineering Services Management date the approved payment application forms. In addition, services rendered for invoices received but not approved should be communicated to the Capital Accounting Department to ensure appropriate liabilities have been accrued and recorded.

**Management Response and Action Plan:**
For future projects JHS Plant Operations and Engineering Services Management will date the approved payment application forms. In addition, services rendered for invoices received but not approved will be communicated to the Capital Accounting Department to ensure appropriate liabilities have been accrued and recorded.
In addition, the Facilities, Design and Construction Department’s Manual will be followed and adapted for the payment application process.

**Responsible Party:**
Jaime Cruz, Director of Plant Operations, JMH and Satellites

**Expected Completion Date:**
January 31, 2017
6. **Lack of Capital Project Close-Out Process in Place**

**High**

A project close-out process ensures that appropriate completion and transfer of a project has taken place. *Centers for Diseases Control and Prevention* (“CDC”) *Unified Process Practices Guide - Project Close-Out* states that “…the project close-out process should consists of two main activity groups, these include:

1. **Administrative closure** - are integrated activities to collect project records, analyze project success or failure, gather lessons learned, transfer the project product to operations, and archive project information for future use by the organization. In addition, confirming that the project has met the stakeholder’s requirements and deliverables have been provided as well as accepted and exit criteria have been met.

2. **Contract closure** – are activities and interactions needed to settle and close any contract agreements established for the project, as well as activities related to supporting the formal administrative closure of the project. The contract closure activity also involves the verification that all work has been completed correctly and satisfactorily, updating of contract records to reflect final results, archiving information for future use, confirming the project has addressed the terms and conditions of the contract, confirming completion of exit criteria for contract closure and formally closing out all contracts associated with the completed project”.

The CDC also recommends that the “…project close-out process be anticipated and planned as early as possible”. Some suggested high level key elements of project close-out should include:

- Verifying acceptance of final project deliverables;
- Review of the punch list with contractor;
- Conduct post-project assessment and lessons learned;
- Conduct post-project review and evaluation;
- Complete and archive final product records; and
- Ensure transfer of knowledge.

IA reviewed the project close-out process and related documents for the East Tower 3A Bathroom Renovation Project and noted the following observations:

- No formal process in place to close out projects;
- No documentation of a punch list created or reviewed; and
- No documentation of user department project acceptance

Additionally, IA noted that there were no quarterly Vendor Evaluation forms being completed for the contractor as per the requirements stated within JHS Policy and Procedures Code No. 248B, section IV C- Post Award Contract Management.
Furthermore, the Notice to Proceed Letter dated May 18, 2015 stated that “… per JOC contract liquidated damages will apply at a rate of $250.00 per day past the agreed upon schedule. The project completion date was August 8, 2015 for Phase I and October 12, 2015 for Phase II”. IA noted that there is no evidence/documentation of the last day worked on the project.

**Cause:**
JHS Plant Operations and Engineering Services Management has not prioritized establishing a process for project close-outs.

**Effect:**
Lack of an established process for project closures could result in:
- Implied acceptance of defective work;
- Additional future cost for inadequate work product; and
- Unclaimed liquidated damages.

**Recommendation:**
We recommend that the JHS Plant Operations and Engineering Services Management formalize a project close-out process and implement some of the suggest key elements listed by the CDC, some examples include:
- Verifying acceptance of final project deliverables;
- Review of the punch list with contractor;
- Conduct post-project assessment and lessons learned;
- Conduct post-project review and evaluation;
- Disburse project resources -staff, facilities and automated systems;
- Complete and archive final product records; and
- Ensure transfer of knowledge.

Furthermore, the Plant Operations and Engineering Services Management should complete the Vendor Evaluation Forms on a quarterly basis and claim for liquidated damages if expected projection completion time has not been met.

**Management Response and Action Plan:**
Upon finalization of the Facility, Design, and Construction Department’s Procedure Manual, the JHS Plant Operations and Engineering Services Department will follow and adapt the capital project close-out process stated within the manual. In addition, Plant Operations and Engineering Services Department will complete the Vendor Evaluations on a quarterly basis.

---

5 JHS Policy and Procedures Code No. 248B, section IV C- Post Award Contract Management requirements states “...Owner/ User department responsibility is to periodically submit Vendor Evaluation Forms to the Procurement Management Department”. 
Responsible Party:
Jaime Cruz, Director of Plant Operations, JMH and Satellites

Expected Completion Date:
January 31, 2017
7. **Inadequate Record Retention of Capital Project**
   
   High

   The PHT Policy and Procedures Code No. 114, Public Records Retention and Disposition states that "...each JHS department will review and establish any internal procedures necessary to comply with requirements for the storage, retention, and disposition of public record. In addition, JHS should comply with Florida statutes for the storage, retention and disposition of public records in accordance with the State of Florida publication General Records Schedule for State and Local Government Agencies (Schedule GS1-SL)". IA, however, noted that the Capital Project: East Tower 3A Bathroom Renovation project file was incomplete, unorganized and not properly archived. *Corrected prior to audit report issuance.*

   **Cause:**
   Due to inadequate management oversight, Capital Project: East Tower 3A Bathroom Renovation project file was incomplete, unorganized and not properly archived.

   **Effect:**
   Incomplete, unorganized and inadequate archiving of capital project files could result in a loss of documentation, and noncompliance with JHS Public Records Retention and Disposition policy as well as the General Records Schedule for State and Local Government Agencies (Schedule GS1-SL) requirements.

   **Recommendation:**
   We recommend that the Plant Operations and Engineering Services Management ensure that capital project documentation is well organized, archived as per JHS Policy and Procedure Code No. 114 and the project file is kept for 10 fiscal years after completion of project as per the General Records Schedule for State and Local Government Agencies.

   **Management Response and Action Plan:**
   All three Plant Operations and Engineering Services JHS Project Managers have access to the e-builder system, however we are currently working with the Facilities, Design and Construction Department to select and assign the Plant Operations and Engineering Services capital projects within e-builder. This tool will be used to archive all necessary information related to the capital project. In addition, four trainings have been scheduled to educate all individuals using the e-builder system.

   **Responsible Party:**
   Jaime Cruz, Director of Plant Operations, JMH and Satellites

   **Expected Completion Date:**
   December 31, 2016

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6 General Records Schedule for State and Local Government Agencies (Schedule GS1-SL) retention period for capital projects documentation is 10 fiscal years after completion of project.
8. **Lack of Construction/ Repairs Permit Obtained**

Medium

The capital project initiation phase requires the department owner (JHS Plant Operations and Engineering Services Department) to ensure that the required documentation has been completed and approved appropriately prior to the execution of demolition, construction and/or renovation of JHS facilities. Examples of these documents include: the *Facilities Action Request (“FAR”)*, *Project Evaluation Report (“PER”)*, *Construction Permit*, *Board Approval Resolution*, *Job Order Contract Detail Scope of Work*, and the *Lawson Requisition Form*. In addition, the Capital Accounting Department should ensure that the project has been classified and recorded appropriately to the respective general ledger capital account number.

IA noted the Miami Dade County (“MDC”) Manual, Section 105.2.2 stipulates the conditions for permit exemptions related to minor repairs on residential and commercial properties. IA, reviewed the schedule of values and noted that the Capital Project: East Tower 3A Bathroom Renovation included plumbing repairs greater than $500 (i.e. schedule of values illustrated a value of $56K) and building repairs not structural in nature, greater than $1000 (i.e. schedule of values illustrated a value of $39K). As such JHS Capital Project: East Tower 3A Bathroom Renovation did not meet the exempt conditions. However, the JHS Plant Operations and Engineering Services Management did not apply for a construction/repair permit.

**Cause:**

Lack of appropriate due diligence performed by the Plant Operations and Engineering Services Management to ensure compliance with the MDC requirements.

**Effect:**

The lack of appropriate construction/ repairs permit could result in project delays as well as fines and penalties.

**Recommendation:**

We recommend that the JHS Plant Operations and Engineering Services Department Management ensure that appropriate construction and/or renovation permits are obtained.

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7 Facilities Action Request (“FAR”) – This is a document completed by the user department requesting repairs and/or renovation and/or construction of capital projects.

8 Project Evaluation Report (“PER”) – This is a document which includes information such as the need for the project, project scope of work, a high level expenses schedule and appropriate approval involved in the process.

9 The Miami Dade County Manual, Section 105.2.2 states the permit exemptions for minor repairs on residential and commercial properties for further information please refer to the site: www.miamidade.gov/permits/exemptions.asp

10 Schedule of values is a detailed statement furnished by a construction contractor outlining the portions of the contract sum. It allocates values for the various parts of the work and is also used as the basis for submitting and reviewing progress payments.
Management Response and Action Plan:
The Plant Operations and Engineering Services Department has applied with the Miami-Dade County and is awaiting approval of the Annual Premise Permit to cover all repairs that have and will take place under the capital projects for the entire year, and will be renewed on an annual basis.

Responsible Party:
Jaime Cruz, Director of Plant Operations, JMH and Satellites

Expected Completion Date:
February 28, 2017
IV. Process Improvement Opportunity ("PIO")

Process improvement opportunities are enhancements to existing operational and/or financial processes, resulting in a more efficient and effective control environment. See below for areas we noted for improvement.

9. **Manual Modification of Work Order Completion Time Within the Job Order Contract (JOC) Detailed Scope of Work**

Prior to construction execution, all project initiation forms related to JOC contract should be completed, verified and approved. IA reviewed the *JOC Detailed Scope of Work* document and noted that the work order completion time was manually modified and initialed by the contractor project manager from 60 days to 244 days. In addition, we noted that the document was approved appropriately by the JHS Project Manager and Director of Plant Operations and Engineering Services for the Holtz Children’s Hospital.

IA recommends that Plant Operations and Engineering Services Management, re-issue a new *JOC Detailed Scope of Work* document with required approved modifications, rather than manually modifying the document. The benefit associated with reissuing the *JOC Detailed Scope of Work* document is that all required parties are aware of the changes and avoid suspected/implied improper modifications. **Corrected prior to audit report issuance.**

**Management Response and Action Plan:**
For future projects the Plant Operations and Engineering Services Department will re-issue a new *JOC Detailed Scope of Work* document with required approved modifications to ensure that all required parties are aware of the changes and avoid suspected/implied improper modifications.

**Responsible Party:**
Jaime Cruz, Director of Plant Operations, JMH and Satellites

**Expected Completion Date:**
December 31, 2016

10. **Documentation of the Contractor Attendance and Acknowledgment Within ICRA Construction Permit**

The JHS Infection Prevention and Control ("IPC") Department is required to assess the construction site/project and determine the preventive measures to be applied given the patient risk and type of construction work. Upon review of the site, JHS IPC Department will issue an Infection Control Construction Permit which includes the location, the project start date, expiration date and the measures to be complied with. The permit is then signed by the JHS Project Manager and approved by the JHS Infection Control Associate. IA, however, noted that the third party project manager was not required to
sign the ICRA Construction Permit.

IA recommends that the JHS IPC Department include the contractor's signature within the ICRA permit to ensure that the contractor has attended the infection control risk assessment walkthrough and agrees to comply with the measures determined. **Corrected prior to audit report issuance.**

**Management Response and Action Plan:**
As of November 22, 2016, Plant Operations and Engineering Services Department has updated the draft ICRA permit to include the contractor’s signature to ensure that the contractor has attended the infection control risk assessment walkthroughs and agree to comply with the measures determined.

**Responsible Party:**
David Clark, Associate Vice President, Facilities, Design & Construction, JHS
Isa Nunez, Vice President Facilities, Design & Construction, JHS
Kathleen Sposato, Corporate Director Infection Prevention and Control, JHS

**Expected Completion Date:**
December 31, 2016

**11. Documentation of Procurement Methodology Chosen**

Upon review of the JOC -13-1158 JE Invitation to Bid section 3.5 B, IA noted that the following factors should be applied when determining whether to issue a request for proposal using JOC or Bid Safe. These factors include:

- Estimate Job Order amount;
- Scope documentation including but not limited to architectural or engineering design;
- Nature and complexity of the work;
- Contractors abilities to self-perform the work;
- Contractors proven capabilities on similar work;
- Schedule; and
- Other appropriate criteria deemed in the best interest of the Trust.

IA noted as per discussion with JHS Procurement Management, that the above factors were taken into consideration (such as speed to market, nature and scope of work); however there was no documentation as to reason why the JOC methodology was chosen. IA recommends that appropriate, complete and accurate information be documented when selecting the procurement methodology based on the factors listed above. **Corrected prior to audit report issuance.**

**Management Response and Action Plan:**
In order to document justification for selecting JOC as the most appropriate procurement methodology, a control point has been inserted into the JOC project creation process monitored and controlled by the Procurement Department. When
project managers request the creation of a new JOC project, they must provide Procurement with a justification for this procurement methodology (as opposed to advertising an open-competitive contract). Procurement is tracking the JOC justification in its monthly status reports (second tab – Project List; third column – JOC Justification).

**Responsible Party:**
Kenneth Robertson, Director Procurement Construction Services, JHS

**Expected Completion Date:**
November 14, 2016

12. **Lack of Documented Review and Approval of Task Catalog Lines by the JHS Project Manager**

The Gordian System houses the JHS Construction Task Catalog which includes various materials, quantities and prices used for construction. The third party contractor is required to select proposed tasks from the established catalog lines. IA, however, noted that the JHS Project Manager was not required to document the review and approval of the quantities and measurements chosen by the third party contractor.

IA recommends that the JHS Project Manager document his/her’s review and approval of the task catalog lines to ensure the quantities and measurements are accurate and estimated appropriately within the JOC package. **Corrected prior to audit report issuance.**

**Management Response and Action Plan:**
In order to document that project managers have reviewed and approved the JOC proposal’s task catalog lines and associated quantities, the Procurement Department created a detailed JOC checklist that must be completed and signed by the project manager before a purchase order may be issued for the project. Work Order Package, Item A, Contractor Price Proposal, covers the project manager’s review of the proposal’s task catalog line items and associated quantities. Items B – E also confirm that the Scope of Work, Non-Pre-Priced Items, JOC Licensing Fee, and Subcontractor Participation have been reviewed and approved by the project manager.

**Responsible Party:**
Jaime Cruz, Director of Plant Operations, JMH and Satellites
Kenneth Robertson, Director Procurement Construction Services, JHS

**Expected Completion Date:**
November 14, 2016
13. No Process in Place to Obtain the Continuation of Performance & Payment Bonds Upon Renewal of the JOC Contract

The performance\(^{11}\) and payment\(^{12}\) bond instruments are used to protect the construction project owners (i.e. JHS) from contractors’ default and are usually valid for one year or for the duration of the contract. The performance and payment bonds protect the project owner from the risks of underperformance and non-payment by contractors. Therefore, as part of the contract award process the third party contractor is required to obtain performance and payment bonds.

The JOC -13-11538-JE, Bid General Terms and Conditions section four states that, "... both performance and payment bonds will be active for the duration of the terms of the original contract, and options to renew shall remain in force for one year from the date of the final acceptance of the work to be completed". IA noted that the JOC -13-11538-JE contract period was effect for the period January 2014 to December 2014 and was subsequently renewed for an additional year.

IA, however, noted that due to the terms and conditions stated within the JOC contract the JHS Procurement Department was not required to verify the renewal of the performance and payment bonds.

IA recommends that the JHS Procurement Department establish a process in place to obtain an updated continuation certificate of performance and payments bonds for each renewed option exercised. This in turn will protect JHS from the risks of underperformance and non-payment by contractors and possible litigations. \textit{Corrected prior to audit report issuance}.

\textbf{Management Response and Action Plan:}
In order to document continued validity of JOC performance and payment bonds throughout the contract term, the Procurement Department has added language to the JOC Option to Renew Authorization letter requesting written confirmation from the surety company that the contract’s performance and payment bonds remain in full force and effect for the subsequent renewal period and for the required one-year period following JHS acceptance for all JOC projects completed under Contract 13-11538.

\textbf{Responsible Party:}
Kenneth Robertson, Director Procurement Construction Services, JHS

\textbf{Expected Completion Date:}
November 14, 2016

\(^{11}\)The performance bonds secure the contractor’s promise to perform the contract in accordance with its terms and conditions, at the agreed upon price, and within the time allowed.

\(^{12}\)The payment bonds protect material suppliers and subcontractors against nonpayment for the goods and services they provided to the project.
14. **No Monitoring Tool in Place to Ensure Compliance with the Community Small Business Enterprise Requirements.**

The JOC-13-11538-JE ITB section 5.1, states that"...contractors awarded general construction contracts under open market competition must subcontract minimum of 25% of the dollar value of the contract to contractors that hold current (at the time of the subcontract) and valid Community Small Business Enterprise (“CSBE”) certifications under the Miami-Dade County Department of Small Business Development’s CSBE program. Actual CSBE subcontractor participation on individual job orders may vary from the overall 25% requirement; however, failure to meet or exceed the 25% CSBE subcontracting participation requirement during the base period or any option period thereafter on the cumulative dollar value of job orders issued under the contract shall be considered a material breach of contract, which shall result in no further job orders being issued to the Contractor, no execution of additional Option Periods and/or provide grounds for termination".

In addition, IA noted as per discussion with the Contract Compliance Officer at the MDC Internal Services Department, the Contractor is responsible for submitting Monthly Utilization Reports to ensure compliance with the Small Business Enterprise requirements. If the contractor fails to submit required documentation to MDC, the information will be requested from JHS.

Furthermore, IA noted that the Plant Operations and Engineering Services Department did not have a monitoring tool in place to track the final percentage of work allocated to small businesses by the contractor. In addition, MDC has not received the Monthly Utilization Reports related to the Capital Project: East Tower 3A Bathroom Renovation Project.

IA recommends that the Plant Operations and Engineering Services Management receive a copy of the Monthly Utilization Report from the Contractor, as well as track and monitor the final percentage of work allocated by the Contractor to small businesses in order to ensure compliance with JOC requirements. **Corrected prior to audit report issuance.**

**Management Response and Action Plan:**
Plant Operations and Engineering Services Department will request the Monthly Utilization Reports from the contractor. If we are unable to obtain the information from the contractor, we will request the Procurement Department to facilitate the process. However, it should be noted as per contract, that these reports should be submitted to the MDC Small Business Development Department during project construction.

**Responsible Party:**
Jaime Cruz, Director of Plant Operations, JMH and Satellites
Kenneth Robertson, Director Procurement Construction Services, JHS

**Expected Completion Date:**
December 31, 2016
15. **Incomplete Payment Application Submittal**

The Contractor is required to provide complete and accurate payment applications to the JHS Project Manager for review and approval. Upon approval the information is sent to MDC SBD to monitor compliance with Responsible Wages and Benefit Ordinance 90-143”. In addition, IA note that the JOC-13-11538-JE, page 43 states that " ....the Contractor agrees to submit all payroll records or other documentation, as the Trust request, to allow the Trust and/or MDC representatives to monitor compliance with Responsible Wages and Benefit Ordinance 90-143”.

IA reviewed the five payment applications submitted by the contractor and noted that the contractor did not include their own certified payroll, but rather included the subcontractor’s certified payroll. IA recommends that the JHS Project Manager for the Capital Project: 3A East Tower Bathroom Renovation review the payment application for completeness prior to approval.

*Management Response and Action Plan:*

The Plant Operations and Engineering Services Department will ensure that the payment applications submitted by the contractor are complete and accurate as well as it includes all required certified payrolls prior to approval of invoice.

In addition, Plant Operations and Engineering Services Department will follow and adapt the requirements stated for payment applications within the Facility, Design, and Construction Department manual.

*Responsible Party:*

Jaime Cruz, Director of Plant Operations, JMH and Satellites

*Expected Completion Date:*

January 31, 2017

16. **No Evidence of Project Percentage of Completion Walkthrough Performed by JHS Project Manager**

Department of Housing and Community Development Construction Handbook recommends that the project manager (i.e. JHS) perform a walkthrough of the Pencil Draft Payment Application form prior to final submission.. In addition, the JOC-13-11538-JE contract section 9.4.1, states that, "....each payment application shall invoice only for work actually completed prior to submission of the payment application ...." . As per discussion with JHS Project manager, the walkthrough of the percentage of completion was performed for each of the payment application submitted by the contractor. However, IA was unable to substantiate whether this took place other than the documentation of approval of the payment application forms. Therefore, IA recommends that the JHS project manager document feedback from

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13 Pencil Draft is an initial draft of the payment application prior to approval of the project manager
the walkthrough of the Pencil Draft Payment Application form prior to approval and submission of payment.

**Management Response and Action Plan:**
For all future projects Plant Operations and Engineering Services Department Project manager will document feedback from the walkthrough of the Pencil Draft payment application form prior to approval and submission of payment. In addition, Plant Operations and Engineering Services Department will follow and adapt the payment application process illustrated within the Facilities, Design and Construction Department Manual.

**Responsible Party:**
Jaime Cruz, Director of Plant Operations, JMH and Satellites

**Expected Completion Date:**
*January 31, 2017*

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### Abbreviations Used Throughout the Report

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AC295</td>
<td>Lawson Activity Commitment module</td>
</tr>
<tr>
<td>AHCA</td>
<td>Agency for Health Care Administration</td>
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<tr>
<td>AIA</td>
<td>American Institute of Architects</td>
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<tr>
<td>AOR</td>
<td>Architect of Record</td>
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<td>CDC</td>
<td>Center of Disease Control and Prevention</td>
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<td>CSBE</td>
<td>Community Small Business Enterprise</td>
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<tr>
<td>FAR</td>
<td>Facilities Action Request</td>
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<td>FY</td>
<td>Fiscal Year</td>
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<td>GASB</td>
<td>Governmental Accounting Standards Board</td>
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<td>Internal Audit</td>
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<td>IPC</td>
<td>Infection Prevention and Control</td>
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<td>ICRA</td>
<td>Infection Control Risk Assessment</td>
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<td>IIA</td>
<td>Institute of Internal Auditors</td>
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<tr>
<td>IPPF</td>
<td>International Professional Practices Framework</td>
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<td>ISD</td>
<td>Internal Service Department</td>
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<td>JHS</td>
<td>Jackson Health System</td>
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<td>Job Order Contract</td>
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<td>Jackson Memorial Hospital</td>
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<td>Miami-Dade County</td>
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<td>Preconstruction Infection Control Risk Assessment</td>
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<td>Project Evaluation Report</td>
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<td>Small Business Development</td>
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<td>Scope of Work</td>
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<td>SOV</td>
<td>Schedule of Values</td>
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FY17 Capital Project Review: West Wing 10 Patient Floor Modernization Process

March 13, 2017

Engagement Team:
Judian Boreland, Staff Auditor, Internal Audit
Priya Kiswani, Audit Manager, Internal Audit
Andre Reid, Associate Vice President, Internal Audit
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To: David Clark, Associate Vice President, Facilities, Design & Construction, JHS  
Mylene Diaz, Associate Administrator, Finance Department, JHS  
Isa Nunez, Vice President, Facilities, Design & Construction, JHS  
Laura Scott, Manager of Payroll and Accounts Payable  
William Seed, Senior Vice President, Facilities, Design & Construction, JHS  
Kathleen Sposato, Corporate Director, Infection Prevention & Control, JHS

Date: January 27, 2017

Re: FY17 Capital Projects: West Wing 10 Patient Floor Modernization Audit

I. Executive Summary

The Office of Internal Audit (“IA”) conducted this review using guidance from The International Professional Practices Framework (“IPPF”), Standards and Code of Ethics set by the Institute of Internal Auditors (“IIA”).

In our opinion, the Capital Project: West Wing 10 (“WW10”) Patient Floor Modernization Audit Needs Improvement as it relates to controls and adherence to Jackson Health System (“JHS”) and/or other internal/external policies. The audit opinion is based on testing results and observations identified during the audit. The observations noted in this Executive Summary represents either significant or potentially significant risks and/or internal control weaknesses which require management’s attention. Low risk rated observations, if any, are not included in the Detailed Comments section of this report, but were discussed with management during fieldwork and/or at the closing meeting.

Detailed information regarding any identified moderate and/or semi-systemic control observations and recommendations for remediation are included in the Detailed Comments section of this report.

Reportable audit findings and recommendations have been brought to the attention of management and are presented below:

<table>
<thead>
<tr>
<th>Identified Summarized Observations</th>
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<tr>
<td>1) Delayed Payment Application Approvals and Inadequate Accrual of Expenses Incurred (Remediated during audit fieldwork)</td>
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<tr>
<td>2) Lack of Compliance with Small Business Enterprise (“SBE”) Miami-Dade Prompt Payment Ordinance (Remediated during audit fieldwork)</td>
</tr>
<tr>
<td>3) Lack of JHS Project Manager or Team Representative Documentation Within The ICRA Forms/Checklist (Repeat Observation)</td>
</tr>
<tr>
<td>4) Out-dated and Inadequate Infection Control Risk Assessment Policy and Procedures (Repeat Observation)</td>
</tr>
</tbody>
</table>
The audit observations listed above and in the Detailed Comments section are presented in descending order of importance.

IA would like to extend our appreciation to the JHS Facilities, Design & Construction, Procurement Construction Services, Capital Accounting, Infection Prevention & Control, and Life Safety department personnel who assisted and cooperated with us during the audit.

cc: Carlos Migoya, President & Chief Executive Officer, JHS
    Lilian Abbo, Chief Infection Prevention & Control Antimicrobial Stewardship, JHS
    Hamilton Clark, Chief Operating Officer, JMH
    Alejandro Contreras, Senior Vice President of Operations, JHS
    Rosa Costanzo, Vice President of Strategic Sourcing & Chief Procurement Officer, JHS
    Jaime Cruz, Director of Plant Operations, JMH and Satellites
    Mark Knight, Chief Financial Officer & Executive Vice President, JHS
    Arnaldo Rodriguez, Senior Construction Manager, Facilities, Design and Construction, JHS
    Edgar Rodriguez, Controller, JHS
    Gino Santorio, Chief Executive Officer, JNMC
    Don Steigman, Chief Operations Officer & Executive Vice President, JHS
    David Zambrana, Senior Vice President & Chief Executive Officer, JMH
II. Background Information and Audit Overview

Audit Rating
Needs Improvement = Overall controls and performance are at an acceptable level, however are not working as designed. These are moderate and semi-systemic control observation(s) that could lead to a material, reputational, and consequential (financially, operationally, reputational, and compliance) impact. Audit comments, which merit inclusion in the audit report, require operating management action and senior management attention.

Background
As part of the Fiscal Year (“FY”) 2017 Audit Work Plan, the Office of IA performed an audit of controls over the Capital Project: WW 10 Patient Floor Modernization as part of our review of the JHS Capital Program non-signature project. The following Public Health Trust (“PHT”) and Miami Dade County (“MDC”) policies were used as guidelines for the audit:

- Policy Number: 167 - Capital Expenditures;
- Policy Number: 114 - Public Records Retention and Disposition;
- Policy Number: 248 - Procurement Regulation;
- Policy Number: 248B - Contract Management Regulation;
- Policy Number: 508 – Interim Life Safety Measures
- Policy Number: 570 – Infection Control Risk Assessment (I.C.R.A)
- Section Number: 10-33.02- Small Business Enterprise Construction Services Program-Code of Ordinances Miami Dade County

Leading practices from the Center of Disease Control and Prevention (“CDC”) and the American Institute of Architects (“AIA”) were also used as a guide.

JHS has embarked on a $1.8B, 10-year capital plan that includes new construction projects, renovation of existing facilities, and infrastructure improvements. This strategic plan is intended to transform JHS into a modernized, patient-centered healthcare system that can better meet the future needs of Miami-Dade County (“MDC”) residents. JHS will allocate $970M of its own funds, along with $830M voter-approved bond money to support the overall capital plan.

On September 15, 2013, the WW 10 Patient Floor Modernization project was requested by the Senior Vice President of Operations, Jackson Health System (“JHS) and managed in-house by the Facilities Design & Construction (“FDC”) Department. The project was considered a non-signature project¹ and was awarded through the Job Order Contract (“JOC”) procurement process, providing the user department (i.e. JMH) with prequalified contractors and “speed to market”².

On March 30, 2015, the PHT Board and Executive Management approved the WW10 Patient Floor Modernization for a total budgeted amount of approximately $2.6M, which included approximately

¹ Based on the Jackson Bond Citizens’ Advisory Committee quarterly report, IA noted that the following were classified as signature projects: Jackson West Campus, Rehabilitation Center, Holtz Children’s Outpatient Center, as well as the New Patient Tower, Jackson Memorial Hospital Campus Floor Modernization projects, Jackson North Medical Center and Jackson South Community Hospital. All other projects are considered non-signature projects
² Speed to Market refers to an accelerated procurement process, where vendors have been prequalified, resulting in decreased time required to source contractors and goods.
$2M for construction cost. In addition, the project was approved for a projected construction completion timeline of eight months. On August 10th, 2015, the WW10 Patient Floor Modernization project was awarded to third party contractor, Lego Construction Company. Renovations commenced on August 24th, 2015^3 and was completed on June 6, 2016^4 at a total cost of approximately $3.3M, of which approximately $2.6M was paid to Lego Construction. The total project cost resulted in a budget overrun of approximately $700K (27%), of which approximately $600K was attributed to construction. Throughout the construction phase of the project, there were a total of eight change orders. As a result, the WW10 Patient Floor Modernization project was completed four months late.

The total project cost was funded by three sources, these included: the 2005 Revenue Bonds in the amount of approximately $600K, the Jackson Miracle-Building Bond, in the amount of approximately $2.6M, and JHS capital contribution of approximately $98K. Both the 2005 Revenue Bond and the Jackson Miracle-Building Bond were reimbursed by MDC.

**Audit Scope**  
Performed a review of Capital Project: WW10 Patient Floor Modernization process as it relates to the design and adequacy of controls for the various phases of the project’s life.

**Audit Objective**  
Determined if Capital Project: WW10 Patient Floor Modernization process is designed efficiently and is operating effectively as it relates to the various phases^5 of the project’s life.

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^3 The JHS Notice to Proceed authorized Lego Construction to proceed with construction/renovations, effective August 24th, 2015.  
^4 The Building Certificate (certificate of occupancy) was issued by the City of Miami on June 6, 2016.  
^5 The various phases for the WW10 Patient Floor Modernization project included: project initiation, planning, sourcing, programming, construction, project management, and project close-out.
III. Detailed Comments and Management Responses

1. Delayed Payment Application Approvals and Inadequate Accrual of Expenses Incurred

The JOC-13-11538-JE, Article 9.5.1, general conditions states that “…the Trust will, within seven days after receipt of the Contractor's application for payment, will either approve the application for payment, or return the application to the Contractor”. In addition, Governmental Accounting Standards Board ("GASB") No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements, states that “…governmental fund liabilities and expenditures should be accrued”.

Based on review of 11 payment applications submitted by the third party contractor, Lego Construction, IA noted the following exceptions:

- Seven of 11(64%) payment applications were not approved or returned to the contractor within seven days of being submitted by the contractor. IA noted that the seven payment applications were approved by FDC Management between 8 to 19 calendar days.
- Payment application number eight, totaling $165,200 (6% of total payout) was not accrued by the Capital Accounting Department during the month of April 2016. IA noted that this was a result of the FDC Department not reporting accrued expenses to the Capital Accounting Department.

**Cause:**
FDC Management has not prioritized ensuring that payment applications are approved in accordance with the JOC terms and conditions. In addition, FDC management did not communicate the required accrual to the Capital Accounting Department.

**Effect:**
Lack of compliance with payment terms may result in fines, penalties, interest charges and/or reputational damage. In addition, accrued expenses not communicated to the Capital Accounting Department may result in understated liabilities.

**Recommendation:**
We recommend that FDC Management review and comply with the JOC terms and conditions, as well as timely communicate all accrued expenses to the Capital Accounting Department.

**Management Response and Action Plan:**
During mid-January 2017, FDC implemented the use of E-builder as a project management software and all contractor invoices are being submitted and approved as a process flow. This process flow has been designed to provide payment to the contractor within 14 days. Currently, there are five approval steps: 1-Project
Manager/Program Controls, 2-Director, 3-Associate Vice President, and 5-Capital Accounting. Each approval level has two days to approve invoices in E-Builder and email notifications are sent after one day to ensure that everyone processes within their timeframe. Accounts Payable issues the check after Capital Accounting’s approval.

The seven day requirement for approval or rejection in the JOC is inconsistent with other contracts. A change to this language to make it consistent with the 14 day payment rule is being discussed with Procurement for the new JOC contracts. The new JOC contracts are currently with Procurement.

As of January 6, 2017, FDC has designated a dedicated finance support team member to communicate monthly accruals to the Capital Accounting department. The invoice process within E-Builder also provides transparency to Finance on pending invoices that can be accrued as invoices are visible within the system upon submission by the vendor throughout the entire approval process and it is tracked as a pending commitment upon submittal.

**Responsible Party:**
David Clark, Associate Vice President, Facilities, Design & Construction  
Isa Nunez, Vice President Facilities, Design & Construction

**Expected Completion Date:**
On March 8, 2017, IA validated management’s remediation prior to issuance of this report for the E-Builder Approval Process Flow and Accrual Process.

New JOC Payment Terms (April 30, 2017)

2. **Lack of Compliance with Small Business Enterprise ("SBE") Miami-Dade Prompt Payment Ordinance**

Small Business Enterprise ("SBE") Construction Services Program of the Miami-Dade Code of Ordinance Section 10-33.02-states that, “the County Mayor or designee and the President of the PHT shall establish administrative procedures requiring that billings from contractors under prime construction contracts with MDC or the PHT that are a Community Small Business Enterprise ("CSBE") contract set-aside or which contain a trade set-aside or subcontractor goal, shall be promptly reviewed and payment made to the prime contractor by the County or Trust on those amounts not in dispute within fourteen (14) calendar days of receipt of such billing by the County or the Trust”.

IA reviewed 11 payment disbursements made to SBE contractor, Lego Construction, and noted that three (27%) disbursements were not paid within 14 calendar days. In addition, IA noted that Lego Construction was required to pay the following subcontractors: Comfort Tec Air Conditioning Inc., Haber & Son’s Plumbing Inc., and Stucco Drywall Contractors within two business days.
**Cause:**
Due to an established deadline to issue checks within the first 15 days of the month, payment applications that were submitted to Accounts Payable after the 15th of the month were processed in the following month. In addition, management was unaware of the Miami-Dade Prompt Payment Ordinance.

**Effect:**
Lack of compliance with the SBE Miami-Dade Prompt Payment Ordinance may result in interest charges for late payments and/or reputational damage.

**Recommendation:**
We recommend that the Capital Accounting Department ensure that all payments required to be made to vendors with CSBE contracts be paid within 14 calendar days in order to comply with the Miami-Dade Prompt Payment Ordinance.

**Management Response and Action Plan:**
On November 23, 2016, Management changed the process of requesting payments only on the first 15 days of the month. Currently, Accounts Payable has flagged in Lawson all CSBE and prime vendors and is running a daily report to issue payments on a daily basis to these vendors. In addition, during mid-January 2017, FDC implemented the use of E-builder as a project management software and all contractor invoices are being submitted and approved as a process flow. This process flow has been designed to provide payment to the contractor within 14 business days. Currently, there are five approval steps: 1-Project Manager/Program Controls, 2-Director, 3-Associate Vice President, 4- Vice President and 5-Capital Accounting. Each approval level has two days to approve invoices in E-Builder and email notifications are sent after one day to ensure that everyone processes within their timeframe. Accounts Payable issues the check after Capital Accounting’s approval, however, that time is currently not tracked by E-Builder. Therefore, Accounts Payable has assigned a dedicated AP Specialist to process all SBE invoices. Accounts Payable have a two day turn around goal for the invoices that have no issues once receive.

**Responsible Party:**
Mylene Diaz, Associate Administrator, Finance Department
Laura Scott, Manager of Payroll and Accounts Payable
David Clark, Associate Vice President, Facilities, Design & Construction
Isa Nunez, Vice President Facilities, Design & Construction

**Expected Completion Date:**
*On March 7, 2017, IA validated management’s remediation prior to issuance of this report.*
3. **Lack of JHS Project Manager or Team Representative Documentation Within The ICRA Forms/Checklist (Repeat Observation)**

The Infection Control Risk Assessment (“ICRA”) policy and procedures dated October 29, 2007, Code No. 570 *Life Safety*, Section 6 states that “members of the team or a representative should monitor the ICRA measures until the project has been completed, inspected, and thoroughly cleaned”.

IA noted that 108 ICRA forms/checklist were completed for the Capital Project: WW10 Patient Floor Modernization. IA selected a sample of 30 ICRA forms and noted that none of the forms included evidence of the JHS Project Manager or team representative periodic inspection to ensure compliance with established infection control measures.

**Cause:**
Due to an outdated and inadequate JHS ICRA policy and procedures at the time of the audit, there was no requirement stipulating that the JHS Project Manager or team representative documentation was required within the ICRA forms/checklist.

**Effect:**
Failure to document review and approval of the daily inspections may result in inadequate daily assessments and oversight of infection control measures. This in turn may impact the health and safety of patients, visitors, and employees during demolition, construction/renovation/repairs of JHS facilities.

**Recommendation:**
IA recommends that the policy be updated to require either the JHS Project Manager or team representative to document their review and approval of established ICRA measures within the ICRA forms/checklist.

**Management Response and Action Plan:**
The ICRA policy has been amended to include documentation of the daily monitoring of construction and sign off requirements during construction. In addition, the policy has been updated to include all project phases. The ICRA policy, however, has been provided to the Office of Compliance and Ethics Department (OCE) as of March 7, 2017 and is awaiting final approval prior to finalization.

**Responsible Party:**
David Clark, Associate Vice President, Facilities, Design & Construction
Isa Nunez, Vice President Facilities, Design & Construction

**Expected Completion Date:**
March 31, 2017
4. Out-dated and Inadequate Infection Control Risk Assessment Policy and Procedures (Repeat Observation)

The ICRA policy and procedures, Code No. 570, Life Safety, dated October 29, 2007, Sections 3-6 states that, “each project shall be evaluated by the team individually and should identify the risks to the population served”. In addition, the policy states that "the outcome or process measures can be monitored routinely, using the ICRA measures to visually inspect the area”.

As of January 2016, IA noted that FDC Management was in the process of updating the ICRA policy to be in compliance with JHS Policy and Procedure, Code No. 274, Policy Management System, which requires that all policies be updated at least once every three years. In addition, FDC Management is in the process of revising the ICRA policy to define the frequency of the word "routinely".

**Cause:**
Management has not prioritized updating the ICRA policy and procedures as well as defining the frequency of monitoring established for ICRA measures.

**Effect:**
Failure to update established policy and procedures may result in the following:

- Inconsistent or wrong practices/methodologies;
- Limitation in the ability to enforce accountability; and
- Inadequate reporting of regulatory requirements.

**Recommendation:**
IA recommends that FDC Management update the ICRA policy and procedures once every three years as per JHS Policy and Procedure, Code No 274, Policy Management System. In addition, management should also define the required frequency for monitoring construction, demolition/renovation activities within the policy.

**Management Response and Action Plan:**
The ICRA policy has been amended to include documentation of the daily monitoring of construction. In addition, the Engineering, FDC and Infection Control Departments are responsible for updates as needed and/or required. As of March 7, 2017, the policy is being reviewed by the OCE Department.

**Responsible Party:**
Kathleen Sposato, Corporate Director, Infection Prevention & Control
Jamie Cruz, Director of Plant Operations
David Clark, Associate Vice President, Facilities, Design & Construction

**Expected Completion Date:**
March 31, 2017
## V. Legend

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>AIA</td>
<td>American Institute of Architect</td>
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<tr>
<td>CDC</td>
<td>Center for Disease Control and Prevention</td>
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<td>CSBD</td>
<td>Community Small Business Division</td>
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<td>CSBE</td>
<td>Community Small Business Enterprises</td>
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<td>FDC</td>
<td>Facility Design &amp; Construction</td>
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<td>Fiscal Year</td>
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<td>Government Accounting Standard Board</td>
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<td>Internal Audit</td>
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<td>Institute of Internal Auditors</td>
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<td>ICRA</td>
<td>Infection Control Risk Assessment</td>
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<td>International Professional Practices Framework</td>
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<td>Jackson Memorial Hospital</td>
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<td>Job Order Contract</td>
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<td>Office of Compliance and Ethics</td>
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<td>Public Health Trust</td>
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<td>Small Business Enterprise</td>
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<td>WW10</td>
<td>West Wing 10</td>
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</table>
FY 2016 JMH Anesthesia Charge Capture and Billing Process

January 25, 2017
I. Executive Summary
The Office of Internal Audit (“IA”) conducted this review using guidance from The International Professional Practices Framework (“IPPF”), Standards and Code of Ethics set by the Institute of Internal Auditors (“IIA”).

In our opinion, the Jackson Memorial Hospital (“JMH”) Anesthesia Charge Capture and Billing Process Needs Improvement as it relates to process controls and adherence to Jackson Health System (“JHS”) and/or departmental policies. The audit opinion is based on testing results and the observations identified during the audit. Below is a listing of the identified observations with High or Medium risk ratings. The observations noted in this Executive Summary represent either significant or potentially significant risks or internal control weaknesses which require immediate attention. Low risk rated observations are not included in the Detailed Comments section of this report, which were discussed with management during fieldwork and/or closing meeting, if any.

Detailed information regarding identified IA observations and recommendations for remediation are included in the Detailed Comments section of this report. Other findings, which did not result in a reportable issue and did not require management action plans, were discussed with management either during/after fieldwork and/or at the exit conference. While IA noted some exceptions, overall, there was a 56% accuracy rate for 12 attributes reviewed.

Other audit findings and recommendations have been brought to the attention of management and presented below:
Identified Observations:

<table>
<thead>
<tr>
<th>Identified Observations</th>
<th>Risk Ranking</th>
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<tbody>
<tr>
<td>1) Aged Unbilled CRNA Anesthesia Charges for the Professional Component</td>
<td>High</td>
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<tr>
<td>2) Untimely and/or Unresolved Charge Reconciliation Process for both the Technical and Professional Component</td>
<td>High</td>
</tr>
<tr>
<td>3) Billing for CRNAs were not performed for certain Commercial Payor(s)</td>
<td>High</td>
</tr>
<tr>
<td>4) No Evidence of the JHS Anesthesia Charge Capture and Billing Policy</td>
<td>Medium</td>
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</table>

The audit observations listed above and in the Detailed Comments section are presented in descending order of importance.

IA would like to extend our appreciation to the JMH Perioperative Administration, JHS Physician Services Administration, JHS Managed Care, and JHS Revenue Cycle department personnel, who assisted and cooperated with us during the audit.

cc: Carlos Migoya, President & Chief Executive Officer, JHS  
    Hamilton Clark, Chief Operating Officer, JMH  
    Alex Contreras, Senior Vice President Operations, JHS  
    Pamela Fell, Corporate Director, Corporate Business Office, JHS  
    Laura Hunter, Senior Vice President, Business Development, JHS  
    Mark Knight, Executive Vice President & Chief Financial Officer, JHS  
    Dr. Peter Paige, Senior Vice President & Chief Medical Officer, JHS  
    Judy Ringholz, Vice President & Chief Compliance Officer, JHS  
    Joseph Rogers, Senior Vice President Population Health & Managed Care, JHS  
    Gino Santorio, Senior Vice President & Chief Executive Officer, JNMC  
    Don Steigman, Executive Vice President & Chief Operating Officer, JHS  
    Myriam Torres, Vice President Finance, JHS  
    Laura Wallace, Corporate Associate Administrator, JHS Revenue Cycle, JHS  
    David Zambrana, Senior Vice President & Chief Executive Officer, JMH
II. Background Information and Audit Overview

Overall Process Risk Classification
Inherent Risk: High  
Residual Risk: Medium

Audit Rating  
Needs Improvement = Overall controls and performance are at an acceptable level, however are not working as designed. Audit comments which merit inclusion in the audit report, errors or opportunities for control improvement were noted. Audit observations identified require operating management action and senior management attention. Overall attribute testing results range between 85% and 94% adherence to controls.

Background  
Based on a request made by the Medical Director of JMH Perioperative Administration, IA performed a review of the Anesthesia Charge Capture and Billing process. The review included assessing and validating the existing process controls.

The Anesthesia Charge Capture and Billing process includes Anesthesia, Perioperative Administration, Physician Services and Revenue Cycle Departments. Prior to August 2016, the systems used in the process included:

- Siemens system - used for billing the anesthesia services;  
- PICIS system - used for clinical documentation of the anesthesia services; and  
- Cerner system - used to maintain the clinical documentation of anesthesia charges.

At that time, there was no interface between the PICIS and Cerner systems, and the anesthesia information was manually entered into both systems resulting in duplication of efforts and potential increased human errors.

As of August 2016, the PICIS system was replaced with the Cerner-Anesthesia module within the Cerner system, in order to eliminate duplicate efforts and decrease potential human error. In addition, the Cerner-Anesthesia module in the Cerner system directly interfaces with the Siemens billing system.

JHS Revenue Cycle department personnel are responsible for billing the technical component for anesthesia services. This is comprised of supplies and facility charges, as well as anesthesia drugs administered to patients. As of December 24, 2015, the standard rate charged for the anesthesia drugs administered is $29 per minute. As per discussion with Revenue Cycle Management, the anesthesia drug is billed in Siemens based on the operating time. This begins when the patient has entered the operating room and ends when the patient leaves the operating room. The reimbursement method for the anesthesia drugs administered is based on the Diagnosis Related Group\(^1\) (“DRG”). For FY 2016, gross revenue for the technical component for Anesthesia totaled approximately $137M.

\(^1\) Diagnosis Related Group (“DRG”) is a payment category that is used to reimburse hospitals based inpatient claims on a fixed fee regardless of the actual costs incurred.
McKesson, a third party contract vendor, codes and bills the professional component for anesthesia services. This is comprised of services provided by the Jackson Medical Group (“JMG”) Certified Registered Nurse Anesthetists (“CRNA”) at JHS. The standard rate billed for anesthesia time is $125 per 15 minute increments for services provided. As per discussion with McKesson Management, the anesthesia services are billed based on the anesthesia time period which begins when the Anesthesiologist starts preparing the patient for the procedure. Normally, this service takes place in the operating room, but in some cases, preparation may begin in another location (i.e., holding area). The JMH Physician Services Administration oversees the billing process to ascertain that the charges have been billed accurately and timely. For FY 2016, collections amount for the CRNAs professional component totaled approximately $1.4M.

As of January 10, 2017, IA noted that McKesson currently does not bill for JMH CRNA anesthesia services provided to patients with Blue Cross Blue Shield insurance (“BCBS”). This was based on an agreement made between the University of Miami (“UM”), BCBS, and JMH in 2004.

Furthermore, McKesson does not bill Medicaid for Anesthesia services as per the Florida Medicaid Anesthesia Services Coverage Policy, the QX modifier which is used for “CRNA service with medical direction by a physician” is not a covered modifier. As such, the related costs for these services are included as part of the annual cost report prepared by the JHS Finance Department.

Audit Scope
Reviewed JMH Anesthesia processes to assess and validate the effectiveness of controls over charge capture, claims billing, and reconciliations for the period August 1, 2016 to August 31, 2016.

Audit Objective
Evaluate the adequacy of internal controls as well as the effectiveness and efficiency of JMH Anesthesia Charge Capture and Billing process controls.

Audit Testing Procedures
Our procedures included reviewing a judgmentally selected sample of patient accounts with anesthesia service charges from August 1, 2016 to August 31, 2016.

1. Performed substantive testing of all anesthesia charges encounters from the Cerner-Anesthesia module, that had anesthesia supply items, for the period August 15, 2016 to August 31, 2016 to validate that the supply quantities reconciles to the Siemens system. No reportable observation.
2. Reviewed the Unbilled Anesthesia Charges report and verified that the clinical documentation was approved timely within the Cerner-Anesthesia module. Reportable observation #1.
3. Performed substantive sample testing of 30 anesthesia charges to verify the accuracy and completeness of processed anesthesia charges. No reportable observation.
4. Performed substantive testing of the Charge Validation System Report (period tested: August
1, 2016 through August 31, 2016), Request for Additional Information report ("RAI") (period tested: as of September 16, 2016), Exception Report (period tested: as of October 3, 2016), Heat Report (period tested: as of October 21, 2016) and verified that the respective charge reconciliations were prepared, reviewed and adjustments within a timely manner. Reportable observation #2.

5. Gained an understanding of the process related to the billing for CRNAs for certain commercial payor(s) and the impact of the current JMH billing and collections process. Reportable observation #3.

6. Reviewed and validated the applicable policies and/or procedures are updated, accurate and approved appropriately. Reportable observation #4.
III. JMH Anesthesia Charge Capture and Billing Process – Detailed Comments and Management Responses

1. Aged Unbilled CRNA Anesthesia Charges for the Professional Component

   High

   Third party contractor, McKesson, bills the professional component on behalf of JHS for CRNA services, based on the time captured\textsuperscript{2} within the anesthesia records. On a daily basis, McKesson will log into the Cerner system to access the patient’s procedure report to determine whether the report has been finalized\textsuperscript{3}. Once finalized, McKesson commences the billing process. As per discussion with the Finance Director of Physician Services Administration, IA was informed that the finalization of the procedure report is not required to commence billing of the professional component, but rather the anesthesia record which should be completed within 30 business days after the date of service.

   IA obtained the Anesthesia Unbilled Report for the period October 1, 2015 through August 31, 2016, and noted that there were 249 anesthesia claims pending (ranging from 40 to 238 days) to be billed due to un-finalized physician intraoperative reports.

   \textbf{Cause:}
   The Physician Services Management has not established a process to review aged unbilled anesthesia claims.

   \textbf{Effect:}
   Aged unbilled CRNA anesthesia charges could result in potential loss of revenue.

   \textbf{Recommendation:}
   We recommend that the Physician Services Administration establish a policy and procedure to address the requirements needed to bill the professional component. In addition, Physician Services Administration Management should also establish a process to review aged unbilled anesthesia claims to determine what needs to be done to address any systemic issues.

   \textbf{Management Response and Action Plan:}
   On October 14, 2016, management instructed McKesson to use preliminary operative/procedure reports when necessary instead of waiting for the finalized version. This is consistent with hospital technical billing/procedures. The reports were used only to verify what is in the anesthesia records. Management will update the policy and procedure to reflect new workflow.

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\textsuperscript{2} The time captured within the anesthesia record includes the CRNA’s time spent with the patient to and from the holding room and/or operating room

\textsuperscript{3} Based on the information received from the Health Information Management (HIM) Department, finalization of a record is the completion of the admission history, physical daily progress notes, procedure notes, other required documentation, operative notes (if applicable), and discharge summaries by the physicians within 30 days of patient discharge.
2. **Untimely and/or Unresolved Charge Reconciliation Process for both the Technical and Professional Component**

   High

   The JHS Revenue Cycle policy requires that on a daily basis, the Clinical departments perform a charge reconciliation to ensure that all charges are posted on the same day or within four business days from the date of service for the technical component. Any charges posted after the fourth business day is considered a late charge. In the case of the professional component, the Director of Finance for Physician Services informed IA that each CRNA should finalize the anesthesia record within 30 business days after the respective dates of service, in order to facilitate the professional component billing process.

   Based on our review of the Anesthesia Charge Reconciliation reports, for both the technical and professional components (i.e. Charge Validation System Report for the month of August 2016, Request for Additional Information (RAI) as of September 16, 2016, and Exception Report as of October 3, 2016), IA noted the following:
   - 15 of 31 (48%) transactions from the Charge Validation System Report were reconciled and approved greater than 4 business days (i.e. ranging from 1 to 10 days) from the date of service, resulting in late charges.
   - 7 of 14 (50%) unposted transactions from the Exception Report had untimely and unresolved reconciling items greater than 4 business days (i.e. ranging from 1 to 14 days) from the date of service.
   - 23 of 47 (49%) unbilled and unresolved transactions from the Request for Additional Information Report were greater than 30 business days (i.e. ranging from 8 to 186 days) after the date of service. **Corrected prior to audit report issuance.**

   **Cause:**
   IA noted the following root causes for unposted and unresolved transactions:
   - Unreconciled technical component charges were due to incorrect coding.
   - Unreconciled professional component charges were due to incomplete or un-finalized clinical records.

   **Effect:**
   Incomplete, incorrect, and untimely posting of charges may result in billing errors for both the technical and professional components as well as loss of reimbursements.

   **Recommendation:**
   We recommend that Perioperative Administration Management re-train Charge Champions responsible for the technical component on the Anesthesia Charge Reconciliation reports to ensure compliance with the Revenue Cycle policy.
In addition, we recommend that the Director of Finance for Physician Services Administration establish and document standards to resolve follow-up queries provided by McKesson for the professional component.

Management Response and Action Plan:

Professional Component
Management established procedures in conjunction with McKesson to send weekly reminders of all Requests for Additional Information (RAIs). The volume is monitored on a weekly basis, and a report, listing the outstanding RAIs and those at risk of untimely filing, was developed. Management started sharing the report with CRNAs leadership on a monthly basis on November 14, 2016. Management would like to point out that as of December 14, 2016, there were no outstanding RAIs for the CRNA group.

Technical Component
Management will reinforce the Revenue Cycle policy requiring charges to be validated within 4 business days from the date of service. The Charge Champion will be responsible for reconciling the charges and the Associate Administrator of the Perioperative Services Business Office will be responsible for certifying the charges.

Responsible Party:
Yvette Riley, Director PCS Level 3, Perioperative Administration, JMH
Ismael Pineiro, Director Finance, Physician Services Administration, JHS
Dr. Michael E. Goldberg, Medical Director, Perioperative Administration, JMH

Completion Date: February 28, 2017

3. Billing for CRNAs were not Performed for Certain Commercial Payor(s)
High

As of January 10, 2017, IA noted that McKesson currently does not bill for JMH CRNA services provided to patients with BCBS. This was based on an agreement made between UM and BCBS, during 2004. The agreement stated “The Hospital hereby represents and agrees that it will not submit claims to BCBS for any professional anesthesiology Covered Services conducted at any of the Hospital facilities. Subject to the execution of a separate agreement, the same arrangement will be in place for services rendered by Physician Group at Jackson Memorial Hospital. No other person or entity will submit claims or be entitled to reimbursement by BCBS for professional anesthesiology Covered Services at any of the hospital facilities or Jackson Memorial Hospital.”

Per discussion with the Chief Operating Officer, JMH, the agreement allowed for UM to bill the entire time for Anesthesia services without a modifier, thereby indicating that there was no JMH CRNA assigned to the case. As such, UM would be paid the full reimbursable amounts from BCBS. The total gross charges for CRNA Anesthesia services for FY 2016 for BCBS patients was $1.4M.
**Cause:**
IA noted the following root causes:

- Executive management decided not to submit claims to BCBS for JMH CRNA services, in accordance with the agreement made between UM and BCBS, during 2004;
- Management did not reevaluate the 2004 agreement established in order to determine if the terms of the agreement were still applicable and should remain in effect.

**Effect:**
Lost revenue related to the CRNA services provided to BCBS patients.

**Recommendation:**
We recommend that the Managed Care Department terminate the existing agreement with BCBS. Once completed, the Managed Care Department should provide Physician Services Administration with the notice of termination. The Physician Services Administration should then direct McKesson to commence billing for CRNA services related to BCBS patients.

**Management Response and Action Plan:**
Amendment letter to BSBC will be forwarded to Executive Management for signature of approval. Once signed, Physician Services will commence billing for CRNA services by May 31, 2017.

**Responsible Party:**
Cheryse Burgos Santos, Associate Vice President, Managed Care, JHS
Ismael Pineiro, Director Finance, Physician Services Administration, JHS

**Completion Date:** May 31, 2017

4. **No Evidence of JHS Anesthesia Charge Capture and Billing Policy**
Medium

Established policies and/or procedures to support a strong control environment to govern and guide the JHS Anesthesia Charge Capture and Billing process. In addition, the Medicare Anesthesia Manual requires that policies related to anesthesia procedures should include the delineation between the pre-anesthesia and post-anesthesia responsibilities, anesthesia reporting, and documentation requirements.

Currently, the Physician Services Administration Department does not have established policies and/or procedures governing the Anesthesia Charge Capture and Billing process for the professional component.

**Cause:**
The development of policies and/or procedures to govern the methodology used for the charge capture and billing process has not been prioritized by Perioperative Administration and Physician Services Administration management.
**Effect:**
No formal documented policies and/or procedures may result in potential errors and/or inconsistencies in the charge capture and billing processes.

**Recommendation:**
We recommend that the Perioperative Administration and Physician Services Administration department personnel develop an Anesthesia Charge Capture and Billing policy and procedure manual to govern the Anesthesia Charge Capture and Billing process for the professional component. In addition Perioperative Administration and Physician Services Administration should ensure the following topics are included within the policies and procedures to ensure compliance with Medicare requirements:
- Anesthesia documentation for coding and billing;
- Coding and anesthesia modifiers used for services by the CRNA;
- CRNA services fees calculation; and
- Charge reconciliation and monitoring reports.

**Management Response and Action Plan:**
The following professional policies will be developed to address the following:
- Charge Master;
- Coding and Billing General Guidelines;
- RAI policy and procedures; and
- Coding Quality Review and Standards.

**Responsible Party:**
Ismael Pineiro, Director Finance, Physician Services Administration, JHS

**Completion Date:** March 31, 2017
### Abbreviations Used Throughout the Report

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>BCBS</td>
<td>Blue Cross Blue Shield</td>
</tr>
<tr>
<td>CRNA</td>
<td>Certified Registered Nurse Anesthetist</td>
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<td>DRG</td>
<td>Diagnosis Related Group</td>
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<td>FY</td>
<td>Fiscal Year</td>
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<td>HIM</td>
<td>Health Information Management</td>
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<td>Public Health Trust</td>
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<tr>
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<td>Request for Additional Information</td>
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<td>UM</td>
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</table>
INTERNAL AUDIT
MEMORANDUM

To: Judy Ringholz, Vice President & Chief Compliance Officer

From: Priya Kiswani, Audit Manager, Internal Audit
       Andre Reid, Associate Vice President, Internal Audit

Date: February 8th, 2017

Re: FY 2017 ZeroChaos Invoicing and Payment Investigation

Background
On December 20, 2016, the Office of Compliance and Ethics (“OCE”) received an anonymous call through the Corporate Compliance Hotline alleging that the Accounts Payable Department was disbursing payments higher than the invoice amounts received from third party vendor, APC Workforce Solutions, LLC d/b/a ZeroChaos.

OCE subsequently notified the Office of Internal Audit (“IA”) to review the JHS Accounts Payable (“AP”) ZeroChaos payment process. IA investigated the allegations through the review of the following processes: (1) ZeroChaos invoicing process and (2) JHS Accounts Payable process for ZeroChaos.

On a daily basis, the third party agency staff (e.g. nurses, medical assistances etc.) enters time worked within the Kronos system. Subsequently, the managers and/or supervisors of the various departments will review, approve or reject the time entered in the Kronos system.

On a weekly basis, Jackson Health System (“JHS”) Human Resources Department logs into the Kronos system and approves the total time captured in order to lock out approvers/editors. The JHS Information Technology (“I.T.”) Department extracts the timecard information from Kronos and provides a formatted file to ZeroChaos to be uploaded to their web-based system. Once uploaded, the Chief Financial Officers (“CFOs”) of the various hospitals throughout the health system reviews, approves or rejects the charges reflected in the web-based system. ZeroChaos subsequently, extracts the approved time and sends a formatted file to the JHS AP Department to be uploaded into the Lawson system for payment processing. ZeroChaos then generates an invoice which includes the deduction of the Office of Inspector General (“OIG”)-0.25% and User Access Program (UAP-2%) charges.
Procedures Performed and Related Observation

1. Obtained and reviewed the scope of work, terms & conditions, and payment terms for the executed and modified contracts, dated June 25, 2013 and July 1, 2016 respectively, between The Public Health Trust and APC Workforce Solutions, LLC d/b/a ZeroChaos. 

   Process improvement opportunity identified.

   Process Standardization and Internal deductions made by JHS AP department for OIG and UAP Discounts.

   Based on the executed contract, dated June 25, 2013, between the Public Health Trust and APC Workforce solutions, LLC d/b/a ZeroChaos, IA noted that the contractor should not separately identify, calculate or adjust the OIG and UAP deductions. IA reviewed five ZeroChaos invoices and noted that the OIG and UAP fees were deducted from the total invoice amount. However, IA noted that the AP upload file, provided by ZeroChaos for payment, did not include these deductions. IA recommends that the Associate Vice President of Finance implement and communicate the standardized process for internal deductions made by JHS AP Department for OIG and UAP fees.

   Management Response and Action Plan:

   We agree with the auditors’ comments on the PDF invoice images kept in the ZeroChaos system. These images have the OIG/UAP fees adjusted by the vendor. The invoices sent to Jackson AP department to be processed via upload do not have the OIG/UAP fees adjusted by the vendor. JHS deducts the OIG/UAP fees before payment.

   We are currently working on a project with ZeroChaos and IT to have all PDF images loaded into Lawson. These invoice PDF images will match the invoices sent to Jackson via upload.

   Responsible Parties:

   Carmen Fernandez, Associate Vice President of Finance, JHS

   Completion Date:

   March 31, 2017

2. Reviewed five ZeroChaos invoices (ZCCJACK000007796, ZCCJACK000010526, and ZCCJACK000009813, ZCCJACK000007853, ZCCJACK000009423) submitted to the Corporate Compliance Department, and recalculated the invoice amounts, OIG and UAP fees. In addition, IA reconciled the amounts to the AP upload and payment disbursement checks. No reportable observation noted
**Conclusion:**
In our opinion, the JHS AP ZeroChaos payment process is **Satisfactory** as it relates to payments made to ZeroChaos. The overall controls and performance are at an acceptable level, and are operating as designed. Based on the results of our testing procedures, the allegations presented to OCE are unsubstantiated. Our opinion is based on evaluating controls designed and based on inquiry/ observation, and examination of source documents.

We would like to thank the JHS Accounts Payable and Treasury department personnel who cooperated and assisted with us during the review.

**CC:** Carlos Migoya, President & Chief Executive Officer, JHS  
Carmen Fernandez, Associate Vice President Finance, JHS  
Mark Knight, Executive Vice President & Chief Financial Officer, JHS  
Raul Ordonez, Director of Compliance, JHS  
Laura Scott, Payroll and Accounts Payable Manager, JHS  
Don Steigman, Executive Vice President & Chief Operating Officer

### Abbreviations Used Throughout the Report

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<td>AP</td>
<td>Accounts Payable</td>
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<td>OCE</td>
<td>Office of Compliance and Ethics</td>
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<tr>
<td>OIG</td>
<td>Office of Inspector General</td>
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<tr>
<td>UAP</td>
<td>User Access Program</td>
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</table>
INTERNAL AUDIT MEMORANDUM

To: Judy Ringholz, Vice President & Chief Compliance Officer

From: Priya Kiswani, Audit Manager, Internal Audit
       Andre Reid, Associate Vice President, Internal Audit

Date: February 10, 2017

Re: FY17 REVA, Inc. Invoice Compliance Review

Background

On January 6, 2017, the Office of Compliance and Ethics ("OCE") notified the Office of Internal Audit ("IA") to perform a review of the REVA, Inc., invoices to validate compliance with executed contracted terms and conditions. Given the request, IA performed the following: (1) reviewed the vendor order of selection process for patient air ambulance services, (2) validated the accuracy of the vendor invoices, and (3) validated that the invoices were approved and paid for outbound transportation.

On January 10, 2014, the Jackson Health System ("JHS") Selection Committee members awarded patient air ambulance services to the primary vendor, Trinity Air and secondary vendor, Aero Jet International, Inc. d/b/a REVA, Inc., based on pricing and oral presentations. On April 16, 2014 each vendor was provided with an executed contract.

From April 16, 2014 to January 9, 2017, there were two payment distributions made to REVA, Inc., totaling $34,600. Based on the executed contract, Exhibit 1, IA noted that the pricing schedule is inclusive of the following items, if applicable: patient air ambulance service, neonatal transport, flight physician, landing fees- fuel stop, and medical escort (nurse) services.

The JHS invoice approval process requires the Chief Financial Officers ("CFOs") for the hospitals and/or the Project Manager Medical Transport, Central Transportation Department ("CTD") to review the invoice for accuracy and completeness, prior to payment approval within the Lawson system. Once approved, Accounts Payable will then process the invoice for payment.

During FY16, The OCE performed an analysis related to patient air ambulance transportation cost. The OCE concluded that it was inappropriate for a hospital to pay air ambulance companies for inbound air ambulance transportation. The OCE’s analysis was supported by the “Office of Inspector General ("OIG") Advisory Opinion No.07-02” regarding a hospital’s
proposal to subsidize the cost of ambulance transportation for patients transported into the hospital from outside the hospital’s local area (the “Proposed Arrangement”). Based on the advisory opinion legal analysis, it was inferred that paying for inbound patient air transportation could potentially result in a violation of the anti-kickback statute, making it a criminal offense to knowingly and willfully offering, paying soliciting, or receiving any remuneration to induce or reward referrals of items or services reimbursable by a Federal health care program.

**Procedures Performed and Related Observation**

1. Obtained and reviewed the scope of work, terms & conditions, and payment terms for the executed contract dated April 16, 2014, between The Public Health Trust and Aero Jet International, Inc. d/b/a REVA, Inc. *No reportable observation noted.*

2. Obtained all payment disbursements made to REVA, Inc., for the period April 16, 2014 to January 9, 2017 and verified that the invoices paid were reviewed for accuracy and were in line with executed contract terms and conditions prior to approval. *Reportable observation noted.*

**Lack of Understanding on the Appropriate Terms for Invoice Approval**

JHS invoice validation process requires the business owner to review all invoices against supporting documentation (e.g. flight information and contracted terms and conditions) for accuracy and completeness prior to invoice approval.

For the period April 16, 2014 to January 9, 2017, there were two payment disbursements made to REVA, Inc., (i.e. an inbound and outbound flight). In the case of the outbound flight from JHS to Honduras, the Director of International Operations and Hospitality Services negotiated the rates outside of the existing contract, due to management’s lack of awareness of existing contracted terms and conditions. Based on the negotiated rates, the CFO for Holtz Children’s Hospital approved the invoice for payment. IA recalculated the invoice based on the flying time and contract terms & conditions and noted that the negotiated invoice amount was less than the contracted terms by $8637.50.

In the case of the inbound flight from Tallahassee to JHS, IA noted that Project Manager for Medical Transport did not reconcile the invoice amount to contract terms and conditions as well as flight information prior to approving the invoice payment. IA recalculated the invoice based on the flying time and contract terms & conditions and noted that the invoice amount was higher by $1426.00. Furthermore, IA noted based on discussion with Management that additional inquiry would be required from REVA, Inc., to determine the outbound flying time.
**Recommendation:**
We recommend that all CFOs for the various hospitals and the Project Manager for Medical Transport be familiar with the terms and conditions of the executed contract, as well as, appropriately review invoices for accuracy and completeness prior to approving invoices for payment.

**Management Response and Action Plan:**
Management will coordinate with the CTD to arrange any patient air ambulance services. In addition, the CTD will maintain a manual dispatch log, documenting the vendor selected and abide by the vendor sequence established by JHS. If the secondary vendor is selected to perform services, CTD will document the reasons for the selection. Management will also not negotiate rates outside of existing contract.

On February 2, 2017, CTD contacted the REVA Inc., representative to provide a detail breakdown of all invoices going forward. In addition, CTD will request a quote inclusive of all charges for a particular flight related to the patient air ambulance for example: air time charges, landing fees charges, ground transport charges, and any other additional charges. Upon receipt of the invoice, the Senior Dispatcher will review the invoice to ensure that all flights are for outbound transportation. The Senior Dispatcher will also review the invoice against the transportation log, quoted price and contracted terms and conditions. The Manager of CTD will also review the invoice for accuracy and completeness prior to final approval.

**Responsible Parties:**
Pedro Alfaro, CFO, Holtz Children’s Hospital
Diamela Corrales, Director of International Operations and Hospitality Services, JMH
Ernest Verdecia, Project Manager Medical Transport, Central Transportation

**Expected Completion Date:**
February 28, 2017
3. Determined whether the vendor selected to perform the patient air ambulance services was appropriate based on procurement vendor order selection terms. Reportable observation noted.

Lack of Compliance with Vendor Order of Selection Process
On January 10, 2014, the selection committee for patient air ambulance services determined that the primary and secondary vendors for air ambulance services were Trinity Air and REVA, Inc. respectively. As such on April 16, 2014 executed contracts were provided to both vendors.

For the period April 16, 2014 to January 9, 2017, there were two payment disbursements made to REVA, Inc. IA noted that there was one incident (i.e. outbound flight from JHS to Honduras) in which REVA, Inc., was erroneously selected as the vendor to perform services. Based on discussions with the CFO of Holtz Children's Hospital and Director of International Operations and Hospitality Services, IA noted that management was unaware of the sequence of the vendor selection process as well as an existing executed contract.

Recommendation:
We recommend that management comply with the vendor order selection process for patient air ambulance as well as document the justification for selecting the secondary vendor.

Management Response and Action Plan:
Management will coordinate with CTD to arrange all patient air ambulance services. In addition, CTD will maintain a manual dispatch log, documenting the vendor selected and abide by the vendor sequence established by JHS. If the secondary vendor is selected to perform services, CTD will document the reasons for the selection.

Responsible Parties:
Pedro Alfaro, CFO, Holtz Children’s Hospital
Diameila Corrales, Director of International Operations and Hospitality Services, JMH
Ernest Verdecia, Project Manager Medical Transport, Central Transportation

Expected Completion Date:
February 28, 2017
4. Reviewed invoices paid for the period April 16, 2014 to January 9, 2017 and determined whether the payments were made for outbound air transportation. Reportable observation noted.

**Air Ambulance Services were paid for Incoming Transportation**

The OCE performed an analysis related to patient air ambulance transportation cost, which was based on the Office of Inspector General (“OIG”) advisory opinion No.07-02. Based on the analysis OCE concluded that patient air ambulance transportation cost should be paid only for outbound transportation.

For the period April 16, 2014 to January 9, 2017, IA noted that two disbursements were made to REVA, Inc. of which one invoice (i.e. inbound flight from Tallahassee to JHS) was for an incoming patient air ambulance service.

**Recommendation:**
We recommend that management review and ensure that all patient air ambulance services are paid for outbound transportation prior to approval and payment of invoice.

**Management Response and Action Plan:**
When coordinating inbound flights, CTD will clearly communicate with the outside hospital and airline that patient air ambulance cost for incoming flights will not be invoiced to JHS. In addition, the Senior Dispatcher and Project Manager will review the invoice to ensure that all flights are for outbound transportation and reconcile to the transportation log, prior to invoice approval.

**Responsible Parties:**
Ernest Verdecia, Project Manager Medical Transport, Central Transportation

**Expected Completion Date:**
February 28, 2017

**Conclusion:**
In our opinion, the patient air ambulance service requisition and invoice review processes **Needs Improvement.** The overall operating effectiveness of process related controls are not at an acceptable level, as they are not working as designed. Based on the results of our testing procedures, we noted a lack of compliance with the vendor order of selection process, lack of understanding on the appropriate terms for invoice approval and patient air ambulance services were paid for incoming transportation. Our opinion is based on evaluating controls designed, inquiry/observation, and examination of source documents.
We would like to thank the JHS Accounts Payable, Central Transportation, Holtz Children’s Hospital and International department personnel who cooperated and assisted with us during the review.

cc: Carlos Migoya, President & Chief Executive Officer, JHS
    Pedro Alfaro, Chief Financial Officer, Holtz Children’s Hospital
    Diamela Corrales, Director of International Operations and Hospitality Services, JMH
    Luis Fernandez, Director of Operations, JHS
    Mark Knight, Executive Vice President & Chief Financial Officer, JHS
    Don Steigman, Executive Vice President & Chief Operating Officer, JHS

Abbreviations Used Throughout the Report

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FY 2017 PATCH MANAGEMENT
CONTINUOUS AUDIT – Q1 & Q2

February 9, 2017
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To: Scott Judd, Associate Vice President Information Services, JHS

Date: February 8, 2017

Re: FY17 Patch Management Continuous Audit – Q1 & Q2

I. Executive Summary

The Office of Internal Audit (“IA”) conducted this review using guidance from The International Professional Practices Framework (“IPPF”), Standards and Code of Ethics set by the Institute of Internal Auditors (“IIA”), and Control Objectives for Information and Related Technology (“COBIT”).

In our opinion, the Patch Management process is **Satisfactory** as it relates to controls and adherence to Jackson Health System (“JHS”) and/or other internal/external policies. The audit opinion is based on testing results and the observations identified during the audit. Specifically, Internal Audit reviewed the management of software patches for Domain Controllers (i.e., Active Directory) and Exchange Servers (i.e., Email).

As a result of IA’s testing, *minimal or no systemic* control observations were noted that would materially impact the business unit and/or organizational objectives.

Reportable audit findings and recommendations have been brought to the attention of management and presented below:

<table>
<thead>
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<th>Quarterly Results</th>
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<tr>
<td>Q1</td>
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<td>Satisfactory</td>
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IA would like to extend our appreciation to the JHS Information Technology department personnel, who assisted and cooperated with us during the audit.

cc: Carlos Migoya, President & Chief Executive Officer, JHS  
    Connie Barrera, Director Information Assurance, IT Security, JHS  
    Michael Garcia, Vice President & Chief Information Officer, JHS  
    Mark Knight, Executive Vice President & Chief Financial Officer, JHS  
    Don Steigman, Executive Vice President & Chief Operating Officer, JHS
II. Background Information and Audit Overview

Audit Rating
Satisfactory = Overall controls and performance are at an acceptable level and working as designed. *Minimal to no systemic* control observation(s) that would not materially impact (financially, operationally, reputational, and compliance) the business unit and/or organizational objectives were identified.

Background
As part of the Fiscal Year (“FY”) 2017 Audit Work Plan, the Office of IA performed an audit of the controls over Patch Management processes. The following Public Health Trust (“PHT”) policy was used as a guideline for audit testing for the Patch management Process: Policy Number 928 – Patch Management.

Patch Management is an information technology strategy used to manage updates to software applications. Software vendors release patches to fix existing problems that are identified by its employees, or the user community, after initial release of the software. The most critical patches are security related and less critical patches are related to specific software functionality.

Internal Audit validated the installation of security patches for Active Directory (“AD”) and Email servers between July 2016 and December 2016 for Quarters 1 & 2 continuous testing. The JHS network has 16 domain controllers for logical access (i.e., AD) and 19 Exchange Servers for email services located across various JHS affiliated facilities. The Exchange Servers are internet facing, which means that the servers can be reached by individuals outside of the JHS network. Domain Controllers are not internet facing. Internal Audit noted no findings during this review.

Audit Scope
Continuous audit focused on key information systems accessible within and outside the JHS corporate network.

Audit Objective
Validated that JHS continuously conduct regular patch activities for key information systems.
## III. Legend

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<td>AD</td>
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Engagement Team:
Rubensky Calixte, IT Audit Manager, Internal Audit
Andre Reid, Associate Vice President, Internal Audit

FY 2017 JHS IT Change Control Continuous Audit – Q1

February 21, 2017
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To: Scott Judd, Associate VP Information Services, Network Support, JHS

Date: January 19, 2017

Re: FY17 IT Change Control Continuous Audit – Q1

I. Executive Summary

The Office of Internal Audit (“IA”) conducted this review using guidance from The International Professional Practices Framework (“IPPF”), Standards and Code of Ethics set by the Institute of Internal Auditors (“IIA”), and Control Objectives for Information and Related Technology (“COBIT”).

In our opinion, the IT Change Control process is Needs Improvement as it relates to controls and adherence to Jackson Health System (“JHS”) and/or other internal/external policies. The audit opinion is based on testing results and the observations identified during the audit. The observations noted in this Executive Summary represents either significant or potentially significant risks and/or internal control weaknesses which require management attention. Low risk rated observations, if any, are not included in the Detailed Comments section of this report, but were discussed with management during fieldwork and/or at the closing meeting.

Detailed information regarding any identified moderate and/or semi-systemic control observations and recommendations for remediation are included in the Detailed Comments section of this report. Other findings, which did not result in a reportable observation and did not require management action plans were discussed with management during fieldwork and/or at the closing meeting.

Other audit observations and quarterly results have been brought to the attention of management and presented below:

<table>
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<tr>
<td>Needs Improvement</td>
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Identified Summarized Observations:

1) Change Control Policy Not Approved By JHS Compliance

2) Pre-Approved Standard Change Documents Are Not Periodically Reviewed And Approved – Repeat Observation

The audit observations listed above and in the Detailed Comments section are presented in descending order of importance.
IA would like to extend our appreciation to the JHS Information Technology department personnel, who assisted and cooperated with us during the audit.

cc: Carlos Migoya, President & Chief Executive Officer, JHS
    Connie Barrera, Director Information Assurance, IT Security, JHS
    Michael Garcia, Vice President & Chief Information Officer, JHS
    Mark Knight, Executive Vice President & Chief Financial Officer, JHS
    Don Steigman, Executive Vice President & Chief Operating Officer, JHS
II. Background Information and Audit Overview

Audit Rating
Satisfactory = Overall controls and performance are at an acceptable level and working as designed. Minimal to no systemic control observation(s) that would not materially impact (financially, operationally, reputational, and compliance) the business unit and/or organizational objectives were identified.

Background
As part of the Fiscal Year (“FY”) 2017 Audit Work Plan, the Office of IA performed an audit of controls over JHS IT Change Control process. The IT Change Control Standard Operating Procedure (“SOP”) v3.4 is the corporate guideline used for audit testing.

Change control is an IT service function employed to ensure that the organization has standardized processes and/or procedures in place for the timely and efficient handling of changes to IT infrastructure. The goal is to minimize the impact of change related incidents and improve IT service quality.

Per IT Change Control SOP v3.4, JHS defines an IT-related change as, “The addition, modification, or removal of anything that could have an effect on IT Services.” JHS has established a Change Advisory Board (“CAB”) comprised of IT leadership and personnel. The CAB meets on a weekly basis to discuss, approve, and schedule IT-related changes. JHS established thresholds to classify IT-related changes as normal, standard, or emergency. Normal changes are non-routine and require a JHS IT Team Leader or JHS IT Manager approval prior to the weekly CAB meeting. Standard changes are low risk routine changes and require pre-approval by an IT Director via documentation that outlines pre-approved standard changes. Emergency changes are critical changes that affect patient care, loss of IT services, or may cause a financial loss to JHS. An IT Director formally signs off/approves emergency changes upon change completion. Change tickets are managed and stored in EasyVista for accountability and historical purposes.

From September 2016 to October 2016, JHS IT created 98 change control tickets. Of the total population, 30% of tickets were classified as Normal (29), 54% Standard (53), and 16% Emergency (16). For testing, IA randomly selected 10 change tickets comprised of normal (5), standard (2), and emergency (3) changes to production systems.

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1 Non-routine changes are high, medium, or uncertain risk, and must be approved by the JHS CAB before implementation.
2 EasyVista Transition is the JHS Change Control ticketing solution.
Audit Scope
This audit contained a review of key controls related to IT Change Control: Areas within continuous audit review consist of the following: evaluation of change requests, management of emergency changes, tracking and reporting of changes, and closing/documenting changes.

Audit Objective
Assessed the controls in place to manage IT production changes through its lifecycle.

III. Detailed Comments and Management Responses

1. Change Control Policy Not Approved By JHS Office of Compliance And Ethics (OCE)

On September 15, 2016, the Executive Compliance Committee approved regulation which states that all policies (whether system, facility, or departmental) are to be reviewed by JHS OCE. IA noted that the JHS IT Change Control policy has not been reviewed and approved by JHS OCE.

Cause:
Communication of the requirement of JHS OCE approval of all policies was not established with IT leadership.

Effect:
The lack of JHS OCE approval could lead to potential non-compliance with corporate, local, state, and/or federal regulations.

Recommendation:
IA recommends that IT collaborate with JHS OCE to ensure compliance with current policy documentation requirements.

Management Response and Action Plan: The departmental procedure, IT Change Control SOP v3.5, has been forwarded to JHS OCE for review and approval.

Responsible Party: Scott Judd, Associate VP Information Services, Network Support, JHS

Expected Completion Date:
On February 21, 2017, IA validated management’s remediation prior to issuance of this report.
2. **Pre-Approved Standard Change Documents Are Not Periodically Reviewed and Approved – Repeat Observation**

JHS defines “Standard Changes” as pre-approved routine information system changes that do not require CAB approval prior to implementation. JHS IT Change Control SOP v3.4 states, “An approved list of standard change types is documented and maintained online on the internal IT SharePoint site.” Pre-approved lists for standard changes exist for systems such as Cerner, Siemens, and network devices.

There was no formal evidence of recent (within the past year) reviews for seven of nine (78%) pre-approved standard change documents reviewed. One document in particular refers to Siemens related Standard Changes and references MagicTicket, a decommissioned system. In addition, two standard change documents showed evidence of review within the past year, an additional five documents showed no evidence of review, and two documents showed evidence of review in January 2013 and June 2014.

**Cause:**
The pre-approved list of JHS IT-related standard changes is not updated on a periodic basis.

**Effect:**
Items on the pre-approved lists of Standard Changes are pre-vetted against established JHS Change Controls, such as identifying back-out plans/rollout plans, discussions of potential impacts to the organization, establishment of change control windows, and formal Change Advisory Board pre-approvals. Outdated and/or inaccurate pre-approved lists of Standard Changes may not reflect the current risk environment and may result in disruptions to the IT production environment.

**Recommendation:**
IA recommends that JHS IT Management review and update the standard change control documentation at least yearly.

**Management Response and Action Plan:** Evidence that the IT departmental lists of pre-approved Standard Changes have been reviewed was forwarded to IT Audit, and these documents will be reviewed, and documented as such, on at least an annual basis going forward.

**Responsible Party:** Scott Judd, Associate VP Information Services, Network Support, JHS

**Expected Completion Date:**
*On February 10, 2017, IA validated management’s remediation prior to issuance of this report.*
V. Legend

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FY 2017 Active Directory Continuous Audit
– Q1 & Q2

April 12, 2017
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V. Legend .................................................................................. 9
To:      Scott Judd, Associate VP Information Services, Network Support, JHS

Date:    March 17, 2017

Re:      FY17 Active Directory Continuous Audit – Q1 & Q2

I. Executive Summary

The Office of Internal Audit (“IA”) conducted this review using guidance from The International Professional Practices Framework (“IPPF”), Standards and Code of Ethics set by the Institute of Internal Auditors (“IIA”), and Control Objectives for Information and Related Technology (“COBIT”).

In our opinion, the Active Directory (“AD”) management process **Needs Improvement** as it relates to controls and adherence to Jackson Health System (“JHS”) and/or other internal/external policies. The audit opinion is based on testing results and the observations identified during the audit. The observations noted in this Executive Summary represent either significant or potentially significant risks and/or internal control weaknesses which require management attention. Low risk rated observations, if any, are not included in the Detailed Comments section of this report, but were discussed with management during fieldwork and/or at the closing meeting.

Detailed information regarding any identified *moderate and/or semi-systemic* control observations and recommendations for remediation are included in the Detailed Comments section of this report.

Reportable audit findings and recommendations have been brought to the attention of management and presented below:

<table>
<thead>
<tr>
<th>Quarterly Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
</tr>
<tr>
<td>Needs Improvement</td>
</tr>
</tbody>
</table>

**Identified Summarized Observations:**

1) Active/Enabled Accounts Not Managed In JHS On/Off-Boarding Systems
2) No Evidence Of Periodic Review Of Service/Generic Accounts

The audit observations listed above and in the Detailed Comments section are presented in descending order of importance.
IA would like to extend our appreciation to the JHS Information Technology department personnel, who assisted and cooperated with us during the audit.

cc: Carlos Migoya, President & Chief Executive Officer, JHS
    Connie Barrera, Director Information Assurance, IT Security, JHS
    Michael Garcia, Senior Vice President & Chief Information Officer, JHS
    Mark Knight, Executive Vice President & Chief Financial Officer, JHS
    Judy Ringholz, Vice President & Chief Compliance Officer, JHS
    Leticia Ruiz, Corporate Director of Business Systems, JHS
    Julie Staub, Chief Human Resources Officer, JHS
    Don Steigman, Executive Vice President & Chief Operating Officer, JHS
II. Background Information and Audit Overview

**Audit Rating**

*Needs Improvement* = Overall controls and performance are at an acceptable level, however are not working as designed. These are *moderate and semi-systemic* control observation(s) that could lead to a material, reputational, and consequential (financially, operationally, reputational, and compliance) impact. Audit comments which merit inclusion in the audit report, require operating management action and senior management attention.

**Background**

As part of the Fiscal Year (“FY”) 2017 Audit Work Plan, the Office of Internal Audit (“IA”) performed an audit of the Microsoft Corporation (“MS” or “Microsoft”) Windows Active Directory.

Active Directory is a Microsoft solution that provides directory services for Windows domain networks. A server running Active Directory domain services is known as a domain controller, which authenticates and authorizes users and computers in a Windows domain network. For example, when a user logs in to a computer on a Windows domain network, AD validates the username and password submitted, and then determines access rights/profile.

JHS IT uses three database systems to manage AD users consisting of JHS employees, physicians, and contractors. Lawson information system electronically sends JHS employee status information to AD servers. The MD-Staff system provides similar information to AD servers pertaining to JHS credentialed physicians. The Contractor Management System (“CMS”) electronically sends contractor employment status data to AD servers.

The JHS Active Directory utilizes global AD settings and coding scripts to control various user attributes such as account status (enable/disable), password requirements, and security settings. As an example, JHS IT has created a script/code that disables accounts with no login activity within the past 380 days. Lawson, MD-Staff, and CMS information systems perform the key function of sending information that enable and disable user accounts on an individual level. As of January 26th 2017, there were 18,661 total active/enabled accounts within the JHS AD Domain. The following chart shows an illustration of active/enabled JHS AD accounts and the findings listed in the ‘Detailed Comments and Management Responses’ section:
Audit Scope
The scope of the audit included the following key elements of AD management as outlined by the Information Systems Audit and Control Association ("ISACA") IT Assurance Framework between Quarters 1 and 2 for Fiscal Year 2017:

- Active Directory, user access, and identity management;
- Review and validation of security over domain controllers;
- Validation of secure administrative practices; and
- Review of domain controller configuration settings.

Audit Objective
Continuously validate that all users have information access rights in accordance with their business requirements.
III. Detailed Comments and Management Responses

1. Active/Enabled Accounts Not Managed In JHS On/Off-Boarding Systems

Per Public Health Trust Policy 942 – Periodic Review of User Access, "...business owners identify changes in access control to the JHS network resources, and for the IT Division to modify user access rights to correspond with the requirements set forth by the Business Data Owner." For FY17 Q1 & Q2, IA compared the current Active Directory active user database against current active employee, physician, and contractor listings from JHS On/Off-boarding Systems: Lawson (JHS Human Resources), MD-STAFF (Medical Staff Services), and the Contractor Management System (JHS IT).

We noted the following observations as of January 26, 2016:

- 92 of 18,661 (0.5%) active/enabled AD user accounts (w/ non-expired passwords) are not managed within the aforementioned JHS On/Off-boarding Systems:
  - 22 separated employees, physicians, or contractors user accounts;
  - 27 duplicate user accounts;
  - 20 JHS Foundation employee user accounts;
  - 8 employee, physician, and/or contractor user accounts;
  - 8 UM Student user accounts; and
  - 7 Miami Dade County Attorney's Office employee user accounts.

- Of the 92 users identified above, 26 users were active/enabled within the JHS electronic health record system (Cerner):
  - 11 separated employees, physicians, or contractors user accounts;
  - 8 duplicate user accounts;
  - 2 employee, physician, and/or contractor user accounts; and
  - 5 UM Student user accounts.

Last login history for some of these active accounts date back to May 2013. See illustration below for observation detail:
**Cause:**
These accounts were added directly to AD prior to the implementation of the current JHS on/off-boarding systems.

**Effect:**
User accounts directly added to Active Directory circumvent management controls that provide oversight of logical accounts managed through JHS Human Resources (Lawson), Medical Staff Services (MD-STAFF), and Contractor Management System (CMS). Current JHS management controls ensure that a Business Data Owner has to validate active accounts periodically.

**Recommendation:**
We recommend that JHS IT include user accounts (i.e. non-employees and non-physicians) not currently managed into our Contractor Management System (“CMS”) for on/off-boarding purposes. Since CMS is currently in production, additional software acquisition costs are not required. Accounts in CMS are reviewed periodically by a JHS Sponsor/Business Data Owner and are automatically disabled on a pre-set period.

*Management Response and Action Plan:*
The Information Technology division acknowledges that these accounts had been provisioned prior to the Contractor Management System that was developed and implemented for JHS employees. These accounts, and other similar account types (i.e., Jackson Foundation, students, County Attorney’s Office employees, PHT Board members, and any other non-employee, non-physician individuals needing access to JHS resources), will require a JHS sponsor to submit account requests via the appropriate contractor onboarding process going forward, with ongoing management through the Contractor Management System (CMS).

*Responsible Party:*
Scott Judd, Associate VP Information Services, Network Support, JHS

*Expected Completion Date:*
June 16, 2017

2. **No Evidence Of Periodic Review Of Service/Generic Accounts**

The Office of Civil Rights (“OCR”) HIPAA Audit protocol requires auditors to "...obtain and review the approval forms for each [service/generic account] and evaluate the content in relation to the specified criteria for approvals.”

Service/generic accounts are system profiles that are not linked to a unique individual and present a detective control deficiency. IA identified 1,169 of 18,661 (6%) active service/generic AD accounts as of January 26, 2017 with *non-expiring* passwords, and no attestation to validate these accounts.

**Cause:**
Lack of a formal process to periodically review and attest to the validity/accuracy of the service/generic accounts.
**Effect:**
Activities conducted via generic accounts cannot be traced to an individual, which may hinder investigation activities. Unique accounts enable detective capabilities since such accounts are linked to an individual.

**Recommendation:**
IA recommends that JHS IT create a list of approved service/generic accounts and periodically review the list for maintenance purposes.

*Management Response and Action Plan:* The IT division agrees, and has begun reviewing of the existing list of service accounts. IT will conduct periodic reviews of service accounts every six months.

**Responsible Party:** Scott Judd, Associate VP Information Services, Network Support, JHS

**Expected Completion Date:** June 16, 2017

IV. Process Improvement Opportunity (“PIO”)

Process improvement opportunities are enhancements to existing operational and/or financial processes, resulting in a more efficient and effective control environment. See below for areas we noted for improvement.

3. **Active Directory Database Clean-up Opportunity**

Accounts with expired passwords require that a user call into the JHS IT Customer Service Center in order to re-enable such accounts. In relation to finding #1, IA identified that the following active accounts with expired passwords are eligible for deactivation.

- 354 active/enabled user accounts with *expired passwords* are *not* managed within the aforementioned JHS On/off-boarding Systems.
  - These AD accounts have creation dates ranging from September 2006 to December 2016.
  - Last login history for some of these accounts date back to May 2009.

**Recommendation:**
We recommend that JHS IT disable/deactivate the accounts cited.

*Management Response and Action Plan:* The accounts identified have already been disabled.

**Responsible Party:**
Scott Judd, Associate VP Information Services, Network Support, JHS

**Expected Completion Date:** Completed.
### V. Legend

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AD</td>
<td>Active Directory</td>
</tr>
<tr>
<td>CMS</td>
<td>Contractor Management System</td>
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<tr>
<td>COBIT</td>
<td>Control Objectives for Information and Related Technologies</td>
</tr>
<tr>
<td>FY</td>
<td>Fiscal Year</td>
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<td>Internal Audit</td>
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<td>Institute of Internal Auditors</td>
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<td>IPPF</td>
<td>International Professional Practices Framework</td>
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<td>ISACA</td>
<td>Information Systems Audit and Control Association</td>
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<td>JHS</td>
<td>Jackson Health System</td>
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<td>MS</td>
<td>Microsoft</td>
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<td>OCR</td>
<td>Office of Civil Rights</td>
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<tr>
<td>PIO</td>
<td>Process Improvement Opportunity</td>
</tr>
</tbody>
</table>
FY 2017 CLINICAL TRIALS AUDIT

March 10, 2017
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I. Executive Summary ................................................................. 2  
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III. Detailed Comments and Management Responses ................... 5  
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To: Rosely De Los Santos, Director of Research, JHS

Date: February 6, 2017

Re: FY 2017 Clinical Trials Audit

I. Executive Summary

The Office of Internal Audit (“IA”) conducted this review using guidance from The International Professional Practices Framework (“IPPF”) Standards and Code of Ethics set by the Institute of Internal Auditors (“IIA”).

In our opinion, the Clinical Trials process **Needs Improvement** as it relates to controls and adherence to Jackson Health System (“JHS”) and/or other internal/external policies. The audit opinion is based on testing results and the observations identified during the audit. The observations noted in this Executive Summary represent either significant or potentially significant risks and/or internal control weaknesses, which require management attention. Low risk rated observations, if any, are not included in the Detailed Comments section of this report, but were discussed with management during fieldwork and/or at the closing meeting.

Detailed information regarding any identified moderate and/or semi-systemic control observations and recommendations for remediation are included in the Detailed Comments section of this report.

Reportable audit findings and recommendations have been brought to the attention of management and presented below:

<table>
<thead>
<tr>
<th>Identified Summarized Observations</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Untimely Submission of Participants Informed Consent Forms</td>
</tr>
<tr>
<td>2) Outdated Clinical Trials Policies and/or Procedures</td>
</tr>
</tbody>
</table>

The audit observations listed above and in the Detailed Comments section are presented in descending order of importance.

IA would like to extend our appreciation to the JHS Office of Research personnel, who assisted and cooperated with us during the audit.

c:c Carlos Migoya, President & Chief Executive Officer, JHS
Alex Contreras, Senior Vice President Operations, JHS
Mark Knight, Executive Vice President & Chief Financial Officer, JHS
Don Steigman, Executive Vice President & Chief Operating Officer, JHS
John Tawwater, Associate Vice President of Risk and Patient Safety, JHS
II. Background Information and Audit Overview

Audit Rating

**Needs Improvement** = Overall controls and performance are at an acceptable level, however are not working as designed. These are *moderate and semi-systemic* control observation(s) that could lead to a material, reputational, and consequential (financially, operationally, reputational, and compliance) impact. Audit comments which merit inclusion in the audit report, require operating management action and senior management attention.

Background

Based on a request made by the Associate Vice President (“AVP”) of Risk and Patient Safety, IA performed a review of the Clinical Trials process. The review included assessing and validating the existing process controls. The following Public Health Trust (“PHT”) policies were used as guidelines for audit testing for the Clinical Trial process:

- **Policy Number: 150A- Informed Consent Process General and Procedure-Specific**
- **Policy Number: 802- Split Billing Process Research At Jackson Health System (“JHS”)**

The Office of Research at Jackson Health System (“JHS”) is responsible for the management of JHS patients related to clinical trials performed by University of Miami (“UM”). The Clinical Research Review Committee (“CRRC”) at JHS must approve all trials (i.e. Industry and/or Governmental sponsored) prior to the registration of patients. Once the trial commences, participants must complete and approve an Informed Consent Form\(^1\), which must then be submitted to the Office of Research within 24 hours of being signed by the participant. The Office of Research uses the signed consent form as a trigger to flag the respective patient in the Cerner system, which results in a bill hold.

Each time a study participant comes to the JHS facility for a protocol-related visit, a Research Encounter Ticket must be completed and returned to the Office of Research. The Research Encounter Tickets are used to reconcile the charges in Siemens. The Billing Analyst in Office of Research reviews the charges in Siemens and re-classes (from patient account to the study specific account) the charges that are billable to the study sponsor. In addition, the Billing Analyst places modifiers on the charges that are billable to the patient’s insurance, in order to indicate that the patient was a part of a clinical trial. For the period November 1, 2015 to November 30, 2016, there were 30 clinical trials approved at JHS. In addition, the total amount collected from study sponsors for FY16 was $415K.

Audit Scope

Reviewed the process and controls over clinical trials for the period between November 1, 2015 and November 30, 2016, including the following:

- Governance and oversight of the clinical trials program;
- Appropriate approval of the clinical trial studies from the respective committees and adherence to the contractual terms;

\(^1\) Informed Consent Forms are forms that are signed by study participants giving their approval of the terms and conditions of the study.
• Timeliness of receipts of the Inform Consent forms;
• Appropriate and timely placement of bill holds;
• Billing of sponsors; and
• Timely review and reporting of adverse events.

**Audit Objective**
Evaluate the design and effectiveness of controls related to the Clinical Trials process.
III. Detailed Comments and Management Responses

1. **Untimely Submission of Participants Inform Consent Forms**
   JHS Policy No. 819 "Notification Of Research Participants To The JHS Clinical Trials Office" as well as the "Clinical Trial Agreements" states that participants enrolled in studies are required to sign an Informed Consent form. The form is then required to be submitted by the study's Principal Investigator ("PI") to the JHS Office of Research within 24 hours of the form being signed by the participant. The Office of Research uses the signed Informed Consent form as a trigger to flag the respective patient in the Cerner system, which results in a bill hold.

IA noted 77 of 521 (15%) consent forms were received after 24 hours of being signed by the study participant ranging from 2 to 117 days (13 day average) by the Office of Research related to billable studies for the period November 1, 2015 to November 30, 2016.

**Cause:**
Untimely submission of consent forms were due to the study team’s lack of awareness of the JHS policy’s submission requirements and clinical trial agreement.

**Effect:**
The untimely submission of the Informed Consent forms could result in delays in applying bill holds to patients' accounts in the JHS Siemens billing system. This could lead to charges being absorbed by JHS or inappropriately billed to the respective payors, instead of the sponsor. In addition, UM PI and study team are not in compliance with the JHS policy’s requirements and the clinical trial agreement.

**Recommendation:**
IA recommends that the Office of Research reinforce the policies, related to the Informed Consent forms submission requirements and the clinical trial agreement, by communicating with and training the study teams at UM.

**Management Response and Action Plan:**
JHS Office of Research will educate the UM PI to provide the Informed Consent forms within the 24 hour timeframe. In addition, untimely consent forms submitted will be tracked on a quarterly basis and reported to the UM PI.

**Responsible Party:**
Rosely De Los Santos, Director of Research, JHS

**Expected Completion Date:**
June 30, 2017
2. **Outdated Clinical Trials Policies**

The JHS Policy Management System states that the "...policies and procedures, guidelines, and protocols will be reviewed and/or revised at least once every three years by department/service line Director, along with his/her collaborators and necessary committee(s), if applicable, unless a change in law, accreditation standard or business/healthcare practice warrants an earlier review."

IA reviewed both the *Informed Consent Process General and Specific Procedures* and the *Split Billing Process* policies and/or procedures and noted that the Informed Consent process general and specific procedures was last approved in January 2014, and not in compliance with the *JHS Policy Management System*.

In addition, the *UM Investigator Manual* requires adverse events to be reported if the events are (1) unexpected and related, (2) possibly related to the research, and (3) indicates that there are new or increased risks to subjects. However, JHS does not have a policy and/or procedure in place addressing expected adverse events, resulting from clinical trials, to be reported to the JHS Office of Research and Risk Management Departments.

**Cause:**

JHS Office of Research Department has not prioritized the revision of the Informed Consent policy and the development of the Adverse Event policy, as it relates to clinical trials.

**Effect:**

Failure to revise established policies and/or procedures or develop an Adverse Event policy may result in:

- Inconsistent or wrong practices/methodologies among employees and/or the department;
- Limitation in the ability to enforce employee accountability; and
- Inadequate reporting of regulatory requirements.

**Recommendation:**

We recommend that the Clinical Trials Management review the established policies and/or procedures to determine whether all current procedures are reflected in the policy.

Furthermore, a JHS policy should be developed to address the reporting of expected adverse events, resulting from clinical trials, to the JHS Office of Research and Risk Management Departments. In addition, IA recommends that the Office of Compliance and Ethics Department review all policies prior to finalization.

**Management Response and Action Plan:**

Current policies are being reviewed meticulously and modified as appropriate. Any and all applicable code of federal regulations will be aligned with the policies. The appropriate collaborator(s) and subject matter experts will be involved in the review/revision of the policies. A redline version that indicates the
changes to the policies and a list of collaborator(s) involved will be provided to Policy Administration.

The “JHS Office of Research Adverse Event Policy” has been drafted as of November 2016 which includes the AVP of Risk Management feedback. The JHS Office of Research will request a formal review of all policies from the Office of Compliance and Ethics Department.

**Responsible Party:**
Rosely De Los Santos, Director of Research, JHS

**Expected Completion Date:**
May 30, 2017

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### IV. Legend

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>AVP</td>
<td>Assistant Vice President</td>
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<tr>
<td>CRRC</td>
<td>Clinical Research Review Committee</td>
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<tr>
<td>CTO</td>
<td>Clinical Trials Office</td>
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<td>IA</td>
<td>Internal Audit</td>
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<td>International Professional Practices Framework</td>
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<td>IRB</td>
<td>Institutional Review Board</td>
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<td>Jackson Health System</td>
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<tr>
<td>PI</td>
<td>Principal Investigator</td>
</tr>
<tr>
<td>UM</td>
<td>University of Miami</td>
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</tbody>
</table>
FY 2017 JMH PLANT OPERATIONS & ENGINEERING SERVICES CONTRACT AUDIT

April 7, 2017
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To: Hamilton Clark, Chief Operations Officer, JMH  
   Jaime Cruz, Director Plant Operations, Engineering Services, JMH and Satellite Facilities

Date: March 15, 2017

Re: FY17 JMH Plant Operations & Engineering Services Contract Audit

I. Executive Summary

The Office of Internal Audit (“IA”) conducted this review using guidance from The International Professional Practices Framework (“IPPF”), Standards and Code of Ethics set by the Institute of Internal Auditors (“IIA”).

In our opinion, the Jackson Memorial Hospital (“JMH”) Plant Operations & Engineering Services Contract Audit is Satisfactory as it relates to controls and adherence to Jackson Health System (“JHS”) and/or other internal/external policies. The audit opinion is based on testing results and the observations identified during the audit. The observations noted in this Executive Summary represent either significant or potentially significant risks and/or internal control weaknesses, which require management attention. Low risk rated observations, if any, is not included in the Detailed Comments section of this report, but was discussed with management during fieldwork and/or at the closing meeting.

As a result of IA’s testing, minimal or no systemic control observations were noted that would materially impact the business unit and/or organizational objectives.

Reportable audit findings and recommendations have been brought to the attention of management and presented below:

<table>
<thead>
<tr>
<th>Identified Summarized Observations:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Vendor Performance Evaluation Forms Are Not Consistently Completed</td>
</tr>
</tbody>
</table>

IA would like to extend our appreciation to the JMH Plant Operations & Engineering Services, Procurement, and Accounts Payable department personnel, who assisted and cooperated with us during the audit.

cc: Carlos Migoya, President & Chief Executive Officer, JHS  
    Darryl Caulton, Chief Financial Officer, JMH  
    David Clark, Associate Vice President, Facilities Design & Construction, JHS  
    Rosa Costanzo, Vice President Strategic Sourcing, JHS  
    Mark Knight, Executive Vice President & Chief Financial Officer, JHS  
    Isabel Nunez, Vice President, Facilities Design and Construction, JHS  
    William Seed, Senior Vice President, Facilities Design and Construction, JHS  
    Don Steigman, Executive Vice President and Chief Operation Officer, JHS  
    David Zambrana, Chief Executive Officer, JMH
II. Background Information and Audit Overview

Audit Rating

Satisfactory = Overall controls and performance are at an acceptable level and working as designed. Minimal to no systemic control observation(s) that would not materially impact (financially, operationally, reputational, and compliance) the business unit and/or organizational objectives were identified.

Background

As part of the Fiscal Year (“FY”) 2017 Audit Work Plan, the Office of IA performed an audit of controls over JMH Plant Operations & Engineering Services Contract Process. The following Public Health Trust (“PHT”) policies were used as guidelines for audit testing for the Contract process:

- Policy Number 248 – Procurement Regulation
- Policy Number 248B – Contract Management Regulation

The JMH Plant Operations & Engineering Services (“Engineering”) Department is responsible for repairs and maintenance of JMH and JHS satellite facilities (e.g. Jackson Community Mental Health Center, Urgent Care Centers, Primary Care Centers, etc…). In addition, the Engineering Department is responsible for managing non-signature capital project improvements (e.g. renovations) which does not require Agency for Health Care Administration (AHCA) certification, like-for-like change, and primarily infrastructure change.

The repairs and maintenance process commences with a user department placing a request through the work order system. Once the request ticket has been generated, the Engineering Department determines the scope of work and time required to complete the order. If requests are made for mechanical, electrical and/or plumbing (“MEP”) emergencies, the Engineering Department will contact the vendor directly per the JMH Prequalified and Approved MEP Contractors List. In addition, the Engineering Department is also required to complete the JHS Emergency Procurement Rotation Log. Alternatively, if requests are not made for repairs and maintenance emergencies, the JHS Procurement Policy Requirements and procedures are followed.

For the FY16 (October 1, 2015 to September 30, 2016), JMH Plant Operations & Engineering Services Department had 2,389 payment distributions totaling $6.9M.

Audit Scope

Reviewed the process over JMH Plant Operations & Engineering Services contracts. This includes: sourcing, contract approval, purchase order and invoice approval, accuracy of payments related to current contract terms and conditions as well as validating the effectiveness of contract monitoring for the period October 1, 2015 to September 30, 2016.
Audit Objective
Evaluate and validate compliance with JMH Plant Operations & Engineering Services contract terms and conditions, effectiveness of controls related to contracting vendors, vendor performance monitoring and invoice approval.

III. Detailed Comments and Management Responses

1. Vendor Performance Evaluations Forms Are Not Consistently Completed

PHT Contract Management Regulation, Policy No. 248B was established to provide accountability and consistency in the contract management process throughout all departments and system locations; additionally the policy states “…contract management includes the periodic monitoring of Vendor Performance Evaluations ("VPE")”.

IA noted that eight of 30 (27%) vendor performance evaluations were not completed.

Cause
JMH Plant Operations & Engineering Services Management does not consistently complete the quarterly VPE forms. This is because the Engineering Department is unaware of all vendors that should be evaluated in a particular quarter.

Effect
Lack of ongoing monitoring of vendor performance could result in continued substandard quality services/ goods provided.

Recommendation
We recommend that JMH Plant Operations & Engineering Services Department ensure the completion and submission of the quarterly VPE forms to the JHS Procurement Department.

Management Response and Action Plan:
JMH Plant Operations & Engineering Services Department agrees with the observation and recommendation. The Assistant Director of Engineering has been designated as the person responsible for the completion of the VPEs for each quarter. JMH Plant Operations & Engineering Services Department will receive notice from the Procurement Department when VPEs are due. The Assistant Director will also request a copy of the AP 270 report applicable for the quarter and determine which vendors provided goods and services during the time period. VPEs will be generated and submitted for each vendor found to have furnished goods and services during the applicable quarter.

Responsible Party:
Jaime Cruz, Director Plant Operations, Engineering Services, JMH and Satellite Facilities

Expected Completion Date: June 30, 2017
### Abbreviations Used Throughout the Report

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td>AHCA</td>
<td>Agency for Health Care Administration</td>
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<td>Fiscal Year</td>
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<td>IA</td>
<td>Internal Audit</td>
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<td>IPPF</td>
<td>International Professional Practices Framework</td>
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<td>JHS</td>
<td>Jackson Health System</td>
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<td>JMH</td>
<td>Jackson Memorial Hospital</td>
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<td>MEP</td>
<td>Mechanical, Electrical and Plumbing</td>
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<tr>
<td>PHT</td>
<td>Public Health Trust</td>
</tr>
<tr>
<td>VPE</td>
<td>Vendor Performance Evaluation</td>
</tr>
</tbody>
</table>
3. Adjournment
PURCHASING AND FACILITIES SUBCOMMITTEE

AGENDA

April 25, 2017
PUBLIC HEALTH TRUST BOARD OF TRUSTEES

PURCHASING AND FACILITIES SUBCOMMITTEE
AGENDA

Tuesday, April 25, 2017
Following the Audit and Compliance Subcommittee Meeting

Jackson Memorial Hospital
West Wing Board Room

Purchasing and Facilities Subcommittee
Mojdeh L. Khaghan, Chairwoman
Robert Zarco, Vice Chairman
William J. Heffernan
Irene Lipof
Walter T. Richardson

Ex-Officio Member
Martha Baker, RN
JHS General Obligation Bond Citizens’ Advisory Committee

Public Health Trust Rules

Any person making impertinent or slanderous remarks or who becomes boisterous while addressing the committee, shall be barred from further audience before the committee, unless permission to continue or again address the committee be granted by the Chairperson. No clapping, applauding, heckling or verbal outbursts in support or opposition to a speaker or his or her remarks shall be permitted. No signs or placards shall be allowed in the Board Room. Persons exiting the Board Room shall do so quietly.

The use of cell phones in the Board Room is not permitted. Ringers must be set to silent mode to avoid disruption of proceedings. Individuals, including those seated around the board table, must exit the Board Room to answer incoming cell phone calls.

1. Meeting Call To Order

   (a) Previous subcommittee meeting minutes (March 28, 2017)

       Motion to approve the previous subcommittee meeting minutes

       Mojdeh L. Khaghan, Chairwoman
2. Reports

(a) Purchasing

(1) Purchasing Report as of April 2017

Presented by Rosa Costanzo, Vice President and Chief Procurement Officer, Strategic Sourcing and Supply Chain Management Division

(2) Competitive Contracts Awarded or Renewed Under the Chief Procurement Officer Authority as of March 2017

Presented by Rosa Costanzo, Vice President and Chief Procurement Officer, Strategic Sourcing and Supply Chain Management Division

(3) Non-Competitive Contracts Awarded or Renewed Under $250,000 and Modifications Allowed Under Chief Procurement Officer Authority as of March 2017

Presented by Rosa Costanzo, Vice President and Chief Procurement Officer, Strategic Sourcing and Supply Chain Management Division

(4) Key Performance Indicators (KPI) for Procurement as of March 2017

Presented by Rosa Costanzo, Vice President and Chief Procurement Officer, Strategic Sourcing and Supply Chain Management Division


(5) Direct Payment as of March 2017

Presented by Rosa Costanzo, Vice President and Chief Procurement Officer, Strategic Sourcing and Supply Chain Management Division

(b) Facilities

(1) Construction Projects Update

Presented by Bill seed, Senior Vice President, Facilities Design and Construction and Isa Nunez, Vice President, Facilities Design and Construction

(2) Jackson Miracle-Building Bond Project Informational Report – Project Close Outs as of April 2017

Presented by Isa Nunez, Vice President, Facilities Design and Construction
3. Resolution Recommended To Be Accepted

   (a) Resolution authorizing and approving award of bids and proposals, waiver of bids, and other purchasing actions for March 2017, in accordance with the Public Health Trust’s Procurement Policy, Resolution No. PHT 10/12-078

   Sponsored by Rosa Costanzo, Vice President and Chief Procurement Officer, Strategic Sourcing and Supply Chain Management Division, Jackson Health System

   Motion to accept the resolution with a favorable recommendation to the Fiscal Committee

   Mojdeh L. Khaghan, Chairwoman

4. Adjournment

   Mojdeh L. Khaghan, Chairwoman
1. Meeting Call To Order
PURCHASING AND FACILITIES SUBCOMMITTEE MEETING MINUTES

Tuesday, March 28, 2017
Followed the Chairman’s Remarks, Presentations and Discussion

Jackson Memorial Hospital
West Wing Board Room
First Floor
1611 N. W. 12th Avenue
Miami, FL 33136

Purchasing and Facilities Subcommittee
Mojdeh L. Khaghan, Chairwoman
Robert Zarco, Vice Chairman
William J. Heffernan
Irene Lipof
Walter T. Richardson

Ex-Officio Member
Martha Baker, RN
JHS General Obligation Bond Citizens’ Advisory Committee

Members Present: Mojdeh L. Khaghan, Chairwoman, Robert Zarco, Vice Chairman, Irene Lipof, William J. Heffernan, and Martha Baker, RN

Member(s) Excused: Walter T. Richardson

PHT Board of Trustee(s) Present: Joe Arriola

In addition to the Subcommittee members the following staff members and Assistant Miami-Dade County Attorneys were present: Carlos A. Migoya, Don S. Steigman, Matthew Pinzur, Rosa Costanzo, and Mark T. Knight; and Eugene Shy, Jr., Jeffrey Poppel and Laura Llorente, Assistant Miami-Dade County Attorneys

Reasonable Opportunity for the Public to be Heard

Prior to commencing the Public Health Trust Board of Trustees (PHT BOT) One-Day Committee Meetings Joe Arriola, Chairman requested anyone from the public audience to be heard.

There were no requests from the public audience to be heard.

Chairman’s Remarks, Presentations and Discussions

There were no remarks, presentations or discussions made by the Chairman.
1. Meeting Call to Order

Mojdeh L. Khaghan, Chairwoman officially called the Purchasing and Facilities Subcommittee meeting to order at 10:37 a.m.

(a) Previous subcommittee meeting minutes (February 28, 2017)

Motion to approve the previous subcommittee meeting minutes

Mojdeh L. Khaghan, Chairwoman

William J. Heffernan moved approval; seconded by Joe Arriola, and carried without dissent.

2. Reports

(a) Purchasing

(1) Purchasing Report as of March 2017

Rosa Costanzo, Vice President and Chief Procurement Officer, Strategic Sourcing and Supply Chain Management presented an overview along with a recommendation to accept the March 2017 Purchasing Report. The items listed in the Purchasing Report are in accordance with the Procurement Regulations and was fully vetted and the due process was completed by the Procurement Department staff. A detailed copy of the March 2017 Purchasing Report was included in the agenda.

Summary of the March 2017 Purchasing Report Items:

1. (1116894:JM; 1116404:JS; 107302:JN-PE) The Jackson Health System Pharmacy Services Departments request approval for additional funding to cover the continued provision of medication compounding services by Pharmedium Services, LLC. (Ongoing Purchase)

Pharmedium Services, LLC:

Previously approved funding: $2,999,999 (for fourteen (14) months)
(Under CPO Authority)

This request for funding:

- Jackson Memorial: $2,070,163
- Jackson North: $77,221
- Jackson South: $242,312

Total Requested Funding: $2,389,696 (for seven (7) months)

Total Approved Funding: $5,389,695
2. Reports cont…

(a) Purchasing cont…

(1) Purchasing Report as of March 2017 cont…

2. (1133100-CS) The Clinical Resource Management Department requests approval of a contract with Plaza Health Network for a period of six (6) months to cover Nursing Home Services. (New Purchase)

Hebrew Homes Health Network, Inc./
dba Plaza Health Network

Total Approved Funding: $1,687,500 (for six (6) months)

3. (15-13736-TC) The Facilities Design and Construction Department requests funding for the Construction Management Agreement with Skanska USA Building, Inc., resulting from open-competitive Request for Proposals #15-13736-TC for construction management services for various Jackson Health System facilities.

Skanska USA Building, Inc.:

Project “D”: JHS Main Campus Floor Modernizations

Original approved pre-construction services funding: $2,637,009  
(Board approved April 2016)

Subsequent approved construction funding: $10,000,000  
(Board approved August 2016)

Subsequent approved construction funding: $1,000,000  
(Board approved September 2016)

Subsequent approved construction funding: $8,500,000  
(Board approved December 2016)

This request for construction funding: $3,850,000

Total Project “D” Approved Funding: $25,987,009

(2) Competitive Contracts Awarded or Renewed Under the Chief Procurement Officer Authority as of February 2017

(3) Non-Competitive Contracts Awarded or Renewed Under $250,000 and Modifications Allowed Under Chief Procurement Officer Authority as of February 2017

(4) Key Performance Indicators (KPI) for Procurement as of February 2017

(5) Direct Payments as of February 2017
2. Reports cont…

   (a) Purchasing cont…

(6) Vendor and Contract Performance Monitoring Report as of February 2017

Ms. Costanzo stated that surveys are distributed to members of the Jackson Health System (JHS) Management Leadership Team to measure their satisfaction with contractor performance related to patient care, safety and environment of care on current agreements. As part of the survey, department contract custodians are requested to assess the appropriateness, timeliness, safety and overall quality of services provided through contractual agreements. Ms. Costanzo pointed out that in February 2017 results of the evaluations showed a 14% increase of evaluated forms received and 9% increase of contracts evaluated from the previous quarterly evaluation. The result of the evaluation is well in line with ensuring accountability and consistency in contract management and increasing participation in contract performance evaluation.

Detail copies of the informational reports (agenda items 2 (a) (2) to (6)) were included in the agenda.

(7) Procurement Regulation Update

Ms. Costanzo presented a detailed overview of the proposed Procurement Regulation amendments along with a recommendation to accept the Procurement Regulation as amended. Ms. Costanzo stated that the purpose of the Procurement Regulation is to govern the procurement of goods, services and construction, including professional services for JHS. The purpose of the amendments is to reform, streamline business processes and increase the efficiency of doing business as a healthcare system. The amendments incorporate supplier diversity language, update various socio-economic programs and incorporate other programs that are in line with the Code of Miami-Dade County.

(b) Facilities

No report.

3. Resolutions Recommended To Be Accepted

Ms. Khaghan read into the record the following resolutions recommended to be accepted by members of the Subcommittee:

(a) Resolution authorizing and approving award of bids and proposals, waiver of bids, and other purchasing actions for March 2017, in accordance with the Public Health Trust’s Procurement Policy, Resolution No. PHT 10/12-078

Sponsored by Rosa Costanzo, Vice President and Chief Procurement Officer, Strategic Sourcing and Supply Chain Management Division, Jackson Health System
3. Resolutions Recommended To Be Accepted cont…

(b) Resolution approving the revision of the Procurement Regulation as amended on March 28, 2017

Sponsored by Rosa Costanzo, Vice President and Chief Procurement Officer, Strategic Sourcing and Supply Chain Management Division, Jackson Health System

Motion to accept the items (resolutions) 3 (a) and (b) with a favorable recommendation to the Fiscal Committee

Mojdeh L. Khaghan, Chairwoman

William J. Heffernan moved to accept the resolutions; seconded by Robert Zarco, and carried without dissent.

4. Adjournment

Mojdeh L. Khaghan, Chairwoman, Purchasing and Facilities Subcommittee at 10:47 a.m.

Meeting Minutes Prepared by Ivenette Cobb-Black
Executive Assistant
Public Health Trust Board of Trustees
2. Reports
Purchasing
TO: PURCHASING AND FACILITIES SUBCOMMITTEE
FROM: PROCUREMENT MANAGEMENT DEPARTMENT

The following recommendations are made in accordance with the Trust’s “Procurement Policy” and its implementing “Procurement Regulation.” This report includes competitively solicited contract awards over $3,000,000, waivers of formal competition over $250,000 and other categories for Board approval as prescribed by the Procurement Regulation. The entire report has been screened and assembled by the Procurement Management Department with the direct participation of the Directors and staff, all subject to review by the Chief Procurement Officer, consultation with the Executive Staff and the President, and reviewed for legal sufficiency by the County Attorney’s Office.

SECTION I. AWARDS UNDER INVITATIONS TO BID (ITB’s)

This section consists of awards under competitively solicited Invitations to Bid (ITB’s) over $3,000,000.

No items to report.

SECTION II. AWARDS UNDER REQUESTS FOR PROPOSALS (RFP’s)

This section consists of awards under competitively solicited Requests for Proposals (RFP’s) over $3,000,000.

No items to report

SECTION III. AWARDS UNDER THE COMPETITIVELY SOLICITED CONTRACTS OF OTHER PUBLIC PROCUREMENT ENTITIES

This section consists of awards over $3,000,000 under competitively solicited (“ITB,” “RFP” or equivalent) contracts of other public and nonprofit entities.

No items to report

SECTION IV. AWARDS UNDER GROUP PURCHASING ORGANIZATION (“GPO”) CONTRACTS

This section consists of awards over $3,000,000 under Group Purchasing Organization (“GPO”) contracts. GPOs are organizations that aggregate the purchasing volume of their members consisting of hospitals and other health care providers to leverage discounts with manufacturers, distributors and other vendors to realize administrative savings and efficiencies. The Trust’s GPO is MedAssets.

1. (1130622, 1134548, 1134553, 1134556-SS) The Environmental Support Services Division and the Urgent Care Center Development Operations request approval to exercise the second of five (5) one-year option to renew (OTR No. 2) with Stericycle, Inc., under the MedAssets GPO Contract No. SV1246 for solid and medical waste collection service (ongoing purchase).

Stericycle, Inc.

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
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<tbody>
<tr>
<td>Previously Approved Funding</td>
<td>$13,275,538</td>
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<tr>
<td>(PHT Approved November 2010)</td>
<td>(For Five Years)</td>
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<tr>
<td>OTR No. 1</td>
<td>$ 2,000,000</td>
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<tr>
<td>(March 2016 under CPO Authority)</td>
<td>(For One Year)</td>
</tr>
<tr>
<td>This Request for Funding</td>
<td>$ 1,506,540</td>
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</table>
Background
Stericycle provides management oversight, and equipment for the lawful off-site disposal of all solid waste, hazardous waste, universal waste, pathological waste, recyclables, confidential documents and regulated medical waste generated within Jackson Health System enterprise wide. The Stericycle program is environmentally sustainable and adds value in enhancing JHS’ waste stream disposal and green initiative.

In November 2010 the Trust entered into an agreement with Stericycle for five (5) years in the amount of $13,275,538 with five (5) One-year options to renew (OTRs). The following year, on October 19, 2011, the monthly rate was re-negotiated and reduced by $24,736.61, providing savings of $1,236,807 over the initial contract period. These savings were in addition to savings of $2,220,062 that was projected for the initial five-year term.

The first (1) of five (5) options to renew (OTRs) for a One (1) year term was exercised effective January 1, 2016 through December 31, 2016. The monthly rate was re-negotiated and reduced by $15,100, providing overall savings of $181,200 for OTR No. 1. The amount of $2,000,000 was approved under CPO delegated authority for this OTR, thus increasing the maximum contract value to $15,275,538 for the initial five (5) years and the first One-year OTR period. An additional scope of work was incorporated for Resource Conservation and Recovery Act (RCRA) Pharmaceutical Waste Compliance Program and an Adjunct Recycling Supervisor was added as an additional labor component at no additional cost to the Trust.

On February 8, 2017 the expiration date of OTR No. 1 was extended 120 days from January 1, 2017 to April 30, 2017 with no additional funds required. In addition, the following standardized pricing was established for all locations adding Secure Document Destruction – Shredding Service and/or Regulated Medical Waste (RMW) Service:

1) Secure Document Destruction – Shredding Service:
   A. $35.00 Minimum (includes 1st and 2nd container)
   B. $6.50 for each additional container
2) RMW Service:
   A. $30.00 per 30-gallon container collected
   B. Minimum one (1) container collected per stop

With this 120 day extension, the Urgent Care Center (UCC) Development Operations accessed the contract securing Secure Document Destruction – Shredding Service and Regulated Medical Waste (RMW) Service for three (3) urgent care centers: Country Walk, Keystone Point, and Cutler Bay.

This request exercises OTR No. 2, for a period of One (1) year, in the amount of $1,506,540. Procurement renegotiated the monthly rate, and the vendor waived the 3% annual increase stipulated in the agreement. This provided the PHT with cost avoidance of $64,170.36 for the One-year contract term. Savings that were realized through Procurement’s negotiations throughout the initial contract term resulted in unencumbered funds remaining on the current PO. Therefore, only an additional $1,506,540 is required to cover the cost of this OTR 2.

Stericycle is currently being engaged to identify potential SBE participation for this procurement. As an organization, Stericycle emphasizes minority, women, disabled veteran and small business status as important selection criteria in its supplier screening process. As a result of Stericycle’s focus on supplier diversity, its 2016 diversity spend increased 12.5% over the diversity spend the company reported in 2015.

Total dollars for the period May 1, 2017 through April 30, 2018 will be $1,506,540 plus the unencumbered dollars remaining in the POs and will cover the current total monthly rates of $178,251 as noted below or $2,139,012 for the period of One year for this OTR No.
**Recommendaion**

The Environmental Support Services Division and the Urgent Care Center Development Operations have determined that it is in the Trust’s best interest to exercise the second of five (5) one-year option to renew with Stericycle, Inc. There are three remaining options to renew of One year each. **ECRI had no data with which to benchmark pricing for this purchase.**

In accordance with our Contractor Due Diligence review, Stericycle, Inc. provided a Sworn/Notarized Statement to the Trust's Procurement Management Department disclosing the following: (1) Lawsuits: Stericycle, Inc. operates in a highly regulated industry and must deal with regulatory inquiries or investigations from time to time that may be instituted for a variety of reasons. It is also involved in a variety of civil litigations from time to time. Information regarding current material litigation can be found in vendor’s quarterly reports available at [www.stericycle.com](http://www.stericycle.com) and provided to the Trust in document form; (2) Stericycle has not defaulted in the five (5) years prior to proposal submittal to the Trust; and, (3) Stericycle has not been debarred nor received formal notices of non-compliance or non-performance in the five (5) years prior to proposal submittals to the Trust.

In providing an evaluation of the vendor’s performance during the current contract year, the Environmental Support Services Division and the Urgent Care Center Development Operations have reported the following:

- The average turnaround time of goods/services delivery meet standards.
- The competencies of contracted staff meet standards.
- The deliverables meet contract requirements.
- The provision of preventive maintenance on equipment and log maintenance meets standards.
- The effectiveness of on-site management, including management of subcontractors, meets standards.
- The vendor’s ability to successfully respond to emergency situations meets standards.
- The responsiveness to safety issues and safety standards meet standards.
- The vendor meets all requirements for the contracted service.

The contract has been approved by Risk Management as to Insurance and Liability and by the County Attorney’s Office for Legal Sufficiency.

This contract can be terminated for convenience (without cause) upon sixty (60) calendar day written notice and includes UAP and OIG fees. The UAP fee is provided as a deduction on the invoices (D. Zambrana, C. Wing).

2. (1141848:LK) The Environmental Services Department requests approval for additional funding to cover a 194 day extension of the contract with Sodexo America, LLC for the continued provision of Janitorial Services to Jackson North Medical Center and all Satellite Locations (ongoing purchase).

**Sodexo America, LLC:**

<table>
<thead>
<tr>
<th>Previously approved funding</th>
<th>$2,450,214.91</th>
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<tbody>
<tr>
<td>(Under CPO Authority)</td>
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<tr>
<td>This request for funding:</td>
<td>$1,134,000</td>
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<tr>
<td>(for 194 days)</td>
<td></td>
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<tr>
<td><strong>Total Approved Funding:</strong></td>
<td><strong>$3,584,214.91</strong></td>
</tr>
</tbody>
</table>
Background
In 2011, the Public Health Trust (PHT) originally solicited competitive Request for Proposals for Janitorial Services to Jackson North Medical Center and all Satellite Locations. An award was made to Sodexo America, LLC under RFP #10-5206 and was approved by the Board in March 2011. This award standardized the methods, practices, products and services provided by a single, professional janitorial firm experienced in and capable of providing specialized cleaning services in a medical environment comprised of a public hospital, clinics and professional offices.

Sodexo America, LLC provides all management, equipment, chemical supplies, supervisory and on-site personnel necessary to deliver the services at the agreed-upon levels and standards set forth by the Trust. The original award contained provisions that allow the Trust to add or remove facilities as needed from service at negotiated costs. The Agreement was effective April 16, 2011 for three (3) years with two (2) options to renew (OTRs) of One (1) year each.

When the initial term and the two OTRs of the competitively awarded RFP contract expired, the Trust entered into a new competitively awarded GPO contract (BM05734) for the continuation of services. The contract was approved under CPO delegated authority for one year, effective April 2016. The Trust is requesting a 194 day extension to run conterminously with the expiration date of the GPO Agreement on October 31, 2017.

Under the requested extension, Sodexo will continue to provide Janitorial Services to the following facilities:

1. Jackson North Medical Center

2. Satellite Facilities:
   a. Jefferson Reaves Sr. Building
   b. PET Center
   c. Rosie Lee Wesley Health Center
   d. North Dade Health Center
   e. Downtown Government Center
   f. Jackson-SFAN
   g. Jackson North Campus Mental Health-Children
   h. Jackson North Campus Mental Health-TANF
   i. Jackson Pediatrics Center

The UAP and OIG fees are included. The UAP fee is taken as a deduction on the invoices.

Sodexo America, LLC is currently engaged in identifying opportunities to include certified SBE firms in the fulfillment of services during this contract period. As such, Sodexo America, LLC, has agreed to utilize certified Miami-Dade County SBEs for a minimum 10% SBE sub-contracting goal during the active contract term.

In providing an evaluation of the vendor’s performance during the previous fiscal year, the Environmental Resources Department has reported the following:

- The competencies of contracted staff meet standard
- The effectiveness of on-site management, including the management of subcontractors, meets standard
- The ability to successfully respond to emergency situations meets standards

In accordance with the Contractor Due Diligence review, Sodexo America, LLC has provided an Affidavit disclosing the following:

In the past five years, one lawsuit was filed against Sodexo based on a breach of contract which was subsequently settled. There have been a number of instances when Sodexo found it necessary to file suit for collection against a former client and clients filed defensive counter claims.

Sodexo America, LLC is currently engaged in identifying opportunities to include certified SBE firms in the fulfillment of services during this contract period. As such, Sodexo America, LLC, has agreed to utilize certified Miami-Dade County SBEs for a minimum 10% SBE sub-contracting goal during the active contract term.
Recommendation
The Environmental Resources Department, in collaboration with Procurement Management, has determined that it is in the best interest of the Trust to increase funding to continue securing these services from Sodexo America, LLC.
(G. Santorio)

SECTION V. AWARDS UNDER A WAIVER OF FORMAL COMPETITION
This section consists of awards over $250,000 without the formal solicitation of competitive bids or proposals. All award recommendations in this section have the approval of the President, are based on a finding that the waiver of competitive bidding is in the best interests of the Public Health Trust, and require a two-thirds affirmative vote of the Trustees present for approval.

A. Sole Source
No items to report.

B. Physician’s Preference
Staff requests a waiver of formal competition for the contract items listed in this category because a physician and clinician have requested the particular item without which the physician and clinician cannot successfully and safely render patient care.
No items to report.

C. Standardization
Items in this category have been established as the Trust standard.
No items to report.

D. Non-Competitive Cooperative Purchasing
This subsection consists of awards under the contracts of other public entities that were not competitively solicited.
No items to report.

E. Miscellaneous Bid Waiver
This subsection consists of awards not falling in the other categories of waiver of formal competition but where waiver is deemed to be in the best interests of the Trust.
No items to report.

SECTION VI. OPTIONS-TO-RENEW AND CONTRACT MODIFICATIONS FOR CONTRACTS THAT WERE COMPETITIVELY SOLICITED
This section refers to existing contracts that were competitively bid (“ITB” or “RFP”) at their origin and consists of either (a) the exercise of established options to renew or (b) the execution of contract modifications for which the Procurement Policy requires prior Board approval.

3. (15-13736-TC) The Facilities Design and Construction (FDC) Department requests funding for the Construction Management Agreement with Skanska USA Building, Inc. (Skanska), resulting from open-competitive Request for Proposals (RFP) #15-13736-TC for construction management services for various Jackson Health System (JHS) facilities.

Skanska USA Building, Inc. (Skanska):
Project ‘D’: JHS Main Campus Floor Modernizations

Original approved Pre-Construction Services funding: $2,637,009
(Board approved April 2016)

Subsequent approved Construction funding: $10,000,000
(Board approved August 2016)

Subsequent approved Construction funding: $1,000,000
(Board approved September 2016)

Subsequent approved Construction funding: $8,500,000
(Board approved December 2016)

Subsequent approved Construction funding: $3,850,000
(Board approved March 2017)

This Request for Construction Funding: $2,500,000

Total Project ‘D’ approved funding: $28,487,009

Project ‘D’ Background
In April 2016, the Public Health Trust Board (PHT Board) approved, via Resolution No. PHT 4/16-018, a construction management agreement with Skanska for Project ‘D’ (Jackson Main Campus Floor Modernizations) in the preconstruction amount of $2,637,009. In August 2016, the PHT Board approved, via Resolution No. PHT 8/16-044, construction management funding with Skanska in the amount of $10,000,000 for Project ‘D’. In September 2016, the PHT Board approved, via Resolution No. PHT 9/16-047, construction management funding with Skanska in the amount of $1,000,000 for Project ‘D’. In December 2016, the PHT Board approved, via Resolution No. PHT 12/16-069, construction management funding with Skanska in the amount of $8,500,000 for Project ‘D’. In March 2017, the PHT Board approved, via Resolution No. PHT 3/17-016 construction management funding with Skanska in the amount of $3,850,000 for Project ‘D’.

Currently, construction management funding is needed to authorize Skanska to perform construction work at Jackson Memorial Medical Center for an installation of a Hybrid Operating Room (OR) as described by the following scope of work:

**Jackson Memorial Medical Center – Diagnostic Treatment Center (DTC) Hybrid OR Project:** The project scope includes the renovation of two existing ORs to be combined into a single Hybrid OR to accommodate a new radiographic imaging system and surgical equipment. The project encompasses approximately 1,325 square feet of area on the third floor of the DTC Building. This renovation will include upgraded finishes to the adjacent Clean Corridor and the Scrub Station Area. The project includes the following spaces: OR, Control Room, Uninterruptible Power Supply (UPS) Room, Equipment Room, and Scrub Station Area along the Clean Corridor.

All new floor mounted equipment will require work on the second floor below the slab to install ducts and wiring as required and overhead equipment with structural suspension system on the Hybrid OR floor. Existing utilities lines will be modified or rerouted. The new work requires a dedicated construction path for general contractor access on the third floor (hard walls) and temporary barrier on the second floor (zippered plastic sheeting). The work will be conducted in one phase, and work hours will be fully coordinated with the facility.

The estimated construction costs for these renovations and upgrades will constitute one Guaranteed Maximum Price (GMP) package not-to-exceed $2,500,000, bringing the total request for Project ‘D’ funding to a not-to-exceed $28,487,009.

**Project ‘D’ Recommendation**
The involvement of Skanska as the Construction Manager for the JHS Floor Modernizations project is crucial to the success of the Miracle-Building Bond program and the vision of the JHS Strategic Plan. With this funding, Skanska will provide continuing construction management services to the JHS Facilities Design and Construction team for Project ‘D’.

April 2017  PHT Board of Trustees
Use of Miracle-Building Bond funding for Project ‘D’ construction work was approved by the Citizens’ Advisory Committee (CAC) and PHT Board in July 2016.

The negotiated contract resulting from RFP #15-13736-TC includes a 32.77% SBE-C subcontractor goal on cost of work; 6.31% SBE-C G/C mentorship goal on CM services; and 0.25% SBE-G/S subcontractor goal on cost of work.

The original contract was approved by Risk Management as to Insurance and Liability and by the County Attorney’s Office for legal sufficiency.

The contract can be terminated for convenience (without cause) upon seven (7) calendar days’ prior written notice and includes the UAP and OIG fees. The UAP fee was negotiated as an upfront discount.

The Facilities Design and Construction Department has determined that it would be in the best interest of the Trust to provide construction funding for the transformation of two existing operating rooms (ORs) at Jackson Memorial Hospital to a Hybrid OR (B. Seed).

4. (1123444; 1120752; 1123449-TC) The Facilities Design and Construction (FDC) Department requests funding approval for the Construction Management Agreements with Turner Construction Company (Turner) and W.G. Yates & Sons Construction Company (Yates), resulting from open-competitive Request for Proposals (RFP) #15-13736-TC for construction management services for various Jackson Health System (JHS) facilities.

**Project B: Jackson West Medical Campus**

W. G. Yates & Sons Construction Company  
(Board approved February 2017)

| This Request for Pre-Construction Funding: | $1,200,000 |
| Total Project ‘B’ approved funding: | $2,632,832 |

**Project E: Jackson South Community Hospital**

Turner Construction Company  
(Board approved February 2017)

| This Request for Pre-Construction Funding: | $300,000 |
| Total Project ‘E’ approved funding: | $543,400 |

**Project F: Jackson Rehabilitation Hospital Building**

Turner Construction Company  
(Board approved April 2016)

| This Request for Pre-Construction Funding: | $2,000,000 |
| Total Project ‘F’ approved funding: | $3,264,900 |

**Project ‘B’ Background**

In February 2017, the Public Health Trust Board (PHT Board) approved, via Resolution No. PHT 2/17-013, a construction management agreement with Yates for Project ‘B’ (Jackson West Medical Campus Project) in the preconstruction amount of $1,432,832.

Currently, construction management funding is needed to authorize Yates to perform pre-construction design assist services as described by the following scopes of work:

**Jackson West Medical Campus Project:**
Yates and JHS will be soliciting design-assist proposals to provide work for the Jackson West Medical Campus Project, located in Doral, FL. It is Yates’ and JHS’s intent to use the selected design-assist subcontractors to provide comprehensive pre-construction services and to continue into a contract for construction services for the above-mentioned project. Yates is requesting $1,200,000 in funding approval to be used for awarding pre-construction services contracts to eight (8) successful design-assist subcontractors. The packages being targeted for this delivery method are as follows:

1. Exterior Precast Concrete Wall Panels
2. Cast in Place Concrete Structure
3. Exterior Glass & Glazing (Curtain Wall & Storefront)
5. Fire Protection
6. Plumbing Systems
7. HVAC Systems and Controls
8. Electrical & Fire Alarm

In order to assist in the process of designing/constructing the best facility and of incorporating the most value-based design elements, JHS has chosen to utilize design-assist subcontracting for key scopes of work. This approach is unique in the architectural and construction industry and is built on the philosophy of team success. JHS desires to have the best industry practices incorporated into the project. By engaging major subcontractors early in the design process, the Owner, Owner’s Representative, Architect, Engineers, Construction Manager, Subcontractors and Vendors can all collaborate to develop the best facility at the best value. The process will be developed to motivate all team members to eliminate waste and duplication, incorporate the right level of quality, optimize cooperation, and develop a construction process, design, and schedule that protects the interests of all parties and ultimately obtains JHS’s goal of completing an excellent project in a manageable schedule within a predictable budget.

Project ‘B’ Recommendation
The involvement of Yates as the Construction Manager for the Jackson West Medical Campus Project is crucial to the success of the Miracle-Building Bond program and the vision of the JHS Strategic Plan. With this funding, Yates will provide continuing construction management services to the JHS Facilities Design and Construction team for Project ‘B’.

Use of Miracle-Building Bond funding for Project ‘B’ pre-construction and construction work was approved by the Citizens’ Advisory Committee (CAC) and PHT Board in July 2016.

Project ‘E’ Background
In February 2017, the PHT Board approved, via Resolution No. PHT 2/17-013, a construction management agreement with Turner for Project ‘E’ (Jackson South Community Hospital) in the preconstruction amount of $243,400.

Currently, construction management funding is needed to authorize Turner to perform pre-construction design assist services as described by the following scopes of work:

Jackson Health System Jackson South Community Hospital Expansion and Renovation Project:
Turner and JHS will be soliciting design-assist proposals to provide work for the Jackson South Community Hospital Expansion and Renovation Project, located in Miami, FL. It is Turner’s and JHS’s intent to use the selected design-assist subcontractors to provide comprehensive pre-construction services and to continue into a contract for construction services for the above-mentioned project. Turner is requesting $300,000 in funding approval to be used for awarding pre-construction services contracts to two (2) successful design-assist subcontractors. The packages being targeted for this delivery method are as follows:

1. HVAC Systems/Controls and Plumbing
2. Electrical & Low Voltage

In order to assist in the process of designing/constructing the best facility and of incorporating the most value-based design elements, JHS has chosen to utilize design-assist subcontracting for key scopes of work. This approach is unique in the architectural and construction industry and is built on the philosophy of team success. JHS desires to have the best industry practices incorporated into the project. By engaging major subcontractors early in the design process, the Owner, Owner’s Representative, Architect, Engineers, Construction Manager, Subcontractors and Vendors can all...
collaborate to develop the best hospital at the best value. The process will be developed to motivate all team members to eliminate waste and duplication, incorporate the right level of quality, optimize cooperation, and develop a construction process, design, and schedule that protects the interests of all parties and ultimately obtains JHS’s goal of completing an excellent project in a manageable schedule within a predictable budget.

**Project ‘E’ Recommendation**

The involvement of Turner as the Construction Manager for the Jackson South Community Hospital Expansion and Renovation Project is crucial to the success of the Miracle-Building Bond program and the vision of the JHS Strategic Plan. With this funding, Turner will provide continuing construction management services to the JHS Facilities Design and Construction team for Project ‘E’.

**Use of Miracle-Building Bond funding for Project ‘E’ pre-construction and construction work was approved by the Citizens’ Advisory Committee (CAC) and PHT Board in July 2016.**

**Project ‘F’ Background**

In April 2016, the PHT Board approved, via Resolution No. PHT 4/16-018, a construction management agreement with Turner for Project ‘F’ (Jackson Rehabilitation Hospital Building) in the preconstruction amount of $1,264,900. Currently, construction management funding is needed to authorize Turner to perform pre-construction design assist services as described by the following scopes of work:

### Jackson Health System Christine E Lynn Rehabilitation Center Project:

Turner and JHS will be soliciting design-assist proposals to provide work for the Christine E Lynn Rehabilitation Center Project, located in Miami, FL. It is Turner’s and JHS’s intent to use the selected design-assist subcontractors to provide comprehensive pre-construction services and to continue into a contract for construction services for the above-mentioned project. Turner is requesting $2,000,000 in funding approval to be used for awarding pre-construction services contracts to eight (8) successful design-assist subcontractors. The packages being targeted for this delivery method are as follows:

1. Exterior Precast Concrete Wall Panels
2. Structural Steel Frame & Metal Decks
3. Exterior Glass & Glazing (Curtain Wall & Storefront)
5. Fire Protection
6. Plumbing Systems
7. HVAC Systems and Controls
8. Electrical & Fire Alarm

In order to assist in the process of designing/constructing the best facility and of incorporating the most value-based design elements, JHS has chosen to utilize design-assist subcontracting for key scopes of work. This approach is unique in the architectural and construction industry and is built on the philosophy of team success. JHS desires to have the best industry practices incorporated into the project. By engaging major subcontractors early in the design process, the Owner, Owner’s Representative, Architect, Engineers, Construction Manager, Subcontractors and Vendors can all collaborate to develop the best hospital at the best value. The process will be developed to motivate all team members to eliminate waste and duplication, incorporate the right level of quality, optimize cooperation, and develop a construction process, design, and schedule that protects the interests of all parties and ultimately obtains JHS’s goal of completing an excellent project in a manageable schedule within a predictable budget.

**Project ‘F’ Recommendation**

The involvement of Turner as the Construction Manager for the Jackson Rehabilitation Hospital Building project is crucial to the success of the Miracle-Building Bond program and the vision of the JHS Strategic Plan. With this funding, Turner will provide continuing construction management services to the JHS Facilities Design and Construction team for Project ‘E’.

**Use of Miracle-Building Bond funding for Project ‘F’ pre-construction and construction work was approved by the Citizens’ Advisory Committee (CAC) and PHT Board in July 2016.**

**The negotiated contract resulting from RFP #15-13736-TC includes a 34.05% SBE-C subcontractor goal on cost of work for Projects B and F; a 32.77% SBE-C subcontractor goal on cost of work for Project E; a 6.31% SBE-C**
G/C mentorship goal on CM services for Projects B, E, and F; and a 0.25% SBE-G/S subcontractor goal on cost of work for Projects B, E, and F.

The original contracts were approved by Risk Management as to Insurance and Liability and by the County Attorney’s Office for legal sufficiency.

The contracts can be terminated for convenience (without cause) upon seven (7) calendar days’ prior written notice and includes the UAP and OIG fees. The UAP fee was negotiated as an upfront discount.

The Facilities Design and Construction Department has determined that it would be in the best interest of the Trust to provide pre-construction design assist funding for these three Agreements (B. Seed).

SECTION VII. OPTIONS-TO-RENEW AND CONTRACT MODIFICATIONS FOR CONTRACTS THAT WERE AWARDED UNDER A WAIVER OF FORMAL COMPETITION

This section refers to existing contracts that were not competitively bid at their origin and consists of either (a) the exercise of established options-to renew or (b) the execution of contract modifications for which the Procurement Policy requires prior Board approval. All contracts in this section are renewals not previously authorized by the Board have the written approval of the President, are based on a finding that the waiver of full and competitive bidding is in the best interest of the Public Health Trust, and require a two-thirds affirmative vote of the Trustees present for approval.

5. (1147012-CS) The Holtz Children Hospital, Pediatric Respiratory Therapy Department, requests approval for a contract renewal with INO Therapeutics, LLC d/b/a Mallinckrodt Pharmaceuticals for a period of one year for Nitric Oxide Inhalation Gas Therapy Services (Ongoing Purchase).

INO Therapeutics, LLC, d/b/a Mallinckrodt Pharmaceuticals:

Previously approved funding: $4,482,624 (For two years)

This Request for funding: $2,859,600 (For One year)

Total approved funding: $7,342,224

Background

In April 2015, via Resolution 04/15-024, the amount of $1,525,120 was approved for a period of One year to secure the Nitric Oxide Inhalation Therapy Gas. In April 2016, Resolution PHT 04/16-018 approved $2,275,004 to continue this service for an additional year through April 2017. Additional funding in the amount of $682,500 was subsequently approved under CPO authority, necessitated by increased utilization, for a total spend of $4,482,624 from April 2015 through April 2017. This request for funding in the amount of $2,859,600, based on increased utilization, will continue the service for an additional year.

The Holtz Children’s Hospital Pediatric Respiratory Therapy Department, in collaboration with the Procurement Management Department, conducted market research to determine the availability of competition. It was determined that Mallinckrodt’s product remains the best available solution on the market today. Mallinckrodt is the only provider for this Nitric Oxide gas and delivery equipment and system.
Nitric Oxide Inhalation Therapy Gas is used for pulmonary hypertension treatments of cardio thoracic and transplant patients post-surgery. The therapy gas is used for heart and lung patients requiring pulmonary vasodilatation (widening of blood vessels), post pump, transplant and has the least side effects. This product is primarily utilized in the NICU, but it is highly effective for use on adults post heart and lung transplant surgery. It is the only therapy gas that can be used in the NICU setting with the least number of side effects in infants.

The cost of using Nitric Oxide is significantly lower than costs associated with a patient’s response to a 3-5 day alternative therapy. The pricing is dictated by the vendor, as a sole source provider, through a series of patents for both the medical gas and the equipment/delivery/system.

**Recommendation**

Based on past utilization, Holtz Children’s Hospital Pediatric Respiratory Therapy Department determined that it is in the Trust’s best interest to secure the Bronze Pricing Tier with the provision of using up to 30,000 monthly hours. The Bronze package at a cost of $2,859,600 for this one-year period is more cost-effective than the Platinum Tier at $3,319,008 for the same one-year period. This represents a reduction in cost of $459,408.

INO Therapeutics, LLC, d/b/a Mallinckrodt Pharmaceuticals is the only FDA approved vendor for this particular drug and its delivery system.

The proposed contract can be terminated for convenience with a thirty (30) day notice and includes UAP and OIG provisions. The UAP fees are provided as a deduction on the invoices.

The contract has been reviewed and approved by the County Attorney’s Office for legal sufficiency.

In providing an evaluation of the vendor’s performance during the current contract year, Pediatric Respiratory Therapy has reported the following:

- The average turnaround time of products and services is above standard.
- The deliverables meet contract requirements.
- The ability to successfully respond to emergency situations is above standard.
- The responsiveness to safety issues and safety standards also is above standard.

Based on the overall contract performance evaluation, the Holtz Children Hospital Pediatric Respiratory Therapy Department recommends the continuation of this contracted service with INO Therapeutics, LLC, d/b/a Mallinckrodt Pharmaceuticals.

For this one-year contract, the Holtz Children Hospital will use the following performance and quality measures to evaluate the Contractor’s ability to provide Nitric Oxide Inhalation Gas Therapy:

1. Average turnaround time of goods/services delivery to be received no later than 24 hours from date promised for routine orders.
2. Deliverables that meet contract requirements at a minimum of 95% of the time.
3. Responses to emergency situations within 15 minutes and provision of emergency deliveries within 8 hours.

A Sole Source Justification was provided and Conflict of Interest declarations signed by Oscar Solares, Chief Respiratory Therapy and by Lori Donohue, Contract Manager, Mallinckrodt Pharmaceuticals, with no reported disclosures. ECRI and MDBuyline have no available data with which to benchmark this purchase. (G. Lunsford).

**SECTION VIII. MISCELLANEOUS**

This section consists of procurement actions that require Board approval not included under any other section of the Purchasing Report.

No items to report.
### Monthly Report of Competitive Contracts Awarded or Renewed under the Chief Procurement Officer Authority in Accordance to Procurement Regulations

**March 2017**

For Information Only (Greater than $100K)

<table>
<thead>
<tr>
<th>Vendor Name</th>
<th>Description</th>
<th>Cost Center &amp; Director/VP</th>
<th>PO Number</th>
<th>PO Date</th>
<th>Contract Value</th>
<th>Contract Term</th>
<th>Procurement Method/Activity</th>
<th>UAP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cannon Cochran Management</td>
<td>Self-Insured Workers' Compensation Contract</td>
<td>Julie Staub</td>
<td>8112148 SERV</td>
<td>03/24/2017</td>
<td>$896,187.00</td>
<td>3 Years</td>
<td>RFP-16-14295-CS</td>
<td>Yes</td>
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<tr>
<td>Change Healthcare Solutions</td>
<td>Patient Eligibility Services- Inpatient Medicaid/Disability Applications</td>
<td>Myriam Torres</td>
<td>8112085 SERV</td>
<td>03/13/2017</td>
<td>$5,000,000.00</td>
<td>6 months extension</td>
<td>GPO-11-10329-HT</td>
<td>Yes</td>
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<td>Dell Financial Services, LLC</td>
<td>VMWare Cloud Licenses and Support for the IT Department</td>
<td>Scott Judd</td>
<td>8112111 SERV</td>
<td>03/16/2017</td>
<td>$236,666.40</td>
<td>3 Years</td>
<td>Medassets Contract # MS02614</td>
<td>Yes</td>
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<tr>
<td>Johnson-Laux Construction, LLC. *</td>
<td>Replacement of a Linear Accelerator Project at DTC</td>
<td>Isa Nunez</td>
<td>4106398 CAPS</td>
<td>03/20/2017</td>
<td>$761,906.73</td>
<td>One Time</td>
<td>JOC ITB 13-11538-JE/GC-01(H) SBE 46.13%</td>
<td>Yes</td>
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<tr>
<td>Dell Financial Services, LLC</td>
<td>CT Scanner Replacement in WW CT Room 214-216</td>
<td></td>
<td>4106405 CAPS</td>
<td>03/21/2017</td>
<td>$352,522.64</td>
<td>One Time</td>
<td>JOC ITB 13-11538-JE/GC-01(H) SBE 47.86%</td>
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<tr>
<td>Dell Financial Services, LLC</td>
<td>Replacement of IR Neuro Biplane Equipment Project at West Wing</td>
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<td>4106409 CAPS</td>
<td>03/21/2017</td>
<td>$667,047.24</td>
<td>One Time</td>
<td>JOC ITB 13-11538-JE/GC-01(H) SBE 57.96%</td>
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<td>H D Smith Wholesale Drug Co.</td>
<td>Secondary Pharmaceutical Wholesaler</td>
<td>Hamilton Clark</td>
<td>8112093 SERV</td>
<td>03/14/2017</td>
<td>$150,000.00</td>
<td>1 Year</td>
<td>Medassets Contract # JJ00005</td>
<td>N/A</td>
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<tr>
<td>Hologic Limited Partnership</td>
<td>Upgrades for the Hologic Mammography System in the Breast Center</td>
<td>Gino Santorio</td>
<td>9101196 CAP</td>
<td>03/16/2017</td>
<td>$208,000.00</td>
<td>One Time</td>
<td>MedAssets Contract # BM-02996/EH-130</td>
<td>Yes</td>
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<tr>
<td>Karl Storz Endoscopy America, Inc. *</td>
<td>Video Bronchoscope for the Anesthesia Department</td>
<td>David Zambrana</td>
<td>9101199 CAP</td>
<td>03/17/2017</td>
<td>$179,212.80</td>
<td>One Time</td>
<td>MedAssets Contract # MS03760</td>
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<td>Language Lines Services, Inc.</td>
<td>Interpreter Services</td>
<td>Alex Contreras</td>
<td>8112092 SERV</td>
<td>03/14/2017</td>
<td>$210,000.00</td>
<td>17 months</td>
<td>State of Texas Contract# DHR-TSO-2549</td>
<td>Yes</td>
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<tr>
<td>Microsoft Corporation</td>
<td>Microsoft Premier Support Services Renewal</td>
<td>Scott Judd</td>
<td>8112164 SERV</td>
<td>03/31/2017</td>
<td>$208,815.00</td>
<td>1 Year</td>
<td>State of Florida Contract# 432300-15-02</td>
<td>N/A</td>
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<tr>
<td>Nalco Company</td>
<td>Water Treatment Program -Cooling Towers-boilers at Jackson Memorial Hospital</td>
<td>Hamilton Clark</td>
<td>8112138 SERV</td>
<td>03/22/2017</td>
<td>$168,345.00</td>
<td>3 Years</td>
<td>Medassets Contract # MS01230</td>
<td>Yes</td>
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<tr>
<td>OHL Arellano Construction Company *</td>
<td>Installation of two New UPS ( Un-Interrupted Power-Supply) System at Jackson North Medical Center</td>
<td>Isa Nunez</td>
<td>4106316 CAPS</td>
<td>03/03/2017</td>
<td>$361,323.35</td>
<td>One Time</td>
<td>RFP-15-13736-TC SBE 33.02%</td>
<td>N/A</td>
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</tbody>
</table>

1. "MedAssets" is the Trust's primary "Group Purchasing Organization" (GPO)
2. "State Contract" and "Miami-Dade Contract" mean a contract competitively awarded by the State or County as a "cooperative contract".
3. "US Communities" means a contract competitively awarded by the U.S. Communities governmental purchasing alliance as a "cooperative contract".
4. "OTR" means "Option to Renew".
5. "Contract Value" corresponds to the fixed "Contract Term" that has been awarded or rewarded (not to future OTR's).
6. "RFP" means competitive Request for Proposals (or Qualifications) procurement process performed by the JHS Procurement Management Department.
7. "ITB" means competitive Invitation to Bid (or Quote) procurement process performed by the JHS Procurement Management Department.
8. "UAP" means User Access Program

AS - "AS" means a Jackson Health System approved standard
E – Exclusion as per UAP program: i.e., Federal Grant, etc.
Yes – Incorporated into the purchase as either discount on invoice or discount upfront
N/A – No, did not apply to procurement. Either an emergency purchase or contract was executed or extended before UAP was implemented

* Miracle Bond/PHT GOB Dollars
### Monthly Report of Non-Competitive Contracts Awarded Under 250K and Modifications Allowed Under CPO Authority
#### March 2017
##### For Information Only

**Vendor** | **Description** | **Cost Center & Director/VP** | **PO Number** | **PO Date** | **Contract Value** | **Contract Term** | **Procurement Method/Activity** | **UAP**
---|---|---|---|---|---|---|---|---
ASCO Services, Inc. | Emergency Replacement of Automatic Transfer Switches for East Tower, Jackson Memorial Hospital | 80105 Hamilton Clark | 16043054 EMER | 03/15/2017 | $ 30,590.90 | One Time | Emergency | Yes
Brite Painting and Waterproofing (SBE) | Paint for all Interior Patient Rooms and Department Areas on East Tower Building | 64614 Geralyn Lunsford | 16040205 EMER | 03/08/2017 | $ 81,450.00 | One Time | Emergency | SBE 100% | Yes
Florida Hospital Association | Quarterly Data Sets of each Hospitals Performance in the CMS Comprehensive Joint Replacement | 97017 Alex Contreras | 8112135 SERV | 03/22/2017 | $ 48,000.00 | 1 Year | Sole Source | N/A
Johnson Controls, Inc. | Pre-Maintenance Agreement for the Cooling System for Perdue Medical Center | 88703 Alex Contreras | 8112155 SERV | 03/28/2017 | $ 28,004.47 | 1 Year | Sole Source | Yes
Legos Construction, Co. | Operating Room West Wing Flooring Repairs | 80103 Hamilton Clark | 16042484 EMER | 03/14/2017 | $ 42,120.00 | One Time | Emergency | SBE 100% | Yes
MCO Environmental, Inc. (SBE) | Mold Remediation for Jackson South Community Hospital Maternity Ward | 83830 Eddie Borrego | 2840909 EMER | 03/16/2017 | $ 20,156.80 | One Time | Emergency | SBE 100% | Yes
UHS Surgical Services, Inc. | Rental for Lasers | 66207 David Zambrana | 8112131 SERV | 03/21/2017 | $ 75,000.00 | 1 Year | Bid Waiver | Yes
UM Group, Inc. * | Purchase of Heat Exchangers for the Operating Room | 80103 David Zambrana | 16047908 EMER | 03/28/2017 | $ 51,444.30 | One Time | Emergency | Yes

Note: "Non-competitive" procurement category includes: Sole Source, Physician's Preference, Standardization, Non-Competitive Cooperate Purchasing, and Miscellaneous Bid Waiver.

UAP - User Access Program:
Exempt – Exclusion as per UAP program: i.e., Federal Grant, etc.
Yes – Incorporated into the purchase as either discount on invoice or discount upfront
N/A – No, did not apply to procurement. Either an emergency purchase or contract was executed or extended before UAP was implemented

### Legacy System

Legacy system means a system including, but not limited to computer software, computer hardware, and biomedical equipment that are fully integrated into the daily operations of one or more departments or are considered unique to the provider, manufacturer, distributor, and / or provider. The Purchase of support, maintenance, upgrades, and necessary expansions of legacy systems shall not be subject to the requirements of the Procurement Regulation relating to competitive process.

**Vendor** | **Description** | **Cost Center & Director/VP** | **Contract Number** | **Contract Date** | **Contract Value** | **Contract Term** | **Procurement Method/Activity** | **UAP**
---|---|---|---|---|---|---|---|---
3M Health Information Systems | Renewal Software Licenses, Support and Maintenance of 3M Coding Solutions for Health Information System | 71004 Myriam Torres | 8112067 SERV | 03/07/2017 | $ 2,333,866.52 | 3 Years | Legacy MedAssets | Yes
Learnsoft Technology Group, Inc. | Learning Management System Software and Technical Support | 92816 Mark Knight | 8112116 SERV | 03/17/2017 | $ 207,360.00 | 3 Years | Legacy ITB | Yes
Sunquest Information Systems | Software Reporting Interface between Abbot Architect and Sunquest Solution | 71905 Hamilton Clark | 8112061 SERV | 03/02/2017 | $ 15,750.00 | One Time | Legacy | Yes
Tele Tracking Technologies, Inc. | Technology Solutions and Services - TeleTracking IQ Analytics (Cloud Solution) | 92816 Scott Judd | 8112062 SERV | 03/15/2017 | $ 94,575.00 | 3.6 Years | Legacy Sole Source | Yes

* Miracle Bond/PHT GOB Dollars
2 (a) (4) Key Performance Indicators (KPI) for Procurement as of March 2017
Average Number of Completed Contracts (6 months): 66

6 month average cycle time for completed projects: 15 days

**Total Savings for the first year of the contract:** $25,780,350  
(April 2016 - March 2017)

**Total Savings for Full Contract Term Estimated at:** $59,357,145
<table>
<thead>
<tr>
<th>Vendor</th>
<th>Description</th>
<th>Cost Code</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allen, Norton, &amp; Blue, P.A.</td>
<td>Expert Consulting Services for Collective Bargaining Negotiations</td>
<td>96114</td>
<td>$6,940.30</td>
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<tr>
<td>Ballard Partners, Inc.</td>
<td>State Lobbying Services</td>
<td>99301</td>
<td>$19,583.34</td>
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<tr>
<td>Complete Consulting Services Group</td>
<td>Consulting Services for Parking Operations</td>
<td>89502</td>
<td>$2,500.00</td>
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<tr>
<td>Complianceline, Inc.</td>
<td>Subscription for Compliance Hotline</td>
<td>99203</td>
<td>$35,007.15</td>
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<tr>
<td>DGL and Associates</td>
<td>Real Estate Consulting Services</td>
<td>89720</td>
<td>$10,333.84</td>
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<tr>
<td>Greenberg Traurig, LLP</td>
<td>Lobbying Services</td>
<td>99301</td>
<td>$10,000.00</td>
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<td>Hooper, Lundy, and Bookman, P.C.</td>
<td>AOA Legal Services</td>
<td>99325</td>
<td>$2,316.00</td>
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<td>Huron Healthcare</td>
<td>Retail Pharmacy Review</td>
<td>99301</td>
<td>$130,000.00</td>
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<tr>
<td>Influence Communications, LLC</td>
<td>Community Outreach Marketing Services</td>
<td>95714</td>
<td>$1,800.00</td>
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<td>MHC Software, Inc.</td>
<td>Document Express Disaster Recovery</td>
<td>96320</td>
<td>$10,660.60</td>
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<td>Miami Parking</td>
<td>Parking Administration Services</td>
<td>89502</td>
<td>$141,446.74</td>
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<td>On Point Strategies, LLC</td>
<td>Strategic Direction and Organization of Managed Care Payor Relationships</td>
<td>99301</td>
<td>$12,333.33</td>
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<tr>
<td>Panza, Maurer and Maynard, P.A.</td>
<td>Professional Services for Regulatory Structure with Health Care</td>
<td>95013</td>
<td>$446,569.83</td>
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<tr>
<td>RBB Communications, LLC</td>
<td>Marketing Agency Services / Advertising</td>
<td>95714</td>
<td>$138,727.79</td>
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<tr>
<td>Rebull Group, Inc.</td>
<td>Media Relations Services</td>
<td>95714</td>
<td>$1,500.00</td>
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<td>Ronald L. Book, PA.</td>
<td>State Lobbying Services</td>
<td>99301</td>
<td>$10,000.00</td>
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<tr>
<td>Sector Strategies, Inc.</td>
<td>Consulting Services - Director of Operations for Jackson Health System</td>
<td>98301</td>
<td>$14,409.34</td>
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<tr>
<td>Sivoli Consulting Corp</td>
<td>Community Outreach Marketing Services</td>
<td>95714</td>
<td>$4,000.00</td>
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<td>Socius Marketing, Inc.</td>
<td>Marketing Web Design and Search Engine Optimization Services</td>
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<td>$9,035.82</td>
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<td>The Weinbach Group, Inc.</td>
<td>Advertising and Marketing Services</td>
<td>95714</td>
<td>$12,720.00</td>
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<tr>
<td>Towers Watson Delaware Inc.</td>
<td>Consulting Services for Actuary Report</td>
<td>90511</td>
<td>$10,686.00</td>
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</tbody>
</table>
2 (b) Facilities
2 (b) (1) Construction Projects Update
TO: Mojdeh L. Khaghan, Chairwoman
and Members, Purchasing and Facilities Subcommittee

FROM: Isa M. Nunez, Vice President
Facilities Design and Construction

DATE: April 25, 2017

RE: Jackson Miracle-Building Bond Project Informational Report – Project Close Out Reports

Recommendation
Staff recommends that the Public Health Trust Board of Trustees accept the attached project close out reports for the following projects: Jackson Memorial Medical Center - West Wing 10 Patient Floor Modernization, Jackson Memorial Medical Center – Air Handler Replacements DTC, Perdue Medical Center Chiller Replacement, Jackson South Community Hospital – Refurbishing of Operating Rooms 1 & 2, East Tower 3A Bathrooms, and Jefferson Reaves Roof Replacement.
Jackson Miracle-Building Bond Program
Public Health Trust
Project Close Out Report

Bond Project Name:  
**Jackson Memorial Medical Center - West Wing 10 Patient Floor Modernization**

| Activity #  | 51014013 |
| Approval Date | 03/30/15 |

Scope and description:
Renovation and modernization of WW10 patient floor to include new finishes, new furniture, new equipment, new nurse call system, and three ADA-compliant bathrooms, as well as, upgrades to mechanical, electrical, and plumbing systems.

### Budget & Funding Sources

<table>
<thead>
<tr>
<th>Source</th>
<th>Original Approved</th>
<th>Final Closeout</th>
<th>Difference</th>
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<td>Miracle Bonds</td>
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<td>$2,636,700</td>
<td>$71,396</td>
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<tr>
<td>Capital Contribution</td>
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<td>Philanthropic Donation</td>
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<td>$617,943.58</td>
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<tr>
<td>Other Sources</td>
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<td>TOTAL</td>
<td>$2,636,700</td>
<td>$3,352,633.44</td>
<td>$715,933.44</td>
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### Line-Item Allocations

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<th>Line Item</th>
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<th>Difference</th>
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<td>$2,636,700</td>
<td>$3,352,633.44</td>
<td>$715,933.44</td>
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</table>

### Project Team

Architect/Engineer:  FDC In-house Architect, G&G Engineering (SBE) – Final Contract Amount $95,291.98

Contractor: Lego Construction (SBE) – Final Contract Amount $2,259,310.61

SBE’s Subcontractors:  ComforTech Air Conditioning Inc., Haber & Sons Plumbing, Century Fire, Astro Painting, Amion Enterprise, Stucco Drywall Contractors (SDC) Inc.

Closeout Notes:
The project was completed in June 2016, closed December 2016.
Jackson Miracle-Building Bond Program
Public Health Trust
Project Close Out Report

Bond Project Name:
*Jackson Memorial Medical Center – Air Handler Replacements, DTC*

**Activity # 51016018**
**Approval Date 3/23/16**

Scope and description:
Replacement of three air handler units (231, 232 and 233) on the roof of the Clark Diagnostic & Treatment Center, which support the interventional radiology department on the second floor. The scope included complete replacement of the units, ductwork, controls, piping, smoke detectors, permits, rentals, labor, equipment, and installation with five years of warranty from the original equipment manufacturer.

### Budget & Funding Sources

<table>
<thead>
<tr>
<th>Source</th>
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<th>Difference</th>
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<td>Other Sources</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td>$227,000</td>
<td>$168,500</td>
<td>($58,500)</td>
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<td>($58,500)</td>
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</table>

**Project Team**

**Architect/Engineer:** N/A

**Contractor:** Marvi Builders (SBE)

**Closeout Notes:**
The project was closed in February 2017.
# Jackson Miracle-Building Bond Program
## Public Health Trust
### Project Close Out Report

**Bond Project Name:** Perdue Medical Center Chiller Replacement  
**Activity #:** 58016010  
**Approval Date:** 01/27/16

**Scope and description:**  
Installation of a new chilled water system, including two new cooling towers, two new larger capacity chillers, piping, primary water pumps, condenser water pumps, electrical controls, insulation, and a new transformer.

### Budget & Funding Sources

<table>
<thead>
<tr>
<th>Source</th>
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### Line-Item Allocations

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</thead>
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<tr>
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</table>

**Project Team**

**Architect/Engineer:** N/A  
**Contractor:** Johnson Controls

**Closeout Notes:**  
The project was closed in September 2016.
**Jackson Miracle-Building Bond Program**

**Public Health Trust**

**Project Close Out Report**

**Bond Project Name:**

Jackson South Community Hospital – Refurbishing of Operating Rooms 1 & 2

**Activity #** 52016004

**Approval Date** 10/26/15

**Scope and description:**
Professional design and construction services for refurbishment of OR’s 1 & 2 for trauma services. The scope involves the recommissioning of two old operating room suites. The work will include the upgrade of interior finishes throughout the surgical suites and mechanical, electrical and plumbing certifications. This will also include equipment purchases or upgrades as required such as surgical lights.

**Budget & Funding Sources**

<table>
<thead>
<tr>
<th>Source</th>
<th>Original Approved</th>
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<th>Difference</th>
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<tr>
<td>Other Sources</td>
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<tr>
<td><strong>TOTAL</strong></td>
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<td>$2,058,980</td>
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**Line-Item Allocations**

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**Project Team**

**Architect/Engineer:** Ferguson, Glasgow, Schuster, Soto, Inc. (SBE) – Final Contract Amount $37,250

**Contractor:** Lego Construction (SBE) - Final Contract Amount $878,213

**SBE Subcontractors:** Astro Painting, CV Ocean Plumbing, Comfort Tech Air Conditioning, Inc., Haber & Son Plumbing, Inc., Solares Electrical Services, Inc., Stucco Drywall contractors, Inc. and AAA Automated Door Repairs, Inc.

**Closeout Notes:**

The project was completed on 9/6/16.
## Jackson Miracle-Building Bond Program
### Public Health Trust
#### Project Close Out Report

**Bond Project Name:**
*East Tower 3A Bathroom Repairs (Maternity)*

| Activity # | 51015001 |
| Approval Date | 3/30/15 |

**Scope and description:**
Renovation of eight patient room bathrooms in the 3A post-partum unit. This project is intended to repair the existing plumbing issues as well as updating the finishes to match the adjacent floor modernizations Unit in 3B.

### Budget & Funding Sources

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Miracle Bonds</td>
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<td>$167,406</td>
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<td><strong>TOTAL</strong></td>
<td>$186,700</td>
<td>$167,406</td>
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<td>$19,293.04</td>
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**Contractor:** BDI

**Closeout Notes:**
The project was completed in January 2016.
Jackson Miracle-Building Bond Program
Public Health Trust
Project Close Out Report

Bond Project Name:
Jefferson Reaves Roof Replacement

Activity # 56015050
Approval Date 1/27/16

Scope and description:
Roof replacement to include complete roof demolition, replacement and warranty. The new roofing system would include stainless steel flashings, counter flashing, new scuppers, and elastomeric coating.

Budget & Funding Sources

<table>
<thead>
<tr>
<th>Source</th>
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</thead>
<tbody>
<tr>
<td>Miracle Bonds</td>
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<td>Other Sources</td>
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<td><strong>TOTAL</strong></td>
<td><strong>$141,433.00</strong></td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$141,433.00</strong></td>
<td><strong>$141,427.15</strong></td>
<td><strong>$5.85</strong></td>
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</table>

Contractor: Florida Roofing (SBE)

Closeout Notes:
The project was completed in May 2016.
3. Resolution Recommended To Be Accepted
TO: Mojdeh Khaghan, Chairwoman
and Members, Purchasing and Facilities Subcommittee

FROM: Rosa Costanzo, Vice President and Chief Procurement Officer
Strategic Sourcing and Supply Chain Management

DATE: April 25, 2017

RE: Purchasing Report

**Recommendation**
The following recommendations are made in accordance with the Trust’s “Procurement Regulation.”

These items fully support our business operations and help the organization in its efforts to provide an excellent world class patient experience.

**Scope**
This report includes competitively solicited contract awards over $3,000,000, waivers of formal competition over $250,000 and other categories for Board approval as prescribed by the Procurement Regulation.

**Fiscal Impact/Funding Source**
The items included are part of the Trust’s budget.

**Track Record/Monitor**
The Procurement Management Department along with the user departments and leadership support will track and monitor the responsibilities and obligations set forth in the contracts.

**Background**
The entire report has been vetted and assembled by the Procurement Management Department with the direct participation of the Director and staff, all subject to review by the Chief Procurement Officer, consultation with the Executive Staff and the President, and reviewed for legal sufficiency by the County Attorney’s Office. Request is made for approval of the Purchasing Report, consisting of the following:

<table>
<thead>
<tr>
<th>Vendor</th>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Stericycle, Inc.:</td>
<td>$1,506,540</td>
<td>For One year</td>
</tr>
<tr>
<td>2. Sodexo America, LLC:</td>
<td>$1,134,000</td>
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<tr>
<td>3. Skanska USA Building, Inc. (Skanska):</td>
<td>$2,500,000</td>
<td>Cost not-to-exceed</td>
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<tr>
<td>4. Multiple Vendors ((RFP) 15-13736-TC):</td>
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<tr>
<td>4a. W. G. Yates &amp; Sons Construction Company</td>
<td>$1,200,000</td>
<td>Project B (pre-construction cost)</td>
</tr>
<tr>
<td>4b. Turner Construction Company</td>
<td>$300,000</td>
<td>Project E (pre-construction cost)</td>
</tr>
<tr>
<td>4c.</td>
<td>$2,000,000</td>
<td>Project F (pre-construction cost)</td>
</tr>
<tr>
<td>5. INO Therapeutics, LLC, d/b/a Mallinckrodt Pharmaceuticals:</td>
<td>$2,859,600</td>
<td>For One year</td>
</tr>
</tbody>
</table>

Procurement completed an orderly administrative process with each item to bring the best value (cost, quality, and outcome) with each project.
RESOLUTION NO. PHT 04/17 –

RESOLUTION AUTHORIZING AND APPROVING AWARD OF BIDS AND PROPOSALS, WAIVER OF BIDS, AND OTHER PURCHASING ACTIONS FOR APRIL 2017, IN ACCORDANCE WITH THE PUBLIC HEALTH TRUST’S PROCUREMENT POLICY, RESOLUTION NO. PHT 12/14-087

(Rosa Costanzo, Vice President and Chief Procurement Officer, Strategic Sourcing and Supply Chain Management Division, Jackson Health System)

WHEREAS, bids and proposals were solicited, received and reviewed by staff; and

WHEREAS, the Purchasing and Facilities Subcommittee met on April 25, 2017 and reviewed staff’s recommendations as submitted under the PHT’s Procurement Policy, Resolution No. PHT 12/14-087; and

WHEREAS, the Purchasing and Facilities Subcommittee forwarded the Purchasing Report to the Fiscal Committee with a recommendation for approval for each item under the report, which is attached hereto and hereby incorporated by reference; and

WHEREAS, upon his written recommendation, the President recommends that the Public Health Trust Board of Trustees (Board of Trustees) waive competitive bidding for items under the heading of “Bid Waiver” and “Waiver of Full and Competitive Bidding” in the respective Purchasing Report, finding such action to be in the best interests of the Public Health Trust; and

WHEREAS, the President and Fiscal Committee recommend various other purchasing actions, as indicated in the attached Purchasing Report.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA, that this Board hereby authorizes and approves the award of bids and proposals and all the purchasing actions as set forth in the attached Purchasing Report, under the Public Health Trust’s Procurement Policy, Resolution No. PHT 12/14-087; and finds it in the best interest of the Public Health Trust to waive competitive bidding for those items listed under the heading “Bid Waiver” and “Waiver of Full and Competitive Bidding” in the respective report; and to take such action as is necessary and authorized to implement these awards and actions.
TO: PURCHASING AND FACILITIES SUBCOMMITTEE
FROM: PROCUREMENT MANAGEMENT DEPARTMENT

The following recommendations are made in accordance with the Trust's “Procurement Policy” and its implementing “Procurement Regulation.” This report includes competitively solicited contract awards over $3,000,000, waivers of formal competition over $250,000 and other categories for Board approval as prescribed by the Procurement Regulation. The entire report has been screened and assembled by the Procurement Management Department with the direct participation of the Directors and staff, all subject to review by the Chief Procurement Officer, consultation with the Executive Staff and the President, and reviewed for legal sufficiency by the County Attorney’s Office.

SECTION I. AWARDS UNDER INVITATIONS TO BID (ITB’s)

This section consists of awards under competitively solicited Invitations to Bid (ITB’s) over $3,000,000.

No items to report.

SECTION II. AWARDS UNDER REQUESTS FOR PROPOSALS (RFP’s)

This section consists of awards under competitively solicited Requests for Proposals (RFP’s) over $3,000,000.

No items to report

SECTION III. AWARDS UNDER THE COMPETITIVELY SOLICITED CONTRACTS OF OTHER PUBLIC PROCUREMENT ENTITIES

This section consists of awards over $3,000,000 under competitively solicited (“ITB,” “RFP” or equivalent) contracts of other public and nonprofit entities.

No items to report

SECTION IV. AWARDS UNDER GROUP PURCHASING ORGANIZATION (“GPO”) CONTRACTS

This section consists of awards over $3,000,000 under Group Purchasing Organization (“GPO”) contracts. GPOs are organizations that aggregate the purchasing volume of their members consisting of hospitals and other health care providers to leverage discounts with manufacturers, distributors and other vendors to realize administrative savings and efficiencies. The Trust’s GPO is MedAssets.

1. (1130622, 1134548, 1134553, 1134556-SS) The Environmental Support Services Division and the Urgent Care Center Development Operations request approval to exercise the second of five (5) one-year option to renew (OTR No. 2) with Stericycle, Inc., under the MedAssets GPO Contract No. SV1246 for solid and medical waste collection service (ongoing purchase).

Stericycle, Inc.

Previously Approved Funding
(PHT Approved November 2010) $13,275,538

OTR No. 1
(March 2016 under CPO Authority) $2,000,000

This Request for Funding
(OTR No. 2.) $1,506,540

Total Approved Funding $16,782,078

Background
Stericycle provides management oversight, and equipment for the lawful off-site disposal of all solid waste, hazardous waste, universal waste, pathological waste, recyclables, confidential documents and regulated medical waste generated within Jackson Health System enterprise wide. The Stericycle program is environmentally sustainable and adds value in enhancing JHS’ waste stream disposal and green initiative.

In November 2010 the Trust entered into an agreement with Stericycle for five (5) years in the amount of $13,275,538 with five (5) One-year options to renew (OTRs). The following year, on October 19, 2011, the monthly rate was re-negotiated and reduced by $24,736.61, providing savings of $1,236,807 over the initial contract period. These savings were in addition to savings of $2,220,062 that was projected for the initial five-year term.

The first (1) of five (5) options to renew (OTRs) for a One (1) year term was exercised effective January 1, 2016 through December 31, 2016. The monthly rate was re-negotiated and reduced by $15,100, providing overall savings of $181,200 for OTR No. 1. The amount of $2,000,000 was approved under CPO delegated authority for this OTR, thus increasing the maximum contract value to $15,275,538 for the initial five (5) years and the first One-year OTR period. An additional scope of work was incorporated for Resource Conservation and Recovery Act (RCRA) Pharmaceutical Waste Compliance Program and an Adjunct Recycling Supervisor was added as an additional labor component at no additional cost to the Trust.

On February 8, 2017 the expiration date of OTR No. 1 was extended 120 days from January 1, 2017 to April 30, 2017 with no additional funds required. In addition, the following standardized pricing was established for all locations adding Secure Document Destruction – Shredding Service and/or Regulated Medical Waste (RMW) Service:

1) Secure Document Destruction – Shredding Service:
   A. $35.00 Minimum (includes 1st and 2nd container)
   B. $6.50 for each additional container

2) RMW Service:
   A. $30.00 per 30-gallon container collected
   B. Minimum one (1) container collected per stop

With this 120 day extension, the Urgent Care Center (UCC) Development Operations accessed the contract securing Secure Document Destruction – Shredding Service and Regulated Medical Waste (RMW) Service for three (3) urgent care centers: Country Walk, Keystone Point, and Cutler Bay.

This request exercises OTR No. 2, for a period of One (1) year, in the amount of $1,506,540. Procurement renegotiated the monthly rate, and the vendor waived the 3% annual increase stipulated in the agreement. This provided the PHT with cost avoidance of $64,170.36 for the One-year contract term. Savings that were realized through Procurement’s negotiations throughout the initial contract term resulted in unencumbered funds remaining on the current PO. Therefore, only an additional $1,506,540 is required to cover the cost of this OTR 2.

Stericycle is currently being engaged to identify potential SBE participation for this procurement. As an organization, Stericycle emphasizes minority, women, disabled veteran and small business status as important selection criteria in its supplier screening process. As a result of Stericycle’s focus on supplier diversity, its 2016 diversity spend increased 12.5% over the diversity spend the company reported in 2015.

Total dollars for the period May 1, 2017 through April 30, 2018 will be $1,506,540 plus the unencumbered dollars remaining in the POs and will cover the current total monthly rates of $178,251 as noted below or $2,139,012 for the period of One year for this OTR No.

<table>
<thead>
<tr>
<th>OTR NO. 2</th>
<th>MONTHLY RATES</th>
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<tbody>
<tr>
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<td>MONTHLY RATES</td>
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<tr>
<td>Environmental Services</td>
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<td>UCC (3 location)</td>
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<tr>
<td>Monthly Total</td>
<td>$178,251</td>
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</table>

Recommendation
The Environmental Support Services Division and the Urgent Care Center Development Operations have determined that it is in the Trust’s best interest to exercise the second of five (5) one-year option to renew with Stericycle, Inc. There are three remaining options to renew of one year each. **ECRI had no data with which to benchmark pricing for this purchase.**

In accordance with our Contractor Due Diligence review, Stericycle, Inc. provided a Sworn/Notarized Statement to the Trust’s Procurement Management Department disclosing the following: (1) Lawsuits: Stericycle, Inc. operates in a highly regulated industry and must deal with regulatory inquiries or investigations from time to time that may be instituted for a variety of reasons. It is also involved in a variety of civil litigations from time to time. Information regarding current material litigation can be found in vendor’s quarterly reports available at [www.stericycle.com](http://www.stericycle.com) and provided to the Trust in document form; (2) Stericycle has not defaulted in the five (5) years prior to proposal submittal to the Trust; and, (3) Stericycle has not been debarred nor received formal notices of non-compliance or non-performance in the five (5) years prior to proposal submittals to the Trust.

In providing an evaluation of the vendor’s performance during the current contract year, the Environmental Support Services Division and the Urgent Care Center Development Operations have reported the following:

- The average turnaround time of goods/services delivery meet standards.
- The competencies of contracted staff meet standards.
- The deliverables meet contract requirements.
- The provision of preventive maintenance on equipment and log maintenance meets standards.
- The effectiveness of on-site management, including management of subcontractors, meets standards.
- The vendor’s ability to successfully respond to emergency situations meets standards.
- The responsiveness to safety issues and safety standards meet standards.
- The vendor meets all requirements for the contracted service.

The contract has been approved by Risk Management as to Insurance and Liability and by the County Attorney’s Office for Legal Sufficiency.

This contract can be terminated for convenience (without cause) upon sixty (60) calendar day written notice and includes UAP and OIG fees. The UAP fee is provided as a deduction on the invoices (D. Zambrana, C. Wing).

2. (1141848:LK) The Environmental Services Department requests approval for additional funding to cover a 194 day extension of the contract with Sodexo America, LLC for the continued provision of Janitorial Services to Jackson North Medical Center and all Satellite Locations (ongoing purchase).

**Sodexo America, LLC:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Previously approved funding (Under CPO Authority)</td>
<td>$2,450,214.91</td>
</tr>
<tr>
<td>This request for funding</td>
<td>$1,134,000</td>
</tr>
<tr>
<td>(for 194 days)</td>
<td></td>
</tr>
<tr>
<td><strong>Total Approved Funding</strong></td>
<td><strong>$3,584,214.91</strong></td>
</tr>
</tbody>
</table>

**Background**

In 2011, the Public Health Trust (PHT) originally solicited competitive Request for Proposals for Janitorial Services to Jackson North Medical Center and all Satellite Locations. An award was made to Sodexo America, LLC under RFP #10-5206 and was approved by the Board in March 2011. This award standardized the methods, practices, products and services provided by a single, professional janitorial firm experienced in and capable of providing specialized cleaning services in a medical environment comprised of a public hospital, clinics and professional offices.

Sodexo America, LLC provides all management, equipment, chemical supplies, supervisory and on-site personnel necessary to deliver the services at the agreed- upon levels and standards set forth by the Trust. The original award contained provisions that allow the Trust to add or remove facilities as needed from service at negotiated costs. The Agreement was effective April 16, 2011 for three (3) years with two (2) options to renew (OTRs) of One (1) year each.

When the initial term and the two OTRs of the competitively awarded RFP contract expired, the Trust entered into a new competitively awarded GPO contract (BM05734) for the continuation of services. The contract was approved
under CPO delegated authority for one year, effective April 2016. The Trust is requesting a 194 day extension to run conterminously with the expiration date of the GPO Agreement on October 31, 2017.

Under the requested extension, Sodexo will continue to provide Janitorial Services to the following facilities:

1. Jackson North Medical Center

2. Satellite Facilities:
   a. Jefferson Reaves Sr. Building
   b. PET Center
   c. Rosie Lee Wesley Health Center
   d. North Dade Health Center
   e. Downtown Government Center
   f. Jackson-SFAN
   g. Jackson North Campus Mental Health-Children
   h. Jackson North Campus Mental Health-TANF
   i. Jackson Pediatrics Center

The UAP and OIG fees are included. The UAP fee is taken as a deduction on the invoices.

Sodexo America, LLC is currently engaged in identifying opportunities to include certified SBE firms in the fulfillment of services during this contract period. As such, Sodexo America, LLC, has agreed to utilize certified Miami-Dade County SBEs for a minimum 10% SBE sub-contracting goal during the active contract term.

In providing an evaluation of the vendor’s performance during the previous fiscal year, the Environmental Resources Department has reported the following:

- The competencies of contracted staff meet standard
- The effectiveness of on-site management, including the management of subcontractors, meets standard
- The ability to successfully respond to emergency situations meets standards

In accordance with the Contractor Due Diligence review, Sodexo America, LLC has provided an Affidavit disclosing the following:

In the past five years, one lawsuit was filed against Sodexo based on a breach of contract which was subsequently settled. There have been a number of instances when Sodexo found it necessary to file suit for collection against a former client and clients filed defensive counter claims.

**Sodexo America, LLC is currently engaged in identifying opportunities to include certified SBE firms in the fulfillment of services during this contract period. As such, Sodexo America, LLC, has agreed to utilize certified Miami-Dade County SBEs for a minimum 10% SBE sub-contracting goal during the active contract term.**

**Recommendation**

The Environmental Resources Department, in collaboration with Procurement Management, has determined that it is in the best interest of the Trust to increase funding to continue securing these services from Sodexo America, LLC. (G. Santorio)

**SECTION V. AWARDS UNDER A WAIVER OF FORMAL COMPETITION**

This section consists of awards over $250,000 without the formal solicitation of competitive bids or proposals. All award recommendations in this section have the approval of the President, are based on a finding that the waiver of competitive bidding is in the best interests of the Public Health Trust, and require a two-thirds affirmative vote of the Trustees present for approval.

A. **Sole Source**

No items to report.

B. **Physician’s Preference**
Staff requests a waiver of formal competition for the contract items listed in this category because a physician and clinician have requested the particular item without which the physician and clinician cannot successfully and safely render patient care.

No items to report.

C. **Standardization**

Items in this category have been established as the Trust standard.

No items to report.

D. **Non-Competitive Cooperative Purchasing**

This subsection consists of awards under the contracts of other public entities that were not competitively solicited.

No items to report.

E. **Miscellaneous Bid Waiver**

This subsection consists of awards not falling in the other categories of waiver of formal competition but where waiver is deemed to be in the best interests of the Trust.

No items to report.

**SECTION VI. OPTIONS-TO-RENEW AND CONTRACT MODIFICATIONS FOR CONTRACTS THAT WERE COMPETITIVELY SOLICITED**

This section refers to existing contracts that were competitively bid (“ITB” or “RFP”) at their origin and consists of either (a) the exercise of established options to renew or (b) the execution of contract modifications for which the Procurement Policy requires prior Board approval.

3. **(15-13736-TC)** The Facilities Design and Construction (FDC) Department requests funding for the Construction Management Agreement with Skanska USA Building, Inc. (Skanska), resulting from open-competitive Request for Proposals (RFP) #15-13736-TC for construction management services for various Jackson Health System (JHS) facilities.

**Skanska USA Building, Inc. (Skanska):**

Project ‘D’: JHS Main Campus Floor Modernizations

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original approved Pre-Construction Services funding:</td>
<td>$2,637,009</td>
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<tr>
<td>(Board approved April 2016)</td>
<td></td>
</tr>
<tr>
<td>Subsequent approved Construction funding:</td>
<td>$10,000,000</td>
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<td>(Board approved August 2016)</td>
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<td>Subsequent approved Construction funding:</td>
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<td>(Board approved September 2016)</td>
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<td>Subsequent approved Construction funding:</td>
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<tr>
<td>(Board approved December 2016)</td>
<td></td>
</tr>
<tr>
<td>Subsequent approved Construction funding:</td>
<td>$3,850,000</td>
</tr>
<tr>
<td>(Board approved March 2017)</td>
<td></td>
</tr>
<tr>
<td>This Request for Construction Funding:</td>
<td>$2,500,000</td>
</tr>
</tbody>
</table>

**Total Project ‘D’ approved funding:** $28,487,009

Project ‘D’ Background
In April 2016, the Public Health Trust Board (PHT Board) approved, via Resolution No. PHT 4/16-018, a construction management agreement with Skanska for Project ‘D’ (Jackson Main Campus Floor Modernizations) in the preconstruction amount of $2,637,009. In August 2016, the PHT Board approved, via Resolution No. PHT 8/16-044, construction management funding with Skanska in the amount of $10,000,000 for Project ‘D’. In September 2016, the PHT Board approved, via Resolution No. PHT 9/16-047, construction management funding with Skanska in the amount of $1,000,000 for Project ‘D’. In December 2016, the PHT Board approved, via Resolution No. PHT 12/16-069, construction management funding with Skanska in the amount of $8,500,000 for Project ‘D’. In March 2017, the PHT Board approved, via Resolution No. PHT 3/17-016 construction management funding with Skanska in the amount of $3,850,000 for Project ‘D’.

Currently, construction management funding is needed to authorize Skanska to perform construction work at Jackson Memorial Medical Center for an installation of a Hybrid Operating Room (OR) as described by the following scope of work:

**Jackson Memorial Medical Center – Diagnostic Treatment Center (DTC) Hybrid OR Project:** The project scope includes the renovation of two existing ORs to be combined into a single Hybrid OR to accommodate a new radiographic imaging system and surgical equipment. The project encompasses approximately 1,325 square feet of area on the third floor of the DTC Building. This renovation will include upgraded finishes to the adjacent Clean Corridor and the Scrub Station Area. The project includes the following spaces: OR, Control Room, Uninterruptible Power Supply (UPS) Room, Equipment Room, and Scrub Station Area along the Clean Corridor.

All new floor mounted equipment will require work on the second floor below the slab to install ducts and wiring as required and overhead equipment with structural suspension system on the Hybrid OR floor. Existing utilities lines will be modified or rerouted. The new work requires a dedicated construction path for general contractor access on the third floor (hard walls) and temporary barrier on the second floor (zippered plastic sheeting). The work will be conducted in one phase, and work hours will be fully coordinated with the facility.

The estimated construction costs for these renovations and upgrades will constitute one Guaranteed Maximum Price (GMP) package not-to-exceed $2,500,000, bringing the total request for Project ‘D’ funding to a not-to-exceed $28,487,009.

**Project ‘D’ Recommendation**

The involvement of Skanska as the Construction Manager for the JHS Floor Modernizations project is crucial to the success of the Miracle-Building Bond program and the vision of the JHS Strategic Plan. With this funding, Skanska will provide continuing construction management services to the JHS Facilities Design and Construction team for Project ‘D’.

Use of Miracle-Building Bond funding for Project ‘D’ construction work was approved by the Citizens’ Advisory Committee (CAC) and PHT Board in July 2016.

The negotiated contract resulting from RFP #15-13736-TC includes a 32.77% SBE-C subcontractor goal on cost of work; 6.31% SBE-C G/C mentorship goal on CM services; and 0.25% SBE-G/S subcontractor goal on cost of work.

The original contract was approved by Risk Management as to Insurance and Liability and by the County Attorney’s Office for legal sufficiency.

The contract can be terminated for convenience (without cause) upon seven (7) calendar days’ prior written notice and includes the UAP and OIG fees. The UAP fee was negotiated as an upfront discount.

The Facilities Design and Construction Department has determined that it would be in the best interest of the Trust to provide construction funding for the transformation of two existing operating rooms (ORs) at Jackson Memorial Hospital to a Hybrid OR (B. Seed).

4. **(1123444; 1120752; 1123449-TC)** The Facilities Design and Construction (FDC) Department requests funding approval for the Construction Management Agreements with Turner Construction Company (Turner) and W.G. Yates & Sons Construction Company (Yates), resulting from open-competitive Request for Proposals (RFP) #15-13736-TC for construction management services for various Jackson Health System (JHS) facilities.

**Project B: Jackson West Medical Campus**
**W. G. Yates & Sons Construction Company** $1,432,832
(Board approved February 2017 (Pre-construction))
This Request for Pre-Construction Funding: $1,200,000

Total Project ‘B’ approved funding: $2,632,832

Project E: Jackson South Community Hospital
Turner Construction Company $243,400
(Board approved February 2017) (Pre-construction)

This Request for Pre-Construction Funding: $300,000

Total Project ‘E’ approved funding: $543,400

Project F: Jackson Rehabilitation Hospital Building
Turner Construction Company $1,264,900
(Board approved April 2016) (Pre-construction)

This Request for Pre-Construction Funding: $2,000,000

Total Project ‘F’ approved funding: $3,264,900

Project ‘B’ Background
In February 2017, the Public Health Trust Board (PHT Board) approved, via Resolution No. PHT 2/17- 013, a construction management agreement with Yates for Project ‘B’ (Jackson West Medical Campus Project) in the preconstruction amount of $1,432,832.

Currently, construction management funding is needed to authorize Yates to perform pre-construction design assist services as described by the following scopes of work:

Jackson West Medical Campus Project:
Yates and JHS will be soliciting design-assist proposals to provide work for the Jackson West Medical Campus Project, located in Doral, FL. It is Yates’ and JHS’s intent to use the selected design-assist subcontractors to provide comprehensive pre-construction services and to continue into a contract for construction services for the above-mentioned project. Yates is requesting $1,200,000 in funding approval to be used for awarding pre-construction services contracts to eight (8) successful design-assist subcontractors. The packages being targeted for this delivery method are as follows:

1. Exterior Precast Concrete Wall Panels
2. Cast in Place Concrete Structure
3. Exterior Glass & Glazing (Curtain Wall & Storefront)
5. Fire Protection
6. Plumbing Systems
7. HVAC Systems and Controls
8. Electrical & Fire Alarm

In order to assist in the process of designing/constructing the best facility and of incorporating the most value-based design elements, JHS has chosen to utilize design-assist subcontracting for key scopes of work. This approach is unique in the architectural and construction industry and is built on the philosophy of team success. JHS desires to have the best industry practices incorporated into the project. By engaging major subcontractors early in the design process, the Owner, Owner’s Representative, Architect, Engineers, Construction Manager, Subcontractors and Vendors can all collaborate to develop the best facility at the best value. The process will be developed to motivate all team members to eliminate waste and duplication, incorporate the right level of quality, optimize cooperation, and develop a construction process, design, and schedule that protects the interests of all parties and ultimately obtains JHS’s goal of completing an excellent project in a manageable schedule within a predictable budget.

Project ‘B’ Recommendation
The involvement of Yates as the Construction Manager for the Jackson West Medical Campus Project is crucial to the success of the Miracle-Building Bond program and the vision of the JHS Strategic Plan. With this funding, Yates will provide continuing construction management services to the JHS Facilities Design and Construction team for Project ‘B’.
Use of Miracle-Building Bond funding for Project ‘B’ pre-construction and construction work was approved by the Citizens’ Advisory Committee (CAC) and PHT Board in July 2016.

Project ‘E’ Background
In February 2017, the PHT Board approved, via Resolution No. PHT 2/17-013, a construction management agreement with Turner for Project ‘E’ (Jackson South Community Hospital) in the preconstruction amount of $243,400.

Currently, construction management funding is needed to authorize Turner to perform pre-construction design assist services as described by the following scopes of work:

Jackson Health System Jackson South Community Hospital Expansion and Renovation Project:
Turner and JHS will be soliciting design-assist proposals to provide work for the Jackson South Community Hospital Expansion and Renovation Project, located in Miami, FL. It is Turner’s and JHS’s intent to use the selected design-assist subcontractors to provide comprehensive pre-construction services and to continue into a contract for construction services for the above-mentioned project. Turner is requesting $300,000 in funding approval to be used for awarding pre-construction services contracts to two (2) successful design-assist subcontractors. The packages being targeted for this delivery method are as follows:

1. HVAC Systems/Controls and Plumbing
2. Electrical & Low Voltage

In order to assist in the process of designing/constructing the best facility and of incorporating the most value-based design elements, JHS has chosen to utilize design-assist subcontracting for key scopes of work. This approach is unique in the architectural and construction industry and is built on the philosophy of team success. JHS desires to have the best industry practices incorporated into the project. By engaging major subcontractors early in the design process, the Owner, Owner’s Representative, Architect, Engineers, Construction Manager, Subcontractors and Vendors can all collaborate to develop the best hospital at the best value. The process will be developed to motivate all team members to eliminate waste and duplication, incorporate the right level of quality, optimize cooperation, and develop a construction process, design, and schedule that protects the interests of all parties and ultimately obtains JHS’s goal of completing an excellent project in a manageable schedule within a predictable budget.

Project ‘E’ Recommendation
The involvement of Turner as the Construction Manager for the Jackson South Community Hospital Expansion and Renovation Project is crucial to the success of the Miracle-Building Bond program and the vision of the JHS Strategic Plan. With this funding, Turner will provide continuing construction management services to the JHS Facilities Design and Construction team for Project ‘E’.

Use of Miracle-Building Bond funding for Project ‘E’ pre-construction and construction work was approved by the Citizens’ Advisory Committee (CAC) and PHT Board in July 2016.

Project ‘F’ Background
In April 2016, the PHT Board approved, via Resolution No. PHT 4/16-018, a construction management agreement with Turner for Project ‘F’ (Jackson Rehabilitation Hospital Building) in the preconstruction amount of $1,264,900.

Currently, construction management funding is needed to authorize Turner to perform pre-construction design assist services as described by the following scopes of work:

Jackson Health System Christine E Lynn Rehabilitation Center Project:
Turner and JHS will be soliciting design-assist proposals to provide work for the Christine E Lynn Rehabilitation Center Project, located in Miami, FL. It is Turner’s and JHS’s intent to use the selected design-assist subcontractors to provide comprehensive pre-construction services and to continue into a contract for construction services for the above-mentioned project. Turner is requesting $2,000,000 in funding approval to be used for awarding pre-construction services contracts to eight (8) successful design-assist subcontractors. The packages being targeted for this delivery method are as follows:

1. Exterior Precast Concrete Wall Panels
2. Structural Steel Frame & Metal Decks
3. Exterior Glass & Glazing (Curtain Wall & Storefront)
5. Fire Protection
6. Plumbing Systems
7. HVAC Systems and Controls
8. Electrical & Fire Alarm
In order to assist in the process of designing/constructing the best facility and of incorporating the most value-based design elements, JHS has chosen to utilize design-assist subcontracting for key scopes of work. This approach is unique in the architectural and construction industry and is built on the philosophy of team success. JHS desires to have the best industry practices incorporated into the project. By engaging major subcontractors early in the design process, the Owner, Owner’s Representative, Architect, Engineers, Construction Manager, Subcontractors and Vendors can all collaborate to develop the best hospital at the best value. The process will be developed to motivate all team members to eliminate waste and duplication, incorporate the right level of quality, optimize cooperation, and develop a construction process, design, and schedule that protects the interests of all parties and ultimately obtains JHS’s goal of completing an excellent project in a manageable schedule within a predictable budget.

Project ‘F’ Recommendation

The involvement of Turner as the Construction Manager for the Jackson Rehabilitation Hospital Building project is crucial to the success of the Miracle-Building Bond program and the vision of the JHS Strategic Plan. With this funding, Turner will provide continuing construction management services to the JHS Facilities Design and Construction team for Project ‘F’.

Use of Miracle-Building Bond funding for Project ‘F’ pre-construction and construction work was approved by the Citizens’ Advisory Committee (CAC) and PHT Board in July 2016.

The negotiated contract resulting from RFP #15-13736-TC includes a 34.05% SBE-C subcontractor goal on cost of work for Projects B and F; a 32.77% SBE-C subcontractor goal on cost of work for Project E; a 6.31% SBE-C G/C mentorship goal on CM services for Projects B, E, and F; and a 0.25% SBE-G/S subcontractor goal on cost of work for Projects B, E, and F.

The original contracts were approved by Risk Management as to Insurance and Liability and by the County Attorney’s Office for legal sufficiency.

The contracts can be terminated for convenience (without cause) upon seven (7) calendar days’ prior written notice and includes the UAP and OIG fees. The UAP fee was negotiated as an upfront discount.

The Facilities Design and Construction Department has determined that it would be in the best interest of the Trust to provide pre-construction design assist funding for these three Agreements (B. Seed).

SECTION VII. OPTIONS-TO-RENEW AND CONTRACT MODIFICATIONS FOR CONTRACTS THAT WERE AWARDED UNDER A WAIVER OF FORMAL COMPETITION

This section refers to existing contracts that were not competitively bid at their origin and consists of either (a) the exercise of established options-to renew or (b) the execution of contract modifications for which the Procurement Policy requires prior Board approval. All contracts in this section are renewals not previously authorized by the Board have the written approval of the President, are based on a finding that the waiver of full and competitive bidding is in the best interest of the Public Health Trust, and require a two-thirds affirmative vote of the Trustees present for approval.

This section refers to existing contracts that were not competitively bid at their origin and consists of either (a) the exercise of established options-to renew or (b) the execution of contract modifications for which the Procurement Policy requires prior Board approval. All contracts in this section are renewals not previously authorized by the Board have the written approval of the President, are based on a finding that the waiver of full and competitive bidding is in the best interest of the Public Health Trust, and require a two-thirds affirmative vote of the Trustees present for approval.

5. (1147012-CS) The Holtz Children Hospital, Pediatric Respiratory Therapy Department, requests approval for a contract renewal with INO Therapeutics, LLC d/b/a Mallinckrodt Pharmaceuticals for a period of one year for Nitric Oxide Inhalation Gas Therapy Services (Ongoing Purchase).

INO Therapeutics, LLC, d/b/a Mallinckrodt Pharmaceuticals:

Previously approved funding $4,482,624
(2015 - 2017) (For two years)

This Request for funding $2,859,600
(For One year)
Total approved funding: $7,342,224

Background
In April 2015, via Resolution 04/15-024, the amount of $1,525,120 was approved for a period of One year to secure the Nitric Oxide Inhalation Therapy Gas. In April 2016, Resolution PHT 04/16-018 approved $2,275,004 to continue this service for an additional year through April 2017. Additional funding in the amount of $682,500 was subsequently approved under CPO authority, necessitated by increased utilization, for a total spend of $4,482,624 from April 2015 through April 2017. This request for funding in the amount of $2,859,600, based on increased utilization, will continue the service for an additional year.

The Holtz Children’s Hospital Pediatric Respiratory Therapy Department, in collaboration with the Procurement Management Department, conducted market research to determine the availability of competition. It was determined that Mallinckrodt’s product remains the best available solution on the market today. Mallinckrodt is the only provider for this Nitric Oxide gas and delivery equipment and system.

Nitric Oxide Inhalation Therapy Gas is used for pulmonary hypertension treatments of cardio thoracic and transplant patients post-surgery. The therapy gas is used for heart and lung patients requiring pulmonary vasodilatation (widening of blood vessels), post pump, transplant and has the least side effects. This product is primarily utilized in the NICU, but it is highly effective for use on adults post heart and lung transplant surgery. It is the only therapy gas that can be used in the NICU setting with the least number of side effects in infants.

The cost of using Nitric Oxide is significantly lower than costs associated with a patient’s response to a 3-5 day alternative therapy. The pricing is dictated by the vendor, as a sole source provider, through a series of patents for both the medical gas and the equipment/delivery/system.

Recommendation
Based on past utilization, Holtz Children’s Hospital Pediatric Respiratory Therapy Department determined that it is in the Trust’s best interest to secure the Bronze Pricing Tier with the provision of using up to 30,000 monthly hours. The Bronze package at a cost of $2,859,600 for this one-year period is more cost-effective than the Platinum Tier at $3,319,008 for the same one-year period. This represents a reduction in cost of $459,408.

INO Therapeutics, LLC, d/b/a Mallinckrodt Pharmaceuticals is the only FDA approved vendor for this particular drug and its delivery system.

The proposed contract can be terminated for convenience with a thirty (30) day notice and includes UAP and OIG provisions. The UAP fees are provided as a deduction on the invoices.

The contract has been reviewed and approved by the County Attorney’s Office for legal sufficiency.

In providing an evaluation of the vendor’s performance during the current contract year, Pediatric Respiratory Therapy has reported the following:

- The average turnaround time of products and services is above standard.
- The deliverables meet contract requirements.
- The ability to successfully respond to emergency situations is above standard.
- The responsiveness to safety issues and safety standards also is above standard.

Based on the overall contract performance evaluation, the Holtz Children Hospital Pediatric Respiratory Therapy Department recommends the continuation of this contracted service with INO Therapeutics, LLC, d/b/a Mallinckrodt Pharmaceuticals.

For this one-year contract, the Holtz Children Hospital will use the following performance and quality measures to evaluate the Contractor’s ability to provide Nitric Oxide Inhalation Gas Therapy:

1. Average turnaround time of goods/services delivery to be received no later than 24 hours from date promised for routine orders.
2. Deliverables that meet contract requirements at a minimum of 95% of the time.
3. Responses to emergency situations within 15 minutes and provision of emergency deliveries within 8 hours.

A Sole Source Justification was provided and Conflict of Interest declarations signed by Oscar Solares, Chief Respiratory Therapy and by Lori Donohue, Contract Manager, Mallinckrodt Pharmaceuticals, with no reported disclosures. ECRI and MDBuyline have no available data with which to benchmark this purchase. (G. Lunsford).
SECTION VIII. MISCELLANEOUS

This section consists of procurement actions that require Board approval not included under any other section of the Purchasing Report.

No items to report.
4. Adjournment
JOINT CONFERENCE AND EFFICIENCIES COMMITTEE

AGENDA

April 25, 2017
PUBLIC HEALTH TRUST BOARD OF TRUSTEES
JOINT CONFERENCE AND EFFICIENCIES COMMITTEE
AGENDA

Tuesday, April 25, 2017
Following the Purchasing and Facilities Subcommittee Meeting

Jackson Memorial Hospital
West Wing Boardroom

Joint Conference and Efficiencies Committee
Irene Lipof, Chairwoman
Robert Zarco, Vice Chairman
Joe Arriola
Bryan Avila
William J. Heffernan
Mojdeh L. Khaghan
Walter T. Richardson

Public Health Trust Rules

Any person making impertinent or slanderous remarks or who becomes boisterous while addressing the committee, shall be barred from further audience before the committee, unless permission to continue or again address the committee be granted by the Chairperson. No clapping, applauding, heckling or verbal outbursts in support or opposition to a speaker or his or her remarks shall be permitted. No signs or placards shall be allowed in the Board Room. Persons exiting the Board Room shall do so quietly.

The use of cell phones in the Board Room is not permitted. Ringers must be set to silent mode to avoid disruption of proceedings. Individuals, including those seated around the board table, must exit the Board Room to answer incoming cell phone calls.

1. Meeting Call To Order

   (a) Previous committee meeting minutes (March 28, 2017)

       Motion to approve the previous committee meeting minutes

       Irene Lipof, Chairwoman
2. Reports

   (a) Chief Medical Officer

      Presented by Peter Paige, M.D., MMM, CPE, FACEP, FACPE, Executive Vice President and Chief Medical Officer of Jackson Health System

   (b) Executive Medical Committee of the Medical Staff

      Presented by Joshua Lenchus, DO, RPh, FACP, SFHM, President, Executive Medical Committee of the Medical Staff

   (c) Credentials Committee Activity as of April 2017

      Presented by Joshua Lenchus, DO, RPh, FACP, SFHM, President, Executive Medical Committee of the Medical Staff

   (d) Transplant Annual Quality Update

      Presented by Luke Preczewski, Vice President, Miami Transplant Institute and Marian O’Rourke, Associate Director, Quality, Compliance and Outcomes Management

3. Resolutions Recommended To Be Accepted

   (a) Resolution approving the Medical Staff and Health Professional Affiliate Staff Membership and Clinical Privileges; approving Initial Appointments, Reappointments and Clinical Privileges and Activities; approving Modifications to Medical Staff Membership Category and Clinical Privileges; accepting Resignations and Leaves of Absence – April 2017

      Motion to accept the resolution with a favorable recommendation to the PHT Board of Trustees

      Irene Lipof, Chairwoman

   (b) Resolution urging the Miami-Dade County Board of County Commissioners to amend Chapter 25A of the Miami-Dade County Code to create Section 25A-10 regarding Prohibited Conduct and Preservation of Property at Trust facilities, and directing the President of the Public Health Trust, or his designee, to seek approval of same

      Sponsored by Carlos A. Migoya, President and Chief Executive Officer, Jackson Health System

4. Adjournment

   Irene Lipof, Chairwoman
1. Meeting Call To Order
JOINT CONFERENCE AND EFFICIENCIES COMMITTEE MEETING MINUTES

Tuesday, March 28, 2017
Followed the Purchasing and Facilities Subcommittee Meeting

Jackson Memorial Hospital
West Wing Board Room
First Floor
1611 N. W. 12th Avenue
Miami, FL 33136

Joint Conference and Efficiencies Committee
Irene Lipof, Chairwoman
Robert Zarco, Vice Chairman
Joe Arriola
Bryan Avila
William J. Heffernan
Mojdeh L. Khaghan
Walter T. Richardson

Members Present: Irene Lipof, Chairwoman, Robert Zarco, Vice Chairman, Mojdeh L. Khaghan, Joe Arriola, and William J. Heffernan

Member(s) Excused: Bryan Avila and Walter T. Richardson

In addition to the Committee members, the following staff members, Chair of the Credentials Committee Jackson Health System (JHS) and Assistant Miami-Dade County Attorneys were present: Carlos A. Migoya, Don S. Steigman, John Tawwater, Matthew Pinzur, Isis Zambrana, Mark T. Knight, Martha Baker, RN, and Tala Teymour; Penny Tenzur, M.D., Chair, Credentials Committee JHS; and Christopher Kokoruda and Laura Llorente, Assistant Miami-Dade County Attorneys

1. Meeting Call to Order
   Irene Lipof, Chairwoman at 10:48 a.m.

   (a) Previous committee meeting minutes (February 28, 2017)

   Motion to approve the previous committee meeting minutes

   Irene Lipof, Chairwoman

   William J. Heffernan moved approval; seconded by Robert Zarco, and carried without dissent.
2. Reports

(a) Chief Medical Officer

In the absence of Peter Paige, M.D., Executive Vice President and Chief Medical Officer, John Tawwater, Vice President, Patient Safety reported that in preparation for the Joint Commission Survey JHS continues its readiness activities. It is anticipated that the surveyors will arrive within the week.

Influenza Vaccination Campaign Update

As part of the Chief Medical Officer report Mr. Tawwater introduced Tala Teymour, Director, Health and Wellness and Martha Baker, RN, President SEIU, Local 1991 to present the Influenza Vaccination Campaign update.

As part of the fiscal year 2016-2017 campaign Ms. Teymour spoke about the strategies used (utilize labor management partnership, clinical champions and peer-to-peer rounding, vaccines offered during staff events, mandatory vaccination for non-union management, and extensive employee communication and outreach) to inform and educate JHS employees regarding the influenza vaccination. Graph presentations showed that the results of employees who participated and vaccinated in fiscal year 2016-2017 compared to the previous fiscal year increased. With an increase in participation employees were asked why do they decline and the highest percentage of employees have a fear of side effects. In preparation for the fiscal year 2017-2018 campaign Ms. Teymour stated that plans are to continue the partnership with labor management and begin in the fall of this year to December 31, 2017. Beginning in the fall will begin an earlier launch of the education campaign plan.

Ms. Baker introduced members of the nursing team who encouraged and assured that their co-workers had the opportunity to participate and be vaccinated. She spoke about the partnership between JHS and labor management and how working together to provide education regarding the vaccination attributed to increased participation and vaccinations in fiscal year 2016-2017. Ms. Baker stated that labor management is proud to have the opportunity to work with JHS management which have resulted in better results, have benefited financially along with better patient outcome and employee satisfaction.

Quality and Patient Safety Plan

Mr. Tawwater stated that the Quality and Patient Safety Plan was recently revised. The Quality and Patient Safety Plan is a document that provides a roadmap on how best to move forward with proposed improvement work and activities to insure quality within the organization.

(b) Executive Medical Committee of the Medical Staff

In the absence of Joshua Lenchus, D.O., President, Executive Medical Committee of the Medical Staff (Committee), Penny Tenzur, M.D., Chair, Credentials Committee JHS reported that the Executive Medical Committee of the Medical Staff held its regularly scheduled meeting in the month of March. The Committee agreed to forward to the Joint Conference and Efficiencies Committee with a recommendation to accept as presented the Credentials Committee Activity report for the month of March 2017.

(c) Credentials Committee Activity as of March 2017

Dr. Tenzur presented a detailed overview of the Credentials Committee Activity report for the month of March. As part of the credentialing process the physician files have undergone vetting by the Service Chiefs and thoroughly reviewed and reviewed and approved by the Executive Medical Committee of the Medical Staff. A detailed copy of the Credentials Committee Activity report for the month of March was included in the agenda.
2. Reports cont…

(d) System-wide Quality Re-cap for Calendar Year 2016

Isis Zambrana, Associate Vice President and Chief Quality Officer presented an overview of the system-wide quality recap for the calendar year 2016. Highlights of the system-wide quality recap showed the importance of meaningful data and how it ties into quality care and the MIRACLE experience. With a focus on industry standard performance indicators, JHS was able to gauge its progress in improving safety measures, clinical processes of care, and patient satisfaction as well as sustained improvement in several critical statistical measures during 2016. A full range of supporting data and significant trends was included in the agenda.

3. Resolution Recommended To Be Accepted

(a) Resolution approving the Medical Staff and Health Professional Affiliate Staff Membership and Clinical Privileges; approving Initial Appointments, Reappointments and Clinical Privileges and Activities; approving Modifications to Medical Staff Membership Category and Clinical Privileges; accepting Resignations and Leaves of Absence – March 2017

Motion to accept the resolution with a favorable recommendation to the PHT Board of Trustees

Irene Lipof, Chairwoman

Joe Arriola moved to accept the resolution; seconded by Mojdeh L. Khaghan, and carried without dissent.

4. Adjournment

Irene Lipof, Chairwoman at 11:16 a.m.

Meeting Minutes Prepared by

Ivenette Cobb-Black
Executive Assistant
Public Health Trust Board of Trustees
2. Reports
2 (a) Chief Medical Officer
2 (b) Executive Medical Committee of the Medical Staff
# JACKSON HEALTH SYSTEM

## PHT BOARD OF TRUSTEES COMMITTEE

**April 25, 2017**

<table>
<thead>
<tr>
<th>Category</th>
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**CONFIDENTIALITY STATEMENT**

**REMINDER:** In order to preserve the statutory protection against discovery, all committee members must maintain the confidentiality of the subject matter of this meeting.
TO: Irene Lipof, Chairwoman
   and Members, Joint Conference and Efficiencies Committee
FROM: Luke Preczewski, Vice President
       Miami Transplant Institute
       Isis Zambrana, Associate Vice President and Chief Quality Officer
DATE: April 25, 2017
RE: Miami Transplant Institute Quality Update

Jackson Health System’s commitment to improving patient safety and quality of care is a crucial component of our overall mission of tending to the wellbeing of our community and its diverse stakeholders. Addressing these challenges requires us to not only capture the data we are required to report to institutions such as the Joint Commission and Centers for Medicare and Medicaid Services, but to convert that data into meaningful tools that can be used to set priorities and develop change strategies.

This is especially true in our Miami Transplant Institute (MTI), where cutting-edge medicine is being practiced by world-class clinical teams. The complexity of this work and the vulnerability of these patients before, during, and after their transplants demands that we constantly refine and improve our processes. By focusing on industry-standard performance indicators, we can gauge our progress in improving safety measures, clinical processes of care, and patient satisfaction.

MTI continues to be ranked as one of the largest and most comprehensive transplant programs in the United States for both adults and children. The annual volume of organ transplants performed continues to place Jackson Memorial Hospital in the top three programs in the United States along with the University of California, Los Angeles and the University of California, San Francisco.

The full range of data is presented below, and significant trends will be highlighted for discussion during the Public Health Trust Board of Trustees’ Joint Conference & Efficiencies Committee meeting.

Clinical Experience/Volume

As of April 13, 2017, MTI has transplanted 11,053 organs into 9,563 patients since the United Network for Organ Sharing (UNOS)/Organ Procurement and Transplantation Network (OPTN) began collecting data on organ transplants. MTI performed 570 organ transplants in 2016, making this the largest volume of transplants performed in one year in Jackson’s history.
MTI is one of only two transplant centers in the country to perform more than 400 intestine transplants. In 2016, our system performed 24 intestine/multivisceral transplants, more than any other American center.

During the October 2015 recertification survey by the Centers for Medicare and Medicaid Services (CMS) of all Jackson transplant programs, the lung transplant program received a condition-level deficiency based upon its volume. CMS requires an average of 30 adult transplants be performed over a three-year period backdated to the survey date. At the time of the survey MTI had not met the target number of lung transplants. MTI applied for mitigating factors as Jackson is the only provider in South Florida providing lung transplantation services. Dr. Matthias Loebe was recruited in March 2015 as Chief of Thoracic transplant and VAD. 13 lung transplants were performed in 2015 and 19 in 2016 – the largest number of lung transplants in the history of Jackson Memorial. In June 2016, CMS granted Jackson’s request for approval of mitigating factors.

Clinical Outcomes

One of the goals of MTI is to provide access to transplantation to as many patients as possible while ensuring excellence in patient and graft survival. The Scientific Registry for Transplant Recipients (SRTR) publishes program specific reports (PSR) for every transplant program in the U.S. every six months. A statistical risk-adjusted model is used to evaluate a program’s actual outcomes against its expected outcomes.

Below, please find the results of the December SRTR report released in January 2017 for one-year graft survival and patient survival, indexed by organ service and patient type (pediatric or adult). These data reflect patient and graft survival for transplants performed from July 1, 2013 to December 31, 2015.

Three data points are tracked for each result: the estimated results at MTI, the expected results (based on a statistical risk-adjusted model) at MTI, and the national average. CMS mandates that observed (estimated) outcomes must not be statistically lower than risk-adjusted expectations. CMS uses a statistical analysis to identify programs that may be underperforming. The OPTN also monitors transplant program performance and uses a different statistical analysis to identify programs that may be at risk for underperformance.

<table>
<thead>
<tr>
<th>LIVER</th>
<th>Patient Survival</th>
<th>Graft Survival</th>
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<tbody>
<tr>
<td></td>
<td>MTI Estimated</td>
<td>MTI Expected</td>
</tr>
<tr>
<td>Adult</td>
<td>90.98%</td>
<td>92.46%</td>
</tr>
<tr>
<td>Pediatric</td>
<td>100%</td>
<td>95.51%</td>
</tr>
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</table>

Liver transplant, adult and pediatric patient and graft survival, did not flag under either CMS or OPTN review criteria.
Due to the small volume of intestine transplants performed in the world, a statistical risk-adjusted survival model has not yet been developed.

<table>
<thead>
<tr>
<th>HEART</th>
<th>Patient Survival</th>
<th>Graft Survival</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>MTI Estimated</td>
<td>MTI Expected</td>
</tr>
<tr>
<td>Adult</td>
<td>82.14%</td>
<td>91.79%</td>
</tr>
<tr>
<td>Pediatric</td>
<td>100%</td>
<td>95.71%</td>
</tr>
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</table>

Pediatric patient and graft survival are 100 percent. Adult heart transplant outcomes during this period were lower than expected and did flag for review by UNOS/OPTN. The chief of thoracic transplant led a comprehensive program review and a retrospective outcomes analysis including the period prior to his arrival at Jackson to identify opportunities for improvement. Dr. Peter Paige, Jackson’s chief medical officer and chair of the Transplant Quality Council (TQC), launched three task-forces to address the four major areas identified for improvement: donor selection, recipient selection, infection prevention, and inpatient management. The donor and recipient selection task force completed its work and implemented changes. The other two teams continue to work on the initiatives initially identified as opportunities for improvement in heart outcomes, which have now expanded in scope to address infection prevention and inpatient care management across all solid organ transplant. These task forces are led by Jackson’s chief of infection prevention, the director of MTI, and the chief executive officer of Jackson Memorial Hospital.

UNOS/OPTN requested Jackson complete a comprehensive program survey and outcomes review of the heart program, which was submitted earlier this month. CMS will await the next SRTR PSR in June 2017, but internal outcomes analysis suggest that patient and graft survival will meet CMS expected thresholds.

<table>
<thead>
<tr>
<th>LUNG</th>
<th>Patient Survival</th>
<th>Graft Survival</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>MTI Estimated</td>
<td>MTI Expected</td>
</tr>
<tr>
<td>Adult</td>
<td>100%</td>
<td>87.35%</td>
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</tbody>
</table>

Lung transplant outcomes continue to be excellent, with 100 percent patient and graft survival. Similar to heart, the chief of thoracic transplant led a comprehensive program review and retrospective outcomes analysis including the period prior to his 2015 arrival at MTI to identify opportunities for improvement. As noted under heart, two task forces launched to implement improvements in heart have now been expanded to all solid organ transplant programs including lung transplant. Two additional task forces are focused on donor and recipient selection and rehabilitative services. MTI is also finalizing recruitment of a medical director for lung transplant.
Adult kidney transplant survival was initially identified by the OPTN for quality review in August 2015 and released in October 2015 following a comprehensive program analysis and early improvement in outcomes. Improvements centered around patient selection criteria, management of patients on the waiting list, improved donor-recipient matching, improved post-transplant follow-up and patient management. An independent peer review team was engaged and completed an on-site review in June 2016. Experienced transplant nursing leadership was recruited in 2016 to partner with physician leaders in continuing and hard-wiring the improvement work. Patient and graft survival have improved significantly and continue to be above expected. Pediatric kidney patient survival continues to be 100 percent.

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<thead>
<tr>
<th></th>
<th>MTI Estimated</th>
<th>MTI Expected</th>
<th>National Estimated</th>
<th>MTI Estimated</th>
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<tbody>
<tr>
<td><strong>Adult Deceased Donor</strong></td>
<td>96.95%</td>
<td>96.41%</td>
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<td>93.20%</td>
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<td><strong>Adult Living Donor</strong></td>
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<td>98.79%</td>
<td>98.75%</td>
<td>97.80%</td>
<td>97.75%</td>
<td>97.58%</td>
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<tr>
<td><strong>Pediatric Deceased Donor</strong></td>
<td>100%</td>
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<td>99.69%</td>
<td>97.14%</td>
<td>96.31%</td>
<td>96.31%</td>
</tr>
<tr>
<td><strong>Pediatric Living Donor</strong></td>
<td>100%</td>
<td>-</td>
<td>99.16%</td>
<td>100%</td>
<td>-</td>
<td>97.10%</td>
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</table>

Although pancreas patient survival is excellent in the most recent SRTR report, MTI has begun a comprehensive evaluation of pancreas transplant at Jackson. MTI performed 17 pancreas transplants in 2016, ranking Jackson third overall in pancreas transplant volume behind University of Wisconsin and Indiana University. There has been a slow but steady decline in the number of pancreas transplants being performed in the U.S. and a decline in the number of transplants programs performing pancreas transplants. Internal outcomes analysis of pancreas patient and graft survival has shown a decline in more recent outcomes. MTI’s medical director and its director of kidney and kidney/pancreas transplant have launched a comprehensive program review to identify opportunities for improvement in outcomes and program performance. This results of this analysis will be reported to the TQC.

**Data Reporting**

Transplant programs are required to submit extensive outcomes data on all transplant recipients. Data submission targets are identified by both CMS and OPTN. In general, 95 percent of forms must be submitted within 90 days of the due date, and 100 percent of forms within 180 days of the due date. Data submitted on these forms is used to calculate the expected survival in the SRTR risk adjusted model referenced above. In the last quarter of 2016 all programs met the required forms submission targets except for adult liver (93 percent) and pediatric liver (91 percent). This creates high exposure for both internal data use and regulatory compliance; robust action plans have been implemented to address this issue.
Programs performing living donor transplants are also required to reach submission targets for certain clinical and laboratory data on living donors for two years after donation. MTI continues to meet all data submission targets established by UNOS/OPTN.

Patient Safety

An important aspect of the MTI quality program is aligning patient safety with Jackson’s patient safety goals. MTI has continued to improve the reporting of patient safety events and near-miss events. Following the initial success in increasing awareness evidenced by increased reporting in 2014 this improvement has been sustained throughout 2015 and 2016.

There are two risk managers assigned to review all transplant patient events at Jackson. A thorough analysis is conducted on each event. Root cause analysis is conducted for serious events, and correction action plans are developed. Progress toward completion of those plans are monitored at the monthly Transplant Quality Council meetings.

MTI continues to report all external issues related to organ allocation and communication with organ procurement organizations and UNOS/OPTN, in addition to internally tracking those events in Jackson’s systems.

Regulatory Compliance Update

MTI has not undergone any additional surveys since our last report in June 2016. UNOS has requested to schedule a routine survey of all transplant programs and the living kidney donor program in June 2017. The required thresholds for liver, heart, lung and kidney are 95 percent compliance for clinical and 90 percent compliance for administrative. The ventricular assist device (VAD) program will undergo a re-certification survey by The Joint Commission between October and December 2017.
Quality Structure and Leadership

In October 2016, the Transplant Quality Council (TQC) was restructured to align with the health-system reorganization of quality and patient safety under the leadership of Jackson’s chief medical officer. The TQC has functioned as the steering committee for transplant quality and patient safety initiatives since 2013 and was critical to the goal of integrating transplant quality improvement and patient safety goals with the system’s quality goals and initiatives.

The membership now includes executive-level leadership of Jackson Memorial Hospital, Holtz Children’s Hospital; clinical, operational, and quality leadership of the MTI; senior leadership representatives of key areas involved in the management of transplant patients including perioperative services, critical care services, infection control, and laboratory; and senior health system leaders in quality and patient safety.

Leadership and Physician Recruitment

Luke Preczewski joined Jackson in September 2016 as vice president for transplant. New leaders have also been recruited for the positions of director of operations, director of inpatient transplant quality, medical director of lung transplant, manager for the kidney and pancreas transplant program, quality manager, risk manager, infection prevention specialist, and a number of experienced associate nurse managers.

A third heart transplant surgeon was hired last year, as well as an interventional cardiologist. Two cardiology positions are posted. Recruitment is being finalized for two pulmonary physicians for the lung transplant program. A transplant nephrologist recruited in 2016 will be supplemented with two additional nephrologists and a kidney pancreas transplant surgeon. An additional hepatologist will be full-time with MTI in June and recruitment is being finalized for another dedicated transplant hepatologist. Two positions are posted for infectious disease physicians.
3. Resolutions Recommended To Be Accepted
RESOLUTION NO. PHT 04/17 –

RESOLUTION APPROVING THE MEDICAL STAFF AND HEALTH PROFESSIONAL AFFILIATE STAFF MEMBERSHIP AND CLINICAL PRIVILEGES; APPROVING INITIAL APPOINTMENTS, REAPPOINTMENTS AND CLINICAL PRIVILEGES AND ACTIVITIES; APPROVING MODIFICATIONS TO MEDICAL STAFF MEMBERSHIP CATEGORY AND CLINICAL PRIVILEGES; ACCEPTING RESIGNATIONS AND LEAVES OF ABSENCE – APRIL 2017

WHEREAS, the Public Health Trust Board of Trustees is charged with considering and acting upon applications for medical staff membership and clinical privileges pursuant to Section 25A-4(f) of the Miami-Dade County Code as well as state and federal law and regulations; and

WHEREAS, the Public Health Trust Board of Trustees is charged with considering and acting upon applications for health professional affiliate staff membership and clinical privileges, protocols and/or scope of service pursuant to state and federal laws and regulations; and

WHEREAS, all applications for initial appointment and reappointment to the medical staff and health professional affiliate staff, modifications of medical staff membership, requests for and modifications to clinical privileges/admitting priorities/protocols/scopes of service, resignations and leaves of absence have been thoroughly reviewed by the Public Health Trust’s Corporate Credentialing Office, the appropriate Chief of Service, Associate Chief of Service or designee, the Credentials Committee, the Medical Executive Committee and, where appropriate, the Office of Risk Management; and

WHEREAS, the Credentials Committee provided its recommendation to the Medical Executive Committee; and

WHEREAS, the Medical Executive Committee provided its recommendations to the Public Health Trust Board of Trustees.
NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA, hereby approves the initial appointments and reappointments to the medical staff and health professional affiliate staff and grants clinical privileges, admitting priorities, protocols and scopes of service as detailed in the attachment; approves the modifications to the medical staff membership category and modifications to clinical privileges, admitting priorities, protocols and scopes of service as detailed in the attachment; and finally, the Public Health Trust Board of Trustees accepts the resignations and leaves of absence from the medical staff and health professional affiliate staff as detailed in the attachment.
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### Jackson Health System

**Initial Appointments - Medical Staff**

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<thead>
<tr>
<th>Name</th>
<th>Department/ Specialty/ Status</th>
<th>Board Certified/ Expiration Date</th>
<th>References</th>
<th>Hospital Affiliations</th>
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05/22/2011

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Anesthesiology  
06/16/2011 - 06/16/2015

**Fellowship:**
Vanderbilt Univ. Medical Center  
Regional Anesthesia and Acute Pain Management  
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| Razelle C. Cogen, PA | Orthopaedics, Hand Surgery | 3- all positive | 4-positive | Jorge Orbay-Corrato, MD  
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Francisco Rubio, MD  
Orthopaedics, Hand Surgery  
Eric J. Balaguer, MD  
Orthopaedics, Hand Surgery  
Charles E. Hoffler II, MD  
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| Maibe C. Colmenares, ARNP | Med, Infectious Disease  
HP, Advanced RN Practitioner | 3- all positive | None | Allan E. Rodriguez, MD  
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- Master of Science in Nursing
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- Miami Dade College
- Associate in Science
- Physician Assistant
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## Allied Health Professionals

<table>
<thead>
<tr>
<th>ID#</th>
<th>Name</th>
<th>Department</th>
<th>Primary Site(s) of Practice</th>
<th>Effective Date</th>
<th>Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>23755</td>
<td>Chavarria, Patricia ARNP</td>
<td>Med, Cardiovascular Disease</td>
<td>JMH</td>
<td>3/10/2017</td>
<td>Resigned from Jackson</td>
</tr>
<tr>
<td>04985</td>
<td>Lewis, Noeline, ARNP</td>
<td>Pediatric</td>
<td>JMH</td>
<td>11/26/2017</td>
<td>Resigned from Jackson</td>
</tr>
<tr>
<td>20065</td>
<td>Noicely, Ivor E., CRNA</td>
<td>Anesthesiology</td>
<td>JMH, JSCH</td>
<td>4/30/2017</td>
<td>Resigned from Jackson</td>
</tr>
<tr>
<td>61567</td>
<td>Ojeda Ulloa, Elke, PA</td>
<td>Surgery</td>
<td>JMH, JNMC</td>
<td>4/30/2017</td>
<td>Will not be renewing privileges</td>
</tr>
<tr>
<td>22246</td>
<td>Saintable, Sabine D., ARNP</td>
<td>Neurological Surgery</td>
<td>JMH</td>
<td>2/28/2016</td>
<td>Resigned from UM</td>
</tr>
<tr>
<td>21839</td>
<td>Selesky, Shari, PA</td>
<td>Surgery</td>
<td>JMH, JNMC</td>
<td>3/24/2017</td>
<td>Resigned from Practice</td>
</tr>
</tbody>
</table>

## Amendment to MEC 3/13/2017

<table>
<thead>
<tr>
<th>ID#</th>
<th>Name</th>
<th>Department</th>
<th>Primary Site(s) of Practice</th>
<th>Effective Date</th>
<th>Reason</th>
</tr>
</thead>
<tbody>
<tr>
<td>53622</td>
<td>Cabrera, Luis A., CRNA</td>
<td>Anesthesiology</td>
<td>JMH, JSCH</td>
<td>2/21/2017</td>
<td>Resign from UM only</td>
</tr>
</tbody>
</table>
Recommendation

Staff recommends that the Public Health Trust Board of Trustees ("Trust") urge the Miami-Dade County Board of County Commissioners ("County Commission") to amend Chapter 25A of the Code of Miami Dade County to add provisions related to prohibited conduct and the preservation of property at all Public Health Trust facilities. The proposed amendment would prohibit certain conduct, including public intoxication, use of illegal drugs, and smoking, as well as ensure proper sanitation at Trust facilities.

Scope
The proposed change would apply to interior and exterior portions of the Trust’s designated facilities.

Fiscal Impact/Funding Source

If approved by the County Commission, the proposed amendment would have a minimal fiscal impact related to producing and installing appropriate signage. That cost would be absorbed within the approved operating budget for fiscal year 2016-17.

Background

As an institution dedicated to wellness and committed to the safety of its patients, visitors, employees, and other community members, Jackson has numerous policies to create a comfortable and welcoming environment. Jackson also has a fiduciary responsibility to protect its taxpayer-owners’ investment in Trust facilities and infrastructure, including spending associated with the Jackson Miracle-Building Bond Program approved by voters in 2013. The Trust urges an amendment to Chapter 25A of the code that would do the following:

- Make it unlawful for any person to remain in or on any area at the designated facilities of the Trust, unless such person has a bona fide purpose for being in such area
- Prohibit smoking in all properties or parking garages belonging to the Trust and its designated facilities.
- Prohibit any person from destroying, injuring, disturbing, or tampering with any property belonging to the Trust.
- Prohibit the disposal or dumping of any material and the pollution of any waters within the designated facilities of the Trust.
• Make it unlawful for any person to drink intoxicating liquors on any portion of the designated facilities of the Trust, except in restaurants properly designated by the Trust.
• Prohibit the prescription, dispensing, or sale, of any controlled substance as defined by State or Federal law except by duly qualified clinical professionals while on designated facilities of the Trust.

If the County Commission amends the Code to add new Section 25A-10, the Trust could further regulate and safeguard its facilities against damage to property, the use of illicit drugs, or improper sanitation. Similar regulations are presently codified in the Code for other County departments and observed at both the Miami-Dade Aviation and Seaport Departments.
RESOLUTION NO. PHT 04/17 –

RESOLUTION URGING THE MIAMI-DADE COUNTY BOARD OF COUNTY COMMISSIONERS TO AMEND CHAPTER 25A OF THE MIAMI-DADE COUNTY CODE TO CREATE SECTION 25A-10 REGARDING PROHIBITED CONDUCT AND PRESERVATION OF PROPERTY AT TRUST FACILITIES, AND DIRECTING THE PRESIDENT OF THE PUBLIC HEALTH TRUST, OR HIS DESIGNEE, TO SEEK APPROVAL OF SAME

(Carlos A. Migoya, President and Chief Executive Officer, Jackson Health System)

WHEREAS, the staff of the Public Health Trust ("Trust") desires to ensure the preservation of all property at Trust facilities; and

WHEREAS, the staff at the Trust desires to amend Chapter 25A of the Code of Miami-Dade County, Florida, to include a new section regarding Preservation of Property and Prohibited Conduct; and

WHEREAS, amendments to Chapter 25A of the Code of Miami-Dade County may only be approved by the Board of County Commissioners of Miami-Dade County (the "County Commission"); and

WHEREAS, as more fully set forth in the attached memorandum incorporated herein, it is in the best interest of the Trust that Chapter 25A-10 be added to the Code of Miami-Dade County, Florida, and this Board seeks to urge the County Commission to pass the same.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA, that this Board hereby urges the County Commission to amend the Code of Miami-Dade County, Florida to adopt and incorporate Chapter 25A-10 and directs the President and Chief Executive Officer of the Trust, or his designee, to seek approval of the same.
4. Adjournment
FISCAL COMMITTEE

AGENDA

April 25, 2017
PUBLIC HEALTH TRUST BOARD OF TRUSTEES

FISCAL COMMITTEE

AGENDA

Tuesday, April 25, 2017
Following the Joint Conference and Efficiencies Committee Meeting

Jackson Memorial Hospital
West Wing Board Room

Fiscal Committee
William J. Heffernan, Chairman
Mojdeh L. Khaghan, Vice Chairwoman
Joe Arriola
Bryan Avila
Irene Lipof
Walter T. Richardson
Robert Zarco

Public Health Trust Rules

Any person making impertinent or slanderous remarks or who becomes boisterous while addressing the committee, shall be barred from further audience before the committee, unless permission to continue or again address the committee be granted by the Chairperson. No clapping, applauding, heckling or verbal outbursts in support or opposition to a speaker or his or her remarks shall be permitted. No signs or placards shall be allowed in the Board Room. Persons exiting the Board Room shall do so quietly.

The use of cell phones in the Board Room is not permitted. Ringers must be set to silent mode to avoid disruption of proceedings. Individuals, including those seated around the board table, must exit the Board Room to answer incoming cell phone calls.

1. Meeting Call to Order

   (a) Previous committee meeting minutes (March 28, 2017)

      Motion to approve the previous committee meeting minutes

      William J. Heffernan, Chairman

2. Reports

   (a) Jackson Health System Combined Financial Statements as of March 2017

      Presented by Mark T. Knight, Executive Vice President and Chief Financial Officer

   (1) Accounts Receivable All Hospitals as of March 2017

   (b) Purchasing and Facilities Subcommittee

      Presented by Mojdeh L. Khaghan, Chairwoman, Purchasing and Facilities Subcommittee
FISCAL COMMITTEE AGENDA – April 25, 2017

3. Resolutions Recommended To Be Accepted

(a) Resolution authorizing and approving award of bids and proposals, waiver of bids, and other purchasing actions for April 2017, in accordance with the Public Health Trust’s Procurement Policy, Resolution No. PHT 10/12-078

*Sponsored by Rosa Costanzo, Vice President and Chief Procurement Officer, Strategic Sourcing and Supply Chain Management Division, Jackson Health System*

*Motion to accept the resolution with a favorable recommendation to the PHT Board of Trustees*

*William J. Heffernan, Chairman*

(b) Resolution authorizing the President to negotiate and execute a Renewal Agreement for expenditures up to $1,133,000.00 out of fiscal year 2017 budget for purchase of public health services with the Miami-Dade County Health Department

*Sponsored by Caridad Nieves, Vice President, Chief Administrative Officer and Chief Nursing Officer, Ambulatory Care Center and Primary Care Center*

*Motion to accept the resolution with a favorable recommendation to the PHT Board of Trustees*

*William J. Heffernan, Chairman*

4. Adjournment

*William J. Heffernan, Chairman*
1. Meeting Call To Order
FISCAL COMMITTEE MEETING MINUTES

Tuesday, March 28, 2017
Followed the Joint Conference and Efficiencies Committee Meeting

Jackson Memorial Hospital
West Wing Board Room
First Floor
1611 N. W. 12th Avenue
Miami, FL 33136

Fiscal Committee
William J. Heffernan, Chairman
Mojdeh L. Khaghan, Vice Chairwoman
Joe Arriola
Bryan Avila
Irene Lipof
Walter T. Richardson
Robert Zarco

Members Present: William J. Heffernan, Chairman, Mojdeh L. Khaghan, Vice Chairwoman, Joe Arriola, Robert Zarco and Irene Lipof

Member(s) Excused: Bryan Avila and Walter T. Thompson

In addition to the Committee members, the following staff members, KPMG LLP (KPMG) Representatives, and Assistant Miami-Dade County Attorneys were present: Carlos A. Migoya, Don S. Steigman, Martha Baker, RN, Matthew Pinzur and Mark T. Knight; Karen Mitchell, Monica Flaviani and Christopher Gonzalez, KPMG Representatives; and Eugene Shy, Jr., Laura Llorente and Jeffrey Poppel, Assistant Miami-Dade County Attorneys

1. Fiscal Committee Meeting Call to Order

William J. Heffernan, Chairman at 11:17 a.m.

(a) Previous committee meeting minutes (February 28, 2017)

Motion to approve the previous committee meeting minutes

William J. Heffernan, Chairman

Irene Lipof moved approval; seconded by Joe Arriola, and carried without dissent.
Add-on Agenda Item

Public Health Trust Financial Statements, Required Supplementary Information, and Schedules, September 30, 2017 and 2015 Presentation and Independent Auditor’s Report

As an add-on item to the agenda, Mark T. Knight, Executive Vice President and Chief Financial Officer stated that fiscal year 2015-2016 financial statements, required supplementary information and schedules report was distributed during the meeting to members of the committee. Mr. Knight introduced Karen Mitchell, Managing Partner, KPMG, external auditor for Jackson Health System (JHS) to present an overview of the financial statements.

Prior to presenting an overview of the financial statements Ms. Mitchell introduced Monica Flaviani, Senior Manager and Christopher Gonzalez, Manager who are responsible for the work done to timely complete the financial statements.

Ms. Mitchell stated that KPMG conducted the audit in accordance with generally accepted auditing standards within the United States and the standards applicable to financial audits contained in Government Auditing Standards. Ms. Mitchell pointed out that the focus of the audit had to do with the estimated third-party receivables and payables, patient revenue cut offs, and alternative investments in the defined benefit plan which were determined to be significant risks. A significant amount of time was dedicated to reviewing the estimated third-party receivables and payables and nature of the estimates. It was determined that management’s rationale for the estimates was reasonable. KPMG proposed adjustments that were deemed immaterial. During the course of the audit there were no changes made to the significant risks. With there being no significant deficiencies or material weaknesses in internal controls that were noted during the audit Ms. Mitchell stated that KPMG plans to issue JHS a no material weakness letter.

With regards to completing the audit Ms. Mitchell stated that the KPMG team received full cooperation from JHS management and with observing the Finance Department over the past few years noticed the positive changes as well as enhanced skills and better collaboration among the Finance staff.

Ms. Mitchell stated that she will be rotating off JHS assignments. She further stated over the years she learned a lot and considers JHS to be a phenomenal organization and a prestigious account to have worked on.

Members of the committee expressed appreciation and thanks to Ms. Mitchell for her dedicated years of service.

Mr. Knight requested that the committee consider accepting the fiscal year 2015-2016 financial statements, required supplementary information and schedules report as presented.

Motion to accept the fiscal year 2015-2016 financial statements, required supplementary information and schedules report

William J. Heffernan, Chairman

Mojdeh L. Khaghan moved to accept fiscal year 2015-2016 financial statements; seconded by Irene Lipof, and carried without dissent.
2. Reports

(a) Jackson Health System Combined Financial Statements as of February 2017

Mr. Knight reported that the result of the JHS combined financial statements as of February 2017 was discussed in detail individually with each member of the committee. Highlights of the financial statements showed that the month of February was a good month which began with some of the recovering efforts that was mentioned as previous meetings. Volumes remained high which attributed to creating a positive variance in the net operating revenue and best payor mix so far for the 2016-2017 fiscal year; operating expenses were below what was expected on an adjusted volume basis; received the first half (approximately $53 million ) of the Lower Income Pool Program payment and expected to receive the second half during the first week in April; days cash-on-hand was 35, expect to increase in the 40’s at the end of March and return to 50 days cash-on-hand at the end of April; cash collections were strong; and there are strong indications of positive progress moving forward. A detailed copy of the financial statements as of February 2017 was included in the agenda.

(1) Accounts Receivable All Hospitals as of February 2017
(2) Financial and Budget Tracking Status Report as of February 2017

Detailed reports highlighting agenda items 2 (a) (1) and (2) was included in the agenda

(b) Purchasing and Facilities Subcommittee

The Purchasing and Facilities Subcommittee met on March 28, 2017. By way of a unanimous vote the subcommittee forwarded with a favorable recommendation Fiscal Committee agenda items 3 (a) and (b).

3. Resolutions Recommended To Be Accepted

(a) Resolution authorizing and approving award of bids and proposals, waiver of bids, and other purchasing actions for March 2017, in accordance with the Public Health Trust’s Procurement Policy, Resolution No. PHT 10/12-078

Sponsored by Rosa Costanzo, Vice President and Chief Procurement Officer, Strategic Sourcing and Supply Chain Management Division, Jackson Health System

(b) Resolution approving the Procurement Regulations as revised and amended on March 28, 2017

Sponsored by Rosa Costanzo, Vice President and Chief Procurement Officer, Strategic Sourcing and Supply Chain Management Division, Jackson Health System

Motion to accept agenda items 3 (a) and (b) with a favorable recommendation to the PHT Board of Trustees

William J. Heffernan, Chairman

Joe Arriola moved to accept the resolutions; seconded by Mojdeh L. Khaghan, and carried without dissent.

4. Adjournment

William J. Heffernan, Chairman at 11:31 a.m.

Meeting Minutes Prepared by Ivenette Cobb-Black
Executive Assistant
Public Health Trust Board of Trustees

Page 3 of 3
2. Reports
PUBLIC HEALTH TRUST
JACKSON HEALTH SYSTEM
COMBINED FINANCIAL STATEMENTS

March 31, 2017
1. Key Performance Indicators
2. Combined Balance Sheet Summary
3. Combined Statement of Revenues, Expenses & Changes in Fund Net Assets
4. P &L 12 Month Trend Analysis
5. Combining Statement of Revenue & Expense Reflecting Allocated Corporate Overhead & Public Support Funding /Month
6. Combining Statement of Revenue & Expenses Reflecting Allocated Corporate Overhead & Public Support Funding /YTD
7. Combining Statement of Revenue & Expenses by Company
8. Combined Statement of Unrestricted/Restricted Cash Flow
9. Consolidated Portfolio Inventory Summary by Security /Account Type
10. Sales Tax Monthly Income Trend Analysis
11. Payor Mix Patient Days as % of Total Fiscal Year 2016-2017
### Financial Ratios

#### Net Patient Revenue per Adjusted Patient Day
<table>
<thead>
<tr>
<th>Period</th>
<th>Benchmark</th>
<th>JTQ-19</th>
<th>Actual</th>
<th>JTQ-17</th>
<th>Budget</th>
<th>JTQ-16</th>
<th>Budget</th>
<th>Actual</th>
<th>JTQ-16</th>
<th>Budget</th>
<th>JTQ-16</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Patient Revenue</strong></td>
<td>1,975</td>
<td>1,959</td>
<td>1,779</td>
<td>16</td>
<td>196</td>
<td>0.8%</td>
<td>11.0%</td>
<td>1,897</td>
<td>1,904</td>
<td>1,958</td>
<td>1,784</td>
<td>(54)</td>
</tr>
<tr>
<td><strong>Total Cost per Adjusted Patient Day</strong></td>
<td>3,068</td>
<td>3,089</td>
<td>2,852</td>
<td>21</td>
<td>(216)</td>
<td>0.7%</td>
<td>(7.6)%</td>
<td>3,138</td>
<td>3,025</td>
<td>3,131</td>
<td>2,906</td>
<td>105</td>
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</table>

#### Liquidity Indicators

<table>
<thead>
<tr>
<th>Period</th>
<th>Benchmark</th>
<th>JTQ-19</th>
<th>Actual</th>
<th>JTQ-17</th>
<th>Budget</th>
<th>JTQ-16</th>
<th>Budget</th>
<th>Actual</th>
<th>JTQ-16</th>
<th>Budget</th>
<th>JTQ-16</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Days Net in Receivable</strong></td>
<td>45.9</td>
<td>44.31</td>
<td>47.96</td>
<td>(3.31)</td>
<td>3.65</td>
<td>(8.1)%</td>
<td>7.6%</td>
<td>43.90</td>
<td>44.31</td>
<td>41.00</td>
<td>47.96</td>
<td>(3.31)</td>
</tr>
<tr>
<td><strong>Cash (Unrestricted) to Debt Ratio</strong></td>
<td>1.52</td>
<td>0.77</td>
<td>0.64</td>
<td>(0.25)</td>
<td>(0.12)</td>
<td>(32.6)%</td>
<td>(19.0)%</td>
<td>0.51</td>
<td>0.52</td>
<td>0.77</td>
<td>0.64</td>
<td>(0.25)</td>
</tr>
</tbody>
</table>

#### Utilization

<table>
<thead>
<tr>
<th>Period</th>
<th>Benchmark</th>
<th>JTQ-19</th>
<th>Actual</th>
<th>JTQ-17</th>
<th>Budget</th>
<th>JTQ-16</th>
<th>Budget</th>
<th>Actual</th>
<th>JTQ-16</th>
<th>Budget</th>
<th>JTQ-16</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Admissions excl. Newborn</strong></td>
<td>5,551</td>
<td>5,347</td>
<td>5,368</td>
<td>204</td>
<td>183</td>
<td>3.8%</td>
<td>3.4%</td>
<td>5,122</td>
<td>33,298</td>
<td>31,116</td>
<td>31,017</td>
<td>2,182</td>
</tr>
<tr>
<td><strong>Hospital Patient Census Days excl. Newborn</strong></td>
<td>38,335</td>
<td>36,659</td>
<td>37,744</td>
<td>1,676</td>
<td>591</td>
<td>4.6%</td>
<td>1.6%</td>
<td>35,286</td>
<td>229,240</td>
<td>213,064</td>
<td>217,194</td>
<td>16,176</td>
</tr>
<tr>
<td><strong>Average Length of Stay</strong></td>
<td>6.9</td>
<td>6.86</td>
<td>7.03</td>
<td>(0.05)</td>
<td>0.13</td>
<td>(0.7)%</td>
<td>1.8%</td>
<td>6.89</td>
<td>6.88</td>
<td>6.85</td>
<td>7.0</td>
<td>(0.04)</td>
</tr>
<tr>
<td><strong>JHS Number of OR Cases</strong></td>
<td>1,389</td>
<td>1,330</td>
<td>1,281</td>
<td>59</td>
<td>108</td>
<td>4.4%</td>
<td>8.4%</td>
<td>1,231</td>
<td>7,479</td>
<td>7,496</td>
<td>7,362</td>
<td>(17)</td>
</tr>
<tr>
<td><strong>Overnight % of Productive Hours</strong></td>
<td>3.80</td>
<td>2.57</td>
<td>4.87</td>
<td>(1.23)</td>
<td>1.07</td>
<td>(47.8)%</td>
<td>21.9%</td>
<td>3.59</td>
<td>4.50</td>
<td>2.53</td>
<td>4.56</td>
<td>(1.97)</td>
</tr>
</tbody>
</table>

#### FTE’s

<table>
<thead>
<tr>
<th>Period</th>
<th>Benchmark</th>
<th>JTQ-19</th>
<th>Actual</th>
<th>JTQ-17</th>
<th>Budget</th>
<th>JTQ-16</th>
<th>Budget</th>
<th>Actual</th>
<th>JTQ-16</th>
<th>Budget</th>
<th>JTQ-16</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>JHS FTE per Adjusted Occupied Bed</strong></td>
<td>6.65</td>
<td>7.15</td>
<td>7.32</td>
<td>6.85</td>
<td>0.17</td>
<td>(4.3)%</td>
<td>2.3%</td>
<td>7.09</td>
<td>7.11</td>
<td>7.38</td>
<td>7.01</td>
<td>0.28</td>
</tr>
<tr>
<td><strong>JHS Health System FTE’s</strong></td>
<td>12,065</td>
<td>11,815</td>
<td>11,467</td>
<td>(256)</td>
<td>(598)</td>
<td>(2.1)%</td>
<td>(5.2)%</td>
<td>12,005</td>
<td>11,989</td>
<td>11,762</td>
<td>11,276</td>
<td>(227)</td>
</tr>
</tbody>
</table>

#### Payor Mix Self Pay Patient Days as % of Total

<table>
<thead>
<tr>
<th>Period</th>
<th>Benchmark</th>
<th>JTQ-19</th>
<th>Actual</th>
<th>JTQ-17</th>
<th>Budget</th>
<th>JTQ-16</th>
<th>Budget</th>
<th>Actual</th>
<th>JTQ-16</th>
<th>Budget</th>
<th>JTQ-16</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Jackson Memorial Hospital</strong></td>
<td>12.69%</td>
<td>14.42%</td>
<td>13.67%</td>
<td>1.72%</td>
<td>0.86%</td>
<td>12.0%</td>
<td>7.1%</td>
<td>12.56%</td>
<td>14.10%</td>
<td>14.38%</td>
<td>14.29%</td>
<td>0.28%</td>
</tr>
<tr>
<td><strong>Jackson North</strong></td>
<td>6.71%</td>
<td>8.78%</td>
<td>7.04%</td>
<td>2.07%</td>
<td>0.33%</td>
<td>23.6%</td>
<td>4.7%</td>
<td>6.20%</td>
<td>7.34%</td>
<td>8.78%</td>
<td>8.29%</td>
<td>1.44%</td>
</tr>
<tr>
<td><strong>Jackson South</strong></td>
<td>8.85%</td>
<td>12.49%</td>
<td>8.49%</td>
<td>3.64%</td>
<td>(0.36%</td>
<td>29.2%</td>
<td>(4.3)%</td>
<td>13.37%</td>
<td>12.65%</td>
<td>12.49%</td>
<td>11.45%</td>
<td>(0.16)%</td>
</tr>
<tr>
<td><strong>Inpatient Charges as Percent of Total</strong></td>
<td>73.28%</td>
<td>73.24%</td>
<td>72.78%</td>
<td>(0.04%)</td>
<td>(0.50%)</td>
<td>(0.1)%</td>
<td>(0.7)%</td>
<td>74.47%</td>
<td>74.68%</td>
<td>73.49%</td>
<td>73.78%</td>
<td>1.19%</td>
</tr>
<tr>
<td><strong>Realization Rate</strong></td>
<td>21.73%</td>
<td>23.37%</td>
<td>21.34%</td>
<td>1.65%</td>
<td>(0.39%)</td>
<td>7.0%</td>
<td>(1.8)%</td>
<td>21.39%</td>
<td>22.01%</td>
<td>23.47%</td>
<td>21.53%</td>
<td>(1.46)%</td>
</tr>
</tbody>
</table>
# Public Health Trust of Miami-Dade County - (Consolidated)

## Combined Balance Sheet

March 2017

(Amounts in thousands)

<table>
<thead>
<tr>
<th></th>
<th>Mar 17</th>
<th>Feb 17</th>
<th>Dollar Change</th>
<th>Sep 16</th>
<th>Dollar Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Investments</td>
<td>167,232</td>
<td>162,995</td>
<td>4,237</td>
<td>249,337</td>
<td>(82,106)</td>
</tr>
<tr>
<td>Cash and Investments Restricted</td>
<td>15,719</td>
<td>13,866</td>
<td>1,853</td>
<td>11,178</td>
<td>4,541</td>
</tr>
<tr>
<td>Cash and Investments Limited as to Use</td>
<td>7,282</td>
<td>7,281</td>
<td>0</td>
<td>2,515</td>
<td>4,766</td>
</tr>
<tr>
<td>Gross Patient Accounts Receivable</td>
<td>997,258</td>
<td>1,022,459</td>
<td>(25,201)</td>
<td>929,352</td>
<td>67,906</td>
</tr>
<tr>
<td>Allowances for Contractuals and Bad Debt</td>
<td>(855,799)</td>
<td>(883,637)</td>
<td>27,838</td>
<td>(809,233)</td>
<td>(46,565)</td>
</tr>
<tr>
<td>Net Accounts Receivable</td>
<td>141,460</td>
<td>138,823</td>
<td>2,637</td>
<td>120,119</td>
<td>21,341</td>
</tr>
<tr>
<td>Third Party Receivable</td>
<td>142,520</td>
<td>178,234</td>
<td>(35,714)</td>
<td>97,877</td>
<td>44,643</td>
</tr>
<tr>
<td>Due From Miami-Dade County</td>
<td>43,977</td>
<td>42,005</td>
<td>1,972</td>
<td>42,100</td>
<td>1,876</td>
</tr>
<tr>
<td>Other Receivables - Restricted</td>
<td>3,747</td>
<td>3,620</td>
<td>127</td>
<td>3,001</td>
<td>746</td>
</tr>
<tr>
<td>Inventories</td>
<td>31,358</td>
<td>31,274</td>
<td>84</td>
<td>31,351</td>
<td>7</td>
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<tr>
<td>Prepaid Expenses and Other Current Assets</td>
<td>10,439</td>
<td>10,842</td>
<td>(403)</td>
<td>9,192</td>
<td>1,247</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>563,733</td>
<td>588,938</td>
<td>(25,206)</td>
<td>566,699</td>
<td>(2,937)</td>
</tr>
<tr>
<td>Due From Restricted Funds</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Cash and Investments Limited as to Use - LT</td>
<td>37,430</td>
<td>37,483</td>
<td>(53)</td>
<td>35,004</td>
<td>2,426</td>
</tr>
<tr>
<td>Cash and Investments Restricted - LT</td>
<td>29,170</td>
<td>29,243</td>
<td>(73)</td>
<td>30,363</td>
<td>(1,192)</td>
</tr>
<tr>
<td>Capital Assets, Net</td>
<td>624,812</td>
<td>619,504</td>
<td>5,308</td>
<td>598,246</td>
<td>26,566</td>
</tr>
<tr>
<td>Other Assets</td>
<td>(51,914)</td>
<td>(53,515)</td>
<td>1,600</td>
<td>(50,381)</td>
<td>8,466</td>
</tr>
<tr>
<td>Total Non-Current Assets</td>
<td>639,498</td>
<td>632,715</td>
<td>6,783</td>
<td>603,233</td>
<td>36,265</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$1,203,230</td>
<td>$1,221,653</td>
<td>($18,422)</td>
<td>$1,169,902</td>
<td>$33,328</td>
</tr>
<tr>
<td>Current Portion of Long Term Debt</td>
<td>8,175</td>
<td>8,175</td>
<td>0</td>
<td>8,175</td>
<td>0</td>
</tr>
<tr>
<td>Accounts Payable and Accrued Expenses</td>
<td>141,177</td>
<td>137,812</td>
<td>3,365</td>
<td>134,358</td>
<td>6,820</td>
</tr>
<tr>
<td>Accrued Salaries and Payroll Taxes Withheld</td>
<td>145,728</td>
<td>167,649</td>
<td>(21,922)</td>
<td>153,722</td>
<td>(7,995)</td>
</tr>
<tr>
<td>Due to Other Third Party</td>
<td>113,396</td>
<td>118,183</td>
<td>(4,787)</td>
<td>118,183</td>
<td>(4,787)</td>
</tr>
<tr>
<td>Due to Miami-Dade County</td>
<td>15,000</td>
<td>15,000</td>
<td>0</td>
<td>15,670</td>
<td>(670)</td>
</tr>
<tr>
<td>Other Restricted</td>
<td>1,872</td>
<td>1,795</td>
<td>77</td>
<td>1,654</td>
<td>217</td>
</tr>
<tr>
<td>Other Current Liabilities</td>
<td>26,616</td>
<td>30,799</td>
<td>(4,184)</td>
<td>35,699</td>
<td>(9,053)</td>
</tr>
<tr>
<td>Total Current Liabilities</td>
<td>451,963</td>
<td>479,414</td>
<td>(27,451)</td>
<td>467,432</td>
<td>(15,468)</td>
</tr>
<tr>
<td>Long Term Debts, Excluding Current Portion</td>
<td>314,109</td>
<td>314,151</td>
<td>(42)</td>
<td>314,363</td>
<td>(254)</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>123,224</td>
<td>120,192</td>
<td>3,031</td>
<td>105,240</td>
<td>17,984</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>889,296</td>
<td>913,757</td>
<td>(24,461)</td>
<td>887,034</td>
<td>2,261</td>
</tr>
<tr>
<td>Unrestricted Net Position</td>
<td>(27,071)</td>
<td>(7,265)</td>
<td>(19,807)</td>
<td>(27,674)</td>
<td>603</td>
</tr>
<tr>
<td>Invested in Capital Assets</td>
<td>325,573</td>
<td>301,573</td>
<td>24,000</td>
<td>299,369</td>
<td>26,204</td>
</tr>
<tr>
<td>Restricted Net Position</td>
<td>15,483</td>
<td>13,587</td>
<td>1,896</td>
<td>11,173</td>
<td>4,260</td>
</tr>
<tr>
<td>Total Net Position</td>
<td>33,328</td>
<td>307,896</td>
<td>6,039</td>
<td>282,868</td>
<td>31,067</td>
</tr>
<tr>
<td>Total Liabilities &amp; Net Position</td>
<td>$1,203,230</td>
<td>$1,221,653</td>
<td>($18,422)</td>
<td>$1,169,902</td>
<td>$33,328</td>
</tr>
</tbody>
</table>

Notes

* Reserves for AR is comprised of $415.9 million in cont. adjustments, $37.1 million in charity care and $402.8 million in prov. for doubtful accounts.
* Amounts due to the University of Miami total $13.9 million reported in other current liabilities

FS-2
## Combined Statement of Revenue, Expenses & Changes in Net Position

**Public Health Trust of Miami-Dade County**  
**March 2017**  
(Amounts in thousands)

<table>
<thead>
<tr>
<th>Mar 17 Actual</th>
<th>Mar 17 Budget</th>
<th>Mar 16 Actual</th>
<th>Mar 16 Budget</th>
<th>$ Variance</th>
<th>% Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>101,324</td>
<td>95,868</td>
<td>90,196</td>
<td>5,456</td>
<td>11,127</td>
<td>6%</td>
</tr>
<tr>
<td>(122)</td>
<td>(99)</td>
<td>(2)</td>
<td>(24)</td>
<td>(121)</td>
<td>24%</td>
</tr>
<tr>
<td>125</td>
<td>162</td>
<td>227</td>
<td>(37)</td>
<td>(102)</td>
<td>(23)%</td>
</tr>
<tr>
<td>1,979</td>
<td>2,110</td>
<td>1,630</td>
<td>(132)</td>
<td>149</td>
<td>(6)%</td>
</tr>
<tr>
<td>103,305</td>
<td>98,041</td>
<td>92,251</td>
<td>5,264</td>
<td>11,054</td>
<td>5%</td>
</tr>
<tr>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>2,027</td>
<td>2,037</td>
<td>2,283</td>
<td>(10)</td>
<td>(255)</td>
<td>(0)%</td>
</tr>
<tr>
<td>16,619</td>
<td>15,536</td>
<td>16,097</td>
<td>1,084</td>
<td>523</td>
<td>7%</td>
</tr>
<tr>
<td>121,952</td>
<td>115,614</td>
<td>110,631</td>
<td>6,338</td>
<td>11,321</td>
<td>5%</td>
</tr>
<tr>
<td>92,079</td>
<td>89,401</td>
<td>86,764</td>
<td>(2,678)</td>
<td>(5,316)</td>
<td>(3)%</td>
</tr>
<tr>
<td>33,857</td>
<td>34,581</td>
<td>31,618</td>
<td>723</td>
<td>(2,239)</td>
<td>2%</td>
</tr>
<tr>
<td>0</td>
<td>20</td>
<td>31</td>
<td>29</td>
<td>31</td>
<td>100%</td>
</tr>
<tr>
<td>26,967</td>
<td>22,740</td>
<td>22,376</td>
<td>(4,227)</td>
<td>(4,591)</td>
<td>(19)%</td>
</tr>
<tr>
<td>4,880</td>
<td>5,211</td>
<td>4,678</td>
<td>330</td>
<td>(202)</td>
<td>6%</td>
</tr>
<tr>
<td>1,083</td>
<td>1,129</td>
<td>925</td>
<td>46</td>
<td>(158)</td>
<td>4%</td>
</tr>
<tr>
<td>1,631</td>
<td>1,523</td>
<td>1,501</td>
<td>(108)</td>
<td>(130)</td>
<td>(7)%</td>
</tr>
<tr>
<td>160,498</td>
<td>154,813</td>
<td>147,893</td>
<td>(5,885)</td>
<td>(12,050)</td>
<td>(4)%</td>
</tr>
<tr>
<td>(38,546)</td>
<td>(38,998)</td>
<td>(37,262)</td>
<td>453</td>
<td>(1,283)</td>
<td>(1)%</td>
</tr>
<tr>
<td>76</td>
<td>64</td>
<td>102</td>
<td>12</td>
<td>(26)</td>
<td>19%</td>
</tr>
<tr>
<td>3,924</td>
<td>4,057</td>
<td>5,145</td>
<td>(134)</td>
<td>(1,222)</td>
<td>(3)%</td>
</tr>
<tr>
<td>14,618</td>
<td>14,618</td>
<td>13,417</td>
<td>0</td>
<td>1,201</td>
<td>0%</td>
</tr>
<tr>
<td>21,047</td>
<td>20,200</td>
<td>20,847</td>
<td>577</td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td>39,664</td>
<td>38,939</td>
<td>39,135</td>
<td>725</td>
<td>530</td>
<td>2%</td>
</tr>
<tr>
<td>1,118</td>
<td>1,872</td>
<td>1,178</td>
<td>(754)</td>
<td>(1981)</td>
<td>(40)%</td>
</tr>
<tr>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>0</td>
<td>59</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>4,921</td>
<td>7,312</td>
<td>4,921</td>
<td>(2,391)</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>6,039</td>
<td>0</td>
<td>9,184</td>
<td>6,039</td>
<td>(3,145)</td>
<td>100%</td>
</tr>
</tbody>
</table>

**Hospital and physician services**  
Community Medical Practices  
Primary Care Centers  
Continuing Care (SNF)  
Net Patient Service Revenue  
Division of Managed Care  
Grants Revenue  
Total Operating Revenue  
Salaries & Related Costs  
Contractual and Purchased Serv.  
Division of Managed Care  
Supplies  
Depreciation  
Interest  
Other Operating Expenses  
Total Operating Expenses  
Investment Income  
Other Income  
Dade County Unrestricted Funds  
Unrestricted Health Care Surtax  
Total Non-Operating Gain Net  
Revenue & Gain in Excess of Exp. & Loss  
Capital Contributions – Grants and Other  
JM Foundation  
Miami Dade County GOB  
Revenue & Gain after Extraordinary Loss

| 572,291 | 555,020 | 512,760 | 17,271 | 59,531 | 3% | 12% |
| 675     | (579)   | (2)     | (32)   | (610)  | 6% | 40012% |
| 12,037  | 12,404  | 11,666  | (367)  | 371    | (3)% | 3% |
| 584,392 | 567,719 | 525,290 | 16,673 | 59,103 | 3% | 11% |
| 12,062  | 12,105  | 12,675  | (43)   | (613)  | 0% | (5)% |
| 90,303  | 91,279  | 93,152  | (976)  | (2,849) | (1)% | (3)% |
| 686,757 | 671,104 | 630,705 | 15,654 | 56,053 | 2% | 9% |
| 538,628 | 522,415 | 494,117 | (16,213) | (44,511) | (3)% | (9)% |
| 200,822 | 206,317 | 190,607 | 5,495  | (10,215) | 3% | (5)% |
| 0       | 171     | (596)   | 171    | (596)  | 100% | 100% |
| 143,038 | 131,366 | 127,107 | (11,672) | (15,931) | (9)% | (13)% |
| 29,521  | 31,418  | 28,679  | 1,896  | (843)  | 6% | (3)% |
| 6,747   | 6,771   | 6,418   | 25     | (329)  | 0% | (5)% |
| 9,974   | 9,139   | 9,084   | (835)  | (890)  | (9)% | (10)% |
| 928,731 | 907,598 | 855,416 | (21,132) | (73,314) | (2)% | (9)% |
| (241,973) | (236,495) | (224,712) | (5,479) | (17,262) | (2)% | (8)% |
| 677     | 375     | 419     | 302    | 258    | 81% | 62% |
| 21,529  | 23,820  | 32,355  | (2,921) | (10,826) | (10)% | (33)% |
| 87,707  | 87,707  | 80,503  | 0      | 7,203  | 0% | 9% |
| 128,654 | 124,245 | 126,672 | 4,409  | 1,982  | 4% | 2% |
| 238,566 | 236,145 | 239,948 | 2,420  | (1,382) | 1% | (1)% |
| (3,407) | (349)   | 15,236   | (3,058) | (18,644) | 876% | (122)% |
| 262     | 349     | 25      | (87)   | 237    | (25)% | 946% |
| 34,213  | 0       | 29,478  | 34,213 | 4,735  | 0% | 16% |
| 31,067  | 0       | 44,739  | 31,067 | (13,672) | 100% | (31)% |

FS-3
## P & L 12 Month Trend Analysis
### Public Health Trust of Miami-Dade County - (Consolidated)
#### March 2017

<table>
<thead>
<tr>
<th>Mar 17</th>
<th>Feb 17</th>
<th>Jan 17</th>
<th>Dec 16</th>
<th>Nov 16</th>
<th>Oct 16</th>
<th>Sep 16</th>
<th>Aug 16</th>
<th>Jul 16</th>
<th>Jun 16</th>
<th>May 16</th>
<th>Apr 16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inpatient Services</td>
<td>348,423</td>
<td>312,655</td>
<td>332,833</td>
<td>337,020</td>
<td>322,689</td>
<td>328,616</td>
<td>336,365</td>
<td>357,755</td>
<td>332,890</td>
<td>319,727</td>
<td>327,809</td>
</tr>
<tr>
<td>Ambulatory Services</td>
<td>127,059</td>
<td>107,228</td>
<td>110,054</td>
<td>111,792</td>
<td>108,610</td>
<td>107,511</td>
<td>113,404</td>
<td>114,924</td>
<td>106,506</td>
<td>111,491</td>
<td>111,145</td>
</tr>
</tbody>
</table>

### Total Deductions From Revenue
- **Net Patient Service Revenue**: 372,177
- **Division of Managed Care**: 0
- **Other Operating Revenue**: 16,619
- **Grants Revenue**: 2,027

### Total Operating Revenue
- **Salaries & Related Costs**: 121,952
- **Contractual and Purchased Services**: 92,079
- **Supplies**: 33,858
- **Interest**: 0
- **Provision of Self-Insured Claims**: 0
- **Public MedAssist. Trust F. Assess**: 1,027
- **Depreciation**: 4,880
- **Other Operating Expenses**: 0

### Total Operating Expenses
- **Gain (Loss) From Operations**: (38,546)
- **Med. Educ. and Tert. Care Fund**: 4,051
- **Interest Income - Non. Operating**: 77
- **Unrealized Gains and Losses**: (1)
- **Other Non-Operating**: (127)
- **Dade County Unrestricted Funds**: 14,618
- **Unrestricted Health Care Surplus**: 21,047

### TOTAL Non-Operating Gain Net
- **Revenue & Gain in Excess of Exp. & Loss**: 39,664
- **Capital Contributions - Grants and Other**: 0
- **JM Contributions**: 0
- **Miami Dade Cty. GOB**: 4,921
- **Revenue & Gain after Extraordinary Loss**: 6,039

---

FS-4
<table>
<thead>
<tr>
<th>Service Area</th>
<th>Total Gross Inpatient Revenue</th>
<th>Total Gross Outpatient Revenue</th>
<th>Total Gross Revenue</th>
<th>Total Deductions from Revenue</th>
<th>Total Net Patient Revenue</th>
<th>Other Operating Revenue</th>
<th>Managed Care Revenue</th>
<th>Grant Revenue</th>
<th>Total Other Operating Revenue</th>
<th>Total Revenue</th>
<th>Operating Expenses</th>
<th>Total other Operating Cost</th>
<th>Total Operating Expenses Before Allocations</th>
<th>Allocated Corporate Services:</th>
<th>Excess of Operating Revenue over (under) Operating Expenses</th>
<th>Non Operating Revenue and Expenses</th>
<th>Total Non Operating Revenue</th>
<th>Total Non Operating Revenue After Redistribution</th>
<th>Excess of Revenue over(under) Expenses before GOS and County Special Contributions</th>
<th>Miami Dade County Special Contributions</th>
<th>Total Miami Dade GOS and Special Contributions</th>
<th>Excess of Revenue over(under) Expenses</th>
</tr>
</thead>
</table>
## Combining Statement of Revenue & Expense Reflecting Allocated Corporate Overhead & Public Support Funding

### Jackson Health System
March 2017 PYTD Actual

<table>
<thead>
<tr>
<th>Service Type</th>
<th>Gross Revenue</th>
<th>Deductions</th>
<th>Total Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Jackson Memorial Hospital</strong></td>
<td>1,447,625</td>
<td>232,636</td>
<td>2,080,261</td>
</tr>
<tr>
<td><strong>Jackson South</strong></td>
<td>455,130</td>
<td>98,135</td>
<td>553,265</td>
</tr>
<tr>
<td><strong>Jackson North</strong></td>
<td>1,900,759</td>
<td>330,771</td>
<td>2,231,530</td>
</tr>
<tr>
<td><strong>Jackson West Medical Center</strong></td>
<td>134,326</td>
<td>26,966</td>
<td>161,292</td>
</tr>
<tr>
<td><strong>Physician Services</strong></td>
<td>3,068</td>
<td>528</td>
<td>3,600</td>
</tr>
<tr>
<td><strong>EHS Health Plan</strong></td>
<td>3,298</td>
<td>528</td>
<td>3,826</td>
</tr>
<tr>
<td><strong>Urgent Care Centers</strong></td>
<td>6,962</td>
<td>113</td>
<td>7,075</td>
</tr>
<tr>
<td><strong>Primary Care</strong></td>
<td>113</td>
<td>11</td>
<td>124</td>
</tr>
<tr>
<td><strong>Corrections Health Services</strong></td>
<td>61</td>
<td>11</td>
<td>72</td>
</tr>
<tr>
<td><strong>Nursing Homes</strong></td>
<td>21</td>
<td>2</td>
<td>23</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,271,983</td>
<td>334</td>
<td>2,305,327</td>
</tr>
</tbody>
</table>

### Operating Expenses

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Salaries &amp; Wages</strong></td>
<td>317,638</td>
</tr>
<tr>
<td><strong>Benefits</strong></td>
<td>77,986</td>
</tr>
<tr>
<td><strong>Total Salaries &amp; Benefits</strong></td>
<td>395,624</td>
</tr>
<tr>
<td><strong>Purchased Services</strong></td>
<td>105,494</td>
</tr>
<tr>
<td><strong>Managed Care Paid Claims</strong></td>
<td>64,378</td>
</tr>
<tr>
<td><strong>Total Purchased Service</strong></td>
<td>165,872</td>
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<tr>
<td><strong>Supplies</strong></td>
<td>110,803</td>
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</tr>
<tr>
<td><strong>Depreciation</strong></td>
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</tr>
<tr>
<td><strong>Interest</strong></td>
<td>6,747</td>
</tr>
<tr>
<td><strong>Self Insurance</strong></td>
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<tr>
<td><strong>HCB Assessment</strong></td>
<td>4,720</td>
</tr>
<tr>
<td><strong>Other Operating Expense</strong></td>
<td>6,163</td>
</tr>
<tr>
<td><strong>Total Other Operating Cost</strong></td>
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</tr>
<tr>
<td><strong>Total Operating Expenses Before Allocations</strong></td>
<td>796,029</td>
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### Allocated Corporate Services:

<table>
<thead>
<tr>
<th>Service Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Clinical Trade Office</strong></td>
<td>228</td>
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<tr>
<td><strong>Corporate Administration</strong></td>
<td>14,618</td>
</tr>
<tr>
<td><strong>Financial Services</strong></td>
<td>2,271</td>
</tr>
<tr>
<td><strong>Human Resources</strong></td>
<td>8,713</td>
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<tr>
<td><strong>Integrity</strong></td>
<td>1,480</td>
</tr>
<tr>
<td><strong>Information Technology</strong></td>
<td>23,913</td>
</tr>
<tr>
<td><strong>Public Safety</strong></td>
<td>5,594</td>
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<tr>
<td><strong>Revenue Cycle Management</strong></td>
<td>16,216</td>
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<tr>
<td><strong>Strategic Sourcing</strong></td>
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</tr>
<tr>
<td><strong>Total Allocated Corporate Services</strong></td>
<td>30,951</td>
</tr>
<tr>
<td><strong>Total Expenses Subject to Allocation</strong></td>
<td>108,201</td>
</tr>
<tr>
<td><strong>Total Operating Expenses Including Allocations</strong></td>
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</table>

### Excess of Operating Revenue over (under) Operating Expenses

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Excess of Operating Revenue over (under) Operating Expenses</strong></td>
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</tr>
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### Non Operating Revenue and Expenses

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investment Income</strong></td>
<td>682</td>
</tr>
<tr>
<td><strong>Unrestricted Health Care Surplus</strong></td>
<td>128,654</td>
</tr>
<tr>
<td><strong>Miami Dade County Unrestricted Funds</strong></td>
<td>87,707</td>
</tr>
<tr>
<td><strong>Other Income</strong></td>
<td>21,177</td>
</tr>
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<td><strong>JMH Foundation</strong></td>
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<td><strong>Total Non Operating Revenue</strong></td>
<td>234,458</td>
</tr>
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<table>
<thead>
<tr>
<th>Category</th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Redistribution of Revenue</strong></td>
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</tr>
<tr>
<td><strong>Total Non Operating Revenue After Redistribution</strong></td>
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</tr>
<tr>
<td><strong>Excess of Revenue over (under) Expenses before GOB and County Special Contributions</strong></td>
<td>80,403</td>
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<tr>
<td><strong>Miami Dade County Special Contributions</strong></td>
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<tr>
<td><strong>Total Miami Dade GOB and Special Contributions</strong></td>
<td>34,213</td>
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<tr>
<td><strong>Excess of Revenue over (under) Expenses</strong></td>
<td>97,803</td>
</tr>
</tbody>
</table>
## Public Health Trust of Miami-Dade County Consolidated
### Combining Statement of Revenue & Expenses by Company
#### Month of March 2017

(Amounts in thousands)

<table>
<thead>
<tr>
<th></th>
<th>Jackson Memorial</th>
<th>Jackson South</th>
<th>Jackson North</th>
<th>Jackson West Medical Center</th>
<th>Physician Services</th>
<th>JHS Health Plan</th>
<th>Urgent Care Centers</th>
<th>Primary Care Centers</th>
<th>Corrections Health Services</th>
<th>Skilled Nursing Facilities</th>
<th>Real Estate</th>
<th>Total</th>
<th>Prior Year Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Inpatient Revenue</td>
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<td>3,674</td>
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<tr>
<td><strong>Deductions From Revenue:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contractual Adjustments</td>
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<td>48,872</td>
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<td>482</td>
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<td>794</td>
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<td>794</td>
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<td>Provisions For Charity Care</td>
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<td>1,276</td>
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<td>0</td>
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<tr>
<td>Provision for Doubtful Accounts</td>
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<td>0</td>
<td>0</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td>0</td>
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<td>Depreciation</td>
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<td>3</td>
<td>51</td>
<td>45</td>
<td>4,880</td>
<td>4,678</td>
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<tr>
<td>Other Operating Expenses</td>
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<td>226</td>
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<tr>
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<td>(1,282)</td>
<td>0</td>
<td>(317)</td>
<td>(1,607)</td>
<td>(3,813)</td>
<td>(1,162)</td>
<td>74</td>
<td>(38,546)</td>
<td>37,262</td>
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<tr>
<td><strong>Other Revenues (Expenses)</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Investment Income</td>
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<td>Unrestricted Health Care Surtax</td>
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<td>0</td>
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<td>0</td>
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<td>20,470</td>
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<td>0</td>
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</tr>
<tr>
<td>Other Income</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Miami Dade County Special Contributions</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>JM Foundation</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<td>0</td>
<td>0</td>
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<td>Miami Dade County GOB Contributions</td>
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<td>0</td>
<td>0</td>
<td>0</td>
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</tr>
<tr>
<td><strong>Total Other Revenues (expenses)</strong></td>
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<td>0</td>
<td>0</td>
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<td>46,446</td>
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<tr>
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<td>1,952</td>
<td>22</td>
<td>(1,282)</td>
<td>0</td>
<td>(317)</td>
<td>(1,607)</td>
<td>(3,813)</td>
<td>(1,162)</td>
<td>74</td>
<td>6,039</td>
<td>9,184</td>
</tr>
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</table>

FS-7
## Public Health Trust
### Jackson Health System
#### Combined Statement of Unrestricted / Restricted Cash Flow
##### As of March 31, 2017

<table>
<thead>
<tr>
<th>Description</th>
<th>Current Month</th>
<th>Year to Date</th>
<th>Audited Year to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash generated (used) by operations:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Funds available for working capital/facilities improvements</td>
<td>$6,039</td>
<td>$31,067</td>
<td>$79,575</td>
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<tr>
<td>Non cash expenses:</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>4,880</td>
<td>29,521</td>
<td>55,704</td>
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<tr>
<td>Loss on disposal of capital assets</td>
<td>5</td>
<td>(4)</td>
<td>(23)</td>
</tr>
<tr>
<td>Total</td>
<td>10,924</td>
<td>60,584</td>
<td>135,256</td>
</tr>
<tr>
<td>Cash provided (used) for current assets:</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Decreases (increases) in:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Patient Receivable and Other Third Party payor</td>
<td>31,105</td>
<td>(67,861)</td>
<td>6,522</td>
</tr>
<tr>
<td>Cash and Invst. Limited as to Use</td>
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<td>(4,767)</td>
<td>290</td>
</tr>
<tr>
<td>Inventories, Prepaid Expenses and Other Receivables</td>
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<td>(11,732)</td>
<td>(2,765)</td>
</tr>
<tr>
<td>Total</td>
<td>21,564</td>
<td>(84,360)</td>
<td>4,047</td>
</tr>
<tr>
<td>Cash provided (used) for current liabilities:</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Increases (decreases) in:</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Current Installment of Long Term Debt</td>
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<td>-</td>
<td>(680)</td>
</tr>
<tr>
<td>Accounts Payable and Accrued Expenses</td>
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<tr>
<td>Due to other third party</td>
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<td>(5,457)</td>
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<tr>
<td>Other Liabilities</td>
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<td>(8,739)</td>
</tr>
<tr>
<td>Other- Restricted</td>
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<td>218</td>
<td>(120)</td>
</tr>
<tr>
<td>Total</td>
<td>(17,720)</td>
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</tr>
<tr>
<td>Decreases (increases) in:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Invst. Limited as to Use</td>
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<td>-</td>
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<tr>
<td>Cash and Invst. Restricted</td>
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<td>-</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Cash provided (used) for Other Assets</td>
<td>(1,601)</td>
<td>(8,467)</td>
<td>1,549</td>
</tr>
<tr>
<td>Cash provided (used) for Long Term Liabilities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increases (decreases) in:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long Term Debt</td>
<td>(42)</td>
<td>(254)</td>
<td>(8,684)</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>3,032</td>
<td>17,884</td>
<td>(2,009)</td>
</tr>
<tr>
<td>Total</td>
<td>2,990</td>
<td>17,730</td>
<td>(10,693)</td>
</tr>
<tr>
<td>Cash provided (used) for Prop., Plant and Equipment:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchases of Prop. Plant and Equipment</td>
<td>(10,193)</td>
<td>(56,083)</td>
<td>(120,753)</td>
</tr>
<tr>
<td>Total</td>
<td>(10,193)</td>
<td>(56,083)</td>
<td>(120,753)</td>
</tr>
<tr>
<td>Net Increase in Cash and Cash Equivalents</td>
<td>6,090</td>
<td>(77,565)</td>
<td>31,016</td>
</tr>
<tr>
<td>Cash, beginning of period</td>
<td>176,861</td>
<td>260,516</td>
<td>229,500</td>
</tr>
<tr>
<td>Cash, end of period</td>
<td>182,951</td>
<td>182,951</td>
<td>260,515</td>
</tr>
</tbody>
</table>

FS-8
## PUBLIC HEALTH TRUST

### CONSOLIDATED PORTFOLIO INVENTORY SUMMARY BY SECURITY/ACCOUNT TYPE

March 31, 2017

<table>
<thead>
<tr>
<th>Description</th>
<th>Par Value</th>
<th>Avg. Interest Rate</th>
<th>Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wells Fargo interest bearing accts</td>
<td></td>
<td>0.570%</td>
<td>202,264,817</td>
</tr>
<tr>
<td>Wells Fargo Institutional Bank Deposit account</td>
<td>13,458,019</td>
<td>0.400%</td>
<td>13,458,019</td>
</tr>
<tr>
<td>Bond Proceeds Invested at Miami-Dade County</td>
<td></td>
<td>0.886%</td>
<td>41,109,060</td>
</tr>
</tbody>
</table>

| Total Cash and Investments                           | $         |                    | 256,831,896  |
## PUBLIC HEALTH TRUST

### SALES TAX

#### MONTHLY INCOME STATEMENT TREND ANALYSIS

**FISCAL YEAR 2015**

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>monthly est</td>
<td>17,412,313</td>
<td>17,378,859</td>
<td>17,378,859</td>
<td>17,378,859</td>
<td>17,378,859</td>
<td>17,378,859</td>
<td>17,378,859</td>
<td>17,378,859</td>
<td>17,378,859</td>
<td>17,378,859</td>
<td>17,378,859</td>
<td>17,378,859</td>
</tr>
<tr>
<td>mo portion of qty est:</td>
<td>1,597,585</td>
<td>1,624,581</td>
<td>1,624,581</td>
<td>1,624,581</td>
<td>1,624,581</td>
<td>1,624,581</td>
<td>1,624,581</td>
<td>1,624,581</td>
<td>1,624,581</td>
<td>1,624,581</td>
<td>1,624,581</td>
<td>1,624,581</td>
</tr>
<tr>
<td>State revision to Sales Tax Projection</td>
<td>(6,458)</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>+/- est vs. actual rec'd, mo of</td>
<td>(27,130)</td>
<td>339,997</td>
<td>4,965,715</td>
<td>566,716</td>
<td>575,989</td>
<td>2,828,543</td>
<td>1,145,334</td>
<td>405,485</td>
<td>(1,116,050)</td>
<td>2,213,861</td>
<td></td>
<td></td>
</tr>
<tr>
<td>+/- est vs. actual rec'd, qt of</td>
<td>739,219</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,068,202</td>
<td></td>
<td>527,473</td>
</tr>
<tr>
<td>Monthly Revenue</td>
<td>19,009,898</td>
<td>19,996,983</td>
<td>18,976,310</td>
<td>19,343,437</td>
<td>24,708,374</td>
<td>19,570,156</td>
<td>19,579,429</td>
<td>22,900,185</td>
<td>20,148,774</td>
<td>19,408,925</td>
<td>18,414,863</td>
<td>21,217,301</td>
</tr>
</tbody>
</table>

**FISCAL YEAR 2016**

<table>
<thead>
<tr>
<th></th>
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<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>monthly est</td>
<td>17,378,859</td>
<td>18,322,180</td>
<td>18,322,180</td>
<td>18,322,180</td>
<td>18,322,180</td>
<td>18,322,180</td>
<td>18,322,180</td>
<td>18,322,180</td>
<td>18,322,180</td>
<td>18,322,180</td>
<td>18,322,180</td>
<td>18,322,180</td>
</tr>
<tr>
<td>mo portion of qty est:</td>
<td>1,624,581</td>
<td>1,851,176</td>
<td>1,851,176</td>
<td>1,851,176</td>
<td>1,851,176</td>
<td>1,851,176</td>
<td>1,851,176</td>
<td>1,851,176</td>
<td>1,851,176</td>
<td>1,851,176</td>
<td>1,851,176</td>
<td>1,851,176</td>
</tr>
<tr>
<td>State revision to Sales Tax Projection</td>
<td>1,169,916</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>+/- est vs. actual rec'd, mo of</td>
<td>(344,444)</td>
<td>962,457</td>
<td>4,394,069</td>
<td>296,782</td>
<td>595,223</td>
<td>2,553,707</td>
<td>554,857</td>
<td>572,393</td>
<td>(437,699)</td>
<td>(303,405)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>+/- est vs. actual rec'd, qt of</td>
<td>322,644</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

**FISCAL YEAR 2017**

<table>
<thead>
<tr>
<th></th>
<th>Oct-16</th>
<th>Nov-16</th>
<th>Dec-16</th>
<th>Jan-17</th>
<th>Feb-17</th>
<th>Mar-17</th>
<th>Apr-17</th>
<th>May-17</th>
<th>Jun-17</th>
<th>Jul-17</th>
<th>Aug-17</th>
<th>Sep-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>monthly est</td>
<td>18,322,180</td>
<td>19,003,235</td>
<td>19,003,235</td>
<td>19,003,235</td>
<td>19,003,235</td>
<td>19,003,235</td>
<td>19,003,235</td>
<td>19,003,235</td>
<td>19,003,235</td>
<td>19,003,235</td>
<td>19,003,235</td>
<td>19,003,235</td>
</tr>
<tr>
<td>mo portion of qty est:</td>
<td>1,851,176</td>
<td>1,972,028</td>
<td>1,972,028</td>
<td>1,972,028</td>
<td>1,972,028</td>
<td>1,972,028</td>
<td>1,972,028</td>
<td>1,972,028</td>
<td>1,972,028</td>
<td>1,972,028</td>
<td>1,972,028</td>
<td>1,972,028</td>
</tr>
<tr>
<td>State revision to Sales Tax Projection</td>
<td>801,907</td>
<td>(1,389,674)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>+/- est vs. actual rec'd, mo of</td>
<td>462,306</td>
<td>3,305,952</td>
<td>72,058</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>+/- est vs. actual rec'd, qt of</td>
<td>351,485</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Monthly Revenue</td>
<td>20,173,356</td>
<td>21,777,170</td>
<td>19,585,589</td>
<td>21,437,569</td>
<td>24,632,700</td>
<td>21,047,321</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Comments:**

- Estimate was calculated based on same month prior year adjusted for percentage change of recent receipts vs. recent estimates.

---

**FS-10**
## Jackson Health System Hospitals

### Payor Mix Patient Days as % of Total

**Fiscal Year 2017**

<table>
<thead>
<tr>
<th>FC Group</th>
<th>Actual Mar-17</th>
<th>Budget Mar-17</th>
<th>% Variance Mar-17</th>
<th>Actual Feb-17</th>
<th>Budget Feb-17</th>
<th>% Variance Feb-17</th>
<th>Actual YTD</th>
<th>Budget YTD</th>
<th>% Variance YTD</th>
<th>Budget % Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Jackson Health System</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Combined percentages:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial</td>
<td>1.58%</td>
<td>1.22%</td>
<td>0.36%</td>
<td>1.49%</td>
<td>1.16%</td>
<td>1.20%</td>
<td>-0.04%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medicaid</td>
<td>3.70%</td>
<td>7.73%</td>
<td>-4.03%</td>
<td>3.69%</td>
<td>4.43%</td>
<td>7.84%</td>
<td>-3.40%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medicare</td>
<td>14.42%</td>
<td>15.15%</td>
<td>-0.69%</td>
<td>15.71%</td>
<td>15.28%</td>
<td>15.77%</td>
<td>0.11%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>4.50%</td>
<td>3.59%</td>
<td>0.91%</td>
<td>4.28%</td>
<td>4.31%</td>
<td>3.59%</td>
<td>0.72%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managed Care Medicaid</td>
<td>22.56%</td>
<td>21.82%</td>
<td>0.75%</td>
<td>25.55%</td>
<td>22.53%</td>
<td>21.89%</td>
<td>0.64%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managed Care Medicare</td>
<td>16.34%</td>
<td>11.34%</td>
<td>5.01%</td>
<td>15.22%</td>
<td>14.71%</td>
<td>13.17%</td>
<td>3.34%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managed Care Others</td>
<td>13.29%</td>
<td>12.80%</td>
<td>0.48%</td>
<td>13.99%</td>
<td>12.47%</td>
<td>12.76%</td>
<td>0.28%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payor</td>
<td>11.34%</td>
<td>13.56%</td>
<td>-2.22%</td>
<td>11.70%</td>
<td>12.99%</td>
<td>13.48%</td>
<td>-0.49%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Potential Medicaid</td>
<td>12.28%</td>
<td>12.83%</td>
<td>-0.56%</td>
<td>11.51%</td>
<td>12.12%</td>
<td>12.71%</td>
<td>-0.59%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>100.00%</td>
<td>100.00%</td>
<td>0.00%</td>
<td>100.00%</td>
<td>100.00%</td>
<td>100.00%</td>
<td>0.00%</td>
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</tr>
</tbody>
</table>

| **Jackson Memorial Hospital** | | | | | | | | | | |
| Combined percentages: | | | | | | | | | | |
| Commercial | 1.35% | 1.38% | -0.04% | 1.19% | 1.00% | 1.37% | -0.36% | | | |
| Medicaid | 4.33% | 7.24% | -2.91% | 4.33% | 5.04% | 7.30% | -2.26% | | | |
| Medicare | 12.30% | 12.92% | -0.62% | 12.99% | 13.54% | 12.84% | 0.70% | | | |
| Other | 5.56% | 4.00% | 1.57% | 5.38% | 5.19% | 4.01% | 1.18% | | | |
| Managed Care Medicaid | 24.93% | 22.70% | 2.23% | 24.89% | 24.95% | 22.84% | 1.64% | | | |
| Managed Care Medicare | 11.10% | 8.77% | 2.33% | 10.77% | 10.45% | 8.69% | 1.76% | | | |
| Managed Care Others | 14.38% | 13.06% | 1.33% | 13.60% | 13.12% | 13.03% | 0.10% | | | |
| Payor | 12.69% | 14.42% | -1.72% | 12.56% | 14.10% | 14.38% | -0.28% | | | |
| Potential Medicaid | 13.54% | 15.51% | -2.17% | 13.35% | 14.06% | 15.54% | -2.48% | | | |
| Total | 100.00% | 100.00% | 0.00% | 100.00% | 100.00% | 100.00% | 0.00% | | | |

| **Jackson South** | | | | | | | | | | |
| Combined percentages: | | | | | | | | | | |
| Commercial | 3.94% | 0.85% | 3.09% | 4.62% | 3.15% | 0.84% | 2.30% | | | |
| Medicaid | 1.15% | 2.52% | -1.37% | 0.84% | 1.53% | 2.53% | -0.99% | | | |
| Medicare | 18.53% | 19.85% | -1.32% | 20.29% | 17.43% | 19.85% | -2.42% | | | |
| Other | 1.17% | 2.49% | -1.32% | 1.33% | 1.99% | 2.49% | -0.50% | | | |
| Managed Care Medicaid | 13.72% | 18.07% | -4.35% | 13.88% | 14.69% | 18.07% | -3.38% | | | |
| Managed Care Medicare | 31.53% | 23.06% | 8.47% | 26.34% | 28.11% | 23.06% | 5.00% | | | |
| Managed Care Others | 14.61% | 13.42% | 1.19% | 13.30% | 12.75% | 13.42% | 0.66% | | | |
| Payor | 8.85% | 12.49% | -3.64% | 13.37% | 12.65% | 12.49% | 0.15% | | | |
| Potential Medicaid | 6.50% | 7.25% | -0.75% | 7.11% | 7.72% | 7.25% | 0.47% | | | |
| Total | 100.00% | 100.00% | 0.00% | 100.00% | 100.00% | 100.00% | 0.00% | | | |

| **Jackson North** | | | | | | | | | | |
| Combined percentages: | | | | | | | | | | |
| Commercial | 0.80% | 0.44% | 0.36% | 0.34% | 0.33% | 0.47% | -0.14% | | | |
| Medicaid | 2.65% | 15.72% | -13.07% | 2.31% | 3.63% | 15.71% | -12.08% | | | |
| Medicare | 21.47% | 25.45% | -3.98% | 25.27% | 22.73% | 25.44% | -2.71% | | | |
| Other | 1.97% | 1.91% | 0.06% | 1.35% | 1.55% | 1.92% | -0.38% | | | |
| Managed Care Medicaid | 18.09% | 19.32% | -1.24% | 18.21% | 18.67% | 19.31% | -0.65% | | | |
| Managed Care Medicare | 29.74% | 17.83% | 11.91% | 27.73% | 26.18% | 17.84% | 8.34% | | | |
| Managed Care Others | 6.87% | 10.55% | -3.68% | 7.59% | 8.77% | 10.52% | -1.76% | | | |
| Payor | 6.71% | 8.78% | -2.07% | 6.20% | 7.34% | 8.78% | -1.44% | | | |
| Potential Medicaid | 11.71% | 0.00% | 11.71% | 10.99% | 10.81% | 0.00% | 10.81% | | | |
| Total | 100.00% | 100.00% | 0.00% | 100.00% | 100.00% | 100.00% | 0.00% | | | |
Accounts Receivable
All Hospitals

March 2017 (FY17)
# Revenue Cycle KPI’s

<table>
<thead>
<tr>
<th>KPI</th>
<th>Best Practice /Benchmark</th>
<th>Goal</th>
<th>Actual</th>
<th>Prior Month</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash Collections</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>March 2017 (FY17)</td>
<td></td>
<td>$100.7M</td>
<td>$103.9M</td>
<td></td>
</tr>
<tr>
<td><strong>KPI</strong></td>
<td><strong>Best Practice /Benchmark</strong></td>
<td><strong>Goal</strong></td>
<td><strong>Actual</strong></td>
<td><strong>Prior Month</strong></td>
</tr>
<tr>
<td><strong>POS</strong></td>
<td>Based on Table of POS Goals</td>
<td>$2.4M</td>
<td>$1.7M</td>
<td>$2M</td>
</tr>
<tr>
<td><strong>Potential Medicaid Conversion</strong></td>
<td>% of approvals compared to accepted referrals for the prior 90 days.</td>
<td>90%</td>
<td>87%</td>
<td>84%</td>
</tr>
<tr>
<td><strong>AR Greater than 90 Days</strong></td>
<td>Less than 25% of discharged AR</td>
<td>25%</td>
<td>33%</td>
<td>32%</td>
</tr>
<tr>
<td><strong>Denial</strong></td>
<td>Reduce Net Denials by 4%: FYTD</td>
<td>$26.7M</td>
<td>$31.6M</td>
<td>$28.6M</td>
</tr>
</tbody>
</table>

*Benmarks obtained by: HARA & Advisory Board*

**Internal Target. No industry benchmark available**
Explanation for Variances

- Cash collections for the month of March FY17 exceeded the goal by $3M, primarily due to meeting billing daily target by reducing DNSP.

- Potential Medicaid goal was not met by 3%, due to continued increases in referrals accepted but approvals not yet received (should see swing in future months as applications processed).

- POS goal for March FY17 was not met by $700K due to a continued slowdown in collections at Jackson Memorial & International, primarily a reduction in wire transfer payments for transplant cases.

- Total AR greater than 90 days slightly increased by 1%, due to denial accounts being appealed that are maintained on AR awaiting final resolution.

- Denials: Results based on Denials Net of Recoveries. Each business unit is developing action plans to reduce Denials; recoveries continue to increase, with another increase in March.
<table>
<thead>
<tr>
<th>Month</th>
<th>FY-16 Cash</th>
<th>FY-17 Cash</th>
</tr>
</thead>
<tbody>
<tr>
<td>October</td>
<td>$84,872,796</td>
<td>$94,858,913</td>
</tr>
<tr>
<td>November</td>
<td>$79,417,884</td>
<td>$84,132,830</td>
</tr>
<tr>
<td>December</td>
<td>$87,064,905</td>
<td>$100,196,480</td>
</tr>
<tr>
<td>January</td>
<td>$75,358,391</td>
<td>$93,562,422</td>
</tr>
<tr>
<td>February</td>
<td>$84,184,482</td>
<td>$102,216,986</td>
</tr>
<tr>
<td>March</td>
<td>$99,026,309</td>
<td>$103,978,788</td>
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<tr>
<td>April</td>
<td>$90,446,064</td>
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<tr>
<td>May</td>
<td>$96,271,246</td>
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<tr>
<td>June</td>
<td>$108,528,711</td>
<td></td>
</tr>
<tr>
<td>August</td>
<td>$88,528,825</td>
<td></td>
</tr>
<tr>
<td>August</td>
<td>$92,492,052</td>
<td></td>
</tr>
<tr>
<td>September</td>
<td>$108,451,458</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$1,094,643,121</td>
<td>$578,946,418</td>
</tr>
</tbody>
</table>

Source: JHS Treasury Management & Revenue Control Dept.
Thank you,
2 (b)  Purchasing and Facilities Subcommittee
3. Resolutions Recommended To Be Accepted
TO: William J. Heffernan, Chairman
    and Members, Fiscal Committee

FROM: Rosa Costanzo, Vice President and Chief Procurement Officer
    Strategic Sourcing and Supply Chain Management

DATE: April 25, 2017

RE: Purchasing Report

Recommendation
The following recommendations are made in accordance with the Trust’s “Procurement Regulation.”

These items fully support our business operations and help the organization in its efforts to provide an excellent world class patient experience.

Scope
This report includes competitively solicited contract awards over $3,000,000, waivers of formal competition over $250,000 and other categories for Board approval as prescribed by the Procurement Regulation.

Fiscal Impact/Funding Source
The items included are part of the Trust’s budget.

Track Record/Monitor
The Procurement Management Department along with the user departments and leadership support will track and monitor the responsibilities and obligations set forth in the contracts.

Background
The entire report has been vetted and assembled by the Procurement Management Department with the direct participation of the Director and staff, all subject to review by the Chief Procurement Officer, consultation with the Executive Staff and the President, and reviewed for legal sufficiency by the County Attorney’s Office. Request is made for approval of the Purchasing Report, consisting of the following:

<table>
<thead>
<tr>
<th>Vendor</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Stericycle, Inc.:</td>
<td>$1,506,540 For One year</td>
</tr>
<tr>
<td>2. Sodexo America, LLC:</td>
<td>$1,134,000 For 194 days</td>
</tr>
<tr>
<td>3. Skanska USA Building, Inc. (Skanska):</td>
<td>$2,500,000 Cost not-to-exceed</td>
</tr>
<tr>
<td>4. Multiple Vendors ((RFP) 15-13736-TC):</td>
<td></td>
</tr>
<tr>
<td>• W. G. Yates &amp; Sons Construction Company</td>
<td>$1,200,000 Project B (pre-construction cost)</td>
</tr>
<tr>
<td>• Turner Construction Company</td>
<td>$ 300,000 Project E (pre-construction cost)</td>
</tr>
<tr>
<td>•</td>
<td>$2,000,000 Project F (pre-construction cost)</td>
</tr>
<tr>
<td>5. INO Therapeutics, LLC, d/b/a Mallinckrodt Pharmaceuticals:</td>
<td>$2,859,600 For One year</td>
</tr>
</tbody>
</table>

Procurement completed an orderly administrative process with each item to bring the best value (cost, quality, and outcome) with each project.
RESOLUTION NO. PHT 04/17 –

RESOLUTION AUTHORIZING AND APPROVING AWARD OF BIDS AND PROPOSALS, WAIVER OF BIDS, AND OTHER PURCHASING ACTIONS FOR APRIL 2017, IN ACCORDANCE WITH THE PUBLIC HEALTH TRUST’S PROCUREMENT POLICY, RESOLUTION NO. PHT 12/14-087

(Rosa Costanzo, Vice President and Chief Procurement Officer, Strategic Sourcing and Supply Chain Management Division, Jackson Health System)

WHEREAS, bids and proposals were solicited, received and reviewed by staff; and

WHEREAS, the Purchasing and Facilities Subcommittee met on April 25, 2017 and reviewed staff’s recommendations as submitted under the PHT’s Procurement Policy, Resolution No. PHT 12/14-087; and

WHEREAS, the Purchasing and Facilities Subcommittee forwarded the Purchasing Report to the Fiscal Committee with a recommendation for approval for each item under the report, which is attached hereto and hereby incorporated by reference; and

WHEREAS, upon his written recommendation, the President recommends that the Public Health Trust Board of Trustees (Board of Trustees) waive competitive bidding for items under the heading of “Bid Waiver” and “Waiver of Full and Competitive Bidding” in the respective Purchasing Report, finding such action to be in the best interests of the Public Health Trust; and

WHEREAS, the President and Fiscal Committee recommend various other purchasing actions, as indicated in the attached Purchasing Report.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA, that this Board hereby authorizes and approves the award of bids and proposals and all the purchasing actions as set forth in the attached Purchasing Report, under the Public Health Trust’s Procurement Policy, Resolution No. PHT 12/14-087; and finds it in the best interest of the Public Health Trust to waive competitive bidding for those items listed under the heading “Bid Waiver” and “Waiver of Full and Competitive Bidding” in the respective report; and to take such action as is necessary and authorized to implement these awards and actions.
TO: FISCAL COMMITTEE
FROM: PROCUREMENT MANAGEMENT DEPARTMENT

The following recommendations are made in accordance with the Trust’s “Procurement Policy” and it’s implementing “Procurement Regulation.” This report includes competitively solicited contract awards over $3,000,000, waivers of formal competition over $250,000 and other categories for Board approval as prescribed by the Procurement Regulation. The entire report has been screened and assembled by the Procurement Management Department with the direct participation of the Directors and staff, all subject to review by the Chief Procurement Officer, consultation with the Executive Staff and the President, and reviewed for legal sufficiency by the County Attorney’s Office.

SECTION I. AWARDS UNDER INVITATIONS TO BID (ITB’s)

This section consists of awards under competitively solicited Invitations to Bid (ITB’s) over $3,000,000.

No items to report.

SECTION II. AWARDS UNDER REQUESTS FOR PROPOSALS (RFP’s)

This section consists of awards under competitively solicited Requests for Proposals (RFP’s) over $3,000,000.

No items to report

SECTION III. AWARDS UNDER THE COMPETITIVELY SOLICITED CONTRACTS OF OTHER PUBLIC PROCUREMENT ENTITIES

This section consists of awards over $3,000,000 under competitively solicited (“ITB,” “RFP” or equivalent) contracts of other public and nonprofit entities.

No items to report

SECTION IV. AWARDS UNDER GROUP PURCHASING ORGANIZATION (“GPO”) CONTRACTS
This section consists of awards over $3,000,000 under Group Purchasing Organization (“GPO”) contracts. GPOs are organizations that aggregate the purchasing volume of their members consisting of hospitals and other health care providers to leverage discounts with manufacturers, distributors and other vendors to realize administrative savings and efficiencies. The Trust’s GPO is MedAssets.

1. (1130622, 1134548, 1134553, 1134556-SS) The Environmental Support Services Division and the Urgent Care Center Development Operations request approval to exercise the second of five (5) one-year option to renew (OTR No. 2) with Stericycle, Inc., under the MedAssets GPO Contract No. SV1246 for solid and medical waste collection service (ongoing purchase).

Stericycle, Inc.

<table>
<thead>
<tr>
<th>Previously Approved Funding</th>
<th>$13,275,538</th>
</tr>
</thead>
<tbody>
<tr>
<td>(PHT Approved November 2010)</td>
<td>(For Five Years)</td>
</tr>
<tr>
<td>OTR No. 1</td>
<td>$ 2,000,000</td>
</tr>
<tr>
<td>(March 2016 under CPO Authority)</td>
<td>(For One Year)</td>
</tr>
<tr>
<td>This Request for Funding</td>
<td>$ 1,506,540</td>
</tr>
<tr>
<td>(OTR No. 2.)</td>
<td>(For One Year)</td>
</tr>
<tr>
<td><strong>Total Approved Funding</strong></td>
<td><strong>$16,782,078</strong></td>
</tr>
</tbody>
</table>

**Background**
Stericycle provides management oversight, and equipment for the lawful off-site disposal of all solid waste, hazardous waste, universal waste, pathological waste, recyclables, confidential documents and regulated medical waste generated within Jackson Health System enterprise wide. The Stericycle program is environmentally sustainable and adds value in enhancing JHS’ waste stream disposal and green initiative.

In November 2010 the Trust entered into an agreement with Stericycle for five (5) years in the amount of $13,275,538 with five (5) One-year options to renew (OTRs). The following year, on October 19, 2011, the monthly rate was re-negotiated and reduced by $24,736.61, providing savings of $1,236,807 over the initial contract period. These savings were in addition to savings of $2,236,807 that was projected for the initial five-year term.

The first (1) of five (5) options to renew (OTRs) for a One (1) year term was exercised effective January 1, 2016 through December 31, 2016. The monthly rate was re-negotiated and reduced by $15,100, providing overall savings of $181,200 for OTR No. 1. The amount of $2,000,000 was approved under CPO delegated authority for this OTR, thus increasing the maximum contract value to $15,275,538 for the initial five (5) years and the first One-year OTR period. An additional scope of work was incorporated for Resource Conservation and Recovery Act (RCRA) Pharmaceutical Waste Compliance Program and an Adjunct Recycling Supervisor was added as an additional labor component at no additional cost to the Trust.

On February 8, 2017 the expiration date of OTR No. 1 was extended 120 days from January 1, 2017 to April 30, 2017 with no additional funds required. In addition, the following standardized pricing was established for all locations adding Secure Document Destruction – Shredding Service and/or Regulated Medical Waste (RMW) Service:

1) Secure Document Destruction – Shredding Service:
   A. $35.00 Minimum (includes 1st and 2nd container)
   B. $6.50 for each additional container
2) RMW Service:
   A. $30.00 per 30-gallon container collected
   B. Minimum one (1) container collected per stop

With this 120 day extension, the Urgent Care Center (UCC) Development Operations accessed the contract securing Secure Document Destruction – Shredding Service and Regulated Medical Waste (RMW) Service for three (3) urgent care centers: Country Walk, Keystone Point, and Cutler Bay.

This request exercises OTR No. 2, for a period of One (1) year, in the amount of $1,506,540. Procurement renegotiated the monthly rate, and the vendor waived the 3% annual increase stipulated in the agreement. This provided the PHT with cost avoidance of $64,170.36 for the One-year contract term. Savings that were realized through Procurement’s negotiations throughout the initial contract term resulted in unencumbered funds remaining on the current PO. Therefore, only an additional $1,506,540 is required to cover the cost of this OTR 2.
Stericycle is currently being engaged to identify potential SBE participation for this procurement. As an organization, Stericycle emphasizes minority, women, disabled veteran and small business status as important selection criteria in its supplier screening process. As a result of Stericycle’s focus on supplier diversity, its 2016 diversity spend increased 12.5% over the diversity spend the company reported in 2015.

Total dollars for the period May 1, 2017 through April 30, 2018 will be $1,506,540 plus the unencumbered dollars remaining in the POs and will cover the current total monthly rates of $178,251 as noted below or $2,139,012 for the period of One year for this OTR No.

<table>
<thead>
<tr>
<th>OTR NO. 2</th>
<th>MONTHLY RATES</th>
</tr>
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<tbody>
<tr>
<td>Department</td>
<td>MONTHLY RATES</td>
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<tr>
<td>Environmental Services</td>
<td>$177,706</td>
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<tr>
<td>UCC (3 location)</td>
<td>$545</td>
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<tr>
<td>Monthly Total</td>
<td>$178,251</td>
</tr>
</tbody>
</table>

**Recommendation**

The Environmental Support Services Division and the Urgent Care Center Development Operations have determined that it is in the Trust’s best interest to exercise the second of five (5) one-year option to renew with Stericycle, Inc. There are three remaining options to renew of One year each. **ECRI had no data with which to benchmark pricing for this purchase.**

In accordance with our Contractor Due Diligence review, Stericycle, Inc. provided a Sworn/Notarized Statement to the Trust’s Procurement Management Department disclosing the following: (1) Lawsuits: Stericycle, Inc. operates in a highly regulated industry and must deal with regulatory inquiries or investigations from time to time that may be instituted for a variety of reasons. It is also involved in a variety of civil litigations from time to time. Information regarding current material litigation can be found in vendor’s quarterly reports available at www.stericycle.com and provided to the Trust in document form; (2) Stericycle has not defaulted in the five (5) years prior to proposal submittal to the Trust; and, (3) Stericycle has not been debarred nor received formal notices of non-compliance or non-performance in the five (5) years prior to proposal submittals to the Trust.

In providing an evaluation of the vendor’s performance during the current contract year, the Environmental Support Services Division and the Urgent Care Center Development Operations have reported the following:

- The average turnaround time of goods/services delivery meet standards.
- The competencies of contracted staff meet standards.
- The deliverables meet contract requirements.
- The provision of preventive maintenance on equipment and log maintenance meets standards.
- The effectiveness of on-site management, including management of subcontractors, meets standards.
- The vendor’s ability to successfully respond to emergency situations meets standards.
- The responsiveness to safety issues and safety standards meet standards.
- The vendor meets all requirements for the contracted service.

The contract has been approved by Risk Management as to Insurance and Liability and by the County Attorney’s Office for Legal Sufficiency.

**This contract can be terminated for convenience (without cause) upon sixty (60) calendar day written notice and includes UAP and OIG fees. The UAP fee is provided as a deduction on the invoices (D. Zambrana, C. Wing).**

2. (1141848:LK) The Environmental Services Department requests approval for additional funding to cover a 194 day extension of the contract with Sodexo America, LLC for the continued provision of Janitorial Services to Jackson North Medical Center and all Satellite Locations (ongoing purchase).

**Sodexo America, LLC:**

Previously approved funding (Under CPO Authority) $2,450,214.91

This request for funding: $1,134,000 (for 194 days)
Total Approved Funding: $3,584,214.91

Background

In 2011, the Public Health Trust (PHT) originally solicited competitive Request for Proposals for Janitorial Services to Jackson North Medical Center and all Satellite Locations. An award was made to Sodexo America, LLC under RFP #10-5206 and was approved by the Board in March 2011. This award standardized the methods, practices, products and services provided by a single, professional janitorial firm experienced in and capable of providing specialized cleaning services in a medical environment comprised of a public hospital, clinics and professional offices.

Sodexo America, LLC provides all management, equipment, chemical supplies, supervisory and on-site personnel necessary to deliver the services at the agreed-upon levels and standards set forth by the Trust. The original award contained provisions that allow the Trust to add or remove facilities as needed from service at negotiated costs. The Agreement was effective April 16, 2011 for three (3) years with two (2) options to renew (OTRs) of One (1) year each.

When the initial term and the two OTRs of the competitively awarded RFP contract expired, the Trust entered into a new competitively awarded GPO contract (BM05734) for the continuation of services. The contract was approved under CPO delegated authority for one year, effective April 2016. The Trust is requesting a 194 day extension to run conterminously with the expiration date of the GPO Agreement on October 31, 2017.

Under the requested extension, Sodexo will continue to provide Janitorial Services to the following facilities:

1. Jackson North Medical Center
2. Satellite Facilities:
   a. Jefferson Reaves Sr. Building
   b. PET Center
   c. Rosie Lee Wesley Health Center
   d. North Dade Health Center
   e. Downtown Government Center
   f. Jackson-SFAN
   g. Jackson North Campus Mental Health-Children
   h. Jackson North Campus Mental Health-TANF
   i. Jackson Pediatrics Center

The UAP and OIG fees are included. The UAP fee is taken as a deduction on the invoices.

Sodexo America, LLC is currently engaged in identifying opportunities to include certified SBE firms in the fulfillment of services during this contract period. As such, Sodexo America, LLC, has agreed to utilize certified Miami-Dade County SBEs for a minimum 10% SBE sub-contracting goal during the active contract term.

In providing an evaluation of the vendor’s performance during the previous fiscal year, the Environmental Resources Department has reported the following:

- The competencies of contracted staff meet standard
- The effectiveness of on-site management, including the management of subcontractors, meets standard
- The ability to successfully respond to emergency situations meets standards

In accordance with the Contractor Due Diligence review, Sodexo America, LLC has provided an Affidavit disclosing the following:

In the past five years, one lawsuit was filed against Sodexo based on a breach of contract which was subsequently settled. There have been a number of instances when Sodexo found it necessary to file suit for collection against a former client and clients filed defensive counter claims.

Sodexo America, LLC is currently engaged in identifying opportunities to include certified SBE firms in the fulfillment of services during this contract period. As such, Sodexo America, LLC, has agreed to utilize certified Miami-Dade County SBEs for a minimum 10% SBE sub-contracting goal during the active contract term.

Recommendation

The Environmental Resources Department, in collaboration with Procurement Management, has determined that it is in the best interest of the Trust to increase funding to continue securing these services from Sodexo America, LLC.
SECTION V. AWARDS UNDER A WAIVER OF FORMAL COMPETITION

This section consists of awards over $250,000 without the formal solicitation of competitive bids or proposals. All award recommendations in this section have the approval of the President, are based on a finding that the waiver of competitive bidding is in the best interests of the Public Health Trust, and require a two-thirds affirmative vote of the Trustees present for approval.

A. Sole Source
No items to report.

B. Physician’s Preference
Staff requests a waiver of formal competition for the contract items listed in this category because a physician and clinician have requested the particular item without which the physician and clinician cannot successfully and safely render patient care.
No items to report.

C. Standardization
Items in this category have been established as the Trust standard.
No items to report.

D. Non-Competitive Cooperative Purchasing
This subsection consists of awards under the contracts of other public entities that were not competitively solicited.
No items to report.

E. Miscellaneous Bid Waiver
This subsection consists of awards not falling in the other categories of waiver of formal competition but where waiver is deemed to be in the best interests of the Trust.
No items to report.

SECTION VI. OPTIONS-TO-RENEW AND CONTRACT MODIFICATIONS FOR CONTRACTS THAT WERE COMPETITIVELY SOLICITED

This section refers to existing contracts that were competitively bid (“ITB” or “RFP”) at their origin and consists of either (a) the exercise of established options to renew or (b) the execution of contract modifications for which the Procurement Policy requires prior Board approval.

3. (15-13736-TC) The Facilities Design and Construction (FDC) Department requests funding for the Construction Management Agreement with Skanska USA Building, Inc. (Skanska), resulting from open-competitive Request for Proposals (RFP) #15-13736-TC for construction management services for various Jackson Health System (JHS) facilities.

Skanska USA Building, Inc. (Skanska):
Project ‘D’: JHS Main Campus Floor Modernizations
Original approved Pre-Construction Services funding: $2,637,009
(Board approved April 2016)
Subsequent approved Construction funding: $10,000,000
(Board approved August 2016)
Subsequent approved Construction funding: $1,000,000
(Board approved September 2016)
Subsequent approved Construction funding: $8,500,000
(Board approved December 2016)
Subsequent approved Construction funding: $3,850,000
(Board approved March 2017)
This Request for Construction Funding: $2,500,000

Total Project ‘D’ approved funding: $28,487,009

Project ‘D’ Background
In April 2016, the Public Health Trust Board (PHT Board) approved, via Resolution No. PHT 4/16-018, a construction management agreement with Skanska for Project ‘D’ (Jackson Main Campus Floor Modernizations) in the preconstruction amount of $2,637,009. In August 2016, the PHT Board approved, via Resolution No. PHT 8/16-044, construction management funding with Skanska in the amount of $10,000,000 for Project ‘D’. In September 2016, the PHT Board approved, via Resolution No. PHT 9/16-047, construction management funding with Skanska in the amount of $1,000,000 for Project ‘D’. In December 2016, the PHT Board approved, via Resolution No. PHT 12/16-069, construction management funding with Skanska in the amount of $8,500,000 for Project ‘D’. In March 2017, the PHT Board approved, via Resolution No. PHT 3/17-016 construction management funding with Skanska in the amount of $3,850,000 for Project ‘D’.

Currently, construction management funding is needed to authorize Skanska to perform construction work at Jackson Memorial Medical Center for an installation of a Hybrid Operating Room (OR) as described by the following scope of work:

Jackson Memorial Medical Center – Diagnostic Treatment Center (DTC) Hybrid OR Project: The project scope includes the renovation of two existing ORs to be combined into a single Hybrid OR to accommodate a new radiographic imaging system and surgical equipment. The project encompasses approximately 1,325 square feet of area on the third floor of the DTC Building. This renovation will include upgraded finishes to the adjacent Clean Corridor and the Scrub Station Area. The project includes the following spaces: OR, Control Room, Uninterruptible Power Supply (UPS) Room, Equipment Room, and Scrub Station Area along the Clean Corridor.

All new floor mounted equipment will require work on the second floor below the slab to install ducts and wiring as required and overhead equipment with structural suspension system on the Hybrid OR floor. Existing utilities lines will be modified or rerouted. The new work requires a dedicated construction path for general contractor access on the third floor (hard walls) and temporary barrier on the second floor (zippered plastic sheeting). The work will be conducted in one phase, and work hours will be fully coordinated with the facility.

The estimated construction costs for these renovations and upgrades will constitute one Guaranteed Maximum Price (GMP) package not-to-exceed $2,500,000, bringing the total request for Project ‘D’ funding to a not-to-exceed $28,487,009.

Project ‘D’ Recommendation
The involvement of Skanska as the Construction Manager for the JHS Floor Modernizations project is crucial to the success of the Miracle-Building Bond program and the vision of the JHS Strategic Plan. With this funding, Skanska will provide continuing construction management services to the JHS Facilities Design and Construction team for Project ‘D’.

Use of Miracle-Building Bond funding for Project ‘D’ construction work was approved by the Citizens’ Advisory Committee (CAC) and PHT Board in July 2016.

The negotiated contract resulting from RFP #15-13736-TC includes a 32.77% SBE-C subcontractor goal on cost of work; 6.31% SBE-C G/C mentorship goal on CM services; and 0.25% SBE-G/S subcontractor goal on cost of work.
The original contract was approved by Risk Management as to Insurance and Liability and by the County Attorney’s Office for legal sufficiency.

The contract can be terminated for convenience (without cause) upon seven (7) calendar days’ prior written notice and includes the UAP and OIG fees. The UAP fee was negotiated as an upfront discount.

The Facilities Design and Construction Department has determined that it would be in the best interest of the Trust to provide construction funding for the transformation of two existing operating rooms (ORs) at Jackson Memorial Hospital to a Hybrid OR (B. Seed).

4.  (1123444; 1120752; 1123449-TC) The Facilities Design and Construction (FDC) Department requests funding approval for the Construction Management Agreements with Turner Construction Company (Turner) and W.G. Yates & Sons Construction Company (Yates), resulting from open-competitive Request for Proposals (RFP) #15-13736-TC for construction management services for various Jackson Health System (JHS) facilities.

<table>
<thead>
<tr>
<th>Project B: Jackson West Medical Campus</th>
</tr>
</thead>
<tbody>
<tr>
<td>W. G. Yates &amp; Sons Construction Company</td>
</tr>
<tr>
<td>(Board approved February 2017)</td>
</tr>
<tr>
<td>This Request for Pre-Construction Funding:</td>
</tr>
<tr>
<td><strong>Total Project ‘B’ approved funding:</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project E: Jackson South Community Hospital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turner Construction Company</td>
</tr>
<tr>
<td>(Board approved February 2017)</td>
</tr>
<tr>
<td>This Request for Pre-Construction Funding:</td>
</tr>
<tr>
<td><strong>Total Project ‘E’ approved funding:</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Project F: Jackson Rehabilitation Hospital Building</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turner Construction Company</td>
</tr>
<tr>
<td>(Board approved April 2016)</td>
</tr>
<tr>
<td>This Request for Pre-Construction Funding:</td>
</tr>
<tr>
<td><strong>Total Project ‘F’ approved funding:</strong></td>
</tr>
</tbody>
</table>

**Project ‘B’ Background**

In February 2017, the Public Health Trust Board (PHT Board) approved, via Resolution No. PHT 2/17-013, a construction management agreement with Yates for Project ‘B’ (Jackson West Medical Campus Project) in the preconstruction amount of $1,432,832.

Currently, construction management funding is needed to authorize Yates to perform pre-construction design assist services as described by the following scopes of work:

**Jackson West Medical Campus Project:**

Yates and JHS will be soliciting design-assist proposals to provide work for the Jackson West Medical Campus Project, located in Doral, FL. It is Yates’ and JHS’s intent to use the selected design-assist subcontractors to provide comprehensive pre-construction services and to continue into a contract for construction services for the above-mentioned project. Yates is requesting $1,200,000 in funding approval to be used for awarding pre-construction services contracts to eight (8) successful design-assist subcontractors. The packages being targeted for this delivery method are as follows:

1. Exterior Precast Concrete Wall Panels
2. Cast in Place Concrete Structure
3. Exterior Glass & Glazing (Curtain Wall & Storefront)
5. Fire Protection
6. Plumbing Systems
7. HVAC Systems and Controls
8. Electrical & Fire Alarm

In order to assist in the process of designing/constructing the best facility and of incorporating the most value-based
design elements, JHS has chosen to utilize design-assist subcontracting for key scopes of work. This approach is unique
in the architectural and construction industry and is built on the philosophy of team success. JHS desires to have the
best industry practices incorporated into the project. By engaging major subcontractors early in the design process, the
Owner, Owner’s Representative, Architect, Engineers, Construction Manager, Subcontractors and Vendors can all
collaborate to develop the best hospital at the best value. The process will be developed to motivate all team members
to eliminate waste and duplication, incorporate the right level of quality, optimize cooperation, and develop a
construction process, design, and schedule that protects the interests of all parties and ultimately obtains JHS’s goal of
completing an excellent project in a manageable schedule within a predictable budget.

Project ‘B’ Recommendation
The involvement of Yates as the Construction Manager for the Jackson West Medical Campus Project is crucial to the
success of the Miracle-Building Bond program and the vision of the JHS Strategic Plan. With this funding, Yates will
provide continuing construction management services to the JHS Facilities Design and Construction team for Project
‘B’.

Use of Miracle-Building Bond funding for Project ‘B’ pre-construction and construction work was approved by
the Citizens’ Advisory Committee (CAC) and PHT Board in July 2016.

Project ‘E’ Background
In February 2017, the PHT Board approved, via Resolution No. PHT 2/17-013, a construction management agreement
with Turner for Project ‘E’ (Jackson South Community Hospital) in the preconstruction amount of $243,400.

Currently, construction management funding is needed to authorize Turner to perform pre-construction design assist
services as described by the following scopes of work:

Jackson Health System Jackson South Community Hospital Expansion and Renovation Project:
Turner and JHS will be soliciting design-assist proposals to provide work for the Jackson South Community Hospital
Expansion and Renovation Project, located in Miami, FL. It is Turner’s and JHS’s intent to use the selected design-
assist subcontractors to provide comprehensive pre-construction services and to continue into a contract for construction
services for the above-mentioned project. Turner is requesting $300,000 in funding approval to be used for awarding
pre-construction services contracts to two (2) successful design-assist subcontractors. The packages being targeted for
this delivery method are as follows:

1. HVAC Systems/Controls and Plumbing
2. Electrical & Low Voltage

In order to assist in the process of designing/constructing the best facility and of incorporating the most value-based
design elements, JHS has chosen to utilize design-assist subcontracting for key scopes of work. This approach is unique
in the architectural and construction industry and is built on the philosophy of team success. JHS desires to have the
best industry practices incorporated into the project. By engaging major subcontractors early in the design process, the
Owner, Owner’s Representative, Architect, Engineers, Construction Manager, Subcontractors and Vendors can all
collaborate to develop the best hospital at the best value. The process will be developed to motivate all team members
to eliminate waste and duplication, incorporate the right level of quality, optimize cooperation, and develop a
construction process, design, and schedule that protects the interests of all parties and ultimately obtains JHS’s goal of
completing an excellent project in a manageable schedule within a predictable budget.

Project ‘E’ Recommendation
The involvement of Turner as the Construction Manager for the Jackson South Community Hospital Expansion and
Renovation Project is crucial to the success of the Miracle-Building Bond program and the vision of the JHS Strategic
Plan. With this funding, Turner will provide continuing construction management services to the JHS Facilities Design and Construction team for Project ‘E’.

Use of Miracle-Building Bond funding for Project ‘E’ pre-construction and construction work was approved by the Citizens’ Advisory Committee (CAC) and PHT Board in July 2016.

Project ‘F’ Background
In April 2016, the PHT Board approved, via Resolution No. PHT 4/16-018, a construction management agreement with Turner for Project ‘F’ (Jackson Rehabilitation Hospital Building) in the preconstruction amount of $1,264,900. Currently, construction management funding is needed to authorize Turner to perform pre-construction design assist services as described by the following scopes of work:

Jackson Health System Christine E Lynn Rehabilitation Center Project:
Turner and JHS will be soliciting design-assist proposals to provide work for the Christine E Lynn Rehabilitation Center Project, located in Miami, FL. It is Turner’s and JHS’s intent to use the selected design-assist subcontractors to provide comprehensive pre-construction services and to continue into a contract for construction services for the above-mentioned project. Turner is requesting $2,000,000 in funding approval to be used for awarding pre-construction services contracts to eight (8) successful design-assist subcontractors. The packages being targeted for this delivery method are as follows:

1. Exterior Precast Concrete Wall Panels
2. Structural Steel Frame & Metal Decks
3. Exterior Glass & Glazing (Curtain Wall & Storefront)
5. Fire Protection
6. Plumbing Systems
7. HVAC Systems and Controls
8. Electrical & Fire Alarm

In order to assist in the process of designing/constructing the best facility and of incorporating the most value-based design elements, JHS has chosen to utilize design-assist subcontracting for key scopes of work. This approach is unique in the architectural and construction industry and is built on the philosophy of team success. JHS desires to have the best industry practices incorporated into the project. By engaging major subcontractors early in the design process, the Owner, Owner’s Representative, Architect, Engineers, Construction Manager, Subcontractors and Vendors can all collaborate to develop the best hospital at the best value. The process will be developed to motivate all team members to eliminate waste and duplication, incorporate the right level of quality, optimize cooperation, and develop a construction process, design, and schedule that protects the interests of all parties and ultimately obtains JHS’s goal of completing an excellent project in a manageable schedule within a predictable budget.

Project ‘F’ Recommendation
The involvement of Turner as the Construction Manager for the Jackson Rehabilitation Hospital Building project is crucial to the success of the Miracle-Building Bond program and the vision of the JHS Strategic Plan. With this funding, Turner will provide continuing construction management services to the JHS Facilities Design and Construction team for Project ‘F’.

Use of Miracle-Building Bond funding for Project ‘F’ pre-construction and construction work was approved by the Citizens’ Advisory Committee (CAC) and PHT Board in July 2016.

The negotiated contract resulting from RFP #15-13736-TC includes a 34.05% SBE-C subcontractor goal on cost of work for Projects B and F; a 32.77% SBE-C subcontractor goal on cost of work for Project E; a 6.31% SBE-C G/C mentorship goal on CM services for Projects B, E, and F; and a 0.25% SBE-G/S subcontractor goal on cost of work for Projects B, E, and F.

The original contracts were approved by Risk Management as to Insurance and Liability and by the County Attorney’s Office for legal sufficiency.

The contracts can be terminated for convenience (without cause) upon seven (7) calendar days’ prior written notice and includes the UAP and OIG fees. The UAP fee was negotiated as an upfront discount.

The Facilities Design and Construction Department has determined that it would be in the best interest of the Trust to provide pre-construction design assist funding for these three Agreements (B. Seed).
SECTION VII. OPTIONS-TO-RENEW AND CONTRACT MODIFICATIONS FOR CONTRACTS THAT WERE AWARDED UNDER A WAIVER OF FORMAL COMPETITION

This section refers to existing contracts that were not competitively bid at their origin and consists of either (a) the exercise of established options-to renew or (b) the execution of contract modifications for which the Procurement Policy requires prior Board approval. All contracts in this section are renewals not previously authorized by the Board have the written approval of the President, are based on a finding that the waiver of full and competitive bidding is in the best interest of the Public Health Trust, and require a two-thirds affirmative vote of the Trustees present for approval.

This section refers to existing contracts that were not competitively bid at their origin and consists of either (a) the exercise of established options-to renew or (b) the execution of contract modifications for which the Procurement Policy requires prior Board approval. All contracts in this section are renewals not previously authorized by the Board have the written approval of the President, are based on a finding that the waiver of full and competitive bidding is in the best interest of the Public Health Trust, and require a two-thirds affirmative vote of the Trustees present for approval.

5. (1147012-CS) The Holtz Children Hospital, Pediatric Respiratory Therapy Department, requests approval for a contract renewal with INO Therapeutics, LLC d/b/a Mallinckrodt Pharmaceuticals for a period of one year for Nitric Oxide Inhalation Gas Therapy Services (Ongoing Purchase).

INO Therapeutics, LLC, d/b/a Mallinckrodt Pharmaceuticals:

Previously approved funding $4,482,624
(2015 - 2017) (For two years)

This Request for funding $2,859,600
(For One year)

Total approved funding: $7,342,224

Background
In April 2015, via Resolution 04/15-024, the amount of $1,525,120 was approved for a period of One year to secure the Nitric Oxide Inhalation Therapy Gas. In April 2016, Resolution PHT 04/16-018 approved $2,275,004 to continue this service for an additional year through April 2017. Additional funding in the amount of $682,500 was subsequently approved under CPO authority, necessitated by increased utilization, for a total spend of $4,482,624 from April 2015 through April 2017. This request for funding in the amount of $2,859,600, based on increased utilization, will continue the service for an additional year.

The Holtz Children’s Hospital Pediatric Respiratory Therapy Department, in collaboration with the Procurement Management Department, conducted market research to determine the availability of competition. It was determined that Mallinckrodt’s product remains the best available solution on the market today. Mallinckrodt is the only provider for this Nitric Oxide gas and delivery equipment and system.

Nitric Oxide Inhalation Therapy Gas is used for pulmonary hypertension treatments of cardio thoracic and transplant patients post-surgery. The therapy gas is used for heart and lung patients requiring pulmonary vasodilatation (widening of blood vessels), post pump, transplant and has the least side effects. This product is primarily utilized in the NICU, but it is highly effective for use on adults post heart and lung transplant surgery. It is the only therapy gas that can be used in the NICU setting with the least number of side effects in infants.

The cost of using Nitric Oxide is significantly lower than costs associated with a patient’s response to a 3-5 day alternative therapy. The pricing is dictated by the vendor, as a sole source provider, through a series of patents for both the medical gas and the equipment/delivery/system.

Recommendation
Based on past utilization, Holtz Children’s Hospital Pediatric Respiratory Therapy Department determined that it is in the Trust’s best interest to secure the Bronze Pricing Tier with the provision of using up to 30,000 monthly hours. The Bronze package at a cost of $2,859,600 for this one-year period is more cost-effective than the Platinum Tier at $3,319,008 for the same one-year period. This represents a reduction in cost of $459,408.

INO Therapeutics, LLC, d/b/a Mallinckrodt Pharmaceuticals is the only FDA approved vendor for this particular drug and its delivery system.
The proposed contract can be terminated for convenience with a thirty (30) day notice and includes UAP and OIG provisions. The UAP fees are provided as a deduction on the invoices.

The contract has been reviewed and approved by the County Attorney’s Office for legal sufficiency.

In providing an evaluation of the vendor’s performance during the current contract year, Pediatric Respiratory Therapy has reported the following:

- The average turnaround time of products and services is above standard.
- The deliverables meet contract requirements.
- The ability to successfully respond to emergency situations is above standard.
- The responsiveness to safety issues and safety standards also is above standard.

Based on the overall contract performance evaluation, the Holtz Children Hospital Pediatric Respiratory Therapy Department recommends the continuation of this contracted service with INO Therapeutics, LLC, d/b/a Mallinckrodt Pharmaceuticals.

For this one-year contract, the Holtz Children Hospital will use the following performance and quality measures to evaluate the Contractor’s ability to provide Nitric Oxide Inhalation Gas Therapy:

1. Average turnaround time of goods/services delivery to be received no later than 24 hours from date promised for routine orders.
2. Deliverables that meet contract requirements at a minimum of 95% of the time.
3. Responses to emergency situations within 15 minutes and provision of emergency deliveries within 8 hours.

A Sole Source Justification was provided and Conflict of Interest declarations signed by Oscar Solares, Chief Respiratory Therapy and by Lori Donohue, Contract Manager, Mallinckrodt Pharmaceuticals, with no reported disclosures. ECRI and MDBuyline have no available data with which to benchmark this purchase. (G. Lunsford).

**SECTION VIII. MISCELLANEOUS**

This section consists of procurement actions that require Board approval not included under any other section of the Purchasing Report.

No items to report.
TO: William J. Heffernan, Chairman and Members, Fiscal Committee

Vice President and Chief Administrative Officer and Chief Nursing Officer
Ambulatory and Primary Care Services

DATE: April 25, 2017

RE: Renewing Annual Funding Agreement with Miami-Dade County Health Department

Recommendation
Staff recommends that the Public Health Trust Board of Trustees approves the annual funding agreement between Jackson Health System and the Miami-Dade County Health Department and authorizes the President and Chief Executive Officer of the Trust, or his designee, to take all actions necessary to implement the agreement.

Scope
The Trust acts as a pass-through entity, providing funding from Miami-Dade County that allows the Health Department to perform various public-health services.

Fiscal Impact/Funding Source
The contract amount of $1,133,000 is included the PHT’s adopted operating budget for FY 2016-17. Funding is provided by Miami-Dade County.

Track Record/Monitor
Contract performance will be tracked and monitored by Cary Nieves, vice president, chief administrative officer and chief nursing officer for ambulatory and primary care services.

Background
Every year, the Public Health Trust acts as a pass-through agency to provide funding from Miami-Dade County to the Florida Department of Health’s office in Miami-Dade County. This funding allows the Department of Health to fund the following services, which are detailed in Attachment A of the agreement:

1. AIDS Crisis Response ($89,257)
2. Communicable Diseases in Prison ($72,982)
3. Social Worker ($94,000)
4. Tuberculosis Control ($79,280)
5. Chlamydia Project ($42,079)
6. Immunization Outreach ($140,831)
7. Take Control Educational Program ($44,000)
8. Hepatitis ABC Program ($221,325)
9. Women’s Health - Human Papillomavirus Project ($17,554)
10. Community Health Action Team (CHAT) ($277,012)
11. Tuberculosis Jail Screening ($54,680)
RESOLUTION AUTHORIZING THE PRESIDENT TO NEGOTIATE AND EXECUTE A RENEWAL AGREEMENT FOR EXPENDITURES UP TO $1,133,000.00 OUT OF FISCAL YEAR 2017 BUDGET FOR PURCHASE OF PUBLIC HEALTH SERVICES WITH THE MIAMI-DADE COUNTY HEALTH DEPARTMENT

(Caridad Nieves, Vice President, Chief Administrative Officer and Chief Nursing Officer, Ambulatory Care Center and Primary Care Center, Jackson Health System)

WHEREAS, the Miami-Dade County Health Department (“MDCHD”) has requested from the Miami-Dade County Board of County Commissioners (“the Commissioners”) funding for the provision of health services in Miami-Dade County; and

WHEREAS, the Commissioners have directed the Public Health Trust (“PHT”) to enter into an agreement with MDCHD for the purchases of said services; and

WHEREAS, the PHT has allocated $1,133,000.00 from the date of execution through September 30, 2017 out of its fiscal year 2017 budget to purchase said services; and

WHEREAS, as agreement between the PHT and the MDCHD will spell out the exact terms and conditions of such funds including specific use, and performance monitoring and reporting requirements; and

WHEREAS, the President and the Fiscal Committee recommend retroactive approval.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE PUBLIC HEALTH TRUST OF MIAMI-DADE COUNTY, FLORIDA, that this Board authorizes expenditures up to $1,133,000.00 out of October 1, 2016 to September 30, 2017 (fiscal year 2016-2017) budget for purchase of public health services for the Miami-Dade County Health Department and retroactively authorizes the President to negotiate and execute a contract with the Miami-Dade County Health Department as more fully set forth in the attached memo, incorporated herein by reference.
4. Adjournment
STRATEGY AND GROWTH COMMITTEE

AGENDA

April 25, 2017
PUBLIC HEALTH TRUST BOARD OF TRUSTEES

STRATEGY AND GROWTH COMMITTEE
AGENDA

Tuesday, April 25, 2017
Following the Fiscal Committee Meeting

Jackson Memorial Hospital
West Wing Board Room

Strategy and Growth Committee
Joe Arriola, Chairman
William Heffernan, Vice Chairman
Bryan Avila
Mojdeh L. Khaghan
Irene Lipo
Walter Richardson
Robert Zarco

Public Health Trust Rules

Any person making impertinent or slanderous remarks or who becomes boisterous while addressing the committee, shall be barred from further audience before the committee, unless permission to continue or again address the committee be granted by the Chairperson. No clapping, applauding, heckling or verbal outbursts in support or opposition to a speaker or his or her remarks shall be permitted. No signs or placards shall be allowed in the Board Room. Persons exiting the Board Room shall do so quietly.

The use of cell phones in the Board Room is not permitted. Ringers must be set to silent mode to avoid disruption of proceedings. Individuals, including those seated around the board table, must exit the Board Room to answer incoming cell phone calls.

1. Meeting Call To Order

   (a) Previous committee meeting minutes (February 2, 2017)

   Motion to approve the previous committee meeting minutes

   Joe Arriola, Chairman

2. Report

   (a) Information Technology Update

   Presented by Michael Garcia, Senior Vice President and Chief Information Officer, Information Technology

3. Adjournment

   Joe Arriola, Chairman
1. Meeting Call To Order
STRATEGY AND GROWTH COMMITTEE MEETING MINUTES

Thursday, February 2, 2017
Followed the Learning and Innovation Subcommittee Meeting

Jackson Memorial Hospital
West Wing Board Room
First Floor
1611 N. W. 12th Avenue Street
Miami, FL 33136

Strategy and Growth Committee
Joe Arriola, Chairman
William J. Heffernan, Vice Chairman
Bryan Avila
Mojdeh L. Khaghan
Irene Lipof
Walter T. Richardson
Robert Zarco

Member(s) Present: Joe Arriola, Chairman, William J. Heffernan, Vice Chairman, Robert Zarco, Irene Lipof, Mojdeh L. Khaghan, Bryan Avila, and Walter T. Richardson

Member(s) Excused: None

In addition to the Committee members, the following staff members, and Assistant Miami-Dade County Attorneys were present: Don S. Steigman, Laura Hunter, Michael Garcia, Myriam Torres, Esther Caravia-Abolila, and Matthew Pinzur; and Laura Llorente and Suzanne Villano-Sharif, Assistant Miami-Dade County Attorneys

1. Meeting Call To Order
   Joe Arriola, Chairman, Strategy and Growth Committee at 11:33 a.m.

   (a) Previous committee meeting minutes

   (1) Previous committee meeting minutes (November 22, 2016)

   Motion to approve the previous committee meeting minutes

   Joe Arriola, Chairman

   Irene Lipof moved approval;
   seconded by Robert Zarco,
   and carried without dissent.
2. Report

(a) Information Technology Update

As part of the ongoing efforts to improve quality and patient safety Michael Garcia, Vice President and Chief Information Officer introduced Stephen Grzybek, Clinical Informatics Analyst, Carla V. Pao, Manager, Information Technology Clinical Informatics System and Ginger Adler, Corporate Director, Clinical Informatics who implement and support Workstations on Wheels (WOW), a hospital mobile workstation used to facilitate wireless clinical documentation at the bedside point of care.

In a response to questions raised at a previous meeting regarding medication administration Mr. Grzybek demonstrated (demo) how WOW improves quality and patient safety at JHS facilities. With the use of WOW physicians and nurses utilize the technology for Bar Code Medication Administration. The demo showed using WOW with the touch of a computer screen a nurse can administer medication by scanning the bar code on the wristband on the patient making sure that the patient is the right patient. The nurse can then scan the bar code on medicine, the nurse and the software can then verify if it’s the right medicine at the right dose at the right time by the right route in the right patient. Using WOW physicians can access real-time information and interact more with nurses and patients. At the conclusion of the demo WOW was described as a workstation on wheels that ensures caregivers ability to readily access patient information at the bedside point of care using secured, wireless technology that enables better quality of care, improve data accuracy and patient safety.

Other Information Technology Updates

Mr. Garcia reported the following:

- The bar coding system software for the blood management product has been implemented
- The process for implementing a bar coding system software for breast milk is ongoing.
- Have gone “live” with the power tunnel application which is designed to provide for increased integration capabilities
- It is anticipated that on February 13, 2017 will “go live” with the Rehabilitation Hospital monitors and have a fully integrated system dedicated to the Rehabilitation Hospital and its patients.
- In the process of implementing the Information Technology Oncology solution with the anticipation of going “live” in the month of May of this year.
- Working closely with the University of Miami (UM) Information Technology Team to integrate the patient process. A physician Information Technology Task Force has been created for the sole purpose of addressing concerns raised by physicians as the process continues to move forward, making technology easier and more efficient when integrating JHS and UM patients.

(b) Amendment to the 2017 State Legislative Priorities of the Public Health Trust

Esther Caravia-Abolila, Chief of Staff to the President and Chief Executive Officer recommended that the PHT Board of Trustees accept amending the 2017 State Legislative Priorities. The proposed amendment would create a new Section 154.13, providing for exclusive jurisdiction of the county creating the Public Health Trust over designated facilities, defined in Section 154.08, which includes, but is not limited to, hospitals, clinics and other health care facilities owned or operated by a PHT, even where the designated facility is located within municipal boundaries. The specific priorities recommended for 2017 were included in the agenda.
3. Resolution Recommended To Be Accepted

(a) Resolution amending the 2017 State Legislative Priorities of the Public Health Trust to include advocating for an amendment to Chapter 154, Part II, Florida Statutes to provide for exclusive jurisdiction of the County over Trust designated facilities, and directing the President, or his designee, to seek Commissioners urging the Florida Legislature to enact such legislation and to include the amendment in the County’s 2017 State Legislative Package

Sponsored by Nathan Ray, Associate Vice President, Governmental Relations, Jackson Health System

Motion to accept the item with a favorable recommendation to the PHT Board of Trustees

Joe Arriola, Chairman

William J. Heffernan moved approval; seconded by Irene Lipof, and carried without dissent.

4. Adjournment

Joe Arriola, Chairman at 11:52 a.m.

Meeting Minutes Prepared by

Ivenette Cobb-Black
Executive Assistant
Public Health Trust Board of Trustees
2. Report
2 (a) Information Technology Update
3. Adjournment