



July 17, 2015

Commissioner Robin Fisher
Board of County Commissioners

Commissioner Jim Barfield
Board of County Commissioners

951 N. Washington Ave.
Titusville, Florida 32796
Phone: 321-268-6111
www.parrishmed.com

Brevard County Commission
400 South Street
Suite 1-A
Titusville, Florida 32780

Brevard County Commission
2575 North Courtenay Parkway
Suite 200
Merritt Island, Florida 32953

Commissioner Trudie Infantini
Board of County Commissioners
Brevard County Commission
1311 East New Haven Avenue
Melbourne, Florida 32901

Commissioner Curt Smith
Board of County Commissioners
Brevard County Commission
2725 Judge Fran Jamieson Way
Building C. Suite 214
Viera, Florida 32940

Commissioner Andy Anderson
Board of County Commissioners
Brevard County Commission
1515 Sarno Road
Building B.
Melbourne, Florida 32935

Dear Honorable County Commissioners:

This letter is respectfully submitted to you for your benefit and consideration as well as for the information and benefit of Brevard County's taxpayers, employees and retirees.

The North Brevard County Hospital District d/b/a Parrish Medical Center is an Independent Special Tax District of the State of Florida ("Health Care District"). In accordance with its purpose as recited in Section 5 of the Health Care District's Charter, the Health Care District submits this letter regarding the status of the Health Care District's relationships with health plans under consideration by the county commission with regard to the pending Brevard County Government Requests for Proposals No. P-3-15-15 ("RFP").

As of the date of this letter, the Health Care District has agreements in place with the following commercial health plans:

Aetna – HMO, PPO
Beech Street – PPO
Blue Cross Blue Shield of Florida — HMO, PPO, (including Blue Choice (PPO, but not Blue Select)
BlueCare (HMO), BlueOptions (Network Blue), and Traditional Indemnity (PHS)
Cigna – HMO, PPO
Community Care Network (CCN) – PPO
Coventry Healthcare – PPO
First Health – PPO
Florida Health Care Plan, Inc.
Health Options – HMO (Blue Cross Blue Shield Of Florida)

Multi Plan, Inc. – PPO
Private Health Care Systems (PHCS) – PPO
SouthCare – PPO
Tricare
United Health Care – PPO and HMO
United Payors/United Providers – PPO

Please note that Health First does not appear on the above list. The Health Care District does not have a contract to provide services to Health First commercial health plan enrollees.

Concerns for Patient Considerations Overlooked in the RFP Process

The Health Care District makes the following observations regarding a prospective implementation of the Health First plans and its impact on patient care and health care costs:

- A. **Patient Dissatisfaction and Increased Patient Costs:** The NCQA Health Insurance Plan Rankings 2014-2015 gave Health First’s private commercial health plans a rating of “1” (i.e. “worse”) constituting the poorest possible score on a scale of 1 through 5 in the category of “Handling of Claims Were Members Satisfied with How Their Claims were Handled?” and a rating of “2” (i.e., the second lowest score on a scale of 1 through 5) in the category of “Rating Health Plan Did members rate their overall plan services high?”

This situation will likely be exacerbated among Brevard County employees and retirees given Health First patients’ out-of-network status with the Health Care District. Brevard County employees enrolled with Health First, who wish to access the Health Care District, may find themselves disadvantaged from both a cost and service perspective if they do not have out-of-network benefits and are not entitled to continuation of care. Substantial dissatisfaction of county employees and retirees may, or will, ensue from limited access to the Health Care District - the premier health care facility in north Brevard County – and from the potential increase in costs to employees and retirees given the absence of reduced contracted rates.

- B. **Patient Access and Higher Costs:** Of the 13-member selection committee, 12 members ranked one plan the highest in all six criteria for the Single Provider Option. If a recommendation were made that the Board of County Commissioners select Health First’s proposal under a Dual Option approach, the Health Care District remains concerned that employees and retirees choosing Health First may be unaware of Health First’s non-contracted status with the Health Care District and another major hospital system in Brevard County. The Health Care District’s position reflects a concern for the members of our community who may feel that their access to these major health systems have not been adequately considered in pursuing a Dual Option approach.

Moreover, if a Dual Option were to be pursued, more questions are raised. For example, from a network sufficiency perspective, nearly 40% of Brevard County’s hospital dollars are spent at these two hospital systems that are non-participating with the Health First provider network. Moreover, the absence of the Health Care District from the Health First provider network may leave a significant number of Brevard County’s employees with no immediate access to non-emergent hospital services.

Status of Legal and Regulatory Considerations by the Health Care District

The Health Care District is currently not contracted with Health First and at this time does not intend to re-contract with Health First. Legal and regulatory issues are among the considerations for not re-contracting with Health First. In fact, legal and regulatory issues are the focus of two pending cases concerning Health First's operations and business practices. These two cases are: (i) ***United States of America et al. v. Health First, Inc. et al.***, Case No. 14-CV-501- ORL (M.D. Fla) and (ii) ***Omni Healthcare, Inc. et al. v. Health First, Inc et al.*** Case No. 13-CV-01509 (M.D. Fla). The legal and regulatory issues raised in these two cases implicate conduct by Health First in Brevard County.

Issues raised in the ***United States of America*** and/or ***Omni*** cases include, without limitation, allegations of: (a) exclusive dealing arrangements; (b) physician boycotts; (c) termination of physicians' provider contracts and conditioning of network participation on joining certain physician groups; (d) using hospital privileges as leverage; (e) kickbacks to induce physicians to refer government insured patients to certain preferred facilities allegations; (f) offering benefits to induce physician referrals; (g) office space leases not at fair market value in exchange for referrals; and (h) physician group practice acquisitions in excess of fair market value. More details regarding these allegations can be found on Exhibit A attached hereto.

Conclusion

The Health Care District is committed to the benefit and welfare of the members of our community. For the reasons referenced above, the Health Care District has expressed its concerns herein regarding the pursuit of a Dual Option, under circumstances wherein one plan was ranked highest in all six criteria by 12 of the 13 members of the Selection Committee and the second plan is non-contracted with two major hospital systems that serve Brevard County's residents. Further, given the unfortunate legal and regulatory circumstances recited above, the Health Care District cannot rule out whether purported cost savings relate to the allegations made in court as further referenced on Exhibit A.

The Health Care District again respectfully requests that this correspondence be considered and made part of the record prior to a vote regarding the RFP. The potential outcomes for taxpayers, county employees, and retirees are direct: higher costs for members in all three groups. On its face this is incompatible with increased satisfaction for those paying the bills or receiving the service.

Thank you for your consideration of these matters.

Sincerely,

North Brevard County Hospital District

A handwritten signature in black ink, appearing to read "George Mikitarian". The signature is written in a cursive, flowing style.

George Mikitarian
President/CEO

EXHIBIT A

Exclusive Dealing Arrangement Allegations:

- Physicians agree to refer all or the vast majority of patients to certain facilities and/or providers in order to be included on networks. *See OMNI Third Amended Complaint ¶ 136.*
- The physicians have entered into a de facto exclusive dealing arrangement. *See OMNI Third Amended Complaint ¶ 136.*
- Such exclusive dealing arrangements result in exclusion of other providers. *See OMNI Third Amended Complaint ¶ 139.*
- Such exclusive dealing arrangements are indefinite and physicians are not free to terminate the arrangements unless they wish to also be blacklisted. *See OMNI Third Amended Complaint ¶ 138.*

Physician Boycott Allegations:

- Physicians who refuse exclusive dealing arrangements are blacklisted by other physicians who have agreed to enter into exclusive dealing arrangements. *See OMNI Third Amended Complaint ¶ 146.*
- Physicians who enter into exclusive dealing arrangements are prohibited from referring non-member patients to physicians who refuse exclusive dealing arrangements. *See OMNI Third Amended Complaint ¶ 146.*

Termination of Physicians' Provider Contracts and Conditioning of Network Participation on Joining Certain Physician Groups Allegations:

- Physicians who are part of a physician group that do not have an exclusive dealing arrangement have contracts terminated. *See OMNI Third Amended Complaint ¶ 153-154.*
- "Prevent[s] [physicians] from achieving growth" unless physician enter into an exclusive dealing arrangement. *See OMNI Third Amended Complaint ¶ 153-154.*
- Approaches physicians whose contracts have been terminated, and conditioning access to patients and referrals to joining certain physician practices. *See OMNI Third Amended Complaint ¶ 154.*

Using Hospital Privileges as Leverage Allegations:

- Revocation of physicians' hospital privileges at affiliated hospital from physicians "who refuse to abide by its exclusive dealing arrangements." *See OMNI Third Amended Complaint ¶ 159.*
- Ownership Interests and/or Medical Directorship(s) to Induce Physician Referrals.

Kickbacks in Various Forms to Induce Physicians to Refer Government Insured Patients to Certain Preferred Facilities Allegations:

- Offering ownership interests in certain affiliated facilities in exchange for referrals. *See USA Complaint ¶ 53.*
- Affiliated outpatient facility employs physicians as Medical Directors and pays exorbitantly in exchange for referrals. *See USA Complaint ¶¶ 59 and 89.*
- Purchases physicians' ownership interests in outpatient facility at a price far in excess of fair market value in exchange for the ongoing stream of patient referrals to affiliated hospitals. *See USA Complaint ¶ 60-61.*
- Granting Medical Directorship at affiliated hospice to physicians of certain physician group, and paying them at exorbitantly high rates to induce referrals to affiliated facilities and hospitals. *See USA Complaint ¶ 69.*

Offering Benefits to Induce Physician Referrals Allegations:

- Provision of hospitalist services to certain physicians groups, in order to induce referrals to affiliated facilities. *See USA Complaint ¶ 79-81.*
- Provision of blood products at no charge to induce referrals. *See USA Complaint ¶ 82.*
- Provision of radiation therapy facilities and MRI facilities only to physician groups that agree to exclusively refer to affiliated hospital. *See USA Complaint ¶ 86.*
- Provision of cardiac catheterization laboratory services only to physician groups that agree to exclusively refer to affiliated hospital. *See USA Complaint ¶ 87.*
- Utilization of physicians who agree to exclusively refer patients to hospital for paid on-call at a disproportionately higher rate. *See USA Complaint ¶ 88.*

Office Space Leases not at Fair Market Value in Exchange for Referrals Allegations:

- Leasing office space to certain specialty physicians groups at exorbitant rates in exchange for exclusivity to be the sole provider of a given specialty in the geographic area. *See USA Complaint ¶ 98.*
- Physician groups paying greater than fair market price for office space leases in exchange for referrals. *See USA Complaint ¶ 98.*

Physician Group Practice Acquisitions in Excess of Fair Market Value Allegations:

- Acquisition of physician group practice at a price significantly above fair market value as a reward for past patient referrals to affiliated facilities and in exchange for continued referrals exclusively to affiliated facilities after the acquisition. *See USA Complaint ¶ 90.*
- After execution of acquisition, requiring physicians to terminate all contracts with insurers that allowed referrals to non-affiliated hospitals. *See USA Complaint ¶ 96.*