



# OFFICE OF THE MAYOR MIAMI-DADE COUNTY, FLORIDA

CARLOS ALVAREZ  
MAYOR

March 10, 2010

Dr. Eneida O. Roldan, M.D., M.P.H., M.B.A.  
President and Chief Executive Officer  
Jackson Health System  
1611 NW 12<sup>th</sup> Avenue  
West Wing Building, Suite 117  
Miami, Florida 33126

Mr. John H. Copeland, III  
Chairman  
Public Health Trust Board of Trustees  
1611 NW 12<sup>th</sup> Avenue  
Alamo Building, 1<sup>st</sup> Floor  
Miami, Florida 33126

Dear Dr. Roldan and Mr. Copeland:

As our community confronts the grievous situation at Jackson Health System (JHS), Miami-Dade County government has a unique responsibility to ensure the immediate and long-term protection of finances and operations. In many ways, a crisis at JHS is a crisis for all local government and, indeed, the community at large. Aggressive action must be taken now.

I must reiterate to you that the financial condition of the JHS has a real and significant direct impact on the financial condition of Miami-Dade County – every dollar that Miami-Dade must spend on JHS beyond the \$169.4 million in direct property-tax support already provided is a dollar that must be cut from existing County services in areas such as public safety, human services and economic development. Based on your own testimony, absent immediate action you will run out of money in less than 90 days. At that time, the County's operating revenues and countywide general fund will be directly impacted. The County could face layoffs, further service reductions, and a likely immediate drop in our bond ratings. That is simply unacceptable.

As I have expressed to you, I am prepared to work with you to declare a state of fiscal urgency for Jackson and to work with your labor partners to address the need for immediate economic concessions from JHS's labor unions. I have always been willing to discuss possible advances of funds JHS is slated to receive from the County during this current fiscal year. The County Manager has yet to receive a formal request with the requisite cash flows justification. Regardless, he is preparing a fiscal year advance to JHS based on funds the system would receive by year-end. As you know, the County has previously accelerated Maintenance-of-Effort (MOE) payments and extended repayment schedules.

The County intends to continue its long tradition of providing significant support to JHS, even beyond the \$169.4 million in MOE payments discussed above.

The County has issued bonds on behalf of JHS at least three times since FY 2004-05, totaling \$130 million and relieving JHS' need to use pay-as-you-go finance that challenges the system's cash flow. The County has offered to provide up to \$25 million in property-insurance deductible payments in the event of damage from a named storm, and JHS is allowed up to a year to reimburse the annual premium, which is currently \$2.54 million. The County included JHS in its medical, dental and life insurance programs, and continued paying the JHS Health Plan at the budgeted rate, even though that was more than the cost of single coverage established when the County became self-insured in 2008.

We have been and will continue to be partners.

I have reviewed your proposed recovery plan, and I am forced to conclude that it currently lacks detail and an in-depth, measurable implementation strategy. Further, I question how realistic many of your proposed reductions are and whether you are proceeding with the urgency demanded by this crisis.

At your Friday, March 5 and Tuesday, March 9 special meetings of the Public Health Trust (PHT) Board, your plan was discussed further without any tangible progress. It is my understanding that you intend to reconvene as necessary next week beginning on Monday to further discuss the recovery plan prior to the PHT Board's regular meeting on Monday, March 22. That would mean any recommended service adjustments requiring County Commission approval could not be considered until late March or early April, costing us a full month.

If JHS has less than 90 days of cash, as your team continues to report, why wouldn't the PHT Board call a special meeting before the next regular meeting of the County Commission on March 16? At this point, delays are simply too costly to accept lightly. I strongly suggest you continue to meet daily, including weekends, to ensure you can submit a realistic plan for County Commission consideration next week.

The master ordinance for your revenue bonds requires that the JHS's net revenue be equal to 110 percent of all the debt-service requirements on all outstanding bonds due in each fiscal year. Based upon the audit I received late last week, it is obvious that the JHS will not meet this requirement for the latest series of revenue bonds issued on September 2, 2009. I am directing our Finance Director to require that you immediately hire a consultant to facilitate the necessary changes in rates, fees, charges and other methods of operations, if you have not done so already. We share a responsibility to ensure JHS creates and maintains a viable business model.

I remain strongly committed to Jackson Health System's vital mission in our community as a center for healthcare excellence that serves millions of our most medically and financially needy residents and visitors. I am also strongly committed to the entire County organization, which simply cannot jeopardize essential countywide services, critical emergency and contingency reserves, bond ratings and its overall outstanding financial reputation.

As Mayor, I have a unique responsibility to protect the health and welfare of Miami-Dade County's entire population. I also have a professional obligation to ensure that my staff and my colleagues on the Board of County Commissioners have sufficient time to review and consider those actions of PHT or JHS that require our approval.

I know you are aware that I will take every necessary step to fulfill those responsibilities and assure our community that both Jackson and the broader Miami-Dade County government are in the best possible position to serve the public. I hope you will do the same.

Sincerely,



Carlos Alvarez  
Mayor

c: Honorable Chairman Dennis C. Moss and  
Members, Board of County Commissioners  
George M. Burgess, County Manager  
Alina T. Hudak, Assistant County Manager  
Jennifer Glazer-Moon, Director, Office of Strategic Business Management  
Carter Hammer, Director, Finance Department  
Janet Perkins, Director, Office of Countywide Healthcare Planning