



HALIFAX HEALTH

**Audit & Finance
Committee**

Wednesday, October 30, 2019

Meeting Location

Halifax Health

France Tower, Conference Room A

4:00 p.m.

HALIFAX HEALTH AUDIT & FINANCE COMMITTEE

4:00 p.m., Wednesday, October 30, 2019

AGENDA

I. CALL TO ORDER

II. MINUTES

Investment Committee Minutes

portal page 4, **action requested**

- May 13, 2019

Audit & Finance Committee Minutes

portal page 6, **action requested**

- June 26, 2019

III. AUDIT COMMITTEE

Corporate Compliance, *Shelly Shiflet*

- Monthly Compliance Dashboard Reports

portal page 9, **information only**

Internal Audit, *Bill Rushton*

- Audit Services Discussion and Analysis

portal page 13, **action requested**

External Audit, *Lisa Tyler*

- 2019 Client Service and Audit Plan, RSM

portal page 40, **information only**

IV. FINANCE COMMITTEE

Financial Report, *Eric Peburn*

- FY 2019 Income Statement Monthly Forecast
- September 2019

portal page 67, **information only**

portal page 72, **action requested**

Acquisitions, Leases and Disposals, *Shawn Remington*

- Capital Investment Strategy, September 2019
- Capital Expenditures \$50,000 and over
 - Pulmonary Medical Office Acquisition, 601 N. Clyde Morris Blvd. \$1,137,066
 - Retail Pharmacy \$1,109,493
 - BrainLab Navigation System \$488,774
 - Epiphany EKG Data Management System \$402,785
 - C-Arm for Radiology \$401,401
 - SQL Licenses \$335,622
 - Surgical Microscope \$285,891
 - Wireless Access Points \$148,626
 - Ultrasound for OB Diagnostics/Maternal Fetal Medicine \$139,567
 - EKG Machines with Carts \$65,912
 - Televisions for France Tower \$58,104
- Disposals, September 2019
- Comparison of Projected and Actual Financial Results for Significant Projects

portal page 96, **information only**

portal page 100, **action requested**

Old Business

- Meeting Request Tracker/Checklist
 - Observation Management Presentation, *Mary Jo Allen*

portal page 125, **information only**

portal page 127, **information only**

HALIFAX HEALTH AUDIT & FINANCE COMMITTEE

New Business

- 2019 Conflict of Interest Disclosure Form portal page 135, [information only](#)
- Proposed 2020 Meeting Schedule portal page 154, [information only](#)
- Board Resolution - Emergency Purchase of Reverse Osmosis Water Filtration portal page 155, [action requested](#)
- Extension of JPMorgan Chase Direct Pay Letter of Credit portal page 158, [action requested](#)
 - Resolution Authorizing Extension of Expiration Date (HHMC)
 - Resolution Authorizing Amendment Reimbursement Agreement (HHMC and HH Holdings, Inc)
 - 2019 Amendment to Reimbursement Agreement

Information Only

- Schedule Uses of Property Taxes, September 2019 portal page 172, [information only](#)
- Discharged Based - Average Length of Stay and Case Mix Index portal page 173, [information only](#)
- Investment Performance Report, September 2019 portal page 175, [information only](#)
- Capital Expenditures \$25,000 - \$50,000 portal page 180, [information only](#)
 - *Diagnostic Reading Monitors* \$27,750

V. OPEN DISCUSSION

- VI. NEXT MEETING **Monday, November 11, 2019, 4 p.m. Quarterly Investment Committee Meeting**
Wednesday, January 8, 2020, 4 p.m. Regular Meeting

VII. PUBLIC PARTICIPATION

VIII. EXECUTIVE SESSION

IX. ADJOURN

Halifax Hospital Medical Center
Investment Committee Meeting, Sub Committee Audit & Finance Committee
France Tower, Conference Room A, 303 N. Clyde Morris Blvd., Daytona Beach, FL 32114
Monday, May 13, 2019

Present: Ted Serbousek, Chairman & Chairman, Audit & Finance Committee
Dave Graffagnino, Member
Decker Youngman, Member, Audit & Finance Committee
James Wesner, Marquette Associates

Not Present: Dan Francati, Member & Member, Audit & Finance Committee & Vice Chairman,
Board of Commissioners
Greg Motto, Member, Audit & Finance Committee
Susan Schandel, Member & Member, Audit & Finance Committee & Treasurer, Board of
Commissioners

Also Present: Jeff Feasel, President & Chief Executive Officer
Eric Peburn, Executive Vice President & Chief Financial Officer
Kent Bailey, Director of Finance
Lisa Tyler, Corporate Controller
Tracee Postell, Treasury Services Manager
Ben Eby, Director of Operations, Halifax Health Hospice
Britt Cesarone, Ponder Investment Company

The meeting was called to order at 4:00 p.m. by Chairman Serbousek.

New Business

Discussion: Manager Presentation – Ponder Investment Company
Mr. Cesarone from Ponder was introduced and presented a portfolio update (board portal).

Action: None required.

Minutes

Discussion: Minutes from the March 11, 2019 Investment Committee meeting were reviewed.

Action: Mr. Graffagnino moved to approve the March 11, 2019 Investment Committee minutes as presented. Mr. Youngman seconded the motion and it carried unanimously.

Old Business

Discussion: Transitioning to Marquette Associates, Inc.
Mr. Peburn and Mr. Bailey introduced Mr. Wesner who was present for the meeting as part of the announcement that negotiation efforts were met between leadership and Marquette Associates to assume management of investment advisory services. Mr. Wesner presented the transition plans to the Committee with highlights as well as a market outlook/tracker for April 2019 (board portal).

Action: None required.

Investment Review

Discussion: Market Outlook, Marquette Associates
Brief discussion referenced above during transition presentation.

Action: None required.

- Discussion: Expected Investment Return, FY 2020
Mr. Bailey reviewed the Investment Rate of Return Assumptions for FY 2020, highlighting the invested balance as of February 28, 2019, the assumed outlook return, and weighted assumed return of the Halifax Hospital Medical Center, HH Holdings, Foundation and Hospice accounts.
- Action: Mr. Graffagnino moved to approve the expected investment rate of return assumptions. Mr. Youngman seconded the motion and it carried unanimously.
- Discussion: Annual Review of Pension Plan Rate of Return Assumption
Mr. Bailey reviewed various information related to the pension plan rate of return assumption, pointing out the actuarially determined investment returns and the assumed discount rates over the last ten plan years. Comparative municipal plan investment return and asset allocation information was also presented. Brief discussion ensued.
- Action: Mr. Graffagnino moved to keep the pension plan rate of return assumption at 6.75% for the next plan year. Mr. Youngman seconded the motion and it carried unanimously.

Informational Only

- Discussion: Quarter Ending March 31, 2019
Mr. Peburn referred members to the final quarterly investment report, ended March 31, 2019, prepared by Ashford Investment Advisors (separate portal).
- Action: None required.

Next Meeting: Monday, August 12, 2019, 4 p.m. – Regular scheduled meeting

Open Discussion

- Discussion: None.

Adjournment

Ted Serbousek

Halifax Hospital Medical Center
Audit and Finance Committee Meeting
303 N. Clyde Morris Blvd., France Tower, Conference Room A
Wednesday, June 26, 2019

Present: Ted Serbousek, Chairman
Daniel Francati, Member & Vice Chairman, Board of Commissioners

Via Phone: Greg Motto, Member

Not Present: Susan Schandel, Member & Treasurer, Board of Commissioners
Decker Youngman, Member
Ammar Hemaïdan, MD, Member & Member, Medical Staff

Also Present: Jeff Feasel, President and Chief Executive Officer
Eric Peburn, Executive VP/Chief Financial Officer
Bill Rushton, Director, Internal Audit
Shelly Shiflet, Chief Compliance Officer
Shawn Remington, Director, Corporate Finance
Lisa Tyler, Corporate Controller
Arvin Lewis, SVP & CRO
Alberto Tineo, SVP and Hospital Chief Operating Officer
Kelly Kwiatek, SVP & General Counsel
Tom Stafford, Vice President and Chief Information Officer
Matt Petkus, Vice President, Operations
Ben Eby, Director of Operations, Hospice
Derek Rife, IT Security Risk Manager

The meeting was called to order at 4:00 p.m. by Chairman Serbousek. Attendance was recorded.

MINUTES

Discussion: Minutes from the March 11, 2019 Investment Committee Meeting and May 1, 2019 Audit & Finance Committee Meeting were reviewed.

Action: Mr. Francati moved to approve the minutes as presented and recommends approval by the Halifax Health Board of Commissioners. Mr. Motto seconded the motion and it carried unanimously.

AUDIT COMMITTEE CORPORATE COMPLIANCE

Discussion: Monthly Compliance Program Update Dashboard
Ms. Shiflet presented the Compliance Dashboard for the months ended April 30, 2019 and May 30, 2018 with no issues to report, but indicated that she will propose changes in the next meeting's dashboard report. Committee members were briefed on the status of three high level cases with no objections to close. Brief discussion ensued to include an update on the civil investigative demand (i.e. 90 days to re-file).

Action: None required.

INTERNAL AUDIT

Discussion: Mr. Rushton led committee members through IADA that included highlights of the FY 2019 Plan Status, Results of FY 19 Audit Projects and Summary of two audit reports:

- Rapid Medical Assessment Payments Audit
- Consignment and Trunk Stock Controls Audit

Action: Mr. Francati moved to approve the Summary of Audit Reports and the Audit Follow-up Summary Report. Mr. Motto seconded the motion and it carried unanimously.

FINANCE COMMITTEE

FINANCIAL REPORT

- Discussion: Mr. Peburn led committee members through the Fiscal Year 2019 Income Statement Forecast, updated with actual activity through May 31, 2019. Highlights resulted to brief discussion regarding revenue and expense assumptions, YTD operating income compared to budget, and the obligated group MADS coverage ratio. Brief discussion also ensued regarding the recently released ratings report by FITCH.
- Action: Mr. Francati moved to approve the May 2019 Financial Report and recommends approval by the Halifax Health Board of Commissioners. Mr. Motto seconded the motion and it carried unanimously.

ACQUISITIONS, LEASES & DISPOSALS

- Discussion: Capital Investment Strategy, May 2019

- Action: None required.

- Discussion: Capital Expenditures \$50,000 and over
- *Mako Robotic Arm* \$790,000
 - *Desktop and Laptop Computers* \$500,000
 - *West Clyde Morris Infrastructure; Additional Approval* \$400,000
 - *Storage Platform and Software* \$368,554
 - *Port Orange Care Center Wind Retrofit* \$330,964
 - *Automatic Transfer Switch for Chiller* \$104,224
 - *Ormond Beach Care Center Wind Shutters* \$103,280

- Action: Mr. Francati moved to approve the Capital Expenditures, \$50,000 and over and recommends approval by the Board of Commissioners. Mr. Motto seconded the motion and it carried unanimously.

- Discussion: Disposals, May 2019

- Action: Mr. Francati moved to approve the disposals and recommends approval by the Board of Commissioners. Mr. Motto seconded the motion and it carried unanimously.

- Discussion: Comparison of Projected and Actual Financial Results for Significant Projects

- Action: No update; none required. Discussion did ensue regarding the status of the data center resulting in leadership bringing back at a future meeting related policy.

OLD BUSINESS

- Discussion: Meeting Request Tracker/Checklist (none) and Updated Board of Commissioners Calendar

- Action: None required.

NEW BUSINESS

- Discussion: FY 2020 Preliminary Budget Review/Not to Exceed Millage Rate
Mr. Peburn presented a FY 2020 budget update, highlighting key factors in setting the budget, current status and next steps. Brief discussion included references to achieving positive cash flow after capital and pension funding, targeted operating margin (excluding Deltona hospital) and the importance of continuing critical community benefits and services. Mr. Peburn concluded the presentation by sharing a recommendation would be presented to the Board of Commissioners to approve the Not to Exceed Rolled Back Millage Rate at the same rate as last year, 0.3546 Mill.

- Action: None required.

INFORMATIONAL REPORTS

Discussion: The Discharged Based-Average Length of Stay and Case Mix Index and the Capital Expenditures, \$25,000 - \$50,000 were presented under Information Only:

- *Bioquell Decontamination System* \$45,000
- *Meditech Software - Corporate Management System* \$28,560
- *Cash Registers for Cafeterias, Café and Gift Shop* \$27,821

Action: None required.

OPEN DISCUSSION

Discussion: None

NEXT MEETING DATE: Monday, August 5, 2019, 4:00 p.m. - France Tower Conference Room A
FY 2020 BUDGET WORKSHOP, Combined with the Board of Commissioners
MONDAY, August 12, 2019, 4:00 p.m. – Investment Committee meeting
WEDNESDAY, September 4, 2019, 4:00 p.m. – Regular scheduled meeting
MONDAY, September 9, 2019, 5:05 p.m. – Tentative First Public Hearing, Board of Commissioners

ADJOURNMENT

Action: There being no further business, the meeting was adjourned.

Ted Serbousek, Chairman



HALIFAX HEALTH

To: Audit and Finance Committee and Board of Commissioners
Cc: Jeff Feasel, Chief Executive Officer
From: Shelly Shiflet, Vice President, and Chief Compliance Officer
Date: October 21, 2019
Re: Compliance Dashboard Report for the month ended September 30, 2019

The Compliance Program Dashboard Report for September 2019 is attached.

Feel free to contact the Board's Compliance Expert, Robert Wade, Esq., or me regarding any questions on this report.

Mr. Wade can be reached at: Bob.Wade@btlaw.com
Office: 574-237-1107

I can be reached at: Shelly.Shiflet@halifax.org
Office: 386-425-4970

Recommended Action: None. Information only.

Halifax Health
Corporate Compliance Program
Board Report – 9/30/19

ON TARGET

ALERT

I. EMPLOYEE AND BOARD EDUCATION – Halifax Health’s compliance program and Corporate Integrity Agreement requires most employees to acknowledge the Code of Conduct within 30 days of hire. Employees who are considered “Covered Persons” are required to complete 1 hour of general compliance training within 30 days of hire and annually thereafter. Managers and others who are considered “Arrangements Covered Persons” must complete an additional hour of general education and 2 hours of arrangements training within 30 days of becoming an “Arrangements Covered Person,” and annually thereafter. Members of the Board are required to complete 6 hours (2 hours general, 2 hours arrangements, and 2 hours governance) of training within 30 days of becoming a member. The following is the status of education for Halifax Health’s employees and other Covered Persons:

	➤	Code of Conduct Attestation¹
1.	4,007	Number of Covered Persons and Board Members required to complete as of end of period
2.	100%	% of Covered Persons who have completed (On Target at 100%)

	➤	CIA Required Training²
1.	4,099	Number of Covered Persons and Board Members required to complete as of end of period
2.	100%	% of Covered Persons who have completed (On Target at 100%)

II. SANCTION CHECKS - Halifax Health’s Corporate Integrity Agreement requires all “Covered Persons” be screened for exclusions from participation in federal programs monthly. During the period:

	➤	Sanction Check for Covered Persons³
1.	4,984	Number of Covered Persons as of the end of the period
2.	100%	% of Covered Persons above who had no sanctions, based on monthly sanction check results (On Target at 100%)

III. COMPLIANCE COMMITTEE – Halifax Health has a Compliance Committee responsible for regulatory compliance matters, which meets monthly. Members of senior leadership across service lines as well as representatives from Hospice and the Medical Staff are represented. During the period:

	1.	15	Number of members on <i>Compliance Committee</i>
	2.	N/A	% of members who attended the meeting (On Target at 70% or Greater) – NO SEPTEMBER MEETING
	3.	2	Number of meetings in the last quarter (On Target if 2 or more)

IV. HELP LINE [844-251-1880] or **halifaxhealth.ethicspoint.com**

	1.	4/34	Number of Help Line calls received during month/past 12 months
	2.	3/16	Of calls in 1, how many related to Human Resource issues
	3.	0	Number of open Help Line calls rated as High Priority as of 8/31/19
	4.	0	Number of open Help Line calls rated as High Priority as of 9/30/19
	5.	0	Number of Help Line calls closed since last month

V. COMPLIANCE ISSUES

	1.	17	Number of issues open as of 8/31/19
	2.	17	Of the issues in item 1, ___ remain open as of 9/30/19
	3.	N/A	Number of issues from item 1 closed as of 9/30/19 NO SEPTEMBER MEETING
	4.	N/A	Percent of open issues from item 1 closed (On Target at 25% or Greater) NO SEPTEMBER MEETING

VI. COMPLIANCE POLICIES – Halifax Health’s Compliance Program involves the development, implementation and monitoring of policies to ensure the organization conducts business compliant with applicable statutes, rules and regulations. During the period:

	1.	1	Number of Compliance Policies reviewed/ updated in the last month (On Target at 1)
--	----	---	--

VII. BILLING AND CODING REVIEWS - Halifax Health will conduct reviews as part of scheduled audits or to investigate concerns brought to the attention of the Compliance Committee or the Compliance Officer.

	1.	0	Number of concerns related to billing/coding received during the month
	2.	0	Number of concerns from #1 that required a billing/ coding review
	3.	0	Number of reviews from #1 still being investigated
	4.	0	Number of reviews from #1 closed or pending Committee review
	5.	0	Number of reviews from #1 expected to require repayment/processing of claims

¹ Code of Conduct Attestation – employees and vendors who meet the definition of a *Covered Person* and new Board Members.

² CIA Required Training – employees (except for housekeeping, maintenance, and foodservice employees), Medical Staff who are party to a *Focus Arrangement*, and vendors who meet the definition of a *Covered Person* and new Board Members.

³ Sanction Check for Covered Persons - employees, Medical Staff and vendors who meet the definition of a *Covered Person*.



HALIFAX HEALTH

To: Audit and Finance Committee and Board of Commissioners
Cc: Jeff Feasel, Chief Executive Officer
From: Shelly Shiflet, Vice President, and Chief Compliance Officer
Date: September 23, 2019
Re: Compliance Dashboard Report for the month ended August 31, 2019

The Compliance Program Dashboard Report for August 2019 is attached. Item III(2) did not meet the target defined on the report. The target is set for at least 70% of the 15 members to attend the Compliance Committee meeting. Nine (9) of the fifteen (15) members (or 60.0%) attended the July 31, 2019 Compliance Committee meeting:

Members Present:

Shelly Shiflet, Vice President and Chief Compliance Officer;
Maria Crumlich, Director, Hospice;
Bill Griffin, Director, System Research and Planning;
Khalelah Jones, Privacy Officer;
Sarah Kaylor, Compliance Project Manager;
Kelly Kwiatek, Senior Vice President & General Counsel;
Arvin Lewis, Senior Vice President and Chief Revenue Officer;
Tom Stafford, Vice President and Chief Information Officer; and,
Tonja Williams, Chief Nursing Officer.

Members Absent:

Dr. Margaret Crossman, Chief Medical Officer;
Kim Fulcher, Senior Vice President and Chief Human Resources Officer;
Jennifer Morrow, Risk Management Specialist;
Eric Peburn, Executive Vice President and Chief Financial Officer;
Alberto Tineo, Senior Vice President, Operations; and,
Jillian Wheelock, Deputy General Counsel (General Counsel Alternate).

Feel free to contact the Board's Compliance Expert, Robert Wade, Esq., or me regarding any questions on this report.

Mr. Wade can be reached at: Bob.Wade@btlaw.com
Office: 574-237-1107

I can be reached at: Shelly.Shiflet@halifax.org
Office: 386-425-4970

Recommended Action: None. Information only.

Halifax Health
Corporate Compliance Program
Board Report – 8/31/19

ON TARGET

ALERT

I. EMPLOYEE AND BOARD EDUCATION – Halifax Health’s compliance program and Corporate Integrity Agreement requires most employees to acknowledge the Code of Conduct within 30 days of hire. Employees who are considered “Covered Persons” are required to complete 1 hour of general compliance training within 30 days of hire and annually thereafter. Managers and others who are considered “Arrangements Covered Persons” must complete an additional hour of general education and 2 hours of arrangements training within 30 days of becoming an “Arrangements Covered Person,” and annually thereafter. Members of the Board are required to complete 6 hours (2 hours general, 2 hours arrangements, and 2 hours governance) of training within 30 days of becoming a member. The following is the status of education for Halifax Health’s employees and other Covered Persons:

	➤	Code of Conduct Attestation¹
	1. 3,942	Number of Covered Persons and Board Members required to complete as of end of period
	2. 100%	% of Covered Persons who have completed (On Target at 100%)

	➤	CIA Required Training²
	1. 4,039	Number of Covered Persons and Board Members required to complete as of end of period
	2. 100%	% of Covered Persons who have completed (On Target at 100%)

II. SANCTION CHECKS - Halifax Health’s Corporate Integrity Agreement requires all “Covered Persons” be screened for exclusions from participation in federal programs monthly. During the period:

	➤	Sanction Check for Covered Persons³
	1. 4,914	Number of Covered Persons as of the end of the period
	2. 100%	% of Covered Persons above who had no sanctions, based on monthly sanction check results (On Target at 100%)

III. COMPLIANCE COMMITTEE – Halifax Health has a Compliance Committee responsible for regulatory compliance matters, which meets monthly. Members of senior leadership across service lines as well as representatives from Hospice and the Medical Staff are represented. During the period:

	1. 15	Number of members on <i>Compliance Committee</i>
	2. 60.0%	% of members who attended the meeting (On Target at 70% or Greater) – The last meeting date with approved minutes was 7/31/19
	3. 2	Number of meetings in the last quarter (On Target if 2 or more)

IV. HELP LINE [844-251-1880] or **halifaxhealth.ethicspoint.com**

	1. 0/35	Number of Help Line calls received during month/past 12 months
	2. 0/16	Of calls in 1, how many related to Human Resource issues
	3. 0	Number of open Help Line calls rated as High Priority as of 7/31/19
	4. 0	Number of open Help Line calls rated as High Priority as of 8/31/19
	5. 7	Number of Help Line calls closed since last month

V. COMPLIANCE ISSUES

	1. 29	Number of issues open as of 7/31/19
	2. 13	Of the issues in item 1, ___ remain open as of 8/31/19
	3. 16	Number of issues from item 1 closed as of 8/31/19 (9/25/19 actual meeting date due to hurricane reschedule)
	4. 48%	Percent of open issues from item 1 closed (On Target at 25% or Greater)

VI. COMPLIANCE POLICIES – Halifax Health’s Compliance Program involves the development, implementation and monitoring of policies to ensure the organization conducts business compliant with applicable statutes, rules and regulations. During the period:

	1. 1	Number of Compliance Policies reviewed/ updated in the last month (On Target at 1)
--	------	--

VII. BILLING AND CODING REVIEWS - Halifax Health will conduct reviews as part of scheduled audits or to investigate concerns brought to the attention of the Compliance Committee or the Compliance Officer.

	1. 0	Number of concerns related to billing/coding received during the month
	2. 0	Number of concerns from #1 that required a billing/ coding review
	3. 0	Number of reviews from #1 still being investigated
	4. 0	Number of reviews from #1 closed or pending Committee review
	5. 0	Number of reviews from #1 expected to require repayment/processing of claims

¹ Code of Conduct Attestation – employees and vendors who meet the definition of a *Covered Person* and new Board Members.

² CIA Required Training – employees (except for housekeeping, maintenance, and foodservice employees), Medical Staff who are party to a *Focus Arrangement*, and vendors who meet the definition of a *Covered Person* and new Board Members.

³ Sanction Check for Covered Persons - employees, Medical Staff and vendors who meet the definition of a *Covered Person*.



Audit Services Discussion & Analysis

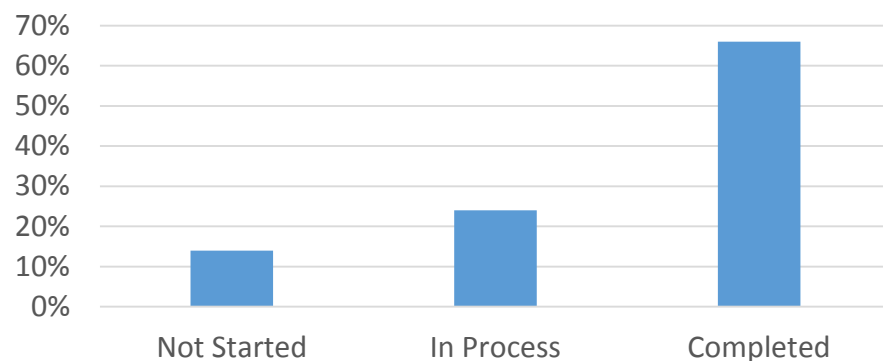
Halifax Health Audit & Finance Committee

Presented October 30, 2019

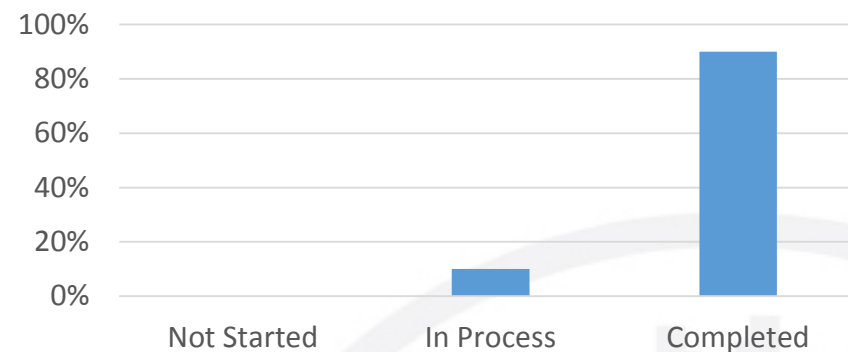
For the period covering August 29, 2019 through October 23, 2019

Audit Plan: FY 19 Plan Status

Internal & Co Source Projects



Internal Only Projects



FY Audit Plan	Internal	CoSource	Total Audits
Approved	10	4	14
Added	2	8	10
Removed	2	0	2
Revised Plan Total	10	12	22

Results: FY 19 Audit Projects

Audit Source	Project Name	Issues by Impact Level		
		High	Moderate	Low
IAS	2018 YE Audit Assistance	Completed		
IAS	Timekeeping – Casual Pool	1	1	1
IAS	Consignment/Trunk Stock Controls	0	6	1
Co Source	IT Penetration Testing	2	3	3
Co Source	Administrative Reimbursement & Expenses	0	0	0
IAS	Rapid Medical Assessment Payments	0	1	0
IAS	DAVID Attestation	1	1	0
Co Source	Deltona Construction Expenses FY 19	Completed		
Co Source	Emergency Service Charge Capture	3	3	4
Co Source	MEDITECH Expanse Project Implementation	1	2	1
IAS	*Charity Care Operations	Action Plans		
IAS	Physician Billing & Collections	2	2	0
Co Source	Oncology Charge Capture	1	4	0
IAS	2019 Interim Audit Assistance	Completed		
IAS	RVU Payroll	0	1	0
IAS	Timekeeping - Adjustments	Planning		
Co Source	PBFS (CDM, Billing, Collections, Denials)	Planning		

* To be presented to the Audit & Finance Committee in January 5, 2020




Summary of Halifax Health Audit Report

Local Audit Plan	Emergency Department Charge Capture Audit	Issues by Impact Level		
Objective – Evaluated the Emergency Department locations adequately captured charges for services and supplies.		High	Moderate	Low
Key Risk(s) – Revenue is not accurate and potential loss of reimbursement due to charge errors that include: charges not posting; not posting timely; posted for the wrong service; posted for incorrect quantity.		3	3	4
Significant Finding(s)	<ul style="list-style-type: none"> Using data analytics to identify possible exceptions for 18K charges disclosed 7K possible exceptions. Sample testing of 344 possible exceptions disclosed 101 exceptions found. They were as follows: <ul style="list-style-type: none"> ➢ Documentation missing for venipuncture charges; ➢ Error with CDM file for inhalation treatment; ➢ Administration without the drug documented for patient vaccines; ➢ Drug without the administration documented for patient vaccines; ➢ Multiple initial drug infusion charges (Deltona transfers); ➢ Drug without the non-self administration documented for injections; and ➢ Hydration stop times missing. Additionally, drug and/or admin charge errors were not detected via the department's daily reconciliation process. DAT results disclosed charge capture error rate of 1% and approximately \$2.5M annualized gross revenue at risk. \$8.8M (9%) of charges were posted greater than four days after service date. 81% of the charges were associated with ED level charges. The delay ranged from five to 368 days post-service. Assessment of registration records for charge purposes, disclosed 31 (74%) were missing evidence of Privacy Notice Acknowledgments. 			
Audit Conclusion	Common causes of errors were lack of knowledge or training of expected processes or organization policies which resulted in issues of moderate risk to Halifax. Management is committed to strengthening the internal controls over department charge capture, compliance regulations, and reconciliation procedures.			




Summary of Halifax Health Audit Report

Local Audit Plan	Oncology Charge Capture	Issues by Impact Level		
Objective – Evaluated the Centers for Oncology sites adequately captured charges for services and supplies.		High	Moderate	Low
Key Risk(s) – Revenue is not accurate and potential loss of reimbursement due to charge errors that include: charges not posting; not posting timely; posted for the wrong service; posted for incorrect quantity.		1	3	0
Significant Finding(s)	<ul style="list-style-type: none"> Using Data Analytic Testing (DAT) to identify exceptions for 7K charges disclosed 156 possible exceptions. Sample testing of 62 possible exceptions disclosed 38 valid exceptions. Identified exceptions are as follows: <ul style="list-style-type: none"> Two accounts had missed chemotherapy drug charges. In addition, all of the other drugs used for the dates of service were also missed resulting in gross undercharges of \$14K. Two accounts had missing chemotherapy IV Infusion administration charges resulting in missed gross charges of \$4K. Twenty-five exceptions in which chemotherapy instead of non-chemotherapy charge was selected, resulting in gross overcharges of \$4k. <p>DAT results disclosed charge capture error rate of 1% and approximately \$630K annualized gross revenue at risk.</p>			
Audit Conclusion	Common causes of errors were lack of knowledge or training of expected processes or organization policies which resulted in issues of moderate risk to Halifax. Management is committed to strengthening the internal controls over department charge capture, compliance regulations, and reconciliation procedures.			




Summary of Halifax Health Audit Report

Local Audit Plan	Meditech Expanse Post Implementation IT Audit	Issues by Impact Level		
Objective – Validated key IT controls for the MEDITECH Expanse system implementation were designed and operating effectively as Management expected.		 High	 Moderate	 Low
Key Risk(s) – Technology- Meditech Expanse not configured to desired functionality. Project Implementation – Inadequate execution of the PI plan can result in not meeting business objectives. Process – The process to implement Meditech Expanse was not documented or is incomplete. Lack of formal PI pan documents may result in failed goals and objectives.		1	2	1
Significant Finding(s)	<ul style="list-style-type: none"> • Testing of Meditech Expanse user accounts with administrative or super-user privileges disclosed that the IT Applications group had full access to the Management Information System (MIS) Person Dictionary, giving them the ability to create and modify user access. • Although there is evidence of meeting minutes, meeting documents and emails covering implementation activities, formal sign-offs were missing for go-live, data migration (e.g. of billing and accounts receivable) and scope changes. 			
Audit Conclusion	Post project implementation testing validated majority of controls were functioning as Management intended. Some control weaknesses were identified in the areas of user access, data backups and change management. If weaknesses are not remediated, Halifax could be at risk of unauthorized access, productivity issues and future implementation challenges. IT Leadership has agreed to remediate the identified audit issues.			

Summary of Halifax Health Audit Report

Local Audit Plan	Physician Billing and Collections Controls Audit	Issues by Impact Level		
Objective – Test whether controls over Halifax Health’s Physician business operations were functioning as Management intended.		 High	 Moderate	 Low
Key Risk(s) – Unbilled charges as a result of Physicians not completing EMR responsibilities which result in lost revenue. Claims may not be released or released timely, resulting in lost reimbursement.		2	2	0
Significant Finding(s)	<ul style="list-style-type: none"> • 28K bill holds totaling \$4.5M, oldest 758 days. Top reason code was credentialing pending. • 75 Team Members access roles and rights allow to bill the payor and also post the payor’s payment. Included 16 with additional superuser access, which would allow them to create payment profiles in Athena. 			
Audit Conclusion	Steps were not taken to adjust staffing and operations with increase claim volumes and unanticipated compliance projects. System access was not aligned with proper segregation of duties because of inadequacies with removing and/or monitoring users. As a result, Management will develop a control environment that will include additional staffing for claim holds and adequate security functions for managing access.			

Summary of Halifax Health Audit Report

Local Audit Plan	RMA and RVU Payments Audit	Issues by Impact Level		
Objective – Identify Physicians receiving RVU and RMA payments for the same patient service and thereby at risk that total compensation exceeding Fair Market Value (FMV).		 High	 Moderate	 Low
Key Risk(s) –Physician compensation is not aligned with fair market value and there is appearances of financial incentives.		0	1	0
Significant Finding(s)	<ul style="list-style-type: none"> IAS tested 8,959 (97%) Emergency Department services reimbursed via RVU payments in July 2019 to determine if Physicians were also reimbursed via RMA payments. Results disclosed eleven (65%) Physicians, 252 patient services (3%), were reimbursed via RVU and RMA payments. Physician overpayments totaled \$4K. 			
Audit Conclusion	Management will research Athena reporting, RVU payment models and/or physician agreements to identify a solution to RVU and RMA payment issues.			

Annual Communication to Governance and Management

Audit Committee Charter Assessment	Roles and Responsibilities	Achieved
Composition and Qualification	Member qualifications	Yes
Authority	Voting requirements, review and approval	Yes
Meetings	# of meetings, attendance, quorum	Yes
Financial Reporting	Financial risk presented	Yes
Internal Control	Understanding internal controls	Yes
Risk Assessment	Understanding Halifax Health risk universe	Yes
Internal Auditors	Audit plan progression presented	Yes
External Auditors	Audit scope/results presented	Yes
Reporting Responsibilities	BOC reporting	Yes
Other	Review Charter	Yes

See Audit Committee Assessment in BoardEffect for Detailed Report



Audit Plan Adjustments

Audits to be completed in FY 20

- Charge Description Master Audit
- Billing and Collections Audit
- Denials Management Audit
- ED Throughput Audit
- Accounts Receivable Audit
- Surgical Services Charge Capture Audit

Below Audit is being removed

- Main Registration/Patient Access Audit

Below Audit is being added

- Review 827i claim files to detect missing charges

Risk Areas

Area	Risks
Deltona Operations	<ul style="list-style-type: none"> Procedures governing operations are not aligned with existing Halifax Health system Systems implemented do not fully meet business requirements Joint Venture compliance and responsibilities
Timekeeping	<ul style="list-style-type: none"> Payroll & Benefits make up 50% (est) of total operating expenses Hours and status information are not always properly entered or adjusted
Physician Reimbursement	<ul style="list-style-type: none"> Reimbursement obtained not consistently aligned with approved fee models
Physical Security	<ul style="list-style-type: none"> Departments and staff are not following Halifax Health's overall security procedures for badges, access, keys
Patient Management (Care & Safety)	<ul style="list-style-type: none"> Noncompliance with Medicare Conditions of Participation Patient safety checklist (e.g. medications) for discharge planning, medication safety and falls prevention programs are not followed Implemented quantitative measurements to assess care and safety are missing
Clinical Documentation Improvement	<ul style="list-style-type: none"> Not maintaining a consistent and complaint practice to ensure the integrity of CDI Missing physician and coding documentation related to procedures and diagnosis
Pharmacy	<ul style="list-style-type: none"> Unauthorized dispensing of medications because of street demand Department not meeting 340b participation requirements, \$8m in cost savings at risk Poor inventory monitoring and counts leads to diversion
Purchase Services	<ul style="list-style-type: none"> Invoices received and payments submitted are in accordance with contract terms Outside systems managing and/or storing ePHI have a BAA and are aligned with the HIPAA agreement
Revenue Cycle	<ul style="list-style-type: none"> Lack of understanding new systems, poor interface between clinical and billing (e.g. CDM), belief that charges do not impact revenue or is not a clinical function Disconnect with 3rd party, reconciliation issues with accounts, billing, EOP vs. cash posted Inefficient billing, collection and denial process because of high volume of late charges and holds
Conflict of Interest	<ul style="list-style-type: none"> Related policies and procedures such as vendor relations, acceptance of gifts, and meals and entertainment are not followed
IT Security	<ul style="list-style-type: none"> Testing must be periodically performed to assess HIPAA compliance and controls over IT assets This is a high risk due to the significant increase in cyber attacks in all industries
Executive Payroll & Expenses	<ul style="list-style-type: none"> Compensation and expense reimbursement is not aligned with policies and contract provisions
Preparedness (IT & Non IT)	<ul style="list-style-type: none"> Sustain operations after impacted by a disaster Departments are not following business continuity planning
Grants	<ul style="list-style-type: none"> Tools to track grant activities may not be robust enough to provide sufficient monitoring and reporting



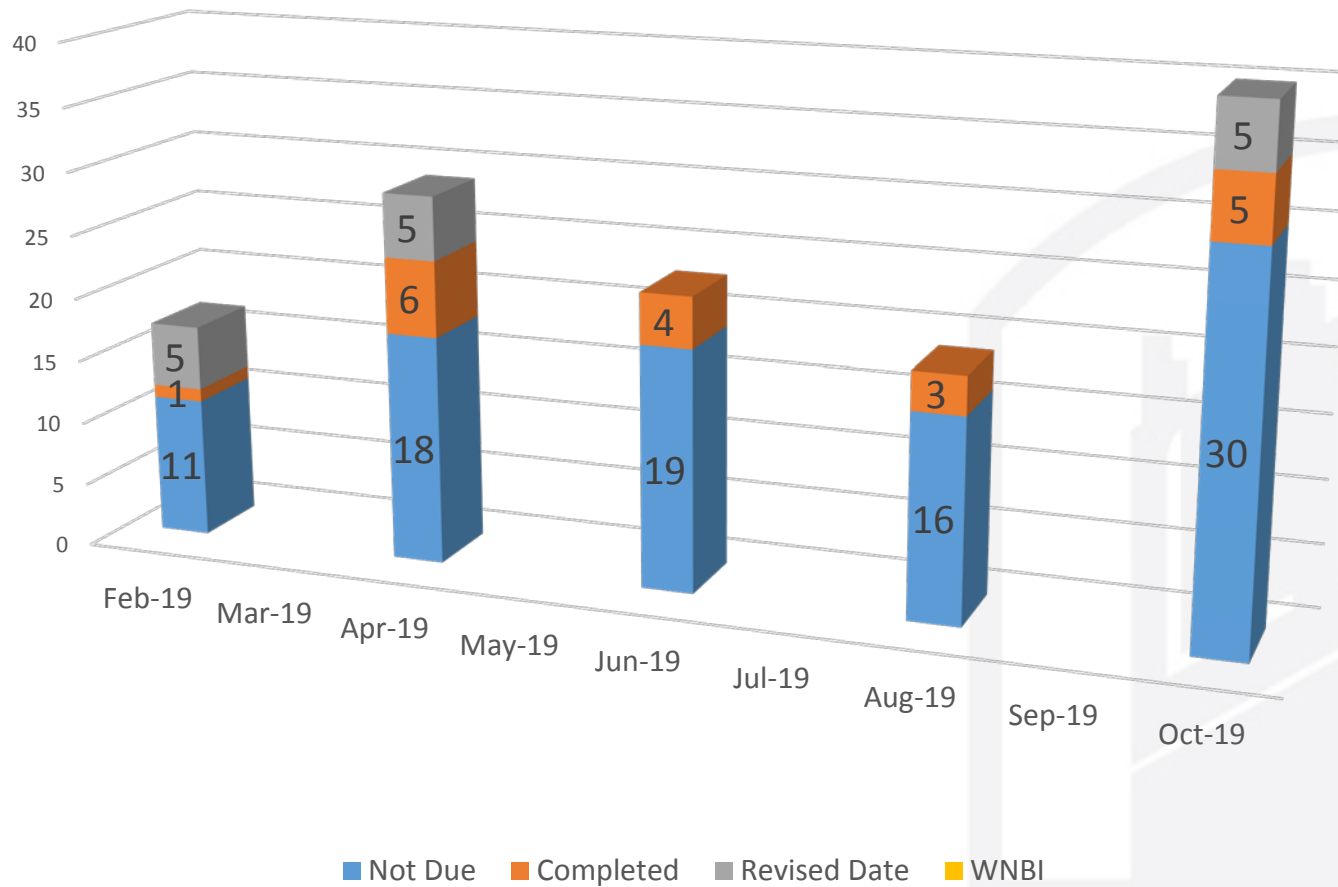
Proposed Audit Plan

Risk Area Title	Area	Description
Timekeeping Audits	Operational	Audits to assess department timekeeping and payment procedures
Revenue Cycle Audits	Revenue Cycle	Audits to assess revenue cycle procedures and systems (Meditech, Athena)
IT Penetration Testing	Information Services	Testing (i.e. Ethical hacking) of controls to prevent network cyber attacks
IT Security	Information Services	Assessment of system user access and provisioning
Deltona	Operational	Assessment of key department operations are developed and managed to align with supporting business policies and standards
Care Management	Operational	Assess operations to Cops, CDI projects, safety checklists
Administrative Reimbursement & Expense	Operational	Analyze reimbursement and expenses for selected executives
External Audit Assistance – Interim	Financial	Assistance on Halifax Health external audit
External Audit Assistance – Year End	Financial	Assistance on Halifax Health external audit
Pharmacy	Operational	Review operations such as 340b program and inventory

14 audits for the period covering October 2019 through September 2020

Audit Follow-Up

Audit Issue Follow-Up: Status of Management Action Plans



See BoardEffect for Audit Follow Up Detail.

Audit Action Plans - Open

Audit	Findings	Actions Management Will Take	Action Plan Owner	Action Plan Due Date	Risk Rank
Network Security Testing 4/24/2019	ISSUE 1: Web Application Confidential	Confidential	Tom Stafford, VP & Chief Information Officer	9/30/19	Low
Network Security Testing 4/24/2019	ISSUE 2: Windows and AD System Confidential	Confidential	Tom Stafford, VP & Chief Information Officer	3/31/20	High
Network Security Testing 4/24/2019	ISSUE 3: Data Storage and Access Controls Confidential	Confidential	Tom Stafford, VP & Chief Information Officer	12/31/19	High
Network Security Testing 4/24/2019	ISSUE 4: Network Architecture Infrastructure Management Confidential	Confidential	Tom Stafford, VP & Chief Information Officer	3/31/20	Medium
Network Security Testing 4/24/2019	ISSUE 5: Patch Management Confidential	Confidential	Tom Stafford, VP & Chief Information Officer	*	Medium
Network Security Testing 4/24/2019	ISSUE 6: Security Awareness and Physical Security Confidential	Confidential	Tom Stafford, VP & Chief Information Officer	12/31/19	Medium
Network Security Testing 4/24/2019	ISSUE 7: Email Architecture Security Confidential	Confidential	Tom Stafford, VP & Chief Information Officer	*	Low
Network Security Testing 4/24/2019	ISSUE 8: Wireless Network Security Confidential	Confidential	Tom Stafford, VP & Chief Information Officer	*	Low

**Completion Pending Audit Follow Up*



Audit Action Plans - Open

Audit	Findings	Actions Management Will Take	Action Plan Owner	Action Plan Due Date*	Risk Rank
Consignment and Trunk Stock Controls Audit 6/17/2019	<p>ISSUE 1: New Automation Is Not Decrementing From The Inventory Account</p> <p>IAS was informed by Management that patient supply operations recorded \$3.5 million in trunk stock inventory.</p> <p>IAS mapped 114 trunk stock items through Meditech applications to determine root causes for the incorrect inventory. Results of the audit disclosed new BZQ automation did not decrement 97 (85%) recorded receipts under the bill and replace operation required by Meditech for trunk stock. The automation error requires Accounting to perform a corrective journal entry to properly report supply inventory.</p>	<p>A Service Issue SUR ticket has been submitted to Meditech Application Department to research BZQ issues. If it is an uncorrectable situation, business owners will consider discontinuing BZQ automation and bill and replace operations and process trunk stock as bill only.</p>	<p>Matthew Petkus, Vice President of Operations</p> <p>Judy Steiner, Director Information Systems</p> <p>Lisa Tyler, Corporate Controller</p> <p>Allison Brown, Manager Supply Chain/BI</p>	9/30/19	Medium
Consignment and Trunk Stock Controls Audit 6/17/2019	<p>ISSUE 2: Consignment Item Reconciliations Were Not Performed and/or Documented Appropriately</p> <p>IAS tested 12 consignment reconciliations to determine if item levels are monitored and maintained at the contracted level and if Team Members follow up and correct identified discrepancies. Results of testing disclosed the following:</p> <ul style="list-style-type: none"> • Reconciliations were not approved by the vendor and/or Team Member in six instances (50%). • Vendor signed and approved the Bolton Medical reconciliation in place of a Halifax Health Team Member. • Four (33%) reconciliations resulted in variances that remained unreconciled between actual on hand, system amounts and agreement. • IAS was unable to audit three (25%) consignment reconciliations. Reconciliation documentation lacked sufficient detail, was poor quality or was not submitted for auditing. 	<ul style="list-style-type: none"> • Materials Management will develop formal guidance to the Departments regarding the steps to perform reconciliations with consignment vendors. • Department Managers will be trained on these new procedures. 	<p>Matthew Petkus, Vice President of Operations</p> <p>Allison Brown, Manager Supply Chain/BI</p> <p>Anthony Carillo, SCS Purchasing Manager</p>	12/31/19	Medium



Audit Action Plans - Open

Audit	Findings	Actions Management Will Take	Action Plan Owner	Action Plan Due Date*	Risk Rank
Consignment and Trunk Stock Controls Audit 6/17/2019	<p>ISSUE 3: Contract Information Is Missing, Incomplete, Unavailable and/or Not Aligned Between Legal and Purchasing</p> <p>During the course of audit testing, IAS identified multiple instances where consignment agreements were not aligned with procedures. For example:</p> <ul style="list-style-type: none"> • Memos and emails between Department business owners and vendors replaced amendments to main agreements; • Purchasing possessed two complete and signed agreements, however, agreements could not be located in Novatus; and • Recorded consignment items were not supported by agreements. 	<ul style="list-style-type: none"> • Surgical Services, Cath Lab and Interventional Radiology Department Managers will receive training on Non-Physician Contract procedures, with emphasis on the importance of sending the cover sheet and contract to legal after obtaining signatures. • Purchasing will work with the Legal Department to update Novatus for the two missing contracts. 	<p>Matthew Petkus, Vice President of Operations</p> <p>Anthony Carillo, SCS Purchasing Manager</p>	12/31/19	Medium
Consignment and Trunk Stock Controls Audit 6/17/2019	<p>ISSUE 4: Meditech Item File Does Not Agree With Actual or Contracted Consignment Inventory Levels</p> <p>The recorded consignment inventory quantity as of April 17, 2019 was not correct for 12 (43%) consignment items tested. IAS testing identified the following variances:</p> <ul style="list-style-type: none"> • Meditech Stock and Item File was overstated by 45 items to the quantity on hand and 33 items to agreed upon inventory; and • Actual quantity on hand exceeded the agreed upon quantity by 12. 	<p>Leadership will leverage min/max variance reporting and perform periodic reconciliations and physical counts to determine if quantities on hand are aligned with quantities reported by Meditech/Merge. Resolution of significant variances will be documented.</p>	<p>Matthew Petkus, Vice President of Operations</p> <p>Eric Little, Director Surgical Services</p> <p>Allison Brown, Manager Supply Chain/BI</p>	12/31/191	Medium

Audit Action Plans - Open

Audit	Findings	Actions Management Will Take	Action Plan Owner	Action Plan Due Date*	Risk Rank
Consignment and Trunk Stock Controls Audit 6/17/2019	<p>ISSUE 5: Guidance To Perform Consignment Reconciliations is Missing</p> <p>Team Members responsible for consignment reconciliations were unaware of the control steps necessary to perform reconciliations with consignment vendors. Procedures should include the following:</p> <ul style="list-style-type: none"> • Halifax will only be responsible for items listed and quantities verified to the most recent signed inspection report. • Vendor owns the property, lead inspection to verify items, quantity and quality are aligned with agreement. • Replacement items will be aligned with agreement, Meditech Stock and Item Files and Merge if applicable. • Vendor representative will provide notice and work with the Department Consignment Team Member to properly perform reconciliation. • For the safety of patients, vendor representative will be granted immediate escorted access to remove items affected by a recall. • Items removed will be documented and noted as part of reconciliation and reported to Materials Management. • Reconciliations are based on the Meditech Stock and Item file and the agreement. • Reconciliation reports will be signed by the vendor representative, Consignment Team Member and Director if applicable. Copies of reports should be sent to Materials Management. • Department and Materials Management will work with the vendor representative if there is a discrepancy between reconciliation, actual count on hand and Meditech inventory. Item Files will be updated based on the results of the reconciliations. 	<ul style="list-style-type: none"> • Materials Management leadership will develop reconciliation policies and procedures. • Department Consignment Team Members will be trained on new procedures. 	<p>Matthew Petkus, Vice President of Operations</p> <p>Allison Brown, Manager Supply Chain/BI</p> <p>Anthony Carillo, SCS Purchasing Manager</p>	9/30/19	Medium

Audit Action Plans - Open

Audit	Findings	Actions Management Will Take	Action Plan Owner	Action Plan Due Date*	Risk Rank
Consignment and Trunk Stock Controls Audit 6/17/2019	ISSUE 6: Guidance To Manage Consignment Inventory is Missing IAS noted that documents governing physical inventory management do not provide guidance on how to manage consignment. Procedures have multiple steps that include: <ul style="list-style-type: none"> • The Department Manager and Director using consignment will determine items that Halifax will accept into inventory. • Inventory level mutually agreed upon between the Department Manager and vendor representative. • Department Manager and Director using consignment may approve small stocking level changes. • Halifax Health may return unused, unopened or expired items without incurring an expense from the vendor. (Unused sterile items are governed by the terms of the agreement). • Consignment usage documented during Inspections, but not purchased must documented by item, submitted on a single requisition with supporting documentation from signed and approved reconciliation. 	<ul style="list-style-type: none"> • Materials Management leadership will develop consignment inventory management procedures. • Accounting will modify Supply Inventory Instructions to address consignment. • Department Managers will be trained on new procedures. 	Matthew Petkus, Vice President of Operations Lisa Tyler, Corporate Controller Allison Brown, Manager Supply Chain/BI Anthony Carillo, SCS Purchasing Manager	9/30/19	Medium
Meditech Expanse PI IT Audit 9/10/2019	ISSUE 2: Data Backups Not Processed Successfully Unsuccessful primary back up (Daytona Meditech NBF) on 5/14/19, which led to four unsuccessful clone/replicate backup jobs. Subsequent primary and clone backups successfully occurred 5/15/19.	Will update the NetWorker Enterprise Backups procedures to include controls to identify unsuccessful backups.	Michael Marques - Director IT Services	11/29/19	Medium
Meditech Expanse PI IT Audit 9/10/2019	ISSUE 4: Access Request Documentation Missing Testing disclosed that 6 (17%) of 35 users with active Meditech Expanse access did not have evidence of access requests documented and approved. Examination of exceptions disclosed the users were Non-Halifax Health workers.	HEAT Non-Halifax Employee Access operation is active and archives user access, provisioning and oversight data. IT Security will research non-employees without documented account access and approval for the purposes of updating HEAT.	Derek Rife - Manager IT Security	11/29/19	Low

Audit Action Plans – Deck Place Holder

Audit	Findings	Actions Management Will Take	Action Plan Owner	Action Plan Due Date*	Risk Rank
Oncology Charge Capture Audit 8/30/2019	ISSUE 1: Improvements Needed in Charge Reconciliation The Oncology department performed daily charge reconciliation to identify missed charges. However, overall data analytics testing results revealed 31 charge errors and six missed charges that were not detected via the daily reconciliation process. Issues 2 through 6 describe the specific charge capture exceptions and include action plans to correct the issues and enhance the daily reconciliation process. In addition, Coding Team Members generate a monthly Unbilled Report that identifies missed charges and charge errors. However, testing of this report revealed that it only detected one of the six missed charges and none of the 31 charge issues found during data analytics testing.	Oncology Management will discuss the types of missed charges found during the audit with Coding Management to assess why the missed charges were not listed on the Unbilled Report. Management will also discuss the types of charging errors that were found during the audit to determine if the reporting can be enhanced to include not just missed charges but corresponding code sets.	Debra Trovato - SLA, Oncology, Research Oversight & Infusion Services	1/31/2020	High
Oncology Charge Capture Audit 8/30/2019	ISSUE 3: Missed and/or Error in Drug Charges - Medical Oncology Data analytics testing revealed the following missed drug charges and/or charge errors out of 62 samples tested of Medical Oncology accounts: <ul style="list-style-type: none"> • Two accounts had missed chemotherapy drug charges. In addition, all of the other drugs used for the dates of service were also missed resulting in gross undercharges of \$13,785. • One account had a chemotherapy drug charged in error. In addition, all of the other drugs used for the date of service were also charged in error resulting in gross overcharges of \$568. 	The charging errors were corrected and rebilled. (DD) Charge capture errors will be shared with Team Members who perform daily charge reconciliation so that these types of errors are detected in the future. (DT)	Dominick Damiani - Director, Pharmacy Debra Trovato - SLA, Oncology, Research Oversight & Infusion Services	11/30/19	Moderate
Oncology Charge Capture Audit 8/30/2019	ISSUE 4: Missed Chemotherapy Administration Charges - Medical Oncology Data analytics testing revealed the following missed drug administration charges for Medical Oncology out of 62 sample accounts tested: <ul style="list-style-type: none"> • Two accounts had missing chemotherapy IV Infusion administration charges resulting in missed gross charges of \$4,022. • One account had a missing chemotherapy injection administration charge resulting in missed gross charges of \$281. 	The missed IV infusion and injection administration charges will be charged in the ARIA system and rebilled. (DT) The drug charges will be reversed and rebilled where nursing staff forgot to document the stop time for the drug. (DD) The charge capture error will be shared with Nursing so that this error does not occur going forward. This error will also be discussed with Team Members who perform daily charge reconciliation so that this type of errors is detected in the future. (DT)	Dominick Damiani - Director, Pharmacy Debra Trovato - SLA, Oncology, Research Oversight & Infusion Services	11/30/2019	Moderate

**Completion Pending Audit Follow Up*



Audit Action Plans – Deck Place Holder

Audit	Findings	Actions Management Will Take	Action Plan Owner	Action Plan Due Date*	Risk Rank
Oncology Charge Capture Audit 8/30/2019	ISSUE 5: Missed IMRT Planning, Treatment and Dosimetry Charges - Radiation Oncology Data analytics testing revealed missed charge capture exceptions for one Radiation Oncology account out of 47 sample accounts tested where IMRT planning, treatment and dosimetry were not charged when radiation physics services were provided resulting in missed gross charges of \$9,770.	The missed IMRT planning charge were corrected in the ARIA system and rebilled. Training will be provided to the nursing Team Members regarding the omission of the charge. The error will also be discussed with the Dosimetrist who specifically audit IMRT planning charges so that these types of errors are detected in the future.	Debra Trovato - SLA, Oncology, Research Oversight & Infusion Services	11/30/19	Moderate
Oncology Charge Capture Audit 8/30/2019	ISSUE 2: Drug Administrations Charged in Error Data analytics testing revealed the following charge errors out of 62 samples tested of Medical Oncology accounts: HPC IV Therapy <ul style="list-style-type: none"> • Twenty-five exceptions in which a non-chemotherapy drug was administered (via injection) but had a chemotherapy drug injection administration charged rather than non-chemotherapy resulting in gross overcharges of \$4,350. • One exception in which a non-chemotherapy drug was administered (via IV infusion) and charged but had a chemotherapy IV infusion administration charged rather than non-chemotherapy resulting in gross overcharges of \$433. Medical Oncology <ul style="list-style-type: none"> • Two exceptions in which a non-chemotherapy drug was administered (via injection) and charged but had a chemotherapy drug injection administration charged rather than nonchemotherapy resulting in gross overcharges of \$348. • One exception in which a chemotherapy drug was administered (via injection) and charged but had a non-chemotherapy drug administration charged rather than chemotherapy resulting in gross undercharges of \$174. Inpatient Hospital Department <ul style="list-style-type: none"> • One exception in which a non-chemotherapy drug was administered via IV infusion and charged but had a chemotherapy drug IV infusion administration charged rather than nonchemotherapy resulting in gross overcharges of \$524. 	Oncology Management will work with the ARIA system vendor to correct the problems that have occurred during system upgrades so that these types of errors do not continue to occur going forward.	Debra Trovato - SLA, Oncology, Research Oversight & Infusion Services	11/30/2019	Moderate

Audit Action Plans – Deck Place Holder

Audit	Findings	Actions Management Will Take	Action Plan Owner	Action Plan Due Date*	Risk Rank
ED Charge Capture Audit 8/5/2019	ISSUE 1: Missing/Incomplete PNA Forms A sample of 42 ED patient records were tested for completeness of the registration elements required in the Registration ED procedure document. Testing revealed that: <ul style="list-style-type: none"> • Thirty-one (74%) records were missing evidence of a PNA form in the patient's medical record. • Two (5%) records tested revealed incomplete (missing initials and/or date) acknowledgement of the receipt of Privacy Notice. 	Education Specialist will provide training to Patient Access employees regarding the Privacy Notice procedures. Additionally, leadership will research obtaining the Privacy Notice Acknowledgement and Patient Consent signatures simultaneously to aid in preventing missing evidence of patient signatures.	Angela Bolte - Manager, PBFS	11/29/2019	High
ED Charge Capture Audit 8/5/2019	ISSUE 2: Improvements Needed in Charge Reconciliation The current reconciliation process is manual and reliant on human training and experience. Crowe tested whether ten confirmed missed charges were caught during the reconciliation process (which would be evidenced in the reconciliation worksheets). None of the ten exceptions were identified during the reconciliation process.	Management will provide education to ED chargers and ED coders, both employed and third-party contract workers, for reasons of missed charges found during this audit and PFS Management will look for other opportunities for improvement. Management will provide education to ED chargers and ED coders, both employed and third-party contract workers, for reasons of missed charges found during this audit and PFS Management will look for other opportunities for improvement.	Cathy Huss - Director, PBFS	11/29/2019	High
ED Charge Capture Audit 8/5/2019	ISSUE 3: Late Charges Policy Not Followed Daytona: <ul style="list-style-type: none"> • \$4.3M out of \$50.6M (8%) of charges were posted greater than four days after service date. The delay ranged from 5 to 368 days post service date. • \$3.3M of the \$4.3M (77%) charges were associated with ED level charges. Port Orange: <ul style="list-style-type: none"> • \$2.5M out of \$22.1M (11%) of charges were posted greater than four days after service date. The delay ranged from 5 to 111 days post-service date. • \$2.1M out of \$2.5M (84%) charges were associated with ED level charges. Deltona: <ul style="list-style-type: none"> • \$2.0M out of \$13.8M (14%) of charges were posted greater than four days after service date. The delay ranged from 5 to 113 days post-service. • \$1.7M out of \$2.0M (85%) charges were associated with ED level charges. 	Two new ED chargers have recently been hired, which Management anticipates will help further reduce late charges. Management will monitor the ED level late charges for improvement. (CH) PBFS and HIM Management will continue to educate team members on the importance of entering charges within a timely manner across various departments. (SM)	Cathy Huss - Director, PBFS Steve Mach - Director, PBFS	11/29/2019	High

**Completion Pending Audit Follow Up*

Audit Action Plans – Deck Place Holder

Audit	Findings	Actions Management Will Take	Action Plan Owner	Action Plan Due Date*	Risk Rank
ED Charge Capture Audit 8/5/2019	<p>ISSUE 4: Hydration Documentation Variances and Potential Missed Charges</p> <p>Use of data analytics to test for accounts with hydration drug charge but no drug administration charge revealed that of 47 patient accounts tested, there was a 66% error rate of missing hydration stop times in the patient's medical record. This resulted in a potential opportunity for total estimated gross charges of \$19K.</p> <p>Errors by location were: For Daytona, 14 of 25 accounts or 56% error rate; For Port Orange, 10 of 14 accounts or 71% error rate; For Deltona, seven of eight accounts or 87% error rate.</p>	HIM Department will develop a Management oversight report to identify ED Nurses not inserting stop times. This report will provide opportunities to re-educate ED nursing staff who are identified as not documenting hydration stop times.	Lindsay Martin - Manager, Nursing, ED	11/29/2019	Medium
ED Charge Capture Audit 8/5/2019	<p>ISSUE 5: Miscoding of Inhalation Treatments</p> <p>Use of data analytics to test for ED accounts with missing inhalation drug charge or missing inhalation treatment charge, revealed the incorrect inappropriate use of CPT codes for patient inhalation treatments. Nine of 13 patient accounts tested had the CPT 94664 code for initial inhalation treatments instead of 94640 (six of eight accounts for Daytona, two of three accounts for Port Orange, and one of two accounts for Deltona). Also, CPT code was mapped to CDM 7420000111 with the description of an initial inhalation treatment. There was no revenue impact (based on Medicare guidelines).</p>	Management will correct the CDM for initial and subsequent patient inhalation treatments. Further, Management will research Meditech configuration in order to correct the initial requirement for patient education demonstration and valuation.	John Walburg - Manager, Respiratory Therapy	1/1//2020	Medium
ED Charge Capture Audit 8/5/2019	<p>ISSUE 7: Missing Vaccine Drug and Administration Charges</p> <p>Use of data analytics to test for missing vaccine drug or administration charges revealed that 12 accounts tested contained exceptions:</p> <ul style="list-style-type: none"> • Ten accounts had vaccine drug charges without the correct vaccine administration charges (four for Daytona, five for Port Orange, and one for Deltona), for a total estimated missed gross charges of \$956. • One account tested for Daytona had a missing vaccine drug charge, although the administration charge was present. This resulted in an estimated missed gross charge of \$184. • One account for Deltona had a duplicate vaccine administration charge with only one vaccine given, for a gross overcharge of \$86. 	Management will provide reeducation to ED charge staff related to vaccine drug and administration charges and will hire two Team Members to help supervise the monitoring of cases for compliance and missed charges. Additionally, Management will correct the claims with incorrect and duplicate vaccine drug administration charges.	Cathy Huss - Director, PBFS	11/29/19	Medium

**Completion Pending Audit Follow Up*

Audit Action Plans – Deck Place Holder

Audit	Findings	Actions Management Will Take	Action Plan Owner	Action Plan Due Date*	Risk Rank
ED Charge Capture Audit 8/5/2019	<p>ISSUE 6: Missing Administration of Injection Charges</p> <p>Use of data analytics to test ED patient accounts with non-self administered drug charges but missing administration of an injection or IV infusion charges revealed that of 27 accounts tested, 18 accounts were missing administration of injection charges. This resulted in total estimated missed gross charges of \$8.7K. Exceptions by location are as follows:</p> <p>Daytona: Of 12 records tested, eight exceptions were noted:</p> <ul style="list-style-type: none"> • Five accounts were missing an administration charge (three accounts for Intramuscular (IM) injection and two for Intravenous Push (IVP)). • One account was missing documentation of the route of administration, resulting in a potential opportunity for an administration charge. • One account with a drug charge was missing an electronic physician order for a drug order that was given verbally. • One account with a drug charge was missing the physician order and the route of administration was not documented. <p>Port Orange: Of 10 records tested, eight exceptions were noted:</p> <ul style="list-style-type: none"> • Six accounts were missing an administration charge (three accounts for IM injection and three for IVP). • One account was missing documentation of the route of administration, resulting in a potential opportunity for an administration charge. • One account had a drug charge but with no documentation in the medical record to support the drug was given. <p>Deltona: Of five records tested, two exceptions were noted:</p> <ul style="list-style-type: none"> • One account was missing an IM injection administration charge. • One account was missing documentation of the route of administration, resulting in a potential opportunity for an administration charge. 	<p>Management will provide education to physicians related to the additional routes of administration options in Meditech.</p> <p>Management will provide education to ED Nursing staff related to requirements for documenting route of drug administration in the patient medical record. Additionally, Management will provide education to physicians related to entering of physician drug orders into Meditech for orders given verbally.</p>	<p>Dominick Damiani - Director, Pharmacy</p> <p>Lindsay Martin - Manager, Nursing, ED</p>	11/29/2019	Medium

Audit Action Plans – Deck Place Holder

Audit	Findings	Actions Management Will Take	Action Plan Owner	Action Plan Due Date*	Risk Rank
ED Charge Capture Audit 8/5/2019	<p>ISSUE 8: Multiple Initial Drug Infusion Charges Use of data analytics to test for ED accounts with multiple primary drug infusion charges revealed that eight of nine accounts tested for Daytona were billed inappropriately with multiple drug infusion charges, with four of the nine accounts charged multiple initial infusions in error. This resulted in a gross overcharge of \$2K. Three of five accounts tested for Port Orange were billed inappropriately with multiple drug infusion charges, which resulted in gross overcharges of \$952.</p> <p>The T-System separated charges by facility. When patients were transferred from one ED to another facility for observation services (OBS), the initial drug infusion charge was captured from both facilities and combined into one claim. Four of the nine accounts tested for Daytona were billed inappropriately due to this technology design.</p>	<p>Management will provide education to staff related to multiple initial drug infusion coding guidelines and supervise the monitoring of cases for compliance and missed charges. Additionally, Management will work to correct the charges and rebill the claims. ED staff will manually remove the initial infusion charge from one of the facilities as appropriate.</p> <p>Management will evaluate the controls in T-System, which automatically assigns multiple initial drug infusion charges for patient accounts that transferred from one facility to another for OBS services.</p>	Cathy Huss - Director, PBFS	11/29/2019	Low
ED Charge Capture Audit 8/5/2019	<p>ISSUE 9: Missing Venipuncture Blood Draw Documentation Use of data analytics to test for missing blood draw charges revealed that of a sample of 75 patient accounts tested with blood lab charges and no evidence of an IV line insertion, there was a 25% error rate of potential missed blood draw charges due to missing documentation of the venipuncture. Revenue impact was minimal, however, documentation of venipuncture blood draws needed improvement. Errors by location were: Eight of 25 accounts for Daytona (four were psychiatric patients), six of 25 accounts for Port Orange, and five of 25 accounts for Deltona.</p>	<p>Management will educate ED chargers and ED coders related to the appropriateness of charging for blood draws.</p> <p>Management will research Meditech configuration in order to insert notification of required blood draw documentation.</p>	<p>Cathy Huss - Director, PBFS</p> <p>Lindsay Martin - Manager Nursing, ED</p>	11/29/2019	Low
ED Charge Capture Audit 8/5/2019	<p>ISSUE 10: Missing Surgical Procedure Charge Crowe used data analytics to test for ED accounts with surgical CPT codes but no surgical procedure charges and vice versa. Test results revealed that one of twelve accounts missed a surgical procedure charge, for a total estimated gross charge of \$1.2K. This error was at the Port Orange ED.</p>	<p>Management will provide reeducation to ED charger staff related to capturing charges for surgical procedures. Additionally, Management will provide training related to the charge reconciliation process to the third-party contract coders and provide oversight of work performed.</p>	Cathy Huss - Director, PBFS	11/29/2019	Low

**Completion Pending Audit Follow Up*

Audit Action Plans – Deck Place Holder

Audit	Findings	Actions Management Will Take	Action Plan Owner	Action Plan Due Date*	Risk Rank
Physician Billing & Collection Audit 9/26/2019	ISSUE 1: Bill Holds Are Not Corrected In A Timely Manner IAS analyzed the September 10, 2019 bill hold report to determine if holds are monitored and staff is correcting and resubmitting claims timely. Results of analysis disclosed the following: <ul style="list-style-type: none"> 28,491 bill holds totaling \$4.5M, oldest 758 days. Top reason code was credentialing pending. 99% of the holds are "unassigned." Humana bill holds totaling \$633K, oldest 652 days. Top hold reason code was executed take backs. Emergency Department bill holds totaling \$1.3M, oldest 599 days. Top reason code was credentialing pending. 1306 bill holds, oldest 758 days, were coded as "fully worked." 	New claim hold processors will be hired by PBFS, which will reduce hold inventory. (SD) Physician Services leaders, PBFS and Athena are working together to develop and improve hold workflow procedures, this includes efforts to remove duplicate hold codes, assigning holds to Team Members by payor, reassigning clerical work, closing aging claims coded "fully worked" and reducing the volume of aging and uncollectable holds. (JC)	Jeanne Connelly, Service Line Administrator & Executive Director of Physician Services Suzanne D'Amico, Physician Services Manager PBFS	3/31/2020	High
Physician Billing & Collection Audit 9/26/2019	ISSUE 2: User Access Setup Did Not Segregate Duties Adequately and Terminated Team Members Retained Access to Athena 75 Team Members have access roles and rights to bill the payor and also post the payor's payment. This included 16 with additional superuser access, which would allow them to create payment profiles in Athena. - 75 (6%) of the 1,254 active accounts, have superuser or high level administration roles to Athena. Typically, no more than 1% to 2% of accounts are superuser or administrative. - 126 terminated workers had access to Athena. It should be noted, the users directory access is disabled upon termination and prevents access to Athena.	Going forward business owners will be required to review quarterly and approve user access and job roles. Physician Services and PBFS will research access and provisioning and remove unnecessary superuser accounts and instances of high risk access. Terminated workers access was disabled.	Jeanne Connelly, Service Line Administrator & Executive Director of Physician Services Derek Rife, IT Security Risk Manager	3/31/2020	High
Physician Billing & Collection Audit 9/26/2019	ISSUE 3: Adult Psych Charge Capture Process in Athena is Manual Automated charge entry process for Adult Psych professional charges was not developed during Athena implementation. Unlike other areas (e.g. ED and Oncology) where professional charges are recorded in Meditech and upload automatically to Athena, Adult Psych professional fee entry is manually entered from encounter forms.	Physician Services leadership is developing a charge entry interface for Adult Psych Hospital Based Charges.	Jeanne Connelly, Executive Director Physician Services Suzanne D'Amico, Physician Services Manager PBFS	3/31/2020	Medium

**Completion Pending Audit Follow Up*

Audit Action Plans – Deck Place Holder

Audit	Findings	Actions Management Will Take	Action Plan Owner	Action Plan Due Date*	Risk Rank
RVU Physician Reimbursement 10/21/2019	RMA and RVU Payments for the Same Service IAS tested 8,959 (97%) Emergency Department patient services reimbursed via RVU payments in July 2019 to determine if these services were also reimbursed via RMA payments. Results disclosed eleven (65%) Physicians, 252 patient services (3%), were reimbursed via RVU and RMA payments. Inappropriate RVU payments totaled \$4K.	<ul style="list-style-type: none"> Management will research Athena reporting, current payment models and/or agreements for Physicians in order to identify a solution to RVU and RMA payment issues. 	Dr. Viel, Director of Emergency Medical Services	3/27/2020	Medium



**Completion Pending Audit Follow Up*

Recommended Committee Action

Internal Audit recommends the following for Committee's approval:

- Summary of Audit Reports
- Audit Plan Adjustments
- FY 20 Proposed Audit Plan
- Audit Follow-up Summary Report



HALIFAX
HEALTH

Halifax Health

2019 Client Service and Audit Plan
October 30, 2019



October 30, 2019

To the Audit Committee
Halifax Hospital Medical Center
d/b/a Halifax Health
Daytona Beach, Florida

RSM US LLP

800 N. Magnolia Avenue
Suite 1700
Orlando, FL 32803
O +1 407 898 2727
F +1 407 895 1335
www.rsmus.com

On behalf of RSM US LLP, we are pleased to submit our 2019 client service and audit plan for Halifax Hospital Medical Center d/b/a Halifax Health and Halifax Hospice, Inc. (collectively referred to as "Halifax Health"). This report outlines our proposed audit delivery plan for Halifax Health, our client service team, key risks, overall audit approach, service deliverables, timelines and other matters.

This plan has been developed to provide Halifax Health with an efficient, high-quality audit that addresses key risks and business issues within the organization. This is our initial plan, which will continue to evolve throughout the early stages of our audit planning and preliminary fieldwork. The evolution will come upon a few key milestones, the most critical of which revolve around our meetings and discussions with the audit committee and management to develop a baseline understanding of financial reporting risks and changes in the organization's operations, processes and internal control structure. Additionally, this service plan will be monitored throughout the year to ensure that we meet your expectations and address key audit, business and industry risks as they arise.

We appreciate the time and resources that your team has committed to assisting us. We look forward to our meeting with you to present this report, address any questions you may have, and discuss any other matters of interest to the Audit Committee and management.

Sincerely,

Jon Hillmann, Partner
563 888 4029

Brandon Slauter, Senior Manager
407 581 3572

Table of contents

Audit Scope	2
Expectations of RSM	6
Client Service Team	8
Risk Areas and Summary Audit Procedures.....	9
Unpredictability of Procedures	12
Integration of Services and Teams	12
Use of Specialists	13
Integrated Audit Approach.....	14
Reliance on Internal Control.....	14
Summary Audit Calendar	16
Using the Work of Others in an Audit	18
Other Risk Areas	19
Other Required Communications	21
New Accounting Guidance and Standards	23
Appendix I: Summary of Key Dates	24
Appendix II: Contact List.....	25

Audit Scope

Auditing standards require that we plan and perform our audits to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Based on discussions with management, we are planning to audit the financial statements and provide other services as follows:

<p>Stand-alone audits (separate opinion): Procedures are performed at a level which allows RSM to express an opinion on the individual entity's financial statements as a whole. The procedures are designed to be performed on all significant accounts using a materiality threshold calculated based on the separate entity's financial statements.</p>	<ul style="list-style-type: none"> • Halifax Hospital Medical Center • Halifax Hospice, Inc.
<p>Interim testing approach: Substantive testing during interim work for each entity will be based on a materiality limit that would have been used if a separate opinion was required.</p> <p>Final testing approach: Consistent with the prior year, our intent is to perform as much substantive testing at interim as possible, and to rely on predictive substantive analytics at year end, with limited additional substantive detail testing, especially for the blended component units. Specific procedures (inquiry, analytical procedures, and substantive procedures) are performed on certain account balances or classes of transactions based on risk at the stand-alone materiality limit. We would also consider the results of the interim work to provide additional focus on areas with risk of material misstatement. The areas that involve significant management estimates (e.g., the allowances for accounts receivable, estimated third-party settlements, other post-employment benefit plans, pension liability and self-insured liabilities) will be a focus of our audit.</p>	<p><u>Primary reporting entities:</u></p> <ul style="list-style-type: none"> • Halifax Hospice, Inc. • Halifax Hospital Medical Center including the following component units: <ul style="list-style-type: none"> ○ Halifax Medical Center Foundation, Inc. ○ Halifax Management System, Inc. ○ Volusia Health Ventures, Inc. ○ Halifax Hospice, Inc. ○ East Volusia Health Services, Inc. ○ Halifax Healthcare Systems, Inc. ○ HH Holdings, Inc. ○ Halifax Healthy Families Corporation ○ Halifax Staffing, Inc. ○ Patient Business & Financial Services, Inc. ○ Medical Center of Deltona, Inc.

State compliance audit: We will perform a compliance audit of State of Florida awards in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550 of the State of Florida Rules of the Auditor General, *Local Governmental Entity Audits*. In conjunction with the State Compliance Audit, we will issue the following reports:

- Report on Internal Control Over Financial Reporting and on Compliance with Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards;
- Independent Auditor's Report on Compliance for Each Major State Project; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of State Financial Assistance Required by Chapter 10.550, Rules of the Auditor General of the State of Florida;
- Attestation report related to compliance with Section 218.415, Florida Statutes, Local Government Investment Policies; and
- Management letter required by the Auditor General of the State of Florida.

In addition to the above noted reports, we will also ensure compliance with the reporting requirements of Lutheran Services Florida.

Federal compliance audit: We will perform a compliance audit of expenditures of Federal awards in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and 2 C.F.R. Part 200, Subpart F. In conjunction with the Federal Compliance Audit, we will issue the following reports:

- Report on the Financial Statements and the Supplementary Schedule of Expenditures of Federal Awards (SEFA);
- Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements performed in accordance with Government Auditing Standards;
- Report on Compliance with requirements that could have a direct and material effect on each major program and Internal Control over Compliance in accordance with Uniform Guidance;
- A Schedule of Findings or Questioned Costs.

- Halifax Hospital Medical Center

<p>Component auditors: We will discuss the audit plan with component auditors and provide instructions relative to the materiality level and specific audit procedures to be performed for significant components. We will also review the component auditors' work papers as deemed necessary.</p>	<ul style="list-style-type: none"> • Halifax Pension Plan
<p>Other reports:</p> <ul style="list-style-type: none"> • Debt covenant compliance letter to the Halifax Health Board of Commissioners to provide negative assurance relating to Halifax Hospital Medical Center's compliance with the terms, covenants, conditions and provisions of Article III, Section 3.07 contained in the Master Trust Indenture, dated June 1, 2006 ("Trust Agreement"), and Sections 12(c), 12(d), and 12 (aa) contained in the Second Supplemental Indenture for Obligation No. 2 and No. 3 dated June 1, 2006 or the terms, covenants, provisions or conditions of the following: the First Amendment to the Second Supplemental Indenture for Obligations No. 2 and No. 3 dated December 1, 2014; Third Supplemental Indenture for Obligation No. 4, dated June 1, 2006; Fourth Supplemental Indenture for Obligation No. 5 dated April 21, 2008; Fifth Supplemental Indenture for Obligations No. 6 and 7 dated September 1, 2008; Sixth Supplemental Indenture for Obligation No. 8 dated November 1, 2010; Seventh Supplemental Indenture for Obligation No. 9 dated April 1, 2015; Eighth Supplemental Indenture for Obligation No. 10 and First Amendment to Master Indenture dated as of March 1, 2016; or Ninth Supplemental Indenture for Obligation No. 11 dated June 1, 2018. • Examination report on Halifax Health's assertion that the net ad valorem tax revenue of Halifax Hospital Medical Center is insufficient to cover the cost of uncompensated care for Halifax Health's patients within the District for the year ended September 30, 2019. 	<ul style="list-style-type: none"> • Halifax Hospital Medical Center

<p>Written communications with the Audit Committee:</p> <ul style="list-style-type: none"> • We have issued the audit engagement letter dated August 21, 2019 describing our responsibilities under auditing standards generally accepted in the United States of America. • Issue a written report summarizing the results of our audits, including all required communications under the American Institute Certified Public Accountants' (AICPA) AU-C Section 260 (AU-C 260), <i>The Auditor's Communication with Those Charged with Governance</i>. <p>If applicable, issue a management letter providing our observations and recommendations regarding internal controls (including all material weaknesses and significant deficiencies), business and industry matters, relevant technical advice, accounting guidance, and other matters.</p>	<ul style="list-style-type: none"> • Halifax Hospital Medical Center • Halifax Hospice, Inc.
---	--

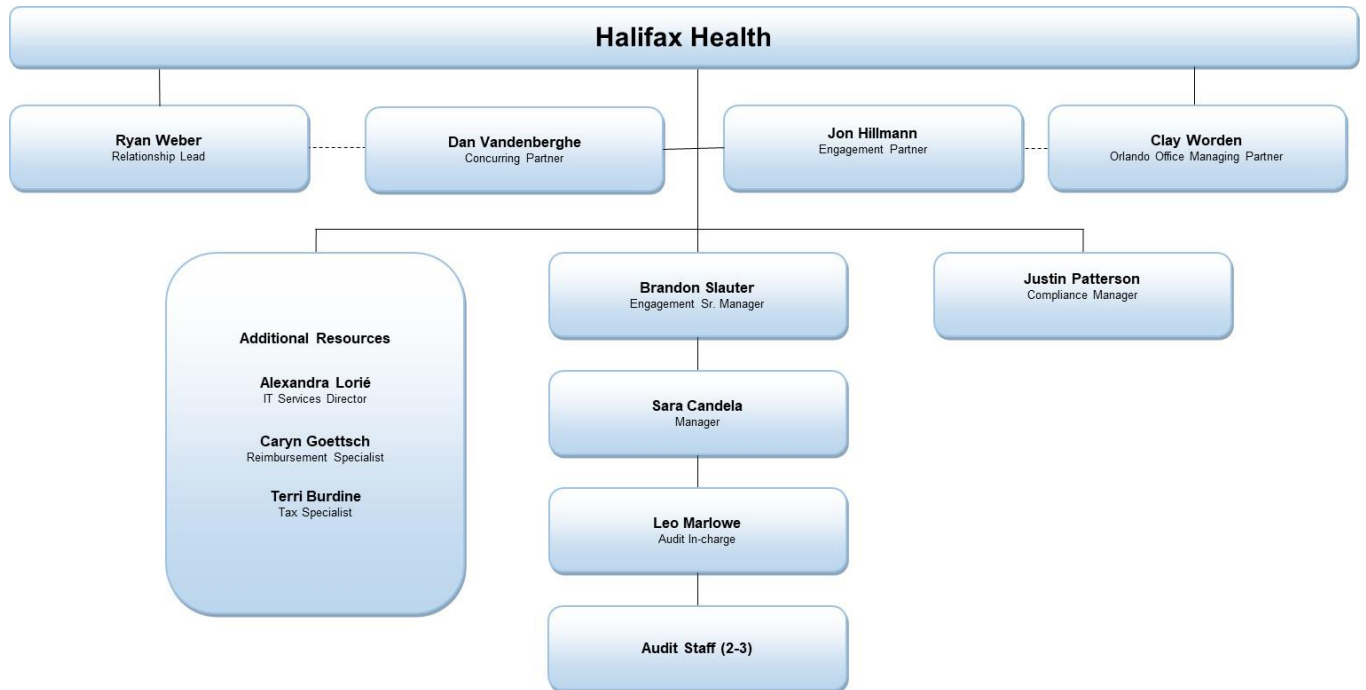
Expectations of RSM

In the course of the prior year audit and various discussions, Halifax Health's expectations of its external audit firm were clearly defined. RSM's engagement team and plan have been developed to meet or exceed your expectations.

Expectation	RSM's Response
There will be no surprises	We will continue to keep management and the Audit Committee apprised on a timely basis of issues encountered during the audit, as well as communicate changes in the accounting and regulatory requirements. The key to this objective is active and ongoing two-way communication between our organizations.
Assign a service team that thoroughly understands the needs, challenges and dynamics of healthcare organizations that report under the Governmental Accounting Standards Board (GASB) framework	Our audit approach utilizes an integrated team of assurance professionals and specialists with significant, specific industry experience. The assurance professionals and the other specialists work closely together during the audit process to deliver a seamless approach. It is important to note that RSM's culture fosters national depth with a partnership of the local touch. This strategy has proven itself with all of our high-profile healthcare clients.
Provide proactive, hands-on involvement from the partners, directors and seasoned practitioners on our team — you will get the attention you deserve from our top people	<p>See our assigned client service team on page 8. These individuals will have hands-on involvement in the Halifax Health engagement as demonstrated during prior years' audits. These individuals will be active in planning and reviewing the audit and have committed to making themselves available to your team.</p> <p>You will also have third-party reimbursement and other advisory services practitioners from our team onsite working seamlessly with the audit team.</p> <p>We have assigned national resources to the Halifax Health account that will support the partners, managers and Halifax Health specifically with respect to technical and financial reporting matters. Halifax Health will continue to be a top priority for our client service team. In addition, our audit approach involves specialists who provide audit support and consulting services to an array of clients. They will share best practice ideas with Halifax.</p> <p>You will consistently see the managers, specialists, and partners in the field with you and we will be available to you.</p>
Build a long-term relationship with Halifax Health	<p>Halifax Health is undoubtedly a flagship client of RSM's Florida practice and the national healthcare practice, and we will continue to take due care to ensure this is preserved over time.</p> <p>Continuity will also be a hallmark of the team. All key engagement team members listed on page 8 are returning from the prior year team. Other changes will be made only for reasons of promotion, individuals leaving the firm, or at Halifax Health's request.</p>

Expectation	RSM's Response
Maximize the resources of your Corporate Compliance, Audit Services, Accounting and Finance Departments to develop a coordinated, effective and efficient integrated audit plan focused on audit and business risks	We have already established relationships with individuals in the Corporate Compliance, Audit Services, Accounting and Finance Departments. We recognize their value to Halifax Health as well as to the audit process, particularly in assisting us with the development of the risk assessment and audit plan and the execution thereof.
Demonstrate our commitment to uncompromising standards, high integrity and professional ethics	We will demonstrate our commitment to uncompromising standards, high integrity and professional ethics every day and in everything we do. This is possible because of the people we have assigned to serve Halifax Health, our policies, training, monitoring and our culture, which require us to adhere to the professional standards that guide our profession.
Communications will be transparent	We will ensure all of our communications are timely and include the facts as we know them to ensure management, the Audit Committee, and others have the necessary information to make informed decisions. Our priority in our relationship with you will be to "think straight, talk straight." In that regard, we will provide management with a detail of the level of effort expended throughout the audit process if you so desire.
Assess our performance and demonstrate continuous improvement	At the conclusion of the audit, we will solicit input from your staff to assess our performance. We will evaluate the results and determine action steps, if any.
Exceeding expectations	We set out to consistently exceed expectations at every stage of the audit. Client service is the fundamental basis of our healthcare practice.

Client Service Team



Risk Areas and Summary Audit Procedures

The fiscal year 2019 audit will be a risk-based plan based on our understanding of the control risk assessment from results of our audit scoping procedures. This risk based plan will continue to evolve as we learn more about changes in Halifax Health's operations and strategic initiatives through our discussions with you, management, audit services, and others, as well as our planning procedures. Following are the audit areas that, based on our preliminary risk assessment, we consider to be high-risk. Where deemed to be efficient, tests of controls will be performed as described below in the "Reliance on Internal Control" section. In those areas where we are relying on controls, as required by audit standards, we will also perform certain limited substantive and analytic tests. For those areas where controls are not relied on, we will perform substantive and analytic tests with more selections and at a lower scope than applied when we are relying on internal controls. A summary of the substantive and analytic tests we plan to perform is presented below, while our approach to internal controls is detailed starting on page 14.

Similar to our other large multi-facility integrated healthcare delivery clients, we understand a certain level of business transaction cycles occur centrally, or have some commonalities throughout the system. For business transaction cycles with these commonalities, our process is to understand the control structure first, and then if appropriate, test that control structure at a system-wide level, rather than at an individual site level. This proves to be a much more effective and efficient testing process, allowing for increased volume of coverage.

We are planning to perform the audit procedures in bold below during preliminary fieldwork.

Risk Area	Summary Audit Procedures
Patient accounts receivable and net patient service revenue, including allowances	<ul style="list-style-type: none"> • Assess adequacy of current reserving methodologies. • Review historical results used in calculating allowances for contractual adjustments and doubtful accounts. • Perform substantive testing on a selected sample of patient balances and on patient billings. • Review subsequent cash receipts and credits. • Perform detailed analytical reviews.
Third-party payor settlements and valuation allowances	<ul style="list-style-type: none"> • Perform a review of filed, amended and settled cost reports and contracts. • Review historical results of reserving methodology. • Test underlying data to support reserve level. • Gain an understanding of outstanding compliance-related matters and other areas that may require specific valuation allowances. • Review and testing of current year cost report settlement estimate prepared by management
Investments: <ul style="list-style-type: none"> • Equity and fixed-income securities • Joint Ventures 	<ul style="list-style-type: none"> • Update our understanding of the joint ventures and inquire of changes in accounting practices/methods, if any. • Confirm investment balances. • Test fair values and detail transactions on a sample basis. • Perform analytical procedures to test investment income.

Risk Area	Summary Audit Procedures
Capital assets	<ul style="list-style-type: none"> • Test a sample of additions and disposals. • Confirm details of major projects with general contractor. • Review depreciation expense for reasonableness. • Review construction in process for proper recording and disclosure, including commitments.
Long-term debt	<ul style="list-style-type: none"> • Obtain pro-forma rollforward of debt from October 1, 2018 through September 30, 2019. • Confirm debt balances. • Test interest expense by reviewing bond documents and performing analytical procedures. • Evaluate compliance with debt covenants. • Obtain and review amendments to debt agreements.
Interest rate swap agreement	<ul style="list-style-type: none"> • Review management's valuation process. • Discuss process used by the third party to value the swap agreement with our subject matter expert on financial instruments to ensure that the swaps are being valued using a reasonable method. If determined necessary, independently value the interest rate swap agreement. • Review hedge accounting policy and determination of the effectiveness of the hedge.
Defined benefit pension plan and other post-employment benefits	<ul style="list-style-type: none"> • Discuss the audit plan with the component auditors and discuss the audit work to be performed to ensure that the audit procedures are adequately designed and at a precision level appropriate for the reporting entity. • Review of the actuarial firm's report and methodologies for the pension liability in accordance with GASB Statement No. 68.
Self-insured liabilities, including medical malpractice and workers' compensation	<ul style="list-style-type: none"> • Assess adequacy of current reserving methodologies. • Inquire of internal and external legal counsel. • Assess independence and competence of actuaries and their methodology. • Test data sent to actuaries for accuracy and completeness. • Review of the actuarial firm's (engaged by management) methodologies by RSM's specialists. • Confirm with legal counsel as to status of open claims and estimates of settlements.

Risk Area	Summary Audit Procedures
Commitments and contingencies	<ul style="list-style-type: none"> • Review status of litigation with management and internal and external legal counsel. • Confirm with external legal counsel. • Review Board and Committee minutes. • Assess reasonableness of reserve level, if applicable.
Operating expenses	<ul style="list-style-type: none"> • Perform analytical procedures and substantive test work to address risks.
Revenue recognition	<ul style="list-style-type: none"> • Perform analytical procedures and substantive test work on a sample of revenue transactions to address existence of patient revenue and other sources of revenue. • Test cutoff primarily through analytical review.
State and federal program compliance	<ul style="list-style-type: none"> • Understand and test key controls over state and federal program compliance and compliance with laws and regulations.
Net assets	<ul style="list-style-type: none"> • Compare expenses that meet donor intended purposes to amounts released from restriction. • Select a sample of expenses and ensure they were spent for the donor intended purpose. • Select a sample of contribution revenue, if any, to ensure restrictions are properly recognized, if applicable. • Roll forward of restricted net assets.
Internal control documentation and testing	<ul style="list-style-type: none"> • Update our understanding of internal control policies and procedures relevant to specific assertions that are likely to prevent, or detect and correct, material misstatement of financial statements. • Design and perform tests of controls to evaluate the operating effectiveness of those policies and procedures.
Information system general computer controls	<ul style="list-style-type: none"> • Reassess information system controls relevant to financial reporting. Activities consist of the procedures (manual or automated) and records established to initiate, authorize, record, process and report entity transactions, events and conditions, and to maintain accountability for the related assets, liabilities and equity.
Financial statement close process, including disclosures	<ul style="list-style-type: none"> • Review management's disclosure checklist for completeness. • Gain an understanding of the financial statement close and preparation process.

Risk Area	Summary Audit Procedures
Related party transactions	<ul style="list-style-type: none"> Review transactions between Halifax Hospital Medical Center, Halifax Hospice, Inc. and related parties.
Corporate Integrity Agreement compliance	<ul style="list-style-type: none"> Review compliance with Corporate Integrity Agreement.

Unpredictability of Procedures

From year to year, RSM will change certain audit procedures to create an element of unpredictability in each audit. Some examples of this could include performing audit procedures related to accounts, disclosures and assertions that would not otherwise be tested based on their amounts or assessment of risk, varying the timing of audit procedures, and performing audit procedures on an unannounced basis.

Integration of Services and Teams

RSM has created a team culture, especially in the healthcare industry, where we have fully embraced and implemented many initiatives to support building the integration of the entire healthcare team regardless of roles, levels, or geography. These initiatives include, bi-weekly national calls to discuss a variety of topics, yearly conferences to enable members of the team to meet in person and discuss the healthcare industry, and a variety of other tactics that have helped build a cohesive team. These integration activities are common in other firms within lines of business (i.e., audit, tax, consulting) and geography however, at RSM we have created these events within industry practices. This team culture will extend to the Halifax Health engagement and ensure that you feel a seamless client service experience across all lines of our business and our specialists. Our audit, information technology and cost report teams will work hand in hand, to ensure efficiency and knowledge transfer among the various groups dedicated to serving Halifax Health.

Use of Specialists

Halifax Health is a highly complex organization. This complexity requires a level of additional specialized expertise. As noted on the previous pages, we have identified several experts to evaluate key risk areas embedded in your business. These specialists will not only ensure we have the right resources to achieve our audit objectives, they will also be able to draw upon their best practice knowledge to identify areas of operational improvement for your business as well as potential regulatory or compliance risks you were unaware of.

Area	Description of Services
Information Technology (IT)	We know IT systems are at the core of all transactions at Halifax Health. Our information technology specialists will assist with evaluating the current general computer controls implemented across Halifax Health. Our IT team, led by Alexandra Lorie, has extensive experience working in a similar capacity on other healthcare and governmental engagements.
Third-Party Reimbursement	The third-party reimbursement team will assist us in reviewing the balances and underlying data related to Medicare settlements. Medicare reimbursement for a system as diverse as Halifax Health is complex. These specialists, led by Caryn Goettsch, provide the precise industry-based experience we need to gain an appropriate understanding of the estimates prepared by management. Caryn's team is also available to consult with management on various reimbursement issues that may arise during the course of the year.
Actuarial—Pensions, Workers Comp, and Medical Malpractice	Our actuaries assist us in evaluating the methodologies and actuarial assumptions utilized by the actuaries engaged by management.
Interest Rate Swap	Our subject matter expert on financial instruments will assist us in reviewing the interest rate swap to ensure that it is being valued using a reasonable method.
Government Accounting and Auditing Specialists	Our core team will consult with national experts on complex government accounting and auditing matters.

Integrated Audit Approach

Reliance on Internal Control

We will collaborate with Halifax Health management and the internal audit department to leverage the risk assessment procedures and internal control work performed by the organization, where appropriate.

With respect to both general computer controls and business process controls, we have planned for the following:

	Procedures Performed
Risk Assessment	We will obtain an in-depth understanding of management's financial reporting objectives and analyze risks related to the achievement of those objectives. Our focus will be on quantitative and qualitative factors that potentially affect the reliability of financial reporting, and identifying and challenging where in the transaction processing or other activities something could go wrong.
Control Environment	We will obtain an in-depth understanding of the key environmental factors, such as the integrity and values of management, their philosophy and operating style, the organizational structure, the financial reporting competencies of those involved with financial statement preparation and oversight, and overall human resources policy and practice.
Control Activities	We will assess how control activities are integrated with risk assessment to assure the most effective and efficient activities are in place to mitigate risks to the achievement of financial reporting objectives. We will gain assurance that policies related to reliable financial reporting are communicated throughout the organization, resulting in management directives being carried out.
Information and Communication	Our information technology specialists will assist us in evaluating general computer controls associated with each of the significant financially related applications, including the general ledger and billing applications. As part of their evaluation, they will ensure that pertinent information is identified, captured and distributed in a form and time frame that supports the achievement of financial reporting objectives.
Monitoring	We will obtain an understanding of monitoring activities already in place and focus on changes in the financial reporting system since the prior year to gain insight into where to target more detailed testing. We will ensure that internal control deficiencies identified are communicated in a timely manner to those parties responsible for taking corrective action and to management and the Audit Committee as appropriate.

For audit areas where we believe it will be effective and efficient to rely on internal controls, we plan to review the design and implementation of key business processes and test the operating effectiveness of those controls. The design evaluation, implementation walk-throughs, and operating effectiveness testing will be done in collaboration with internal audit.

There are certain audit areas where we believe it would not be efficient or effective to rely on internal controls. This assessment is based on the overall risk of the area, the significance to the financial statements and the impact on substantive audit procedures. Many of the audit areas where we will not be relying on internal controls involve significant estimates. For these audit areas, we will continue to use a substantive audit approach. However, for each of these areas, we will obtain an understanding of the controls and perform walk-throughs.

Following is a preliminary high-level summary of the business processes, the assessment of the risk as “High,” “Moderate” or “Low,” and the determination of whether we plan to rely on controls or not. We also have indicated the procedures to be performed.

Business Processes	Control Reliance		Evaluate Design of Internal Controls	Perform Walk-Through	Summary Audit Plan
	Yes	No			
Financial Reporting and Consolidations		X Mod	X	X	Each significant account has been assigned an inherent risk rating ranging from “Low” to “High.”
Patient Service Revenue—Allowances and Provisions for Bad Debts		X High	X	X	
Patient Service Revenue—Billing and Collections		X Low	X	X	Inherent risk is the susceptibility that an account balance, transaction or disclosure could be susceptible to material misstatement based solely on its nature.
Patient Service Revenue—Cost Report Settlements		X High	X	X	
Investments		X Low	X	X	Following is a detail of the procedures to be performed:
Capital Assets		X Low	X	X	
Inventories		X Low	X	X	Control reliance: <ul style="list-style-type: none"> We will perform an evaluation of design of internal controls and perform walk-throughs for all relevant business processes. We will determine adequate methodology and sampling size. Where deemed efficient and effective, RSM will rely on internal audit to perform parts of the testing and documentation of internal controls, and we will re-perform their work on a sample basis.
Debt		X Low	X	X	
Self-Insurance Liabilities, Defined Benefit and OPEB Plans		X Mod	X	X	
Expenditures and Cash		X Low	X	X	
Payroll	X Low		X	X	No control reliance: <ul style="list-style-type: none"> We will perform the evaluation of design of internal controls and perform walk-throughs for all relevant business processes.
Other Revenue		X Low	X	X	

Summary Audit Calendar

The following is a summary audit engagement execution schedule which integrates all facets of the engagement to meet internal and external deadlines. Please see Appendix I for a more detailed engagement execution calendar.

Date	Activity
June—August 2019	<ul style="list-style-type: none"> Client acceptance re-evaluation Engagement letter provided to Audit Committee for review and approval
October 30, 2019	<ul style="list-style-type: none"> Present client service plan to the Audit Committee
September 16 through September 27, 2019 <i>Planning & Interim Fieldwork</i>	<ul style="list-style-type: none"> Audit team on-site Entire team (including concurring reviewer) review draft of consolidated report format and disclosures Perform procedures noted in bold on pages 9 through 11
September 2019	<ul style="list-style-type: none"> Information technology specialist on-site
October 23 through November 27, 2019 <i>Final Fieldwork</i>	<ul style="list-style-type: none"> Audit partner, manager, in-charge and staff members on-site Third-party specialist to review final settlement calculations Second partner review
January 8, 2020 <i>Presentation of Audit Results</i>	<ul style="list-style-type: none"> Present audit results to the Audit Committee
January 17, 2020 <i>Issuance of final Audited Financial Statements</i>	<ul style="list-style-type: none"> Issue final audit reports for Halifax Hospital Medical Center and Halifax Hospice, Inc. Issue debt covenant compliance letter Issue attestation report as required by the Auditor General of the State of Florida Issue Report on Internal Control Over Financial Reporting and on Compliance with Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards Issue Independent Auditor's Report on Compliance for Each Major State Project; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of State Financial Assistance Required by Chapter 10.550, Rules of the Auditor General of the State of Florida Issue report on the Financial Statements and the Supplementary Schedule of Expenditures of Federal Awards; Issue report on Compliance with requirements that could have a direct and material effect on each major program and Internal Control over Compliance in accordance with Uniform Guidance; Issue Schedule of Findings or Questioned Costs.

	<ul style="list-style-type: none"> • Issue management letter as required by the Auditor General of the State of Florida • Issue examination report over Schedule of Uses of Property Taxes
Ongoing Activities (Continuous)	<ul style="list-style-type: none"> • Open communication among management, the Audit Committee and RSM's partners, managers and specialists • Open communication among management and process owner and RSM's partners, managers and specialists during the audit (Weekly/Bi-weekly meetings established) • Internally ensure seamless coordination between all members of RSM's service team

Using the Work of Others in an Audit

As part of our understanding of your business and its environment, we will read relevant internal audit reports issued during the year to determine whether such reports indicate a source of potential error or fraud that would require a response when designing our audit procedures. Because internal auditors are employees, they are not independent, and their work can never be substituted for the work of the external auditor. We will, however, alter the nature, timing and extent of our audit procedures based upon the results of the internal auditor's work and use them to provide direct assistance to us during the performance of our audit.

The following is a summary of the significant areas where we plan to use the work of internal audit to support the external audit.

- Documentation of internal control processes and identification of key internal controls
- Walk-throughs of certain business process and information technology internal controls
- Testing of specific account balances and classes of transactions at interim and year-end fieldwork, primarily the existence of patient service revenue
- Testing of key internal controls

Component Auditors:

As part of our process we will work with James Moore & Co., P.L., and we will contact them to perform certain procedures such as: review their latest peer review report, gain an understanding of the audit procedures they are going to perform, and confirm their independence with respect to Halifax Health.

Other Risk Areas

Generally accepted audit standards (AU-C 240, *Consideration of Fraud in a Financial Statement Audit*) requires us to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Following are the procedures designed to obtain reasonable assurance:

	Summary Audit Procedures
Generally accepted audit standards (AU-C 240, <i>Consideration of Fraud in a Financial Statement Audit</i>)	<p>Assess:</p> <ul style="list-style-type: none"> • Risk of misstatement due to fraudulent financial reporting or misappropriation of assets. • Entity's risk assessment process. • Internal Audit and Audit Committee activities. • Independent review organization activities. • Financial performance versus budget and prior year.
	<p>Evaluate and review:</p> <ul style="list-style-type: none"> • Code of conduct/ethics policies. • Management programs and controls to deter and detect fraud for identified risk (AU-C 240). • Areas most likely susceptible to fraud. • Business rationale for significant unusual transactions. • Management structure and any changes. • Accounting estimates, current and retrospective, for biases • Revenue recognition policies and procedures.
	<p>Consider:</p> <ul style="list-style-type: none"> • Results of analytical procedures (including revenue analytics). • Conditions generally present to commit fraud, and assess risks of fraud throughout the audit. • Materiality. • Current market and industry conditions. • Understanding of business and history of errors.
	<p>Examine and conduct:</p> <ul style="list-style-type: none"> • Inquiries of management and others within the entity, including the Audit Committee, internal auditors, those outside management, and those outside the finance function. • Journal entries and other adjustments. • Add an element of unpredictability in audit procedures year to year.

Opportunity

**Conditions
for fraud**

Incentive

- Career disappointment
- Layoffs, known or anticipated
- Expected changes in compensation or benefits
- Rewards inconsistent with expectations

Rationalization

- Other dissatisfaction with company or treatment of it's employees
- "Company owes me," for instance because pay is perceived to be low

Other Required Communications

Communication

Effective two-way communication between our Firm and the Audit Committee is important to understanding matters related to the audit and in developing a constructive working relationship.

Your insights may assist us in understanding Halifax Health and its environment, in identifying appropriate sources of audit evidence, and in providing information about specific transactions or events. We will discuss with you your oversight of the effectiveness of internal control and any areas where you request additional procedures to be undertaken. We expect that you will timely communicate with us any matters you consider relevant to the audit. Such matters might include strategic decisions that may significantly affect the nature, timing, and extent of audit procedures, your suspicion or detection of fraud or abuse, or any concerns you may have about the integrity or competence of senior management.

We will timely communicate to you any fraud involving senior management and other fraud that causes a material misstatement of the financial statements, illegal acts, instances of noncompliance, or abuse that come to our attention (unless they are clearly inconsequential), and disagreements with management and other serious difficulties encountered in performing the audit. We also will communicate to you and to management any significant deficiencies or material weaknesses in internal control that become known to us during the course of the audit. Other matters arising from the audit that are, in our professional judgment, significant and relevant to you in your oversight of the financial reporting process will be communicated to you in writing after the audit.

Independence

Our independence policies and procedures are designed to provide reasonable assurance that our firm and its personnel comply with applicable professional independence standards. Our policies address financial interests, business and family relationships, and non-audit services that may be thought to bear on independence. For example, without our permission no partner or professional employee of RSM LLP is permitted to have any direct financial interest or a material indirect financial interest in a client or any affiliates of a client. Also, if an immediate family member or close relative of a partner or professional employee is employed by a client in a key position, the incident must be reported and resolved in accordance with Firm policy. In addition, our policies restrict certain non-audit services that may be provided by RSM LLP and require audit clients to accept certain responsibilities in connection with the provision of permitted non-attest services.

The Audit Planning Process

Our audit approach places a strong emphasis on obtaining an understanding of how your entity functions. This enables us to identify key audit components and tailor our procedures to the unique aspects of your operations. The development of a specific audit plan will begin by meeting with you and with management to obtain an understanding of business objectives, strategies, risks, and performance.

We will obtain an understanding of internal control over financial reporting and compliance with laws, regulations, and provisions of contracts and grant agreements to assess the impact of internal control on determining the nature, timing, and extent of audit procedures, and we will establish an overall materiality limit for audit purposes. We will conduct formal discussions among engagement team members to consider how and where your financial statements might be susceptible to material misstatement due to fraud or error or to instances of noncompliance.

We will use this knowledge and understanding, together with other factors, to first assess the risk that errors or fraud may cause a material misstatement at the financial statement level. The assessment of the risks of material misstatement at the financial statement level provides us with parameters within which to design the audit procedures for specific account balances and classes of transactions. Our risk assessment process at the account-balance or class-of-transactions level consists of:

- An assessment of inherent risk (the susceptibility of an assertion relating to an account balance or class of transactions to a material misstatement, assuming there are no related controls); and
- An evaluation of the design effectiveness of internal control over financial reporting and our assessment of control risk (the risk that a material misstatement could occur in an assertion and not be prevented or detected on a timely basis by the entity's internal control).

Similar assessments will also be made relative to compliance with laws, regulations, and provisions of contracts and grant agreements

We will then determine the nature, timing, and extent of tests of controls and substantive procedures necessary given the risks identified and the controls as we understand them.

The Concept of Materiality in Planning and Executing the Audit

In planning the audit, the materiality limit is viewed as the maximum aggregate amount, which if detected and not corrected, would cause us to modify our opinion on the financial statements. The materiality limit is an allowance not only for misstatements that will be detected and not corrected but also for misstatements that may not be detected by the audit. Our assessment of materiality throughout the audit will be based on both quantitative and qualitative considerations. Because of the interaction of quantitative and qualitative considerations, misstatements of a relatively small amount could have a material effect on the current financial statements as well as financial statements of future periods. At the end of the audit, we will inform you of all individual unrecorded misstatements aggregated by us in connection with our evaluation of our audit test results.

Our Approach to Internal Control and Compliance Relevant to the Audit

Our audit of the financial statements will include obtaining an understanding of internal control sufficient to plan the audit and to determine the nature, timing, and extent of audit procedures to be performed. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Our review and understanding of Halifax Health's internal control is not undertaken for the purpose of expressing an opinion on the effectiveness of internal control.

We will issue reports on internal control related to the financial statements and major programs. These reports describe the scope of testing of internal control and the results of our tests of internal controls. Our reports on internal control will include any significant deficiencies and material weaknesses in the system, of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control consistent with the requirements of the Government Auditing Standards issued by the Comptroller General of the United States, the Single Audit Act and Uniform Guidance.

We will issue reports on compliance with laws, regulations, and the provisions of contracts or grant agreements. We will report on any noncompliance which could have a material effect on the financial statements and any noncompliance which could have a direct and material effect on each major program. Our reports on compliance will address material errors, fraud, abuse, violations of compliance requirements, and other responsibilities imposed by state and federal statutes and regulations and assumed contracts; and any state or federal grant, entitlement or loan program questioned costs of which we become aware, consistent with the requirements of the standards and guidance identified above.

New Accounting Guidance and Standards

The following standards will be analyzed for applicability to Halifax Health.

GASB 87, Leases	<p>In June of 2017, the GASB issued GASB 87, <i>Leases</i>. This statement requires the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. The lease assets and liabilities will be recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.</p> <p>This standard is effective for fiscal years beginning after December 15, 2019.</p>
GASB 89, Accounting for Interest Cost Incurred before the End of a Construction Period	<p>In June of 2018, the GASB issued GASB 89, <i>Accounting for Interest Cost Incurred before the End of a Construction Period</i>. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred.</p> <p>This standard is effective for fiscal years beginning after December 15, 2019.</p>
GASB 90, Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61	<p>In August of 2018, the GASB issued GASB 90, <i>Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61</i>. This statement clarifies the accounting and financial reporting for a state or local government's majority equity interest in an organization that remains legally separate after acquisition.</p> <p>This standard is effective for fiscal years beginning after December 15, 2018.</p>

Appendix I: Summary of Key Dates

The timing of our procedures is coordinated with management and has been designed to match Halifax Health's needs. Ongoing communication with our key management contacts is a key to our successful relationship and will continue throughout the process through formal and informal means.

Engagement Letter Issued	August 21, 2019
Risk Assessment Completed	August 2019
PBC Listing for Preliminary Audit Fieldwork Provided	August 28, 2019
Preliminary Audit Fieldwork Begins	September 16, 2019
PBC Listing for Final Audit Fieldwork Provided	October 2, 2019
Final Audit Fieldwork Begins	October 23, 2019
Delivery of Client Service Plan to Audit Committee	October 30, 2019
Preliminary Draft Financial Statements provided to management	November 20, 2019
Mailing to the Audit Committee	December 20, 2019
Presentation of Audit Results	January 8, 2020

Appendix II: Contact List

Halifax Health:

Name	Title	Contact Phone	E-Mail Address
Kent Bailey	Director of Finance	(386) 425-4563	Kent.Bailey@halifax.org
Kern Dowsett	Reimbursement Specialist	(386) 226-4576	Kern.Dowsett@halifax.org
Jeff Feasel	President & Chief Executive Officer	(386) 425-4785	Jeff.Feasel@halifax.org
Arvin Lewis	Chief Revenue Officer	(386) 425-4595	Arvin.Lewis@halifax.org
Kelly Parsons-Kwiatek	General Counsel	(386) 425-4220	Kelly.Kwiatek@halifax.org
Eric Peburn	Chief Financial Officer	(386) 425-4568	Eric.Peburn@halifax.org
Tracee Postell	Treasury Services Manager	(386) 425-4594	Tracee.Postell@halifax.org
Shawn Remington	Director of Corporate Finance	(386) 425-4561	Shawn.Remington@halifax.org
Tyna Rodrigues	Accounting Manager	(386) 425-4584	Tyna.Rodrigues@halifax.org
Deborah Sabotka	Administrative Assistant to CFO	(386) 425-4568	Deborah.Sabotka@halifax.org
Ted Serbousek	Audit Committee Chair	(386) 527-5340	tw@richeyautos.com
Shelly Shiflet	VP and Chief Compliance Officer	(386) 254-4340	Shelly.Shiflet@halifax.org
Tom Stafford	Chief IT Officer	(386) 425-7309	Tom.Stafford@halifax.org
Lisa Tyler	Corporate Controller	(386) 425-4587	Lisa.Tyler@halifax.org

RSM:

Name	Title	Engagement Responsibility	Contact Phone	E-Mail Address
Sara Candela	Manager	Audit Manager	(407) 581-3527	sara.candela@rsmus.com
Caryn Goettsch	Senior Director	Third-Party Reimbursement	(612) 376-9563	caryn.goettsch@rsmus.com
Jon Hillmann	Partner	Audit Partner	(563) 888 4029	jon.hillmann@rsmus.com
Alexandra Lorie	Director	Information Technology Specialist	(305) 569-7973	alexandra.lorie@rsmus.com
Justin Patterson	Manager	Compliance Manager	(407) 581-3525	justin.patterson@rsmus.com
Brandon Slauter	Senior Manager	Audit Senior Manager	(407) 581-3572	brandon.slauter@rsmus.com
Dan Vandenberghe	Partner	Concurring and Quality Control Partner	(612) 376-9267	dan.vandenberghe@rsmus.com
Ryan Weber	Partner	Relationship Lead	(563) 888-4081	ryan.weber@rsmus.com
Clay Worden	Partner	Orlando Managing Partner	(407) 581-3506	clay.worden@rsmus.com



Halifax Health

Fiscal Year 2019 Operating Performance

Presentation to Audit and Finance Committee, October 30, 2019



HALIFAX HEALTH

Live your life well.

Fiscal Year 2019 Operating Performance

- Significant challenges
- Management recovery plan
- Financial results



Fiscal Year 2019

Significant challenges

- Implementation of new computer system (Meditech Expanse - July 2019)
- Significant Financial losses in the last quarter of FY 2018 that carried over into FY 2019
 - FY18 Q4 - \$10.6M variance from budget
 - FY19 OCT-JAN - \$9.1M variance from budget
- Over \$20M budget shortfall forecasted for FY 2019
- Forecasted to not meet Obligated Group MADS bond compliance ratio
- Decline in key surgical and other patient care volumes
 - Inpatient cases projected to be less than budget by 1,700

Live your life well.



HALIFAX
HEALTH

Fiscal Year 2019

Management Recovery Plan

- Engaged Clinical Intelligence (consultant) to assist us with evaluating and restructuring our process of documenting and managing our ER, OBS, IP and LOS processes to improve efficiency of appropriately placing our patients into the correct status
- Restructured our case management and utilization review functions to bring real-time review of cases and ensure appropriate documentation was obtained in a timely fashion.
- Reviewed every department for restructuring opportunities and established specific targeted adjustments that could be and were implemented
- FTE committee re-established as a permanent weekly meeting with CFO, COO, CHRO and Director of Finance
- Devised and implemented a reduction in leadership positions
- Enhanced focus on charge capture and revenue verification at the department level
- Meditech Pharmacy consultant was hired to review the pharmacy CDM and charge capture process. This led to a complete revamp of the pharmacy CDM



Fiscal Year 2019 Financial Results

- Adjusted Operating EBIDA *(Excludes investment income/loss of Foundation recorded as operating income)*
 - 9.3% Actual compared to 9.1% Budget
- Improved financial performance by \$20M within the fiscal year
- Inpatient admissions exceeded budget by 129 patients
- Accrued employee gain share of \$350 per full time employee



Halifax Health
Summary Financial Narrative
For the twelve months ended September 30, 2019

The performance of Halifax Health (HH) compared to budget and long-range targets (S&P "A" rated medians) for key financial indicators is as follows.

Financial Indicator	YTD Actual FY 19	YTD Budget FY 19	YTD Actual vs. Budget	S&P "A"	YTD Actual FY 19 vs. S&P "A"
Total Margin	3.5%	3.1%	Favorable	4.2%	Unfavorable
Operating Margin	1.2%	1.3%	Unfavorable	1.6%	Unfavorable
EBIDA Margin	11.4%	11.0%	Favorable	10.7%	Favorable
Operating EBIDA Margin	9.3%	9.4%	Unfavorable	8.2%	Favorable
Adjusted Operating EBIDA Margin *	9.3%	9.1%	Favorable	N/A	N/A
Days Cash on Hand	277	248	Favorable	237	Favorable
Cash to Debt	92.9%	82.7%	Favorable	173.8%	Unfavorable
Debt to Capitalization	56.8%	57.0%	Favorable	27.0%	Unfavorable
OG MADS Coverage	2.10	1.97	Favorable	3.90	Unfavorable
OG Debt to Capitalization	56.2%	56.4%	Favorable	27.0%	Unfavorable

* -Excludes investment income/loss of Foundation recorded as operating income.

Halifax Health Medical Center

Statistical Summary--

- Admissions for the month and fiscal year-to-date are greater than budget and prior year.
- Patient days for the month and fiscal year-to-date are greater than budget and prior year.
 - Observation patient days for the month and fiscal year-to-date are less than budget and prior year.
- Surgery volumes for the month and fiscal year-to-date are less than budget and prior year.
- Emergency Room visits for the month and fiscal year-to-date are less than budget and prior year.

Financial Summary --

- Net patient service revenue for the fiscal year-to-date is 0.1% less than budget.
- Total operating expenses for the fiscal year-to-date are 0.5% greater than budget.
- Income from operations for the fiscal year-to-date of \$1.2 million compares unfavorably to budget by \$359,000.
- Nonoperating gains/losses for the fiscal year-to-date of \$12.7 million, primarily consisting of net investment income, compares favorably to the budgeted amount by \$5.6 million.
- The increase in net position for the fiscal year-to-date of \$13.9 million compares favorably to budget by \$5.2 million.

Halifax Health Hospice

Statistical Summary --

- Patient days for the month are less than budget and prior year; and for the fiscal year-to-date are greater than budget and prior year.

Financial Summary --

- Net patient service revenue for the fiscal year-to-date is 2.7% greater than budget.
- Income from operations for the fiscal year-to-date of \$2.4 million compares favorably to budget by \$584,000.
- The increase in net position for the fiscal year-to-date of \$3.5 million compares unfavorably to budget by \$1.8 million.

Other Component Units - Financial results of other component units is more favorable than budgeted expectations except for increases in unrealized investment losses of the Foundation of \$1.9 million.

Halifax Health Statistical Summary

Month Ended September 30					Twelve Months Ended September 30			
<u>2018</u>	<u>2019</u>	<u>Budget</u>	<u>Var.</u>		<u>2018</u>	<u>2019</u>	<u>Budget</u>	<u>Var.</u>
				<u>Inpatient Activity</u>				
1,392	1,575	1,468	7.3%	HHMC Adult/Ped Admissions	18,390	18,933	19,004	-0.4%
134	186	164	13.4%	HHMCPO Adult/Ped Admissions	1,957	2,177	2,108	3.3%
185	230	172	33.7%	Adult Psych Admissions	2,236	2,258	2,216	1.9%
70	73	61	19.7%	Rehabilitative Admissions	776	875	786	11.3%
1,781	2,064	1,865	10.7%	Total Adult/Ped Admissions	23,359	24,243	24,114	0.5%
7,487	8,562	6,767	26.5%	HHMC Adult/Ped Patient Days	96,381	100,211	87,605	14.4%
373	542	574	-5.6%	HHMCPO Adult/Ped Patient Days	6,444	6,403	7,399	-13.5%
1,492	1,377	1,280	7.6%	Adult Psych Patient Days	16,214	14,895	16,490	-9.7%
1,019	1,045	876	19.3%	Rehabilitative Patient Days	11,173	12,554	11,292	11.2%
10,371	11,526	9,497	21.4%	Total Adult/Ped Patient Days	130,212	134,063	122,786	9.2%
5.4	5.4	4.6	17.9%	HHMC Average Length of Stay	5.2	5.3	4.6	14.8%
2.8	2.9	3.5	-16.7%	HHMCPO Average Length of Stay	3.3	2.9	3.5	-16.2%
5.2	5.2	4.5	14.9%	HHMC/ HHMCPO Average Length of Stay	5.1	5.1	4.5	12.2%
8.1	6.0	7.4	-19.6%	Adult Psych Average Length of Stay	7.3	6.6	7.4	-11.4%
14.6	14.3	14.4	-0.3%	Rehabilitative Length of Stay	14.4	14.3	14.4	-0.1%
5.8	5.6	5.1	9.7%	Total Average Length of Stay	5.6	5.5	5.1	8.6%
346	384	317	21.4%	Total Average Daily Census	357	367	336	9.2%
842	722	909	-20.6%	HHMC Observation Patient Day Equivalents	10,808	9,402	10,255	-8.3%
202	187	205	-8.8%	HHMCPO Observation Patient Day Equivalents	2,503	2,338	2,126	10.0%
1,044	909	1,114	-18.4%	Total Observation Patient Day Equivalents	13,311	11,740	12,381	-5.2%
35	30	37	-18.9%	Observation Average Daily Census	36	32	34	-5.9%
133	177	152	16.4%	HHMC Newborn Births	1,688	1,729	1,668	3.7%
245	335	273	22.7%	HHMC Nursery Patient Days	3,108	3,273	3,008	8.8%
497	548	560	-2.1%	HHMC Inpatient Surgeries	7,064	6,866	7,314	-6.1%
11	12	14	-14.3%	HHMCPO Inpatient Surgeries	247	208	221	-5.9%
508	560	574	-2.4%	Total Inpatient Surgeries	7,311	7,074	7,535	-6.1%
				<u>Inpatient Surgeries</u>				
160	175			Orthopedics	2,247	2,293		
91	84			Gastroenterology	1,606	1,347		
89	81			General Surgery	1,090	940		
36	45			Neurosurgery	479	478		
36	32			Podiatry	347	367		
96	143			All Other	1,542	1,649		
508	560	574	-2.4%	Total Inpatient Surgeries	7,311	7,074	7,535	-6.1%

Halifax Health Statistical Summary

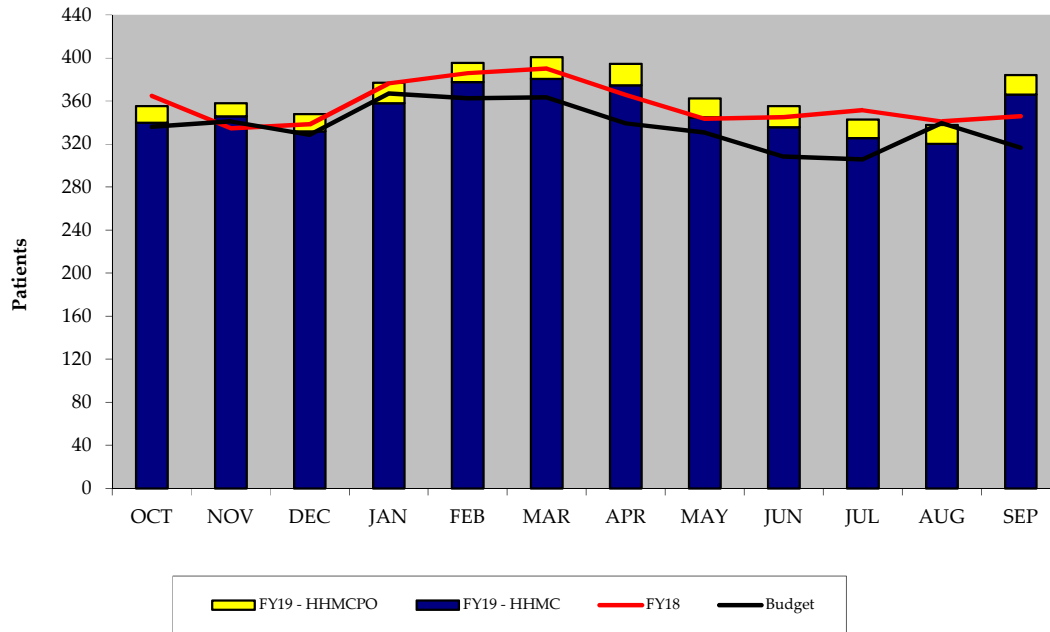
Month Ended September 30					Twelve Months Ended September 30			
<u>2018</u>	<u>2019</u>	<u>Budget</u>	<u>Var.</u>		<u>2018</u>	<u>2019</u>	<u>Budget</u>	<u>Var.</u>
				<u>Outpatient Activity</u>				
6,187	5,851	6,330	-7.6%	HHMC ED Registrations	80,464	75,266	83,136	-9.5%
2,555	2,482	2,514	-1.3%	HHMCPO ED Registrations	32,171	30,922	33,490	-7.7%
1,371	1,443	1,440	0.2%	Deltona ED Registrations	16,455	17,338	17,520	-1.0%
10,113	9,776	10,284	-4.9%	Total ED	129,090	123,526	134,146	-7.9%
320	317	394	-19.5%	HHMC Outpatient Surgeries	4,504	4,293	5,145	-16.6%
102	92	111	-17.1%	HHMCPO Outpatient Surgeries	1,529	1,323	1,392	-5.0%
251	205	265	-22.6%	Twin Lakes Surgeries	3,454	3,182	3,287	-3.2%
673	614	770	-20.3%	Total Outpatient Surgeries	9,487	8,798	9,824	-10.4%
				<u>Outpatient Surgeries</u>				
133	127			General Surgery	1,856	1,932		
119	118			Gastroenterology	1,549	1,314		
63	52			OB/GYN	858	927		
65	49			Orthopedics	1,420	879		
43	42			Ophtalmology	671	610		
250	226			All Other	3,133	3,136		
673	614	770	-20.3%	Total Outpatient Surgeries	9,487	8,798	9,824	-10.4%
				<u>Cardiology Procedures</u>				
16	25			Open Heart Cases	269	262		
130	164			Cardiac Caths	1,859	1,851		
22	23			CRM Devices	356	300		
40	42			EP Studies	533	442		
208	254	251	1.2%	Total Cardiology Procedures	3,017	2,855	3,253	-12.2%
				<u>Interventional Radiology Procedures</u>				
65	81	63	28.6%	Vascular	1,043	1,058	1,010	4.8%
79	83	70	18.6%	Nonvascular	987	1,074	875	22.7%
144	164	133	23.3%	Total Interventional Radiology Procedures	2,030	2,132	1,885	13.1%
				<u>HH Hospice Activity</u>				
				<u>Patient Days</u>				
15,416	15,345	15,300	0.3%	Volusia/ Flagler	189,824	192,708	186,150	3.5%
1,736	1,539	1,950	-21.1%	Orange/ Osceola	18,343	19,974	21,718	-8.0%
17,152	16,884	17,250	-2.1%	HH Hospice Patient Days	208,167	212,682	207,868	2.3%
				<u>Average Daily Census</u>				
514	512	510	0.3%	Volusia/ Flagler	520	528	510	3.5%
58	51	65	-21.1%	Orange/ Osceola	50	55	60	-8.0%
572	563	575	-2.1%	HH Hospice Average Daily Census	570	583	570	2.3%

Halifax Health Statistical Summary

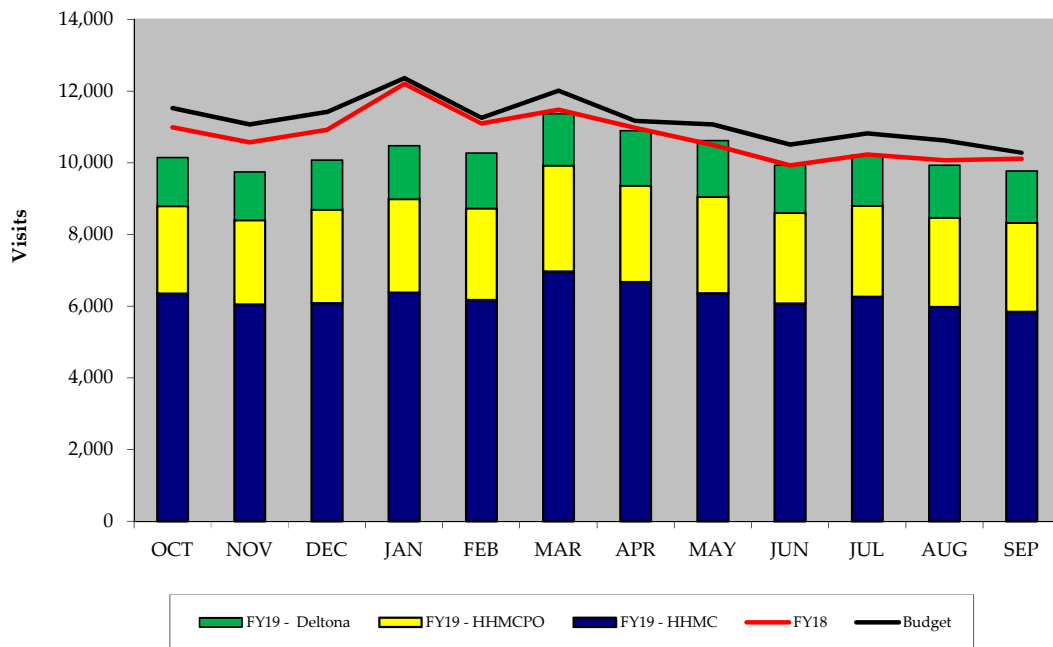
Month Ended September 30					Twelve Months Ended September 30			
<u>2018</u>	<u>2019</u>	<u>Budget</u>	<u>Var.</u>		<u>2018</u>	<u>2019</u>	<u>Budget</u>	<u>Var.</u>
<u>Physician Practice Activity</u>								
<u>Primary Care Visits</u>								
614	431	525	-17.9%	Ormond Beach	6,349	6,059	6,819	-11.1%
1,010	911	976	-6.7%	Daytona Beach	12,693	12,922	12,687	1.9%
573	548	799	-31.4%	Port Orange	6,965	7,228	10,385	-30.4%
142	308	438	-29.7%	Deltona	2,393	3,185	5,695	-44.1%
612	756	1,179	-35.9%	New Smyrna	8,537	9,549	14,350	-33.5%
632	447	554	-19.3%	Daytona Beach (Women's/OB)	6,703	7,270	7,199	1.0%
290	259	506	-48.8%	Ormond Beach - Urgent Care	4,462	3,999	7,300	-45.2%
3,873	3,660	4,977	-26.5%	Primary Care Visits	48,102	50,212	64,435	-22.1%
<u>Pediatric Visits</u>								
622	654	642	1.9%	Ormond Beach-CMC	7,176	9,485	7,816	21.4%
82	262	280	-6.4%	Ormond Beach-Primary Care	111	3,118	3,644	-14.4%
376	366	442	-17.2%	Daytona Beach - Keech Street	4,447	5,329	5,304	0.5%
409	372	360	3.3%	Palm Coast-CMC	4,505	5,248	4,380	19.8%
550	459	470	-2.3%	Port Orange-CMC	6,206	5,929	5,721	3.6%
2,039	2,113	2,194	-3.7%	Pediatric Visits	22,445	29,109	26,865	8.4%
<u>Oncology Visits</u>								
941	877	1,119	-21.7%	Daytona	13,006	11,854	13,321	-11.0%
494	412	536	-23.2%	Ormond	6,316	6,106	6,110	-0.1%
688	672	918	-26.8%	New Smyrna	9,634	9,504	10,267	-7.4%
744	688	849	-19.0%	Port Orange	10,417	10,110	10,455	-3.3%
2,867	2,649	3,423	-22.6%	Total Medical Oncology Visits	39,373	37,574	40,154	-6.4%
1,629	1,715	1,853	-7.4%	Daytona	21,314	21,410	20,783	3.0%
525	520	523	-0.5%	New Smyrna	5,718	6,333	5,706	11.0%
2,154	2,235	2,376	-5.9%	Total Radiation Oncology Visits	27,032	27,743	26,489	4.7%
5,021	4,884	5,799	-15.8%	Total Oncology Visits	66,405	65,317	66,643	-2.0%

Halifax Health Statistical Summary - Graphic

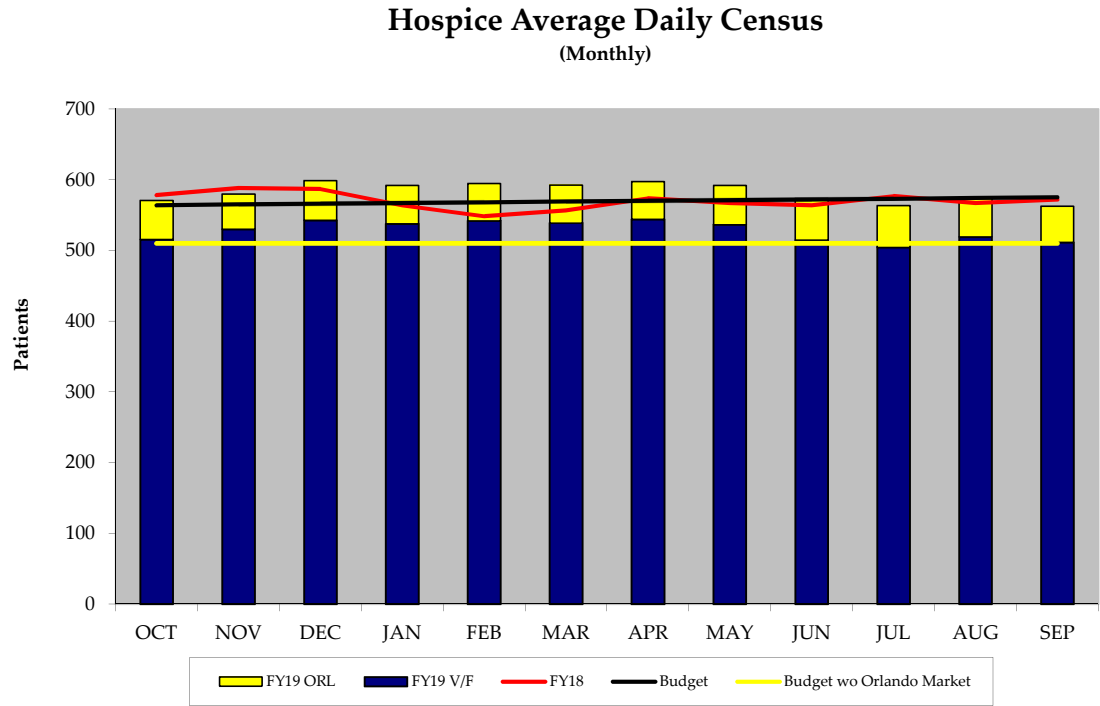
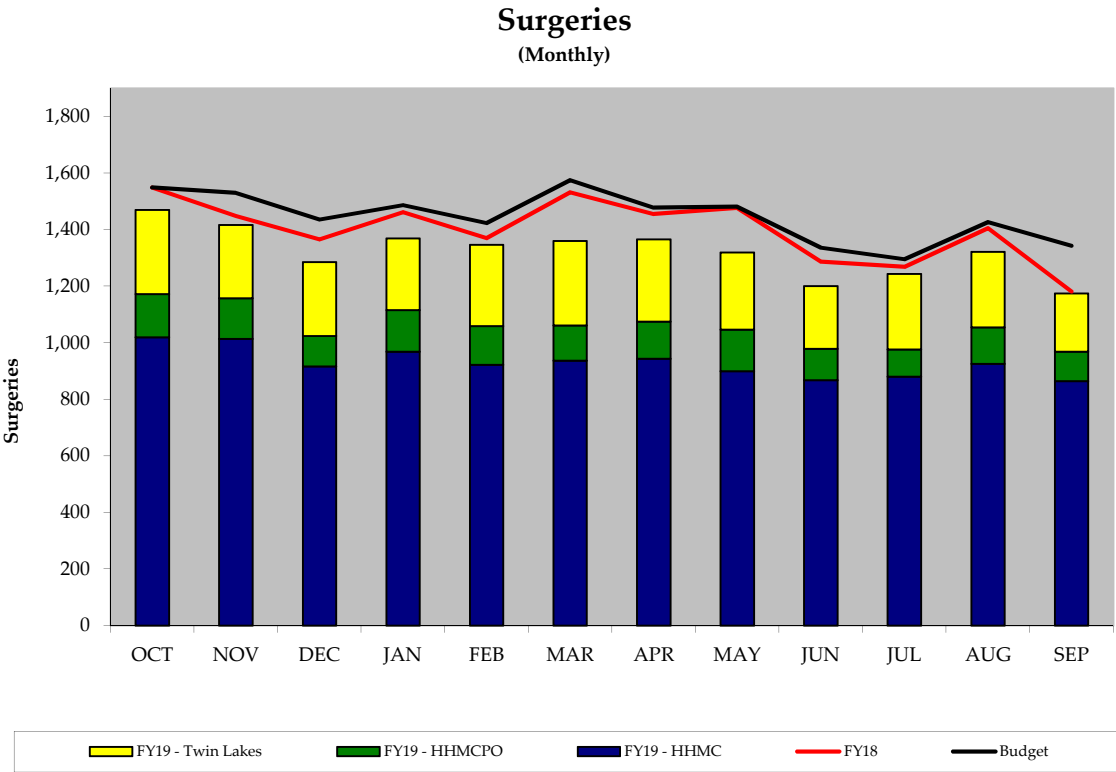
HHMC Average Daily Census (Monthly)



ED Visits (Monthly)



Halifax Health Statistical Summary - Graphic



Halifax Health

Condensed Statement of Net Position

(\$ in thousands)

	September 30		
	2019	2018	Change
<u>Assets</u>			
Cash and cash equivalents	\$87,232	\$48,771	\$38,461
Investments	290,416	336,502	(46,086)
Board designated assets	28,635	45,420	(16,785)
Accounts receivable	63,152	72,194	(9,042)
Restricted assets whose use is limited	6,121	6,188	(67)
Other assets	38,814	39,949	(1,135)
Deferred outflow - swap	38,347	21,010	17,337
Deferred outflow - loss on bond refunding	14,635	15,540	(905)
Deferred outflow - pension	21,267	23,672	(2,405)
Property, plant and equipment	421,236	379,971	41,265
Total Assets	<u>\$1,009,855</u>	<u>\$989,217</u>	<u>\$20,638</u>
<u>Liabilities and Net position</u>			
Accounts payable	\$49,612	\$53,420	(\$3,808)
Other liabilities	89,311	86,282	3,029
Deferred inflow - pension	343	2,256	(1,913)
Net pension liability	61,898	70,037	(8,139)
Long-term debt	419,645	425,208	(5,563)
Premium on LTD, net	17,922	18,592	(670)
Long-term value of swap	38,347	21,010	17,337
Net position	<u>332,777</u>	<u>312,412</u>	<u>20,365</u>
Total Liabilities and Net position	<u>\$1,009,855</u>	<u>\$989,217</u>	<u>\$20,638</u>

Halifax Health
Statement of Cash Flows
(\$ in thousands)

Month ended	Month ended			Twelve Months ended	Twelve Months ended	
September 30, 2019	September 30, 2018	Variance		September 30, 2019	September 30, 2018	Variance
			Cash flows from operating activities:			
\$38,225	\$38,561	(\$336)	Receipts from third party payors and patients	\$546,854	\$508,993	\$37,861
(22,683)	(22,137)	(546)	Payments to employees	(274,998)	(291,528)	16,530
-	-	-	Payments to pension	(19,500)	(19,876)	376
(16,346)	(4,176)	(12,170)	Payments to suppliers	(219,177)	(174,652)	(44,525)
39	(17)	56	Receipt of ad valorem taxes	6,138	6,050	88
-	-	-	Receipt (payment) of State UPL funds, net	14,075	7,805	6,270
4,891	5,149	(258)	Other receipts	40,691	33,231	7,460
(3,477)	(3,042)	(435)	Other payments	(43,077)	(44,163)	1,086
649	14,338	(13,689)	Net cash provided by operating activities	51,006	25,860	25,146
			Cash flows from noncapital financing activities:			
57	18	39	Proceeds from donations received	500	677	(177)
(30)	190	(220)	Other nonoperating revenues, expenses and gains/(losses)	1,470	1,289	181
27	208	(181)	Net cash provided by noncapital financing activities	1,970	1,966	4
			Cash flows from capital and related financing activities:			
(1,996)	(2,323)	327	Acquisition of capital assets	(12,283)	(16,379)	4,096
(3,175)	(4,928)	1,753	Acquisition of capital assets- Deltona	(51,191)	(26,049)	(25,142)
-	-	-	Proceeds from disposals	2,912	-	2,912
-	-	-	Payment of long-term debt	(5,520)	(6,700)	1,180
-	-	-	Proceeds from issuance of long-term debt	-	85,000	(85,000)
(595)	(2,154)	1,559	Payment of interest on long-term debt	(19,369)	(18,879)	(490)
-	-	-	Payment of bond issue costs	-	(354)	354
(5,766)	(9,405)	3,639	Net cash provided by (used in) capital financing activities	(85,451)	16,639	(102,090)
			Cash flows from investing activities:			
622	4,123	(3,501)	Realized investment income (loss)	11,794	7,887	3,907
(589)	(4,320)	3,731	Purchases of investments/limited use assets	(42,507)	(221,275)	178,768
-	8,029	(8,029)	Sales/Maturities of investments/limited use assets	101,649	154,271	(52,622)
33	7,832	(7,799)	Net cash provided by (used in) investing activities	70,936	(59,117)	130,053
(5,057)	12,973	(18,030)	Net increase (decrease) in cash and cash equivalents	38,461	(14,652)	53,113
92,289	35,798	56,491	Cash and cash equivalents at beginning of period	48,771	63,423	(14,652)
<u>\$87,232</u>	<u>\$48,771</u>	<u>\$38,461</u>	Cash and cash equivalents at end of period	<u>\$87,232</u>	<u>\$48,771</u>	<u>\$38,461</u>

Halifax Health
Statements of Revenues, Expenses and Changes in Net Position
(\$ in thousands)

Actual Month Ended September 30, 2019	Actual Month Ended September 30, 2018	Favorable (Unfavorable) Variance		Actual Twelve Months September 30, 2019	Actual Twelve Months September 30, 2018	Favorable (Unfavorable) Variance
			Operating revenues:			
\$44,150	\$42,512	\$1,638	Net patient service revenue, before provision for bad debts	\$608,887	\$602,997	\$5,890
(1,299)	(5,079)	3,780	Provision for bad debts	(74,666)	(86,967)	12,301
42,851	37,433	5,418	Net patient service revenue	534,221	516,030	18,191
511	504	7	Ad valorem taxes	6,129	6,048	81
3,450	5,595	(2,145)	Other revenue, including investment income/(losses), net	27,629	30,572	(2,943)
46,812	43,532	3,280	Total operating revenues	567,979	552,650	15,329
			Operating expenses:			
22,026	18,688	(3,338)	Salaries and benefits	277,803	268,113	(9,690)
7,556	7,123	(433)	Purchased services	92,495	85,617	(6,878)
8,142	8,581	439	Supplies	101,242	102,395	1,153
2,193	2,444	251	Depreciation and amortization	26,835	26,158	(677)
1,550	1,377	(173)	Interest	19,285	17,536	(1,749)
560	535	(25)	Ad valorem tax related expenses	6,317	6,570	253
581	792	211	Leases and rentals	9,079	9,750	671
2,404	1,941	(463)	Other	28,314	28,728	414
45,012	41,481	(3,531)	Total operating expenses	561,370	544,867	(16,503)
1,800	2,051	(251)	Excess of operating revenues over expenses	6,609	7,783	(1,174)
			Nonoperating revenues, expenses, and gains/(losses):			
622	4,122	(3,500)	Realized investment income/(losses)	11,793	7,886	3,907
603	(4,039)	4,642	Unrealized investment income/(losses)	(1,806)	(83)	(1,723)
57	18	39	Donation revenue	498	678	(180)
-	-	-	Interest - bond issue costs	-	(354)	354
(30)	190	(220)	Nonoperating gains/(losses), net	3,271	1,290	1,981
1,252	291	961	Total nonoperating revenues, expenses, and gains/(losses)	13,756	9,417	4,339
\$3,052	\$2,342	\$710	Increase in net position	\$20,365	\$17,200	\$3,165

Halifax Health
Statements of Revenues, Expenses and Changes in Net Position
(\$ in thousands)

Actual Month Ended September 30, 2019	Static Budget Month Ended September 30, 2019	Favorable (Unfavorable) Variance		Actual Twelve Months Ended September 30, 2019	Static Budget Twelve Months Ended September 30, 2019	Favorable (Unfavorable) Variance
			Operating revenues:			
\$44,150	\$49,968	(\$5,818)	Net patient service revenue, before provision for bad debts	\$608,887	\$627,126	(\$18,239)
(1,299)	(7,418)	6,119	Provision for bad debts	(74,666)	(93,444)	18,778
42,851	42,550	301	Net patient service revenue	534,221	533,682	539
511	511	-	Ad valorem taxes	6,129	6,129	-
3,450	2,211	1,239	Other revenue, including investment income/(losses), net	27,629	26,516	1,113
46,812	45,272	1,540	Total operating revenues	567,979	566,327	1,652
			Operating expenses:			
22,026	21,614	(412)	Salaries and benefits	277,803	286,299	8,496
7,556	6,867	(689)	Purchased services	92,495	82,169	(10,326)
8,142	8,141	(1)	Supplies	101,242	101,371	129
2,193	2,108	(85)	Depreciation and amortization	26,835	26,307	(528)
1,550	1,610	60	Interest	19,285	19,319	34
560	530	(30)	Ad valorem tax related expenses	6,317	6,356	39
581	713	132	Leases and rentals	9,079	8,573	(506)
2,404	2,382	(22)	Other	28,314	28,586	272
45,012	43,965	(1,047)	Total operating expenses	561,370	558,980	(2,390)
1,800	1,307	493	Excess of operating revenues over expenses	6,609	7,347	(738)
			Nonoperating revenues, expenses, and gains/(losses):			
622	801	(179)	Realized investment income/(losses)	11,793	9,615	2,178
603	-	603	Unrealized investment income/(losses)	(1,806)	-	(1,806)
57	59	(2)	Donation revenue	498	707	(209)
-	-	-	Interest - bond issue costs	-	-	-
(30)	21	(51)	Nonoperating gains/(losses), net	3,271	258	3,013
1,252	881	371	Total nonoperating revenues, expenses, and gains/(losses)	13,756	10,580	3,176
\$3,052	\$2,188	\$864	Increase in net position	\$20,365	\$17,927	\$2,438

Halifax Health Medical Center
Statements of Revenues, Expenses and Changes in Net Position
(\$ in thousands)

Actual Month Ended September 30, 2019	Static Budget Month Ended September 30, 2019	Favorable (Unfavorable) Variance		Actual Ended September 30, 2019	Static Budget Ended September 30, 2019	Favorable (Unfavorable) Variance
			Operating revenues:			
\$40,643	\$46,220	(\$5,577)	Net patient service revenue, before provision for bad debts	\$563,018	\$581,925	(\$18,907)
(1,311)	(7,335)	6,024	Provision for bad debts	(74,177)	(92,432)	18,255
39,332	38,885	447	Net patient service revenue	488,841	489,493	(652)
511	511	-	Ad valorem taxes	6,129	6,129	-
2,205	1,439	766	Other revenue	19,988	17,250	2,738
42,048	40,835	1,213	Total operating revenues	514,958	512,872	2,086
			Operating expenses:			
20,095	19,643	(452)	Salaries and benefits	254,311	260,922	6,611
6,456	5,765	(691)	Purchased services	77,396	68,914	(8,482)
7,931	7,947	16	Supplies	98,754	99,030	276
2,059	1,976	(83)	Depreciation and amortization	25,234	24,731	(503)
1,550	1,610	60	Interest	19,222	19,319	97
560	530	(30)	Ad valorem tax related expenses	6,317	6,356	39
398	537	139	Leases and rentals	6,881	6,449	(432)
2,158	2,131	(27)	Other	25,629	25,578	(51)
41,207	40,139	(1,068)	Total operating expenses	513,744	511,299	(2,445)
841	696	145	Excess of operating revenues over expenses	1,214	1,573	(359)
			Nonoperating revenues, expenses, and gains/(losses):			
404	568	(164)	Realized investment income/(losses)	7,329	6,815	514
(68)	-	(68)	Unrealized investment income/(losses)	1,992	-	1,992
10	-	10	Donation revenue	77	-	77
-	-	-	Interest - bond issue costs	-	-	-
(30)	21	(51)	Nonoperating gains/(losses), net	3,271	258	3,013
316	589	(273)	Total nonoperating revenues, expenses, and gains/(losses)	12,669	7,073	5,596
\$1,157	\$1,285	(\$128)	Increase in net position	\$13,883	\$8,646	\$5,237

Halifax Health Medical Center
Net Patient Service Revenue
(\$ in thousands)

Actual Month Ended September 30, 2018		Actual Month Ended September 30, 2019		Static Budget Month Ended September 30, 2019			Actual Twelve Months Ended September 30, 2018		Actual Twelve Months Ended September 30, 2019		Static Budget Twelve Months Ended September 30, 2019	
\$152,288	100.00%	\$165,578	100.00%	\$164,853	100.00%	Gross charges	\$1,958,419	100.00%	\$2,037,330	100.00%	\$2,069,367	100.00%
(15,579)	-10.23%	(16,495)	-9.96%	(10,714)	-6.50%	Charity	(133,741)	-6.83%	(168,533)	-8.27%	(135,012)	-6.52%
(97,492)	-64.02%	(108,440)	-65.49%	(107,919)	-65.46%	Contractual adjustments	(1,265,077)	-64.60%	(1,305,779)	-64.09%	(1,352,430)	-65.35%
39,217	25.75%	40,643	24.55%	46,220	28.04%	Gross charges, before provision for bad debts	559,601	28.57%	563,018	27.64%	581,925	28.12%
(5,244)	-3.44%	(1,311)	-0.79%	(7,335)	-4.45%	Provision for bad debts	(86,263)	-4.40%	(74,177)	-3.64%	(92,432)	-4.47%
\$33,973	22.31%	\$39,332	23.75%	\$38,885	23.59%	Net patient service revenue	\$473,338	24.17%	\$488,841	23.99%	\$489,493	23.65%

Halifax Health Hospice
Statements of Revenues, Expenses and Changes in Net Position
(\$ in thousands)

Actual Month Ended September 30, 2019	Static Budget Month Ended September 30,	Favorable (Unfavorable) Variance		Actual Twelve Months September 30, 2019	Static Budget Twelve Months September 30, 2019	Favorable (Unfavorable) Variance
			Operating revenues:			
\$3,507	\$3,748	(\$241)	Net patient service revenue, before provision for bad debts	\$45,869	\$45,201	\$668
12	(83)	95	Provision for bad debts	(489)	(1,012)	523
3,519	3,665	(146)	Net patient service revenue	45,380	44,189	1,191
135	194	(59)	Other revenue	1,959	2,329	(370)
3,654	3,859	(205)	Total operating revenues	47,339	46,518	821
			Operating expenses:			
1,876	1,904	28	Salaries and benefits	22,757	24,560	1,803
1,073	1,060	(13)	Purchased services	14,621	12,758	(1,863)
211	193	(18)	Supplies	2,486	2,333	(153)
65	65	-	Depreciation and amortization	775	777	2
178	171	(7)	Leases and rentals	2,137	2,063	(74)
183	181	(2)	Other	2,122	2,170	48
3,586	3,574	(12)	Total operating expenses	44,898	44,661	(237)
68	285	(217)	Excess of operating revenues over expenses	2,441	1,857	584
			Nonoperating revenues, expenses, and gains/(losses):			
218	233	(15)	Realized investment income/(losses)	4,464	2,800	1,664
671	-	671	Unrealized investment income/(losses)	(3,798)	-	(3,798)
47	59	(12)	Donation revenue	421	707	(286)
936	292	644	Total nonoperating revenues, expenses, and gains/(losses)	1,087	3,507	(2,420)
1,004	\$577	\$427	Increase in net position	\$3,528	\$5,364	(\$1,836)

Volusia Health Network / Halifax Management Systems
Statements of Revenues, Expenses and Changes in Net Position
(\$ in thousands)

Actual Month Ended September 30, 2019	Static Budget Month Ended September 30, 2019	Favorable (Unfavorable) Variance		Actual Twelve Months Ended September 30, 2019	Static Budget Twelve Months Ended September 30, 2019	Favorable (Unfavorable) Variance
			Operating revenues:			
\$0	\$0	\$0	Net patient service revenue, before provision for bad debts	\$0	\$0	\$0
-	-	-	Provision for bad debts	-	-	-
-	-	-	Net patient service revenue	-	-	-
341	362	(21)	Other revenue	4,391	4,348	43
341	362	(21)	Total operating revenues	4,391	4,348	43
			Operating expenses:			
45	57	12	Salaries and benefits	609	692	83
26	38	12	Purchased services	468	452	(16)
-	1	1	Supplies	2	8	6
69	67	(2)	Depreciation and amortization	826	799	(27)
-	-	-	Interest	63	-	(63)
5	5	-	Leases and rentals	61	61	-
-	3	3	Other	6	32	26
145	171	26	Total operating expenses	2,035	2,044	9
196	191	5	Excess of operating revenues over expenses	2,356	2,304	52
			Nonoperating revenues, expenses, and gains/(losses):			
-	-	-	Realized investment income/(losses)	-	-	-
-	-	-	Unrealized investment income/(losses)	-	-	-
-	-	-	Donation revenue	-	-	-
-	-	-	Nonoperating gains/(losses), net	-	-	-
-	-	-	Total nonoperating revenues, expenses, and gains/(losses)	-	-	-
\$196	\$191	\$5	Increase in net position	\$2,356	\$2,304	\$52

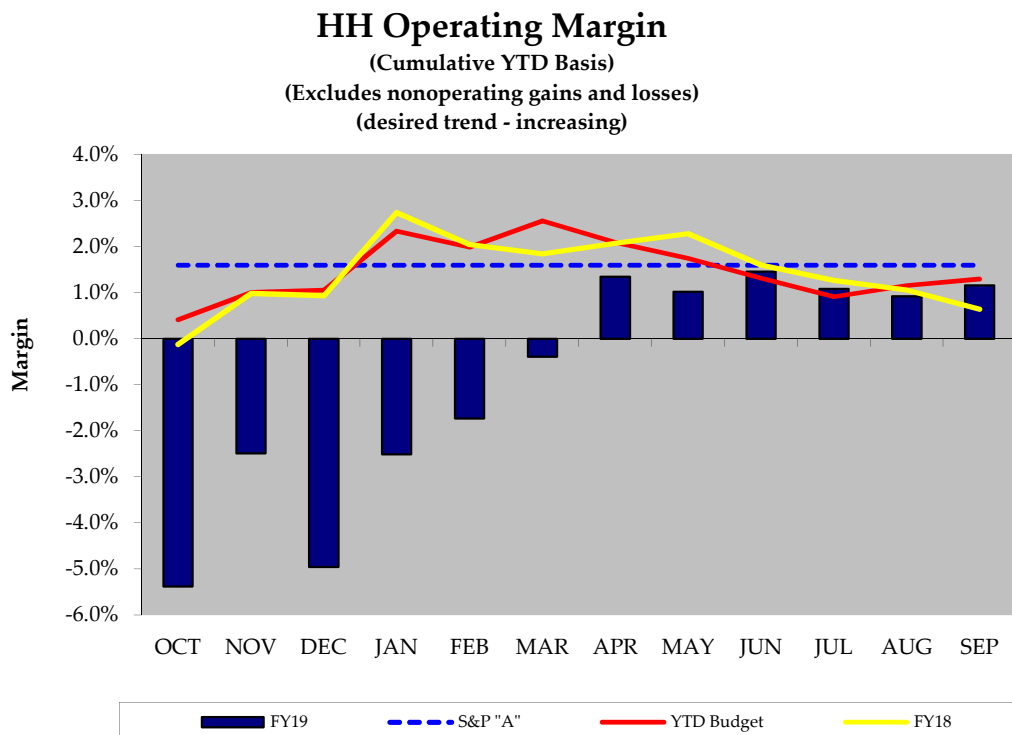
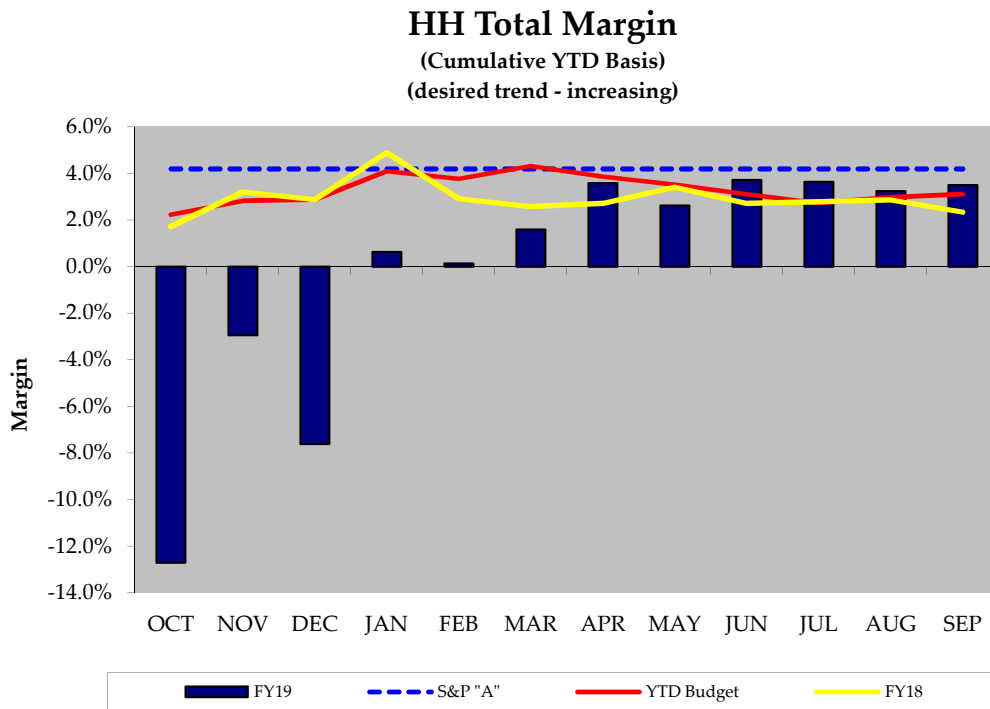
Halifax Health Foundation
Statements of Revenues, Expenses and Changes in Net Position
(\$ in thousands)

Actual Month Ended September 30, 2019	Static Budget Month Ended September 30, 2019	Favorable (Unfavorable) Variance		Actual Twelve Months September 30, 2019	Static Budget Twelve Months September 30, 2019	Favorable (Unfavorable) Variance
			Operating revenues:			
\$0	\$0	\$0	Net patient service revenue, before provision for bad debts	\$0	\$0	\$0
-	-	-	Provision for bad debts	-	-	-
-	-	-	Net patient service revenue	-	-	-
128	127	1	Realized investment income/(losses)	2,081	1,520	561
554	-	554	Unrealized investment income/(losses)	(1,939)	-	(1,939)
-	-	-	Donation revenue	-	-	-
87	89	(2)	Other revenue	1,149	1,069	80
769	216	553	Total operating revenues	1,291	2,589	(1,298)
			Operating expenses:			
10	10	-	Salaries and benefits	126	125	(1)
1	4	3	Purchased services	10	45	35
-	-	-	Supplies	-	-	-
-	-	-	Depreciation and amortization	-	-	-
-	-	-	Interest	-	-	-
-	-	-	Leases and rentals	-	-	-
63	67	4	Other	557	806	249
74	81	7	Total operating expenses	693	976	283
\$695	\$135	\$560	Increase in net position	\$598	\$1,613	(\$1,015)

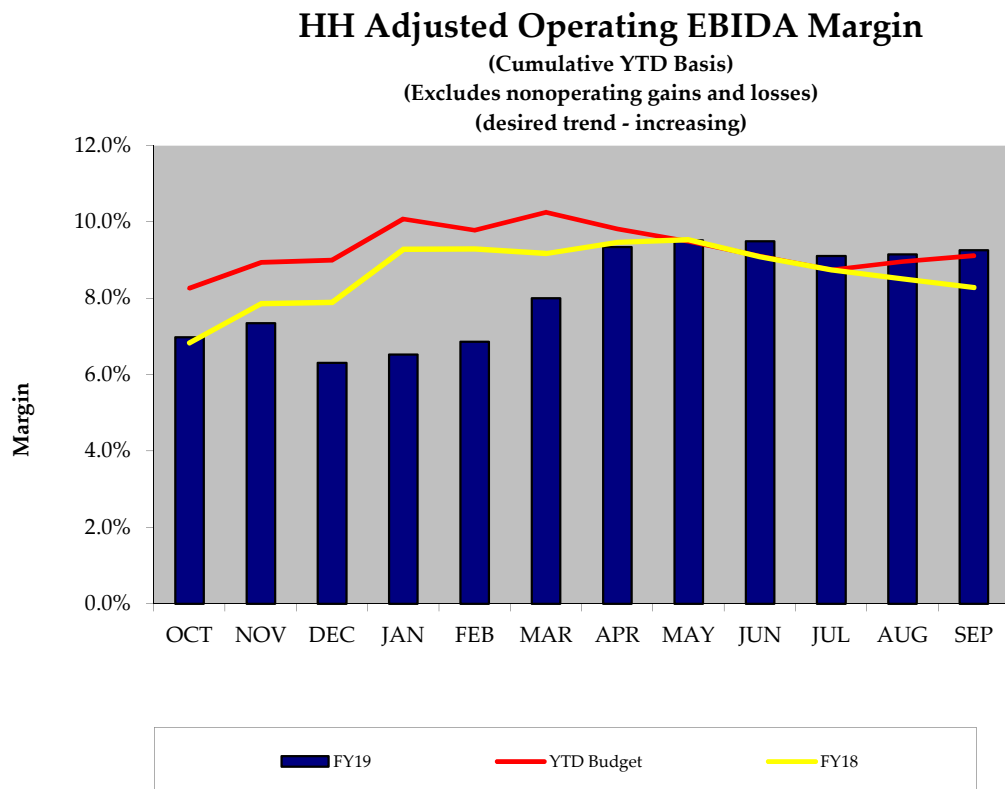
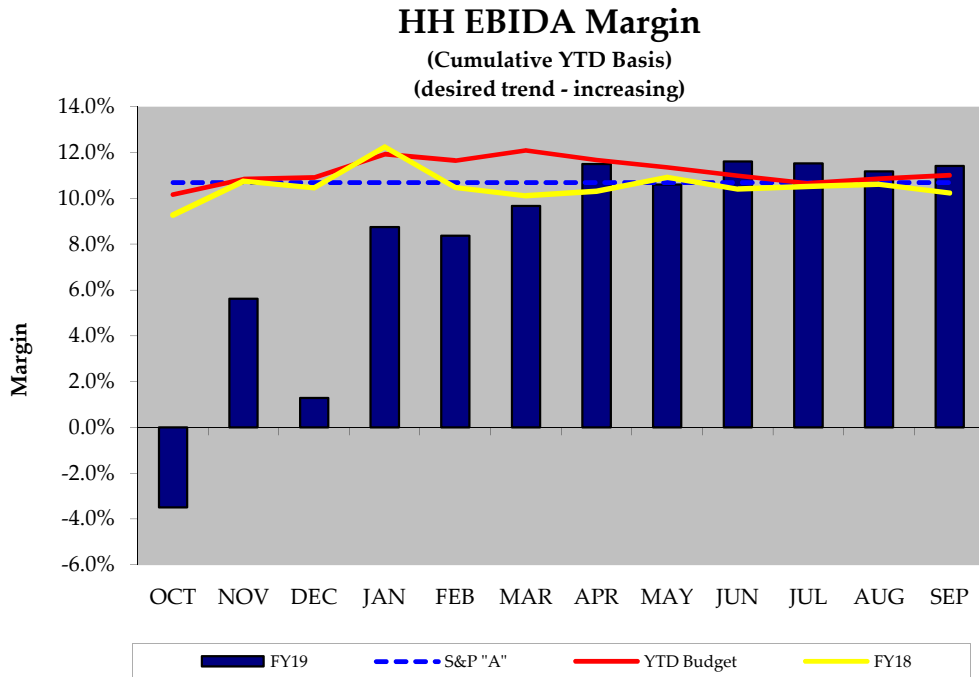
Halifax Health Medical Center (Obligated Group)
Statements of Revenues, Expenses and Changes in Net Position
(\$ in thousands)

Actual Month Ended September 30, 2019	Static Budget Month Ended September 30, 2019	Favorable (Unfavorable) Variance		Actual Twelve Months September 30, 2019	Static Budget Twelve Months September 30, 2019	Favorable (Unfavorable) Variance
			Operating revenues:			
\$40,643	\$46,220	(\$5,577)	Net patient service revenue, before provision for bad debts	\$563,018	\$581,925	(\$18,907)
(1,311)	(7,335)	6,024	Provision for bad debts	(74,177)	(92,432)	18,255
39,332	38,885	447	Net patient service revenue	488,841	489,493	(652)
511	511	-	Ad valorem taxes	6,129	6,129	-
2,205	1,439	766	Other revenue	19,988	17,250	2,738
42,048	40,835	1,213	Total operating revenues	514,958	512,872	2,086
			Operating expenses:			
20,095	19,643	(452)	Salaries and benefits	254,311	260,922	6,611
6,456	5,765	(691)	Purchased services	77,396	68,914	(8,482)
7,931	7,947	16	Supplies	98,754	99,030	276
2,059	1,976	(83)	Depreciation and amortization	25,234	24,731	(503)
1,550	1,610	60	Interest	19,222	19,319	97
560	530	(30)	Ad valorem tax related expenses	6,317	6,356	39
398	537	139	Leases and rentals	6,881	6,449	(432)
2,158	2,131	(27)	Other	25,629	25,578	(51)
41,207	40,139	(1,068)	Total operating expenses	513,744	511,299	(2,445)
841	696	145	Excess of operating revenues over expenses	1,214	1,573	(359)
			Nonoperating revenues, expenses, and gains/(losses):			
404	568	(164)	Realized investment income/(losses)	7,329	6,815	514
(68)	-	(68)	Unrealized investment income/(losses)	1,992	-	1,992
10	-	10	Donation revenue	77	-	77
1,895	903	992	Income (loss) from affiliates	6,482	9,281	(2,799)
(30)	21	(51)	Nonoperating gains/(losses), net	3,271	258	3,013
2,211	1,492	719	Total nonoperating revenues, expenses, and gains/(losses)	19,151	16,354	2,797
\$3,052	\$2,188	\$864	Increase in net position	\$20,365	\$17,927	\$2,438

Halifax Health Financial Summary - Graphic

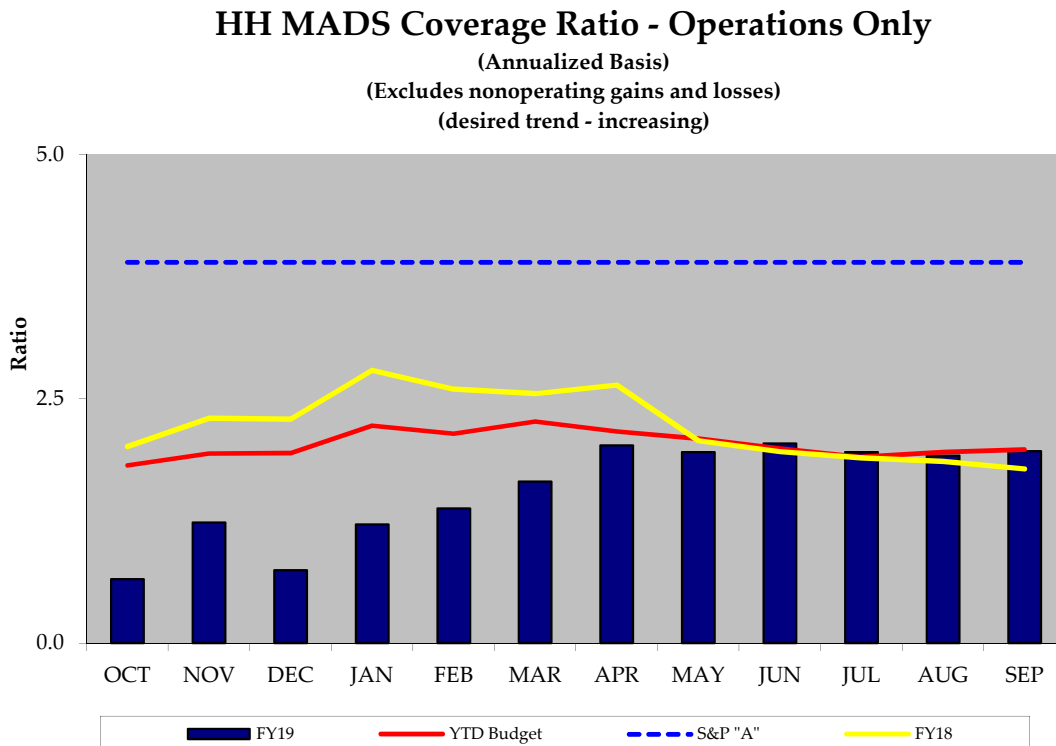
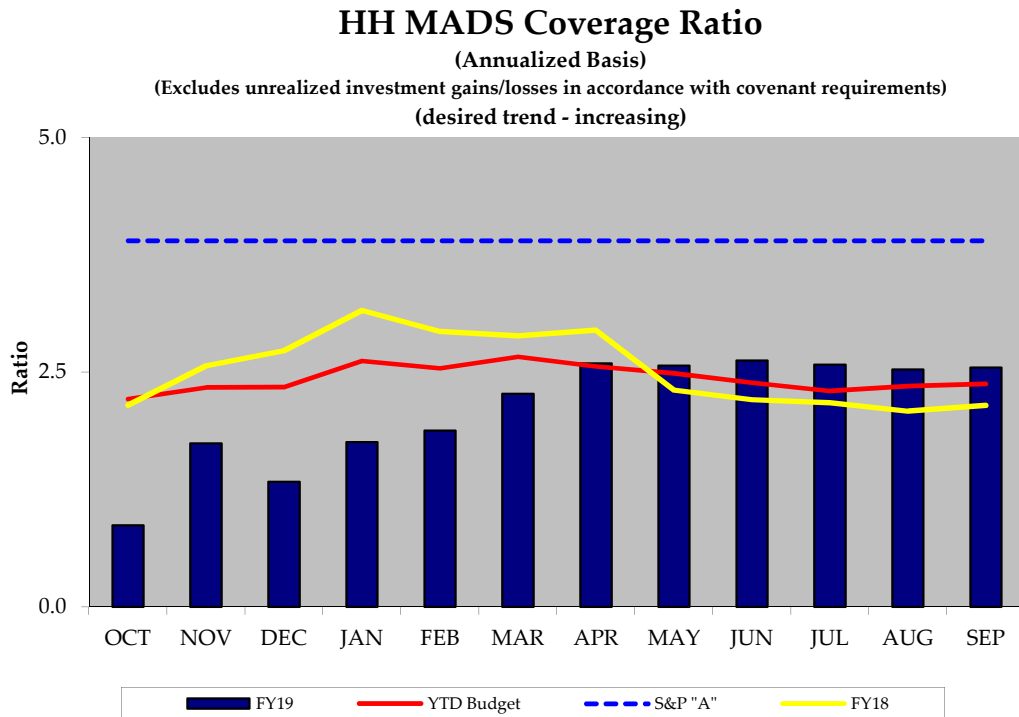


Halifax Health Financial Summary - Graphic



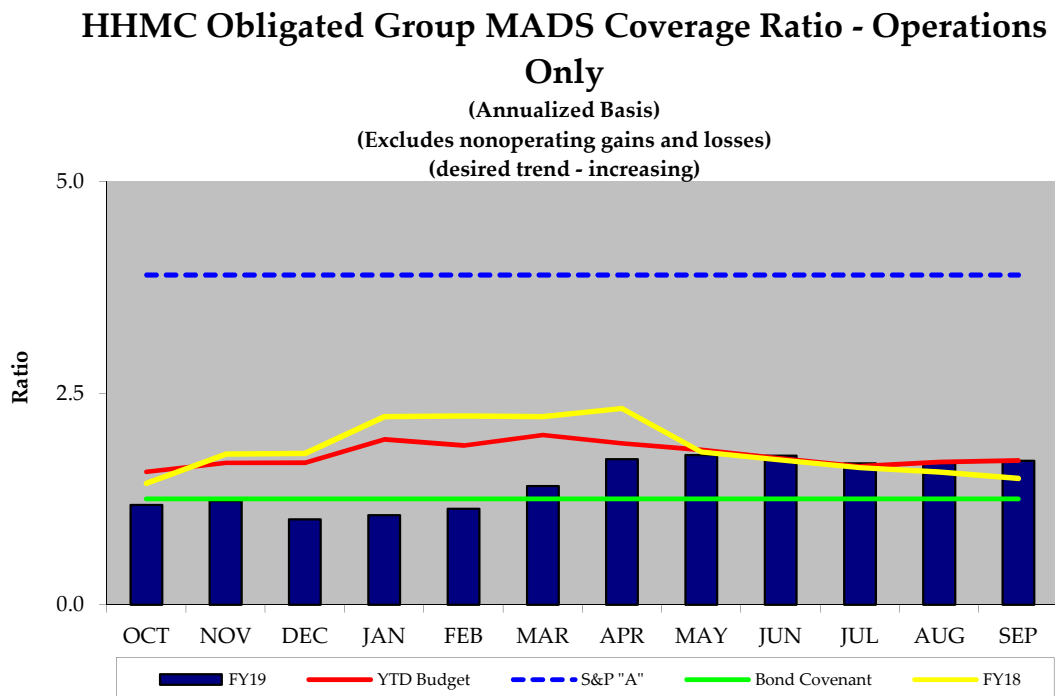
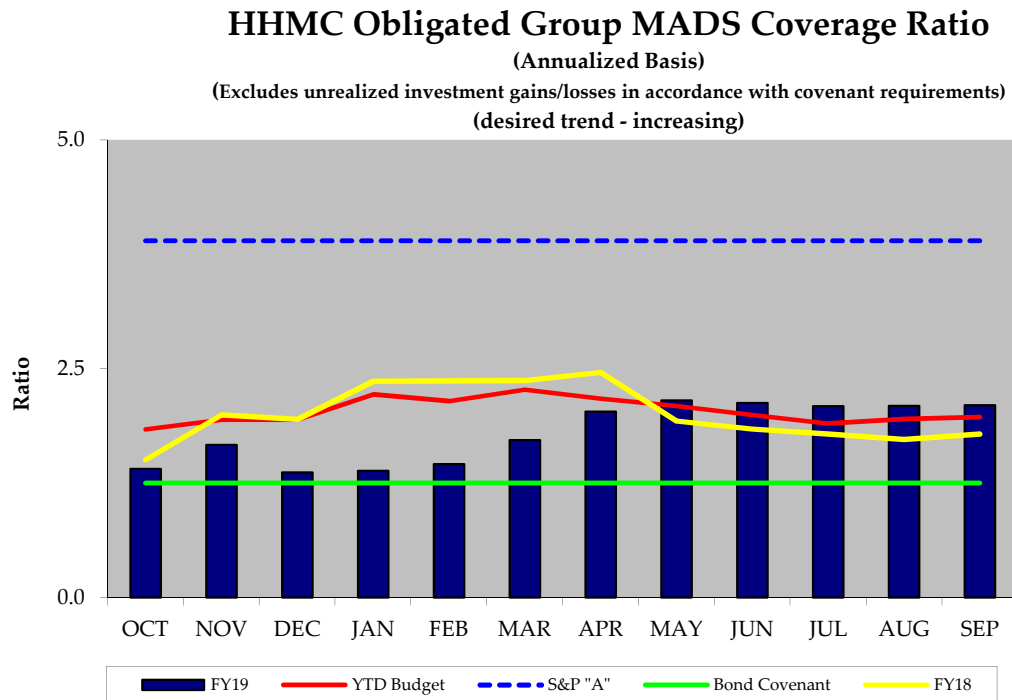
Halifax Health

Financial Summary - Graphic



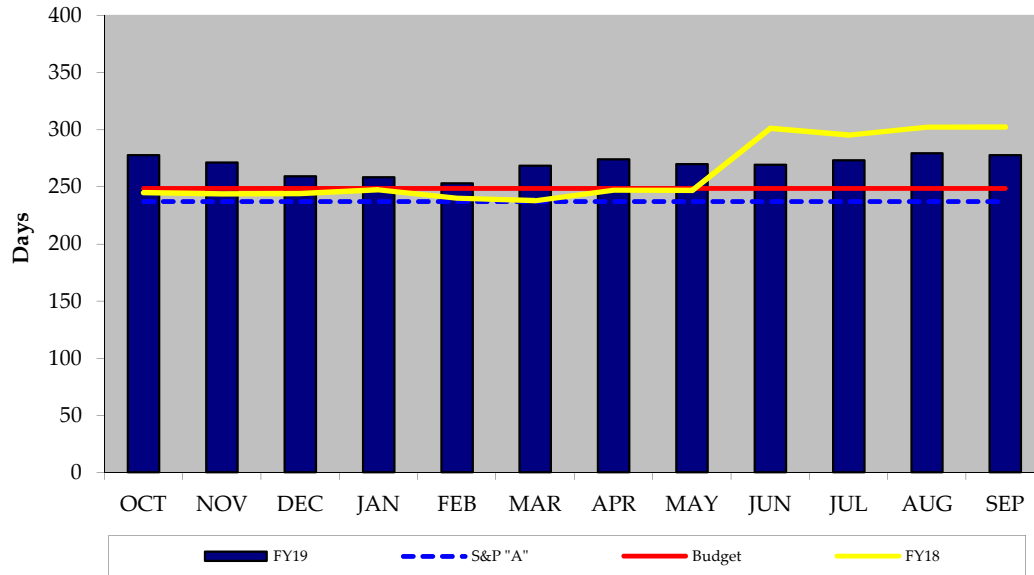
Halifax Health

Financial Summary - Graphic

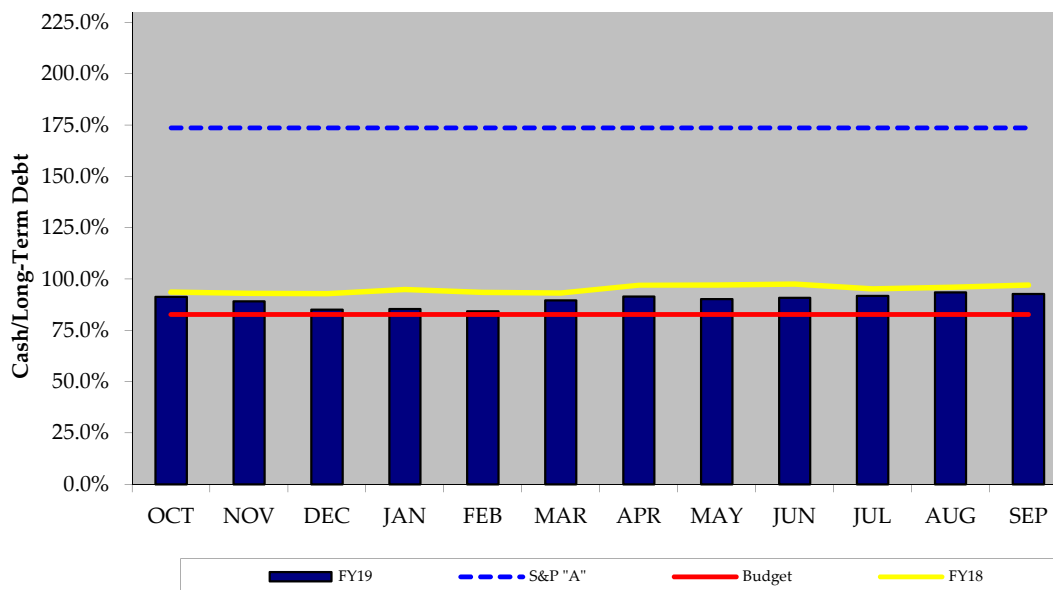


Halifax Health Financial Summary - Graphic

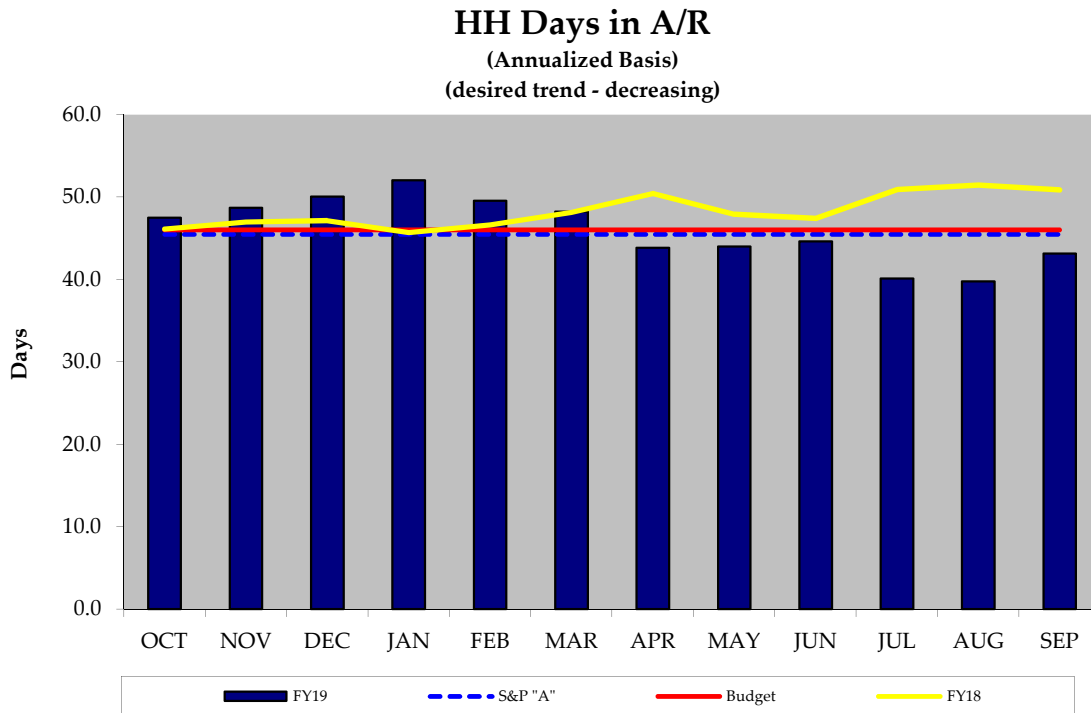
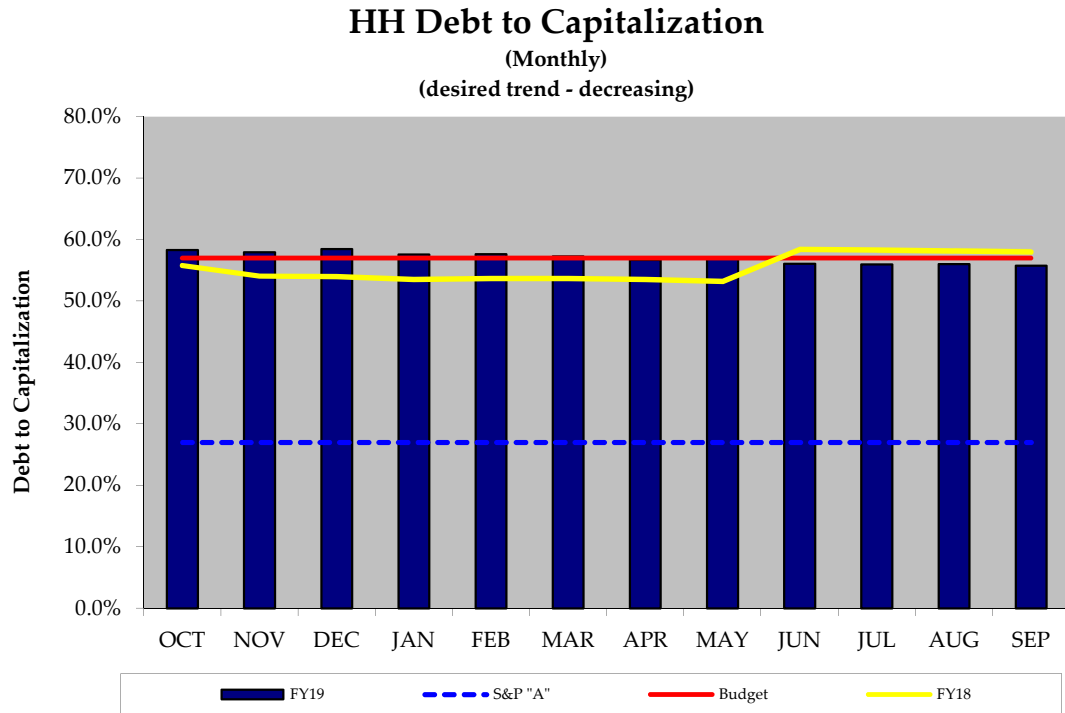
HH Days Cash on Hand (Annualized Basis) (desired trend - increasing)



HH Cash/Debt (Monthly) (desired trend - increasing)

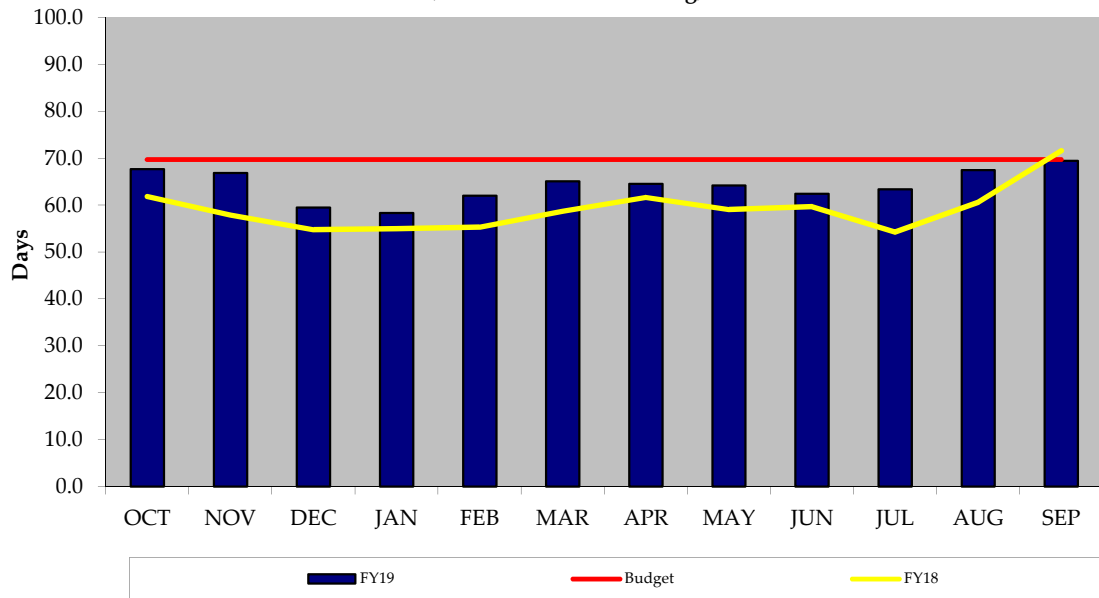


Halifax Health Financial Summary - Graphic

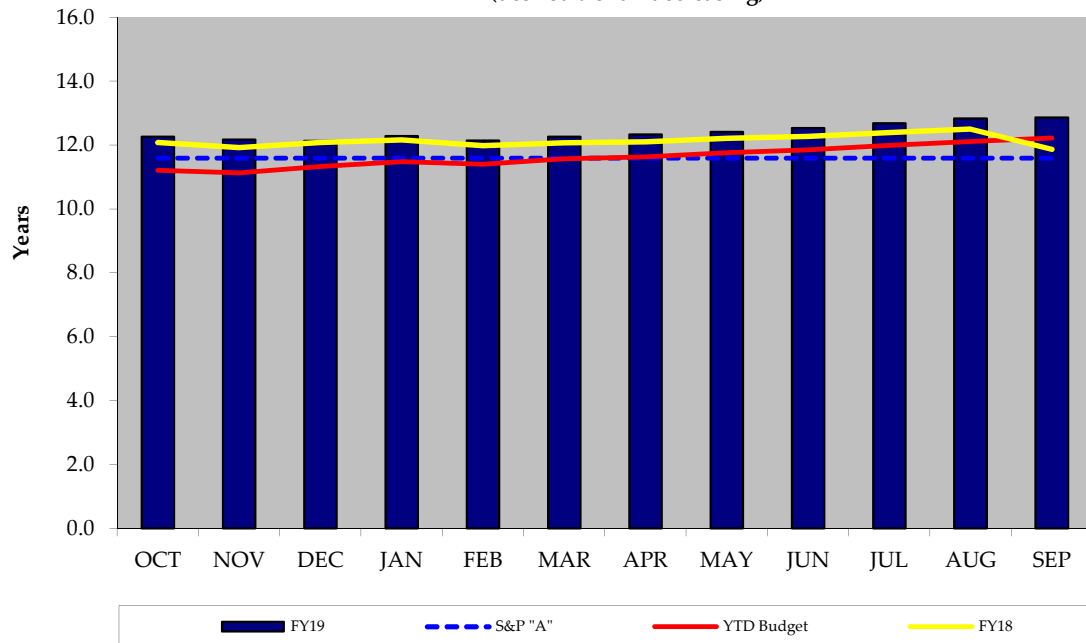


Halifax Health Financial Summary - Graphic

HH Average Payment Period
(Annualized Basis)
(desired trend - decreasing)



HH Average Age of Plant
(Annualized Basis)
(desired trend - decreasing)



Halifax Health
Financial Ratios and Operating Indicators
Definitions and Calculations

Indicator	Definition	Calculation
Total Margin *	Gauges the relative efficiency with which the System produces its output.	$\frac{\text{Net Income}}{\text{Total Revenues}}$
EBIDA Margin *	Gauges the relative efficiency excluding capital costs with which the System produces its output.	$\frac{\text{Net income} + \text{Int} + \text{Depr} + \text{Amort}}{\text{Total Revenues}}$
MADS Coverage Ratio *	Measures profitability relative to the Maximum Principal and Interest Payment of Debt	$\frac{\text{Net Income} + \text{Depr} + \text{Amort} + \text{Int}}{\text{Maximum Annual Debt Service}}$
Days Cash on Hand	Measures the number of days of average cash expenses that the System maintains in cash and cash equivalents and unrestricted investments.	$\frac{\text{Unrestricted Cash and Investments}}{(\text{Total Expenses} - \text{Depr}) / \text{Days in Period}}$
Cash to Long-term Debt	Measures the percentage of unrestricted cash and investments to long-term debt.	$\frac{\text{Unrestricted Cash and Investments}}{\text{Long-term Debt}}$
Long-term Debt to Capitalization	Measures the reliance on long-term debt financing and ability to issue new debt.	$\frac{\text{Long-term Debt}}{\text{Long-term Debt} + \text{Net Position}}$
Days in Accounts Receivable	Measures the average time that receivables are outstanding, or the average collection period.	$\frac{\text{Accounts Receivable}}{\text{Net Patient Service Revenue} / \text{Days in Period}}$
Average Payment Period	Provides a measure of the average time that elapses before current liabilities are paid.	$\frac{\text{Current Liabilities}}{(\text{Total Expenses} - \text{Depr}) / \text{Days in Period}}$
Average Age of Plant	Provides a measure of the average age in years of the System's fixed assets.	$\frac{\text{Accumulated Depreciation}}{\text{Depreciation Expense}}$
Operating Margin	Gauges the relative operating efficiency with which the System produces its output.	$\frac{\text{Excess of Operating Revenues}}{\text{Total Operating Revenues} + \text{Bad Debt}}$
* Operations Only Indicators	Excludes realized and unrealized investment income, donations, and nonoperating gains and losses	

Halifax Health
FY 2019 Capital Investment Strategy
Executive Summary
As of September 30, 2019
(\$ in thousands)

Summary of Capital Approvals

FY 2019 Capital Budget	\$ 20,000
Projected funds available in excess of FY 2019 Capital Investment	8,738
FY 2019 Adjusted Capital Budget	<u>28,738</u>
 FY 2019 Board of Commissioners approved projects	 \$ 5,374
FY 2019 CIC approved projects, net of those subsequently approved by the Board	1,229
Approved capital projects	<u>6,603</u>
 Available for new projects	 <u><u>\$ 22,135</u></u>

Project(s) proposed for Board of Commissioners approval:

Retail Pharmacy	\$ 1,100
Acquisition of Pulmonary Medical Office	1,013
BrainLab Neurosurgical Navigation System	489
Epiphany ECG Data Management System	403
C-Arm	401
SQL Licenses (x23)	336
Surgical Microscope	286
Wireless Access Points (Qty 180)	149
Ultrasound for OB Diagnostics	140
EKG Carts (x8)	66
Televisions (Qty 180) for France Tower	58
	<u>4,439</u>

Available Capital if Proposed Projects are Approved	<u><u>\$ 17,696</u></u>
---	-------------------------

Halifax Health
FY 2019 Capital Investment Strategy
As of September 30, 2019
(\$ in thousands)

	Hospital Only	HH Holdings	HH Obligated Group	VHS/HMS	Foundation	Hospice	Total Halifax Health
Unrestricted Cash and Investments and days cash on hand							
Actual unrestricted Cash and Investments as of September 3030, 2019	\$ 196,476	\$ 83,722	\$ 280,198	\$ 4,148	\$ 40,156	\$ 81,780	\$ 406,283
Days cash on hand [S&P Calculation]	161.4		229.8			676.5	277.4
Days cash on hand including bad debt [Bond Compliance Calculation]	138.3		196.9			669.1	243.4
Projection of Cash Available for Capital Investment - FY 2019							
Actual unrestricted Cash and Investments as of September 30, 2019	\$ 196,476	\$ 83,722	\$ 280,198	\$ 4,148	\$ 40,156	\$ 81,780	\$ 406,283
Budgeted Cash and Investments at September 30, 2019	165,807	94,126	259,933	724	36,202	65,164	362,023
Difference	30,669	(10,404)	20,266	3,424	3,954	16,616	44,260
Calculation of Cash from Operations Available for Capital Investment							
Deltona capital expenditures		(15,398)	(15,398)	-	-	-	(15,398)
FEMA reimbursement for capital projects	426		426	-	-	-	426
Total expected cash and investments available for capital expenditures	(A) \$ 31,095	(A) \$ (25,801)	(A) \$ 5,294	(A) \$ 3,424	(A) \$ 3,954	(A) \$ 16,616	(A) \$ 29,288
Projected Capital Investments FY 2019							
Capital projects approved in FY 2018 and prior	\$ 12,550	\$ -	\$ 12,550	\$ -	\$ -	\$ -	\$ 12,550
FY2019 capital budget	19,700	-	19,700	-	-	300	20,000
Estimated carryover of approved projects to FY 2020	(12,000)	-	(12,000)	-	-	-	(12,000)
Projected capital expenditures	(B) 20,250	(B) -	(B) 20,250	(B) -	(B) -	(B) 300	(B) 20,550
Projected funds available in excess of capital expenditures	(A)-(B) \$ 10,845	(A)-(B) \$ (25,801)	(A)-(B) \$ (14,956)	(A)-(B) \$ 3,424	(A)-(B) \$ 3,954	(A)-(B) \$ 16,316	(A)-(B) \$ 8,738
Summary of Capital Approvals							
FY 2019 Capital Budget	\$ 19,700	\$ -	\$ 19,700	\$ -	\$ -	\$ 300	\$ 20,000
Projected funds available in excess of FY 2019 Capital Investment	10,845	(25,801)	(14,956)	3,424	3,954	16,316	8,738
FY 2019 Adjusted Capital Budget	(C) 30,545	(C) (25,801)	(C) 4,744	(C) 3,424	(C) 3,954	(C) 16,616	(C) 28,738
FY 2019 Board of Commissioners approved projects	4,703	-	4,703	-	-	671	5,374
FY 2019 CIC approved projects, net of those subsequently approved by the Board	1,174	-	1,174	-	-	55	1,229
Approved capital projects	(D) 5,877	(D) -	(D) 5,877	(D) -	(D) -	(D) 725	(D) 6,603
Available for new projects	(C)-(D) \$ 24,668	(C)-(D) \$ (25,801)	(C)-(D) \$ (1,133)	(C)-(D) \$ 3,424	(C)-(D) \$ 3,954	(C)-(D) \$ 15,890	(C)-(D) \$ 22,135
Project(s) proposed for Board of Commissioners approval:							
Retail Pharmacy	\$ 1,100	\$ -	\$ 1,100	\$ -	\$ -	\$ -	\$ 1,100
Acquisition of Pulmonary Medical Office	1,013	-	1,013	-	-	-	1,013
BrainLab Neurosurgical Navigation System	489	-	489	-	-	-	489
Epiphany ECG Data Management System	403	-	403	-	-	-	403
C-Arm	401	-	401	-	-	-	401
SQL Licenses (x23)	336	-	336	-	-	-	336
Surgical Microscope	286	-	286	-	-	-	286
Wireless Access Points (Qty 180)	149	-	149	-	-	-	149
Ultrasound for OB Diagnostics	140	-	140	-	-	-	140
EKG Carts (x8)	66	-	66	-	-	-	66
Televisions (Qty 180) for France Tower	58	-	58	-	-	-	58
Total	4,439	-	4,439	-	-	-	4,439
Available Capital if Proposed Projects are Approved	\$ 20,229	\$ (25,801)	\$ (5,573)	\$ 3,424	\$ 3,954	\$ 15,890	\$ 17,696

Halifax Health
FY 2019 Capital Budget
(in Thousands)

		(A)	(B)	(A) + (B)
		FY 19 Capital Budget	FY 19 Approvals	Remaining Balance
Item	Information Technology			
1	Laptop/Desktop Refresh	\$ 600	\$ (500)	\$ 100
2	IT Internal Resource Capitalization	500	(500)	-
3	IT Enterprise Projects	500	(190)	310
4	NAS Hardware Replacement	400	(369)	31
5	Enterprise SQL Phase 2	400	(336)	64
6	WOW Replacements	200		200
7	Security Camera Upgrade to IP	150		150
8	Wireless Upgrade	150	(149)	1
9	Enterprise Infrastructure	100	(74)	26
	Total Information Technology	\$ 3,000	\$ (2,117)	\$ 883
Item	Medical Equipment			
10	Siemens Nexaris Angio/CT Oncology Suite Project	\$ 2,500	\$ -	\$ 2,500
11	BrainLab Neurosurgical Navigation System	-	(489)	(489)
12	Echo Cart Replacement (2)	470		470
13	Ventilators (15)	446	(320)	126
14	C-Arm	-	(401)	(401)
15	Patient Monitors (6)	350	(340)	10
16	EP Ablation System & Mapping Upgrade	350		350
17	Epiphany EKG Data Management System Upgrade	350	(403)	(53)
18	Baxter Pumps (100)	302	(243)	60
19	Surgical Microscope	-	(286)	(286)
20	Critical Care Beds (16)	259		259
21	Med/Surg Beds (27)	162		162
22	Portable X-Ray System (1)	160	(150)	10
23	Diagnostic Ultrasound Unit Replacement HHPO (1)	148	(145)	4
24	Ultrasound Machine (1)	140	(140)	0
25	Medical Equipment Emergency Purchases over \$100,000	1,000	(935)	65
26	Medical Equipment Projects under \$100,000	1,338	(760)	578
	Total Medical Equipment	\$ 7,975	\$ (4,610)	\$ 3,365
Item	Infrastructure/Facilities			
27	T-Zone AHU Replacement	\$ 1,250	\$ -	\$ 1,250
28	Humidifiers	700		700
29	500 Ton Chiller	600		600
30	AHU D Replacement	300		300
31	South Machine Room Heat Exchanger Replacement	175		175
32	Infrastructure Emergency Purchases over \$100,000	1,000	(556)	444
33	Infrastructure Projects under \$100,000	1,000	(520)	480
	Total Infrastructure/Facilities	\$ 5,025	\$ (1,076)	\$ 3,949
Item	Hospice Capital Expenditures			
34	Hospice Capital	\$ 300	\$ (725)	\$ (425)
	Total Hospice Capital Expenditures	\$ 300	\$ (725)	\$ (425)
Item	Other			
35	Service Expansion	\$ 3,700	\$ (2,513)	\$ 1,188
	Total Other	\$ 3,700	\$ (2,513)	\$ 1,188
	Total HH Capital Expenditures	\$ 20,000	\$ (11,042)	\$ 8,958

Halifax Health
FY 2019 and Prior Approved Capital Projects and Expenditures
As of September 30, 2019
(\$ in thousands)

		Total Carryover and Approved	Spent During FY 2019	HMC Remaining to be Spent
Capital funds required for projects approved in FY 2018 and prior				
West Clyde Morris Infrastructure (Spine Road)	18-1115-007	\$ 2,930	\$ (2,113)	\$ 817
Vendor Neutral Archive (VNA) for Enterprise Imaging	16-0720-002	1,474	(890)	584
ROC Renovation	18-0321-001	1,380	(1,376)	3
CT Scanner - Radiation Oncology	18-0418-001	517	-	517
Roof Replacement, Building B	18-0718-001	505	-	505
Pediatric Telemetry Monitors	18-1220-002	429	(425)	4
Medical Oncology Expansion-Port Orange	17-0215-004	389	(102)	288
Wound Therapy Units (x13)	18-0516-002	358	(338)	19
Security Camera System	18-0620-001	349	(254)	95
Laundry Facility Modification	18-0516-004	327	(151)	176
Fan Coil Units (FCUs) Connection to Emergency Generator at HHPO	18-0117-001	300	(95)	205
GI Lab Relocation	18-1018-002	140	(140)	0
Echo Cart (Ultrasound) with TEE Probe	18-0718-002	222	(120)	102
IV Pumps	17-0816-017	202	0	202
Subtotal of approved items less than \$100k		1,830	(1,073)	757
Total Capital funds required for projects approved in FY 2018 and prior		\$ 12,550	\$ (8,071)	\$ 4,479
FY2019 Board Approved Capital Projects				
Mako System with Total Knee Application	19-0515-023	\$ 790	\$ -	\$ 790
Laptops (x90) and PCs (x800)	19-0515-003	500	-	500
IT Internal Resource Capitalization		500	-	500
West Clyde Morris Infrastructure-Additional Approval	18-1115-007	400	-	400
Storage Platform & Software for IT	19-0515-004	369	-	369
CVICU Monitoring (x6) Upgrade	19-0717-002	340	-	340
Hospice POCC Window Shutters	19-0619-002	331	-	331
Ventilators (Qty 10)	19-0717-003	320	-	320
Baxter Infusion Pumps (x100) for Oncology	19-0619-008	243	-	243
Hospice WVCC Wind Shutters	19-0515-002	237	-	237
Pharmacy Renovation-Ormond Beach ROC	19-0515-024	236	-	236
Pharmacy Renovation-Port Orange ROC	19-0515-025	216	(0)	216
Kronos Software for Employee Self Service	19-0717-004	154	-	154
Diagnostic Portable X-Ray	19-0717-005	150	-	150
Ultrasound for Cardiac Cath Lab	19-0717-006	145	-	145
Ultrasound for HHPO	19-0717-007	145	-	145
Automatic Transfer Switch (ATS) for Generator #6 Chiller	19-0515-005	104	-	104
Hospice Ormond Care Center Window Shutters	19-0515-006	103	-	103
Color Print Press	19-0619-009	93	-	93
Total FY 2019 Board Approved Capital Projects		\$ 5,374	\$ (0)	\$ 5,374
FY 2019 Other Approved Capital Projects				
Renal Replacement Therapy Equipment (Prismaflex)	19-1120-001	\$ 92	\$ (89)	\$ 3
Chillers for MRI (Air SYS)	19-1219-003	50	(50)	-
201 Bldg. Renovation Floors 1 & 2	19-0717-008	50	(24)	26
Salad Bar	19-0717-009	50	-	50
Subtotal of approved items less than \$50k		1,137	(550)	586
Total FY 2019 Other Approved Capital Projects		\$ 1,229	\$ (640)	\$ 589
Projects proposed for Board of Commissioners approval				
Retail Pharmacy		\$ 1,100	\$ -	\$ 1,100
Acquisition of Pulmonary Medical Office		1,013	-	489
BrainLab Neurosurgical Navigation System	19-0821-002	489	-	489
Epiphany ECG Data Management System	19-0918-002	403	-	403
C-Arm	19-0821-003	401	-	401
SQL Licenses (x23)	19-0918-003	336	-	336
Surgical Microscope	19-0821-004	286	-	286
Wireless Access Points (Qty 180)	19-0918-004	149	-	149
Ultrasound for OB Diagnostics	19-0918-005	140	-	140
EKG Carts (x8)	19-0918-006	66	-	66
Televisions (Qty 180) for France Tower	19-0918-007	58	-	58
Total Project(s) proposed for Board approval		\$ 4,439	\$ -	\$ 3,915

CAPITAL EXPENDITURES & OPERATING LEASES
November 2019

Capital Expenditures \$50,000 and over

DESCRIPTION	DEPARTMENT	SOURCE OF FUNDS	TOTAL
Acquisition of Pulmonary Medical Office – 601 N. Clyde Morris Boulevard	Physician Services	Working Capital	\$1,137,066
Retail Pharmacy	Population Health Business Development	Working Capital	\$1,109,493
BrainLab Navigation System	Surgical Services	Working Capital	\$488,774
Epiphany EKG Data Management System	Information Technology	Working Capital	\$402,785
C-Arm for Radiology	Radiology Department	Working Capital	\$401,401
SQL Licenses	Information Technology	Working Capital	\$335,622
Surgical Microscope	Surgical Services	Working Capital	\$285,891
Wireless Access Points	Information Technology	Working Capital	\$148,626
Ultrasound for OB Diagnostics/Maternal Fetal Medicine	OB Diagnostics/Maternal Fetal Medicine	Working Capital	\$139,567
EKG Machines with Carts	EKG Department	Working Capital	\$65,912
Televisions for France Tower	Information Technology	Working Capital	\$58,104

Operating Leases \$250,000 and over

DESCRIPTION	DEPARTMENT	REPLACEMENT Y/N	LEASE TERMS	INTEREST RATE	MONTHLY PAYMENT



HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer
FROM: Eric Peburn, Executive Vice President and Chief Financial Officer
CC: Jeanne Connelly, Executive Director, Physician Services
DATE: October 15, 2019
RE: Acquisition of Pulmonary Medical Office – 601 N. Clyde Morris Boulevard

Halifax Health Physician Services is requesting funding to purchase medical office real estate and related equipment, furnishings and renovations. With the acquisition of the practice, Halifax Health will increase access to quality pulmonary services for the residents of the community.

Pulmonology is a major service line requiring a closely affiliated relationship with Halifax Health's critical care and inpatient care team to meet the expectations of patients and payers for quality care as demonstrated by positive outcomes and reduced cost of care. The transition of care from inpatient acute pulmonology care to outpatient chronic pulmonology care needs to be well defined to improve outcomes for patients, increase patient compliance and reduce readmissions.

The most effective and efficient means of achieving this strategic position is to employ and partner with pulmonary physicians to create, implement and manage the system of pulmonary services. Employing an established pulmonologist provides the foundation for the recruitment of the next generation of pulmonologists to meet the needs of our residents and the strategic direction of Halifax Health.

The integration of Dr. R. Steven White's practice provides the services of a well-respected, experienced pulmonologist who has the capacity for an additional physician. Dr. White will enter into an employment agreement and continue to provide medical services in the purchased medical office.

We request approval for the acquisition of Dr. White's real estate and related costs as reflected below.

TOTAL CAPITAL COSTS \$1,137,066

Office Real Estate - 601 N. Clyde Morris Blvd Daytona Beach	\$1,012,500
Building Renovations & Improvements	\$79,281
Information Technology Equipment	\$37,500
Equipment and Furnishings	\$7,785



Halifax Health Project Evaluation

Acquisition of Pulmonary Medical Office 601 N. Clyde Morris Blvd.	
Chief Operating Officer:	Alberto Tineo
VP of Operations:	Matt Petkus
Finance Analysis by:	Roxanne Edmonds

Summary

Purpose:

This project is for the purchase of a medical pulmonary office real estate and related equipment, furnishings, and renovations located at 601 North Clyde Morris Blvd to increase access to quality pulmonary services for the community.

Strategic Plan Core Competency Achievement:

Physician Integration	X
Care Coordination	
Cost Management	
Information Technology	
Service Distribution	X
Financial Position	
Scale	
Managed Care Contracting	
Competitive Position	

Cornerstone:

Safety	
Compassion	X
Image	X
Efficiency	

Investment Request for Approval **\$1,137,066**

Recommendation for approval of the project is not based upon incremental return on investment.



HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer
FROM: Eric Peburn, Executive Vice President and Chief Financial Officer
CC: Bob Williams, Population Health Business Development
DATE: October 15, 2019
RE: Retail Pharmacy

Halifax Health Population Health Business Development is requesting funding to construct a space for a retail pharmacy. The pharmacy will be located adjacent to the entrance of the Emergency Department at the main campus. In conjunction with the construction, Publix will purchase the Halifax Health Outpatient Pharmacy for \$2.1M. The new pharmacy will be operated by Publix onsite at Halifax Health.

The benefits include:

- Affords timely on-site filling of prescriptions for patients upon inpatient discharge
- Offers bedside delivery of medications
- Gives patients convenient access to retail pharmacy upon Emergency Department discharge
- Provides Halifax Health employees a convenient place to fill prescriptions
- Leverages Publix's national expertise in retail pharmacy operations
- Enhances Halifax's patient assistance program by providing patients access to Publix's free and discount medication programs
- Works seamlessly with our current 340B federal benefits contract pharmacy program
- Takes advantage of Publix pharmacy outreach programs for chronic disease management including medication adherence strategies and readmission prevention programs

TOTAL CAPITAL COSTS \$1,109,493



Halifax Health Project Evaluation

Retail Pharmacy		
Chief Financial Officer:		Eric Peburn
Director Population Health Business Development		Bob Williams
Financial Analysis by:		Steve Mach/Todd Aldrich
Summary		

Purpose:

Construction of a retail pharmacy on the Halifax Main Campus in partnership with Publix Supermarkets.

Strategic Plan Core Competency Achievement:

Physician Integration	X
Care Coordination	X
Cost Management	
Information Technology	X
Service Distribution	
Financial Position	
Scale	
Managed Care Contracting	
Competitive Position	

Cornerstone:

Safety	X
Compassion	X
Image	
Efficiency	X

Investment/Return:

	Investment Cash Flow	Operations Cash Flow	Cumulative Cash Flow
Year 0 ¹	(\$1,109,493)	\$2,100,000	\$990,507
Year 1	\$0	\$158,999	\$1,149,506
Year 2	\$0	\$160,727	\$1,310,234
Year 3	\$0	\$162,490	\$1,472,724
Year 4	\$0	\$164,288	\$1,637,012
Year 5	\$0	\$166,122	\$1,803,133
Terminal Value ²	\$0	\$0	\$1,803,133

Decision Metrics

Required rate of Return	6.2%
Internal Rate of Return (IRR)	N/A
5 Year Net Present Value (NPV)	\$1,670,501
Payback Period (in Years)	(6.2)

Investment Request for Approval **\$1,109,493**

¹ Includes capital acquisition and project startup costs

² Terminal value is estimated at 0, assumes technology is obsolete after 5 years



HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer
FROM: Alberto Tineo, Senior Vice President and Chief Operating Officer, Hospitals
CC: Matt Petkus, Vice President Operations
DATE: October 15, 2019
RE: BrainLab Navigation System

Halifax Health Surgical Services is requesting funding to purchase a BrainLab Navigation System. Surgeons will use the system to optimize navigation with pre-op planning and surgical visualization.

The image guided surgery system includes dual-option 26-inch touch monitors, 3-D software and an all-in-one smart hub. The monitors provide multiple views on larger displays to assist the surgeons during surgery. Surface acoustic wave-touch technology decreases display deterioration, enhances 3-D software images and produces higher contrast for crystal clear tissue differentiation. The all-in-one smart hub rapidly integrates third party surgical devices. Surgeons shift easily from digital imaging viewing to surgical navigation to video routing, controlling the clinical workflow with a touch of a home button.

The navigation system adapts to virtually any surgical operating room with a camera stand that can be independently raised to 100 inches in height. A convenient laser pointer located in the camera head offers optimal orientation and positioning. Surgeons and staff are free to move, expand, contract, contort and control their operating room setup with multiple varieties including sterile and non-sterile combinations.

The project was approved at the Capital Investment Committee meeting on August 21, 2019.

TOTAL CAPITAL COST \$488,774



Halifax Health Project Evaluation

BrainLab Curve Navigation System

Chief Operating Officer:	Alberto Tineo
Vice President Operations	Matt Petkus
Director, Surgical Services:	Eric Little
Finance Analysis by:	Todd Aldrich

Summary

Purpose:

This project will replace one existing Brainlab cranial/spinal navigation system in Surgical Services.

Strategic Plan Core Competency Achievement:

Physician Integration	X
Care Coordination	X
Cost Management	
Information Technology	X
Service Distribution	
Financial Position	
Scale	
Managed Care Contracting	
Competitive Position	

Cornerstone:

Safety	X
Compassion	X
Image	
Efficiency	X

Investment/Return:

	Investment Cash Flow	Operations Cash Flow	Cumulative Cash Flow	Decision Metrics	
Year 0 ¹	(\$488,774)	\$0	(\$488,774)	Required rate of Return	6.2%
Year 1	\$0	\$299,322	(\$189,452)	Internal Rate of Return (IRR)	48.5%
Year 2	\$0	\$254,931	\$65,479	5 Year Net Present Value (NPV)	\$644,947
Year 3	\$0	\$260,030	\$325,509	Payback Period (in Years)	1.7
Year 4	\$0	\$265,231	\$590,740		
Year 5	\$0	\$270,535	\$861,275		
Terminal Value ²	\$0	\$0	\$861,275		

Investment Request for Approval **\$488,774**

¹ Includes capital acquisition and project startup costs

² Terminal value is estimated at 0, assumes technology is obsolete after 5 years



HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer
FROM: Arvin Lewis, Senior Vice President and Chief Revenue Officer
CC: Tom Stafford, Vice President and Chief Information Officer
DATE: October 15, 2019
RE: Epiphany EKG Data Management System

Halifax Health Information Technology is requesting funding to purchase an Epiphany EKG Data Management System. The existing system was purchased in 2015 and is at end of life. The current vendor will end manufacturing and sale of the product and will not release updates for compatibility with subsequent operating systems.

Epiphany is a web-based, multi-modality/multi-vendor system that incorporates waveforms from multiple areas into one system, such as Cardiographs, Holter, Exercise Stress, Lifenet and Cardiac Rehab. The web-based functionality aligns with the current workflow for integration into Meditech web and iPad usage. Epiphany will also integrate with the FUJI PACS and CV systems to further complement the Enterprise Imaging project.

The project was approved at the Capital Investment Committee meeting on September 18, 2019.

TOTAL CAPITAL COST \$402,785



Halifax Health Project Evaluation

Epiphany EKG Management System

Chief Information Officer:	Tom Stafford
Manager Enterprise Imaging Informatics:	Judy Russo
Finance Analysis by:	Roxanne Edmonds

Summary

Purpose:

This project is to purchase a new Epiphany Cardio Server EKG Management System to replace the existing end of life Pyramis system which utilizes Windows Server 2008 ending support January 2020.

Strategic Plan Core Competency Achievement:

Physician Integration	
Care Coordination	X
Cost Management	
Information Technology	X
Service Distribution	X
Financial Position	
Scale	
Managed Care Contracting	
Competitive Position	

Cornerstone:

Safety	X
Compassion	
Image	X
Efficiency	

Investment Request for Approval **\$402,785**

Recommendation for approval of the project is not based upon incremental return on inv



HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer
FROM: Alberto Tineo, Senior Vice President and Chief Operating Officer, Hospitals
DATE: October 15, 2019
RE: C-Arm for Radiology

Halifax Health Radiology Department is requesting funding to purchase a C-arm for the main campus operating room.

The C-Arm will provide 3-D and 2-D capabilities that will allow the surgeons to confirm planned results and provide precise intraoperative guidance. One of the features on the C-Arm is a digital interface that will connect with the BrainLab equipment. The interface will automatically transfer 3-D datasets to the navigation system for combined use of image-guided and navigated surgery. The precise 3-D visualization will provide the surgeon the finest image quality to confidently see and evaluate anatomical structures, implants, screws, and devices.

The project was approved at the Capital Investment Committee meeting on August 21, 2019.

TOTAL CAPITAL COSTS \$401,401



Halifax Health Project Evaluation

C-Arm for Radiology

Chief Financial Officer:	Alberto Tineo
Vice President Operations:	Matt Petkus
Radiology Manager:	Andrea Huffman
Finance Analysis by:	Todd Aldrich

Summary

Purpose:

The C-Arm will provide 3-D and 2-D capabilities that will allow the surgeons to confirm planned results and provide precise intraoperative guidance

Strategic Plan Core Competency Achievement:

Physician Integration	
Care Coordination	X
Cost Management	
Information Technology	X
Service Distribution	
Financial Position	
Scale	
Managed Care Contracting	
Competitive Position	

Cornerstone:

Safety	
Compassion	
Image	
Efficiency	X

Investment Request for Approval **\$401,401**

Recommendation for approval of the project is not based upon incremental return on investment.



HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer
FROM: Arvin Lewis, Senior Vice President and Chief Revenue Officer
CC: Tom Stafford, Vice President and Chief Information Officer
DATE: October 15, 2019
RE: SQL Licenses

Halifax Health Information Technology is requesting funding to purchase twenty-three Enterprise Microsoft SQL Licenses. These licenses will allow the continued consolidation of our server database environment.

The SQL licenses will provide enhanced security, performance and compatibility as we continue to store more information electronically.

The project was approved at the Capital Investment Committee meeting on September 18, 2019.

TOTAL CAPITAL COST \$ 335,622



Halifax Health Project Evaluation

SQL Licenses

Chief Information Officer:	Tom Stafford
Director, IT Technical Services:	Mike Marques
Finance Analysis by:	Roxanne Edmonds

Summary

Purpose:

This project is to purchase 23 Enterprise Microsoft SQL Licenses to allow continued consolidation of our server database environment, as well as providing enhanced security, performance and compatibility of our electronic information.

Strategic Plan Core Competency Achievement:

Physician Integration	
Care Coordination	
Cost Management	
Information Technology	X
Service Distribution	X
Financial Position	
Scale	
Managed Care Contracting	
Competitive Position	

Cornerstone:

Safety	
Compassion	
Image	
Efficiency	X

Investment Request for Approval **\$335,622**

Recommendation for approval of the project is not based upon incremental return on inv



HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer
FROM: Alberto Tineo, Senior Vice President and Chief Operating Officer, Hospitals
CC: Matt Petkus, Vice President Operations
DATE: September 16, 2019
RE: Surgical Microscope

Halifax Health Surgical Services is requesting funding for the purchase of a Leica surgical microscope. The purchase will replace one of our existing microscopes that was acquired in January 2007 and is nearing end of life.

The new Leica microscope will work in conjunction with the navigation system for neurosurgical cases and provide more options to view the surgical field. In addition, the microscope will allow surgeons to view the patient while using the microscope to access supporting visual data directly through the oculars.

The project was approved at the Capital Investment Committee meeting on August 21, 2019.

TOTAL CAPITAL COSTS \$285,891



Halifax Health Project Evaluation

Leica M530 Surgical Microscope

Chief Financial Officer:	Alberto Tineo
Vice President Operations	Matt Petkus
Director Surgical Services	Eric Little
Finance Analysis by:	Todd Aldrich

Summary

Purpose:

This project will provide high quality optics and engineering for cranial and spine procedures.

Strategic Plan Core Competency Achievement:

Physician Integration	
Care Coordination	X
Cost Management	
Information Technology	X
Service Distribution	
Financial Position	
Scale	
Managed Care Contracting	
Competitive Position	

Cornerstone:

Safety	
Compassion	
Image	
Efficiency	X

Investment Request for Approval \$285,891

Recommendation for approval of the project is not based upon incremental return on investment.



HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer
FROM: Arvin Lewis, Senior Vice President and Chief Revenue Officer
CC: Tom Stafford, Vice President and Chief Information Officer
DATE: October 15, 2019
RE: Wireless Access Points

Halifax Health Information Technology is requesting funding to purchase 180 wireless access points. These wireless access points are part of a 3-phase rolling upgrade of all wireless access points throughout the Halifax Health campus.

The new access points provide improved wireless coverage and performance for employees and patients. Wireless has become critical to employees for communication, patient documentation and for patient's guest internet access.

The project was approved at the Capital Investment Committee meeting on September 18, 2019.

TOTAL CAPITAL COST \$ 148,626



Halifax Health Project Evaluation

Wireless Access Points

Chief Information Officer:
Director, IT Technical Services:
Finance Analysis by:

Tom Stafford
Michael Marques
Roxanne Edmonds

Summary

Purpose:

This project is to purchase of 180 Cisco wireless access points as part of a three-phase project to enhance the hospital's wireless coverage and reliability.

Strategic Plan Core Competency Achievement:

Physician Integration	
Care Coordination	
Cost Management	
Information Technology	X
Service Distribution	X
Financial Position	
Scale	
Managed Care Contracting	
Competitive Position	

Cornerstone:

Safety	
Compassion	
Image	
Efficiency	X

Investment Request for Approval \$148,626

Recommendation for approval of the project is not based upon incremental return on investment.



HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer
FROM: Alberto Tineo, Senior Vice President and Chief Operating Officer, Hospitals
CC: Tonja Williams, RN Chief Nursing Officer
DATE: October 15, 2019
RE: Ultrasound for OB Diagnostics/Maternal Fetal Medicine

Halifax Health OB Diagnostics/Maternal Fetal Medicine is requesting funding for the purchase of an ultrasound machine. The new ultrasound will replace equipment that is 6 years old, has an obsolete operating system and is no longer supported.

The state of the art ultrasound will have the ability to accurately evaluate anatomy one millimeter or less.

The project was approved at the Capital Investment Committee meeting on September 18, 2019.

TOTAL CAPITAL COSTS \$139,567



Halifax Health

Project Evaluation

Ultrasound for OB Diagnostics

Chief Nursing Officer:

Tonja Williams

Manager, Women's Services:

Heidi Wright

Finance Analysis by:

Roxanne Edmonds

Summary

Purpose:

This project is for the purchase of an ultrasound machine to replace the current unit which has an obsolete operating system that is no longer supported.

Strategic Plan Core Competency Achievement:

Physician Integration
Care Coordination
Cost Management
Information Technology
Service Distribution
Financial Position
Scale
Managed Care Contracting
Competitive Position

X
X

Cornerstone:

Safety
Compassion
Image
Efficiency

X
X

Investment Request for Approval **\$139,567**

Recommendation for approval of the project is not based upon incremental return on inv



HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer
FROM: Alberto Tineo, Senior Vice President and Chief Operating Officer, Hospitals
CC: Matt Petkus, Vice President Operations
DATE: October 15, 2019
RE: EKG Machines with Carts

Halifax Health EKG Department is requesting funding for the purchase of eight (8) electrocardiograph (EKG) machines and carts. The existing model was discontinued in 2013 and parts are no longer available.

The EKG machines will record the electrical activity of a patient's heart to assess heart rhythm, blood flow and abnormalities. The new EKG carts will have wireless capability for remote transmission from the cart to the data management system which will enter the patient information into the Electronic Medical Record. The carts also include bar coding for patient identification and rapid identification of cardiac arrhythmias.

The project was approved at the Capital Investment Committee meeting on September 18, 2019.

TOTAL CAPITAL COSTS \$65,912



Halifax Health Project Evaluation

EKG Carts (x8)

Chief Operating Officer:	Alberto Tineo
Vice President Operations:	Matt Petkus
Manager, Respiratory Therapy:	John Walburg
Finance Analysis by:	Roxanne Edmonds

Summary

Purpose:

This project is for the purchase of eight EKG carts to replace the current models which are discontinued and no longer can be repaired.

Strategic Plan Core Competency Achievement:

Physician Integration	
Care Coordination	X
Cost Management	
Information Technology	
Service Distribution	X
Financial Position	
Scale	
Managed Care Contracting	
Competitive Position	

Cornerstone:

Safety	X
Compassion	
Image	
Efficiency	X

Investment Request for Approval **\$65,912**

Recommendation for approval of the project is not based upon incremental return on inv



HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer
FROM: Arvin Lewis, Senior Vice President and Chief Revenue Officer
CC: Tom Stafford, Vice President and Chief Information Officer
DATE: October 15, 2019
RE: Televisions for France Tower

Halifax Health Information Technology is requesting funding to purchase 180 patient televisions for the France Tower. The new HD televisions will replace all existing televisions in the France Tower. The existing analog televisions are 10 years old and showing signs of wear.

The new televisions will allow for an HD signal to be broadcast in the France Tower. The HD signal will improve the functionality of the TV guide and the quality of television service for our patients.

The project was approved at the Capital Investment Committee meeting on September 18, 2019.

TOTAL CAPITAL COST \$ 58,104



Halifax Health

Project Evaluation

Televisions for France Tower

Chief Information Officer:	Tom Stafford
Director IT Technical Services:	Mike Marques
Finance Analysis by:	Roxanne Edmonds

Summary

Purpose:

This project is to purchase of 180 HD televisions to replace existing out dated units in the France Tower, providing improved signal, quality and functionality of the television service for our patients.

Strategic Plan Core Competency Achievement:

Physician Integration	
Care Coordination	
Cost Management	
Information Technology	X
Service Distribution	X
Financial Position	
Scale	
Managed Care Contracting	
Competitive Position	

Cornerstone:

Safety	
Compassion	
Image	X
Efficiency	X

Investment Request for Approval **\$58,104**

Recommendation for approval of the project is not based upon incremental return on investment.

**Halifax Health Medical Center
Late Submission Capital Inventory Disposals
AUGUST/SEPTEMBER 2019**

The Board hereby deems the following property to be surplus in that: the items are obsolete, their continued use would be uneconomical or inefficient, or they serve no useful function. Disposition of said property is therefore authorized pursuant to Florida Statutes, Chapter 274.

Asset #	Description	Department	Date Purchased	Disposition Status	Original Cost	Book Value
46153	BIODEX MACHINE	201 PHYSICAL THERAPY	09/07/94	BROKEN/IRREPAIRABLE	2,295.00	-
46163	6X8 HI-LO MAT TABLE	201 PHYSICAL THERAPY	08/31/94	BROKEN/IRREPAIRABLE	2,702.83	-
52447	FLUIDTHERAPY MACHINE	201 OCCUPATIONAL THERAPY	10/01/88	BROKEN/IRREPAIRABLE	4,444.86	-
47403	WHEELCHAIR SCALE	HEALTH FITNESS CENTER	10/01/96	BROKEN/IRREPAIRABLE	1,416.97	-
59191	PORTABLE HEMODIALYSIS MACHINE	DIALYSIS	02/22/06	BROKEN/IRREPAIRABLE	18,827.00	-
50886	MEDICAL RECORD SHELVING	MEDICAL RECORDS	10/13/99	SURPLUS SHELVING	2,698.50	-
0034702	MEDICAL RECORD SHELVING	MEDICAL RECORDS	05/01/87	SURPLUS SHELVING	40,775.62	-
46641	MEDICAL RECORD SHELVING	MEDICAL RECORDS	12/22/94	SURPLUS SHELVING	34,406.98	-
46296	MEDICAL RECORD SHELVING	MEDICAL RECORDS	09/27/94	SURPLUS SHELVING	9,450.00	-
41134	MEDICAL RECORD SHELVING	MEDICAL RECORDS	14/11/91	SURPLUS SHELVING	1,825.07	-
0034585	BLOODBANK REFRIGERATOR	LAB	06/01/87	BROKEN/IRREPAIRABLE	4,822.00	-
55325	MINOLTA COPIER	MEDICAL RECORDS	07/26/06	BROKEN/IRREPAIRABLE	7,547.00	-
52462	SCANNER	MEDICAL RECORDS	12/01/10	BROKEN/IRREPAIRABLE	5,174.72	-
71553	RETURN ELECTRODE	TWIN LAKES SURGERY CENTER	10/10/17	BROKEN/IRREPAIRABLE	2,112.66	-
71554	RETURN ELECTRODE	TWIN LAKES SURGERY CENTER	10/10/17	BROKEN/IRREPAIRABLE	2,112.66	-
71555	RETURN ELECTRODE	TWIN LAKES SURGERY CENTER	10/10/17	BROKEN/IRREPAIRABLE	2,112.66	-
44902	REALTIME INTERFACE	MEDICAL RECORDS	09/01/93	SOFTWARE SUNSETTED	1,400.00	-
41732	CUBICLES	MEDICAL RECORDS	07/12/91	BROKEN/MISC PIECES	38,561.88	-
41600	CUBICLES	MEDICAL RECORDS	05/15/91	BROKEN/MISC PIECES	26,718.87	-
40720	CUBICLES	MEDICAL RECORDS	11/15/90	BROKEN/MISC PIECES	1,228.82	-
40721	CUBICLES	MEDICAL RECORDS	11/15/90	BROKEN/MISC PIECES	1,228.83	-
40295	CUBICLES	MEDICAL RECORDS	08/01/90	BROKEN/MISC PIECES	20,564.08	-
59528	TABLET	MEDICAL RECORDS	03/01/12	BROKEN/IRREPAIRABLE	1,367.48	-
56862	SCANNER	MEDICAL RECORDS	06/03/08	BROKEN/IRREPAIRABLE	4,624.32	-
55442	BAR CODE PRINTER	MEDICAL RECORDS	12/28/06	BROKEN/IRREPAIRABLE	1,745.00	-
55443	BAR CODE PRINTER	MEDICAL RECORDS	12/28/06	BROKEN/IRREPAIRABLE	1,745.00	-
54337	MICROFILM/FICHE	MEDICAL RECORDS	06/21/04	SOFTWARE SUNSETTED	7,891.00	-
55325	COPIER	MEDICAL RECORDS	07/26/06	BROKEN/IRREPAIRABLE	7,547.00	-
50668	PRINTER	MEDICAL RECORDS	12/16/98	BROKEN/IRREPAIRABLE	1,269.00	-
40942	DISC DRIVE CRT	MEDICAL RECORDS	03/06/91	BROKEN/IRREPAIRABLE	4,995.00	-
39951	COMPUTER MONITOR	MEDICAL RECORDS	07/31/90	BROKEN/IRREPAIRABLE	3,390.10	-
						-
						-
						-
						-
Total to be Disposed:					\$ 267,000.91	\$ -

Halifax Health
Capital Projects approved with Return on Investments
Projects Scheduled to be Analyzed for First Year of Operations

Project Cash Flow Comparison

Capital Project	Year Approved	Capital Cost	Fiscal Year	Cash Flows		
				Actual	Expected	Difference
1 Pulmonary Function Testing	2015	\$68,384	Year 1 - 2016	\$38,183	\$28,115	\$10,068
2 Outpatient Rehab Joint Venture	2016	\$527,287	Year 1 - 2018	\$207,361	\$272,177	(\$64,816)
3 Ormond Beach Hospice Retail Shop	2016	\$108,300	Year 1 - 2018	(\$27,277)	(\$19,438)	(\$7,839)
4 Intrabeam Radiation Therapy	2017	\$440,443	Year 1 - 2018	\$280,186	\$133,870	\$146,316
5 Pediatric Rehabilitation Joint Venture	2017	\$694,409	Year 1 - 2018	\$925,304	\$371,568	\$553,735
6 Minimally Invasive Valve Replacement	2017	\$73,010	Year 1 - 2018	\$95,579	\$77,113	\$18,466
7 Laboratory - Plasma Pheresis Project	2017	\$121,506	Year 1 - 2018	\$153,315	\$209,215	(\$55,900)
8 IV Pumps	2017	\$2,316,642	Year 1 - 2018	\$445,007	\$489,392	(\$44,385)
9 CBORD Room Service Software	2017	\$44,219	Year 1 - 2018	\$27,251	\$29,211	(\$1,959)
10 Care At Home-NetSmart	2017	\$49,535	Year 1 - 2018	\$96,437	\$69,423	\$27,014
11 Oneview Software	2018	\$49,900	Year 1 - 2019	\$74,200	\$74,200	\$0

Halifax Health Audit & Finance Committee

Request Tracker/Checklist

Meeting Date	Request	Projected Timeline	Frequency of Future Updates/Reports	Completed (Y/N)	Other
2/27/2019	Observation versus Admissions Presentation (efforts/results)	September 4, 2019	One Time Request		September Meeting Cancelled Due to Hurricane Dorian; Brought Back to 10/30



HALIFAX HEALTH

Live your life well.

Observation Management

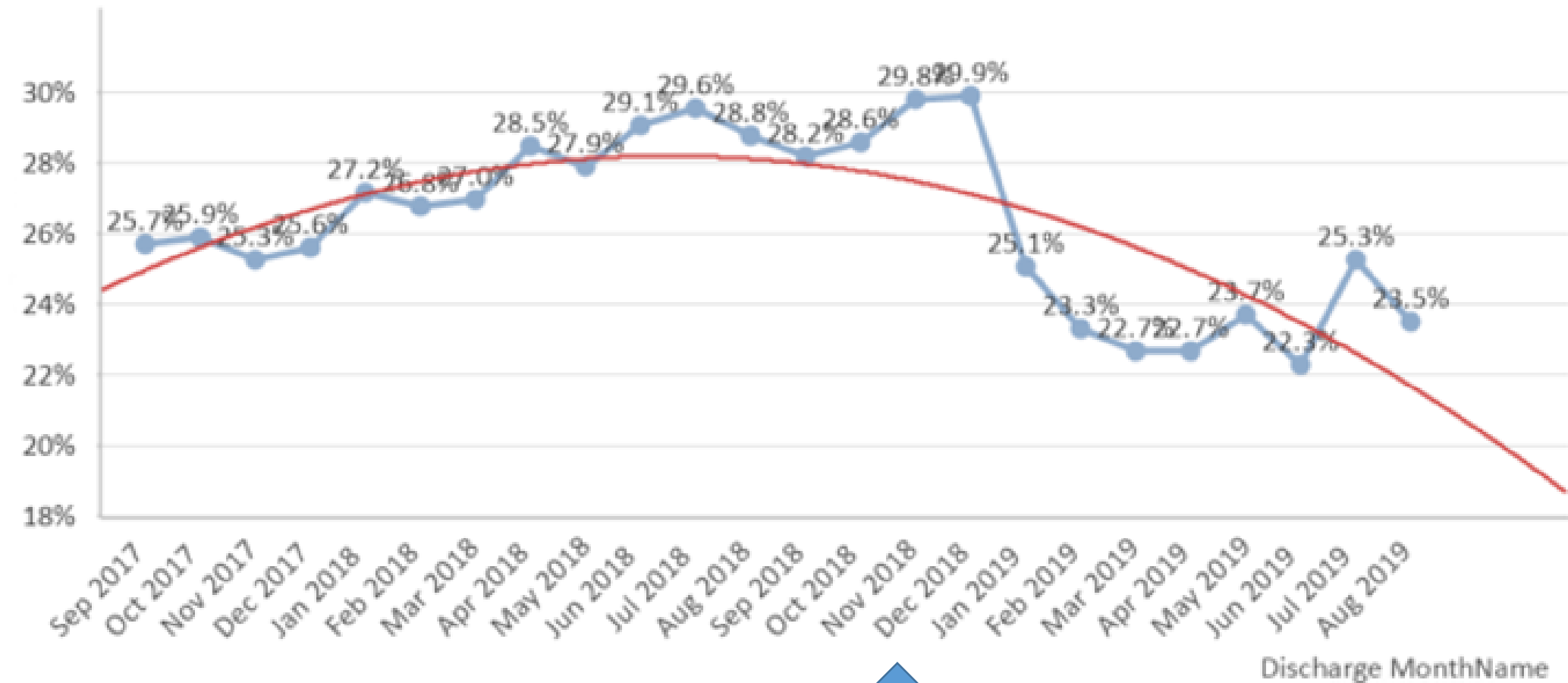
Definition Observation Status

- [Center for Medicare & Medicaid Services \(CMS\)](#) defines “observation status” as “...*specific, clinically appropriate services, including ongoing short term treatment, assessment, and reassessment before a decision can be made about whether a patient requires further treatment as a hospital inpatient or if the patient can be discharged...*”

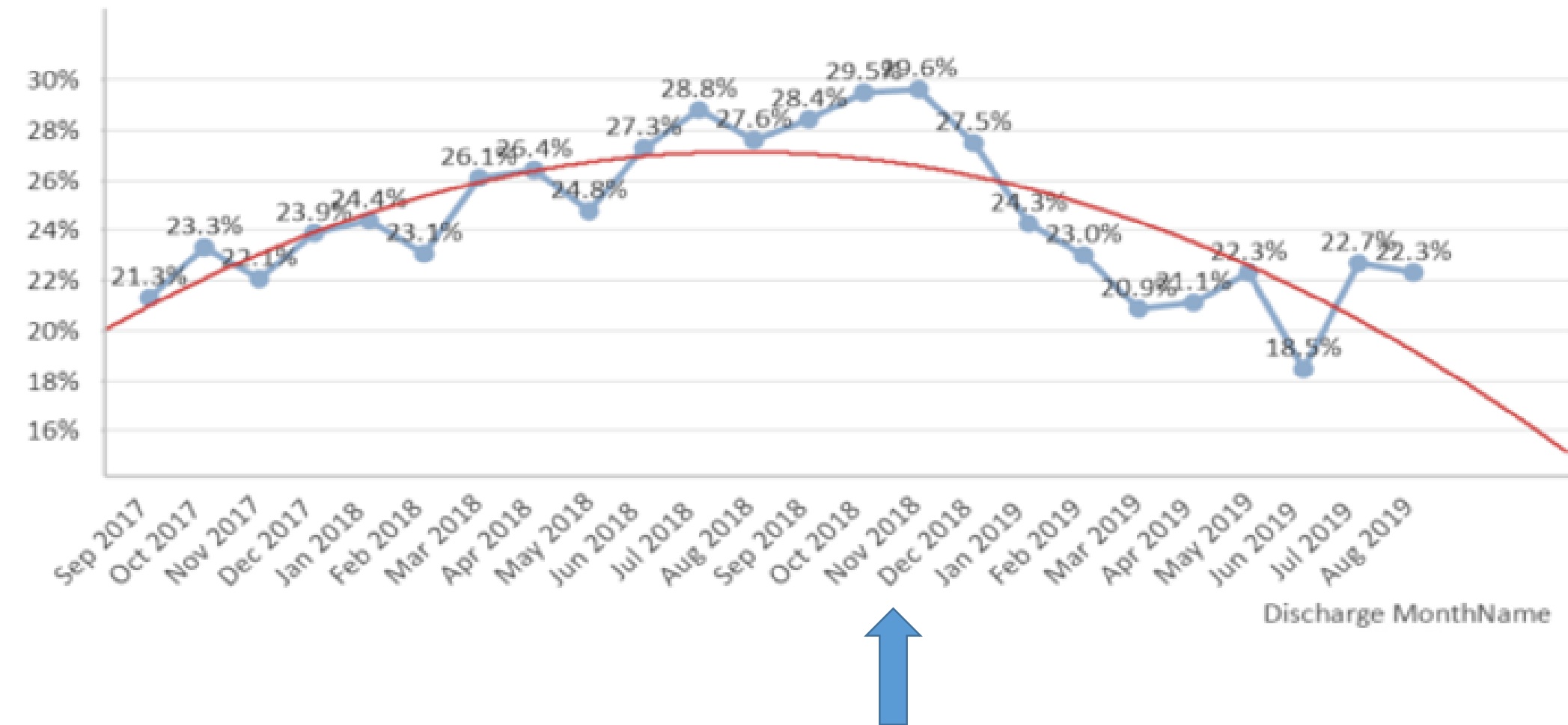
Definition Inpatient Status

- [Center for Medicare & Medicaid Services \(CMS\)](#) defines *“inpatient status”* as *“a person who has been admitted to a hospital for bed occupancy for purpose of receiving inpatient hospital services...with the expectation that he or she will remain at least overnight...”*

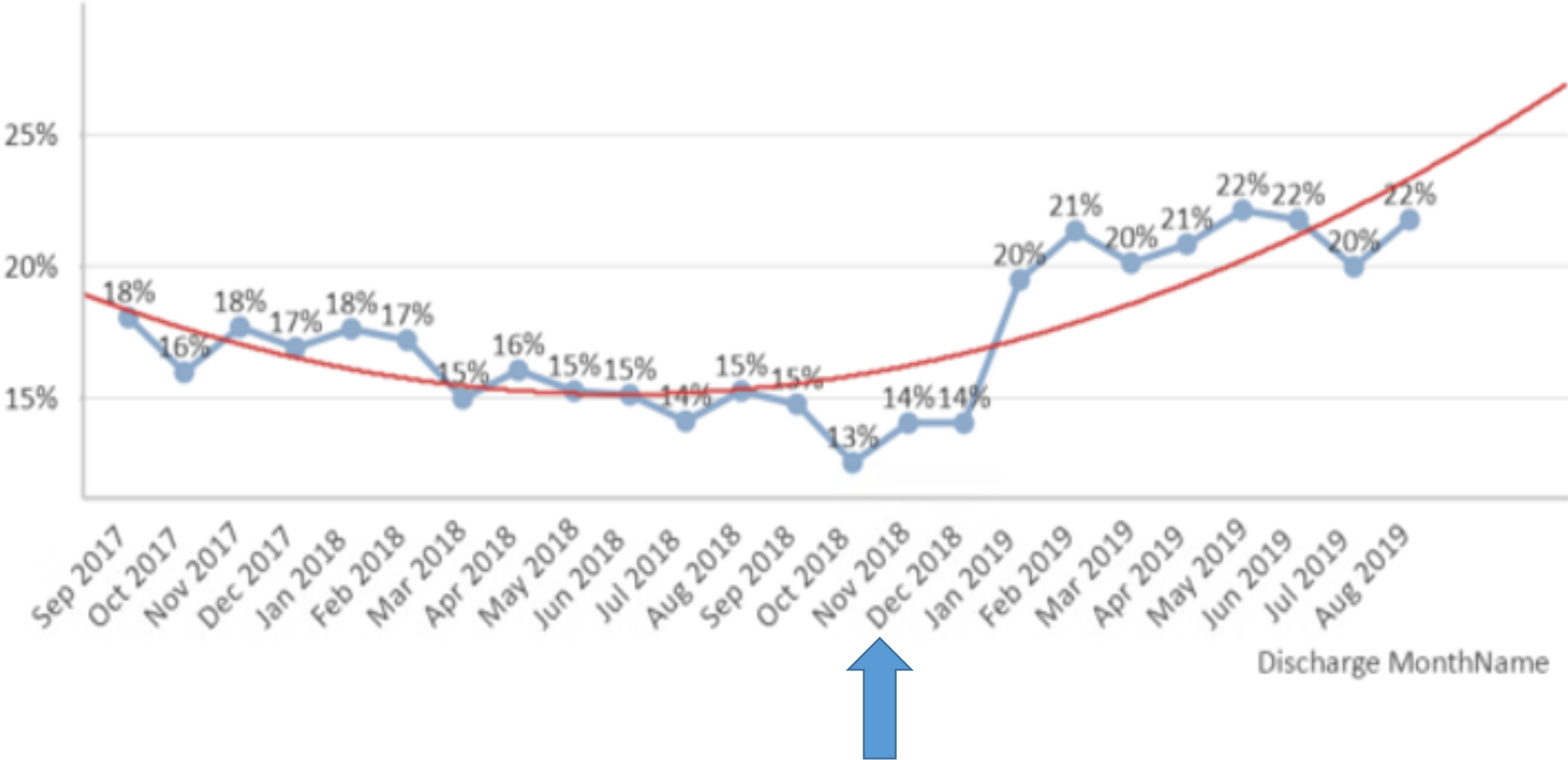
% Observation Rate – All-Payor: September 2017 – August 2019



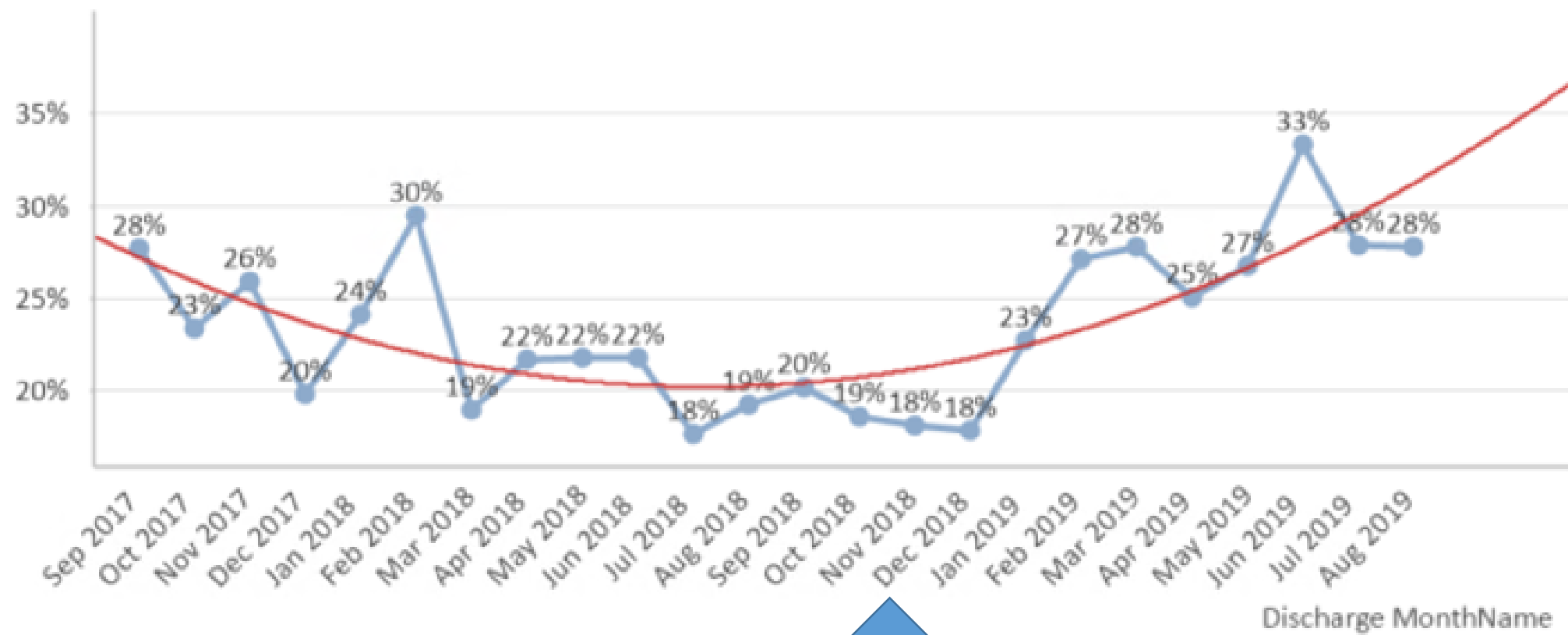
% Observation Rate – Medicare: September 2017 – August 2019



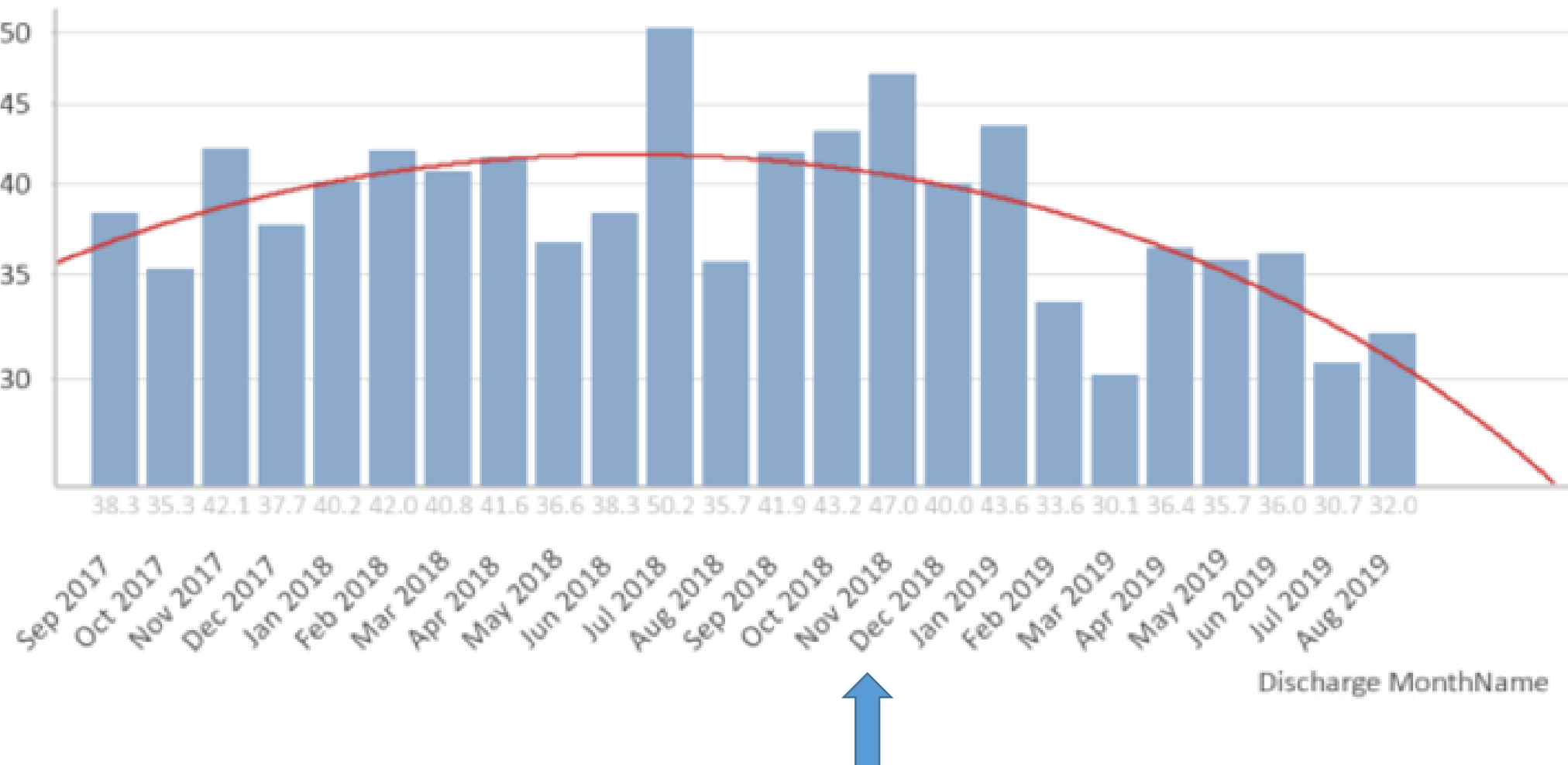
Observation to Inpatient Conversion Rate – All-Payor: September 2017 – August 2019



Observation to Inpatient Conversion Rate – Medicare: September 2017 – August 2019



Observation Average Length of Stay – Medicare: September 2017 – August 2019





HALIFAX HEALTH

Corporate Compliance
P.O. Box 2830, Daytona Beach, FL 32114
Tel: 386.425.4970 Fax: 386.254.4364
E-mail: compliance@halifax.org

To: Halifax Health Commissioners, Volusia Health Network Board Members, Board-Level Committee Members, Non Employed Physician Leadership

From: Shelly Shiflet, Vice President and Chief Compliance Officer

Subject: Conflict of Interest; Disclosure of Certain Outside Interests and Statement of Understanding Regarding the Code of Conduct

Date: October 10, 2019

MEMORANDUM

Please complete the enclosed form and sign the certification statement on the last page. Return the completed form to my office by mail, e-mail to compliance@halifax.org, or fax to 386-254-4364 within two weeks.

Thank you,

Shelly Shiflet
Vice President and Chief Compliance Officer
Direct: (386) 425-4970
Fax: (386) 254-4364
shelly.shiflet@halifax.org

Halifax Health
Conflict of Interest Disclosure Form
Additional Information and Definitions

Additional Information

Conflicts of interest can also arise when:

- Outside activities or personal interests influence or appear to influence decisions you make in your position within Halifax Health;
- The outside interest lessens the efficiency, alertness or productivity normally expected of team members in their jobs;
- You have a financial interest in the activity, e.g., employed by, partner, owner or investor;
- The outside interest places one in the position of representing (or appearing to represent) Halifax Health;
- The outside interest involves services substantially similar to those Halifax Health provides or is considering making available;
- The outside interest is with an individual or entity whose services are employed by Halifax Health;
- The outside interest is with an individual or entity that refers patients to Halifax Health, or with an individual or entity who provides services for or employs a source of referrals; or;
- The outside interest is with an individual or entity to which patients of Halifax Health may be referred (for example, a provider of ancillary services).

If in doubt about a reportable situation, we advise full disclosure, or consultation with General Counsel or the Compliance Officer prior to submission of the report.

Definitions

Outside Interest; Material Financial Interest

A reportable outside interest is one in which you hold, directly or indirectly, a position or a material financial interest in any outside concern from which the individual has reason to believe Halifax Health secures goods or services (including the services of buying or selling stocks, bonds or other securities) or that provides services competitive with Halifax Health. The phrase "material financial interest" is defined as a percentage of the direct or indirect ownership or beneficial interest in another organization of 5 percent (5%) or more.

Outside Activities

Reportable outside activities are those in which you directly or indirectly compete with Halifax Health, including affiliated organizations, in the purchase or sale of property, property rights, interests, products or services. Outside Activities also include directive, managerial or consultative services to any outside concern that does business with, or competes with, Halifax Health.

Halifax Health
Conflict of Interest Disclosure Form
Additional Information and Definitions

Gifts, Gratuities, Business Courtesies and Entertainment

Reportable items include gifts, entertainment or other favors from any outside concern that does, or is seeking to do, business with, or is a competitor of, Halifax Health under circumstances from which it might be inferred that such action was intended to influence or possibly would influence the individual in the performance of his duties. This does not include the acceptance of items of nominal or minor value that are clearly tokens of respect or friendship and are not related to any particular transaction or activity of Halifax Health.

Report all items with a value greater than \$50.

Family; Immediate Family

Family means spouse, domestic partner, parent, sibling, child or other relative¹. Immediate family is limited to spouse, parent, sibling and child.

Inside Information

Information gained by reason of one's position with Halifax Health, not available to members of the general public, whereby its use or disclosure may be used for one's personal gain, or the personal gain or benefit of any other person or entity.

¹ Relative includes father, mother, son, daughter, brother, sister, uncle, aunt, first cousin, nephew, niece, husband, wife, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half brother, half sister, grandparent, great grandparent, grandchild, great grandchild, step grandparent, step great grandparent, step grandchild, step great grandchild, a person to whom one is engaged to be married or who otherwise holds himself or herself out as or is generally known as the person one intends to marry or with whom one intends to form a household, or any other natural person having the same legal residence. [§ 112.312(21), Fla. Stat.]

Halifax Health Conflict of Interest Disclosure Form

Printed Name:	
Title:	
Org/Dept/Committee	

The following information is provided pursuant to the purposes and intent of certain Resolutions, the Code of Conduct adopted by the Halifax Health Board of Commissioners and Chapter 112, Florida Statutes, requiring disclosure of certain interests and activities.

I hereby state that as of the date hereof, and, if applicable, for the period of time since my last conflict of interest questionnaire, I or members of my immediate family have the following affiliation or interests and have taken part in the following transactions that, when considered in conjunction with my position or relationship with Halifax Health¹, might possibly constitute a conflict of interest. (Please check "None" or "No" where applicable.)

1. Outside Relationships

Outside of your employment or relationship with Halifax Health and its affiliates, do you have any other employment or consulting relationships with another entity?

If yes, please enter the name of the entity and your position. If employed, please state whether the outside employment/consulting has been approved in writing by your department leadership.

() No () Yes - describe below

2. Outside Vendor Relationships

Do you have any other employment or consulting, financial or investment relationships with another entity that competes with or does business with Halifax Health?

If yes, please enter the name of the entity and your position. If employed, please state whether the outside employment/consulting/financial or investment relationship has been approved in writing by your department leadership.

() No () Yes - describe below

3. Investments and Financial Interests

List and describe, with respect to yourself or your immediate family, all investments and financial interests that might be within the category of "material financial interest" as described in the definitions in the accompanying memorandum.

() None

¹ A potential conflict that exists with any one Halifax Health entities is deemed to be a conflict with all entities of Halifax Health.

Halifax Health

Conflict of Interest Disclosure Form

4. Outside Activities

Identify any outside activities, other than investments, of yourself or your immediate family as described in the definitions in the accompanying memo and that might be a potential conflict of interest.

() None

5. Business Courtesies

Have you, or a member of your immediate family, accepted gifts, gratuities, entertainment or other business courtesies as described in the Additional Information?

Report all items with a value greater than \$50.

() None

6. Other Events, Activities, or Concerns

Are there any other events, activities or situations of which you are aware that may *potentially* be a conflict of interest as described in the Additional Information or the Code of Conduct, including, but not limited to, the use or disclosure of inside information?

() None

7. Physician Relationships

Are you related to any member of the **Halifax Health Medical staff** or any physician who makes referrals to Halifax Health? If yes, please list the physician (s) and the relationship to you.

() None

Name(s) of physician(s)

Relationship to you _____

8. Practice of Medicine

During the past twelve months, have you engaged in the practice of medicine, including supervision or medical direction, outside the scope of your employment at Halifax Health?

() None

Name(s) of organization(s)

Scope of Practice and Position:

Continued...

Halifax Health Conflict of Interest Disclosure Form

9. Clinical Research / Advisor

During the past twelve months, have you been involved (other than as a patient) in any clinical trial or served as an advisor to a company involved in health care related services or products?

() None

Name(s) of organization

Clinical Trial and/or Position

10. Code of Conduct/Compliance

List any possible violations of the Halifax Health Code of Conduct of which you might be aware.

() None

11. Certification Statement

The Code of Conduct is located at:

https://www.halifaxhealth.org/sites/default/files/documents/content/code_of_conduct_12.08.16.pdf

By signing below, you certify that:

- a. You have read and understand the Code of Conduct and the policies referred to in this questionnaire and agree to abide by them to the best of your ability during your relationship with Halifax Health;
- b. The above is a true and complete report of activities or events that may *potentially* be a conflict of interest;
- c. You agree to report to the Board Chairman, President/CEO or a member of the Compliance Committee in writing any further situations that may develop before completion of your next questionnaire;
- d. You understand that a violation of the Code of Conduct may be grounds for corrective action, as may be applicable to your relationship with Halifax Health;
- e. You have a duty to report any suspected violation of the Code of Conduct to the Board Chairman, management or the Compliance Committee.
- f. You have not been convicted of, or charged with, a criminal offense related to health care, nor have you been excluded from participation in federal health programs.
- g. Other than what was disclosed above at this time, you are not aware of any actual or potential violation of the Code of Conduct, Halifax Health policy/procedures, State or Federal law or Regulation.

Signature

Date:

OUR CODE OF CONDUCT

The Governing Document for the Halifax Health
Corporate Ethics and Compliance Program



HALIFAX HEALTH

halifaxhealth.org

REV-9-16

0108-0051

Page 141 of 182

Table of Contents

Statement of Understanding.....	3
Letter from the President	4
Code of Conduct - Purpose	5
We Are a Governmental Entity.....	6
We Are Also a Tax-Exempt Organization	6
Ethical Behavior	6
Documentation and Record Retention	6
Generate Accurate Billing and Claims.....	7
Carefully Bid, Negotiate, and Manage Contracts	7
Decline Inappropriate Gifts	8
Solicitation and Distribution in the Workplace	9
Steer Clear of Conflicts Of Interest	9
No Political Activity or Lobbying is Allowed	9
Be Concerned With the Integrity of Contractors	9
Remain Aware of Physicians' Compliance Requirements.....	10
Ineligible Entities and Individuals May Not Work for Halifax Health	10
Manage Controlled Substances and Other Pharmaceuticals	10
Comply With Copyright Laws	10
Intellectual Property	10
Promote a Positive Work Environment	10
Work Safely: Protect Yourself and Your Fellow Team Members	11
Patient Information: Privacy and Security	11
Avoid Anti-Competitive Activity	11
Government and Media Inquiries	12
Protection and Proper Use of the Organization's Assets	12
Quick Checklist	12
Good Faith Reporting	12

Statement of Understanding

1. I acknowledge that I have received, read, understood and shall abide by the Halifax Health (HH) Code of Conduct.
2. I will familiarize myself with this material, and I understand that I am responsible for knowing and adhering to the principles and standards in the Code of Conduct.
3. I have a duty to report any suspected violation of the Code of Conduct to management or a member of the Compliance Committee.
4. I have not been convicted of, or charged with, a criminal offense related to health care.
5. I have not been suspended, debarred or otherwise excluded from participation in Federal health care programs.
6. I understand that a violation of the Code of Conduct may be grounds for disciplinary action, up to and including discharge.
7. At this time, I am not aware of any possible violation of the Code of Conduct, except as noted below (attach additional sheets, if needed; anonymous reports can be made by calling 844.251.1880).

Physician Relationships: To help Halifax Health comply with regulations pertaining to financial relationships with physicians, please indicate if you are related to a physician as a spouse, relative, in-law or step-child, -parent, -grandparent, -brother or -sister:

Name(s) of physician(s)

Relationship to you

Confidential Information

Initial here _____

Team members must safeguard all confidential information with which they are entrusted. We may never discuss such information outside of Halifax Health. In particular, team members must protect the privacy of our patients, and the confidentiality of all information related to their care. This includes any past, current or future medical condition. Personal information about patients, fellow team members, medical staff and others with whom we do business should not be used or disclosed except with the consent of the person or as allowed by law. Wrongful use or disclosure of personal medical information is a serious offense and may result in termination of employment and legal action.

Use of Electronic Systems

Initial here _____

Computer access codes (credentials) such as user IDs and passwords are never to be shared with anyone, written down, saved to a file or saved in any form that could be compromised. Team members are not to sign in or use any other's credentials. Compromised credentials must be reported to a supervisor or the IT Service Desk immediately. All information is to remain with Halifax Health and is not to be removed, emailed, texted or in any way distributed to anyone outside of Halifax Health. Team members must not use IT devices outside their job responsibilities. Team members are only to access information needed for their job. All email must be reviewed prior to opening to determine if the email is malicious. Files are not to be stored locally on any IT device. Mobile Iron is the mobile device solution and Vocera is the text messaging solution used at Halifax Health. No other solutions will be used to message or send emails on mobile devices. All IT equipment is owned by Halifax Health and assigned to users. Equipment must be returned to the Service Desk at termination or when no longer needed.

Signature

Date

Printed Name

Team Member ID Number

Position

Department

A Message from Our Chief Executive Officer

Dear Fellow Team Members,

We are committed to fulfilling our mission of serving the health needs of the citizens of our service area. Additionally, Halifax Health is committed to conducting our business in accordance with all applicable laws and regulations. In recognition of these responsibilities, we have developed our Code of Conduct as part of the Halifax Health business philosophy.

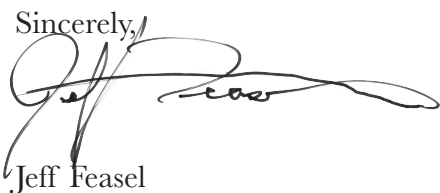
The Code of Conduct summarizes the virtues and principles that guide our actions in providing outstanding patient care and serves as a “quick” reference guide to assist you in performing your job responsibilities.

If you ever have a question or concern regarding the Code of Conduct, or encounter any situation you believe may violate its provisions, please immediately consult your supervisor.

If for any reason your concern is not completely addressed to your satisfaction, contact the Halifax Health - Compliance office at 386.425.4278. You may also call the Compliance Hotline at 1.844.251.1880 or at halifaxhealth.ethicspoint.com. You may report concerns anonymously and without fear of retaliation.

Your conduct is a reflection on you and Halifax Health. Your cooperation in following these Standards will assist us in our journey to be the best patient-centered health care system in Florida.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jeff Feasel', with a stylized flourish extending to the right.

Jeff Feasel
President and Chief Executive Officer

Code of Conduct

Purpose

The Code of Conduct provides guidance to Halifax Health Team Members, medical staff, business partners and volunteers to assist them in carrying out their daily activities while complying with appropriate ethical and legal standards. These standards govern our relationships with patients, third-party payers, contractors, vendors, consultants, and our Team Members.

Halifax Health is committed to ethical and legal conduct. Policies and procedures have been created and are available on the intranet (*PULSE*) to address many legal and regulatory requirements and protect against fraud, abuse, and waste.

Each member of the team has an obligation to report good faith concerns. No adverse action will be taken for those who report concerns in good faith.

We Are a Governmental Entity

Halifax Health is a special district created by the Florida legislature for the purpose of delivering health care services to the community. The Board of Commissioners convenes at publicly noticed meetings and maintains records open for public inspection. Halifax Health Team Members are considered public employees and must follow Florida laws governing topics such as bidding (the “Enabling Act”) and public records (Government in the Sunshine).

We Are Also a Tax-Exempt Organization

As a tax-exempt organization, we will conduct ourselves in compliance with Internal Revenue Service regulations specific to us, including avoiding inappropriate private benefit.

Ethical Behavior

- › Patients: We are committed to providing Exceptional Service, to every patient, every day. We will comply with Federal and State regulations and The Joint Commission’s standards regarding clinical care delivery.
- › Team Members: We are committed to providing a safe and healthy working environment.
- › The communities where we live and work: We are committed to acting as concerned and responsible neighbors, reflecting all aspects of good citizenship.
- › Team Members, Medical Staff, agents, and contractors must self-disclose health program exclusion, debarment, suspension, or conviction of a health program related crime. If you need to make a disclosure, please contact the Compliance Officer.

Documentation and Record Retention

Halifax Health will maintain complete and accurate records. Records will be retained in accordance with applicable laws and relevant accounting standards, including the Florida Records Retention Schedule.

Generate Accurate Billing and Claims

We will generate billing and claims that accurately reflect the services rendered. Claims must be supported by documentation that follows payor requirements.

We will:

- › Submit accurate Cost Reports
- › Appropriately represent services on claims for reimbursement
- › Bill for services provided in accordance with payor requirements
- › Use only approved treatments or equipment
- › Assign appropriate codes to claims
- › Bill for tests that have been appropriately ordered and performed
- › Ensure that physician relationships are appropriate in light of laws and regulations
- › Grant discounts based on approved policies and to the extent allowed by law and regulation

If you become aware of a claim that needs to be corrected, call the billing department immediately to get the correction processed.

If you become aware of the submission of improper, false, fictitious, or fraudulent claims, it is your obligation to report this immediately to your supervisor. You may also call the Halifax Health - Compliance office at **386.425.4278** or, if you wish to remain anonymous, you may call our Compliance Hotline at **1.844.251.1880** or at **halifaxhealth.ethicspoint.com**.

Carefully Bid, Negotiate, and Manage Contracts

If you are involved in proposals, bid preparations, or contract negotiations, you must be certain that all statements, communications, and representations to potential partners or suppliers are accurate and truthful. Once awarded, all contracts must be performed in compliance with the contract.

If you buy goods or services for Halifax Health or are involved in the procurement process, you must treat all suppliers uniformly and fairly. In deciding among competing suppliers, you must objectively and impartially weigh all facts and avoid even the appearance of favoritism. Established routines and procedures should be followed in the procurement of all goods and services. In some instances, a formal bidding as proscribed by the Enabling Act may be required.

Decline Inappropriate Gifts

Since Halifax Health is a public institution, the conduct of its Team Members is governed by the Florida Code of Ethics for Public Officers and Employees. Public employees are prohibited from soliciting or accepting anything of value that might influence the performance of official duties. Guidance for some of the more common gifts is addressed below.

Tips and Gratuities

If a patient or family member offers cash, it should be declined. If the giver insists on providing the monetary gratuity, the employee should inform the giver that Halifax Health policy requires cash to be donated to Halifax Health - Foundation (386.425.4111).

Merchandise of a nominal value, less than \$50, may be accepted from patients and family members. Examples of merchandise include items such as food, candy, or flowers. If the value of the merchandise exceeds \$50, inform the giver that the merchandise will be given to Halifax Health - Auxiliary or to Halifax Health - Foundation. If there is a question regarding the value of the merchandise, discuss it with your supervisor or contact Halifax Health - Compliance at 386.425.4278.

Gifts from Vendors

Public employees may not ask for, or accept, anything of value, (such as a gifts, loans, and rewards, promises of future employment, favors, or services) in exchange for preferential treatment.

Occasional gifts from vendors that are nominal are allowed as long as the gift is not cash or cash equivalents (for example, gift cards are considered to be equivalent to cash) and the gift does not influence your business decisions. If there is a question whether the gift is not consistent with the Code of Conduct, assume that it does and refuse the gift.

Meals Paid By Vendors

An occasional vendor-paid meal is acceptable as long as Halifax Health business is discussed or the vendor provides education (for example, the benefits of a new item and how it would help our patients). Provision of the meals shall not be so routine in nature as create the appearance of impropriety. Meals shall not be solicited.

You may not solicit gifts of any kind from vendors, patients or any other person.

Refuse Bribes, Kickbacks, and Inappropriate Referrals

- › DO NOT offer anything of value (cash or any other valuable) to a government agent or representative;
- › DO NOT accept anything of value (cash or any other valuable) from someone in exchange for favorable treatment;
- › DO NOT accept referrals from providers whose relationship with Halifax Health is known to not satisfy relevant laws and regulations;
- › DO NOT refer patients or services to providers whose relationship with Halifax Health is known to not satisfy relevant laws and regulations.

Solicitation and Distribution in the Workplace

Unless it is for a Halifax Health or Halifax Health Affiliate sponsored event, Halifax Team Members and visitors may not solicit for any purpose. Additionally, Team Members and visitors may not distribute literature that has not been approved in writing by Administration for any purpose in any area.

Steer Clear of Conflicts Of Interest

It is your responsibility to act in the best interest of Halifax Health at all times. When performing your job, avoid any relationship, influence, or activity that might impair, or even appear to impair, your ability to make objective and fair decisions.

Examples of potential Conflicts of Interest:

- › Accepting gifts, payment, or services from those seeking to do business with Halifax Health.
- › Purchasing goods or services on behalf of Halifax Health from a firm owned or controlled by an employee or a close relative of an employee.
- › Ownership of, or substantial interest in, a company that is a competitor or supplier.
- › Acting as a consultant to Halifax Health's customer or supplier.
- › Working for a competitor or potential competitor while employed by Halifax Health.

If you are a Physician, a Manager or above, you need advanced, written permission from your leader for a second job. If you are not a manager, you do not need written permission, but it is recommended that you discuss the second job with your supervisor to ensure it will not interfere with your duties at Halifax Health.

No Political Activity or Lobbying is Allowed

As a special taxing district and tax-exempt organization, there are laws and regulations prohibiting the use of Halifax Health resources and facilities for certain political or lobbying purposes. Do not campaign or solicit campaign contributions for candidates for political office on Halifax Health's premises or using Halifax Health's email or other information systems. Contact Halifax Health - Legal Services for direction prior to permitting or engaging in activity at work that may be perceived as political in nature.

Be Concerned With the Integrity of Contractors

Business integrity is a key principle for the selection and retention of Halifax Health contractors. Those engaged to act on behalf of Halifax Health, such as agents, representatives, or consultants, must comply with Halifax Health's policies and procedures, and perform in a way that conforms to Halifax Health's values and ethics, including the Code of Conduct.

Remain Aware of Physicians' Compliance Requirements

Federal and State laws governing providers' ability to participate in government health programs. Physicians and other Team Members who are found to have violated such laws are subject to removal from the Medical Staff and termination of employment.

Ineligible Entities and Individuals May Not Work for Halifax Health

Halifax Health routinely performs exclusion reviews to ensure Team Members, Board Members, vendors, and physicians are eligible to participate in Federal healthcare programs.

Manage Controlled Substances and Other Pharmaceuticals

We will comply with all regulations governing the management and distribution of controlled substances. No one affiliated with Halifax Health will illegally distribute any controlled substance, including prescription drugs.

In addition, expired, adulterated, or misbranded pharmaceutical drugs may not be distributed or diverted. All suspected diversions and thefts are to be reported to your supervisor, the Pharmacy Manager or to Clinical Risk Management using the Occurrence Reporting System.

http://hsvrlidincl/ems_prod_30/

Comply With Copyright Laws

Halifax Health complies with U.S. Copyright laws. Individuals affiliated with Halifax Health may not reproduce any copyrighted work in print, audio, video, computer software, or other electronic form in violation of the Copyright laws. Examples include printed articles from publications, TV and radio programs, music performances, photographs, Web pages, software programs, CD, DVD, and audio/video tapes.

Intellectual Property

Halifax Health invests substantial resources in developing proprietary intellectual property, such as creative works produced by Team Members. Halifax Health is considered the legal author and owner of the work product.

Promote a Positive Work Environment

Halifax Health is committed to providing equal opportunity and consideration to all persons regardless of age, gender, gender identity, race, color, national origin, religion, or disability and will not tolerate discrimination or harassment. Any individual who has concerns about this matter should discuss the concerns with their Supervisor or Human Resources.

Work Safely: Protect Yourself and Your Fellow Team Members

Team Members must report to work free of the influence of alcohol, illegal drugs, or impairment by prescription medications. Firearms, other weapons, explosive devices, or other dangerous materials are prohibited on Halifax Health premises. Workplace violence will not be tolerated. On-the-job injuries or other environmental or safety concerns should be brought to the immediate attention of your supervisor.

Patient Information: Privacy and Security

The Health Insurance Portability and Accessibility Act (HIPAA) requires providers to keep patient information Secure and Confidential.

- › Only share patient information with those who have a legitimate need for the information to do their job (for example, the physician treating the patient);
- › Patients (including patients who are Team Members) may go to the Health Information Management (HIM) department to request copies of their records;
- › Keep your computer passwords secret;
- › Do not discuss patients on social media or with people who are not involved with the care of the patient;
- › Do not discuss patient information in public areas such as elevators, hallways, and other open, public spaces;
- › Log off your workstation when you walk away from the computer;
- › You may NOT access your own medical records (or those of friends/ family members) you may request the medical records through the HIM department; and,
- › Check every page before you hand paper to a patient or anyone else to ensure you do **not** give patient information to the wrong person.

Avoid Anti-Competitive Activity

You may not restrain competition (examples include boycotting suppliers, discussing pricing or patients with competitors, implementing unfair or deceptive business practices, and misrepresenting services). Violations may result in severe penalties for Halifax Health and the individuals responsible for the violations. If you are involved in any dealings with physician groups, suppliers, or competitors, you should consult with Legal Services prior to negotiating or entering into any arrangement.

Halifax Health policies provide that before any written contract is signed, the Legal Services department must review the contract. Our policies also provide direction and control regarding the negotiation of contracts and define those authorized to sign contracts.

Government and Media Inquiries

If you receive an inquiry from the Government, discuss the inquiry with Legal Services so a proper response can be made. If a representative of a governmental Agency asks you for an interview or makes a non-routine request for documents, you should immediately contact Halifax Health - Legal Services so that appropriate arrangements can be made to fully comply with Halifax Health's legal obligations. All media inquiries should be referred to Marketing Communications Department.

Protection and Proper Use of Halifax Health's Assets

All Team Members should protect Halifax Health's assets and promote their efficient use. Halifax Health's assets should be used for legitimate business and medical purposes. Misuse of assets should be reported to your supervisor. Theft of assets should be reported to the Safety/Security Department.

Quick Checklist

When in doubt, ask yourself . . .

- › Is this a Safe decision?
- › Is this a Compassionate decision?
- › Am I using resources Efficiently?
- › How would this decision look as a newspaper headline?

If you are still in doubt or need clarification, discuss the situation with your supervisor, any member of the Compliance Committee or you may call the Compliance department at 386.425.4278.

a list of Compliance Committee members is on *PULSE* at https://pulse.halifaxhealth.org/portal.aspx?bo=b6portal.wo&start=Dir*c=1031542)

Good Faith Reporting

You may report concerns without fear of retaliation for good faith reporting. Good faith reporting means you honestly have concerns about an issue or situation that you feel Halifax Health should be aware of. Good faith reporting does not include making reports using fabricated information or information known to be false.

Team Members have an obligation to the Organization to report issues or concerns to the appropriate level of authority, based on the nature of the matter. Issues or concerns may be reported to your supervisor, any member of the Compliance Committee, any member of Leadership, to the Compliance Officer, to the Compliance Department or using the Compliance Hotline at 1.844.251.1880 or at halifaxhealth.ethicspoint.com.



HALIFAX HEALTH

303 N. Clyde Morris Blvd
Daytona Beach, FL 32114
386.425.4278

halifaxhealth.org

Ethics and Concerns Hotline: 1.844.251.1880
Ethics and Concerns Website: halifaxhealth.ethicspoint.com

Compliance Committee Page on *PULSE*:
https://pulse.halifaxhealth.org/portal.aspx?bo=b6portal.wo&start=Dir*c=1031542

2020 Halifax Health Board of Commissioners & Board Committee Meeting Schedule

Unless otherwise specified, all meetings held at 4:00 p.m. at Halifax Health Medical Center

France Tower Conf. Room A, 303 No. Clyde Morris Boulevard, Daytona Beach, FL

Posted on:

halifaxhealth.org

halifaxhealthdistrict.org

Month	Investment Committee	Audit Committee	Finance Committee	Board of Commissioners District Meeting	Board of Commissioners Education & Strategic Planning
January		01/08/20	01/08/20	01/15/20	
February	02/10/20				02/12/20
March		03/04/20	03/04/20	03/11/20	
April					04/08/20
May*	05/11/20	05/06/20	05/06/20	05/13/20	
June					06/10/20
July		07/08/20	07/08/20	7/15/20 & Budget Workshop	
August	08/10/20				08/12/20
September		09/02/20	09/02/20	09/09/20	
				First Public Hearing TBD	
				Final Public Hearing TBD	
October					10/14/20
November*	11/09/20	11/04/20	11/04/20	11/11/2020* Veterans Day	
December					12/09/20

Foundation & Auxiliary Updates*

Halifax Hospice Board Meetings

RESOLUTION

WHEREAS, Chapter 2003-374 of the Laws of Florida, as amended by Chapter 2019-172 (the "Enabling Act"), prescribes certain bidding requirements for Halifax Hospital Medical Center (the "District") regarding purchases of supplies, commodities, equipment, and materials; and

WHEREAS, the Enabling Act additionally provides for an exception to such bidding requirements in the event the District determines that by reason of an emergency or other unusual condition, the compliance with the bidding procedure would be detrimental to the interests of the District or its patients; and

WHEREAS, the District has identified such an emergency or other unusual condition in regard to certain equipment and desires to authorize the acquisition of such equipment without complying with the standard bidding procedure.

NOW THEREFORE BE IT RESOLVED as follows:

1. The District hereby finds that an emergency/unusual condition exists in regard to the reverse osmosis water filtration system utilized in the Halifax Hospital Medical Center – Daytona Beach surgical department. Reverse osmosis water filtration is required for the proper cleaning of surgical instruments. The existing filtration system is unable to keep up with the demand for an average of 1,440 gallons per day, resulting in delays and inefficiencies in the scheduling of patient surgeries. It has been determined that the filtration system cannot be repaired, and immediate purchase of a new system was required in order to provide safe and efficient patient care within the surgical department.

2. The District has determined that compliance with the bidding procedure prescribed by the Enabling Act would be detrimental to the delivery of patient care within the surgical department.

3. The District therefore authorizes acquisition of the Ameriwater R02 Reverse Osmosis System for a total cost of \$25,222.00.

DONE AND RESOLVED this ____ day of October, 2019.

Chairman

Secretary



HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer
FROM: Alberto Tineo, Senior Vice President and Chief Operating Officer, Hospitals
CC: Matt Petkus, Vice President of Operations
DATE: October 15, 2019
RE: Board Resolution - Emergency Purchase of Reverse Osmosis Water Filtration

Halifax Health Surgical Services is requesting a Board Resolution to approve the emergency purchase of a reverse osmosis water filtration system for the instrument room. The filtration system supplies the water used to sterilize the instruments for the operating rooms.

The current system is 16 years old and can no longer be repaired or upgraded. The system cannot keep up with the demand, an average of 1,440 gallons per day. There are times when this has resulted in delays and inefficiency in the operating rooms.

The replacement system will run at a capacity of approximately 2,800 gallons per day. With the increased capacity, the system will accommodate the current volume of water and the addition of instrument washers should future demands increase.

TOTAL CAPITAL COSTS \$25,222



Halifax Health Project Evaluation

Reverse Osmosis Water Filtration		
Chief Operating Officer:	Alberto Tineo	
VP of Operations:	Matt Petkus	
Finance Analysis by:	Roxanne Edmonds	

Summary

Purpose:

This project is for the purchase of a new reverse osmosis water filtration system to replace the current aged system that can no longer be repaired and cannot keep up with the demand.

Strategic Plan Core Competency Achievement:

Physician Integration	
Care Coordination	X
Cost Management	
Information Technology	
Service Distribution	X
Financial Position	
Scale	
Managed Care Contracting	
Competitive Position	

Cornerstone:

Safety	X
Compassion	
Image	
Efficiency	X

Investment Request for Approval **\$25,222**

Recommendation for approval of the project is not based upon incremental return on investment.



HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer
FROM: Eric Peburn, Executive Vice President and Chief Financial Officer
DATE: October 24, 2019
RE: Letter of Credit – Update

The \$70,000,000 Series 2008 Variable Rate Demand Bonds are supported by an irrevocable direct pay letter of credit (LOC) with JPMorgan. The LOC is set to expire in November 2020. We are proposing to extend the LOC to November 2024 at a reduced annual fee.

Enclosed are the following agreements for review and approval by the Finance Committee and Board of Commissioners.

1. Amendment to extend the LOC to 2024.
2. Letter from Financial Advisor.
3. Board of Commissioners' Resolution for the District
4. Board of Directors' Resolution for HH Holdings, Inc.

Provisions of the Amendment:

1. Annual Fee: 45 basis points. Current annual fee: 115 basis points.
2. Term: 5 years.
3. All other provisions of the existing LOC agreement ("Reimbursement Agreement") are unchanged.

The lower fee will result in an annual savings of approximately \$490,000 over the five year term.

Financial Advisor: Ponder & Co. served as Financial Advisor in renewing the LOC and recommends the 5 year renewal with JPMorgan.

The renewal and related documents have been reviewed by Halifax Health General Counsel, Kelly Kwiatak and Bond Counsel, Randy Clement.

Please let me know if you have any questions or concerns.

Enclosures

2019 AMENDMENT TO REIMBURSEMENT AGREEMENT

THIS 2019 AMENDMENT (this “Amendment”) dated as of [REDACTED], 2019 to the **REIMBURSEMENT AGREEMENT** dated as of November 1, 2010, as amended and supplemented (the “Agreement”), between **HALIFAX HOSPITAL MEDICAL CENTER** and **H.H. HOLDINGS, INC.** (collectively, the “Borrower”) and **JPMORGAN CHASE BANK, N.A.** (the “Bank”).

For good and valuable consideration the receipt of which is hereby acknowledged, the Bank and the Borrower agree to amend the Agreement as follows (capitalized terms not defined in this Amendment shall have the meaning given in the Agreement):

Section 1. Extension of Letter of Credit Term. The Bank hereby agrees to extend the Stated Expiration Date of Letter of Credit No. CTCS-862019 to [REDACTED], [REDACTED], subject nevertheless to the current provisions of the Letter of Credit requiring termination of the Letter of Credit at an earlier date upon the happening of certain events.

Section 2. Amendments and Modifications.

(a) The definition of “Applicable Rate” set forth in Section 1.1 of the Agreement is hereby amended in its entirety to read as follows:

““Applicable Rate” — shall mean 0.45% per annum as of the effective date of the Amendment, subject to a ten basis point (0.10%) increase for each notch change downgrade, including gradations within each rating category, (or equivalent ratings, as determined by the Bank, if such designations should change); provided, however, in the event of a split Rating, the lowest Rating shall apply. Each change in the Applicable Rate shall be effective as of the date of the Rating change. Upon the occurrence and during the continuation of an Event of Default, the Applicable Rate then in effect shall increase by one hundred basis points (i.e., 1.0%).”

(b) The definition of “Base Rate” set forth in Section 1.1 of the Agreement is hereby amended in its entirety to read as follows:

““Base Rate” — means the higher of (i) the Prime Rate, (ii) Adjusted One Month LIBOR Rate and (iii) 7.5%, provided, however, if the Bank’s short-term ratings from S&P and Fitch fall below A-1 and P-1, respectively, the 7.5% shall be adjusted down to 4.5% for the first 120 days after a drawing. In the event of the permanent discontinuance of the Adjusted One Month LIBOR Rate or the Bank’s determination that the Adjusted One Month LIBOR Rate is no longer a reliable benchmark rate, the Base Rate shall mean the higher of (i) and (iii) above.”

(c) The definition of “Make-Whole Period” set forth in Section 1.1 of the Agreement is hereby amended in its entirety to read as follows:

““Make-Whole Period” — means the period commencing on the date of this Amendment and ending on the fifth anniversary date hereof.”

(d) Section 2.5(c), regarding the drawing fee for each drawing under the Letter of Credit is hereby amended in its entirety as follows:

“c) on the date of each drawing under the Letter of Credit, a drawing fee in the amount of U.S. \$500.00;”

(e) Section 2.5(f), regarding amendment fee, is hereby added as follows:

“f) on the effective date of any amendment or modification to the Agreement or the Letter of Credit, an amendment fee equal to the higher of (i) \$5,000, plus related legal fees of the Bank, or (ii) such other amount as shall be reasonably determined by the Bank.”

Section 3. Limitation of Amendment. This Amendment is specifically limited to the matters set forth in Sections 1 and 2 hereof and does not constitute, directly or by implication, an amendment or waiver of any other provision of the Agreement or any right, remedy, power or privilege of the Bank.

Section 4. Provisions Still Effective. Except as amended hereby, all provisions, terms and conditions of the Agreement shall continue in full force and effect.

Section 5. Representations and Warranties. The Borrower hereby remakes the representations and warranties (other than any such representations and warranties that are, in accordance with their terms, made only at a stated date) set forth in Article IV of the Agreement on the effective date of this Amendment.

Section 6. No Event of Default. The Borrower hereby represents that no Default or Event of Default has occurred and is continuing on the effective date of this Amendment.

Section 7. Conditions Precedent. It shall be a condition precedent to the Bank's entering into this Amendment that all corporate and other proceedings taken in connection with the transactions contemplated hereby and all documents incident thereto shall be in form and substance satisfactory to the Bank.

Section 8. Counterparts. This Amendment may be executed in counterparts each of which shall constitute an original but all of which, when taken together, shall constitute but one instrument.

(Signature page follows)

IN WITNESS WHEREOF, each of the Borrower and the Bank has had this Amendment executed by its duly authorized officers acting in their official capacities this day of , 2019.

JPMORGAN CHASE BANK, N.A.

By:_____

HALIFAX HOSPITAL MEDICAL CENTER

By:_____

H.H. HOLDINGS, INC.

By:_____

PONDER&co
MEMORANDUM

To: Mr. Eric M. Peburn
Executive Vice President & Chief Financial Officer
Halifax Health

From: Grant Ostlund

Date: October 23, 2019

RE: Extension of the JPMorgan Chase Direct Pay Letter of Credit

In 2008, Halifax Hospital Medical Center (the "District") issued \$70 million of variable rate demand bonds (the "Series 2008 Bonds"). The Series 2008 Bonds are repriced weekly by a remarketing agent (J.P. Morgan Securities LLC). As weekly variable rate demand bonds, holders of the Series 2008 Bonds maintain the option to tender the bonds for repayment upon providing notification seven days in advance. To provide a liquidity source for possible tenders, the District maintains a direct pay letter of credit (the "LOC") with JPMorgan Chase Bank, N.A ("JPMorgan"). Under the terms and conditions of the Series 2008 Bonds and the LOC, if bonds are tendered to the trustee, the trustee will draw upon the LOC to fund the repurchase. As a result of the presence of the LOC, the Series 2008 Bonds maintain short-term credit ratings reflective of the strength of JPMorgan ("A-1+" and "F1+" from Standard and Poor's and Fitch, respectively – the short-term ratings are the highest offered by both rating agencies). In addition to providing a source of liquidity, the LOC also provides enhancement to the long-term credit rating of the Series 2008 Bonds. Fitch has assigned a long-term credit rating of "AA-" to the Series 2008 Bonds based upon the JP Morgan direct pay letter of credit. Standard and Poor's has assigned a long-term credit rating of "AAA" based upon the credit strength of JPMorgan Chase and the District.

Currently, the annual fees for the JP Morgan direct pay letter of credit are 115 basis points (1.15%) of the face value of the LOC (the outstanding principal of the Series 2008 plus an interest component equal to 35 days of interest at 12%). The existing JP Morgan direct pay letter of credit is schedule to terminate on November 17, 2020.

JP Morgan has proposed to extend the termination date and revise the annual fees for the LOC as noted in the following table (and as compared to existing LOC):

Stated Expiration ¹	Annual Facility Fee (Basis Points/Dollar Amount) ²	Annual Incremental Savings (Dollar Amount) ³	Make-Whole Period ⁴
Existing: 1 year (approx.)	115 bps/\$814,392	Not Applicable	
Proposed: 3-years	35 bps/\$247,858	\$566,533	2 years
5-years	45 bps/\$318,675	\$495,717	3 years
7-years	55 bps/\$389,492	\$424,900	5 years

1 - Expiration of proposed extensions from date of execution.

2 - Based upon LOC facility amount (\$70 million plus 35 days of interest at 12%). The annual facility fee is subject to increases if the District is downgraded (10 basis point increase for each downgrade).

3 - Annual incremental savings is the existing "Annual Facility Fee" amount less the proposed "Annual Facility Fee" for each proposed expiration period.

4 - Termination of the LOC during the make-whole period would result in a payment of all unpaid annual facility fees for the make-whole period. This make-whole payment would be required if the District permanently reduced the amount of the LOC or terminated the LOC but would not be required if the Series 2008 Bonds were refunded with a public issuance of debt which did not require a direct pay letter of credit or if JPMC's short-term rating fell below "A-1".

Besides pricing, the propose extensions maintain similar terms, conditions, and provisions as the existing LOC.

* - The District has hedged the variable interest rate on the Series 2008 Bonds through an interest rate swap agreement. The ongoing fees associated with the Series 2008 Bonds will directly affect the overall cost of capital on the fixed interest rate created by the hedge.

Based upon recent experience with tax-exempt healthcare entities with similar credit ratings to the District and with direct pay letters of credit with similar terms and conditions, Ponder deems the proposed fees as competitive. While soliciting proposals from other commercial banks may generate a lower annual fee proposal, Ponder would anticipate any incremental savings to be minimal. Additionally, the time, effort, and cost of negotiating final terms, conditions, and provisions of a new direct pay letter of credit along with providing appropriate disclosure of the change will mitigate if not eliminate any savings. It is Ponder's recommendation to accept JPMorgan's extension proposal.

Concerning the selection of an expiration date, there is no "right" or "wrong" answer. With a five- or seven-year extension period, the District will pay incremental fees to eliminate/delay renewal risk (the risk that the LOC cannot be renewed or can be renewed but at a higher annual cost). The incremental cost of delaying renewal risk is \$70,817 per year for a two-year delay (from 3 to 5 years) and \$141,634 per year for a five-year delay (from 3 to 7 years). While not a certainty, the District should anticipate for JPMorgan to continue to offer a direct pay letter of credit at competitive pricing in the future since JPMorgan is the District's treasury management and investment bank and will want to maintain this established long-term relationship. As such, the District may want to consider the 3- or 5-year extension to save on fees. If JPMorgan is anticipated to continue to participate in the future, the 3-year option is certainly viable. However, 3-years is a relatively short period time and would probably result in the District contemplating another renewal in two years in order to execute the next extension in a timely manner.

RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE HALIFAX HOSPITAL MEDICAL CENTER PERTAINING TO ITS HALIFAX HOSPITAL MEDICAL CENTER HOSPITAL REVENUE REFUNDING AND IMPROVEMENT BONDS, SERIES 2008; AUTHORIZING THE EXTENSION OF THE STATED EXPIRATION DATE OF THE EXISTING CREDIT FACILITY FOR SAID BONDS; APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF AN AMENDMENT TO THE REIMBURSEMENT AGREEMENT DATED NOVEMBER 1, 2010, AS AMENDED AND SUPPLEMENTED BETWEEN THE DISTRICT FOR ITSELF AND AS OBLIGATED GROUP REPRESENTATIVE ON BEHALF OF H. H. HOLDINGS, INC. AND JPMORGAN CHASE BANK, N.A.; PROVIDING AN EFFECTIVE DATE FOR THIS RESOLUTION; AND PROVIDING CERTAIN OTHER AUTHORIZATIONS AND DETAILS WITH RESPECT THERETO.

BE IT RESOLVED by the Board of Commissioners of the Halifax Hospital Medical Center that:

SECTION 1. AUTHORITY. This Resolution is adopted pursuant to the Constitution of the State of Florida, Chapter 2003-374, Laws of Florida, as amended, and other applicable provisions of law (the "Act").

SECTION 2. DEFINITIONS. All terms used herein in capitalized form, unless otherwise defined herein, shall have the same meaning as ascribed to them in the Master Trust Indenture dated as of June 1, 2006 (the "Master Indenture"), between Halifax Hospital Medical Center (the "District"), as the Obligated Group Representative on behalf of the Obligated Group thereunder (in such capacity, the "Obligated Group Representative"), and Wells Fargo Bank, National Association, as Master Trustee (in such capacity, the "Master Trustee"), the Trust Indenture dated as of September 1, 2008 (the "2008 Bond Indenture"), between the District, in its capacity as Issuer (in such capacity, the "Issuer"), and Wells Fargo Bank, National Association, as Bond Trustee (in such capacity, the "Bond Trustee").

SECTION 3. FINDINGS. The District, acting through its Board of Commissioners, has found and determined and does hereby declare that:

A. The Issuer has previously issued its Hospital Revenue Refunding and Improvement Bonds, Series 2008 (the "2008 Bonds"). The 2008 Bonds are currently secured by an irrevocable, direct-pay letter of credit (the "JPMorgan Letter of Credit") issued by JPMorgan Chase Bank, N.A. (the "Bank") issued pursuant to the Reimbursement Agreement dated as of November 1, 2010 by and between the District, for itself and as Obligated Group Representative on behalf of H. H. Holdings, Inc. ("Holdings"), collectively referred to therein as the "Borrower," and the Bank, as supplemented and amended (the "Reimbursement Agreement").

B. The JPMorgan Letter of Credit currently has a Stated Expiration Date of December 17, 2020. The District desires to cause the Bank and the Bank has offered to extend such Stated Expiration Date to November 5, 2024 on the terms provided in the Reimbursement Agreement as further supplemented and amended by the 2019 Amendment to the Reimbursement Agreement, a proposed form of which is attached hereto as Exhibit "A" (the "2019 Amendment").

C. The District further desires to approve the forms of and authorize the execution and delivery of the 2019 Amendment and certain of the documents required to be delivered by the District and the Obligated Group Representative in connection therewith.

SECTION 4. APPROVAL AND AUTHORIZATION OF 2019 AMENDMENT. To provide for the extension of the Stated Expiration Date of the JPMorgan Letter of Credit to November 5, 2024, the form of the 2019 Amendment attached hereto as Exhibit "A" to be entered into by the Obligated Group and the Bank is hereby approved, subject to such changes, insertions and omissions and filling of blanks therein as may be approved by the President and Chief Executive Officer or the Executive Vice President and Chief Financial Officer of the District, and the execution and delivery shall be conclusive evidence of such approval. The President and Chief Executive Officer or the Executive Vice President and Chief Financial Officer of the District are hereby authorized and empowered to execute and deliver the 2019 Amendment in substantially the form attached hereto as Exhibit "A" subject to such revisions as are authorized hereby.

SECTION 5. AUTHORIZATIONS. The President and Chief Executive Officer and the Executive Vice President and Chief Financial Officer of the District, and such other officers and employees of the District as may be designated by the President and Chief Executive Officer, are each designated as agents of the Obligated Group in connection with the execution and delivery of the 2019 Amendment and the performance and administration of the Reimbursement Agreement, including, without limitation, extensions from time to time of the term of the JPMorgan Letter of Credit, and are authorized and empowered, collectively or individually, to take all action and steps and to execute all instruments, documents and contracts on behalf of the Obligated Group that are necessary or desirable in connection therewith.

SECTION 6. REPEAL OF INCONSISTENT PROVISIONS. All resolutions or parts thereof in conflict herewith are to the extent of such conflict superseded and repealed.

[Remainder of page intentionally left blank]

SECTION 7. EFFECTIVE DATE. This Resolution shall become effective immediately upon its passage.

PASSED AND ADOPTED in public session of the Halifax Hospital Medical Center in Daytona Beach, Florida, this ____ day of November, 2019.

HALIFAX HOSPITAL MEDICAL CENTER

(SEAL)

By: _____
Harold L. Goodemote II
Chairman

ATTEST:

By: _____
Daniel Francati
Secretary

EXHIBIT A

FORM OF 2019 AMENDMENT TO REIMBURSEMENT AGREEMENT

RESOLUTION OF THE BOARD OF DIRECTORS OF H.H. HOLDINGS, INC. APPROVING AND AUTHORIZING AN AMENDMENT TO THE REIMBURSEMENT AGREEMENT BETWEEN THE OBLIGATED GROUP AND JPMORGAN CHASE BANK, N.A.; PROVIDING AN EFFECTIVE DATE FOR THIS RESOLUTION; AND PROVIDING CERTAIN OTHER AUTHORIZATIONS AND DETAILS WITH RESPECT THERETO.

WHEREAS, Halifax Hospital Medical Center (the “District”) previously entered into the Master Trust Indenture dated as of June 1, 2006 between the District, as the initial sole Member of the Obligated Group thereunder, and Wells Fargo Bank, National Association, as Master Trustee (the “Master Trustee”), as supplemented from time to time (the “Master Indenture”); and

WHEREAS, H.H. Holdings, Inc. (the “Corporation”), pursuant to the Assumption and Security Agreement dated as of December 31, 2008 between the Corporation (then known as Florida Health Care Plan, Inc.) and the District and delivered to the Master Trustee, assumed the obligations of and became a Member of the Obligated Group under the Master Indenture and became bound by and subject to the terms and provisions of the Master Indenture; and

WHEREAS, the District, in its capacity as Issuer (in such capacity, the “Issuer”) previously issued its Halifax Hospital Medical Center Hospital Revenue Refunding and Improvement Bonds, Series 2008 (the “2008 Bonds”); and

WHEREAS, the 2008 Bonds are secured by and payable from amounts payable by the Obligated Group under Obligation No. 6 issued under the Master Indenture, as specifically supplemented by the Fifth Supplemental Indenture for Obligation No. 6 and No. 7; and

WHEREAS, the 2008 Bonds are also secured by a direct pay letter of credit (the “JPMorgan Letter of Credit”) issued by JPMorgan Chase Bank, N.A. (the “Bank”); and

WHEREAS, the JPMorgan Letter of Credit currently has a Stated Expiration Date of December 17, 2020 and the District desires to cause the Bank and the Bank has offered to extend such Stated Expiration Date to November 5, 2024 pursuant and subject to the terms of the Reimbursement Agreement dated as of November 10, 2010, as amended, between the District and the Corporation, as Members of the Obligated Group, and the Bank, as further supplemented and amended by the 2019 Amendment to Reimbursement Agreement, a proposed form of which is attached hereto as Exhibit “A” (the “2019 Amendment”); and

WHEREAS, the Corporation desires to approve and authorize the 2019 Amendment and certain documents required to be delivered by the Obligated Group in connection therewith;

NOW, THEREFORE, by the Board of Directors of H.H. Holdings, Inc. that:

SECTION 1. DEFINITIONS. All terms used herein in capitalized form, unless otherwise defined herein, shall have the same meaning as ascribed to them in the Master Indenture or the Trust Indenture dated as of September 1, 2008 (the "2008 Bond Indenture"), between the Issuer and Wells Fargo Bank, National Association, as Bond Trustee (in such capacity, the "Bond Trustee").

SECTION 2. APPROVAL OF 2019 AMENDMENT. To provide for the extension of the Stated Expiration Date of the JPMorgan Letter of Credit to November 5, 2024, the form of the 2019 Amendment is attached hereto as Exhibit "A" to be entered into by the District, for itself and as the Obligated Group Representative on behalf of the Obligated Group, is hereby approved, subject to such changes, insertions and omissions and filling of blanks therein as may be approved by the officer of the Obligated Group Representative executing the same, and the execution and delivery shall be conclusive evidence of such approval. The execution and delivery of the 2019 Amendment on behalf of the Obligated Group are hereby authorized and approved by the Corporation.

SECTION 3. AUTHORIZATIONS. The President, Vice President, Secretary, Assistant Secretary, and such other officers and employees of the Corporation as may be designated by the President or Vice President, are each designated as agents of the Corporation in connection with the execution and delivery of the 2019 Amendment and the performance and administration of the Reimbursement Agreement, including, without limitation, the extension from time to time of the term of the JPMorgan Letter of Credit, and are authorized and empowered, collectively or individually, to take all action and steps and to execute all instruments, documents and contracts on behalf of the Corporation that are necessary or desirable in connection therewith. The Corporation hereby confirms the authority of the District, as Obligated Group Representative, to serve as agent of the Obligated Group and to execute and deliver the 2019 Amendment and other documents on behalf of the Obligated Group in connection therewith and in connection with the administration and performance by the Obligated Group of the Reimbursement Agreement, including, without limitation, the extension from time to time of the term of the JPMorgan Letter of Credit.

[Remainder of page intentionally left blank]

SECTION 4. EFFECTIVE DATE. This Resolution shall become effective immediately upon its passage.

PASSED AND ADOPTED in public session of the Board of Directors of H.H. Holdings, Inc. in Daytona Beach, Florida, this ____ day of November, 2019.

H.H. HOLDINGS, INC.

(SEAL)

By: _____

Its: _____

ATTEST:

By: _____

Its: _____

EXHIBIT A

FORM OF 2019 AMENDMENT TO REIMBURSEMENT AGREEMENT

**HALIFAX HEALTH MEDICAL CENTER
SCHEDULE OF USES OF PROPERTY TAXES
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2019**

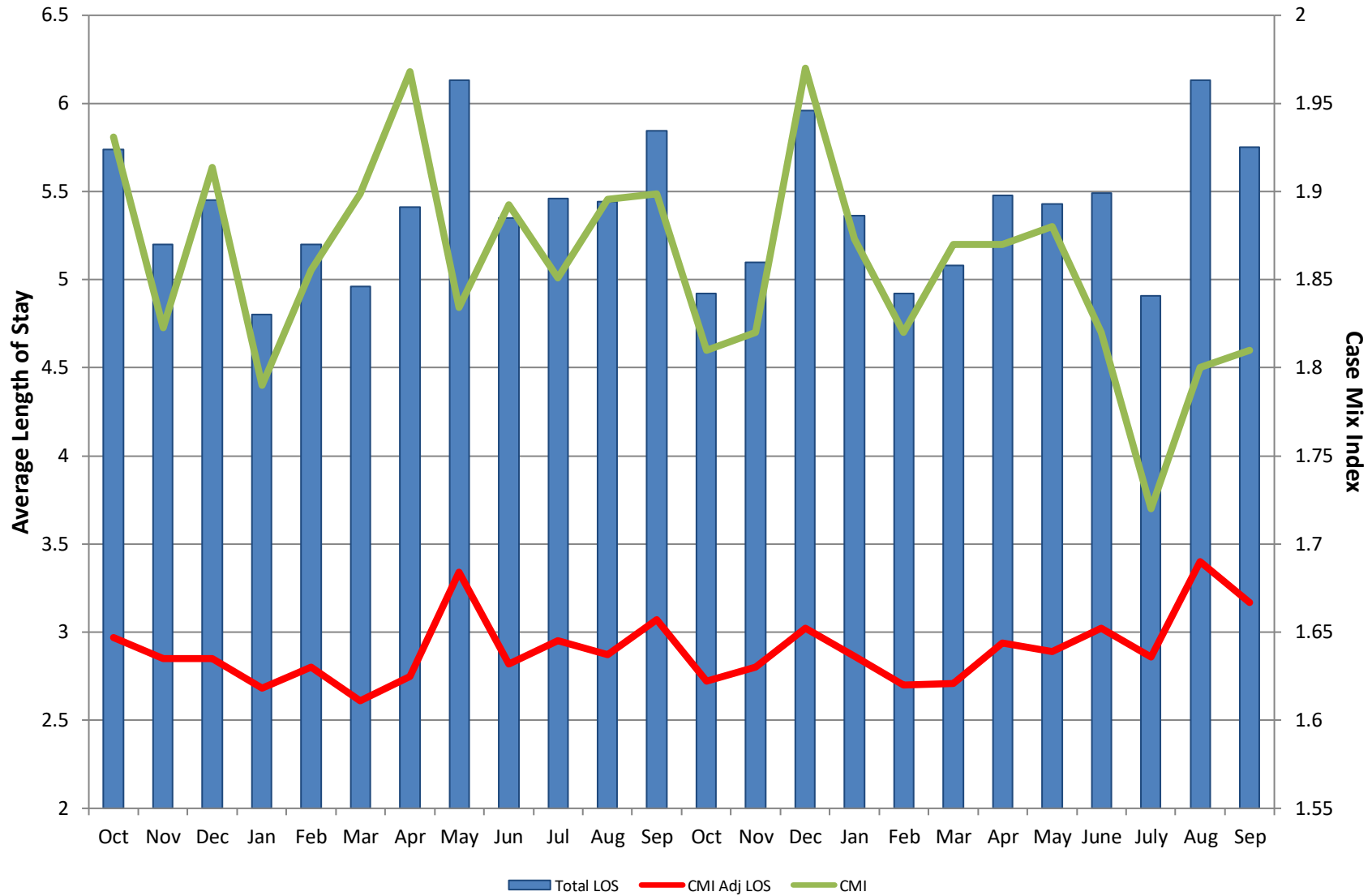
		in mills
Gross property tax levy	6,129,468	0.3546
Tax discounts and uncollectible taxes	(143,822)	(0.0083)
Net property taxes collected	5,985,646	0.3463
Amounts paid to Volusia County and Cities:		
Tax collector and appraiser commissions	(211,603)	(0.0122)
Volusia County Medicaid matching assessment	(3,152,091)	(0.1824)
Redevelopment taxes paid to Cities	(321,553)	(0.0186)
Subtotal	(3,685,247)	(0.2132)
Net taxes available for community health, wellness and readiness	2,300,399	0.1331
Amounts paid for community health and wellness services:		
Preventive health services (clinics, Healthy Kids, etc.)	(645,750)	(0.0374)
Physician services	(6,709,805)	(0.3882)
Trauma services	(5,629,414)	(0.3257)
Pediatric and neonatal intensive care services	(243,444)	(0.0141)
Child and adolescent behavioral services	(822,475)	(0.0476)
Subtotal	(14,050,888)	(0.8130)
Deficiency of net taxes available to fund hospital operating expenses	(11,750,489)	(0.6799)
Uncompensated care, <i>at cost</i> :		
Halifax Health patients at facilities inside of the Halifax Health tax district	(33,030,827)	(1.9109)
Non-Halifax Health taxing district patients and other write-offs	(22,784,523)	(1.3181)
Subtotal	(55,815,350)	(3.2290)
Total deficiency of net taxes available to fund hospital operating expenses and uncompensated care provided by Halifax Health, <i>at cost</i>	\$ (67,565,839)	(3.9089)
Proforma tax levy to cover uncompensated care, at cost:		
Gross property tax levy		0.3546
Subsidized uncompensated care costs by operations		3.9089
Equivalent property tax levy expended *		4.2635

* This is an equivalent levy for demonstration purposes only and is not intended to represent a proposed millage rate.

Discharged Based - Average Length of Stay and Case Mix Index

24 Months Ended September 30th, 2019

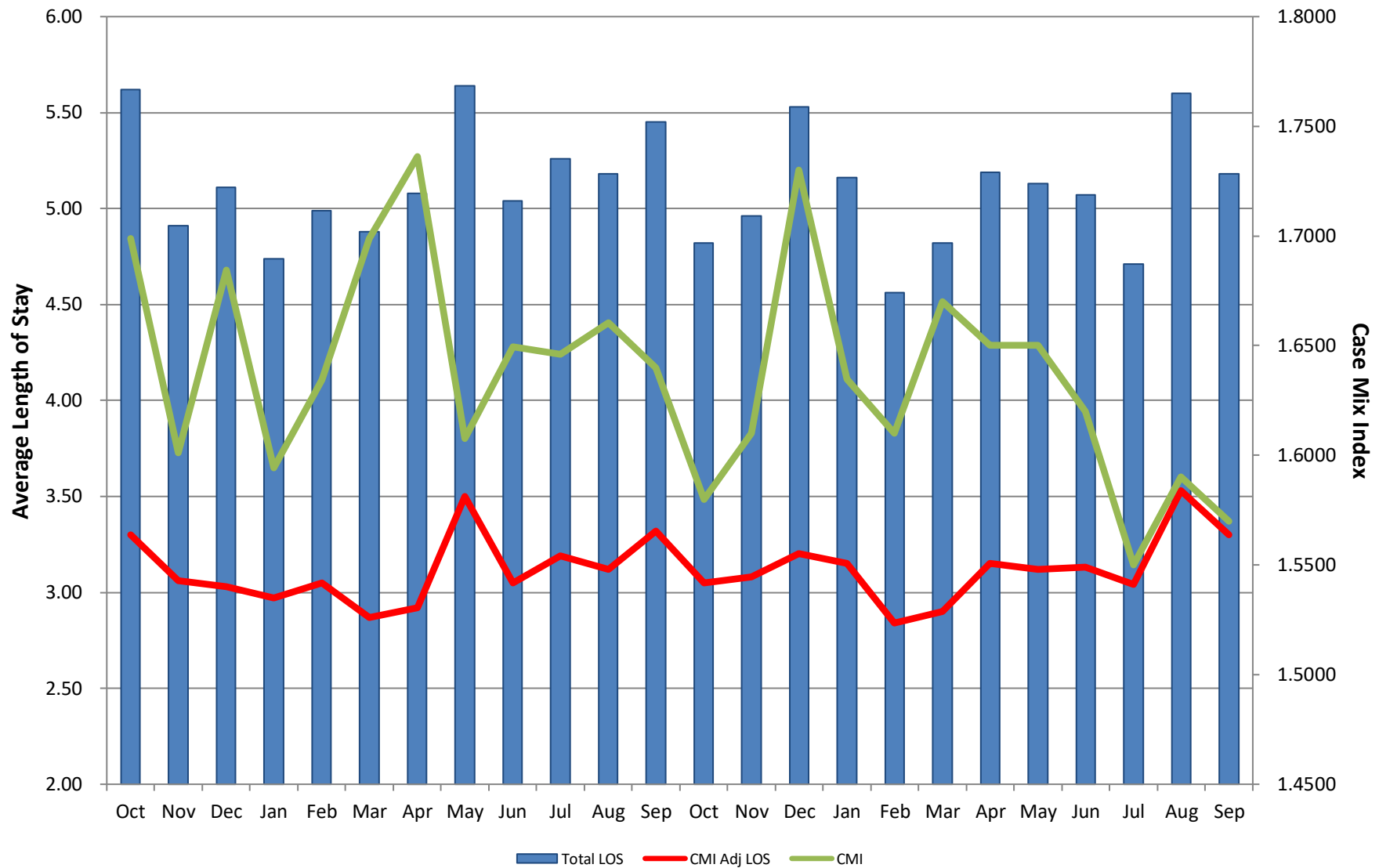
Excludes Newborns, OB, Psych, and Inpatient Rehabilitation



Discharged Based - Average Length of Stay and Case Mix Index

24 Months Ended September 30th, 2019

Excludes Newborns and Inpatient Rehabilitation



Halifax Health Pension Plan

Monthly Update

Market Value: \$275.2 M

Ending September 30, 2019

Asset Class	Market Value 8/31/19	1 Mo Net Cash Flows	Market Value 9/30/19	% of Portfolio	Policy %	1 Mo	YTD	Fiscal YTD
Total Fund Composite	\$272,037,224	-\$1,970,724	\$275,200,899	100.0%	100.0%	1.9%	7.6%	-2.1%
Fixed Income Composite	\$109,771,364	\$0	\$109,942,981	40.0%	40.0%	0.2%	1.6%	1.9%
<i>BBgBarc US Govt/Credit 1-5 Yr. TR</i>						-0.2%	4.5%	6.0%
Ponder US Treasury	Short-Term Govt. Fixed Income	\$101,275,522	\$0	\$101,450,761	36.9%	0.2%	1.3%	1.6%
<i>BBgBarc US Govt 1-3 Yr TR</i>						-0.1%	3.1%	4.4%
Vanguard Short-Term Investment Grade	Short-Term Fixed Income	\$8,495,842	\$0	\$8,492,220	3.1%	0.0%	5.2%	5.9%
<i>BBgBarc US Govt/Credit 1-5 Yr. TR</i>						-0.2%	4.5%	6.0%
U.S. Equity Composite	\$113,760,209	\$0	\$116,587,701	42.4%	40.0%	2.5%	14.2%	-5.9%
<i>Wilshire 5000 Total Market</i>						1.8%	20.1%	2.9%
DFA Large Cap Value	Large-Cap Value	\$28,824,313	\$0	\$29,959,797	10.9%	3.9%	15.0%	-1.9%
<i>Russell 1000 Value</i>						3.6%	17.8%	4.0%
Vanguard Growth Index	Large-Cap Growth	\$17,759,931	\$0	\$17,800,609	6.5%	0.2%	24.9%	4.5%
<i>CRSP US Large Cap Growth TR USD</i>						0.2%	24.9%	4.5%
DFA US Small Cap Value	Small-Cap Value	\$27,225,146	\$0	\$28,846,610	10.5%	6.0%	8.2%	-13.7%
<i>Russell 2000 Value</i>						5.1%	12.8%	-8.2%
Vanguard Small Cap Growth Index	Small-Cap Growth	\$18,357,913	\$0	\$18,075,878	6.6%	-1.5%	21.4%	-2.2%
<i>CRSP US Small Cap Growth TR USD</i>						-1.5%	21.4%	-2.0%
Vanguard Energy Fund	Large-Cap Value	\$10,278,074	\$0	\$10,655,330	3.9%	3.7%	6.9%	-18.0%
<i>S&P 500 Energy</i>						3.8%	6.0%	-19.2%
Vanguard Health Care Fund	Large-Cap Growth	\$11,314,832	\$0	\$11,249,477	4.1%	-0.6%	5.2%	-6.5%
<i>S&P 500 Health Care</i>						-0.2%	5.6%	-3.6%
Non-U.S. Composite	\$45,858,181	\$0	\$47,991,910	17.4%	20.0%	4.7%	6.3%	-7.6%
<i>MSCI ACWI ex USA</i>						2.6%	11.6%	-1.2%
DFA International Value	Non-U.S. Large-Cap Value	\$38,072,960	\$0	\$40,007,498	14.5%	5.1%	7.3%	-8.4%
<i>MSCI EAFE Value</i>						4.8%	7.7%	-4.9%
DFA Emerging Markets Value	Emerging Markets	\$7,785,221	\$0	\$7,984,412	2.9%	2.6%	0.0%	-7.2%
<i>MSCI Emerging Markets Value</i>						2.2%	1.8%	-5.0%
Cash Composite	\$2,647,469	-\$1,970,724	\$678,307	0.2%	--	0.2%	1.5%	2.0%
Money Market	Cash & Equivalents	\$2,647,469	-\$1,970,724	\$678,307	0.2%	0.2%	1.5%	2.0%

Market Value: \$76.1 M

Ending September 30, 2019

	Asset Class	Market Value 8/31/19	1 Mo Net Cash Flows	Market Value 9/30/19	% of Portfolio	Policy %	1 Mo	YTD	Fiscal YTD
Total Fund Composite		\$75,196,158	\$0	\$76,085,458	100.0%	100.0%	1.2%	10.6%	2.8%
Fixed Income Composite		\$37,803,799	\$0	\$37,843,792	49.7%	40.0%	0.1%	2.8%	--
<i>BBgBarc US Govt/Credit 1-5 Yr. TR</i>							-0.2%	4.5%	6.0%
Ponder US Treasury	Short-Term Govt. Fixed Income	\$26,016,618	\$0	\$26,061,635	34.3%		0.2%	2.2%	--
<i>BBgBarc US Govt 1-3 Yr TR</i>							-0.1%	3.1%	4.4%
Vanguard Short-Term Investment Grade	Short-Term Fixed Income	\$11,787,181	\$0	\$11,782,157	15.5%		0.0%	5.2%	5.9%
<i>BBgBarc US Govt/Credit 1-5 Yr. TR</i>							-0.2%	4.5%	6.0%
U.S. Equity Composite		\$33,380,470	\$0	\$34,094,305	44.8%	53.0%	2.1%	17.0%	--
<i>Wilshire 5000 Total Market</i>							1.8%	20.1%	2.9%
DFA Large Cap Value	Large-Cap Value	\$12,452,842	\$0	\$12,943,654	17.0%	20.0%	3.9%	15.0%	-1.9%
<i>Russell 1000 Value</i>							3.6%	17.8%	4.0%
Vanguard Growth Index	Large-Cap Growth	\$6,311,078	\$0	\$6,325,533	8.3%	10.0%	0.2%	24.9%	4.5%
<i>CRSP US Large Cap Growth TR USD</i>							0.2%	24.9%	4.5%
DFA US Small Cap Value	Small-Cap Value	\$4,969,317	\$0	\$5,265,315	6.9%	10.0%	6.0%	8.2%	-13.7%
<i>Russell 2000 Value</i>							5.1%	12.8%	-8.2%
Vanguard Small Cap Growth Index	Small-Cap Growth	\$7,862,664	\$0	\$7,741,869	10.2%	10.0%	-1.5%	21.4%	-2.0%
<i>CRSP US Small Cap Growth TR USD</i>							-1.5%	21.4%	-2.0%
Vanguard Energy Fund	Large-Cap Value	\$1,028,044	\$0	\$1,065,778	1.4%	1.5%	3.7%	6.8%	-18.1%
<i>S&P 500 Energy</i>							3.8%	6.0%	-19.2%
Vanguard Health Care Fund	Large-Cap Growth	\$756,526	\$0	\$752,156	1.0%	1.5%	-0.6%	5.2%	-6.5%
<i>S&P 500 Health Care</i>							-0.2%	5.6%	-3.6%
Non-U.S. Composite		\$3,540,893	\$0	\$3,675,667	4.8%	7.0%	3.8%	3.8%	--
<i>MSCI ACWI ex USA</i>							2.6%	11.6%	-1.2%
DFA International Value	Non-U.S. Large-Cap Value	\$1,749,410	\$0	\$1,838,300	2.4%	5.0%	5.1%	7.3%	-8.4%
<i>MSCI EAFE Value</i>							4.8%	7.7%	-4.9%
DFA Emerging Markets Value	Emerging Markets	\$1,791,483	\$0	\$1,837,367	2.4%	2.0%	2.6%	0.0%	-7.2%
<i>MSCI Emerging Markets Value</i>							2.2%	1.8%	-5.0%
Cash Composite		\$470,995	\$0	\$471,694	0.6%	--	0.1%	1.4%	--
Money Market	Cash & Equivalents	\$470,995	\$0	\$471,694	0.6%		0.1%	1.4%	--

Market Value: \$49.8 M

Ending September 30, 2019

Asset Class		Market Value 8/31/19	1 Mo Net Cash Flows	Market Value 9/30/19	% of Portfolio	Policy %	1 Mo	YTD	Fiscal YTD
Total Fund Composite		\$49,092,486	\$0	\$49,760,755	100.0%	100.0%	1.4%	8.5%	12.5%
Fixed Income Composite		\$17,458,683	\$0	\$17,463,452	35.1%	40.0%	0.0%	1.9%	--
BBgBarc US Govt/Credit 1-5 Yr. TR							-0.2%	4.5%	6.0%
Ponder US Treasury	Short-Term Govt. Fixed Income	\$16,128,999	\$0	\$16,134,335	32.4%		0.0%	1.6%	--
BBgBarc US Govt 1-3 Yr TR							-0.1%	3.1%	4.4%
Vanguard Short-Term Investment Grade	Short-Term Fixed Income	\$1,329,683	\$0	\$1,329,117	2.7%		0.0%	5.2%	5.9%
BBgBarc US Govt/Credit 1-5 Yr. TR							-0.2%	4.5%	6.0%
U.S. Equity Composite		\$22,795,932	\$0	\$23,342,163	46.9%	53.0%	2.4%	16.2%	--
Wilshire 5000 Total Market							1.8%	20.1%	2.9%
DFA Large Cap Value	Large-Cap Value	\$8,652,320	\$0	\$8,993,339	18.1%	20.0%	3.9%	15.0%	-1.9%
Russell 1000 Value							3.6%	17.8%	4.0%
Vanguard Growth Index	Large-Cap Growth	\$4,233,068	\$0	\$4,242,763	8.5%	10.0%	0.2%	24.9%	4.5%
CRSP US Large Cap Growth TR USD							0.2%	24.9%	4.5%
DFA US Small Cap Value	Small-Cap Value	\$3,878,384	\$0	\$4,109,401	8.3%	10.0%	6.0%	8.2%	-13.7%
Russell 2000 Value							5.1%	12.8%	-8.2%
Vanguard Small Cap Growth Index	Small-Cap Growth	\$4,278,491	\$0	\$4,212,760	8.5%	10.0%	-1.5%	21.4%	-2.0%
CRSP US Small Cap Growth TR USD							-1.5%	21.4%	-2.0%
Vanguard Energy Fund	Large-Cap Value	\$950,064	\$0	\$984,936	2.0%	1.5%	3.7%	6.8%	-18.1%
S&P 500 Energy							3.8%	6.0%	-19.2%
Vanguard Health Care Fund	Large-Cap Growth	\$803,605	\$0	\$798,964	1.6%	1.5%	-0.6%	5.2%	-6.5%
S&P 500 Health Care							-0.2%	5.6%	-3.6%
Non-U.S. Composite		\$2,491,385	\$0	\$2,599,690	5.2%	7.0%	4.3%	5.1%	--
MSCI ACWI ex USA							2.6%	11.6%	-1.2%
DFA International Value	Non-U.S. Large-Cap Value	\$1,765,745	\$0	\$1,855,465	3.7%	5.0%	5.1%	7.3%	-8.4%
MSCI EAFE Value							4.8%	7.7%	-4.9%
DFA Emerging Markets Value	Emerging Markets	\$725,640	\$0	\$744,225	1.5%	2.0%	2.6%	0.0%	-7.2%
MSCI Emerging Markets Value							2.2%	1.8%	-5.0%
Cash Composite		\$6,346,487	\$0	\$6,355,450	12.8%	--	0.1%	1.6%	--
Ponder Money Market	Cash & Equivalents	\$6,346,487	\$0	\$6,355,450	12.8%		0.1%	1.6%	--

Market Value: \$83.2 M

Ending September 30, 2019

Asset Class	Market Value 8/31/19	1 Mo Net Cash Flows	Market Value 9/30/19	% of Portfolio	Policy %	1 Mo	YTD	Fiscal YTD
Total Fund Composite	\$83,186,402	\$0	\$83,191,656	100.0%	100.0%	0.0%	3.1%	-5.1%
Fixed Income Composite	\$83,186,402	\$0	\$83,191,656	100.0%	100.0%	0.0%	3.1%	--
<i>BBgBarc US Govt/Credit 1-5 Yr. TR</i>						-0.2%	4.5%	6.0%
Ponder Short Term Gov't/Credit Short-Term Fixed Income	\$57,502,518	\$0	\$57,518,721	69.1%		0.0%	2.5%	--
<i>BBgBarc US Govt/Credit 1-3 Yr. TR</i>						-0.1%	3.4%	4.6%
Vanguard Short-Term Investment Grade Short-Term Fixed Income	\$25,683,884	\$0	\$25,672,935	30.9%		0.0%	5.2%	5.9%
<i>BBgBarc US Govt/Credit 1-5 Yr. TR</i>						-0.2%	4.5%	6.0%

Ending September 30, 2019

Asset Class	Market Value 8/31/19	1 Mo Net Cash Flows	Market Value 9/30/19	% of Portfolio	Policy %	1 Mo	YTD
Total Fund Composite	\$114,448,215	\$0	\$114,579,767	100.0%	100.0%	0.1%	2.3%
Fixed Income Composite	\$114,448,215	\$0	\$114,579,767	100.0%	100.0%	0.1%	2.3%
<i>BBgBarc US Govt/Credit 1-5 Yr. TR</i>						-0.2%	4.5%
Ponder Short Term Gov't/Credit <i>BBgBarc US Govt/Credit 1-3 Yr. TR</i>	Short-Term Fixed Income	\$25,906,743	\$0	\$25,889,950	22.6%	-0.1%	3.5%
Ponder US Treasury <i>BBgBarc US Govt/Credit 1-3 Yr. TR</i>	Short-Term Govt. Fixed Income	\$87,080,789	\$0	\$87,229,756	76.1%	0.2%	1.9%
Vanguard Short-Term Investment Grade <i>BBgBarc US Govt/Credit 1-5 Yr. TR</i>	Short-Term Fixed Income	\$1,460,683	\$0	\$1,460,060	1.3%	0.0%	5.2%

INFORMATIONAL REPORT
November 2019

Capital Expenditures \$25,000 -- \$50,000

DESCRIPTION	DEPARTMENT	SOURCE OF FUNDS	TOTAL
Diagnostic Reading Monitors	Information Technology	Working Capital	\$27,750

Operating Leases \$50,000 -- \$250,000

DESCRIPTION	DEPARTMENT	REPLACEMENT Y/N	LEASE TERMS	INTEREST RATE	MONTHLY PAYMENT



HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer
FROM: Arvin Lewis, Senior Vice President and Chief Revenue Officer
CC: Tom Stafford, Vice President and Chief Information Officer
DATE: September 16, 2019
RE: Diagnostic Reading Monitors

Halifax Health Information Technology requests funding for the purchase of three (3) diagnostic reading monitors that will be used by radiologists. The existing reading monitors were purchased in 2013, are no longer under warranty, and have exceeded their light-year expectancy. They are no longer available to purchase as replacements.

The new monitors will deliver exceptionally high brightness and high contrast ratios. The auto-calibration capability will ensure consistent diagnostic quality images.

With the purchase of the new monitors the radiologists will continue to read diagnostic quality images and maintain ACR Guidelines for medical imaging.

TOTAL CAPITAL COST \$27,750



Halifax Health Project Evaluation

Diagnostic Reading Monitors

Chief Information Officer:	Tom Stafford
Manager, Enterprise Imaging:	Judy Russo
Finance Analysis by:	Roxanne Edmonds

Summary

Purpose:

This project is to purchase three diagnostic reading monitors to replace existing monitors which are no longer under warranty and have exceeded their light-year expectancy.

Strategic Plan Core Competency Achievement:

Physician Integration	
Care Coordination	X
Cost Management	
Information Technology	X
Service Distribution	
Financial Position	
Scale	
Managed Care Contracting	
Competitive Position	

Cornerstone:

Safety	
Compassion	
Image	
Efficiency	X

Investment Request for Approval **\$27,750**

Recommendation for approval of the project is not based upon incremental return on inv