

HOSPITAL AUTHORITY OF ALBANY-DOUGHERTY COUNTY

MINUTES OF THE NOVEMBER 15, 2018 MEETING

(Open Session)

Attendees:

Authority Board Members: Fred Ghiglieri, Joel Callins, John Hayes, Dr. Kathy Hudson, Dr. Michael Laslie, Ferrell Moultrie, Dr. Tania Smith, and Nyota Tucker

Authority Legal Counsel: Tommy Coleman

Those Present on Behalf of Phoebe Putney Memorial Hospital, Inc.: Joe Austin, Dawn Benson, Brian Church, Dr. Steve Kitchen, Felicia Lewis, Ben Roberts, Joel Wernick

Absent Authority Members: None

Open Meeting and Establish a Quorum:

Chair Ghiglieri called the meeting to order at 7:31am in the Willson Board Room at Phoebe Putney Memorial Hospital. He thanked all Members for their attendance and participation and he observed that a quorum was present.

Approval of the Agenda:

The Agenda had been previously provided to the Authority Members. Chair Ghiglieri pointed out one small change in the proposed agenda provided at the meeting. A motion to adopt the revised Agenda for the meeting was made by Dr. Kathy Hudson and seconded by Nyota Tucker. A copy of the Agenda as adopted is attached.

Presentation to Commissioner John Hayes:

Chair Ghiglieri presented Mr. Hayes with a certificate of appreciation for his service to the Authority.

Approval of the Minutes:

The proposed Minutes of the August 16, 2018 open session meeting of the Authority had been provided to Members prior to this meeting and the same were considered for approval. Dr. Hudson made a motion and Ms. Tucker seconded the motion, to approve the Minutes as previously provided. The motion passed unanimously by vote of all Members.

The proposed Minutes of the October 4, 2018 open session called meeting of the Authority had likewise been provided to Members prior to this meeting and the same were considered for approval. Dr. Laslie made a motion and Dr. Hudson seconded the motion, to approve the Minutes as previously provided. The motion passed unanimously by vote of all Members.

Certified Authority Audit for FYE 2018:

Jeffrey Wright, assisted by Stephen Harrell, each of Draffin & Tucker, CPAs, presented the Audited Financial Statements for the Authority for the year ending July 31, 2018 and the report also showed the 2017 financial statements for comparison purposes. Discussions, questions, and comments ensued. A copy of the Audit is attached hereto. On behalf of Management, a motion was made by Brian Church, seconded by Dr. Hudson to adopt and approve the Certified FYE Authority 2018 Audit as prepared and presented by Draffin & Tucker. The motion passed unanimously by vote of all Members. A bound copy of the Authority Audit was offered to all Authority Members and a copy is retained with these Minutes.

Financial Reports:

Brian Church, CFO of PPMH, Inc., reported the Bond Refinancing transaction closed on November 1, 2018. Mr. Church presented and reviewed an interim financial report for the Authority's current fiscal year through September 30, 2018. Copies of the Authority's Financial Statements as presented by Mr. Church are attached.

PPMH, Inc. CEO and Operational Reports:

Dr. Steve Kitchen, CMO of PPMH, Inc., reported on the LeapFrog Hospital Safety Grades, publicly released on November 8, 2018. PPMH received a score of 3.1090 (B) and Phoebe Sumter received a score of 3.2165 (A). Dr. Kitchen reported how LeapFrog determines their grades. Discussion and questions ensued.

Joel Wernick, President/CEO of PPMH, Inc., provided an update on how the Hospital responded during Hurricane Michael. The Hospital did not lose power due to having its own power generators. Power generated by City utilities was lost which affected the Hospital's water supply causing issues with air chillers and water needed for bathrooms. Mr. Wernick noted that other hospitals have their own wells which, if Phoebe had, would prevent the loss of water in the event of another City power outage.

Mr. Wernick distributed two handouts: New York Times article "When Hospitals Merge to Save Money, Patients Often Pay More" and "Hospital Consolidation and Rising Costs" (copies are attached to these minutes).

Develop Action Plans for Resolution (Approved) from August 16, 2018 Meeting:

Chair Ghiglieri reminded the Authority Members that at their August 16, 2018 meeting, Ms. Tucker made a recommendation, which was approved, that the Authority explore whether a best practice standard for lease analysis has been adopted by relevant peer hospital authority boards. Chair Ghiglieri stated an ad-hoc committee would need to be formed to do the work. Chair Ghiglieri, Ms. Tucker, and Dr. Hudson all volunteered to be on the committee. Chair Ghiglieri made the motion to appoint the three members to the ad-hoc committee. Mr. Callins seconded the motion. Chair Ghiglieri polled each individual Authority Member present with respect to his or her vote on the motion and the vote of each of the Members is shown below, with no Member opposing:

Fred Ghiglieri	Yes
Joel Callins	Yes
John Hayes	Yes

Dr. Kathy Hudson	Yes
Dr. Michael Laslie	Yes
Ferrell Moultrie	Yes
Dr. Tania Smith	Yes
Nyota Tucker	Yes

The motion passed.

Chair Ghiglieri reminded the Authority Members that at their August 16, 2018 meeting, Mr. Callins made a motion for the Authority to plan a training day for current and future members of the Authority to determine their statutory responsibilities of oversight of PPMH, including a cost analysis and lease analysis. Chair Ghiglieri stated an ad-hoc committee would need to be formed to do the work. Mr. Callins and Mr. Moultrie volunteered to be on the committee. Mr. Moultrie made the motion to appoint the two members to the ad-hoc committee. Dr. Smith seconded the motion. Chair Ghiglieri polled each individual Authority Member present with respect to his or her vote on the motion and the vote of each of the Members is shown below, with no Member opposing:

Fred Ghiglieri	Yes
Joel Callins	Yes
John Hayes	Yes
Dr. Kathy Hudson	Yes
Dr. Michael Laslie	Yes
Ferrell Moultrie	Yes
Dr. Tania Smith	Yes
Nyota Tucker	Yes

The motion passed.

Chair Ghiglieri asked the committees to provide an update at the February 2019 meeting.

Closing of the Meeting:

A motion was made by Mr. Callins, seconded by Dr. Laslie to close the meeting for the purposes of: (i) engaging in privileged consultation with legal counsel; (ii) to discuss potentially valuable commercial plans, proposals or strategies that may be of competitive advantage in the operation of Phoebe Putney Memorial Hospital or its medical facilities, or (iii) to discuss confidential matters or information pertaining to peer review or provided by a peer review organization as defined in O.C.G.A. §31-7-131.

Chair Ghiglieri polled each individual Authority Member present with respect to his or her vote on the motion and the vote of each of the Members is shown below, with no Member opposing:

Fred Ghiglieri	Yes
Joel Callins	Yes
John Hayes	Yes
Dr. Kathy Hudson	Yes
Dr. Michael Laslie	Yes
Ferrell Moultrie	Yes
Dr. Tania Smith	Yes

Nyota Tucker

Yes

The motion having passed, the meeting closed.

Open Session Reconvened:

Pursuant to the unanimous vote of all Members in attendance at the conclusion of the Closed Session, the meeting reopened.

2019 Meeting Schedule:

Chair Ghiglieri noted the next meeting is scheduled for February 21, 2019 and all Members were in agreement of this meeting date. Chair Ghiglieri noted that the remaining 2019 meetings dates will be approved at the February meeting.

Adjournment:

There being no further business the meeting was adjourned.

AGENDA (as adopted)

HOSPITAL AUTHORITY OF ALBANY-DOUGHERTY COUNTY, GEORGIA

(OPEN SESSION)

Meeting of November 15, 2018

(Willson Board Room)

-
- | | | |
|--------------|--|--|
| I. | Open meeting and establish quorum | Chair |
| II. | Consider Approval of Agenda (draft previously provided to Members) | Chair |
| III. | Speaker Appearances (if applicable) | |
| IV. | Consideration of Open Session Minutes of August 16, 2018 and October 4, 2018 meetings (drafts previously provided to Members) | Chair |
| V. | Certified Authority Audit for FYE 2018 | Draffin & Tucker
Brian Church |
| VI. | Financial Reports
a. Bond Refinancing Update
b. Hospital Authority Financial Update | Brian Church |
| VII. | Phoebe Putney Memorial Hospital, Inc. CEO and Operational Reports
a. LeapFrog Hospital Safety Grade
b. Hurricane Michael Response | Steve Kitchen, MD
Joel Wernick |
| VIII. | Develop Action Plan for Resolution (Approved) from August 16, 2018 Discussion:
a. Consideration of Best Practice Recommendations by Hospital Authority Peers for Timely Lease Analysis | Chair / Nyota Tucker |
| IX. | Develop Action Plan for Resolution (Approved) from August 16, 2018 Discussion:
a. Develop a Training Session for all HAADC Members: Statutory / Lease Responsibilities (i.e.: P&W Document), What Cost to Monitor & Availability, Difference from PPMH Board, etc. | Chair / Joel Callins |
| X. | Consideration of vote to close meeting for Executive Session | Chair |
| XI. | Additional Business | Chair |
| XII. | Discuss / Handout 2019 Meeting Schedule | Chair |
| XIII. | Adjournment | Chair |

STATE OF GEORGIA
COUNTY OF DOUGHERTY

AFFIDAVIT RELATIVE TO CLOSED MEETING

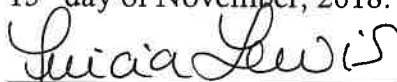
Personally appeared before the undersigned, Fred Ghiglieri, who having been duly sworn, deposes and states as follows:

1. I am over the age of 18 years, I am suffering under no disabilities and I am competent to testify to the matters contained herein.
2. I am the Chairman of the Board of the Hospital Authority of Albany-Dougherty County, Georgia (the "Authority") and presided over the Closed Session.
3. On November 15, 2018, at a meeting of the Authority Board, a motion was duly approved in a roll call vote for the Authority Board to go into closed session for the purposes of: (i) engaging in privileged consultation with legal counsel; (ii) to discuss potentially valuable commercial plans, proposals or strategy that may be of competitive advantage in the operation of Phoebe Putney Memorial Hospital or its medical facilities; and (iii) to discuss confidential matters or information pertaining to peer review or provided by a review organization as defined in O.C.G.A §31-7-131.
4. To the best of my knowledge and belief, the business conducted during the closed portion of the meeting was devoted solely to the above matters for which the meeting was closed.

This the 15th day of November, 2018.


Fred Ghiglieri

Sworn to and subscribed before me this
15th day of November, 2018.



NOTARY PUBLIC (SEAL)

Dougherty County, Georgia

My Commission Expires: Feb. 23, 2021



*Board of Directors
Hospital Authority of Albany-Dougherty County, Georgia
Albany, Georgia*

We have audited the financial statements of the Hospital Authority of Albany-Dougherty County, Georgia (Authority) for the year ended July 31, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 29, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended July 31, 2018. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Page Two

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no misstatements detected as a result of audit procedures.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 24, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of the Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Draffon+Tucker, LLP
Albany, Georgia
September 24, 2018

HOSPITAL AUTHORITY OF
ALBANY-DOUGHERTY COUNTY, GEORGIA

FINANCIAL STATEMENTS

for the years ended July 31, 2018 and 2017

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Hospital Authority of Albany-Dougherty
County, Georgia
Albany, Georgia

We have audited the accompanying financial statements of Hospital Authority of Albany-Dougherty County, Georgia (Authority), which comprise the balance sheets as of July 31, 2018 and 2017, the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Continued

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hospital Authority of Albany-Dougherty County, Georgia as of July 31, 2018 and 2017, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Draffin + Tucker, LLP
Albany, Georgia
September 24, 2018

HOSPITAL AUTHORITY OF ALBANY-DOUGHERTY COUNTY, GEORGIA

BALANCE SHEETS, July 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Current assets:		
Cash	\$ <u>112,000</u>	\$ <u>120,000</u>
Total assets	\$ <u>112,000</u>	\$ <u>120,000</u>
LIABILITIES AND NET POSITION		
Current liabilities:		
Accounts payable and accrued expenses	\$ 7,000	\$ 67,000
Net position:		
Unrestricted	<u>105,000</u>	<u>53,000</u>
Total liabilities and net position	\$ <u>112,000</u>	\$ <u>120,000</u>

See accompanying notes to financial statements.

HOSPITAL AUTHORITY OF ALBANY-DOUGHERTY COUNTY, GEORGIA

STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION

for the years ended July 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating revenues:		
Lease consideration	\$ 185,000	\$ 60,000
Operating expenses:		
Purchased services and other	<u>133,000</u>	<u>87,000</u>
Operating income (loss)	52,000	(27,000)
Net position, beginning of year	<u>53,000</u>	<u>80,000</u>
Net position, end of year	\$ <u>105,000</u>	\$ <u>53,000</u>

See accompanying notes to financial statements.

HOSPITAL AUTHORITY OF ALBANY-DOUGHERTY COUNTY, GEORGIA

STATEMENTS OF CASH FLOWS
for the years ended July 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Funds paid to Georgia Department of Community Health:		
Indigent Care Trust Fund	\$(3,180,000)	\$(2,346,000)
Upper payment limit	(2,002,000)	(1,370,000)
Funds received from Georgia Department of Community Health:		
Indigent Care Trust Fund	10,078,000	7,306,000
Upper payment limit	6,217,000	4,200,000
Lease consideration	185,000	60,000
Transfer of funds received from Georgia Department of Community Health to Phoebe Putney Memorial Hospital, Inc.	(11,113,000)	(7,790,000)
Payments to suppliers	(193,000)	(40,000)
Net cash provided (used) by operating activities	(8,000)	20,000
Cash flows from capital and related financing activities:		
Proceeds from sale of leased assets	-	451,000
Transfer to Phoebe Putney Memorial Hospital, Inc.	-	(451,000)
Net cash provided by capital and related financing activities	-	-
Cash flows from noncapital financing activities:		
Transfer from Phoebe Putney Memorial Hospital, Inc.	5,182,000	3,716,000
Transfer to Phoebe Putney Memorial Hospital, Inc.	(5,182,000)	(3,716,000)
Net cash provided by noncapital financing activities	-	-
Net increase (decrease) in cash	(8,000)	20,000
Cash, beginning of year	120,000	100,000
Cash, end of year	\$ 112,000	\$ 120,000

Continued

HOSPITAL AUTHORITY OF ALBANY-DOUGHERTY COUNTY, GEORGIA

STATEMENTS OF CASH FLOWS, Continued
for the years ended July 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Reconciliation of cash to the balance sheet:		
Cash in current assets	\$ <u>112,000</u>	\$ <u>120,000</u>
Reconciliation of operating income (loss) to net cash flows provided (used) by operating activities:		
Operating income (loss)	\$ 52,000	\$ (27,000)
Changes in:		
Accounts payable and accrued expenses	(<u>60,000</u>)	<u>47,000</u>
Net cash provided (used) by operating activities	\$ (<u>8,000</u>)	\$ <u>20,000</u>

See accompanying notes to financial statements.

HOSPITAL AUTHORITY OF ALBANY-DOUGHERTY COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS

July 31, 2018 and 2017

1. Summary of Significant Accounting Policies

Reporting Entity

The Hospital Authority of Albany-Dougherty County, Georgia (Authority) is a public corporation organized to operate, control, and manage matters concerning the County's health care functions.

On September 1, 1991, the Hospital Authority implemented a reorganization plan whereby all of the assets and day-to-day management of Phoebe Putney Memorial Hospital were transferred to Phoebe Putney Memorial Hospital, Inc. (Corporation), a not-for-profit corporation, qualified as an organization described in Section 501(c)(3) of the Internal Revenue Code. The transfer was made pursuant to a lease and transfer agreement dated as of December 11, 1990 between the Hospital Authority and the Corporation. During 2009, the lease term was renewed to the original term of forty years.

Under the terms of the Agreement, any debt issued by the Hospital Authority will be the responsibility of the Corporation. As of July 31, 2018, approximately \$273,220,000 of Revenue Anticipation Certificates are outstanding in the Authority's name. These certificates are recorded and disclosed in the financial statements of the Corporation for the year ended July 31, 2018.

The Authority serves as a pass-through entity associated with the Corporation's participation in certain governmental health care programs. As such, the Authority makes transfers on behalf of the Corporation for Indigent Care Trust Fund obligations and Upper Payment Limit transfers.

On December 15, 2011, the Authority purchased substantially all assets of Palmyra Park Hospital, LLC (Palmyra), a general acute care hospital located in Albany, Georgia. The Authority operated Palmyra under the name Phoebe North.

Continued

HOSPITAL AUTHORITY OF ALBANY-DOUGHERTY COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS, Continued July 31, 2018 and 2017

1. Summary of Significant Accounting Policies, Continued

Reporting Entity, Continued

Effective August 1, 2012, the lease and transfer agreement between the Corporation and the Authority was amended and restated. The amendment was made for the transfer and inclusion of the hospital formerly known as Palmyra. The amendment included the extension of the lease for a term of forty years from the date of the current amendment. As consideration for the lease, the Corporation agreed to provide funds sufficient to cover all costs and expenses of the Authority, and to maintain an amount of not less than \$100,000 under the Authority's control to pay all costs and expenses.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Enterprise Fund Accounting

The Authority uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. The Authority prepares its financial statements as a business-type activity in conformity with applicable pronouncements of the Governmental Accounting Standards Board (GASB).

Net Position

Net position of the Authority is classified as *unrestricted net position*. *Unrestricted net position* is the remaining net amount of assets and liabilities that are not invested in capital assets and do not contain restrictions on their use.

Continued

HOSPITAL AUTHORITY OF ALBANY-DOUGHERTY COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS, Continued July 31, 2018 and 2017

1. Summary of Significant Accounting Policies, Continued

Operating Revenues and Nonoperating Revenues

The Authority's statement of revenues, expenses and changes in net position distinguishes between operating and nonoperating revenues. Operating revenues result from consideration received for the operation of the Authority in conjunction with the amended and restated lease and transfer agreement. Nonexchange revenues, including contributions received for purposes other than capital asset acquisition are reported as nonoperating revenues.

Grants and Contributions

Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenue. Amounts restricted to capital acquisitions are reported after nonoperating revenue.

Income Taxes

The Authority is a governmental entity and is exempt from income taxes. Accordingly, no provision for income taxes has been considered in the accompanying financial statements.

Restricted Resources

When the Authority has both restricted and unrestricted resources available to finance a particular program, it is the Authority's policy to use restricted resources before unrestricted resources.

Continued

HOSPITAL AUTHORITY OF ALBANY-DOUGHERTY COUNTY, GEORGIA

NOTES TO FINANCIAL STATEMENTS, Continued July 31, 2018 and 2017

2. Deposits

State law requires collateralization of all deposits with federal depository insurance and other acceptable collateral in specific amounts. The Authority's bylaws require that all bank balances be insured or collateralized by U.S. government securities held by the pledging financial institution's trust department in the name of the Authority. The Authority had no uncollateralized cash balances at July 31, 2018 and 2017.

The carrying amount of deposits included in the Authority's balance sheets is as follows:

	<u>2018</u>	<u>2017</u>
Cash	\$ <u>112,000</u>	\$ <u>120,000</u>

3. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses, reported as current liabilities by the Authority at July 31, 2018 and 2017, consisted of these amounts:

	<u>2018</u>	<u>2017</u>
Accounts payable and accrued expenses:		
Payable to suppliers	\$ <u>7,000</u>	\$ <u>67,000</u>

4. Litigation

The Authority is subject to litigation and regulatory investigations arising in the course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Authority's future financial position or results from operations.

HOSPITAL AUTHORITY OF ALBANY- DOUGHERTY COUNTY, GEORGIA

Financial Statement Update
September-2018 YTD Financials
Fiscal Year 2019
November 14th Authority Meeting

HOSPITAL AUTHORITY OF ALBANY-DOUGHERTY COUNTY, GEORGIA BALANCE SHEET 9/30/2018

	Unaudited September 30, 2018
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 106,755
Assets limited as to use - current	-
Patient accounts receivable, net of allowance for doubtful accounts	-
Supplies, at lower of cost (first in, first out) or market	-
Other current assets	-
Total current assets	106,755
Property and Equipment, net	-
Other Assets:	
Goodwill	-
Total other assets	-
Total Assets	\$ 106,755

HOSPITAL AUTHORITY OF ALBANY-DOUGHERTY COUNTY, GEORGIA
BALANCE SHEET
9/30/2018

Unaudited
September 30, 2018

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts payable	-
Accrued expenses	8,306
Estimated third-party payor settlements	-
Deferred revenue	-
Short-term obligations	-
Total current liabilities	<u>8,306</u>
 Total liabilities	 <u>8,306</u>
Net assets:	
Unrestricted	98,449
	-
Total net assets	<u>98,449</u>
 Total liabilities and net assets	 <u>\$ 106,755</u>

HOSPITAL AUTHORITY OF ALBANY-DOUGHERTY COUNTY, GEORGIA
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN UNRESTRICTED NET ASSETS
9/30/2018

Unaudited
September 30, 2018

OPERATING REVENUE:

Net patient service revenue (net of provision for bad debt)

Lease Consideration	-
Total Operating Revenue	<u>-</u>

OPERATING EXPENSES:

Salaries and Wages	
Employee health and welfare	
Medical supplies and other	
Professional services	6,800
Purchased services	46
Depreciation and amortization	
Total Operating Expenses	<u>6,846</u>
Operating Loss	<u>(6,846)</u>

NONOPERATING INCOME (EXPENSES):

Gain in Long Term Lease	-
Interest Expense	-
Total Nonoperating Income	<u>-</u>
EXCESS OF REVENUE OVER EXPENSE	<u>(6,846)</u>

***** Professional Fees include Legal Fees, Audit Fees and Consultant Fees**

**** Purchased Services include Bank Account Fees**

Questions



LeapFrog Hospital Safety Grade



Steven Kitchen, MD
Chief Medical Officer

Logout or Data Review Site

LEAPFROG HOSPITAL SAFETY GRADE

Hospital Safety Grade

Using the source data on the previous page and the scoring methodology provided below, Leapfrog calculated a final numerical score and Hospital Safety Grade for your hospital.

Letter Grade Embargo Period for Leapfrog Hospital Safety Grades
Leapfrog's public announcement and website refresh of updated Hospital Safety Grades is scheduled for November 8. During this Letter Grade Embargo Period, you may share the grade preview with your hospital leadership, but you may not release any information to your staff or the public. The embargo will lift at 12:01am ET on November 8.

Please contact the [Help Desk](#) with any questions.

If your hospital has not yet submitted a 2018 Leapfrog Hospital Survey, and you would like Leapfrog Hospital Survey Results used in calculating the Spring 2019 Hospital Safety Grade, you must submit a Survey by December 31, 2018. Hospitals that have submitted a Survey may update and then re-submit the Survey if their performance on any of the measures has changed. More information is available at <http://leapfroggroup.org/survey>.

Phoebe Putney Memorial Hospital (11-0007)
417 W. Third Ave, Albany, GA 31701-1828

My Score	My Letter Grade
3.1090	B

[More Information](#)

<http://www.hospital.safetygrade.org/for-hospitals/data-review-hospital-safety-grade> 10/17/2018

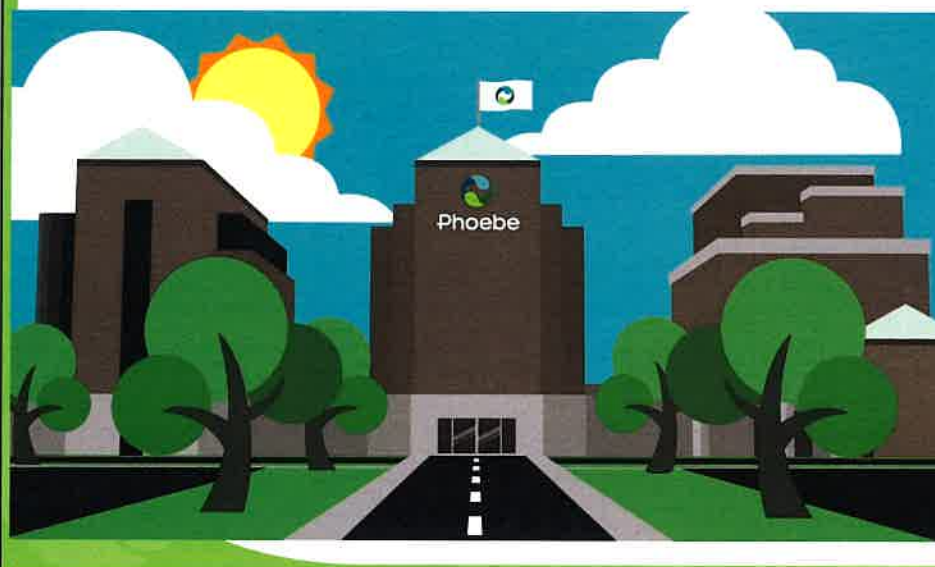


LeapFrog Hospital Safety Grade

	<u>My Score</u>	<u>My Letter Grade</u>
Phoebe Putney Memorial Hospital	3.1090	B
Phoebe Sumter	3.2165	A



Phoebe Quality Video





Hospital Authority
of Albany/Dougherty County

**Hurricane Michael
Response**



Joel Wernick
President/CEO

This presentation slide features a header image of the Albany skyline with the Gateway Arch and a person in medical scrubs. The main title 'Hurricane Michael Response' is centered in large white font. Below the title, on the left, is a small portrait of Joel Wernick. To the right of the portrait, his name and title 'Joel Wernick President/CEO' are displayed in white text on a dark grey rectangular background.







Hurricane Michael – Social

Phoebe Putney Health System
October 9 at 4:55 PM · 🌐

Hurricane Michael Update (Tues. 4:55 p.m.): Our Phoebe leadership team met again this afternoon as we continue to prepare for Hurricane Michael. Our hospitals will remain fully operational, and we have developed a staffing plan to ensure we are prepared to meet the inpatient and emergency needs of our community. Below are a few reminders:

- All outpatient and elective procedures have been cancelled on Wednesday and Thursday
- All Phoebe Physicians clinics will be closed Wedn...

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Phoebe
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Phoebe Putney Health System
October 11 at 6:11 PM · 🌐

A few images from the past 24 hours – staff, leadership and care teams have been working around the clock to ensure that Phoebe can continue to provide the best care to our patients and community in the aftermath of Hurricane Michael.



👍 74

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Phoebe Putney Health System
October 12 at 2:43 PM · 🌐

"If it was my baby, I would want somebody to walk to get to me." – Lacey Kennedy, Phoebe NICU Respiratory Therapist

When a mother-to-be was about to give birth at 27 weeks in Early County only hours after Hurricane Michael hit, the Phoebe NICU team was determined to help. The baby needed the expert care of our highly-trained neonatal specialists, but not even a medevac helicopter could get to the area. Our NICU transport team set out in an ambulance with a chainsaw to clear...



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Hurricane Michael – Social

Phoebe Putney Health System
Published by Ben Roberts · 🌐 October 12 at 2:43 PM · 🌐

"If it was my baby, I would want somebody to walk to get to me." – Lacey Kennedy, Phoebe NICU Respiratory Therapist

When a mother-to-be was about to give birth at 27 weeks in Early County only hours after Hurricane Michael hit, the Phoebe NICU team was determined to help. The baby needed the expert care of our highly-trained neonatal specialists, but not even a medevac helicopter could get to the area. Our NICU transport team set out in an ambulance with a chainsaw to clear the way, as our NICU Medical Director stayed in touch with the staff at

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The New York Times

When Hospitals Merge to Save Money, Patients Often Pay More

By **Reed Abelson**

Nov. 14, 2018

The nation's hospitals have been merging at a rapid pace for a decade, forming powerful organizations that influence nearly every health care decision consumers make.

The hospitals have argued that consolidation benefits consumers with cheaper prices from coordinated services and other savings.

But an analysis conducted for The New York Times shows the opposite to be true in many cases. The mergers have essentially banished competition and raised prices for hospital admissions in most cases, according to an examination of 25 metropolitan areas with the highest rate of consolidation from 2010 through 2013, a peak period for mergers.

The analysis showed that the price of an average hospital stay soared, with prices in most areas going up between 11 percent and 54 percent in the years afterward, according to researchers from the Nicholas C. Petris Center at the University of California, Berkeley.

The new research confirms growing skepticism among consumer health groups and lawmakers about the enormous clout of the hospital groups. While most political attention has focused on increased drug prices and the Affordable Care Act, state and federal officials are beginning to look more closely at how hospital mergers are affecting spiraling health care costs.

During the Obama years, the mergers received nearly universal approval from antitrust agencies, with the Federal Trade Commission moving to block only a small fraction of deals. State officials generally looked the other way.

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President Trump issued an executive order last year calling for more competition, saying his administration would focus on "limiting excessive consolidation throughout the health care system." In September, Congress asked the Medicare advisory board to study the trend.

But not only have big consolidations continued, the behemoths have further cemented their reach in some regions of the country by gobbling up major doctors' and surgeons' practices.

“You have to watch for these systems throwing their weight around,” said Xavier Becerra, the California attorney general whose office has sued Sutter Health, a sprawling system in the northern part of the state. “We are looking for cases where consolidation does nothing for efficiency and leads to distortions of the market.”

Ted Doolittle, who heads Connecticut’s Office of the Healthcare Advocate, has fielded angry complaints from residents, but he sees few options available to officials. “A lot of this is too little and too late,” he said.

Finding new paths for growth

The latest giant hospital consolidations continue to stir concerns. Dignity Health and Catholic Health Initiatives, two large chains, are expected to become one of the nation’s largest groups — with 139 hospitals in 28 states — by the end of the year. And two of Texas’ biggest systems, Baylor Scott & White Health and Memorial Hermann Health System, recently announced plans to combine.

The New Haven area has witnessed the most significant decline in competition. Yale New Haven Health, one of the largest hospital groups in Connecticut, took over the only competing hospital in the city and has also aggressively expanded along the state’s coast. The group recently added another hospital to its collection, merging Milford with its Bridgeport location.

Although the price of a hospital admission in the New Haven-Milford area was already three times higher than in other parts of the state, prices surged by 25 percent from 2012 to 2014, compared with 7 percent elsewhere in the state, according to the Petris Center.

In the national analysis, a third of the metropolitan areas experienced increases in the cost of hospital stays of at least 25 percent from 2012 to 2014, from roughly \$12,000 to at least \$15,000.

Prices rise even more steeply when these large hospital systems buy doctors’ groups, according to Richard Scheffler, director of the Petris Center.

“It’s much more powerful when they already have a very large market share,” said Mr. Scheffler, who recently published a study on the issue in Health Affairs. “The impact is just enormous.”

Thousands of Connecticut residents were stranded without a local hospital last year when another big hospital group, Hartford HealthCare, battled the state’s biggest health insurer over how much it would charge for patient care.



The merger of Yale New Haven and Saint Raphael in 2012 led to a 1,519-bed hospital with two main campuses. Christopher Capozziello for The New York Times

Its six hospitals are clustered around the state capital and are the only resort for residents in broad swaths of the eastern part of the state. This month, it announced plans to add a seventh hospital to its network.

“These systems are empire-building, there’s no question,” said Jill Zorn, a senior policy officer for the Universal Health Care Foundation of Connecticut, which seeks to improve access for residents. “But to whose benefit?”

Numerous studies by economists and others have underscored how hospital consolidation is driving up the cost of medical care. “Within the academic community, there is near unanimity,” said Zack Cooper, a health economist at Yale University who is among a group of researchers that has looked at how dominant hospitals affect prices.

Some hospitals need a savior

The emergence of a one-hospital town is inevitable in many places, and the Parkersburg, W.Va., area is no exception. St. Joseph’s merged with neighboring Camden-Clark Memorial in 2011, and then they were consumed by what is now the state’s largest health system.

“We’ve got it down to a single campus,” said Albert L. Wright Jr., the chief executive of West Virginia University Health System. “Parkersburg is not big enough to support two hospitals.”

Residents can get most care locally but they go to Morgantown, where the academic medical center is situated, for complex conditions. “We’ve elevated the level of care,” Mr. Wright said.

But private insurers are paying more. In the Parkersburg-Vienna area, the overall price of a hospital stay increased 54 percent from 2012 to 2014, after the mergers. That is compared with 10 percent elsewhere in the state, according to the Petris Center.

Large systems “get paid better by some of the insurers,” Mr. Wright said.

Flailing hospitals often have little choice but to be acquired or go out of business, and a larger system can offer badly needed capital and management skills. “They can fix a hospital and benefit the community,” said Torrey McClary, a lawyer who specializes in mergers at King & Spalding.

When Yale New Haven Health took over the Hospital of Saint Raphael, a Catholic hospital six blocks away from its New Haven location, Saint Raphael was in danger of going under. Over the last six years, the system has invested more than \$200 million in capital improvements at Saint Raphael, said its president Richard D’Aquila, including modernizing “everything behind the walls.”

Because it converted Saint Raphael into what is essentially a second 555-bed campus for its academic medical center, Yale New Haven Health defends the higher rates it charges private insurers as appropriate for a top-tier medical institution. Its community hospitals negotiate prices individually with insurers.

“Our focus is not on getting bigger,” Mr. D’Aquila said. He said Saint Raphael, which was half empty when it was taken over, is now seeing record numbers of patients.

Systems also say they are trying to improve the care for smaller communities. “We’re actively trying to move care toward places that are accessible,” Hartford’s chief executive, Elliot Joseph, said.

Patients wind up paying more

But patients rarely reap the rewards of lower insurance premiums or out-of-pocket expenses when mergers occur.

Hartford executives talk about reducing the total cost of care in the same breath that they discuss the need to charge insurers more. “The math for us is how we move the care out of the hospitals while maintaining our financial stability,” Mr. Joseph said.

To defend higher rates, many hospitals cite low reimbursements from government sources, particularly Medicaid, and highlight their role as a safety net. “We’re left with no choice,” Mr. D’Aquila said.

Others, like Hartford, negotiate prices as a single entity, forcing health insurers to include all of their hospitals in a network or risk losing access in areas where there are no alternatives.

Hartford “has taken over so many hospitals and practices that, with the Anthem dispute, we felt we had no choices at all,” Sharry Goldman, a Storrs, Conn., resident, told state lawmakers. Although Hartford and Anthem Blue Cross, the insurer, eventually reached an agreement, Connecticut passed a law this year requiring hospitals and insurers to extend previous contracts for two months to protect consumers when the parties are at an impasse.

While patients may pay more for a well-known brand, like Yale, it is not clear that the higher price tags lead to better care, said Francois de Brantes, a health care executive who once worked at General Electric, which is headquartered in the state.

Since the merger, Yale New Haven has defended the higher rates it charges private insurers as appropriate for a top-tier medical institution.

Christopher Capozziello for The New York Times

“We have more lower-rated hospitals in Connecticut than in other New England states,” he said, pointing to an analysis he did at the time of the Anthem-Hartford dispute.

What happens when mergers are opposed

In the Albany, Ga., area, where the Berkeley researchers found a rare decline in hospital prices, the Federal Trade Commission had unsuccessfully attempted to block HCA, the for-profit hospital chain, from selling its hospital to its only local competitor in 2011. But the merger took place, and the F.T.C. reached a settlement with the parties involved.

While Berkeley researchers found area prices dropped, another study by two former F.T.C. employees, Christopher Garmon and Laura Kmitch, found that certain hospital quality measures declined. The merger “highlights the problems that can occur when competition is reduced,” the authors said.

The hospital group, Phoebe Putney Health System, dismissed the findings. “Phoebe has made great strides in enhancing the quality of health care available to the people of southwest Georgia,” Dawn Benson, Phoebe’s general counsel, said in a statement.

To foster competition, Lee County is planning a new 60-bed hospital within the Albany area.

In some cases, state regulators have opposed actions they consider illegal and anti-competitive. In Washington, state officials accused CHI Franciscan Health, based in Tacoma, of using its ties to two doctors’ practices to raise prices and decrease competition on the Kitsap Peninsula, according to a lawsuit filed last year.

The regulators argue that CHI wanted to wield its newfound clout by shifting some operations and imaging from less expensive outpatient settings to hospitals where they could charge more.

“I am all for taking advantage of hospital-based pricing, if we think it is doable in the market and the market can support it,” a CHI executive is quoted as saying in the lawsuit. “It would be great to drop a couple of million more to our bottom line.”

CHI Franciscan said the attorney general’s allegations were “misguided and unfounded.”

In California, Mr. Becerra, the state attorney general, brought a lawsuit against Sutter in March, claiming that its actions led to significantly higher prices in Northern California.

Sutter says it adopted methods encouraged by the federal health care law, by combining hospital services with care delivered outside the hospital to better meet patients’ needs.

But Mr. de Brantes, the health care executive in Connecticut, and others wonder why many mergers were allowed in the first place. “The puzzling part for many of us in the state is why anyone would allow these oligopolies to form,” he said.

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A version of this article appears in print on Nov. 14, 2018, on Page B1 of the New York edition with the headline: When Hospitals Merge, Patients Often Pay More

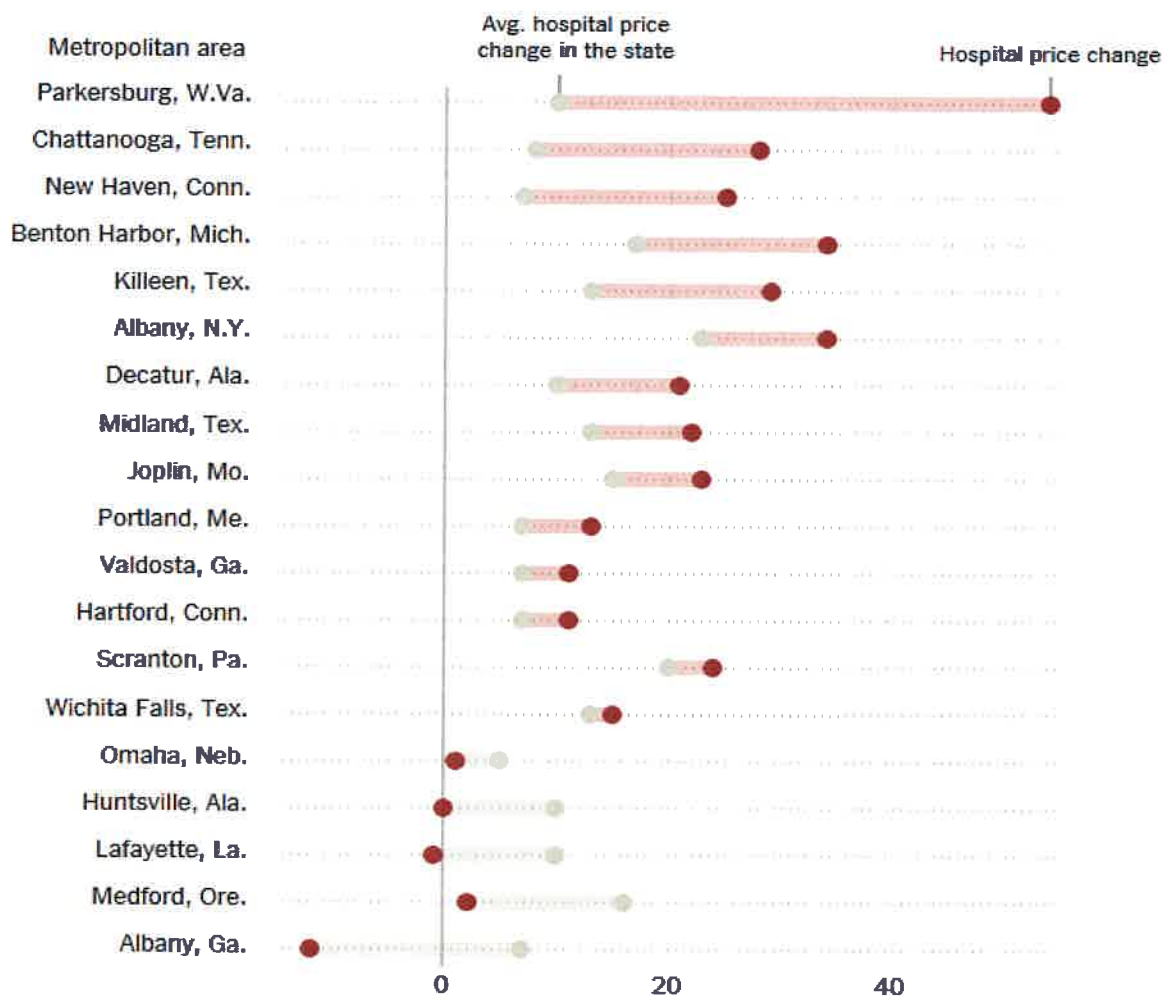
11/14/2018

When Hospitals Merge to Save Money, Patients Often Pay More - The New York Times

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Hospital Consolidation and Rising Costs

When hospitals merge and there are fewer left in a market, prices tend to rise. The chart below shows 19 of the 25 metropolitan areas with the greatest hospital consolidation in 2010–13, and how their prices changed compared with other areas in the same state.



By The New York Times | Source: The Nicholas C. Petris Center at the Univ. of California at Berkeley
 | Note: The average hospital price change is calculated from 2012 through 2014.

Hospital Authority of Albany- Dougherty, Georgia

Suggested Meeting Dates for 2019:

February 21, 2019

May 16, 2019

August 15, 2019

November 21, 2019