

MINUTES
LINCOLN COUNTY BOARD OF COMMISSIONERS
MONDAY, MARCH 20, 2000

The Lincoln County Board of County Commissioners met for a Special Called Meeting on March 20, 2000 at the Citizens Center, Commissioners Room, 115 West Main Street, Lincolnton, North Carolina, the regular place of meeting at 4:30 PM.

Commissioners Present:

James A. Hallman, Chairman
Terry L. Brotherton, Vice-Chairman
Beth H. Saine
W. J. Waters, Jr.
John R. Gamble, Jr.

Others Present:

Stan B. Kiser, County Manager
Jeffrey A. Taylor, County Attorney
Amy S. Long, Clerk to the Board

Call to Order: Chairman Hallman called the special called meeting to order.

Discussion of Lincoln Health Systems:

Commissioner Gamble stated that the main business for his asking the Chairman to provide this meeting, is there seems to be some questions that he has and other people have about the solvency of the hospital. He stated that he has heard this week that a document has already been drawn up to provide for the transfer of the hospital.

Commissioner Gamble stated that Lincoln County has always had good medical care. It has always been adequate for our County, as we are close to large medical centers. He stated that he doesn't know if Mr. Acker and Mr. Perry are prepared to answer the questions he is presenting or not.

Mr. Acker stated that he has seen the questions, but is not prepared to answer them.

Mr. Perry stated that they were not invited to this meeting, and are not prepared to answer any questions.

Commissioner Gamble asked the Hospital administration to take these questions with them, and write a letter with the responses.

Richard Jonas, Counsel with the Hospital, stated that the Hospital Board did receive a request from the Board, primarily from Dr. Gamble to provide a fairly large amount of

documentation, which they have done. He stated that they are happy to respond to questions, but he does not think it would be appropriate to answer them at this time.

Commissioner Gamble stated that if Mr. Jonas sees any of these questions that he can answer, in written form in the next week or few days, it would be helpful to the Board to grasp his reactions to the questions.

He presented the following list of questions.

What buildings have been purchased in the last three (3) years? Who now owns these practices and/or those services in these buildings? Are these physicians paid salaries by Lincoln Health Systems or a subsidiary?

What is the relationship of the practices owned by Carolinas Medical and Lincoln Health Systems or their affiliate?

How many contracts are there with physicians or other providers? What are the terms in years of these contracts, and how many years remain? Who pays the salaries of those physicians whose practices are presently held in the name of Carolinas Medical? How are fees collected for salaried physicians? Compare salaries and collections for the past three (3) years.

Commissioner Gamble stated that he bumped into someone a few weeks ago, and they said they were sent to the hospital for lab work, and a few weeks later they got a bill from the doctors office for the lab work.

What is the average hospital census for the last year for salaried physicians?

Do the salaried physicians receive office space free, partially free, retirement benefits, 401K plans, any special compensation, or severance pay?

When a patient is referred to any physician to receive laboratory or other services at the hospital, who collects the fee for these services?

Has any property transferred to Lincoln Health Services by the County been sold or transferred or is anticipated being transferred, other than the YMCA?

Commissioner Gamble gave examples of other hospitals that have recently been returned to their ownership authority.

Commissioner Gamble stated that several million dollars have gone down the drain, and it is all county hospital money. He stated that he would hate to see, and would resent anybody trying to come in here and making a fast buck on the taxpayers of Lincoln County.

Commissioner Brotherton stated that he has only made two real comments concerning the hospital, since this ordeal started. He stated that in one, he had concerns about the timely

payment of monthly accounts. Commissioner Brotherton stated that two months ago, he made a comment about how the Board was told that everything was looking good and the financial situation wasn't good. He stated that the thing in front of the Hospital Board and the County Board of Commissioners, with their limited input, is the survival of this hospital for the people of Lincoln County. He stated that there are three possibilities, the hospital can continue to exist as it is, a possible sell of the hospital, or some type of association with another medical group that has deep pockets. He stated that the issue is dealing with the future in whatever is necessary to get it on a firm foundation.

Commissioner Gamble stated that the point is to keep this hospital going. He stated that the leadership of the hospital is saying they have to have money. He stated that they have hired physicians that they were told by specialists was a money losing operation. Commissioner Gamble stated that if you bankrupt the hospital, you can do exactly what was done to the hospitals in Anson, Wilkesboro, and several others, which were depreciated so badly that it was a bargain to whoever bought it. He stated that we don't want to create a bargain basement for outsiders.

Commissioner Brotherton stated that he really can't believe there are people on the Hospital Board that want to see the hospital go under, just for the fact of seeing it go under. He stated that he does not know a lot of these people personally, but they are not that type of individuals. He stated that the two Boards have to create some type of mutual alignment, because the last thing the County needs is for this hospital to be given back to the County for the County to subsidize with millions of dollars annually.

Commissioner Gamble asked if Commissioner Brotherton knew what a golden parachute was.

Commissioner Brotherton stated that he believes the Hospital Board is composed of very honorable individuals.

Chairman Hallman stated that according to the nonprofit status of the hospital, somebody would be in deep trouble if there was a golden parachute.

Chairman Hallman stated that there is a study going on right now with the Hospital Board, that he does not feel at liberty to discuss right now.

Chairman Hallman stated that there is a reverter clause that would come into play at the appropriate time. He stated that it is in the hands of the Hospital Board if they can go it alone. He stated that if there has to be a sale, or a joint venture, it will have to be a joint decision between the Hospital Board and the Board of Commissioners.

UPON MOTION by Commissioner Gamble, the Board voted unanimously to adjourn the March 20, 2000 Special Called Meeting.