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I'd like to thank the *Sarasota Herald-Tribune* for this opportunity to share information about our outpatient center under construction in east Manatee County and clarify a few factual errors in recent letters to the editor.

Representatives from Manatee Memorial, in particular, have called our project a "predatory effort" to divert affluent patients and profits from Manatee County and suggested that Sarasota County tax dollars are being used to deliver services in another county.

Those statements are simply untrue and unjustified.

The letters attempt to divert attention from the real issue at hand: The right of a publicly-owned hospital to compete against for-profit chains for the rapidly expanding – and profitable – opportunities in outpatient care.

Before I delve into that debate, I first want to correct three important points of misinformation:

- No tax revenue is or ever will support our venture into Manatee County. Indeed, state law prohibits us from spending local tax dollars on services located outside our taxing district.
- Contrary to what's been published, Sarasota Memorial is the only safety net hospital in Manatee, Sarasota and Charlotte counties and provides the greatest number of services to the greatest number of indigent, uninsured and underinsured people in this region. Those safety net services amounted to more than \$100 million in 2007.
- Sarasota Memorial is **not** cherry-picking. Currently we lose a significant amount of money on inpatients admitted into our hospital from Manatee and outlying counties, primarily because we provide safety-net services that many for-profits have scaled back or eliminated – like our Level III Neonatal Intensive Care Unit and specialized inpatient obstetric, pediatric and psychiatric acute care units. We are expanding our outpatient network to help offset losses caused by the selective services of others.

So, the real question people must ask themselves is this: If Sarasota Memorial continues to invest in vital safety net services for-profits choose not to provide, and make those services available to everyone in the region, isn't it also fair that we should get the chance to offset those costs by competing for the region's profitable outpatient services?

Level Playing Field

Lawmakers thought it was a fair exchange, and so agreed to amend our state charter in 2005 to allow us to build and operate facilities beyond our tax district, the only condition being that we do not use Sarasota County tax dollars to support such facilities.

The amendment leveled an unfair playing field in a region that has changed over the years from predominately not-for-profit hospitals to private, for-profit chains.

Today, Sarasota Memorial is the only remaining not-for-profit hospital in Manatee, Sarasota and Charlotte counties. Others across the state and nation have closed their doors in record numbers – victims of changes that have transformed the health care industry: HMOs, reductions in Medicare and Medicaid reimbursement, the proliferation of advanced and expensive imaging and surgical technologies and new, minimally invasive tools that encourage treatment of many conditions outside the hospital setting – the outpatient arena.

Many, like Manatee Memorial and Venice Regional, were sold to billion-dollar corporations. Universal Health Services – the third largest hospital chain in the country with a market capitalization of more than \$2.5 billion – owns Manatee Memorial, Lakewood Ranch Medical Center and more than 150 other hospitals, behavioral health centers and outpatient centers across the nation.

Universal is an admirably efficient corporation, using its extensive buying and bargaining powers to decrease costs and achieve net profit margins significantly higher than the industry average, while remaining relatively debt free. Universal reported more than \$323 million in operating income in 2006 – an increase of more than 40 percent from 2005– and just two months ago announced plans to buy back 5 million shares of its stock (at an approximate cost of \$250 million.) Just last year, Manatee Memorial received approximately \$50 million from Universal to help build a new hospital wing.

Manatee Memorial claims Sarasota Memorial has an unfair advantage because we receive tax support. But in addition to support from Universal, Manatee Memorial also receives annual and increasing subsidies each year from Manatee County government (county records show more than \$4 million allocated to Manatee Memorial this year from the county's general fund and local health care trust fund).

Meanwhile, Sarasota Memorial has no parent company to offset the \$100 million we provide in safety net care each year, nor stocks to sell to pay for the \$250 million bed tower we are building to replace aging facilities from the 1950s. Aside from what we earn in patient care, we have only community support to help offset the cost of essential, but money-losing services. And so about 11 percent of our income – roughly \$55 million this year – comes from ad valorem taxes.

We are grateful to the Sarasota Memorial Healthcare Foundation, which has granted us about \$32 million since 1976 to help bring medical advances to Sarasota County. Although the foundation shares the “Sarasota Memorial” name, it is neither owned nor controlled by the hospital. Contrary to what's been said by our critics, the foundation's assets – and its grants to the hospital and other not-for-profit organizations – are controlled by the foundation's chief executive and independent board of trustees.

The Public's Right To Choose

Sarasota Memorial has purchased the first floor of the two-story Heritage Harbour medical complex, which is owned and being constructed by an independent developer. In it we will offer an array of outpatient services, including imaging and laboratory tests, walk-in medical services, rehabilitation and home care. The second floor of the complex will be sold by the owner/developer as medical offices.

Manatee Memorial criticizes us for locating an outpatient center in “their backyard.” But is that not what they did when their parent company Universal built Lakewood Ranch Medical Center on University Parkway – on the Sarasota County border – and made unsuccessful bids to build a hospital in North Port and buy two other hospitals in Venice and Charlotte County?

Sarasota Memorial is not just a local hospital, it's a health care system with a regional draw. We had more than 64,000 visits from Manatee County residents last year and at least 2,000 from the zip code surrounding the Heritage Harbour site. And that area – like others along the growing I-75 corridor – is one we will continue to serve.