

April 26, 2018

VIA CERTIFIED MAIL

Anna Lopez Brosche  
President of City Council  
City of Jacksonville  
117 West Duval Street, Suite 425  
Jacksonville, Florida 32202

Administration

655 W. 8<sup>th</sup> St.  
Jacksonville, FL 32209  
Phone: 904.244.4000  
Fax: 904.244.4027  
UFHealthJax.org

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CITY COUNCIL  
JACKSONVILLE, FLORIDA

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JACKSONVILLE, FLORIDA

Dear Ms. Brosche:

I am writing to advise you that, in our continuing efforts to provide high quality patient care while managing our limited financial resources carefully, UF Health Jacksonville has entered into discussions to sell its outpatient dialysis service line to a national, not-for-profit dialysis provider. This national company has a significant presence in Jacksonville and has been our long-term service contract vendor in providing our current outpatient dialysis services.

Our decision to sell this service line was made only after careful consideration, and it is based on several reasons.

The delivery of outpatient dialysis services has moved away from hospital settings to freestanding dialysis centers, which are more accessible and represent the most effective way for patients to receive quality renal care services. It is our understanding that no other hospital in our community provides outpatient dialysis services. As such, the treatment setting for patients would be consistent with the standard of care for outpatient dialysis delivery, both locally and nationally.

In addition, our current outpatient dialysis center is in need of significant renovation and modernization. This project would be very expensive and disruptive. The equipment, including the water systems and dialysis machines, is at end-of-life and will require replacement. These capital replacements will require us to reallocate scarce resources away from our core hospital services.

Finally, as you know, UF Health Jacksonville continues to experience significant federal and state funding shortfalls. Over the past three years, the hospital's state funding has been reduced by approximately \$31 million. In addition, between January 1, 2018 and June 30, 2018, the hospital will experience an unanticipated \$4.2 million federal 340B funding cut. That cut will increase to \$8.5 million annually beginning July 1, 2018. These repeated cuts have challenged UF Health Jacksonville's ability to provide critical core hospital services, and proceeds from the sale can be reinvested in these core hospital services.

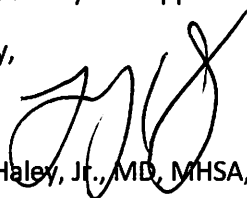
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Please be assured that quality outpatient dialysis services will continue to be available to the community served by UF Health Jacksonville. Specifically, the organization with which we are engaged in discussions is a not-for-profit organization that shares UF Health Jacksonville's values. As part of the sale, UF Health Jacksonville, on a long-term basis, would agree to pay that organization for providing outpatient services to qualified city contract patients. These are patients deemed eligible to receive services as defined in the indigent care agreement between the City of Jacksonville and the hospital, including Duval County Jail inmates. In addition, UF Health Jacksonville would require the organization to offer outpatient dialysis services within five miles of the hospital to ensure appropriate access for patients who live near the hospital. Importantly, the new provider is planning to contract with University of Florida College of Medicine faculty for continued quality medical oversight of the outpatient dialysis program.

Regardless of whether any of our agreements with the City of Jacksonville requires us to provide written notice of this proposed sale, as your partner in Jacksonville healthcare services, we wanted to make you aware of this proposed change and our plans to ensure quality outpatient dialysis services are uninterrupted. We anticipate the sale will close by June 30, 2018. If you have any questions regarding this transaction, please feel free to contact me at (904) 244-3002.

Thank you for your support and partnership.

Sincerely,



Leon L. Haley, Jr., MD, MHSA, CPE  
Chief Executive Officer

cc: General Counsel  
City of Jacksonville  
117 West Duval Street, Suite 480  
Jacksonville, Florida 32202

Council Auditor  
City of Jacksonville  
117 West Duval Street, Suite 200  
Jacksonville, Florida 32202