



December 29, 2016

Mr. John Padget
Chair
Lower Florida Keys Hospital District Board
P.O. Box 5403
Key West, Florida 33045

Dear Mr. Padget,

I am writing to let you know that we are in receipt of your letter dated December 15, 2016. As Division President for the operating division that includes Lower Keys Medical Center, I have been asked to reply to your correspondence.

We agree that a good working relationship between the hospital, the hospital district board and others in the community is important, and we look forward to moving forward in a respectful and constructive relationship for the benefit of the residents of Key West. For the last several months, we have been working to demonstrate our commitment to the community and have made substantial progress in a number of areas, including:

- Increased transparency and opportunities for community dialogue through bi-monthly community email updates, open forums in conjunction with hospital advisory board meetings and ongoing outreach by hospital leaders;
- Initiated educational forums to increase patient understanding of health insurance and their financial responsibility and to resolve billing concerns;
- Worked collaboratively with the Sheriff's Office, county officials and other community members on a viable solution for medical air transport services;
- Stabilized hospital leadership and focused on staff recruitment and retention, with nearly 90 new employees joining the hospital since July 1;
- Initiated approximately \$15 million in capital projects to improve facilities, patient care and experience; and
- Investing more than \$70 million annually in the community through local taxes, employment of local residents and supporting area businesses and charitable organizations.

We appreciate you acknowledging in your letter the progress the hospital has made in its operations and transparency. We believe these improvements and investments, along with additional plans that will be shared next month, will benefit those who choose Lower Keys Medical Center for their healthcare needs.

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In response to the questions contained in your letter, we believe it is in the best interest of all involved to focus right now on working together to establish Lower Keys Medical Center as a trusted health resource for the community. With a new CEO in place at the hospital and following the definitive legal opinion the Board received earlier this month, we would like to see a period of goodwill and cooperation between the District and Medical Center before considering changes in the parties' existing relationship. Provided both sides can show good faith and mutual support of one another in the coming months, we would be open to discussing possible amendments to the lease, including an extension, at a later time. However, we have no interest in terminating the lease early.

We appreciate the Board's offer of cooperation as we move forward.

Sincerely,



Paul Smith
President, Division V Operations