

**BOARD OF COMMISSIONERS
PUBLIC HOSPITAL DISTRICT NO. 1 OF PEND OREILLE COUNTY**

February 25, 2016

In Attendance: Commissioners: Lois Robertson, Terry Zakar, Ray King and Lynnette Elswick; Clayton Kersting, MD Chief of Medical Staff; Thomas Wilbur, CEO; Foundation Board Members: Melody Endicott, Terri Ivie, Michael McLaughlin, Marianne Nichols; Directors: Kim Manus, Michele Page; Chris Wagar; Shelley Froehlich; Joseph Clouse; Buzz Price; Other: Jenny Smith, Casey Scott, Trina Gleese, Heidi Hedlund, Nancy Shaw, Leif Furman, Bob Eugene, Jenny Cooper, and Margaret Cureton.

Excused: Commissioner Thomas Garrett.

CALL TO ORDER:

Commissioner Robertson called the meeting to order at approximately 12:30 p.m.

READING OF LEGAL NOTICE:

The regular meeting legal notice was distributed as required.

APPROVAL OF CONSENT AGENDA:

The meeting Agenda, Auditors Report and Uncompensated Report were presented.

Auditors Report: January 2016: Warrants #195108-#195501 and wire transfers #1219-#1232, in the amounts of \$1,354,745.61; \$1,446,340.32, and Cashier Check \$63,675.87, respectively.

Bad Debt/Charity Care: all-inclusive District Write-off's for January 2016: \$192,783.44.

The consent agenda items were approved as presented by a motion made, seconded and passed.

APPROVAL OF PREVIOUS MEETING MINUTES

The regular meeting minutes of January 28, 2016 were approved by motion, seconded and passed.

BUSINESS FROM THE AUDIENCE:

NIHHS Foundation Annual Update and Joint Board Meeting –Jenny Smith provided the annual report of the NHHS Foundation and reviewed a 4-year Financial Comparison, Annual Report and Letter of Agreement (services) between the District and Foundation. Jenny welcomed and introduced Foundation board members, Melanie Endicott, Michael McLaughlin, Marianne Nichols, and Terri Ivie. She thanked them and Vicki Richter (not in attendance) for their continued service to the Foundation. Jenny also announced that Lori Stratton, Admin. Asst. has been hired and anticipates she will be a great complement to our fundraising and marketing efforts.

Foundation report: the Healthy Kids Snack Bag program continues to be a successful endeavor; Foundation gross revenue exceeded \$90,000, a 17% increase over 2014. 2015 program expenses

were \$29,985 with a fundraising net of \$62,835 and effective contributions to the snack bag program of \$30,065. Jenny noted the non-profit group Food for Our Children donated \$5,000 to help fund the program. Payroll contributions had made a positive impact and there was a \$10,000 Inland NW Community Foundation grant (received after January 1) which was not reflected in 2015 revenues.

Foundation Highlights:

The Iron Sommelier dinner was very successful again this year; Jenny noted it was well attended and provided an opportunity to bring many people together from various communities.

Dr. Jones helped launched the Reach out and Read program that provides books to pre-school age children in the primary care setting and helps children prepare for kindergarten. The program encourages families to read together.

A resource fair titled "Rural Conference on Aging" is slated for July 23, 2016 at the Priest River Events Center. Empire Health Foundation has committed to be a Platinum sponsor of the event and is very supportive and enthusiastic to be involved.

Stoneridge Golf Course will again sponsor golf lessons this year. A series of five (group) lessons are offered for \$60 per person to board members, employees and their guests. A portion of the proceeds are donated to the Foundation.

Tom provided a brief overview of the NHHS/NHHS Foundation, Letter of Agreement which outlines the services that the District provides on behalf of the Foundation – staff funding, utilities, space, etc..., there were only very minor changes to the 2016 agreement.

Jenny Smith and the members of the Foundation Board were thanked by the Board and Tom Wilbur for the dedicated work and commitment towards making a difference in our community.

COMMITTEE REPORTS:

Joint Conference/Planning – Dr. Kersting felt the provider interview with Dr. Nathan Mustain went well; his wife, Beth has family from the Midwest, which is a factor in their decision. We anticipate an update by mid-March. A clinic mid-level provider has resigned, which increases the urgency to recruit clinic providers. The process of recruiting for ED coverage is on-going and will take time, which, though expected, has been difficult. Tom W. has enlisted the help of SHMC physicians to provide additional coverage, noting that 24 hour shift coverage can be difficult with our ED volumes; this will eventually change to 12 hour shifts when additional providers become available.

Tom stated ED trained providers do not typically provide inpatient oversight services post admission. The current industry model is evolving to having Hospitalists oversee inpatient services. In addition, most Spokane ED physicians are accustomed to having close proximity to sub-specialty services. He noted Dr. Kraus has been taking the helm to assist our new ED providers to enter inpatient/transition orders in our hospital system. Dr. Kersting acknowledged and commended the efforts of the nursing staff; Tom W. thanked Dr. Kersting for his assistance during this transition process. Tom also noted he has been investigating the possibility of enlisting the services of a FP tele-hospitalist and noted there continues an evolution to silo primary care, ED, and hospitalist services within the industry – which is certainly not our preference.

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Rural Health Clinic Project: Chris Wagar reported construction is progressing on schedule; though there were some minor delays due to inclement weather this winter. Windows are now being installed, insulation is complete, and siding will start going up soon. Chris has received many inquiries as to whether the building's roof is flat or sloped. She clarified that the roof design is sloped. She invited the Board members to come in and take a tour to see the progress.

Clinic Name: Chris submitted a list of three pre-selected names for the new facility. She noted employees were polled for name suggestions; the 78 responses received were put up for a vote by clinic staff members and the list was narrowed to 22. That list was presented to providers and senior staff and subsequently narrowed to 12 and then the three names presented for Board consideration. Chris reminded everyone the goal was to keep the name simple and marketable. The three choices: 1) Newport Health Center; 2) Newport Medical Clinic; and 3) Newport Family Health. The Board members decided to consider the name and make a selection later during the meeting.

Jenny Smith spoke with the clinic staff to provide insight into the marketing aspect of choosing a name, noting that from a marketing perspective, she thought it to be prudent to associate the clinic name with "Newport Hospital & Health Services." Jenny added that our brand is evolving, especially with the Affordable Care Act changes and with care delivery coordination.

Finance – Kim Manus reviewed January financials and noted we had a positive month; revenues were ahead of budget and we had net income of \$255,000. Admissions were up; ED visits increased by 40+ (year-over-year) in January; days cash on hand was down 8 days; Kim attributed this to a \$500,000 payment for the clinic project, which has been fully funded since inception with operating reserves. She has been discussing potential loan options with Mountain West Bank - LTGO bond vs. CD/collateralized loan.

2014 Annual Audit: The Office of the State Auditor completed the 2014 financial and accountability audits with no findings and only one minor recommendation; clearly define that the Foundation employees are *employed* by Newport Hospital (*vs. supplied*). The auditors reviewed the OR remodeling project, construction process, and associated architectural services selection and change orders; also, photography contracting services. The State Auditor's reports are available and Kim will forward the web link to anyone that is interested. Kim noted that for 2015, we will be engaging the audit services of DZA of Spokane in an effort to complete our financial audit no later than May. The SAO will continue to conduct the annual WAC/RCW accountability audits.

Quality Assurance/Performance Improvement: Michele Page announced that the LTCU team has worked very hard over the past three years and recently received a Medicare 5-Star rating. Michele noted when she became the RCS Director our facility rating was at two stars. Tom W. noted that Michele and the entire LTCU team have done a marvelous job with service delivery and survey preparedness. The entire audience applauded Michele and her LTC team for a job well done.

Heidi noted we will begin to report ACO data measures [34 for 2016] which are made up of claims-based (HEDIS), quality, and CGCHAPS extracted from Press Ganey data. Another set of 17 PQRS clinic-based measures will be submitted to the ACO group for submission to CMS. Tom W. explained the dashboards are being re-designed to monitor the pertinent targets (some of which are already in place) and Heidi will keep the board apprised of the progress.

Kim mentioned that critical access hospitals are not exempt from the payment penalties affiliated with non-reporting of the PQRS (Physician Quality Reporting System) measures, which were previously thought to be optional. The payments impacted are physician and mid-level services (not provided in the clinic setting) e.g.- patient rounds, ED physician services (which no longer apply for us).

Tom stated that service, monitoring, and reporting changes are occurring at a much more rapid pace; and we are running at close to our institutional max.; however, we remain ahead of our peers in complying with the regulations. We must also continue to plow ahead and meet the new challenges/demands in order to compete in the ever changing market place.

SUPERINTENDENT REPORT

Adjacent Properties - Tom reported that we did purchase the one property (two lots) located adjacent to the new clinic. He noted we remain interested in two other properties for parking and snow removal. The matter will be discussed further during the Executive session of the meeting.

Residential Care/ALF Bond – The Citizens Committee (to Keep our Loved Ones Local) has been meeting bi-weekly and is planning a community spaghetti feed and forum at Newport High School on March 31st.

2016 Business Planning-- Tom noted we will be conducting another strategic planning session with the Board and medical staff to review the latest in ACO/CCO transition models in Q2. We need to discuss status and the financial effects and impacts moving forward.

Pend Oreille Health Coalition – The Bylaws and Articles of Incorporation are in draft to form a 501c3 corporation. There is opportunity to pool local resources and to seek grant funding sources.

Jac Davies was recently hired by the Critical Access Hospital Network – Tom is confident that she will bring a wealth of knowledge and expertise to the Network.

CCO Health Home Training is planned next week in Spokane. Tom, Michele and Lois met with Eric Findley who recently received his training for the Care Coordinator certification with the Kalispel Tribe; Tom is looking forward to working with Eric and believes he will be a valuable contributor to the local cause.

WA Rural Health Collaborative (WRHC): Holly Greenwood and Tina Schumacher are planning a site visit to Newport on March 14, the day prior to the Rural Hospital Conference.

ED Provider Model - Tom reminded everyone that our ultimate goal for the switch in the ED model was to recruit and onboard providers to the clinic; Dr. Ed Piepmeier continues to cover a significant share of the ED shifts; most of the ED providers are filling in, as they have permanent commitments.

Provider Recruitment – Tom noted that he is hopeful that Nathan Mustain and his wife Beth will accept our FP opportunity; they are definitely very interested in our care delivery model. Tom will tender an offer in the near future.

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Liability Risk Pool: Tom provided an overview on the final program proposal, annual funding, and entity structure of the shared professional liability risk pool. The proposed pool is being vetted by 19 interested hospitals and is similar to the WA Casualty Co. (WCC) model that was formed in the mid-1980's (and the District was part of) for the better part of 20 years. Tom noted that he participates on the Steering Committee formed by WHS on behalf of the 19 interested members. Tom explained the next steps will include developing an Executive Committee of the Pool Board which will set entity participation/membership rules, choose programs (including risk management), reinsurance limits, and develop administrative service programs.

A member presentation (CEO/CFO) is planned for the following Tuesday; Tom offered to provide more detail information to the Board, if interested. The pool/plan is scheduled to be operational in July, based upon final member interest and pricing. Bob Eugene noted that the re-insurance rate on the financials didn't fluctuate over a 5-year period; however the contribution/bottom line did. He asked whether inflation was factored in the projections. Tom W. noted the committee is relying upon expertise of the actuary hired to do the planning work; however his understanding is the projection is predicated on the actual track history [9 year look-back] of the 19 member hospitals and were weighted to factor the highest potential exposure and using an 85% confidence level (GAAP accounting requires only a 50% confidence level). The 6 year run looked more advantageous, but the goal was to be conservative. The run rate would change based upon actual claims made, but the projection only had the histories in hand and there was no variation from year-to-year. Tom noted that re-insurance premiums for the pool would be market-dependent and claims-based.

Tom provided a 15 year history of District professional liability premiums and the claims made and expenses incurred over the same period. The District had paid premiums in excess of claims made of nearly \$2.5 million which, under the proposed pool model, would now represent a District asset rather than an insurance company asset. He guessed that most of the hospitals in the pool would have similar track histories. That was the underlying premise for the "pool" exploration to begin with – how can hospitals retain assets and “the bottom line” in an ever changing market.

Medical Insurance Risk Pool – Tom is also exploring a collective pool opportunity to participate in a medical/dental/vision self-insurance plan (via RMACO membership). The initial plan survey was completed and we await a comparative pricing model (with options) which is due Q2. There will be more updates on both of the pool strategies at future meetings.

Legislative: Tom reported there still is nothing of financial significance for PHD's (that he is aware) and that mental health services are receiving increased funding under the House, Senate, and Governor's budgets, which is a positive step. Tom is exploring grant funding projects that could become available under the State's 1115 waiver at the federal level. Long term care rates are holding steady under the various budgets.

Executive Session – Tom W. noted an Executive session will be held to discuss personnel and credentialing issues and for the Board to conduct the annual CEO performance and contract review.

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ACTION ITEM AGENDA

Foundation Letter of Agreement – A motion made, seconded and passed unanimously approved the 2016 annual Foundation/ District Services Agreement.

Resolution No. 2016-04 – To complete the surplus property record, Resolution No. 2016-04 was approved unanimously via a motion made, seconded and passed.

OTHER BUSINESS:

Following discussion and consideration, the Board decided upon Newport Health Center as the name for the new clinic.

EXECUTIVE SESSION

As permitted by RCW 41.05, the meeting was moved to Executive Session at 1:55 pm for approximately 40 minutes to discuss property purchases and personnel and credentialing matters.

RETURN TO OPEN SESSION

The Commission returned to Open Session at approximately 2:35 pm. No action was taken from Executive Session matters.

NEXT MEETING DATE

The next regular meeting of the Commission will occur on Thursday, March 24, 2016 at 12:30 pm.

ADJOURNMENT

There being no further business, the meeting adjourned at 2:40 pm.

Minutes recorded by Nancy J. Shaw, Administrative Assistant and Tom Wilbur, CEO.



Lois Robertson, President
Board of Commissioners



Terry Zakar, Secretary
Board of Commissioners