

**BOARD OF COMMISSIONERS  
PUBLIC HOSPITAL DISTRICT NO. 1 OF Pend Oreille COUNTY**

**March 24, 2016**

In Attendance: Commissioners: Lois Robertson, Terry Zakar, Thomas Garrett, Ray King and Lynnette Elswick; Thomas Wilbur, CEO; Directors: Kim Manus, Michele Page; Chris Wagar; Shelley Froehlich; Joseph Clouse; Other: Jenny Smith, Jen Allbee, Trina Gleese, Heidi Hedlund, Nancy Shaw, Leif Furman, Bob Eugene, Ken Fisher.

Excused: Clay Kersting, MD, Chief of Medical Staff.

CALL TO ORDER:

Vice Chairman Garrett 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: February 2016: Warrants #195502-#195931 and wire transfers #1233-#1250, in the amounts of \$1,388,739.38; and \$1,339,304.38, and wire transfer \$43,109.00, respectively.

Bad Debt/Charity Care: all-inclusive District Write-off's for February 2016: \$123,137.45.

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 February 25, 2016 were approved by motion, seconded and passed.

BUSINESS FROM THE AUDIENCE:

There was no business from the audience.

COMMITTEE REPORTS:

Joint Conference/Planning – Due to a busy clinic schedule and precepting medical students, Dr. Kersting was unable to attend the meeting.

Finance – Kim Manus offered the following highlights from the Finance Committee: a \$400,000 RHC settlement/payment is due next week. Cash is down slightly due to construction payments; Clark Construction has been paid \$2.1M from operations to date. Loan options have been researched and Kim is reviewing whether CD's can be used as loan collateral and investment options. She is checking with the State Auditor and with legal counsel. Ken noted physician recruitment and staff development were two outlier expenses for the current month.

Residential Care/ALF Bond Levy – Ballots will be mailed April 6<sup>th</sup>; the voter registration deadline is March 28, and April 26<sup>th</sup> is the bond levy voting deadline date to approve funding to construct a new assisted living facility on the District campus next to River Mountain Village.

2014 Annual Audit: The Office of the State Auditor completed its 2014 financial and accountability audits. The State Auditor's reports are available and Kim will forward the web link to anyone that is interested in reviewing the reports. She noted that the Audit Committee had reviewed the reports – there were no audit findings under either audit and we are pleased with the results.

ED Provider (EmCare) Billing – Kim reported claims processing/billing issues that are resulting in confusion for patients, who may have received insurance payments directly from the carriers. An internal billing office campaign is underway to inform patients that our staff is available to provide assistance and to answer questions during this transition period. A letter is being sent to all patients that were seen in our ED since January 1 to inform them of the issues and assure them of our availability, as needed.

Kim and Tom will be discussing broader coding/billing issues with EmCare and staff next week. Tom explained that we had a clear understanding of our contract language around balance billing and clarified this many times in an effort to prevent this problem; Kim is working to ensure that the patient statements include language that explains patients may be responsible for certain billed amounts. Tom explained that the EOB's (explanation of benefits) that patients receive may indicate the patient is responsible for the gross charges because the service was provided "out of network"; however, that would only apply to elective or surgical procedures. Kim noted that, under the Affordable Care Act (Federal law), ED visits cannot be considered "out of network". We will be providing this information to our patients at the time of admission.

Tom noted that EmCare is a very large company that bills over 500,000 claims a month; it is very evident that our NHHS service is being pumped into the machine and that we must be diligent in providing information to our patients during this transition. Commissioner Garrett commented he was disappointed as it seems this issue was a controllable and could have been avoided, noting it makes it difficult to keep patient satisfaction at an optimum. Tom W. agreed, but also noted that it can be difficult to anticipate every unknown. The fact is, carriers and patients are responsible only for the "allowed amount" on the ED service – which was what we were striving for under our contract. We didn't foresee how the billings would go out during the transition period and, in fact, some of our past billing practices were not up to maximizing our fiscal return. Our community is also not used to receiving multiple bills (provider and facility) for a single service episode.

Kim added that we are also in the process of reviewing EmCare's coding levels. She obtained CMS national statistics on ED physician coding levels and learned that 76% of all ED codes were at level 4 or 5 (5 being the highest) – which is about where EmCare falls – but which is at a much higher level than we had coded in the past. A meeting is planned next week to address questions we have. The ED has been busier (averaging 17 patients/day); Kim is uncertain whether this is attributed to the new ED physician model. We will keep the board posted as the transition continues.

Physician Recruitment – Tom met with the SHMC ED physician group Director to discuss the option to sub-contract with their providers to fill shifts in our ED and to potentially form a satellite practice in Newport at a future date. He noted that these providers come with a higher price tag (\$200/hr) than our current EmCare contract (approx. \$140/hr). Kim noted that average collections per visit was

forecasted to be approximately \$150/visit for physician services; whereas, our average collections (85% of MD fee schedule on the PA-C model) has been closer to \$75/visit. Kim believes there is room for opportunity if the visit count continues to trend higher. Shelley F. noted that the SHMC physicians have given favorable reports about working here.

Property Acquisition – Kim stated that we continue to look at properties that are contiguous (West) of the new clinic location as parking will continue be at a premium. A house and shed located on the property purchased and closed in February (210 N. Fea St.– two lots) is slated for demolition to open up staff parking space. Final title review is underway to close on a third lot (220 N. Fea St.) in approximately 2 weeks. Tom W. provided the Commissioners with a listing of the properties still under review. He noted that the first property we attempted to buy (218 N. Fea St. - the only property available at the time we started looking for adjacent properties) had been purchased and his negotiations with the new owner were not going anywhere. He also noted that he had contacted the owner of the final property on that contiguous stretch of lots to gauge potential interest. It is a rental property investment and the owner really hadn't considered selling prior to Tom's call. Tom indicated he would work through the Finance Committee (Commissioners King/Elswick) if any other property options became available in the interim.

Quality Assurance/Performance Improvement: Heidi welcomed and introduced Jen Allbee to the Staff Development and the Quality Improvement departments. The draft 2016 quality plan was distributed to the Board members. Heidi asked whether there were any questions and requested approval from the Board; she noted there were no changes to the plan over last year with the exception of adding new ACO required measures. Because the Commissioners and other QA/PI Team members had not reviewed the plan, it was distributed during the recent 3-day rural health conference in Spokane, the plan will be held and approved in April. Heidi will also provide a copy to Shelley F, Chris W. and Michele Page and request approval thereafter.

Heidi learned recently (as did all other CAH's in the State) that Critical Access Hospitals are not exempt from reporting under the physician quality reporting system (PQRS) in 2015. CAH's were given the false impression that hospital physician encounters were not eligible for the program, since Medicare billing for RHC clinic patient encounters were not required. However, this was not the case and we received notification that our Medicare physician encounters in ER, observation, outpatient procedures and surgery were, in fact, eligible for reporting. It was also determined that if we did not report in 2015, there could be penalties of 2% in 2017 (and escalating up to 6% in future years for continued non-compliance). Kim noted the projected penalties were estimated to be under \$10,000; but we decided to comply early to derive the benefit from capturing/reporting the data (the registry reporting tool cost less than the penalty). So, Heidi formed a team and the data registry web reporting tool was purchased. Heidi thanked Shelley, Trina and Julie for their assistance in mining the reportable data. We met the March 18<sup>th</sup> reporting deadline (for a year's worth of data) after much work from the team. Heidi noted the total encounters necessary to trigger a measure was minimal; nearly ½ of our physicians did not have a measurable encounter. She noted Dr.'s Chavis and Jones' data appeared favorable in comparison to the baseline target measures.

Heidi explained that our ACO reporting (which was scheduled to start in 2016) will satisfy the CMS 2016 PQRS requirement. Heidi noted that few hospitals were able to accomplish the task to report in 2015; the group also learned a great deal from gathering the data and the supporting documentation.

SUPERINTENDENT REPORT

Tom W. distributed the annual Washington Rural Health Coalition (WRHC) report and explained the comparative and financial quality metrics as related to our 14 peer PHD/CAH's. The information included NHHS quality metrics and Press Ganey specific question polls. Tom is pleased with our progress and position.

He provided a brief update on our participation and formation of a rural accountable care organization (ACO) which is made up of 5 Washington and 5 Colorado hospitals. The group has received a count on the total number of attributed lives to the ACO which, on a positive note, had the Washington hospitals having 12,000 (of 13,500 total lives). It gives the WA hospitals, which are probably further along on the value based purchasing (VBP) development scale, the ability to make a significant impact on the ACO transition.

Tom presented the baseline 2016 transformation roadmap for the ACO with a breakdown of the targets and milestones for care coordination, quality reporting, and data analytics. He noted the primary benefits of our ACO participation is that it will allow us to capture total Medicare payment data (across the entire care delivery spectrum) and provide comparative reporting. This will offer us a chance to review patient specific spend (as well as quality) data and present an opportunity to provide optimum care at the most efficient cost. Tom noted that once the data reporting becomes available and we can get access to our care coordinators, he is planning to organize a retreat for the medical staff and board members to better outline and review our role and opportunities in the ACO. Care coordination, under the Medicare model, is being paid-for as a transitional service and we want to manage the process as best we can.

Tom requested feedback from those who attended the recent rural health conference in Spokane. He thanked the Board and those who attended for their continued diligence to learn about what is happening in the industry. He feels that NHHS is in a better position than most facilities to adapt to the incredibly complex and fast-moving transition period in health care. Managing lives under our Medicaid CCO and Medicare ACO programs will be a challenge as we continue to integrate behavioral health/chemical dependency and care coordination with our community partners.

Commissioner Robertson complimented Chris Wagar and Tom W. for their informative presentations at the Rural Health Conference last week.

Provider Recruitment – Tom is continuing to pursue options to recruit FP and GS providers. We still keep in contact with our two husband/wife resident teams but do not yet have a formal commitment.

Financial – As the opening of the new clinic approaches, Tom will be working on financial forecasts that outline new payment rates. He invited everyone to tour the new building.

ALF Proposal - The Bond proposal will appear on the April 26 ballot. The local Committee to Keep Our Loved One's Local continues to support the cause and tries to get the facts to the community.

Tom continues to work with the County and POCCS to develop the behavioral health/chemical dependency care coordination model. He has been speaking with a psychiatrist to explore integration options. In addition, he is reviewing contracts to determine the differences for full, value-based payment models, and shared savings.

A (telemed) Hospitalist attended the medical staff meeting and presented the program to our providers; Tom will continue to look at alternative options under the new ED model, noting that the existing healthcare model will change drastically as people become more tech-savvy.

The DOH State surveyors have concluded their hospital inspection; Tom noted that the team was complimentary of our staff and care standards; there were no Fire & Life Safety citations. The inspection team was planning to do a full survey exit conference with the manager team at 2:30 and the Board was welcome to stick around and participate if they so desired. It would give them a feel for the process and to hear the results directly from the DOH survey staff.

Executive Session – Tom W. noted there would be a very brief Executive session to review and approve credentialing files.

#### ACTION ITEM AGENDA

**Resolution No. 2016-05** – was approved unanimously via a motion made, seconded and passed to surplus property no longer needed for District purposes.

**Capital Purchase** – Via a motion made, seconded and passed the purchase of AOM/RXM software program was unanimously authorized. The ambulatory order management software will crossover medication verification to the physician order entry module, streamline provider workflow, and improve our Meaningful Use (MU) statistics for data order entry reporting.

#### OTHER BUSINESS:

There was no other business to discuss.

#### EXECUTIVE SESSION

As permitted by RCW 41.05, the meeting was moved to Executive Session at 2:25 pm for approximately 5 minutes to discuss physician credentialing matters.

#### RETURN TO OPEN SESSION

The Commission returned to Open Session at approximately 2:30 pm.

Per the recommendation of the Medical Staff Executive Committee, the Board of Commissioners approved the following privileges by a motion made, seconded and passed unanimously:

#### **Provisional Status:**

Joshua Garcia, MD – Off Site Radiology

Randall Fryer, MD – Emergency Medicine

#### **Re-Appointments – Continued Full Courtesy Status:**

Sean Spangler, MD – Cardiology

Karl Jacobson, CRNA – Anesthesia

**Temporary to Provisional Status – Emergency Medicine:**

Cody Ellefsen, MD

Thomas Tobin, MD

Darrol Hval, MD

Jonathan W. Lueders, MD

George A. Biancarelli, MD

NEXT MEETING DATE

The next regular meeting of the Commission will occur on Thursday, April 28, 2016 at 12:30 pm.

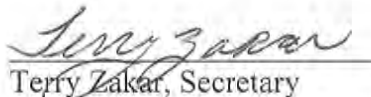
ADJOURNMENT

There being no further business, the meeting adjourned at 2:30 pm.

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



Lois Robertson, President  
Board of Commissioners



Terry Zakar, Secretary  
Board of Commissioners