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

November 30, 2017

In Attendance: Commissioners: Lois Robertson, Terry Zakar, Lynnette Elswick, and Raymond King; Clayton Kersting, MD, Chief of Medical Staff; Geoff Jones, MD; Tom Wilbur, CEO; Directors: Kim Manus, CFO; Joseph Clouse, Pete Peterson; Chris Wagar; Others: Travis Williams, Diane Waldrup, Casi Densley, Controller, Casey Scott, Jen Allbee, Jenny Smith, Michelle Nedved, Michelle Page, Wendell Page, and Nancy Shaw.

Excused: Commissioner Thomas Garrett.

CALL TO ORDER:

Vice-Chairperson Raymond King called the meeting to order at 12:31 p.m.

READING OF LEGAL NOTICE:

The regular meeting legal notice was distributed as required.

APPROVAL OF AGENDA / CONSENT AGENDA:

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

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

Auditors Report: October 2017: Warrants #203930-#204307 and wire transfers #1571-#1588 in the amounts of $1,243,596.55 and $1,663,283.42, respectively, plus an automatic loan payment deduction of $40,000 for a grand total of $2,946,879.97.

Bad Debt/Charity Care: all-inclusive October 2017 District Write-off's for $150,251.72.

APPROVAL OF PREVIOUS MEETING MINUTES

The regular meeting minutes of October 26, 2017 and Special (Budget Hearing) meeting minutes of November 14, 2017 were approved by motion, seconded and passed.

BUSINESS FROM THE AUDIENCE:

Michelle Page, (former Director, Residential Care Services) stated that she attended the meeting today to express her thanks to the Board of Commissioners. Michelle became quite ill this year and was hospitalized for five months and received two months of home health therapy; she explained that this would not have been possible without the generous benefit package that is offered to District employees. Michelle thanked and expressed her gratitude to the Board for their generosity and support.

Dr. Geoff Jones, UW School of Medicine, EaWA Regional Dean, provided a presentation on the UW medical school programs. Dr. Jones explained that he accepted the position approx. six months prior and is working half time at each location (UW and Newport Health Center). His role provides an opportunity to promote/develop clinical education throughout eastern and central Washington. He is

reaching out to communities to inform them of the progress and vision of the UW programs and started with a brief history of the UW programs.

The University of Washington started its programs in 1971 with students from Washington, Alaska, Montana and Idaho, aka the original "WAMI" states. The need to expand medical training was identified; Seattle was ruled out as an option due to lack of space and other Western States did not have a medical school; thus bringing all together to start the WAMI program. 20 students from the UW were sent to Pullman, (which, incidentally, is where Dr. Jones spent his first year of medical school). Wyoming came on board in 2001, and in 2008, 20 Washington State students were sent to Spokane (w/Dr. Zabriskie graduating from the program in 2009). In Eastern Washington, 60 students were added annually to the UW/GU Regional partnership. Dr. Jones shared a map of the training sites and areas in the Northwest where students train. He noted that approximately 50% of the students that train at UW return to practice in the region.

The Rural Underserved Opportunities Program or RUOP was established to provide a month-long experience for students to learn in an underserved, rural community and to expose students to a rural practice. The "WRITE", or WWAMI Rural Integrated Training Experience is a 22-26 week clerkship, typically involving smaller communities. In Eastern Washington, Newport, Moses Lake, Ellensburg, Coulee, Pullman and Chelan are WRITE sites.

The "TRUST," or Targeted Rural Underserved Scholars Program involves students interested in rural medicine and exposes them to a pre-medical school experience and integrating them during the entire course of their medical education. Newport currently hosts two students, and has been a TRUST site since 2009; 11 TRUST scholars have been in Newport, more than any other community in the region.

Teaching physicians receive CME credit for mentoring/teaching students; up to 20 hours per year. Other benefits include learning new ideas, faculty development, recruitment and retention, access to other UW programs (such as TASP antibiotic stewardship program, project ECHO hepatitis C program, and opioid addiction/support). The teaching benefits typically outweigh the cost. The District occasionally provides meals and housing; currently, the District is allotted approximately $500 per week per WRITE student for time and expenses. UW also provides housing for required rotations.

Jenny Smith commented that the students have been a pleasure to work with during their rotations. Dr. Jones indicated that he would like to enlist residents as well, and noted that the intention of hosting the students is to recruit and retain providers. Tom W. added the programs are a win/win for both students and District; he thanked Dr. Jones and the medical staff for their commitment to the programs.

Dr. Kersting commented that Washington State University has also shown an interest in partnering with Newport as a teaching facility. He added that he feels the selection process could better identify medical students who are truly interested in family practice, rural medicine. It is not certain whether the District can support both programs; however, the UW Programs have proven to be very successful.

Joseph Clouse, HR Director introduced and welcomed Travis Williams, Facilities Manager. Travis is recently from Anchorage and worked at Alaska Regional Hospital as Facilities Manager, overseeing EnvServ, Security, Dietary, and Engineering. Travis also provided oversight of hospital construction projects in excess of $100M. He worked as a consultant traveling across the country providing expertise to hospitals related to CMS surveys, and construction projects.

COMMITTEE REPORTS:

Joint Conference/Planning – Dr. Kersting, Chief of Medical Staff reported that the Reinke' transition to the clinic practice has been very positive; Dr. Schicker is adding an additional day to his orthopedic practice. The providers agree there is a need to recruit another FP physician and the clinic is nearing capacity with the additional students, MA's, and orthopedic practice.

Finance – Kim Manus will provide a final operating and capital budget update at the December meeting. The Accounting staff is very busy updating FTE information; as there were some key manager positions either in transition or out on FMLA. Kim noted the corrections should provider for a decline in FTE/wages from the initial budget.

The Finance Committee met; Casi Densley, Controller noted that, with the resignation of a Coder, along with other staffing changes, it caused a backlog in processing claims; therefore, the financial reports do not have complete revenues. On a positive note, HRG started assisting this week with our coding backlog and a new Coder was set to begin work on Monday.

Clinic visits were up 273 over the prior month; surgery has been very busy with the new orthopedic practice – for example -.in October Dr. Schicker saw 37 orthopedic cases; Kim noted that surgery scheduling practices and patterns are being fine-tuned. There were 66 surgical cases during the month of November, the highest surgery count for the year.

Casi noted that $175,000 has been booked for the first six months of our cost settlement. Tom shared a report outlining uncompensated services from 2010 to present. He noted the Affordable Care Act passed in 2010, marking the beginning of Medicaid expansion – (Washington expanded Medicaid in 2013, at which time we saw a decrease in annualized bad debt write-offs). It has since slowly increased, partly due to high deductible/co-pay insurance plans.

Quality Assurance – Jennifer Allbee reported that our E-Clinical Works data remains unverified and that our IT, clinic, and QA/PI staff will continue to resolve the reporting issues. All hospitals in the ACO are scored as a collective in the report she presented so our numbers will impact the facility measures. Chris explained that Newport has been scrutinizing our data more so than our peer facilities – and it appears some of the issues may lie in coding capture.

Jennifer provided an HCA- Value Based Purchasing Impact Analysis report – scoring includes patient experience of care, clinical care, safety of care, efficiency and cost reduction domains. Overall, Newport ranked fifth highest of the 34 CAH hospitals in the State; the major contributing score resulted from the patient experience of care and clinical care domains. There was insufficient data to score in the safety and efficiency/cost reduction domains.

Surgery Dept. Review: Jen provided a report on annual surgery cases from 2009-17. We performed between 180-200 cases, except for 2014, when a spike from Spokane Orthopedic pushed us to 240 cases. Total annual endoscopy procedure over the same period averaged 381; we have performed 309 cases 2017 YTD. Jennifer also provided a breakdown of surgical cases by physician, including visiting providers.

Our surgical site infection rates were: 2014-0.8%; 2015-2.4% (at which time we sought a Coverys grant opportunity in an attempt to lower the rate); there were 2 (superficial) infections this year and our overall annual rate is back to 0.8%. The grant was secured November 2016; since January 2017, almost 100 MRSA swabs were done for general, elective, orthopedic, and OB pre-surgical cases. Positive as well as unknown cases are treated; Spokane Orthopedics does not participate. It was noted that surgery patient satisfaction scores have been favorable.

An Executive Session will be required following the meeting for approximately 10 minutes to discuss credentialing business.

SUPERINTENDENT REPORT

Strategic Planning: Tom W. reviewed the annual data obtained at the Rocky Mountain ACO Board meeting this month, including 2016 cost and quality data (ACO, year 1). It was obtained following initial hospital reporting to E-Clinical Works and CMS claims reporting of cost ("spend") data. He noted this is year 1 data, but we are month away from completing year 2 of our initial 3 year ACO term. Our group is exploring options and timelines to continue or revamp our ACO's heading into 2019. Tom explained that the CCA oversees two ACO's - the Rocky Mountain ACO and San Juan ACO; the District partnered with the larger of the two - the RMACO is comprised of 5 Washington and 5 Colorado hospitals.

He provided a "shared savings" analysis of the two ACO's. Tom explained the "cost baseline" is developed using total attributed Medicare covered lives assigned to each ACO. The "target" benchmark is established using base-line patient costs [2013-2015 spend data] and detail claims coding (patient acuity) for the ACO assigned lives. A minimum savings rate is applied to the target which becomes the shared savings "threshold." If the ACO participating providers are able to keep the actual spend under the target threshold (using tools/coordination/skills to manage the population), they would be eligible for shared savings.

Tom noted 13,200 lives are assigned under the RMACO. The benchmark cost target was $8,952 per member, per year (PMPY) and our actual first year spend was $8,974/PMPY (we fell short by just under $22/PMPY). Not bad. Tom provided a comparison of the individual and combined ACO total spend data for 2016. The benchmark expenditures were $181M for all lines of service – primary care, ER, surgery, specialty care, LTCU, etc. RMACO, the larger, generated savings (but, not enough to beat the threshold), which outstripped San Juan ACO losses; Tom noted that NHHS would be measured solely on the entirety of the RMACO under the cost and quality metrics. Though each ACO is independent; the two combined generated savings for CMS and the facilities are striving to reduce ED visits, ACU stays, and manage chronic disease. Tom explained that quality scores must meet a particular threshold in order to receive any shared savings. In that regard, we will begin reporting quarterly the 13 G-pro clinical quality measures in 2018.

Tom reminded everyone that two years ago we were given the option to join NRACO (now known as Caravan); instead, we joined with the CCA, who created the infrastructure to set two ACO's in play. A meeting is planned with the Washington (5) hospitals next week, and again in January, but Tom is certain the RMACO, in its current form, will reform under a new ACO. The reason is to reduce our CMMI Grant obligation – which required participating hospitals to engage only for the initial 3 year

term of the MSSP program. He noted, any shared savings achieved under our RMACO my first be utilized to payback our CMMI grant funds. Only after the CMMI grant is reimbursed would we see any shared savings payments.

Presentation highlights:
Tom noted the higher spend areas in the country are typically southeast and northeast. National average spend for Medicare covered lives is $10-11,000/PMPY. West and NW states run in the $9,000/PMPY range. The consultant who presented to the CCA Board noted that the highest baseline cost threshold she has seen was almost $14,000/PMPY.

Accurate clinical coding creates establishes the true acuity measure of our Medicare clients. Tom noted that our RMACO hospitals did not show uniform savings as a group. In fact; Jefferson Healthcare provided the bulk of the ACO savings. Mason and Newport were effectively break-even, and Summit-Pacific had cost increases over the baseline threshold. Tom thought that Jefferson generated most of their savings based upon more accurate coding – a focus of theirs over the last couple of years.

NHHS as a participant in the ACO had approx. 1,800 of the 13,200 covered lives. We are not able to affect a tremendous amount of change on the "total" ACO, no matter how well we perform. In order to get any savings under the ACO program, all 9 other partners must also participate. On the other hand, if we generate savings with our Medicaid group (2,200 assigned lives), we recoup the savings.

Tom explained that, should we decide to re-form under a new ACO, the option still exists to contract with the CCA, join Caravan, etc. Also, in the future, the CCA could offer a variety of options such as clinically integrated networks (CIN) with participation agreements, add specialists to an agreement, and/or contract with Medicaid or private insurance – utilizing the CCA as the supportive role for a group of provider hospitals.

2018 ACO/CCO strategies:
Tom's recommendation was to focus on our Medicaid lives (enrolled w/Molina and Amerigroup) and better manage that population to perhaps generate shared savings. He believed it to be a better use of time and resources with a better potential for a monetary return. We would continue to participate in the Medicare ACO and re-align with our partners; however, the opportunity to rely on our own work/results lies in our participation with Amerigroup and Molina shared savings contracts.

Under HCA's 1115 Medicaid/Waiver, mid-adopter model, behavioral health and chemical dependency must be fully integrated with medical care (Medicaid) under Better Health Together by Jan. 1, 2019. Going back to the continuum of care graph, the highest risk population (2% is 20% of spend) and the chronic/highest risk population (5% = 50% of spend). We have the better opportunity to coordinate those clients/services under the MCO/Medicaid program. MCO's recognizes mid-level providers to track attributed lives (Medicare doesn't) and we have names/contacts with Molina and Amerigroup to ensure we can accurately track data and monitor potential shared savings.

The general consensus was to continue exploring ACO options and actively participate under the programs, but to work with our providers and clinical staff to shift our focus to the HCA/CCO programs in 2018.

Strategic Planning: Tom does not foresee our Wildly Important Goals (WIGS) changing much in 2018; though we will fine tune on the detail targets and processes. Operational goals for 2018 will continue around: 1) implementing and moving forward with Value Based Purchasing models; and 2) ensure our care process/revenue cycle procedures are effectively designed and operating accurately in order to reduce system inefficiencies to 0%.

Facilities/Capital Planning – the ALF-Advanced Care drawings are complete; a walk-through meeting occurred yesterday with the general contractors; Tom noted another project in Shiloh Hills was due the same day as ours; the RMV project is on track and bids are due December 19. Eventually, we will re-review the circa 1958 hospital space and start planning on the LTCU space; vacate (Q2 2019).

OLD/NEW BUSINESS:

Provider Recruitment – recruiting efforts will continue. Another ED provider has been enlisted and will begin in February – there are now 3 core MD providers; we are seeking one more – one prospect has been referred by Dr. Jones, a third year resident interested in returning in July. Joseph has located a qualified General Surgeon, as well.

Legislative Update - The State of Reform conference is scheduled for January 4 in Seattle. Tom does not foresee any major legislative changes in the near future. He noted that as early as January 2019 the State will require behavioral health and chemical dependency contracted with MCO's along with medical care. There remain many questions to be answered on the 1115 waiver and Tom will continue to strive to ensure all funds due to PO County get to PO County.

ACTION ITEM AGENDA

2017 Non-Contract Staff Incentive Compensation Funding – Joseph Clouse provided an outline of the bonus structure and explained the Personnel and Finance Committee had reviewed and approved the amounts. It was based upon the pre-determined goals set by the Board last March and monitored throughout the year by HR. The Committee recommendation was based upon the goals achieved and was unanimously approved via a motion made, seconded and passed by the Board. Annual incentive compensation [up to $528 for each fulltime employee and $576 for each fulltime manager] prorated over 2,080 payroll hours was awarded to all Non-Contract staff with the stipulation that the eligible employees must be continuously employed thru midnight, December 3, 2017.

2018 Annual Wage & Milliman Scale Adjustments – Joseph explained that Washington State's minimum wage will be increasing to $11.50 (eventually to $13.50); therefore, adjustments are necessary for those positions impacted by the increase. Via motion, made and seconded, unanimously approved the Board accepted the Committee's recommendation for all non-contract staff of an annual wage increase of 1.5% or the Milliman market adjustment by job code, whichever is greater.

Due to changes in Washington State employment law and following a meeting with the joint Personnel and Finance Committees, a recommendation to change District policy to eliminate the provision that the first three days of sick time be taken out of the employee's PTO bank (historically, the District's base PTO accrual rates include paid holidays, PTO, and the first 24 hours sick time – i.e.- if never used, staff could take additional PTO). The new law requires that sick leave be granted to all non-benefitted staff – part-time, per-diem, etc. A motion made, seconded, and unanimously passed

to revise the current District PTO/EII policy to eliminate the first 24 hours of sick time be offset against PTO for benefited staff and accrue necessary sick time for non-benefitted staff (according to Washington State law).

2018 Wellness Benefit Renewal – As a means of full disclosure, Casey Scott, Education Mgr., explained that he and other family members are in the process of acquiring Club Energy and hope to take possession on January 2. Casey noted that he would honor any existing contracts in place with the District. A motion made, seconded and passed unanimously approved the renewal of the health club benefit for staff to Club Energy in 2018 in the amount of $17,495.76.

2018 Commissioner Assignments/Nominations. Following discussion, a motion made, seconded and passed unanimously approved the 2018 Commissioner Board nominations:

Chairperson: Thomas Garrett
Vice Chairperson: Raymond King
Secretary: Terry Zakar

Committee appointments:
Personnel, Insurance, Safety: Thomas Garrett
Compliance: Lynnette Elswick, Terry Zakar (secondary)
Finance: Lynnette Elswick, Raymond King (secondary)
Medical Staff: Lois Robertson, Raymond King (secondary)
Capital/Facilities: Ray King, Thomas Garrett (secondary)
Marketing: Raymond King
Quality: Terry Zakar
Ethics: Lois Robertson

The appointments will be confirmed at the December meeting and are effective January 1, 2018.

Surplus Property – Resolution No. 2017-07 – A motion made, seconded and passed unanimously approved surplus of District property, specifically 40 VoIP phones.

OTHER BUSINESS:

Tom W. presented the Board Roles and Responsibilities and CEO Charter for the Board to review and consider approval at the next meeting of the Commission. Changes were made to the role of the Board Secretary (removed *take meeting minutes* - changed to *ensure accuracy of minutes*).

Board Compact – added language under the first bullet: *hire the CEO and hold them accountable to etc.* Added language: regularly attend Board and Committee meetings; attend outside community and education programs necessary to the position on the Board. Tom has signed the documents and will present the final copy for Commissioner Garrett to sign.

Tom W. explained that a mobile enrollment van (unit) from Amerigroup has been offered to the District – Tom noted that we typically conduct immunization fairs at the school District – it was determined that there was no need for the District to acquire the vehicle.

The annual Foundation Festival of Trees event will be held on December 2, 2017.

Per the recommendation of the Medical Staff Executive Committee, the Commissioners approved:

Provisional to Full Appointments:

Neurology-Telestroke, Courtesy
Michael Marvi, MD
Biggya Sapkota, MD
Tomoko Sampson, MD
Andrew Rontal, MD
Bethany McClenathan, MD
Lillith Judd, MD
Muneer Hasson, MD

Emergency Medicine, Courtesy:
Richard French, MD

Affiliate Staff, Family Medicine
Jennifer Eickstadt, PA-C

2 year Reappointments:

Family Medicine, Active:
Angelika Kraus, MD
Geoffry Jones, MD

Family Medicine, Affiliate:
Chris Buscher, PA-C
Keith Bell, PA-C

Robert Arnett, MD-Radiology, Courtesy
Shaun Joshi, MD – Nephrology, Courtesy
Robert Gersh, MD – Oncology/Hematology
Michael Kwasman - Cardiology
Curtis Gill, DO
Mark Mueller, MD

NEXT MEETING DATE

The next regular meeting of the Commission will occur on December 28, 2017.

ADJOURNMENT

There being no further business, the meeting adjourned at 2:32 pm.

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

Thomas Garrett, President
Board of Commissioners

Terry Zakar, Secretary
Board of Commissioners