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

March 22, 2018

In Attendance: Commissioners: Thomas Garrett, Terry Zakar, Raymond King, Lois Robertson, and Lynnette Elswick; Tom Wilbur, CEO; Angelika Kraus, MD Chief of Medical Staff; Directors: Kim Manus, CFO; Pete Peterson, CRNA; Chris Wagar, Walter Price, Others: Jac Davies, Casi Densley, Controller; Diane Waldrup, Robert Rosencrantz, Jenn Allbee, Jenny Smith, and Nancy Shaw.

Excused: Joseph Clouse, HR Director.

CALL TO ORDER:

Chairperson Thomas Garrett called the meeting to order at 12:32 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. Two items were added to the Agenda: 1) Resolution No. 2018-04; and 2) Letter of Intent to Participate in the Pend Oreille County Hazard Mitigation Planning Partnership.

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

Auditors Report: February 2018: Warrants #205708-#206084 and wire transfers #1644-#1665 in the amounts of $1,508,964.00 and $1,656,902.12, respectively, plus an automatic loan payment deduction of $40,000 for a grand total of $3,205,866.12.

Bad Debt/Charity Care: all-inclusive January District Write-off's for $122,977.20

APPROVAL OF PREVIOUS MEETING MINUTES

The regular meeting minutes of February 22, 2018 were approved by motion, seconded and passed.

BUSINESS FROM THE AUDIENCE:

There was no business from the audience to discuss.

COMMITTEE REPORTS:

Joint Conference/Planning – Dr. Angelika Kraus, Chief of Medical Staff was welcomed by the Commission and she reported there was nothing of significance to report by way of the medical staff.

Finance – Casi Densley, Controller stated monthly contractual adjustments (Feb. revenue deductions) increased to 46%. Casi explained that, upon investigation, payment methodologies for Molina and Amerigroup changed at the first of the year, requiring an accounting change be established in the billing system which was corrected in Feb. Kim added that adjustments were made to the fee schedule

amounts which caused a decrease in AR days and drop in interim account balances resulting in a write-off of approx. $178,000 adjusted thru contractuals. Initially, we expected to receive $217 per clinic encounter; however, the system was not initially set up. Kim further explained that the insurance companies' accounting methodology allows for payment of fee schedule amounts with an additional amount that is tracked in order to receive excess funding from the State that is passed through the rural health clinic.

Casi reported that our 2017 annual financial audit with DZA is complete with positive results and compliments from the firm. Casi explained our audited financial statements may be delayed for a few months due to a new requirement to assess our potential future retiree liability for medical insurance benefits (premiums for retiree PEBB enrollees). The rule applies to all municipalities who have employees enrolled under the State PEBB medical insurance plans. Kim reported the State Auditor's Office (SAO) notified rural hospitals of a potential reduction for PEBB actuary costs. There are approximately 15 retirees actively participating in the PEBB program and the SAO feels there is an implied liability to the District due to potential premium rate increases based on enrollee age and our experience rating. Tom noted the State Auditor has indicated that our books should reflect the (unfunded) potential risk associated with our catchment under the PEBB plan

Our nursing home cost report is due March 31st. Casi reported that a fixed asset tracker module was purchased but has yet to be activated; Diane confirmed that assets have been input into the system and it should be going live very soon. It will calculate depreciation, track assets, and interface with capital purchases. In addition, the 2018 budget has been uploaded (to Meditech) for tracking purposes.

Resolution 2018-04 - Casi Densley explained the bank accounts required under our bond and facility construction resolution are now being established. A Construction Fund will be set up to receive deposit of the $10M in bond proceeds; it will be used to manage all capital related payments on our new RMV-Advanced Care project. In addition, a 2018 UTGO Fund will be set up to deposit all special property tax revenues and pay principal and interest on the 2018 UTGO bonds for the next 22 years.

Commissioner Garrett confirmed eligibility for patients residing in the District to receive a discount on their bills up to the amount of the special property taxes paid. He asked for a report on the total balance offset over the last year; Kim stated she would provide the information next month.

Quality Assurance – Jennifer Allbee inquired whether anyone had any proposed changes or updates to the 2018 Quality Plan; there were no changes. PI project updates were provided on patient falls, the Coverys MRSA grant completion, our WA Rural Health Collaborative Rural quarterly meeting, and the Code Blue Team. Jenn reported that patient falls in acute care have been at a minimum – 106 days with zero falls as of March 20 – the goal of 60 and 90 days was achieved. The effort of staff members on all shifts was recognized. Jenn complimented the acute care staff for their efforts to increase awareness of fall prevention and patient safety.

Coverys MRSA Grant Update – a 12-month grant report was completed by Jenny Smith and Jenn Allbee. As of February 23, the full grant award of $8,500 was spent. Jenn reported the cost of a MRSA swab started at $55, but increased to $168, and processing time changed from 70 to 48 minutes with new equipment installed in the lab. Grant funds paid for 46 patient MRSA swabs since the MRSA program was implemented. Since the depletion of the grant funds, the billing office is now

billing insurance companies for the test and the program will continue with pre-operative MRSA testing. It was noted that Acute Care and OB patients are also swabbed for MRSA status.

Jenn explained that the Washington Rural Health Collaborative is comprised of 13 member hospitals who meet in-person on a quarterly basis. Many members from the West side of the State plan to attend the NW Rural Health Conference in Spokane March 26-28, so at their request Newport will be hosting the in-person quarterly meeting on March 29.

Code Blue Team – approx. 3-5 Code Blue status calls occur in Acute Care annually; 4-5 RN's are in attendance during a Code Blue. Laura Davis was introduced as the Nurse Educator and participates on the Code Blue team with Kami Pancho and Jenn Allbee. The Team promotes patient safety by conducting Code Blue drills and assisting staff members to function as efficient team members. Code Blue protocol/drills were developed in order to reduce the time lapse in Code drills and actual events. Protocols include: 1) POLST forms completed upon admission; 2) patient code status indicated on wrist bands; 3) Code cart is regularly checked for equipment function; 4) Code roles standardized to identify staff to be activated for a Code Blue. All shifts participate in the drills and physician involvement is encouraged.

Safety & Security Update – Chris Wagar reported that a new Safety Task Force was formed in December, 2016 to address employee safety, campus security, and our emergency operations planning. During 2017, the primary focus was campus security and since that time security policies were developed and implemented, additional exterior/interior security cameras were installed, signage was reviewed and improved, and security services by Phoenix Protective Corp. was enlisted (8pm-8am, beg. June 2017). The Task Force also identified departments considered to be at higher risk: front desk, ER, OB, and Pharmacy, and targeted security awareness and enhancement in these areas. De-escalation and personal safety training programs for staff is being offered once a month; the training is provided by Phoenix Protective Services.

Other initiatives undertaken: 1) parking passes for visitors and employees, which has reduced incidences of parking violations; 2) an overall system-wide safety and security risk assessment was recently updated; 3) a Code Grey response team is being formed (and trained to respond with "show of force" if a situation warrants); and 4) additional code silver alarm toggle switches will be installed – there are currently seven in place. Chris noted that two mobile alarms were purchased on a trial basis and explained our existing "NetNotify" program provides a desktop alert to every computer in the District via a combination two keystroke alarm accessible from every keyboard in the District. The "notification" triggers staff to dial 911. In addition, visitor/vendor management will be addressed, as well as planned drills to include lockdown, code silver, etc.

Robert Rosencrantz stated that he has yet to hear a to a cohesive District safety strategy. He noted that a defined plan to respond to safety/security events seems to be lacking. Tom W. responded, noting that much work remains to develop our culture of safety and articulate comprehensive programs throughout the District for all target initiative (staff safety, campus security, and emergency operations). As we are a public entity, with multiple points of entry, these are difficult processes to manage completely; however, we will continue evolve our initiatives and keep reporting back. He also noted he was grateful for the work Chris and the Task Force had accomplished and the strides made to meet our objectives. They are on the right path.

Chris offered to provide an overall report of the emergency operations of the District; she noted that today she was merely providing an update to the security aspect of the plan as a whole. Commissioner Garret added the broader plans encompass a wide scope of strategies involved in the safety, security and emergency operations planning for the District.

SUPERINTENDENT REPORT

Tom W. announced that he will continue with 2018 strategic planning objectives. Directors will provide individual reports on their target objectives next month. Tom shared a presentation outlining our key planning areas / issues for 2018:

- 1st Curve: achieve maximum efficiency on all current operations
- Right size: staffing (distribution) and facilities
- Targets/core metrics: quality, patient satisfaction, and financial
- 2nd Curve: Population health and VBP contracting

Tom provided slides/overview of the core District strategic framework and key target areas: delivery system efficiency, population health management evolution, and building and adaptive culture. Core delivery system targets/metrics (1st Curve): maximizing operating efficiencies, improving patient service quality and engagement, and building best business practices. Population health management (2nd Curve) practices must address: care/case management, population informatics, and new PCMH measure, policies, and procedures. Developing an adaptive District culture will target three groups: leaders/staff, providers, and governance.

He provided historical financial data from 2004-2017 noting days operating expenses in cash on hand has steadily climbed over the last six years and now hovers near 100-110 days, with appropriate capital investments and minimal debt. Our defined financial targets: 120-150 days cash on hand and operating margin of 0% to -2%, total margin of 3% to 5%.

Tom recapped overall facilities planning/investments over the prior decade and noted that until the RMV-Advanced Care is complete, we lack available (usable) space for expansion and continue to have significant needs. Highlights from the last 2014-15 Master Planning update: the new clinic was placed in service August 2016 and RMV-Advanced Care is targeted to open in Q2, 2019. It progressed with a couple delays, but the entire design team is very pleased with the envisioned design.

Next steps moving thru 2018 and beyond (and target of strategic discussion over the next several meetings): 1) Value Based Purchasing (ACO-[Medicare]/CCO-[Medicaid]) and Health Home models, concepts, and functional realities – how we will bridge into 2020 and what risks are we willing to accept. What does "community health" and "population health management" really mean? How will we address care integration, contract for shared savings, identify clients at greatest risk, develop care coordination, effective chronic disease management, and expand services to more populations?

Tom ran through WA State's Innovation Plan history and targets, including: quality/price transparency, engaging individuals and families in their health, regionalizing transformation via Accountable Communities of Health (ACH's), practicing transformation support, leveraging State data capabilities, and increasing workforce capacity/flexibility. The Health Care Authority is continuing its goal to reform infrastructure, fully integrate medical & behavioral health care by 2020, transfer non-

crises BH services from DSHS to the Health Care Authority, and shift to VBP models of care/payment. Our reality is the process is going to evolve much quicker (that is HCA's goal, anyway). How will we and our community partners respond?

CCO/[Medicaid]: Our local Pend Oreille Health Coalition (POHC) is discussing target initiatives, local assessments, project plans, and group responsibility under HCA's new ACH design/structure. CMS approved HCA's State 1115 Medicaid Waiver, authorizing $1.5B in Federal funding over 5 years. Initiative 1: transforms the Apple Health delivery system to enable adoption of VBP, $1.12B; Initiative 2: authorizes alternative options for long-term services, $177.4M; Initiative 3: funds new foundational community support services – including housing and employment, $205M.

Tom reviewed our POHC (HCA/1115) overreaching goals/realities for 2018:

- Maximize 1115 waiver funding streams earmarked for P.O County. (Note: year 2 thru 5 funding is dependent upon NHHS (via our primary care providers/assigned lives) to meet/ achieve target measures
- Ensure we can measure/meet targets (build structures/policies to respond)
- Fully implement shared savings contracts: Molina & Amerigroup (client co-management)
- Explore Alternate Payment Models (APM)

Jac Davies, Director of the NWRHN explained how APM baselines were developed through the WRHAP group and payments were set very low. The HCA expanded discussions to all rural hospitals, but we must insist that better data be available in order to guide decisions. Tom added that it remains unclear as to how any new APM models will be funded – all funding must pass through MCO's (insurance carriers). Our NWRHN and WRHC groups will work with the new director of the HCA, who will be in the area (Lincoln Hospital) tomorrow.

ACO/[Medicare]: our existing three year Rocky Mountain ACO (RMACO) model participation will end Dec. 31, 2018, and we do plan to reform under a new ACO. We are considering options: 1) a WA hospital only ACO; 2) a larger WA/CO combined ACO, both under our existing CCA agreement; or 3) participate in a Mega-ACO (nation-wide w/60K+ participants) under Caravan (Lynn Barr, formerly the NRACO). Tom will continue to discuss options with our partners and Board; he noted the final decision and enrollment is July. He will report any updates or changes to the Board as they occur.

OLD/NEW BUSINESS:

There was no old/new business to discuss.

ACTION ITEM AGENDA

2018 Annual Quality Assurance/Performance Improvement Plan was approved unanimously via motion made, seconded and passed.

Resolution No. 2018-04 Construction Fund/Accounts - Via motion made, seconded and passed unanimously, Resolution No. 2018-04 approved establishing two new fund accounts: a Construction Fund and a UTGO Bond Fund-2018, relating to construction and bond financing for the new RMV Advanced Care project.

Letter of Intent – A motion made, seconded and passed unanimously approved participation in the Pend Oreille County Hazard Mitigation Plan.

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

Provisional Status to Full:	Provisional Status:	Temporary Privileges:
Neurology, Telestroke	**Neurology, Telestroke**	**Emergency Medicine**
Michael Wynne, D.O.	Margarita Oveian, MD	Scott McDonald, DO

NEXT MEETING DATE
The next regular meeting of the Commission will occur on April 26, 2018.

EXECUTIVE SESSION
There was no Executive Session required.

ADJOURNMENT
There being no further business, the meeting adjourned at 2:52 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