

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

August 27, 2015

In Attendance: Commissioners: Lois Robertson, Thomas Garrett, John Jordan, Lynnette Elswick, and Raymond King; Thomas Wilbur, CEO; Directors: Shelley Froehlich, Kim Manus, Michele Page, Walter Price; Other: Fred Zakar, Terry Zakar, Nancy Shaw, Trina Gleese, Ken Fisher, and Heidi Hedlund.

Excused: Chris Wagar, Joseph Clouse, and Chief of Medical Staff, Jeremy Lewis, DO.

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 reviewed and approved as presented by a motion made, seconded and passed.

APPROVAL OF PREVIOUS MEETING MINUTES

The regular meeting minutes of July 23, 2015 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. Lewis was unable to attend the meeting so there was no report.

Finance- Ken Fisher reported a positive month financially, pushing YTD income from operations to \$15K and YTD Net Income to \$980K. He noted in July, we received a Medicare cost settlement in the amount of approximately \$500K for the 2014 calendar year that had no effect on net income in 2015. Budget season is approaching and Ken will be working with managers on their departmental budgets. Walter Price clarified that Patterson Medical is a supplier of various medical supplies in answer to a question from Commissioner Elswick. She also questioned warrants to Odessa Memorial and Lincoln Hospital – Tom Wilbur clarified that these are HRSA grant disbursements from the Critical Access Hospital Network.

Tom Wilbur noted that based upon historical trends, August should be another positive month. He noted that other cost settlements (State RHC) and meaningful use funding are expected in the near

future. Along with continued 340B Program funding, he would expect the year will end on a positive financial note. Ken noted that the financial statements did not reflect a 340B payment from Safeway, anticipated to be approximately \$50-\$60,000 for July.

Treasurer Report – There were no transfers or significant items to report.

Auditors Report: The Auditors Report was approved as follows for the month of July 2015: Warrants #192467--#192927 and wire fund transfers #1121-1142, in the amounts of \$1,313,118.54 and \$2,015,371.82, respectively.

Bad Debt/Charity Care: The proposed District Write-off's for July 2015 were approved for a grand total of \$109,125.20.

Quality Assurance/Performance Improvement: Heidi Hedlund provided YTD patient satisfaction statistics, as follows: ER – 90.2%, which is slight (1%) decrease from 2014; ACU – 90.6% - is nearly a 3% improvement over last year. The ACU Quality team has met to review and discuss the most recent issues involving noise levels and room temperatures. Shelley Froehlich added that the housekeeping staff members have been enlisted to ask patients whether their room temperature is comfortable. The Clinics: 91.9%, an increase of ½% over the prior year. Challenges remain in the Readmissions area – there were 3 readmissions in June and 3 in July (total of 6); Heidi noted that three of these readmissions were due to hospital-acquired infections. Of those, one was questionable as to being a pre-existing infection prior to admission, but we counted it anyway.

The ACO Quality Measure was discussed at the QA/PI meeting yesterday and involved physician engagement. The discussion was productive and positive. Tom complimented Heidi for a job well done reporting on QA/PI numbers and also on reporting the total health care spend for Medicare lives at the local level. He noted cost data will now become even more critical as a measure under both our Medicare and Medicaid programs.

SUPERINTENDENT REPORT

Tom W. reported on the following topics:

Clinic Project/Bids – A total of 5 bids were received. Tom explained the A&E estimate of \$3,995,000 with add-on alternates of \$285,000 totaled a not-to-exceed cost of \$4,280,000. The five submitted bids ranged from \$4,073,000 to \$4,294,000. The two lowest responsible bidders were Meridian Construction and T.W. Clark. The base bid included elevator remodel and hallway updates, plus 69,000 square feet of land and street surrounding the building. Including our bunkhouse demolition, site development, including south parking lot and street – the total cost estimate was \$261/sf. – the final bid was \$254/sf. Tom is pleased with the bids and requested a motion to proceed with hiring the lowest responsible bidder with a contract not to exceed the bid amount (approx. \$4.1M, and with a start date of September 8, 2015).

Commissioner King made motion to have the District move forward to award a construction contract to the lowest responsible bidder, The motion was seconded and passed unanimously.

Residential Care/ALF Bond Proposal – Tom and Michele Page met with members of the Diamond Lake Improvement Association and presented our facilities bond information to approx. 65 members. Attorney Denise Stewart conducted an estate planning seminar yesterday with approx. 35 in attendance; Tom followed up her conference with information on our capital project and the cost to tax payers. He noted that many assisted living facilities are private pay only; we are one of the few left that have such a high level residents who qualify for Medicaid. Tom noted that should the levy pass we would not have any funding draws until the Fall of 2016; the anticipated AL facility completion date would be in (early to mid) 2018.

Tom announced that a community steering committee will meet this evening at 7:00 pm at River Mountain Village. Two community barbeques are planned on September 26 at the Newport City Park and September 27 at the Cusick Community Park. Tom is planning a presentation of the bond proposal on September 6 to the American Legion. He was also available to many community members at the Pend Oreille County Fair.

The Annual Autumn Bloom Fun Run is planned on September 19.

Rural ACO/AIM Grant – Tom explained that much transpired since the last board meeting and with our desire to join in on an ACO with the NRACO. He explained that, over the course of 3 days, the process devolved to a point where he became less comfortable with the arrangement due to various ACO member iterations. Where the ACO group had started exclusively with WA hospitals, it shifted to dropping our Westside partners and potential adding hospitals from Nebraska and Wisconsin and finally to adding hospitals from Mississippi into the final ACO model. That didn't work for us.

Ultimately, however, we were able to meet our goal to sign on with an ACO that included all of our Western, WA hospital members. We are part of a group of 11 member providers known as the Rocky Mountain ACO. Tom referred to a packet of information and explained that the ACO was developed under the Western Healthcare Alliance (WHA) a group of rural Colorado and Utah hospitals formed in 1989. The WHA is a highly integrated and functioning organization that includes a centralized business office, collection agency, and many other core functions. The WHA created the Community Care Alliance (CCA), which along with the hospital members will functionally operate the accountable care organization, much like the NRACO model. However, the CCA is operated by an ex-rural hospital CEO and won't have many of the functional strings attached as the NRACO model.

Tom further explained the RMACO structure, the Washington Rural Health Collaborative (the Western, WA hospital coalition), and the basic premise of the ACO model. He noted that he was very pleased with where we ended up, though he wouldn't like to go through the process again. He was happy to be working with our Western, WA hospital partners. Commissioner Jordan noted that with eleven hospitals, how would the grant work – he thought the AIM program had a 10,000 live limit for the grant? Kim Manus noted that the cap on maximum number of required lives has been removed from the CMS granting process. She noted that the WRHC and its infrastructure are very stable and includes the entities that we desire to partner with.

Tom expects to learn whether we will receive the grant award sometime in December; funding is generally directed towards rural health care organizations. Tom has attended the first meeting of the RMACO and remains confident that the model will be beneficial. Commissioner Jordan clarified

that the arrangement will be temporary in nature and that eventually our District will operate independently. Tom explained that we would continue to work with both the WRHC as well as our CAHN group, because it was more likely that the two rural WA ACO's (via the CAHN and the RMACO) would eventually try to pool resources into a new WA rural ACO at the end of the three years. In the interim we would both be trying to learn as much as we can. The idea behind this first go around was to form the structure of the ACO's (with grant funding) and to start receiving cost data and try to build VBP systems to monitor/manage total spend and report on quality metrics.

Tom noted that historically, approximately 1/3 of the ACO's that have been formed have actually generated shared savings. But of the top ten, four of these are located in Texas. He explained the Western, US had had a lower spend per-capita (including inpatient use rates and length of stay) than the national averages. Our current commitment is for 3 years, and Tom would ultimately desire to form a WA rural model and remain competitive to obtain the first dollar. Commissioner Jordan was complimentary of the effort to be involved with the Colorado group, noting that they appear to be a viable partner. Kim added that the group enlists the services of mental/behavioral health, and a CHC.

Provider Recruitment – Dr. Donald Hay, OB/GYN was here to interview recently. Tom indicated that he found him to be a good candidate, noting that Dr. Hay spent the first 18 years of his career delivering babies, but has shifted to a more gynecological procedure based model over the past several years. He is amenable to our care model and expressed a desire to work with our group of providers, indicating he could be available within 30-60 days. Locating an area for his practice remains a challenge and Tom is considering the options.

Tom has been in the process of reviewing physician contracts – he continues efforts to recruit an additional FP provider. Tom has also been addressing the group's commitment to provide 24/7/365 coverage in the ED, ACU, OB and backup. Other models of care are being considered with both the hospital and ED. Tom has inquired with EmCare, a company that provides ED medical staffing. Tom stressed that it is essential to encompass all data from all provider sources in order to remain proactive in managing and coordinating care. Updates will be provided at the next meeting.

Professional Liability Risk Pool – in an effort to form a collaborative to provide professional liability insurance, Tom has participated in three insurance provider interviews – Physicians Insurance, and two California Hospital Association member self-directed captive pools. Both of the CA entities are marketing outside their state, acting as the carrier, yet wholly owned by the hospitals that carry the coverage. Risk management, patient safety, QA/PI subsets are paid for by premium but are self-directed by pool staff. Tom was impressed with their track records, noting they are A-rated. He will review the options and bring back a recommendation to the full 19 member hospital pool for a decision.

ACTION ITEM AGENDA

Capital Expenditure – A motion made, seconded and passed approved the purchase of a redundant power connection for the main hospital electrical circuits in the amount of \$22,902.50. (Commissioner Jordan refrained from voting).

OTHER BUSINESS:

The Inland NW State of Reform annual conference will be held on September 15, 2015 in Spokane.

EXECUTIVE SESSION

As permitted by RCW 41.05, the meeting was moved to Executive Session at 1:45 pm. for approximately 30 minutes to discuss credentialing and personnel matters.

RETURN TO OPEN SESSION

The Commission returned to Open Session at approximately 2:15 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:

Appointments:

Courtesy Status:

Craig Bone, MD – Orthopedics
Christopher Lang, MD – Orthopedics
John Peterson, MD – Cardiology
Michael Kwasman, MD – Cardiology
Robert Gersh, MD – Oncology
Amy Henkel, MD – Radiologist/On Site

Provisional Status:

Jason Aldred, MD – Neurology/Telemedicine/Clinic Visits

Affiliate Status:

Kent Breckenridge, CRNA

Note: Dr. Gersh's re-appointment was overlooked in December-no fault of his and he did not treat any patients during that time period. Request put forth for re-appointment to the medical staff on August 20, 2015 in temporary status with final date being August 27, 2015 board approval date.

Kent Breckenridge was overlooked in February due to HIM mistake-no fault of the practitioner. We has not treated patients here in that timeframe, request put forth for re-appointment to the medical staff on August 20, 2015 in temporary status with final date being August 27, 2015 board approval date.

The above two requests were *verbally* approved by Chief of Staff, Dr. Jeremy Lewis on 8/27/2015 and signed by Tom Wilbur.

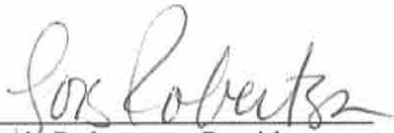
NEXT MEETING DATE

The next regular meeting of the Commission will occur on Thursday, September 24, 2015 at 12:30 pm.

ADJOURNMENT

There being no further business, the meeting adjourned at 2:20 pm.

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



Lois Robertson, President
Board of Commissioners



John Jordan, Secretary
Board of Commissioners