

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

April 28, 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; Other: Jenny Smith, Jen Allbee, Casey Scott, Trina Gleese, Heidi Hedlund, Leif Furman, Jennifer Johnston, Steve Price, Bob Eugene.

Excused: Clay Kersting, MD, Chief of Medical Staff; Ken Fisher, Nancy Shaw, and Lisa Morse.

CALL TO ORDER:

Chairperson 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 included.

Auditors Report: March 2016: Warrants #195932-#196400 and wire transfers #1251-#1268, in the amounts of \$1,860,251.55; and wire transfer \$1,438.813.68 respectively.

Bad Debt/Charity Care: all-inclusive District Write-off's for March 2016: \$109,282.12.

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 March 24, 2016 were approved by motion, seconded and passed.

BUSINESS FROM THE AUDIENCE:

Lois Robertson announced that the Residential Care/ALF Bond levy was approved by the voters; on behalf of the Board, she thanked everyone who contributed their time, effort, and hard work toward getting information out to the public on the bond levy. Tom Wilbur invited everyone to join him to recognize the Citizens Committee, who also did a wonderful job in support of our levy, and for a celebration at 5:00 pm today at the Cork n' Barrel.

Mr. Bob Eugene expressed his appreciation to the Board of Commissioners for listening to public comments, as he felt that his advice was heeded on holding off on running the special election vote until April rather than February. The Commissioners thanked Mr. Eugene for his input and participation throughout the entire process.

COMMITTEE REPORTS:

Joint Conference/Planning – Dr. Kersting was not in attendance – there was no report.

Finance – Commissioner Elswick requested a report of year-over-year quarterly comparisons for the financial statistics as well as the annual comparisons. Kim will provide this next month.

Kim Manus shared the Finance Committee meeting minutes. Highlights included receipt of the \$435,000 settlement for our 2011-2012 Medicaid payment reconciliation for our clinic services. Kim requested an opinion from the State Auditor and MRSC to learn whether collateralizing a loan with CD's (certificates of deposit) was an acceptable for PHD's. Both agencies informed Kim that offering an opinion was not within their scope and recommended contacting legal counsel. Kim obtained a letter from the attorney that indicated the practice is allowable; she submitted the opinion to Mountain West Bank but, as yet, had not received a term letter or note back from Mountain West.

Meaningful Use Stage 2 – we completed the 2015 Attestation for DSHS; the Medicare attestation was completed in February. Buzz stated there were problems identified on how our operating data was being compiled and presented in the Meditech system; this presented an opportunity to remedy the situation and confirm how/where data was being generated. Another delay was incurred due to the website being offline; all of the same data entered in February applied to the second Attestation, which simplified the reporting requirements. Buzz reported that the HCA website registration and maintenance process is very difficult to navigate.

Kim and Buzz have also been working to qualify and enroll eligible providers for the first attestation for MU in our clinic operations. This has been challenging, as it more involved than the hospital reporting. Presently, six physicians qualify and we will receive \$21,000 per provider.

Kim stated that our projected payment is approximately \$250K and is the last payment for MU Medicaid. We also qualified for the Medicare accelerated depreciation of our MU assets purchased in 2014-2015. Kim received notification from Noridian, following a question whether 2014 was allowed (as we had skipped one year), that 2014 purchases are good to go. Assets include software products that were specific to enhancing and improving our medical records for Meaningful Use; Kim anticipates recouping most of the funds spent and will know more in 2-3 weeks.

Days cash on hand has been hovering at 115+/- since November 2015; at the end of March it was 96 due to our funding of all capital purchases out of our operating funds; to date \$2.7M has been paid to Clark Construction and \$3.4M in total on architectural fees and other expenses related to the clinic. Kim noted we had also purchased three properties (four lots) adjacent to the new clinic for parking and our bunk house relocation. Kim noted the District paid significantly more for one property in 2006 as compared to the two properties we have purchased this year.

The Nursing Home Cost Report was completed on March 31st. The hospital/clinic Medicare Cost Report is due May 31st – with an anticipated receivable of approx. \$200,000.

Kim reported that we will conduct an independent financial statement audit in June and have engaged Dingus Zarecor & Assoc. (DZA) to perform the service. The Washington Rural Health Collaborative (WRHC) has opted to forego the captive insurance pool option at this time; however the group is exploring joint contracting options. Tom noted that our liability premiums have decreased over the past 3-4 years; he anticipates this trend won't last. He remains supportive of exploring the captive option with the other non-WRHC member hospitals, but does not hold much hope that it will proceed.

EmCare – Tom and Kim discussed billing challenges with Emcare representatives recently; the main topics discussed were: lowering billing rates (and our contract ramifications) and potentially bringing the billing services back in-house. Kim explained that our contract fees were based upon EmCare collecting approx. \$900K (or \$150/visit) for the annual services. However, they are charging five to ten times that amount in gross charges and our Business Office staff has been very busy troubleshooting questions and explaining the physician service pricing.

Tom noted that carriers and patients are responsible only for the “allowed amount” for ED services, which is where the \$150/visit comes from – and that was what we were striving for under our contract. Tom stressed that patients need only pay that allowed amount, which is based upon fee schedules in the industry and national billing standards. ED providers cannot “balance bill” the difference between the allowed amount and gross charges – which on some claims has been \$1,500 – hence, the patient sticker shock. Kim noted we were not cognizant of how the EmCare statements would read and the amount of confusion that it has created for our patients; claims/bills do not explain that the allowed amount is all that will be collected. In addition, we were unaware that if providers are not specifically contracted with the carriers the checks do not go to Emcare but are mailed to the patient with an explanation of benefits.

Kim noted that high mark-up only passes through to 4-5% of those patients without insurance and most are written off to bad debt. We have been notifying local area employers to ensure that billing questions are being communicated and addressed. She also noted that Julie has been reviewing the CPT coding to review for collection opportunities. EmCare charges the majority of ED visits at a level 4 or 5, which is in line with National standards but much higher than our historic billing – where we rarely billed at a 4-5 level.

Tom indicated that the entire transition remains a work in process – we are in month four of a nine to 12 month conversion. We are seeing some good (the consistency of the providers is getting better) and some bad (the billing process, in particular), but the rationale for the switch (so that we can recruit family medicine providers to our clinics) was an absolute must. We will continue to work hard to make the transition as smooth as possible for patients, providers, and staff. Stay tuned.

Financials - there was a \$139,000 loss from operations and \$60,000 gain to the bottom line for the month – but, we remain we are ahead of budget from operations and on the 340B program. Kim is in the process of enrolling Shopko as a 340B provider.

Jenny Smith welcomed and introduced Foundation Assistant, Lori Stratton. Jenny announced that a one-year grant of \$31,600 was secured via the Group Health Foundation. The grant will fund two one-half time positions shared by Newport School District (Population Health Nurses) and the hospital (Care Coordination Nurse). It was noted that the entire funding amount was \$100,000.

Quality Assurance – Heidi Hedlund opened the floor for questions regarding the Quality Plan and requested board approval; **a motion made, seconded and passed unanimously approved the 2016 Quality Plan.**

SUPERINTENDENT REPORT

Tom W. reported that a root cause analysis of the recent Code Grey incident was completed and involved several staff members across the District. The matter will be discussed further during our Executive Session, as personnel and protected health information is involved.

Commissioner Elswick requested the Press Ganey comment report; Tom will e-mail it to the Board.

Tom explained that the District's Care Coordinator left our employ last December, and since then, her position has been open until we could find a point person to manage and ramp up our care coordination under the ACO, CCO, and PCMH models. We filled that position this month and are ready to move forward in earnest with the Molina CCO Program. Tom indicated the ACO care coordination training began last month – and we are generally far ahead of our peers. Once rolling, we will begin receiving payments under the Medicare/Medicaid care models for managing care; which will require that we sign up health beneficiaries and commit to the developing Health Action Plans for their care. Grant funds are also available that we will be applying for – the primary goal being to fund programs, build infrastructure, and partner with the community.

Heidi has been working with the Washington Rural Health Coalition (WRHC) group on the comparative and financial quality metrics as related to our 14 peer PHD/CAH's.

Financial CEO perspective – Tom provided a look-back from 2014 to the present, noting \$3.4M has been used from operations to fund capital purchases and cash flow has generally been positive. The new VBP models will involve additional expenses – but should be offset with new revenues. The clinic grand opening approaches; Chris Wagar invited everyone to take a tour of the new facility.

Tom will obtain bids to raze the green house and shed; he referred to a map of the properties purchased by the District (and prices paid), noting the location of the call quarters and the properties we remain interested in purchasing for future bunk house space, snow removal, and parking. Tom will review the financial details with Finance Committee if any future properties are identified.

ALF Proposal - election results will be validated on May 6th. Preliminary programming has been undertaken on the project, but much work remains. The shop and storage building will be demolished (currently provides 6,000 sq. feet of storage space). Tom is working with Doug Hammond to obtain an owner's representative proposal on the new ALF project. Timeline (est.): facility design, 7-9 months (January 2017); ground breaking, May 2017; building completion, Spring/Summer 2018.

Doug is presently working on the clinic project and his expertise and insight have proven to be invaluable to us. A proposal addendum to continue this work to complete preliminary A&E programming of the existing spaces that will be vacated upon the opening of the new clinic is included under Action Items.

Tom will also be working with the State to determine differences in staffing requirements for SNF vs. ALF. Presently, nearly all of our LTCU residents qualify for assisted living; however, it has yet to be determined their care level assignments. The State also pays a substantially higher rate for skilled vs assisted care; a financial analysis will be completed to determine the difference and to try and negotiate a flat 5-year rate with the State, (a cash flow benefit for the State).

Value Based Purchasing – we remain ahead of the curve as compared to our peers; the POHC work has slowed somewhat due to the busy time of year; until the care coordination model is in place, it will be difficult to move forward, as the District is the driver of the network.

Regional Affiliations - The CAHN Committee has been formed and several grants have been secured. The WRHC work continues; the District is involved in both the Washington Rural Coalition and the east side CAHN; some facilities struggle while others have made significant progress; Tom will continue to report on the progress of each.

ED Model/Recruitment – we have a number of contacts in the queue; but only a couple of providers have expressed an interest in permanent ED placement. Tom explained that he recently reviewed our Clarity statements with our providers; and though the transition has been wrought with challenges, we will need to work through the process. There is a severe shortage of providers as well as nurses.

Commissioner Garrett commented that the District has been progressive towards our commitment to health care in the community and would speculate that providers would find the opportunity attractive and lifestyle inviting. We continue to pursue and take advantage of the HPSA Loan Repayment program.

Jennifer Eickstadt, PA-C will begin to work in September; Kim pointed out the Jennifer completed her clinical rotation here and worked with Drs. Kersting and Kraus. Jennifer currently sees 25+ patients daily on average and provides services to the correction facilities and nursing home. She attended school with Keith Bell and Chris Buscher. Tom will be interviewing an ARNP on Friday to replace Kim Lindell in the FHCN clinic. He has also made contact with a Tele-hospitalist that oversees a program in Seaside, OR and Polson, MT. An MD couple will visit in August or October.

Pharmacy –Tom commended Don DeChenne for his assistance in overseeing our Pharmacy operations; Tom has been recruiting a replacement for Don and has spoken with David Easely.

Tom met recently with other CEO's to discuss the 1115 Waiver; the State has outlined the premise of the program; and is leaving it up to the hospitals to manage. Although the challenges we face will be daunting, Tom is encouraged that we are on the leading edge of this transition.

Commissioner Robertson requested that Jenny Smith publish a thank you letter in the local paper to community members for passing the bond. Jenny will publish the letter following the ballot validation on May 6.

ACTION ITEM AGENDA

Capital Purchases – Via a motion made, seconded and passed the purchase of the following items was unanimously authorized:

- 1) Convection Steamer - \$5,050
- 2) Nurse Call System Additional Outlay - \$22,000
- 3) Chemistry Analyzer - \$14,000

Facility Consulting Services – A motion made, seconded and passed unanimously approved contract addendum #2 for Hammond Facility Consulting Services in an amount not to exceed \$36,750.

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 1:55 pm for approximately 1 hour to discuss quality (root cause event) and physician credentialing matters.

RETURN TO OPEN SESSION

The Commission returned to Open Session at approximately 2:45pm.

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:

ER Initial/Provisional Appointments:

J.G. Johnson, DO

Edward Piepmeier, MD

Re-Appointments:

Timothy Chavis, MD – Active Status, General Surgery

Sherwin Foster, MD – Courtesy Status, Nephrology

Truc Pham, MD - Courtesy Status, Pathology

NEXT MEETING DATE

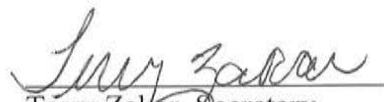
The next regular meeting of the Commission will occur on Thursday, May 26, 2016 at 12:30 pm.

ADJOURNMENT

There being no further business, the meeting adjourned at 2:55 pm.

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


Lois Robertson, President
Board of Commissioners


Terry Zakar, Secretary
Board of Commissioners