

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

April 27, 2017

In Attendance: Commissioners: Thomas Garrett; Lois Robertson, Terry Zakar, Raymond King and Lynnette Elswick (via teleconference); Thomas Wilbur, CEO; Chief of Medical Staff, Clayton Kersting, MD; Directors: Kim Manus, CFO; Pete Peterson, RN; Walter Price, Joseph Clouse, Chris Wagar; Others: Michelle Nedved, Newport Miner; Diane Waldrup, Vicki Richter, Jennifer Johnston, Trina Gleese, Jenny Smith, Lori Stratton, Shelley Froehlich, and Nancy Shaw.

Excused: Michele Page, RCS Director.

CALL TO ORDER:

Chairperson 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 AGENDA / CONSENT AGENDA:

The meeting Agenda, Auditors Report and Uncompensated Report were included. Chris Wagar will be providing an update of the Security Task Force under Committee Reports, Item 3.

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

Auditors Report: March 2017: Warrants #201017-#201492 and wire transfers #1453-#1467 in the amounts of \$1,953,362.24 and \$1,421,922.32, respectively, plus an automatic loan payment deduction of \$40,000 for a grand total of \$3,415,284.56.

Bad Debt/Charity Care: all-inclusive March 2017 District Write-off's for \$60,151.61.

APPROVAL OF PREVIOUS MEETING MINUTES

The regular meeting minutes of March 23, 2017 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. Kersting reported that Drs. Aaron and Tessa Reinke will arrive in late May for a site visit and house hunting trip. Recruiting efforts continue for a General Surgeon. Tom W. noted that he is working with Drs. Kanning and Williams of Sandpoint to provide interim surgical coverage until we find a permanent replacement.

Finance – The 2016 audit is complete. It was scheduled early this year as the report was required for the bond issue for our ALF project. Q1, 2017 financial statements were not yet available for the meeting; however, Tom W. announced that gross revenues for Jan. and Feb. both eclipsed \$4M, an all-time first for the District. He wasn't sure how expenses looked, but overall net cash flows were up \$500,000 since the first of the year; \$160,000 of it was for new taxes on the UTGO Bonds. Commissioner Garrett requested a copy of the financial statements when they become available. Tom W. assured him that Kim was working on the Q1 statements and they would be available next month.

Vicki Richter, Interim Controller welcomed and introduced Diane Waldrup, who has been hired as a Financial Analyst.

Kim reported that DZA completed the 2016 audit and will be providing their report to the Board next month. She noted that our cost report adjustments were positive; the Medicare cost report is complete and we have a \$550,000 receivable for the 2016 year ended.

Kim noted the 2017 budget figures are being entered; Diane and Vicki have completed January and February, and once completed Kim will forward the information to the Board. Revenues are positive for Q1. Statistical data provided by Kim noted that census is up at LTCU and clinic visits are on target – if we can keep it up for the year; and hospital volumes are up. She noted we will soon have a provider group contract in place with United Healthcare and that she is also working with TriCare to become a preferred provider in the area. A new insurance company, Health Net, took over the line of business from Regence. Kim noted there are a substantial number of retirees in the area that qualify for TriCare for Life.

Commissioner Garrett asked whether Ponderay Newsprint moved to United Healthcare; Kim confirmed they had and explained that Drs. Aaron and Stacy Zabriskie are not credentialed with the plan. Lisa Mackey, ARNP, has also not been credentialed, as she practices under her own license, which takes longer to process. If we can get the “group” contract, the enrollment process can be expedited. She indicated we continue to see patients under general surgery, since these services remain covered in network.

Kim met with the VA and indicated we are able to contract with them directly vs. having to use the VA Choice Program for each client. Next month, another meeting is scheduled; the VA recognizes that streamlining the referral process will result in cost savings and improved patient care, especially in rural areas. Kim noted that unlike Medicare, the VA Choice Program does not require co-pay or co-insurance. Many patients are moving to the VA Choice program for this reason; however, pre-authorizations, etc. are very time consuming and tedious. A direct contract would be very beneficial.

Kim announced that Casi (pronounced KC) Densley, our new Controller will begin work on May 8; she is a CPA and formerly worked at PAML for 12 years; she is from the Mead area.

Quality Assurance – Tom noted that Heidi Hedlund was attending a WRHC Quality meeting out of the area and she will have an update next month.

Chris Wagar reported that the Safety Task Force conducted interviews with three security firms: Pacific NW Securities, State Protective Services, and Phoenix Protective Corporation. A panel of



twelve interviewers attended the sessions and included members of law enforcement, Directors and staff - the Board was represented by Tom Garrett. The panel narrowed selection to two candidates and then collectively decided our best choice was Phoenix Protective Corporation. Chris visited the Phoenix offices yesterday and reported she was very impressed with the full array of resources the company offers for improving safety and security, de-escalation and staff training. The company has committed to a start date as soon as June 1. Chris also reported very positive feedback after checking on references.

On behalf of the Board, Commissioner Garrett complimented Chris and extended his appreciation to the Task Force for its due diligence to vet and find the best company to provide security services for the District. There was thorough research and work that went into exploring options, alternatives, and best practices. Chris extended her thanks to Joseph Clouse, Deputy Chris Johnston, Under Sheriff Grant Servog and Commissioner Garrett for their assistance with the interview process.

An Executive Session will be required following the meeting for approximately 15-20 minutes to discuss personnel matters.

#### SUPERINTENDENT REPORT

Board Education: Tom W. announced he is planning a Board Retreat to discuss the current challenges and issues surrounding health care reform, value based purchasing/contracting, and to review our strategies. He was thinking about July (post-Chelan rural hospital conference) and hoped to include a provider or two for perspective. He noted we have taken advantage of grant funding (HRSA, ACO, CCO) and are at the point where we have proven we have the ability to coordinate care at the community level and build better systems of care; however, under the present fee-for-service model, as designed, if we continue to move forward our only guarantee is that we will decrease our reimbursement as we become more efficient. We must find a way to share in any savings we generate. Tom noted that our participation in the Cambia grant proved this, in that ED visits were reduced by approximately 60%, year-over-year.

Tom noted that by participating in the ACO (Medicare) and CCO (Medicaid) models we have started to receive data (cost, spend, quality) on our attributed covered lives and we do anticipate entering into Shared Savings contracts in the near future. Molina is anxious and willing to partner with us to work towards accomplishing the challenges ahead. The theory, provided the District can meet the quality metrics and reduce savings, is any savings will be returned to the District to further integrate coordinated care systems. Tom believes there are opportunities to partner with Pend Oreille County Counseling Services (POCCS) for behavioral health and chemical dependency to better manage care.

In addition, we are exploring a contract with Forefront (tele-psychiatry) to offer additional resources for our providers and care coordinators and to co-manage medications and counseling services with POCCS staff, when applicable. Tom will try to invite Cassie Sauer, CEO of WSHA on the July 21<sup>st</sup> retreat date. Cassie recently accepted the CEO position but has been with WSHA for 18 years and has actively lobbied on behalf of healthcare at the State level throughout her career.



Another potential retreat candidate is ECG Consulting, a very large national consulting firm providing Value Based Purchasing contracting (our WHRC group) and consulting advice. Tom explained ECG, a proponent of health care integration, had an interesting perspective update at a recent meeting he attended. It appears that the large health systems are starting to rely on localized, regional based systems – instead of the conglomeration, which isn't working as well; which is something that Tom feels has been our priority all along – it takes local support and understanding to adapt and nimbly adjust needs. .

Other attendees at the meeting included Nathan Johnson and Mark Provence of the Health Care Authority and DSHS, respectively, who are overseeing the WA State transition to a value-based model. The State's goal is to have 90% of reimbursement/payments tagged to value-based contracts by 2019. Tom speculates the evolution will see provider systems and managed care organizations (MCO's) evolving into a primary-care based, per-member per year funded, integrated care delivery model with providers ultimately having the greatest influence on management of care delivery and systems/funds.

He also indicated he hopes to continue to work with WSU and the UW who are championing rural-driven, integrated care programs. Tom feels that NHHS, with its birth to end-of-life care delivery and integration with community support systems, is a prime incubator to test programs and monitor practices to manage care – particularly, in the rural setting.

Better Health Together (BHT), the regions Accountable Community Health (ACH), is also interested in our programs. Tom explained the State, via the HCA, is using its 1115 Waiver funds to explore value-based models. Tom explained BHT would like NHHS, as a core primary care provider, to work with POCCS and the Pend Oreille Health Coalition partners (Kalispel Tribe, MCO's, Newport Schools, Health District, Rural Resources, etc.) to file a Letter of Interest (LoI) to participate in their 1115 programs. Our LoI targets will be to identify high risk clients and work with the POHC and MCO's to better coordinate care. Tom noted that, for the interim, he does not foresee any drastic cuts to health care at the Legislative level. The 340B program will continue at the Federal level, and State payments will remain cost-based until a VBP transition is developed.

Commissioner Garrett inquired if there is an entity that is overseeing the State's means and objective to lower the cost of care. Tom responded, noting the State does monitor its PEBB, Medicaid, and expanded Medicaid programs. Medicare providers in an ACO also receive cost/spend data on their attributed lives. Tom noted that Dr. Kersting is engaged and has been reviewing our 9-member ACO comparative data, which can be broken down to quality metrics (e.g.- annual wellness visits) and the total and Top 40 client spend for each provider. The ultimate intent remains to bend down the cost curve (provider reimbursement), but Tom believes the primary care spend is not where the waste is; he noted that 30% of the total spend is hospital stays, 22% is Pharm-d, etc. Most of NHHS falls under the primary care spend and, if the care could be properly managed, shared savings would return funds to the primary care gatekeepers.

Commissioner Robertson asked what Tom feels the timeline would be to make the transition, (given that the plan is to 90% be implemented by 2019); also, who determines the final decision? Tom stated that was the great unknown, but the beauty of what the HCA is doing is they are not necessarily providing an answer – just announcing their intent to move to “value.” Relying on the national



expertise of ECG; he noted that much depends on the contractual arrangements that are made for the Medicaid population and how effectively providers develop programs to meet the specified “value” targets.

Tom stated that we are not yet prepared to manage Medicare lives, but Molina is prepared to provide the quality data and spend data for our shared clients. There are/will be grant dollars and 1115 investments made available to those who attempt to build better models and who wish to integrate. We will take advantage of that funding, where possible. With better coordination, our obligation will be to ensure that diabetes is managed, counseling appointments are made (using depression screens), asthma patients are receiving their meds, etc. This will be very much dependent upon outreach, client/caregiver education, and other social supports to help clients achieve evidence-based outcomes.

We will have much more on these topics at Chelan and then at our retreat in July. Stay tuned for an Agenda in the next couple months.

Capital/Facilities Planning: A meeting occurs with the design team today to go over final plan review and it is expected that final general contractor bids will be opened mid-May. Tom is certain we will receive bids from very qualified contractors. Based upon the bids and timing for a construction contract, we hope to offer a notice to proceed between June 1 and July 15, and we have a defined project completion deadline of 450 days. In addition, Kim and Tom have a bond-rating conference call planned with Moody’s, tomorrow (April 28<sup>th</sup>) and it is anticipated that the bonds will be issued towards the end of May.

Our current storage building will be razed when road restrictions are lifted (June 1 is our deadline to have it down) and a storage facility has been secured across the street, for now. Family Medicine: the upstairs is being remodeled to eventually house patient financial services and other support services; the lower level has been remodeled for an education/training center. So far, the remodel project remains under budget; the Dr. Cool lease savings will be approximately \$25,000 annually.

Tom will discuss potential adjacent property purchases during the Executive session of the meeting.

Provider Recruitment: an Orthopedic surgeon will start mid-year; the search continues for a general surgeon; Tom is exploring a contract with two Sandpoint surgeons, Drs. Kanning and Williams to provide coverage for an interim, indefinite period. We have an ED provider starting in October, and EmCare has referred a local provider from Spokane Valley and two others from Colville.

EMS District: We are moving closer to forming a District; Metaline Falls is the last city committed to join. Thereafter, the Pend Oreille County Commissioners will determine whether to create the EMS District – whose Board is expected to be made up of representatives of the Fire Districts, County, Cities, and NHHS. It will also include ad-hoc members Joann Boggs, the Kalispel Tribe, and Dr. Sara Ragsdale as the overseeing Medical Director. Tom explained only upon formation can the EMS District petition the voters for any EMS tax levies – which must be 60% voter-approved. Tom noted that Pend Oreille County is only one of four counties state-wide with no EMS funding. AMR Ambulance currently provides 24/7 coverage; the EMS Council recently approved a local ambulance service provider in the North County.



WRHC Collaborative: Tom explained the collaborative has initiated a sub-group to review how we could emulate a health care system? How does the evolution form? Can we be held to a standard to compete with the larger systems? A handout was provided showing the population, ED/clinic visits, service revenues – combined, the WRHC is a very large organization. However, typically, 4-5 hospitals in the group set the trend, while some participate, and others are merely attempting to survive. Coordination and communication are ongoing issues – it is difficult to meet with 15 participants, let alone manage/organize as a collective.

SEIU Negotiations: Tom stated that we met with the nursing group and the SEIU Mediator; another meeting is scheduled on Tuesday. Tom noted that SEIU set a deadline of 3:00 pm; they accepted counter-proposal offer. Commissioner Garrett questioned why a deadline was set and asked whether the process was moving quickly enough? He voiced his disagreement with the process and explained that his experience in negotiating is to stay until an agreement is reached, no matter how long it may take. Tom W. noted that we are only one side of the equation – the process just takes time.

Jennifer Johnston noted that several nurses were known to have commented that they are very pleased with their wages; Jennifer is confident that an agreement will be reached soon.

#### OLD/NEW BUSINESS:

Incentive Compensation: HR Director, Joseph Clouse reviewed changes over last year's plan and noted that two items were added as a means to engage staff members. District process improvement awareness was added to ensure that staff members are aware of improvement processes in their areas and how they directly relate to patient satisfaction. Joseph noted that the Dept. of Health surveyors can ask employees at random to identify process improvements in their areas – staff is expected to know this information; Joseph noted that random checks will occur, and has set a 95% goal.

Two manager areas were added for tracking: FTE control, and Overtime. Joseph thanked our Financial Analyst, Diane for her assistance in compiling the data. If all goals are met, the managers would potentially receive 120% of the \$800 budgeted amount, not to exceed \$800. Our current FTE count is 270.13; currently budgeted at 282.6.

Commissioner Garrett noted that he is hopeful that staff members are aware of the plan; and that it is used as a motivational tool; he complimented Joseph for a well-designed plan.

Tom announced that All Staff meetings occurred yesterday and will continue tomorrow. He has been sharing the Wildly Important Goals, or “WIGS”; a Leadership Development session is planned with the management team by mid-year.

#### ACTION ITEM AGENDA

**Preliminary Bond Official Statement** – The statement is a document contained in the Bond prospectus and offers information about the District, our Project, property values, etc. The Moody Bond rating states the level of risk related to the Bond. The document was overviewed and provided to the Board for information purposes.

**ACTION:** None required.

**2016 Annual Critical Access Hospital Program Evaluation** – Pete Peterson provided the information, noting that it is provided to the State survey team.

**ACTION:** Via motion, made, and seconded the 2016 Critical Access Program review was approved unanimously.

**2016 Incentive Compensation Plan** – Following discussion, it was decided that the Board will move to approve the plan next month.

**ACTION:** None.

OTHER BUSINESS:

There was no other business to discuss.

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

Provisional to Active Courtesy Status – Emergency:

AB Harris, M.D.

JG Johnson, D.O

Brian Reynolds, M.D.

EXECUTIVE SESSION

The meeting moved to Executive session at approximately 2:06 pm. to discuss real estate and personnel matters.

RETURN TO OPEN SESSION

The Board returned to open session at 2:25 pm. and there was no action taken.

NEXT MEETING DATE

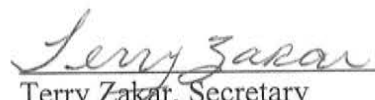
The next regular meeting of the Commission will occur on May 25, 2017.

ADJOURNMENT

There being no further business, the meeting adjourned at 2:25 pm.

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

  
Thomas Garrett, President  
Board of Commissioners

  
Terry Zakar, Secretary  
Board of Commissioners