

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

**August 25, 2016**

In Attendance: Commissioners: Lois Robertson, Terry Zakar, Ray King, Thomas Garrett, and Lynnette Elswick; Thomas Wilbur, CEO; Clayton Kersting, MD; Directors: Kim Manus, Shelley Froehlich, Walter Price, Joseph Clouse, Michele Page, Chris Wagar; Other: Ken Fisher, Nancy Shaw, Trina Gleese, Heidi Hedlund, Michael Zeimantz, Casey Scott, and Bob Eugene.

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.

Commissioner Robertson shared a letter of thanks from a patient who had expressed her gratitude with having her bill for services reduced under our sliding scale discount/charity program.

APPROVAL OF AGENDA / CONSENT AGENDA:

The meeting Agenda, Auditors Report and Uncompensated Report were included. The agenda was amended to reflect the addition of an Action Item for security equipment (a capital purchase).

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

Auditors Report: July 2016: Warrants #197645-#198022 and wire transfers #1314-#1331 in the amounts of \$1,695,649.21 and \$1,966,193.27, respectively.

Bad Debt/Charity Care: all-inclusive District Write-off's for July 2016: \$102,886.35.

APPROVAL OF PREVIOUS MEETING MINUTES

The regular meeting minutes of July 28, 2016 were approved by motion, seconded and passed.

BUSINESS FROM THE AUDIENCE:

The Board of Commissioners expressed their appreciation of the slide presentation about the District, to be used for staff recruitment, and created by the summer student high school interns.

COMMITTEE REPORTS:

Joint Conference/Planning – Dr. Kersting expressed his disappointment at the location of a shelter to accommodate employee tobacco users; he noted the District is a tobacco-free campus and felt the structure violated hospital policy. Tom W. indicated that it did, but the rationale for the structure was to ensure smokers were confined to one singular location, rather than walking the boundaries of the District campus. Members of the board and audience discussed various options and solutions to the

long standing problem of smoking and how to help staff to quit; it was decided that an outline would be made with regards to hospital policy, smoking cessation, and determining the need/ location for the shelter at the next meeting.

Commissioner King extended his thanks on behalf of the City of Newport to Michele Page, Chelsea McLaughlin, and John Nelson for their assistance to the City crews when a water line was ruptured at the River Mountain Village site during soils testing on the new ALF building site. Tom W. noted that Allwest, the soils testing contractor, had an old site map (pre-RMV building) of the property, but the water line had been relocated when RMV was built. The water was off to RMV and some of the surrounding neighbors for about four hours. The City crews did a great job shutting down and repairing the lines.

Finance – LTCU census was down to 37.5 in July; Kim noted that Michele Page has adjusted staffing levels, which is difficult to manage with existing State staffing requirements. Michele added that people have expressed that they are waiting until the new assisted living facility is built to make a commitment. Steve Case has been soliciting facilities in Spokane that may have a need to place underserved residents. On a broader level, the State has been diligently evaluating resident care levels in an effort to minimize costs – to assign folks to ALF rather than SNF. Many of our SNF residents would qualify for an assisted living or in-home care setting, if the beds were available in the community. In addition, the State is looking to reduce payment for the lowest five levels (MDS score) for SNF facilities. Michele has been working with the MDS Coordinator to ensure information is being recorded accurately. Kim noted that we are facing at \$2 reduction in our “overall” DSHS daily rate. It was noted that our LTCU facility recently was recognized with a 5-Star rating. Tom W. noted that all of these issues (facility age, State pressures, community need) are strong indicators that we have made the right choice to pursue our new ALF option.

Kim provided the Commissioners an analysis of revenue by department. She indicated that ED revenue was down approximately \$100,000 for the month, which was unusual; there were numerous ED visits charged at Level 1 and many more at Level 2 charges, which is not typical for the industry. Kim noted that there are opportunities for improvement.

Tom W. noted that we had signed a contract addendum with Emcare to shift the billing for professional services (MD component) back to the District, effective September 1. He noted the transition has gone about as expected; there was the initial churn of providers, but we are seeing much more consistent coverage and the providers are very good. Kim noted there could be a brief delay in cash flow for Medicare claims of 30-60 days with the transition. Kim explained that the District will be paying the full labor dollar amount for the ED providers; however, she anticipates that revenues will offset the potential increase. Tom noted that, overall, the shift to MD’s in the ED has been beneficial to the District – we have better trained providers and it has allowed us to recruit to the clinic.

Rural Health Clinic - Kim has been working with CMS, Noridian, and the NRHCA; CMS has indicated that a survey of the clinic will be required prior to processing claims. Kim is reviewing that assessment; though she has not had any success to this point to reverse the decision. The State Dept. of Health has indicated they will complete a survey as soon as possible; however, CMS has yet to initiate the date and review the results to determine the same qualifying RHC criteria has been met with the new location. Tom noted he was confident we will pass the survey.



Days operating expenses in cash on hand is stable at 125+ days and we anticipate receiving our Medicare cost settlement for 2015 and YTD through July in the amounts of \$780,000 and \$311,000, respectively. Tom noted cash reserves have improved even after the considerable investments we have made with capital improvements over the last several years; from 2011-12, we have invested over \$8.0M in capital (\$4.0M, net) while increasing days cash on hand from 60+/- to 125+/-.

The Finance Committee discussed the staff incentive compensation plan criteria; Joseph shared a report showing the defined criteria for receiving a bonus and the goal percentages. The maximum bonus amount is \$800; to date, we have met 58% of goals, which equals a total of \$464 through July. Joseph added that staff are excited at the prospect of receiving the bonus and knowing the target goals, and have responded positively. Commissioner Garrett voiced his approval of the program.

FTE's were up due to high school students working during the summer. They were recognized for their contribution to the newsletter and purging files in the warehouse storage building. Clinic revenues were down \$100,000; Kim attributed this to provider vacations and absences and noted this should improve when Jennifer Eickstadt, PA-C and Lisa Mackey ARNP begin their clinical practices in September. Kim reported that Medicare has a backlog of 29-57 days in issuing NPI numbers (a requirement for provider enrollment in insurance plans).

Ken Fisher updated the financials to reflect the debt issued for the clinic and the \$33,000 investment income for the Highway 2 property sale. Kim added that much of the outflow was attributed to cash paid for assets purchased, including some important, though unanticipated, property purchases.

Quality Assurance – Heidi will provide a thorough overview report at the next meeting. Shelley Froehlich shared results of the “real-time” ED patient satisfaction survey results of 98-99%. In July 759 patients were seen in the ED; year-to-date is 4,155.

An Executive Session will not be required following the meeting.

#### SUPERINTENDENT REPORT

Strategic Planning: Tom reported we will conduct our next rounds of Board/physician strategic planning this Fall to review critical questions surrounding health care transformation. He provided the Board with some strategic and capital planning materials for consideration in the coming months.

Capital Planning: The clinic building is in full operation. Tom has received many compliments and noted that the physicians who have come on site for interviews have said they feel the layout is very efficient and lends itself to care coordination. Chris Wagar's effort and contribution to the project were acknowledged – Tom noted she did a tremendous job staying on point, managing the details, and driving a very successful project.

Tom tendered an offer for the property on 218 N. Fea St.; the District owns two properties to the North and one property to the South of this site. Tom noted we had previously attempted to purchase the property without success, but the owner had identified another property on which he could do a IRS Sec. 1031 exchange, and accepted our offer. The property will be utilized for parking and/or for a storage building to replace the existing storage building to be razed for the ALF project. Final approval by the Board will be done under the Action Item agenda.

Storage spaces: Tom included prices on properties purchased to date, including the street vacation costs to the City of Newport. Tom provided an overview of the District's existing properties and current uses; he is contemplating various options as we move forward. Efforts are underway to dispose of items we no longer need in order to reduce our capacity for storage. Tom indicated that we have options for future storage locations near the existing Admin/AP office sites; Kim is checking on the zoning requirements for all of our vacated lots. Tom noted he has also has inquired about additional properties for future parking when the LTCU facility is vacated.

MD Recruitment: a (soon to be) husband/wife MD team has expressed an interest in coming to NHHS. Dr. Aaron Zabriskie is an FP who attended UW, SW WA Family Medicine (rural track including OB); and, Dr. Stacy Harms, a graduate from the University of Arkansas Medical School with a surgical residency at Vanderbilt and East Tennessee State. They planning to marry and honeymoon in Thailand over the next month and then be available for a one year commitment beginning in October; after which they plan to do a medical mission in Zimbabwe in 2017. They are very capable candidates and would be an excellent interim fit for our immediate needs.

We also have two other potential MD's, available in July 2017 - Drs. Aaron and Tessa Reinke, who are FP w/Surgical OB candidates who attended medical school at Dartmouth University and are doing a rural residency at Texas A&M. Tom felt their visit was very productive and was encouraged by their exchange with our providers. They have one year remaining in their residency and would be available sometime after July 2017. Tom noted that the Texas A&M residency program was a very impressive (very comprehensive) rural residency track.

Tom was very encouraged; they are reviewing our proposed contracts in detail and have requested contact information from our MD's to answer questions. Tessa is from Maine and Aaron is from Kansas. It appears that our opportunity is the fit they are seeking. Tom indicated he would notify the Board if any decisions are finalized with any of the providers.

Jennifer Eickstadt, PA-C and Lisa Mackey, ARNP will begin to work in the clinic in early September. Drs. Kanning and Williams of Sandpoint/Bonner General will provide surgical assistance and an orthopedic surgeon is potentially available, as well. Tom was encouraged by the responses we have received over the past few months.

#### ACTION ITEM AGENDA

**Capital Purchase – 218 N. Fea Street property acquisition** – a motion made, seconded and passed unanimously approved the purchase of the real property located at 218 N. Fea St. (house and land) in the amount of \$115,000.

**Capital Purchase – Security items** – A motion made, seconded and passed unanimously approved the additional capital outlay not to exceed \$15,000 for security hardware (cameras, doors, lock hardware) to improve safety and security of the District as recommended by Deputy Chris Johnson.

Casey Scott invited the board members to attend classes being offered by Deputy Johnson that address de-escalation techniques and personal safety. Tom noted that Deputy Johnson works for the State (via the Spokane Valley Sheriff's Dept.) and offers the services free of charge.



OTHER BUSINESS:

Board education: Two chapters in the WSHA guide, *“Critical Questions Every Board Needs to be Able to Answer,”* titled “How to be a Visionary in an Era of Uncertainty and Transformation?” and “What’s the Board’s Responsibility for Planning for the Future” will be covered during the Board education session immediately following the regular meeting – Tom noted the session would be open to the public, should anyone be interested in sticking around.

Facilities planning: Tom W. presented an overview of the circa-1958 hospital wing (vacated clinic, visiting clinics, PT, Lab, etc.) and offered a number of points to consider for 2017-18 strategic planning. His focus is on trying to create operating efficiencies in our care delivery system and to find the best uses for those vacated and/or existing spaces. Tom explained the space is outdated, being built to 1950’s standards, and there have been little structural changes or upgrades since.

Today, the building houses therapy services (formerly OR, CS, and physician sleep area); visiting clinics (formerly L&D, nursery and ED areas); financial counseling and admin (formerly administration and radiology). None of the spaces were designed for its current operating function.

Tom identified the various areas for potential remodel and noted asbestos is present in the floors, ceiling, pipes and insulation. A new air handling system upgrade would be required to meet current code standards; presently there are window-mounted air conditioners and steam-based radiant heat. The existing ceiling height is a maximum of 9.5’, and supports flat roof system (interior sloping design) with a central drainage system. The current building support structure is built on beams extending down the main hallways (8’ wide on 18.6’ centers), and the windows are single pane built in to floor-to-ceiling aluminum panels – which are non-energy efficient.

A portion of the core space on the North-South hall is plumbed with the current hospital mechanical HVAC system and would be best to shut off to alleviate the load on the main hospital system, which is now at maximum capacity. The remodeled space is being considered for physical therapy services, ED overflow, sub-specialty visiting provider clinics, and OP treatment.

Tom noted we are being afforded a rare opportunity to remodel the space, as it will essentially be vacated, which lends to staging upgrades in a seamless fashion. Physical therapy expansion is a very high priority, outpatient treatment, which currently occupies two acute care patient rooms (4 available beds) is also a critical need. ED overflow (after hours) could also utilize the space. Our visiting sub-specialty clinics and internal line of business could also be expanded to provide general surgery, orthopedics, OB/Gyn, cardiology, ENT, and pain management services. Our goals would be to increase provider space with an eye toward increasing the number of surgeries performed locally.

Tom reviewed some tentative options to be considered for the future upgrade to the vacated space. He proposed the potential for a walkway from the existing ED waiting room to a new “hub” waiting room to allow access from updated elevator in the circa-1958 building to the ACU hallway. Per hospital building code, a patient thruway is not permitted from one department thru another; it must have a public access thoroughfare. Tom W. stressed the ultimate goal for everyone’s consideration is to provide the best use of functional space that lends to ease of wayfinding, provides a service hub for the areas and is designed to meet our highest service needs, and will provide an attractive and functional space for our visiting sub-specialists.

He noted, as a matter of perspective, that new construction requires 13' of floor-to-ceiling space between floors. For us, adding a new roof to house HVAC/mechanical would be necessary and would require an assessment of snow load and displacement design to be re-vamped. Retro-fitting finishes for the visiting clinician space and e-power upgrades for the laboratory will be essential. He indicated that we do have new, energy efficient window/wall panels to replace the existing single-paned aluminum windows. Tom speculated that the visiting clinic providers could potentially relocate to the former FMN clinic building in the interim.

Next steps: a preliminary A&E service review will be required to determine basic needs, potential uses, and potential design/construction cost estimates. Our previous comprehensive capital planning/financial review (2014), included projections for the new clinic, new ALF facility, and existing space remodel of 15,000 sq. ft. The FMN building is 6,100 sf. and existing circa-58' space is approx. 11,000 sf. The 2014 budget estimate for 15,000 sf. of space remodels was \$2.75M.

Tom noted that we currently are in a better financial position than what was estimated under those preliminary projections. Tom will solicit A&E services to determine costs to remodel the existing circa 1958 building space. Doug Hammond has indicated that many older buildings are being retrofitted; Tom's goal will be to bring cost estimates to include in the 2017 capital budget.

Tom encouraged the Board members to contemplate potential options and being thinking about best uses. He reminded them that the State of Reform conference is on September 14, 2016, in Spokane. The conference is informative and hosts an array of speakers from policy makers and caucuses that will address challenges facing health care reform, etc. Tom is confident that we are in a very good position to provide primary care services and the challenge at hand is to maximize the existing facilities, while keeping costs at a minimum, and planning for the future health care needs of the community.

There was no Executive Session required.

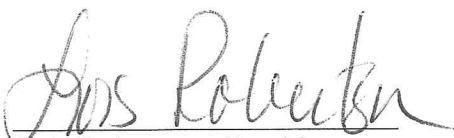
#### NEXT MEETING DATE

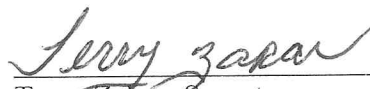
The next regular meeting of the Commission will occur on Thursday, September 22, 2016 at 12:30 pm.

#### ADJOURNMENT

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

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

  
Lois Robertson, President  
Board of Commissioners

  
Terry Zakar, Secretary  
Board of Commissioners