

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

December 22, 2016

In Attendance: Commissioners: Lois Robertson, Terry Zakar, Raymond King, and Thomas Garrett; Chief of Medical Staff Clayton Kersting, MD; Thomas Wilbur, CEO; Directors: Shelley Froehlich, Joseph Clouse, Michele Page; Walter Price, Kim Manus; Others: Ken Fisher, Nancy Shaw, and Heidi Hedlund.

Excused: Commissioner Lynnette Elswick; Director of Primary/Ancillary Care, Chris Wagar.

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 AGENDA / CONSENT AGENDA:

The meeting Agenda, Auditors Report and Uncompensated Report were included.

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

Auditors Report: November 2016: Warrants #199269-#199822 and wire transfers #1383-#1397 in the amounts of \$1,579,121.75 and \$1,350,936.62; Loan Payment Deduction \$40,000; respectively.

Bad Debt/Charity Care: all-inclusive District Write-off's for November 2016: \$68,435.67.

APPROVAL OF PREVIOUS MEETING MINUTES

The regular meeting minutes of December 1, 2016 were approved by motion, seconded and passed.

BUSINESS FROM THE AUDIENCE:

Tom Wilbur, CEO explained that he will be leaving early from the meeting today to meet with Representative Cathy McMorris-Rodgers in Spokane to discuss issues facing health care.

COMMITTEE REPORTS:

Finance – Kim Manus presented a Budget-to-Actual Comparison Report; she noted a correction for Net Income from Operations, stating the corrected amount is (\$1.5M). ED (gross) Professional fees were \$605,000 since September; Kim pointed out that we collect approximately .40 on the dollar; a higher percentage is written off for contractual adjustments. RHC revenues were down \$425,000 year-to-date due to a decline in visits from lack of care providers; this is improving from the previous quarter; Kim noted that the budget reflected onboarding two new physicians in September; however, this was delayed. There was a 4-month decline in census for SNF; year-to-date is 40.3, but has since

increased to 42. ALF census is over budget (42); inpatient bad debt write offs totaled \$138,000 in 2016; this compares to \$8,500 during 2015; Kim attributed this to being 90% Idaho residents; evidence of the ACA's impact to our community. Charity write-offs have declined, partly due to the application requirements; changes are being mandated at the State level; for example, patients are no longer required to apply for public assistance. Lisa Morse will be presenting the Charity program overview in January or February.

A reduction in clinic visits caused increased contractual write-offs; Kim noted reserve funds have been held to reimburse the State to reconcile 2016. The State allocated funds for an average of 2.3 visits per-assigned patient; our average has been only 1.2 visits. Kim has been reconciling monthly; she noted that visits are steadily increasing for our enrolled managed care patients.

Since resuming the Emcare billing, ED professional fees are approximately \$150,000 monthly, vs. \$54,000 previously. However, this expense is offset in collections.

Agency staffing was \$286,000; 200% over budget. Kim explained that the Lab was unable to hire a Technologist, budgeted at \$50,000; the actual cost annualized is \$247,000. ED was budgeted at \$44,000; actual expense was \$93,000.

The 340B Pharmacy program funding was approximately \$500,000 more than anticipated in net revenue. Commissioner Garrett asked whether we are expecting any Medicare cost settlements; Kim noted that revenue and contractual adjustments have been recorded; an interim cost report settlement of \$440,000 was received last week and is reflected in the budget. In addition, our Medicare contractual rates were adjusted. We were unable to bill Medicare until receiving the new clinic provider number (last week); however, when bills were processed there was a delay due to a change in Medicare's computer system.

Kim noted that the 2017 focus was discussed at the recent Leadership Development workshop; we will strive to see as many managed care patients as possible and make every attempt to collect for services which we are entitled – this includes obtaining authorizations; ensuring that we are not scheduling patients that are out of network; collecting co-insurance and deductible amounts at the front end, etc.

A recent audit of pharmacy outpatient services revealed that nurses didn't realize that the Pyxis medication dispensary machine was not generating a charge for dispensed medications. This is being addressed with education and an ongoing audit process. Commissioners Garrett and Robertson requested periodic progress updates.

Joint Conference/Planning – Dr. Kersting reported noise, temperature and privacy issues in the new clinic reception area; Tom W. noted that he is aware and is addressing them.

Our new providers are transitioning well; Dr. Kersting has been in contact with Aaron and Tessa Reinke and noted they are looking forward to relocating to the area next year.

Quality Assurance – Heidi Hedlund was unable to provide a presentation due to a computer issue. She has been working on a project titled PELT – Patient Experience Lean Team. The project was well-received by the District Director team. Heidi reported that the group's goal is to enhance the

patient experience; they will be tracking and monitoring patient satisfaction scores throughout the project.

Buzz Price reported that he has been meeting with INHS monthly to discuss Meaningful Use progress and metrics; all indicators have been met and Buzz anticipates a successful attestation in January. Shelley added that the ED physicians have been very diligent to ensure we are compliant. Kim noted that OB and OR will be transitioning next. Buzz explained that Meaningful Use Phase 2 will require additional electronic reporting, and noted that the cost associated with electronic prescribing via Meditech is quite expensive; the penalty for non-compliance is less than the cost to comply. Only inpatient revenues paid are subject to a penalty. Buzz added that MU 3 looks to be very costly – it appears to be several hundred thousand dollars; historical charge sets looks as though savings would equal \$15 annual vs. spending \$400,000 plus \$50,000 in maintenance; it is not certain whether the program will be pursued.

Heidi noted that she has experienced same-day appointments at the new clinic on several occasions recently and complimented Jennifer Eickstadt, PA-C and Lisa Mackey, ARNP for providing excellent care.

Kim explained that the local pharmacies have experienced issues with the 340B program; she is working with members of the program to address issues. We are exploring the possibility of in-house 340B pricing, Kim noted. The program can be used only for outpatients; therefore a patient status tracking mechanism would be required.

Primary/Ancillary Care – there was no report, as Chris Wagar was not in attendance at the meeting.

An Executive Session will be required following the meeting for approximately 10 minutes.

SUPERINTENDENT REPORT

Commissioner Garrett commented on the Safety Committee's recommendation to the Board related to the selection of a security firm. He questioned whether Steve Price and Buzz Olson of the Safety Committee were invited to interview a third firm; he acknowledged the urgency of the request and stressed the importance of a timely response. Kim noted that we are required to interview three firms under MRSC guidelines. Shelley indicated that the security firm had not officially been invited to attend the Safety Committee meeting and that most of the District managers were out of the facility on that day attending an LDI.

ACTION ITEM AGENDA

2017 Commissioner Assignments/Nominations. Following discussion, a motion made, seconded and passed unanimously approved the 2017 Commissioner Board nominations:

Chairperson: Thomas Garrett
Vice Chairperson: Raymond King
Secretary: Terry Zakar

Committee appointments:

Personnel, Insurance, Safety: Thomas Garrett
Compliance: Lynnette Elswick, Terry Zakar (secondary)
Finance: Lynnette Elswick, Raymond King (secondary)
Medical Staff: Lois Robertson, Raymond King (secondary)
Capital/Facilities: Ray King, Thomas Garrett (secondary)
Marketing: Raymond King
Quality: Terry Zakar

All appointments are effective immediately.

Capital Purchase – Wireless Digital Radiology Detector. A mother board was installed this month due to a failure; the item was considered an emergent purchase and was budgeted as Priority 2 for 2016. A motion made, seconded and passed unanimously authorized the purchase of a Canon CXDI-701C Digital Detector and control software in the amount of \$67,000.

Resolution No. 2016-15 – Budget Amendment. This resolution replaces the original budget resolution 2015-11 to reflect our final projected 2016 operating and capital expenditures. A \$200,000 contingency was included. In addition, \$1.4 was paid from operations for capital equipment; Kim reviewed amounts paid for the new clinic, and purchase of properties (funded from operations). Kim referred to comments included in the report to provide more detailed explanations of the approved items. We have not received the CT machine; delivery is pending State approval of an electrical panel; the ultrasound machine was installed. A motion made, seconded and passed unanimously adopted Resolution No. 2016-15.

Observance of 2017 District “Legal Holidays.” A motion made, seconded and passed adopted Resolution No. 2016-16 listing the six observed legal holidays.

2017 Operating & Capital Budgets. The annual operating budget and summary cash expenditure was approved at the November meeting of the Commission via Resolution No. 2016-08, which was rescinded and replaced by Resolution No. 2016-13 on December 1. Several minor adjustments were made, but were significant enough to update the budget. The final 2017 capital budget was approved via Resolution No. 2016-17. Kim reviewed the highlights as follows: Net Income (from all sources) \$1.1M; add depreciation/amortization \$1.7M and subtract approximately \$1M Priority 1 capital expenditures and principal payments of \$347,624 results in annual cash flow of \$1,462,683. Kim included UTGO Bond proceeds (\$10M), noting the total restricted funds total \$6,117,683. Estimated principal payments of \$345,000 (1/2 is anticipated construction costs); the remaining funds are designated to complete the ALF project in 2018, resulting in annual cash flow (including restricted funds totaling \$6,117,683). Kim reviewed the Priority 1 items, noting the CT machine purchase totals nearly ½ of the amount. Priority 2 items include two blanket warmers that weren't priced. Kim explained that Dave Easley, Rph pointed out the need for a new hood to vent fumes in the Pharmacy area; he estimates the cost to be approximately \$10,000. A motion made, seconded and passed unanimously approved Resolution No. 2016-17.

Kim noted that Priority 3 items were included; Inland Imaging has announced that the mobile MRI unit will be replaced during Q1; at present, Inland charges \$340 per exam to the District; when the

new unit is installed, the cost per exam will increase to \$460; Kim will be researching solutions to determine the best options available.

Kim explained that a mobile CT unit will be here during the new CT installation. The CT unit will be parked where the existing mobile MRI trailer is located for approximately 2 weeks. Inland Imaging will not charge the District during this timeframe.

Set 2017 Retirement Plan Match. The retirement plan document allows for Board discretionary authority to change the employer match - currently a dollar-for-dollar match up to 6% of salary deferred. The recommendation of the Joint Personnel/Finance Committee is to leave the retirement plan match unchanged. A motion made, seconded and passed unanimously approved the 2017 employer retirement plan match of up to 6% of employee deferred compensation.

Wellness Benefit Annual Renewal. During 2016, Club Energy expanded hours and remains open 24/7. The benefit is available to all employees, who also have the option to attend any fitness club, provided monthly attendance requirements are met – currently specified at eight per calendar month with proof of attendance/dues provided for reimbursement. There is no increase for 2017 dues. A motion made, seconded and passed unanimously approved the 2017 annual wellness benefit renewal.

OTHER BUSINESS:

Commissioner King reported that members of the community recently expressed positive comments towards the prospect of the new assisted living facility. He thanked Michele Page for her assistance and contribution to the effort. Michele noted that the project is moving forward and a meeting occurred last week involving electrical engineers and landscaping professionals. Commissioner King does not anticipate any major land issues following a geotechnical analysis.

Michele and Jenny Smith will begin a marketing campaign for the new facility after the first of the year.

EXECUTIVE SESSION

As permitted by RCW 41.05, the meeting was moved to Executive Session at 1:45 pm for approximately 10 minutes for credentialing and personnel matters.

RETURN TO OPEN SESSION

The Commission returned to Open Session at approximately 2:00 pm.

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

RE-APPOINTMENTS REQUESTS:

- 1) Thomas Beaton, M.D.
- 2) Jeremy Lewis, D.O.
- 3) Sara Ragsdale, D.O.

TEMPORARY to PROVISIONAL STATUS APPROVAL REQUESTS:

- 1) Aaron Zabriskie, M.D. – ER Privileges

INITIAL APPOINTMENT REQUESTS:

- 1) Ravi S. Menon, M.D. – Teleneurology
- 2) Robert A. Lada, M.D. – Teleneurology
- 3) Jason W. Tarpley, M.D. - Teleneurology
- 4) Melvyn Feliciano, M.D. – Off-Site Radiology

RESIGNATIONS:

- 1) Elin Angeid-Backman, M.D., Radiology, Off-Site, Requested 11/21/16
- 2) Keerthi Arani, M.D., Radiology, Off-Site, Requested 11/21/16
- 3) Gary V. Bell, M.D., Radiology, Off-Site, Requested 11/21/16
- 4) Richard A. Beren, M.D., Radiology, Off-Site, Requested 11/21/16
- 5) Don Cubberly, M.D., Radiology, Off-Site, Requested 11/21/16
- 6) Lee Fletcher, M.D., Radiology, Off-Site, Requested 11/21/16
- 7) Troy Mattox, M.D., Emergency Medicine, Requested 11/23/16
- 8) Todd Ewert, M.D., Emergency Medicine, Requested 11/23/16
- 9) Cal Smith, M.D., Emergency Medicine, Requested 11/23/16

Resolution No. 2016-16 will be corrected to read January 2, 2017 as the approved legal holiday.

NEXT MEETING DATE

The next regular meeting of the Commission will occur on January 26, 2017.

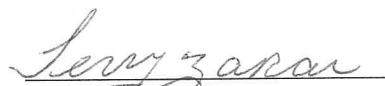
ADJOURNMENT

There being no further business, the meeting adjourned at 2:05 pm.

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



Lois Robertson, President
Board of Commissioners



Terry Zakar, Secretary
Board of Commissioners