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

February 26, 2015

In Attendance: Commissioners: John Jordan, Lynnette Elswick, and Raymond King; Thomas Wilbur, CEO; Directors: Chris Wagar, Shelley Froehlich, Kim Manus, Joseph Clouse, Walter Price, and Michele Page; Other: Trina Gleese, Jenny Smith, Rick Knorr, Margaret Cureton, Jennifer Johnston, Doris Hiebert, and Nancy Shaw.

Excused: Commissioners Thomas Garrett, Lois Robertson, Chief of Medical Staff, Jeremy Lewis, DO.

CALL TO ORDER:

Commissioner Elswick called the meeting to order at approximately 12:32 p.m.

READING OF LEGAL NOTICE:

The regular meeting legal notice was distributed as required.

APPROVAL OF AGENDA:

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

EXECUTIVE SESSION

As permitted by RCW 41.05, the meeting was moved to Executive Session at approx. 12:32 pm. for approximately 45 minutes to discuss legal matters with District legal counsel relating to the status of an employment claim and to review and approve medical staff privileges.

RETURN TO OPEN SESSION.

The Commission returned to Open Session at approximately 1:10 pm.

Per the recommendation of the Medical Staff Executive Committee, the Board of Commissioners approved the following privileges by a motion that was made, seconded and passed unanimously:

Provisional Status:
Brent A, Clark, DPM

Re-Appointment
Shannon Radke, MD – Family Practice, Active Status
Mike Patterson, PA-C – Emergency, Affiliate Health Status

Courtesy Status:
Jeffrey Ispirescu, MD – Pain Management
Florence Gin, MD - Radiologist

APPROVAL OF PREVIOUS MEETING MINUTES

The regular meeting minutes of January 22, 2015 were approved by motion, seconded and passed.

BUSINESS FROM THE AUDIENCE

NHHS Foundation Annual Update and Joint Board Meeting – Commissioner Elswick congratulated Jenny Smith and the Foundation Board of Directors for their efforts and the success of the Iron Sommelier event. Jenny Smith provided the annual report and especially thanked Foundation Board member Marianne Nichols for her assistance in organizing and chairing the event.

Jenny explained that the Healthy Kids Snack Bag program was expanded and noted that 2014 Foundation revenue was just under $80,000. Expenses were $24,500 with a fundraising net of $54,500. She noted the Foundation is no longer a break-even department and has set high goals to continue to make a difference in our community for 2015 and beyond. Effective contributions to the snack bag program were $26,655; Jenny noted the Empire Health Foundation awarded a $9,000 grant to help fund the program in 2014.

Jenny noted that Barb Pankey retired from the Foundation board in 2014 and Terry Ivie assumed role of Board Secretary. In addition, Melanie Endicott joined the Board in January and is expected to be a great complement to the Board.

Jenny announced that the Foundation is sponsoring a program titled "Reach Out and Read" via our medical clinics. The program, brought to our attention by Dr. Jones, prepares children to succeed in school by partnering with doctors who will "prescribe" books in an effort to encourage families to read together. This is an evidence-based early literacy program that has shown significant improvement in early language and literacy skills for participants. Children ages six-month's through five years old receive a free book at their well-child checkups. The physicians are very enthusiastic about this program.

The Iron Sommelier event was very successful this year and raised just over $11,000 in gross contributions. Jenny noted that the event provided an opportunity to bring many people together from various communities. Other new events include a fundraising effort taken on by an avid hiker, John Floyd, who completed his hiking season last year after logging 1,964 miles in an effort to raise money and awareness for the snack bag program. John has plans to finish the Continental Divide Trail in 2015 and hopes to gain more sponsorship support.

Stoneridge Resort is also offering group golf lessons to hospital employees and their spouses at a cost of $60 for five lessons-(with a 20% donation going back to the Foundation in support of the snack bag program).

The next "new event" is a resource fair titled "Rural Conference on Aging" slated for May 16 at the Priest River Event Center. Empire Health Foundation has committed to be a Platinum sponsor of the event and is very supportive and enthusiastic to be involved.

Jenny Smith, Marianne Nichols and all of the members of the Hospital Foundation Board of Directors were thanked for their continued efforts towards making a difference in our community.

Tom provided a brief overview of the NHHS / NHHS Foundation Letter of Agreement which outlines the services that the District provides to the Foundation – staff funding, utilities, space, etc…, there were no changes to the agreement from 2014.

COMMITTEE REPORTS:

Joint Conference/Planning – Tom stated that he spoke with Dr. Lewis today, noting he would not be available to attend the meeting. Tom noted that he plans to meet with Drs. Jones and Lewis next week to discuss the new "value base purchasing" models of care and potential shared savings models of care (and reimbursement) that we are reviewing with Molina and CHPW, a rural ACO model with CMS; our local health coalition (w/schools, rural resources, POCCS, health district, etc…) to assist with the potential programs; and granting opportunities associated with both. He noted the new models will require active physician participation to monitor chronic diseases and to develop systems to maintain patient "wellness" rather than treating "illness."

Finance- Kim Manus explained that the Finance Committee discussed the benefits of moving to a quarterly financial reporting format, noting it is more conducive to identifying longer term trends. The monthly report will include a "consent agenda" that will entail a cover page explaining all of the monthly financial changes/updates and will require only a single motion of the Board to approve all financial reports. The Board was in favor of the idea; however, Commissioner Jordan stated if the financial outlook changes drastically, he would request returning to a monthly reporting schedule.

Rick noted that he does not anticipate any substantial changes to the final 2014 financial statements with minimal cost report adjustments.

Kim explained that we are pursuing participation with Washington Hospital Services Captive Program. An actuarial firm recently consulted with a group of 22 hospitals that have expressed interest. The preliminary report was encouraging. The group continues to adjust the parameters of the program based upon hospital size and claims history. Kim noted that most participating facilities are rural, critical access hospitals.

On-Call Quarters - Kim explained staff who use our on-call quarters have expressed concerns regarding future accommodations with the potential demolition of our existing bunk house. The matter has been discussed and it was determined that it is not prudent to purchase property at this time, as there will be ample space once we start vacating facilities. Options being considered are rental of a home on a temporary basis or possibly renting motel rooms for a set period. The bunk house will likely be razed within the next few months.

Legislative Update - Kim recently testified in Olympia against House Bill 1946. The bill proposed a 6% hospital tax to be placed in a wellness trust/public health fund. The State claims hospitals have realized substantial savings due to decreased charity write-offs as a result of the Affordable Care Act. Kim testified that our services also encompass long-term care, rural health clinics, and assisted-

living. She also noted that we saved only 1% of total charity write-offs, not 6%. The bill did not pass out of Committee.

Kim notified the Commissioners that the standardized charity application/approval process bill that was under review by the State also did not pass to the house floor. Two other Senate bills also did not pass out of Committee, Kim noted. There have been many proposed health-care bills this year; Commissioner King stated more information is available on a website, as well.

Auditors Report: The Auditors Report was presented as follows for the month of January 2015: Warrants #189921--#190375 and wire fund transfers #1022-#1038, in the amounts of $1,064,251.53 and $1,853,675.58, respectively; were approved by a motion made, seconded and passed.

Treasurers Report: Rick Knorr, Controller reported the year ended with 91 days cash on hand; the Capital Replacement Fund remains at $5.4M; Rick noted there has been no need to tap into this; he anticipates this will fund the majority of the new clinic building.

Bad Debt/Charity Care: Trina Gleese provided proposed Write-off's for January 2015, as follows:

Bad Debt/Bankruptcy:	Hospital:$ 85,998.78	Clinics:$ 6,874.20	RMV: -
Administrative:	Hospital: 1,602.78	Clinics: 281.58	RMV: -
Charity Care:	Hospital: 62,747.76	Clinics: 3,464.82	RMV/LTC: -

Grand total of $160,969.90 was approved by a motion made, seconded and passed.

Quality Assurance/Performance Improvement:

Heidi Hedlund reported that she is in the process of aligning QA/PI goals with the 2015 strategic and business plans. The Quality Team will provide a Readmissions presentation at the March Board of Commissioner meeting. IP and ED patient satisfaction met the goal at 93%; Heidi noted that I/P satisfaction rate was at the 97th percentile for the month; however, the numbers are too few to substantiate a meaningful trend. Improvements were noted in the focused areas of noise level reduction, pleasantness of room, and meals.

Heidi also pointed out that the readmission rate of 1% is a positive trend, even though external validation of CMS quality measures runs 12-18 months behind current data.

Heidi reviewed information from a Qualis Health (a CMS agency) report, noting Newport is listed 7th best in readmission rates of 37 Washington critical access hospitals; this is significantly lower than the State readmission rate. The data is slightly more up-to-date as well – Q4, 2013 – Q3, 2014.

The Readmission Quality team recently provided a report to the Quality Council; Heidi noted that the timing is favorable to update the Board members on the team's progress. Readmission rates are specifically an indicator for measures under the CMS's value based purchasing model.

SUPERINTENDENT REPORT

Capital & Facilities: Tom Wilbur met with civil engineers and City representatives this morning to discuss next steps on our clinic building project, including building location, potential utility service moves and connections (water, sewer and underground electrical), and water flow issues for fire service. For water flow, the combined systems (high and low pressure) must meet a 1,500 gallon per-minute flow rate. If flow is not sufficient, other alternatives will be pursued. Commissioner King stated that he is researching the matter and will know more information after he meets with the engineers.

There were also discussions on the procedures for City Council to approve the vacation of an existing City street. We are looking at the potential to vacate Cass St. from First St. to Spruce Ave., and a portion of Pine St. from Cass St. to the alley way on the West.

Tom noted we are also trying to develop the building footprint specifics and site location. We will continue to consider options for the location that will accommodate parking and patient flow. Following a question from Commissioner Elswick regarding placing the building so that patient traffic from the clinic can move through the existing radiology exit, Tom noted that regulations require direct access to hospital ancillary services without moving through another existing hospital department.

Chris Wagar reported that the Design Team has been working to address the integration of the medical practices. The team is comprised of members from FMN upper and lower levels and FHCN. The team has met twice with Doug Hammond and Jeannie Natwick of NAC Architects. It was noted that the existing space is not an ideal arrangement for efficiency and patient flow. The new building poses new opportunities to create a much more streamlined, efficient system. The team plans to visit a new clinic in Orofino, ID to see the building and outlay of a new clinic, first hand. The team will continue to meet over the course of the next several months.

Doug Hammond recently consulted with a geotechnical firm to look at the suitability of the ground for the project. The initial tests were favorable, and Doug feels that progress with the architectural firm has been on schedule. Questions remain related to civil issues such as parking, fire, sewer, utility relocation, etc… He noted the issues have been contemplated and preliminary costs estimates completed. The project remains somewhat ahead of schedule in this aspect. The physician meetings have been productive, as well. Schematic design is slated for completion the third week of March.

Tom Wilbur noted that discussions will continue related to costs and fees. Doug Hammond stated long term objectives and goals are perpetually considered in the planning stages, such as the service elevator that no longer meets passenger code requirements. Tom noted it can be revamped to be the main elevator from the lower level to hospital admitting and is confident it will not pose a significant patient access issue.

Kim explained that CMS regulations changed in November 2014 regarding relocation of a rural health clinic and maintaining RHC status. The new statues require two criteria: the clinic must be located in a non-urbanized area and must be located in a geographic or population group HPSA – the District qualifies under these new guidelines for relocation of a RHC. The next HPSA survey will occur in 2020. RHC Certification, however does not occur until the building has been constructed and the relocation/certification request letter is sent. Kim does not anticipate any changes to the HPSA status before the next certification cycle in 2017; however the designation is County-wide (including north County). She noted that our RHC status is critical to reimbursement.

Rural ACO Models- Centricity will be upgraded in March with an i2i disease registry software overlay. Tom and Kim plan to meet with two hospitals testing a rural accountable care organization (ACO) model next week - Mason General and Summit Pacific Healthcare on the west side. The ACO model involves a potential cost sharing arrangement with Medicare. Tom noted there is an opportunity available for an ACO to receive up to $1.4 million in grants over a two year term, but requires sign up by July 31 to participate in 2016. Under the program, the ACO receives a $250K starter grant, a per-member/ per-year and per member/per-month fixed payments. Under the program there is no requirement to show a cost savings; however, if savings (ROI) is shown, CMS keeps the up-front payments to establish the ACO; all additional savings would be shared. Tom has been in contact with Eric Moll of Mason General; there is a great deal to learn about the management of "wellness" for patients, which is far outside our typical scope of practice. Tom noted we will be reviewing this model over the next several meetings.

Local/Regional Networks- Tom indicated that our CAHN group meets next Tuesday and the POHC meeting is next Wednesday. Tom will conduct a clarity exercise with the POHC group to provide a focus of the group's mission and intention. He noted that we are trying to work with the CAHN to gain a regional mass to work with the tertiary Spokane market and with the POHC to develop a broader network of local providers to coordinate care across the entire spectrum of service. Tom noted that funding is not necessarily the issue with the two groups, but rather developing programs and the system functionality to be applied against grant funds.

ALF Bond Exploration- Tom and Michele Page recently met with members at the Hospitality House to discuss frequently asked questions associated with residential care and capital funding. The group was engaged and viewed a 16 slide show presentation. Tom felt the information was well-received by the majority of attendees.

He noted our Board deadline to place a bond resolution on the Nov. ballot is August 9. A community calendar of meeting dates is posted on the intranet as well. The overall concern of most in the community lies with tax rate increases. Tom stressed that the ALF building/operations proposal is break-even. The District can maintain the building operations and staffing but it simply doesn't provide enough cash flow to build a new building. He noted most folks don't understand the difference between skilled nursing (aka- long term care/nursing home) and assisted living – Tom explained that our 45 residents would not reside in a SNF if they were in Spokane. This is cause for concern, as the State could determine that the setting is no longer cost effective.

Michele Page announced that River Mountain Village recently celebrated a deficiency-free survey. Her team was congratulated for their success.

SEIU Contract – The RN negotiations have moved to mediation following a meeting on the 16th, resulting in several counter-proposals and one language change. Kevin Wesley recommended mediation, which has proven to be beneficial in the negotiation process. Doris Hiebert, RN added that past negotiations have typically come from a negative point of view; and noted that the group appreciated the tone of this round of negotiations. Commissioner King has been impressed with the professionalism of the negotiator, noting that both parties have been relatively pleased with the process.

Single Bed Certification – Pend Oreille County Counseling met with members of the medical staff to report that the State Supreme Court has ruled that boarding mental health patients in the ED is illegal. The Mental Health Regional Support Network (RSN) has determined that they can treat

these patients in an alternative setting (hospital) outside of a psychiatric hospital for a determined time frame (i.e.- a single-bed certification).

Tom noted the District's history with working with our local mental health group (POCCS) and the County Sheriff. He noted that the single bed certification rule has not changed and our hospital is not equipped (staffed) to care for patients in crisis; however, there is an extreme shortage of beds statewide and we will do our part with our community partners to try an treat patient's in need in the best possible manner.

In a crisis situation, typically POCCS or the Sheriff will bring the patient to the ED for a medical screening. If the patient is deemed (by POCCS) to be a threat to themselves or others, POCCS will "detain" the patient for a mental health placement and the team (NHHS, POCCS, and Sheriff) do the very best to "hold" the patient until a psychiatric bed becomes available. Historically, these patients have been held in the jail or hospital – whichever is best equipped to handle the patient. The jail is no longer an option, per the County, and the State has upheld that the RSN is not necessarily responsible to "detain and hold," they can simply walk away from the situation. That effectively leaves only the ED as the remaining place for these patients. However, the legal obligation remains to be determined. As a health care provider, the hospital is not permitted to use restraints or to force patients to stay; a patient can legally leave against medical advice (AMA). The District is not capable to detain these patients but the RSN could petition the court to do a single-bed certification stating the hospital is the place they would like to "hold the patient." They will likely not do this here.

Tom noted that this has been our predicament for years. The rules haven't really changed much, nor has a workable situation be developed at the State level. Our reality is we will continue to work with our community partners and medical staff's to find the "best" of the worst possible alternatives under these case specific scenarios.

OLD/NEW BUSINESS:

ACLU Lawsuit: Hospital districts that are looking to affiliate with Providence Health have been highlighted for potential litigation via the ACLU. The issue: District hospitals may be precluded from providing reproductive services if they fall under the Providence umbrella. The question arose as to whether public hospital districts, as municipal corporations, could preclude reproductive services (including abortions) in their hospitals. The law states they can't; however, statutes also state District's cannot force a provider who does not wish to perform said services to do so. In those instances, patients are referred to a family planning clinic. The District's policies reflect all of the above. The issue remains unresolved at this time; Tom will keep the Board updated as he learns more information.

ACTION ITEM AGENDA

Foundation Letter of Agreement – A motion made, seconded and passed unanimously approved the 2015 annual Foundation/ District Services Agreement.

A&E Services Contract – The contract has been updated to identify basic services vs. additional services and has been reviewed by legal counsel. A motion made, seconded and passed unanimously approved contracting with NAC Architecture for the clinic project.

OTHER BUSINESS

Incentive Compensation – the Board decided to table the discussion until a later date.

NEXT MEETING DATE

The next regular meeting of the Commission will occur on Thursday, March 26, 2015 at 12:30 pm.

RETURN TO OPEN SESSION

ADJOURNMENT

There being no further business, the meeting adjourned at 4:05 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