

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

January 28, 2016

In Attendance: Commissioners: Lois Robertson, Thomas Garrett, Terry Zakar, and Lynnette Elswick; Clayton Kersting, MD Chief of Medical Staff; Thomas Wilbur, CEO; Directors: Kim Manus, Michele Page; Chris Wagar; Shelley Froehlich; Joseph Clouse; Buzz Price; Other: Jenny Smith, Casey Scott, Heidi Hedlund, Nancy Shaw, Tim Rumph, Steve Price, Rob Miller, Doris Hiebert, RN, Jennifer Johnston, and Ken Fisher.

Excused: Commissioner Ray King.

CALL TO ORDER:

Commissioner 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 presented.

Auditors Report: month of December 2015: Warrants #194615--#195107 and wire transfers #1200-1218, in the amounts of \$1,729,092.38 and \$2,036,467.15, respectively.

Bad Debt/Charity Care: all-inclusive District Write-off's for December 2015: \$192,783.44.

Commissioner Elswick asked why the Uncompensated/Bad Debt write-offs (\$192,000) were so high for the month. Kim Manus explained the \$81,000 and \$54,000 written off to charity care and bad debts, respectively, were for July-October which is our busiest time of the year in the Emergency Department. The remaining was \$73,000 for hospital. Kim noted that many patients with insurance under the ACA have high deductibles, which could attribute to the increase.

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 December 17, 2015 (Strategic Planning & Regular Session) were approved by motion, seconded and passed.

BUSINESS FROM THE AUDIENCE:

Annual Safety Committee Report: Steve Price Chairman of the Safety Committee, introduced himself and noted that Buzz Olson, Vice Chair, and Nancy Shaw, Secretary were its officers. The Committee meets monthly; Steve invited members of the Board to attend any time. Highlights of the Committee's work were shared, including: the creation of a laminated poster identifying Emergency Call Codes. These are posted in every department as a quick-reference. Committee members are

interviewing individual departments to follow up on a Code Gray incident that occurred last September in the Admitting Department. A report will follow. The EOP Committee conducted several code silver drills. The Safety Committee members will begin receiving information via e-mail vs. MOX.

Steve reviewed annual patient falls (19) the same number as 2014, and medication errors, which declined by 1 event year-to-year. The Safety Committee conducts a survey of every department twice a month and reported that 99% of staff had completed the computer based training and education programs for 2015.

Reported L&I claims totaled 20 – four of which were denied. Seven cases resulted in a time-loss for a total of 190 days – (most of that was associated with one employee who was out for several months). Commissioner Garrett inquired as to whether we conducted injury investigations and held preventative program trainings to avoid injury. Joseph noted that we do investigate all injuries and have a number of programs (patient lift, ergonomic review, computer based training) that are required for staff. Tom W. noted that LTCU's, due to the nature of the work (mostly lifting) have high L&I premium rates.

Rob Miller provided the Engineering report, noting there were no major system failures and monthly routine maintenance of key equipment and generator testing/inspections are conducted in accordance with annual DOH (State) testing. He noted the annual exterior security assessment is complete and involved checking all the lights, parking lot striping and condition. Otherwise, he indicated there were no significant issues to report and snow removal has not really been an issue this year.

General security concerns were discussed by the entire group; due to a "lock-down" event that occurred over the Christmas season. Tom G. noted that we have talked about (and ultimately ruled out due to cost) having security personnel on site at the hospital. Tom W noted that during the day there are so many entrances in to the facilities (which are needed for patient care). Steve noted that all hospital doors are locked down in the evening and panic buttons are installed throughout the facility for emergency purposes. Tom W. noted that we are effectively "locked" down every night at 9:00 pm. and all traffic funnels through the ED entrance. Nancy Shaw noted that we had added a Run, Hide, Flight security training video to our core education selections that was very good. It was concluded that security is a risk, but that the Sheriff's department considers us (NHHS) and the local schools to be priority one for call response and on-site stops. We can never full alleviate all risk due to the very nature of our business – we are open to the public as a matter of course.

Buzz Price reported that the Safety Committee has been investigating an emergency alert system to notify employees if a disaster, hazmat event, facility lockdown, Code Gray, etc. occurs. The communication, which can be activated remotely, will send notices via text, e-mail or voice. The price is very competitive (\$3,500/yr.) and Buzz is confident that the system will meet our needs. The circumstances/details surrounding the facility lockdown (and policies) were discussed.

Tim Rumph explained that the Committee has been interviewing staff members to learn where areas of security weakness exist in a Code Gray event. They have learned that our procedures are effective – (available staff members report to the area in a show of force). It became evident that additional training is needed, as circumstances vary by department and there is no single solution. Patient

access and flow seemed to be a common thread among the staff's concerns. The Committee will continue to explore solutions and bring a recommendation to mitigate the risks.

The members of the Safety Committee were thanked for the informative presentation.

COMMITTEE REPORTS:

Joint Conference/Planning – Dr. Kersting reported that the shortage of providers has created a backlog in scheduling and is also impacting staff morale – he noted a triage nurse answered approx. 100 calls in one day and that his patient catchment is over 2,300 patients. He also noted the ED transition has not been as smooth as anticipated and the providers would like to see a quicker hand-off of evening hospital coverage to the ED providers. Tom W. noted that it was becoming very apparent (with the onboarding process and additional conversations with EmCare and other providers) that our MD model, with 24/7/365 back-up is all but extinct. The board thanked Dr. Kersting for coming to the meeting.

Finance – Kim Manus reported the RHC payment reconciliation has been reviewed by the CPA firm and one step remains; Kim anticipates a \$435,000 settlement notice to the State (years 2011-13) will be prepared by the end of the week. The 2014-15 settlement will be less because we now have a greater number of assigned lives; however, due to the shortage of providers, our patient visit minimums have not necessarily been met. There was a concern it could cause a balance due; however it appears to be “break even” for that two year period.

Assisted Living Bond Proposition: The cost to the District for its ballot proposition (Nov. 2015) was \$5,700 because it was shared with all of the other entities having elections/propositions on the general election ballot. Our bond approval rating was 54.8% (and requires a 60% ‘yea’ to pass). Should it be determined by the Board that we want to re-run the proposition as an independent issue, the cost would be between \$20-\$25,000.

There was a lengthy discussion with the Board regarding the ALF Bond Proposition, topics including timing (April, August, and the 2016 November general election), the additional cost to run the issue (see above), the positive response (55%) for a first ballot (w/proposed special tax), the momentum received since the November ballot, the District's ability to turnaround the facility proposition and get the word out, and the continued need to resolve our residential care needs.

Kim shared a Piper Jaffrey survey of facility construction bond election results and trends since 1992. Tom noted that the citizens who formed a committee to help promote the ballot issue were receiving a number of inquiries on how folks could (wanted to) help. He also indicated the potential for Ponderay Newsprint mill closure would not have a significant impact on tax shift for the project (less than 8%, based upon a 2011 valuation schedule). He noted it was offset by the conservative interest rate estimate (100 basis points) we used to estimate the current tax burden. Other items discussed included the potential need to extend our high pressure water line to the RMV site in order to ensure adequate water pressure for the added fire suppression system. The City was updating its water systems plans with the State and we would have more information later this spring. The tremendous need for the new facility (the future expected demand and resident dignity issues) as well

as the time to complete the project (if passed in April, we wouldn't have the building operational until the end of 2018) were also reviewed.

Following extensive discussion, Commissioner Garrett moved to approve Resolution 2016-01, to place an Assisted Living Facility Expansion Bond to the vote of District tax payers in April 2016; the motion was seconded and unanimously approved.

Clinic Project: to date, all clinic construction costs/fees have been paid from operating funds; though, we continue to maintain our cash reserves. We have discussed with Mountain West Bank to secure a loan to finance the Clinic Project and the Finance Committee has recommended borrowing up to \$4M on the project, as needed, in order to maintain cash reserves. A resolution to that effect is included under the action items agenda.

2014 Annual Audit: The State Auditor completed 2014 field work and the exit conference will occur in mid-February. Kim will ensure the board receives notification of the date/time.

210 Fea St. Property: Kim announced that the closing will occur next week on the property located adjacent to the new clinic parking lot which can provide an area for snow removal, parking, and/or a potential future storage building.

Financials: 2015 YE journal entries are in process; cost report adjustments and reconciliations are pending; Kim anticipates that income from operations for Jan. will be much improved next month.

Quality Assurance/Performance Improvement: Heidi will begin publishing the Director's quality scorecards in advance and provided to the Board copies of the new formats. She offered to answer any questions; Commissioner Zakar asked whether falls in ACU included swing bed patients? Heidi indicated the fall number included both groups. Falls per thousand patient days will be benchmarked against the WRHC. Heidi will begin to trend the data longer than 3 months, due to low numbers.

2015 Hospital Readmissions – December was a very busy month and there were 4 readmissions – which left us 1% over our 5% target goal. Upon review, the team concluded the readmissions were for very ill and chronic conditions that were difficult to manage. Julie Lohman noted she would bring the cases to peer review. The WRHC benchmark includes 14 hospitals – Newport ranked second in the State for the Q4 period for readmission. Overall, our scores are trending positively and any readmission we incur includes a root-cause analysis to try and develop future solutions.

SUPERINTENDENT REPORT

Adjacent Property - Tom W. explained that the home included on the 210 N. Fea property will be demolished in the near future.

Local/Regional Affiliations: Tom announced that we are officially partnered with the Rocky Mountain ACO; information is available at the reception desks throughout the District. Tom shared information explaining the difference between an ACO and CCO in relation to the budget.

Health Coalition – A successful strategic planning session occurred on the 21st. It is apparent there is a lack of care coordinators in the entire community and that will have an effective on how the POHC partners can affect patient outcomes and chronic disease management across the spectrum. Everyone is resource poor in this regard.

CAHN – interviews are slated for next week to hire an Executive Director. The WRHC will be collaborating with the RMACO.

EmCare Contract – Dr. Kersting reported on the progress previously in the meeting; Doris Hiebert also will provide information to the Commissioners. Tom W. noted this remain a focal point in our provider recruitment efforts.

MD Recruiting – A husband and wife team are interested in our clinic MD opportunity; Dr. Nathan Mustain will make a site visit next week to tour the campus and meet our providers. His wife is the current Chief Resident at North Memorial Hospital in Minneapolis, but she will not be able to attend. She is interested in OB, inpatient medicine and is impressed with our care model. She is excited about the ACO – she received her undergraduate degree in public health, which would be a great fit for our system.

Professional Liability Risk Pool: The 19 interested hospital members are scheduled to meet on Feb. 24th to review the comprehensive data on the shared risk pool for professional liability coverage; thereafter, the individual entities will need to make a determination to move forward beginning Q3.

Medical Insurance Risk Pool – Tom recently learned of an opportunity, as a member of the RMACO, to participate in a medical/dental/vision self-insurance pool program. A survey will be completed in February to determine coverage limits and pricing; this could provide the opportunity to join 20-30 other hospital facilities in a pool (w/re-insurance rates/premiums set at an entity desired level).

The plans are flexible and can include additional program in addition to the basic medical, dental and vision benefits. Tom and Joseph will review the information with the Finance/Personnel committee when it becomes available, post survey. The pool has been in existence for 12+ years and has a great track record (no hospitals have left the plan since inception). It is operated by the WHA, which has abundant and skilled resources. Tom is confident that the WHA association will greatly benefit the District in the long term. Kim noted that PEBB is changing their plan structure and the WHA model affords us the ability to include community partners into our hospital pool. Updates pending...

Clinic Project – The construction project is just slightly behind schedule (due to weather) and we are trying to get the roof on and close up the building to do interior work.

Tom provided the Board an overview of the Community Care Alliance and RMACO plan objectives. As part of the RMACO, we will receive AIM grant funding (specific to rural providers to develop an ACO model and participate in Medicare shared savings programs). The report provided an outline of the ACO (industry) transformation, how communities are responding, and explained how the care coordination model will be designed/funded under the ACO program model. Information and public services announcements will also help to answer questions, Kim noted.

Executive Session – Tom W. noted an Executive session will be held to discuss personnel and credentialing issues and for the Board to conduct the annual CEO performance and contract review.

ACTION ITEM AGENDA

Resolution No. 2016-02 – Kim Manus explained that the resolution must be approved 60 days prior to obtaining a loan. Following discussion, Resolution 2016-02 was approved by a motion made, seconded and passed.

Resolution No. 2016-03, CEO Contract Renewal/Compensation is to be discussed and finalized during the Executive Session of the meeting.

OTHER BUSINESS:

Jenny Smith announced that the Foundation exceeded their 2015 fundraising goal by \$10,000. The Iron Sommelier & Brewmaster event is February 20, 2016, at the Priest River Events Center.

EXECUTIVE SESSION

As permitted by RCW 41.05, the meeting was moved to Executive Session at 3:15 pm for approximately two hours to discuss personnel matters and to conduct the annual CEO performance and employment contract review/renewal.

RETURN TO OPEN SESSION

The Commission returned to Open Session at approximately 5:20 pm.

Resolution No. 2016-03 - CEO Contract Renewal and Compensation Update. A motion made, seconded and unanimously passed approved Resolution No. 2016-03 to awarding incentive compensation in the amount of 23,935 for 2015 and a new CEO employment contract with base annual compensation of \$204,000 for 2016-17.

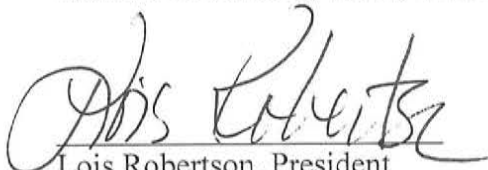
NEXT MEETING DATE

The next regular meeting of the Commission will occur on Thursday, February 25, 2016 at 12:30 pm.

ADJOURNMENT

There being no further business, the meeting adjourned at 5:25 pm.

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


Lois Robertson, President
Board of Commissioners


Terry Zakar, Secretary
Board of Commissioners