

**BOARD OF COMMISSIONERS
PUBLIC HOSPITAL DISTRICT NO. 1 OF Pend Oreille COUNTY**

June 25, 2015

In Attendance: Commissioners: Lois Robertson, Thomas Garrett, John Jordan, Lynnette Elswick, and Raymond King; Thomas Wilbur, CEO; Directors: Chris Wagar, Shelley Froehlich, Kim Manus, Joseph Clouse, Other: Ken Fisher, Trina Gleese, Jenny Smith, Heidi Hedlund, Melody Brown, Lisa Morse, Jo Barnett, Diane Schaff, and Nancy Shaw.

Excused: Walter Price, Michele Page, Chief of Medical Staff, Jeremy Lewis, DO.

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 AGENDA:

The meeting Agenda, Auditors Report and Uncompensated Report were reviewed and approved as presented by a motion made, seconded and passed.

APPROVAL OF PREVIOUS MEETING MINUTES

The regular meeting minutes of May 28, 2015 were approved by motion, seconded and passed.

BUSINESS FROM THE AUDIENCE

Collection Program/Policies - Annual Overview. Lisa Morse, Collections Supervisor presented the Districts' 2014 patient financial services department Annual Collections Review and Report. Lisa introduced herself as well as the members of her team: Melody Brown, Diane Schaff and Joanna Barnett.

Collection policies and procedures and statistical trends were shared with the group. Lisa explained the indicators, procedures, and timing for turning a District patient account over to bad debt – i.e. the patient has moved with no forwarding address, phone is disconnected or prior history of bad debt, etc... She noted that a summary of these accounts are presented to the Commission for approval monthly.

Lisa indicated the District enlists the services of two collection agencies, Chapman Financial Services and Automated Accounts. The Chapman recovery rate for bad debts is 18.92%. For Automated Accounts the recovery rate is 19% She presented annual trends on the District's self-pay vs. insurance covered patients. Charity care trends for the hospital and clinic were also reviewed.

Lisa indicated that we have three District in-house Assistants who work with families to notify and enroll patients under the new health insurance exchange available under the expanded State Medicaid program. The Affordable Care Act has been in place for five years and Lisa noted that many payment options are explored prior to turning an account to collection. She indicated that in 2014 our financial counselors, assisting uninsured patients to find alternative insurance coverage, resulted in over \$354,530 being billed to other payer resources rather than being turned to collections.

The Board thanked all of the financial services staff members for their efforts and attendance at the meeting. Tom Wilbur added that he appreciated all of their hard work in assisting families and thanked them for doing a very difficult job with a very positive attitude.

COMMITTEE REPORTS:

Joint Conference/Planning – Dr. Lewis was unable to attend the meeting so there was no report.

Finance- Kim Manus reported that the Finance Committee met last Friday. The minutes and 340B pharmacy receipts were included in the packets. The program has been very successful for the District; it is steadily increasing cash reserves. Kim learned that Safeway Pharmacy has initiated a standardized 340B program throughout its stores and our third party administrator is permitting the District to go directly through Safeway – which should reduce our annual fees to administer the program by \$30,000 per year. She noted that we were working to implement a new agreement with First Avenue Pharmacy of Spokane as a 340B partner which will cover residents in our ALF. The fee to add a new pharmacy is \$30,000. Kim noted that First Avenue is a retail pharmacy that supplies pre-packaged medications for the residents – they are the equivalent of Evergreen Pharmacy, (our current ALD and LTC provider) which does not participate in 340B programs.

Kim stated the decision was made to continue with Sentry, our contracted 340B services provider – she noted there was a 90 “out” clause; however, in order to minimize interruption to the 340B transmittals, we will continue with the service. Kim stated that Davenport Hospital was recently notified that its 340B Program will be audited. She noted her interest in the outcome, as Davenport has been utilizing 340B for Medicaid clients – as they are of the opinion that managed care is considered commercial insurance. If the audit reveals this meets guidelines under the program, we plan to implement 340B for Medicaid clients.

CAHN – Kim stated that the District will continue to do the financial reporting for our regional Network. She noted plans are in the works to improve the structure of the Network and indicated that Sue Deitz will be scheduled to be present at the District on a more routine basis.

Status: days of operating expenses in cash on hand is 107; our final 2014 Medicare cost report settlement was determined to be \$481,245 and we anticipate receipt of 90% of that in approx. two months. Commissioner Jordan asked why we have a better financial outlook than many other rural facilities. Tom and Kim responded that management has attempted to take advantage of all available programs - 340B, meaningful use funding, and grants to name a few. Kim stated that managing FTE's and the status of our patients is critical; noting that placing patients at the long term care is a cost saving measure. The clinic line of business has also proven to have a positive impact on the bottom line. Tom agreed, saying he felt that maintaining a comprehensive spectrum of services,

though he couldn't prove the theory, has afford us an opportunity to spread overhead costs and maintain all services at a positive level. He noted that if he truly had "the answer," we would all be rich.

Tom noted positive feedback from the 7 Habits of highly effective people staff development program we have been offering. He invited Board members to attend, if interested, and that we would be carrying the programs forward into the fall and to 2016.

Treasurer Report – There were no transfers or significant items to report.

Auditors Report: The Auditors Report was approved as follows for the month of May 2015: Warrants #191660--#192094 and wire fund transfers #1075-#1090, in the amounts of \$969,676.00 and \$1,241,562.07, respectively.

Bad Debt/Charity Care: The proposed District Write-off's for May 2015 were approved for a grand total of \$87,184.50.

Quality Assurance/Performance Improvement:

Heidi Hedlund distributed the 2015 Quality Plan – she requested the Board read the plan as she plans to bring it back for questions and final approval next month. There are two minor changes over last year: the quality measures are divided into the four business quadrants – Hospital, Long Term Care, Clinics and River Mountain Village. There is also an infection control/prevention plan included.

Commissioner Jordan commented about the lack of provider presence on the QA/PI Committee and asked about their involvement in quality oversight. Heidi responded, noting that Dr. Lewis reviews areas of concern during the UR Committee meeting, and all readmissions are reviewed on a case-by-case basis with the providers. Tom Wilbur noted that a QA/PI detailed report is taken to the Medical Staff meetings monthly and that an independent Peer Review physician consults on cases of interest and concern (also monthly). He indicated much of the physician work is done in their sub-committees as time permits – we work around their schedules - they are very busy and protective of their time in clinic.

Heidi explained measures typically fall into two categories - efficiency and effectiveness - our scores tend to lean towards where the physicians are concerned. Managers tend to focus more on processes. A Lean Process team is being formulated to identify process gaps. Tom believes that the i2i program will be very beneficial when more data is available.

A summary of the measures was provided as follows:

Primary/Ancillary Care – Chris Wagar reviewed Clinic & Ancillary Care scorecard noting her focus is to align with the Triple Aim: patient care experience, population health management, and reduce costs. These are broken down as follows: 1) Patient Satisfaction measures for the clinics, radiology, laboratory and physical therapy; 2) Quality Improvement measures and goals in managing chronic disease, patient referral wait times, lab test turnaround times, patient percentage of improvement in

physical therapy, average number of PT units per day, radiology head CT times to rule out stroke and timely creatinine results for CT/MRI; and 3) Budget: operating expenses and service productivity.

Chris noted this year has been a learning curve for clinic staff and they are anxious to add and refine goals moving into 2016. Chris explained that staff chose to focus on measurement of elements within their control and most important to: 1) staff working together, 2) promptness of returning phone calls, and 3) ease of scheduling appointments. Many of the scores have moved to a yellow or green indicator – most showing marked improvement in the last year.

Though still relatively high, Chris expressed her concerns with the drop in the ER patient satisfaction scores and it has been discussed among the Senior team. The ED Director and DNS are sharing information and following up on patient complaints to identify specific areas to improve. The trends will be monitored over the summer.

The physical therapy department formulated an internal customer satisfaction survey with two questions – how likely to recommend, and how can we improve. Ratings have been set on a 0 to 5 scale and suggestions have been positive – radiology and laboratory will also implement internal surveys next year. Heidi complimented Chris and her team members for their commitment and progress toward quality improvement.

Acute Care Unit – Heidi explained that the ACU scorecard has the longest data history. The categories are also aligned with the Triple Aim. The hospital ACU has seen the most significant, sustained improvement over any other area – the scores have been 93% or above over the past several months. New patient beds, updating the décor and focusing on noise levels have contributed to improved patient satisfaction.

ER – As noted, satisfaction results have fluctuated and dropped slightly since holding steady for two years at over 93%. Key quality focus areas include: addressing patient complaints, patients who left without being seen (LWBS), and care quality targets – Pneumonia, STEMI, Stoke, and throughput measures of arrival-to-admission, decision-to-admission, arrival-provider contact, arrival-to-departure, and returns to the ED within 48 hours.

Commissioner Garrett asked how we go about measuring population health, and at what point do we identify per-capita costs. Tom W. explained that presently we can access Department of Health (County) data measures and identify certain data sets (disease registries) within our clinic systems, but that information, to date, has been limited. He noted that we are in the process of installing new data mining software over our clinic databases and are very hopeful about the information we are soon going to be able to compile and make available to our providers and care coordinators.

Tom noted that actually “moving the bar” and changing population health and identifying the true per-capita costs will continue to remain our greatest challenge. Tom noted that the West Coast typically has lesser cost per capita for health care vs. the South and East, but most measures are based upon the cost to treat illness vs. maintain the health of the population. He will bring the information next month to discuss our impact and effect on health and wellness – our local process has begun with the PO Health Coalition, but it will be difficult to track and manage.

EXECUTIVE SESSION

As permitted by RCW 41.05, the meeting was moved to Executive Session at 2:00 pm. for approximately 15 minutes to discuss the latest on union RN contract negotiations / personnel matters.

RETURN TO OPEN SESSION

The Commission returned to Open Session at approximately 2:15 pm.

SUPERINTENDENT REPORT

Capital Projects – Tom provided final data on the cost (\$50K) by the City to vacate Cass and Pine Streets and all city rights of way; Tom requested a motion for approval, noting he thought the price to be fair and reasonable. In return, the City has pledged to repave Scott Street from First to Spruce including Pine St. East to the alleyway. **A motion made and seconded unanimously approved to vacate Cass and Pine Streets at a cost of \$50K, paid to the City of Newport.**

New Bunkhouse – Tom provided the latest on the Fea Street property that is bank owned and previously inspected by the District. The bank requested an independent estimate to repair the foundation of the home by a certified engineering firm. He obtained an estimate of \$40K from Sewell Engineering to replace the supports, joists, and sub-floor to bring the house up to current code. Note: this does not include previously identified repairs to the roof. Tom indicated that, based upon the inspections and Sewell's reports, it would be very unlikely that anyone would purchase the property at the asking price of \$85,000; Jim White is confident that he could repair the floor to ensure the floor would be safe.

Tom also looked into another property in close proximity on Fea St. that probably has an unusable house on two lots – the owner's offered to sell the lots; however, the home would probably require demolition and a new structure to be built.

The third option reviewed was a home located on the corner of First and Cass Street. Chris W. stated the inspection outlined roof damage, minor stucco issues (exterior), and some minor electrical switch/outlet cover repairs. The home has had a number of energy efficiency and interior updates and Jim W. indicated he could easily convert it to a 3-bedroom, 1 bath bunk house. Tom stated there was no identified structural damage to the house other than the awning replacement (already identified) and we were trying to verify a final estimate on the roof replacement which was tentatively scheduled for September and might be covered by the existing owner's insurance.

Commissioner Jordan asked whether the existing bunkhouse could be moved; following consultation with Jim White, it was determined that this was probably not a feasible option. Tom stated that the Finance Committee reviewed all options and recommended purchase of the property on First and Cass streets. Jim White indicated the property is in a desirable location for snow removal, and felt the structure to be sound. He noted there was no structural damage to the building from a fallen tree during last year's storm.

A motion was made to purchase the property located at 800 W. First Street (including the roof repair, preferably by the owner) in the amount not to exceed \$80,000, that was seconded and passed unanimously.

ACTION ITEM AGENDA

Resolution No. 2015-03 – To place a special tax levy before the voters in November sufficient to cover the debt service on a bond – the proceeds of which will be used to build a new assisted living facility. Tom explained that the amount of the levy (\$10,000,000) was estimated to substantially cover the cost of the new ALF building project, per Doug Hammond, our consultant on our capital programming. Tom's indicated he set the amount not to exceed \$10M for lender tax-exempt qualification purposes on the bond issue. Tom noted that the capital budget projections included up to \$1M out of pocket budgeted and another \$2.5M was earmarked for renovation projects on the main clinical care floor – vacated FHC, PT, and visiting clinic spaces.

Kim explained that in an attempt to prepare for the upcoming County Fair, she felt it would be prudent to obtain board approval for the special levy resolution, sooner rather than later. Tom noted that use of District assets are not allowed for promotional purposes on the levy; however, he felt literature in the form of information/factual notice is permitted. Jenny Smith clarified that the same regulations apply to the Foundation, since her position is paid by the hospital.

The AWPHD is offering a Ballot Elections Training seminar on July 16. Commissioner Jordan asked whether the resolution could state a "xxx dollar per thousand" clause vs. an actual number, or a "not to exceed" number. Tom W. indicated that he wasn't sure how that would work. The levy is set up to pay the debt service over the term of the bond (which was not to exceed 25 years per the proposed resolution). Tom indicated that it is likely the rate per thousand would drop over time because property values generally rise. **A motion, made, seconded and passed unanimously approved Resolution No. 2015-13 UTGO Bond Proposal to be placed on the November 3, 2015 ballot.**

Reauthorization of District Collection Policies – the annual District Collection Policies were reauthorized by a motion made, seconded and passed unanimously.

Purchase of Cass and Pine Streets – approved (see above).

Purchase of Land and Building – approved (see above).

Interlocal Agreements – Two agreements were proposed with the City of Newport and Pend Oreille County to coordinate group purchase services for District projects. A motion made, seconded and passed unanimously approved the joint Interlocal Agreements with the City of Newport and Pend Oreille County.

OTHER BUSINESS:

Rural ACO & CMS, AIM Grant – Tom W. presented an overview for the group of the Accountable Care Organization (ACO) structure, functional design, development timelines, and proposed development budget. He reviewed the timeline and concepts of the ACO/NRACO organization development. He noted that he was still hoping to join in on the ACO that was formed last year by two hospitals from WA, but it would be dependent upon how many other hospitals in the State

decided to join in and complete the ACO application. Tom explained that by July 1, 2015 a Shared Savings Participation Agreement, \$24K application fee, and the review of the other associated documents was due to the NRACO. Then, depending on who files an application, the actual ACO formation and CMS AIM Grant application process would begin.

His understanding of the timeline and process development was overviewed: Medicare will inform the NRACO/ACO of the number of covered lives that are assigned to the ACO providers and qualify the ACO eligibility; the ACO will form in order to move forward with developing an AIM grant application; and ultimately the ACO will sign an MSSP agreement with CMS.

He noted that each ACO is structured so that the hospital organizations control 75% and the NRACO 25% of the formation units (for voting purposes). He indicated that any shared savings would be driven off of "collective ACO" cost and quality data and would be distributed by formula using the assigned beneficiaries of the group. Tom included a budgeted services detail and the 33 core ACO performance measures for review. Tom plans to move forward with the application by the July 1 deadline. He also noted that there were a couple of "opt out" scenarios which would include refund of the \$24K application fee. The Board had no objection with moving forward with the application process.

NEXT MEETING DATE

The next regular meeting of the Commission will occur on Thursday, July 23, 2015 at 12:30 pm.

ADJOURNMENT

There being no further business, the meeting adjourned at 3:04 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