

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

June 23, 2016

In Attendance: Commissioners: Lois Robertson, Terry Zakar, Thomas Garrett, Ray King and Lynnette Elswick; Thomas Wilbur, CEO; Directors: Kim Manus, Shelley Froehlich, Michele Page, Chris Wagar; Other: Ken Fisher, Jenny Smith, Lori Stratton, Nancy Shaw, Trina Gleese, Heidi Hedlund, and Bob Eugene.

Excused: Clay Kersting, MD and Joseph Clouse.

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 CONSENT AGENDA:

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

Auditors Report: May 2016: Warrants #196842-#197227 and wire transfers #1283-#1297 in the amounts of \$1,512,399.98 and \$1,290,907.32, respectively and a clinic project loan origination fee of \$10,891.00.

Bad Debt/Charity Care: all-inclusive District Write-off's for May 2016: \$82,702.52.

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 May 26, 2016 were approved by motion, seconded and passed.

BUSINESS FROM THE AUDIENCE:

There was no business from the audience.

COMMITTEE REPORTS:

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

Finance – Tom Wilbur provided revised balance sheets that reflected the recent \$4M loan and cash reimbursement for cash from operations for capital purchases. Tom indicated that approximately \$5.4M has been paid from operating reserves for capital purchases since Jan. 2015. In order to maintain a more manageable level of cash on hand, \$4M was borrowed to replenish a portion of those capital expenditures. Tom noted that once replenished, days operating expenses in cash on hand will be close to 140 days and has been on a steady upward climb over the past few years. He noted he remains optimistic about our cash position.

Tom explained that due to our provider shortage, clinic visits and other associated services have slowed; some of this is due to the typical summer decline for clinic services. He noted the income statements do not reflect any cost settlements, which could be significant. He also noted that we had experienced a net loss from operations of approximately \$900K over the past 3 months which he does not expect to continue. Our bottom line remains positive and the net cash flow from operations is approximately \$700,000 YTD.

Commissioner Elswick asked why AP days increased from 34 to 67 (was due to one large payment to TW Clark, general contractor on the clinic project). She also inquired about the 7 added FTE's in the second quarter. Tom attributed this to a gradual increase in clinic (care coordination); Jennifer Johnston noted that additional nurse staff was hired at the request of the ED providers and the new float positions. Tom will provide a recap at the next Finance Committee and noted that the new positions were reflected in the 2016 budget (263); Kim stated that she would confirm the changes.

Quality Assurance – Shelley Froehlich shared information about a real time survey tool offered in the ED that provides feedback from patients using a tablet device. The tool was launched Monday with positive results. Shelley shared a sampling of the feedback, noting there has been an 82-85% response rate, so far. The survey consists of ten questions; any answers that are returned either positive or negative generate an immediate e-mail alert to Jennifer, Becky or Shelley. 24 of 29 alerts (82.9%) have been positive. A “free-text” area is also available for responses. Shelley noted the responses have fostered positive communication and feedback between patients and staff members. Shelley was thanked for the information and presentation.

An Executive Session will be required following the meeting to discuss a personnel issue and provider credentialing.

SUPERINTENDENT REPORT

Tom W. reported residential care census has been down recently and is now at 82 for both facilities.

Capital Facilities Planning – Tom reported that the new clinic parking lot striping is completed and the project is ahead of schedule for substantial completion by the end of July. The exterior is essentially complete; the house on Fea Street has been demolished and the land is being leveled for additional parking to go along with the 96 parking stalls in the new clinic.

ALF Project – Five responses were received on our ALF project Request for Qualifications for A&E services; following a rating of each company, we interviewed and determined that ZBA Architects (formerly Zak, Butler) from Spokane was the most qualified candidate. NAC, Sage, Stantec, and JL Architects also submitted quotes. The range of services and size of the firms varied greatly. ZBA was selected as top choice due to their experience with housing projects, particularly with public funding, logistics, and the engineering team. The selection committee was very impressed with ZBA's experience, programming and design philosophy, design team, and engineering partners. They were the complete package. Tom noted that MRSC was consulted to obtain an opinion as to whether additional interviews were required per RCW; the response was negative.

Tom requested approval from the Board to move forward to develop an A&E Services contract with ZBA for final programming and preliminary design on the assisted living project. He also indicated

he will present to the City of Newport a formal request to review the water system capacity and fire flow analysis. He noted that when the new clinic was constructed, capacity to meet fire flow requirements identified the potential need to extend the City's high pressure water line, which ends in front of the hospital, over to the RMV/new ALF site. However, it will require early engineering work with the City to determine site location, construction type, fire-flow, water capacity, and other site review. Tom will begin work on those issues immediately and we should have better engineering information within 30-60 days. Stay tuned.

Kim noted that she was impressed that ZBA evaluated the construction site prior to submitting a proposal. The firm has extensive experience working with HUD financing projects and therefore understands the importance of budgetary limitations. Michele Page added that she reviewed and discussed conceptualizations; the new facility design should blend nicely with our existing building.

Commissioner Garrett asked if we anticipate any environmental issues given the history of the property; Tom W. indicated that an environmental study was completed in the mid 1990's when RMV was built; core drills around the existing shop indicated some trace materials, but the full extent and/or the need for any excavation is unknown. Commissioner King indicated there was some rock present at the street and on the lot when RMV was constructed. Tom indicated that soils testing will go hand-in-hand with the site development and preliminary A&E program development.

Tom W. provided an overview of the square footage of existing spaces that will be vacated, noting that virtually none of the spaces were designed for the services that reside there. Tom noted staff is currently housed in the Accounting, Administration (adjacent houses) and PFS (leased space in Dr. Cool's building). The FMN clinic is 6,100 sf. and there is approx. 11,000 sf. at FHCN, including Dr. Chavis' and visiting clinic, PT, FHC, PFS, and Shelley's office. The wide hallways involve a significant amount of un-utilized space. We have done some preliminary review with Doug Hammond to review options and consider budgetary limitations. A group will soon be formed to review potential future utilization of those spaces.

Tom had very productive meetings with the RMACO Board and our local Pend Oreille Health Coalition groups. Both groups have spent time reviewing the potential implications to transition to ACO/CCO models and has begun to explore the most efficient use of the quality data that may become available to us under our value based purchasing (VBP) models. Tom noted the preliminary information delivered to the ACO/Clinical Integration Group (he and Dr. Jones sit on that Committee) is compiled from e-Clinical Works (eCW) and currently includes only the collective summation of the 16,000 attributed lives under our ACO. Current compliance for annual wellness visits is 8%. Tom is not certain what the target threshold is, but it appears we have opportunity.

Our ACO/CCO teams are in the process to determine the number of Medicare/Medicaid lives and to which provider they have been assigned. We are obtaining access to Molina's CCO (Medicaid) database. As our populations are identified, we will stratify patients with the highest risk. Tom W. explained core ACO measures include annual wellness visits (%-tage seen) and core testing required (A-1c labs, bone density, eye/ear exams, etc.). He noted that our diabetic screening percentages have dropped as our provider base decreased and our patients and providers have been frustrated with wait times to get into clinic. He asked the Board, as they go to the rural hospital conference in Chelan next week, to be reflective of our level of care coordination and preparedness to meet the challenges presented by population health management.

Provider Recruitment – Tom noted that provider burnout is very prevalent in the industry and demand remains extremely high for primary care providers. Our two family practice MD recruits [Nathan Mustain and Beth Lownik] did not accept our offer due to unforeseen family considerations. However, Tom did receive confirmation that Jennifer Eickstadt, PA-C will begin in September. She is very experienced, competent and will work well with the providers. We also have two ARNP's in the queue with contract offers. Both are new graduates, eager to learn, and with a desire to join on with a provider group to learn the practice of medicine. Stay tuned.

Tom recently phone interviewed a family practice resident interested in ED coverage. The candidate would relocate to this area as a permanent provider. We also have a husband/wife team interviewing in August; they have a desire to live in the Northwest, but would not be available until July 2017.

Commissioner Garrett asked how many providers would be necessary to sustain primary care; Tom indicated he felt four additional providers would be sufficient. He also added that two general surgeons have shown interest and we are trying to schedule interviews in the near future. Tom discussed their backgrounds and interest to practice here.

Safety and Security - Deputy Chris Johnson, a Spokane County police officer who is contracted to perform safety and security reviews and training for municipalities in WA State, recently conducted a security assessment of our all facilities. A report will be forthcoming. Deputy Johnsons is State-sponsored and reviews facilities looking for traffic flow, blind spots, mirrors, security cameras, and vulnerable areas. He will also do follow-up training. An additional training program focusing on health care safety and security is scheduled in July in Walla Walla.

Currently, Directors in conjunction with the Safety Committee are reviewing our internal policies and procedures, with a particular interest on our Code Grey (show of force) policy. Directors are reviewing the entirety of our programs and will consider changes to programs, policies, and training and to develop safety precautions to ensure staff, patients and the community are as safe as possible. Shelley added that the Safety Committee members expressed their appreciation to the Directors for listening to their concerns and taking their recommendations seriously. Commissioner Garrett offered to be a board representative on the Safety Committee should it get to that level.

Buzz Price explained that there are 3-4 critical IT security issues; he is working through the issues in order of priority and will implement a detailed plan of action. A complete IT disaster recovery plan has been implemented with servers installed on remote sites and ready to accept the entire Barracuda backup data and applications (within an hour). It has been proven that data backup capability is the key to maintaining cyber security at an optimum.

Reproductive Services Lawsuit - Tom discussed the issue that is making its way through Superior Court on the West-side of the State. The case involves Skagit Valley Hospital and an RFP it issued to develop a "clinical affiliation" with a Seattle based tertiary facility. At the time, one of the responders was Providence Health and Services (PHS) and a legal question was posed as to whether a District could be required to limit reproductive services based upon any potential affiliation with faith-based organization such as PHS. A similar question was asked when the San Juan PHD signed a contract with PHS to operate a clinic on the Islands. Note: neither Skagit nor San Juan indicated that they would.

The question: can a District exclude reproductive services based upon such an affiliation?

The background: State law mandates if a municipality provides L&D/obstetrical services they must also provide the “same level” of reproductive and like services. The ACLU sued Skagit and the court ruled that “same level” reproductive services includes all reproductive services up to, and including, abortion. However, the vast majority of hospitals in our State refer many reproductive services, particularly abortions, to family planning centers. The vast majority of hospitals (non-profit and PHD’s alike) do not provide abortion services because the vast majority of their providers *do not want* to perform the services. And therein lies the rub, there is also a State statute that prohibits any hospital from requiring a provider to do any services they do not desire to perform.

Skagit stressed that PHS’s rules would not have applied to their District. However, the court interpreted the law to state that any municipal hospital that provides OB/reproductive services must also offer full comprehensive reproductive services. Noting that the two laws/subsections are contradictory, the court did not provide “the how” a hospital should address the issue when there were no willing providers in a community to perform the service. The case has a long way to go for final determination and appeal.

In a related matter, Tom announced that the Tri-County Health District will no longer provide family planning services in the County effective April 1, 2017. Kim noted that due to Medicaid expansion in the County, the program has seen dwindling numbers of uninsured and, coupled with the shortage of providers, there was a question of need. The hospital District’s role has typically been supportive - to provide medical screenings and annual exams for patients lacking coverage.

With the increase in Medicaid coverage, demand has dropped and the Health District will no longer receive Title X federal grant funds. Based upon a request from Dr. Jones, we are in process to review the application for Title X funding to provide education and screening; the grant specifies that abortion services may be referred. The District would be responsible to provide family planning education under the participating conditions (which are many) and the deadline to apply is August. Tom and Kim are trying to find out more information (requirements and funding) and to determine if a referral network would be considered a District affiliation (per above). Kim added that we will not be informed of the funding distribution or the requirements of the grant until it has closed.

Chris Wagar noted the importance of providing public education, especially for teens. NEW Health has also applied for the funding; there is only one grant awarded per County. Tom will continue to solicit legal counsel from the Washington State Hospital Assn.

SEIU Contract Renewal – While the current contract does not expire until the end of the year, Tom noted we will ask to begin the negotiation process early in order to try and reach a mutual agreement by January 1st – it doesn’t hurt to ask for an early re-opener.

Tom announced that the Foundation recently received a \$15,000 grant from the Paul Allen Foundation to fund the Healthy Kids Snack Bag Program.

The Annual Golf Tournament was a success and raised approximately \$24,000 in gross proceeds.

ACTION ITEM AGENDA

A&E Services/ALF Project - ZBA was the RFQ selection team's first choice and Tom will work to develop an A&E contract. As mentioned earlier, Kim explained that a question arose regarding whether more than one A&E interview was required; she since received confirmation from MRSC that we have met the RCW requirements. Commissioner King expressed concerns with State Audit requirements, noting he has no reservations to engage ZBA. **A motion made, seconded and passed unanimously approved Tom W. to move forward to engage ZBA Architects for A&E services on the ALF Project.**

Tuition Reimbursement – Tom explained there is an industry shortage of medical technologists. An employee (Brandy Fry) is enrolled at WSU with the intent to obtain her Medical Technologist degree. She has requested financial tuition assistance in the amount of \$5,250. Commission Garrett clarified that the reimbursement agreement requires the employee to remain employed with the District for three years and, if the commitment is breached, they are responsible to refund any proceeds to the District. Following affirmation and discussion, **a motion made and seconded, the tuition advancement in the amount of \$5,250 was unanimously approved by the Commission.**

Chris Wagar added that we are working towards becoming an exempt-status facility in order to hire J-1 Visa students. Facilities that do not obtain exempt-status must participate in a lottery selection process; she noted that in 2015, there were only 20,000 positions approved from a pool of 300,000 J-1 Visa applications.

OTHER BUSINESS:

Tom announced that River Mountain Village had a successful, citation-free survey (three years running). Michele Page, Chelsea McLaughlin and the entire residential care staff were congratulated.

A conference call is scheduled to occur on Monday with the State to discuss LTCU bed transition to ALF. The State is currently reviewing the five lowest independence levels; Tom anticipates that the State will determine that residents will either not qualify, or facility payments will decrease 13%; this is evidence that the State is moving to an assisted living care model vs. long term care.

EXECUTIVE SESSION

As permitted by RCW 41.05, the meeting was moved to Executive Session at 2:10 pm for approximately 30 minutes to discuss personnel issues.

RETURN TO OPEN SESSION

The Commission returned to Open Session at approximately 2:35 pm.

There was no action taken.

NEXT MEETING DATE

The next regular meeting of the Commission will occur on Thursday, July 28, 2016 at 12:30 pm.

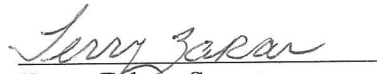
ADJOURNMENT

There being no further business, the meeting adjourned at 2:35 pm.

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



Lois Robertson, President
Board of Commissioners



Terry Zakar, Secretary
Board of Commissioners