

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

May 26, 2016

In Attendance: Commissioners: Lois Robertson, Terry Zakar, Thomas Garrett, Ray King and Lynnette Elswick; Clay Kersting, MD, Chief of Medical Staff; Thomas Wilbur, CEO; Directors: Kim Manus, Shelley Froehlich, Joseph Clouse; Other: Ken Fisher, Nancy Shaw, Trina Gleese, Heidi Hedlund, Leif Furman, Bob Eugene.

Excused: Directors: Michele Page, 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 CONSENT AGENDA:

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

Auditors Report: April 2016: Warrants #196401-#196841 and wire transfers #1269-#1282, in the amounts of \$1,534,039.33 and \$1,592,233.67, respectively. Property purchase (220 N. Fea St.) via check (cash) in the amount of \$72,865.85

Bad Debt/Charity Care: all-inclusive District Write-off's for April 2016: \$92,526.78.

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 April 28, 2016 and special meeting minutes of May 11, 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 reported that the visit with Drs. Mustain and Lownik was positive. He noted he was encouraged at the prospect of their accepting our offer of employment. Tom W. indicated he expects a response from them by no later than Tuesday of next week.

Dr. Kersting expressed his interest in using the OB service line as a pilot project for social media advertising because the younger population is geared toward this form of marketing vs. newspaper or radio. All agreed with the assessment of the demographic but some concerns were expressed regarding the monitoring of any social media sites, which would be a priority, and which could be

better managed if OB services was the sole focus. Tom W. indicated this could be a good trial run and will pursue this further when Jenny Smith returns from medical leave in mid-June. We will need to review it in conjunction with the promotion of any new providers we may have in the queue – both to be included in our comprehensive marketing program.

Dr. Kersting noted the ED transition was progressing at a slow pace; but, Dr. Jones has assumed the role of ED Director on a temporary basis when Dr. Piepmeyer completes his obligation in early June. Tom W. offered that we are nearing the end of month five of what was projected to be a nine month transition and the conversion remains a work in progress. Physician recruitment is time consuming and expensive, but we are seeing a number of ED providers on a more consistent basis. We are also working with the SHMC providers to fill shifts, but that group is a far cry from being able to cover 60 (12/hr) shifts a month. There remains a shortage of “ready and available” providers; however, we do have leads on a couple of prospective full-time ED providers.

Leif suggested we consider marketing the recreational lifestyle this area has to offer to attract providers. Marketing aside, Tom explained there simply are shortages of available providers and though Emcare’s contracted hourly rate is fixed for us, physicians are postponing commitment to cover shifts and instead are waiting until the last minute when EmCare will offer a higher rate to cover open shifts (on EmCare’s dime). This is pretty standard practice when developing a new site. Tom indicated that we are getting some traction and having Dr. Jones jump in to assist with the transition of incoming physicians (and orient to our protocols) should be a good thing. Tom will continue to provide a monthly update.

Finance – Kim Manus reported that since November 2015, \$3,477,000 has been spent from operations on equipment, real estate and construction in progress and it is reflecting in our days of operating expenses held in cash on hand. She is working with Mountain West Bank to replenish those funds by the end of the month.

Commissioner Elswick stated that a local insurance agent informed her that there will be no health insurance (exchange) plans available in Pend Oreille County effective January 1, 2017. Kim stated that Premera will no longer offer coverage; but she was unaware of United Health Care and clarified it is only on individual plans (vs. group plans) and is not exclusive to Pend Oreille County, twelve other counties are also affected. The announcement was just made in the last week. Kim noted that Molina is making an exchange plan available in the County in 2017. The ACA State-funded plans have also been engaged and are expanding coverage to the rural communities.

Tom G. inquired about whether we had an internal steering committee engaged to assess the potential changes at the plan level. Lynnette expressed her concerns that if there was insufficient plan coverage, would the District continue to maintain the ability to meet our operational and debt commitments.

Tom W. explained that our future healthcare landscape is ever changing and can shift rapidly. This is just the latest example of what will continue to occur - decisions made by external entities (insurance carriers in this instance) that will have a direct impact on us. He noted the leadership team doesn’t necessarily try to foresee every potential change – simply trying to implement policy and systems to meet existing known changes is difficult enough. The simple fact is, we can’t plan for every

scenario: market, politics and legislative, and competitive changes will occur, what really matters is our ability to foresee enough and adapt accordingly as major and minor changes occur.

Kim has been working with the WRHC CFO group to discuss solutions and options to the carrier dilemma, noting that most of the insurance contracts are based upon a percent of charge, making it difficult for the carriers to pay these rates to rural communities. They much rather prefer to negotiate with urban centers – where there are more covered lives to spread risk. Tom W. noted there actually was an advantage to having fewer carriers – with only one or two partners (instead of four or five) it would be easier to streamline processes and build more efficient care delivery models. He noted that the core goal remains- to flatten the cost curve (i.e.- cut our reimbursement for services), and our path to success will be to develop systems (and funding) to complete in a value-based environment to better manage care at a lower cost – and then share in the savings. The District remains in good position to transition to Medicaid managed care, as we are ahead of the curve in care coordination.

Kim explained that there was not a high number of enrollees in this County under the Affordable Care Act as compared to Medicaid; she has yet to determine whether there will be an impact from Idaho enrollment, which makes up for 30% of our business. There are more individual Idaho plans than Washington. Kim also feels it could be beneficial to develop a modified self-insured plan that would benefit the community members that are on individual plans. We have options.

Commissioner Garrett requested that the Board be apprised of pertinent information received by Administration; this will help the Board be informed when questions or concerns are presented by community members.

Quality Assurance – Heidi Hedlund presented our key quality measures in comparison with QHI National and State (14 hospitals) averages. NHHS Readmission rates are well below average (good) for the period for percent of monthly discharges; nursing has played a vital role in providing patients with detailed discharge information in managing care at home. She noted Steve Case's role has expanded to include care coordination along with case management and utilization review. Julie Lohman and her team have been stellar in coordination of discharge planning to ensure the medication availability and ensuring a seamless discharge transition. The Quality Team has closely monitored every readmission and provides a case study to identify any gaps in processes.

Heidi reviewed medication notification (the nurse communicated what new medications the patient has been prescribed and what they are for) – NHHS was at 3.8%, State 3.8% and National 3.7%. Donna Hershey reviews 18 factors to ensure that new medications are explained thoroughly to the patient; when fallout is identified, it is presented as a mentoring opportunity and is well-received by the nursing staff. Call light response is trending positively, as well. Noise levels at night are also monitored and measured. When the noise levels exceed standards, we are able to move the monitor to that area to provide staff awareness and minimize noise levels. Heidi extended her thanks to everyone's diligence and continued work and positive progress in all of our QA initiatives.

An Executive Session will be required following the meeting to discuss personnel and credentialing business.

SUPERINTENDENT REPORT

Tom W. reported we remain proactive with our Success Factors 7-Habits program and one of the key targets, Habit 2 – is to, “begin with the end in mind.” Tom thanked the Board for their service and commitment to the community and their continued efforts to gain an understanding of the new value based models which include not only care delivery, but also how to monitor and manage health and wellness. He felt the Value Based Model would eventually bend the cost curve.

He noted that though the month of April was not great financially, our net cash flow has been \$500,000 for the first four months of 2016. Although we are accomplishing much, and the future is promising, there is more work to be done and it will be difficult at times.

The visit with our prospective MD’s, Nathan and Beth Mustain went very well and we anticipate their answer by next week. Tom noted their questions were very specific to relocating and practicing here in the community. He felt very good about their decision.

A clinical oversight committee has been formed with the five Washington hospitals participating in the ACO - Tom and Dr. Jones are participants and recently reviewed some “overall” e-clinical works (eCW) reports. They provide us with the comprehensive Medicare spending, coding, and quality data for our attributed Medicare lives under the ACO. The reports were interesting. We have yet to receive direct access to eCW reporting but should have more on this in the coming months.

New clinic – The project is on schedule and going very well. There are no updates to adjacent property purchases. The 210 N. Fea St. property (house) is slated for demolition in the near future. Tom has been exploring options for storage space to replace the Education/Storage building once the ALF project gets underway.

Recruitment efforts continue as we search for a General Surgeon to replace Dr. Chavis.

The Pend Oreille Health Coalition continues to meet and coordinate efforts for health care in the community.

Capital Projects – Tom and the senior team have been discussing options for services and space utilization of the spaces and that will be vacated when the clinics move to the new facility.

ED Model/Recruitment – Dr. Jones has accepted the ED Medical Director role and will continue to mentor students here at Newport vs. in Spokane.

Jennifer Eickstadt, PA-C will begin to work in September and two potential nurse practitioners are being interviewed – both will be available after Labor Day. Tom continues to receive calls from interested ED providers; though they come with a price, and we are still trying to determine “market” for MD services. Lynnette pointed out that reimbursement percentage is higher for MD coverage in the ED and volumes are up. Tom indicated this was a trend we expected to see continue.

RN’s have switched coverage to a 12-hour shift in the ED; this has been seen as a positive change. Tom noted that we continue to explore ways to build a diversified nursing staff that has the ability to “float” when necessary to multiple departments. It is difficult to do.

Lynnette Elswick and the Board were complimentary of the quarterly Newsletter and expressed their appreciation to Lisa and the HR Department for the look and content of the letter.

The Annual WSHA Rural Summer Workshop is June 27-30 in Chelan and will not impact the regular meeting of the Commission to occur on June 23, 2016.

ACTION ITEM AGENDA

2015 Annual Critical Access Hospital Report - Via a motion made, seconded and passed the 2015 Annual CAH report was unanimously approved.

Medical Staff Bylaw Amendments – As proposed and approved by the Medical Staff, a motion made, seconded and passed unanimously approved 3 amendments to the Medical Staff Bylaws.

Capital Purchase (Change Request) – Leif Furman, Radiology Manager has continued to explore equipment options with competing vendors and found an offer to bundle a CT/Ultrasound package (better equipment, lower dosage, and less service costs). This budget change request in the amount of \$10,980 was unanimously approved via a motion made, seconded and passed.

WRHC Bylaw Amendment - Tom explained that the WRHC Bylaws were changed to include NHHS (P.O County PHD #1) as a group member. To formalize the process, a motion made, seconded and passed unanimously approved the District's participation in the WRHC.

OTHER BUSINESS:

There was no other business to discuss.

EXECUTIVE SESSION

As permitted by RCW 41.05, the meeting was moved to Executive Session at 1:55 pm for approximately 30 minutes to discuss personnel issues and physician credentialing matters.

RETURN TO OPEN SESSION

The Commission returned to Open Session at approximately 2:20 pm.

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

Temporary Radiology Privileges:

Mark Edens, MD

Gregory Balmforth, MD

John Bell, MD

Initial/Provisional Appointments:

A.B. Harris, MD, Emergency Medicine
Brian Reynolds, MD, Emergency Medicine

Ryan Goff, MD, Off-site Radiology

Re-Appointments:

Scott Carleton, MD, Radiology On-site
Kenneth Symington, MD, Radiology On-site

Resignations:

Tracy Robinson, MD, Off-site Radiology

NEXT MEETING DATE

The next regular meeting of the Commission will occur on Thursday, June 23, 2016 at 12:30 pm.

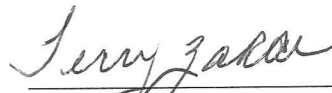
ADJOURNMENT

There being no further business, the meeting adjourned at 2:25 pm.

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



Lois Robertson, President
Board of Commissioners



Terry Zakar, Secretary
Board of Commissioners