

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

November 19, 2015

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

Excused: Thomas Garrett, Commissioner and Jeremy Lewis, DO, Chief of Medical Staff.

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

APPROVAL OF PREVIOUS MEETING MINUTES

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

BUSINESS FROM THE AUDIENCE:

There was no business from the audience.

COMMITTEE REPORTS:

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

Finance - Kim Manus reported an increase in AP days, up from 37.2 to 47.7 at month end. Kim noted that a change in process has been implemented to track and audit INHS charges; Buzz Price is now auditing all work tickets which enables him to identify/investigate issues at onset. Kim noted that INHS charges a minimum flat rate per Help Desk phone call, regardless of the amount of time it takes to assist with a problem.

Kim explained that a manual accrual for 340B drug cost of goods incurred was reflected in the financial statements; however, \$375,000 in 340B was not included. It is expected to be received by year end.

All clinic construction costs and fees have been paid out of operations to date; Kim anticipates this will continue until year-end. However, as costs increase over the duration of the project, the Finance Committee has recommended borrowing funds in order to maintain cash reserves at a reasonable level – to be determined by the Committee/Board.

There was a loss in operations for the month of \$73,000; but net income was \$113,000. Kim will provide additional updates during presentation of the annual incentive compensation calculation.

Buzz has also been working to ensure compliance with standardized bidding processes on small work projects and ensuing prevailing wage regulations.

Auditors Report: The Auditors Report was approved as follows for the month of October 2015: Warrants #193807--#194216 and wire fund transfers #1172-1185, in the amounts of \$1,165,860.42 and \$1,466,002.55, respectively.

Bad Debt/Charity Care: The proposed District Write-off's for October 2015 were approved for a grand total of \$101,674.34.

Quality Assurance/Performance Improvement: Heidi explained that one benefit of joining with the WRHC collaborative is reporting QA data by the entire group which allows us to benchmark with other WA hospitals; the comparative data has been very useful. Tom Wilbur added there are approximately 1,000 facilities (rural and CAH's) in the QA database and the WA hospitals also report financial, staffing, and other quality data.

Heidi shared Director's quality scorecards and reported the hospital readmissions are being fine-tuned; the process to reduce readmissions is improving. She noted readmission is the only hospital care process measure included in the 33 core ACO measures. Our readmission target rate (within 30 days/all diagnoses) was < 5%; our YTD average is 5.4% thru October. Heidi is very pleased with the work of the Quality team and noted we have seen substantial progress in the discharge planning process. All readmissions continue to be reviewed by our readmissions team to determine the cause.

In the ED, AMI/Stemi transfer times are improving as we attempt to stabilize and transport patients within 60 minutes or less. Our goal remains 45 minutes to obtain a head CT for stroke patients, which greatly improves patient outcomes. Heidi reported there was one case in October that was slightly over 45 (48) minutes; all other cases were within the goal time.

SUPERINTENDENT REPORT

Tom W. complimented staff members for our progress in trying to gather QA/PI data, establish chronic disease databases, and trying to move the bar noting that our facility is on the leading edge as compared to our peers. He reported on the following topics:

Clinic Project – The construction project is just slightly behind schedule (due to weather) with 80% of the main building slab completed today. Chris Wagar noted that the concrete companies were without power due to the recent wind storm.

Adjacent Properties – Tom W. tendered a \$65,000 offer (accepted) on two adjacent lots to our new clinic parking area [210 N. Fea St.]. These were target properties that will be useful for parking/snow removal. An existing house on the property will be razed. Closing is scheduled for Jan. 31, 2016.

Tom is waiting for information on the status of another property on Fea Street which was a bank foreclosure. If the board remembers, last May it had a sales price of \$90,000 and we offered \$70,000; with a counter-offer of \$85,000 when it was determined there were two potential bidders on the property. However, during inspection, it was discovered that floor joists were structurally compromised and the bank requested we obtain an engineering firm's estimate to fix it, which came back at \$40,000. Thereafter, we offered \$45,000, which was not accepted by the bank. The home then went to auction where we bid to \$45,000 (again, not accepted). We had not had any further communication with the bank, but in the meantime received an inquiry for us to purchase an additional property further north on Fea. We will make additional inquiries on both the properties.

Residential Care/ALF Bond Proposal – preliminary results indicate 54.75% of voters approved our property tax levy proposition (45.25% rejected); we needed a 60% approval rate to pass the special levy. The results will be "certified" on November 24th and we will get the results, by precinct. Tom noted that he was very pleased with the ballot results – for a first ballot facilities levy.

Tom noted that he had prepared a new ballot resolution for discussion, which would require submittal to the County by December 11th if we wanted to rerun the levy on a February 9th, 2016 ballot. He noted the resolution language was changed to specifically identify "residential care" facility rather than "health care" facilities.

Pros and cons were discussed with regards to timing, price (\$20-\$25,000 to run a single issue levy), and advertising via a citizen's committee (the District may still only provide very basic facts as a matter of public disclosure). Tom noted a core group of community supporters will be meeting this evening at a local restaurant. Commissioner Elswick requested information to ensure that board members remain compliant with public disclosure rules on the levy.

Lynnette noted that the Finance Committee discussed options and recommended the facility bond be placed on a special levy ballot in February. Tom noted that he (or Kim) and Michele Page (or Jenny) presented fact based information to approximately 400 community members. Mr. Eugene commented that he felt there was still mistrust from the community due to the lack of transparency in providing information relating to the change in the ED provider staffing model. He believes that it would take more than 3 months to regain that trust and confidence. Commissioner Robertson requested empirical data on the success rates of follow-up bond levies.

Following discussion, it was determined additional review is necessary to provide community education and formulate a plan of action before submitting the new resolution for approval.

MD Recruiting: Tom W. explained that following the changes/updates to our MD opening on the NHSC website, we have received 3 inquiries from family practice MD's (all available next year) who are interested in our clinic position. A husband/wife team (MD's) available in July and a DO candidate available in October. Tom W. stressed that the recruitment of new providers is critical for us to meet our key operating goal to maintain our local autonomy. Our goal remains to recruit providers (clinic and ED) that desire to work and permanently serve in our community. Due to our

current facility constraints, we opted not to make a formal offer to Dr. Hay, the Ob/Gyn specialist we were recruiting. Until we can get the new clinic up and running, it just didn't make logistic sense.

Local/Regional Affiliations: Tom eagerly awaits the status of our Medicare AIM grant to start the Rocky Mountain ACO - results are supposed to be out by the end of this month. The CAHN network met yesterday to update the job description for the Executive Director. He is working with folks from Pullman, Lincoln, and Sunnyside on the search committee. Interviews will follow the job posting. And, as noted above, we have already received dividends from the WRHC (comparative data reporting).

EmCare Contract: Effective January 1, 2016 we will begin onboarding new ED physicians. We are starting to receive C.V.'s from providers and will be meeting with our EmCare recruiting and onboarding team early next month (on site).

Professional Liability Risk Pool: Work continues to form a shared risk pool for professional liability coverage; a packet will be distributed in the near future to the 18-20 hospitals who remain interested. The plan outline is to create functional shared risk pool using Physician's Insurance as both the carrier/fiscal intermediary and for administration, risk management, and education programs. The pool will be funded by member facilities (at risk), with reinsurance purchased thru PI (at a group rate) eliminating the need to create a new entity (defined pool) via the Insurance Commission - this "reverse pool" allows the group to establish itself, accept risk, and transition to independence without forming a new entity at inception. The goal is to give members the option to go live by April 1st.

Legislative Update: The 1115 Medicaid Waiver has yet to be decided; Tom is confident that we will be aligned for the next round of ACH grant funding.

Executive Session - Tom W. will discuss personnel issues during the Executive session of the meeting.

ACTION ITEM AGENDA

Non-Contract Staff Compensation Plan (Incentive) - Tom explained the District's Non-Contract Staff Compensation plan contains an annual incentive pay determination. It covers all staff except the CEO, MD's, RN's, CRNA's and PA-C's. The incentive component is based upon meeting pre-determined quality, service, and financial metric analysis. Our existing model has been in place for approx. 12 years. He noted that Joseph proposed a new model in 2015 (for Board to track and review for comparison) which was designed to align the staff incentive to the District's strategic goals and would allow employees to track District annual performance directly to pre-determined incentives.

Kim Manus presented the historic incentive criteria and outlined the five financial and five quality targets/results. She noted the targets met: A/R days, AP days, Total cash, and Press Ganey patient satisfaction scores for EDR, ACU and RHC. Computer based training is near target and anticipated to reach the goal by year end. Completion of employee evaluations - the target is 85%; at the end of 2014, it was 95.3%. Joseph has changed the due date to reflect a specific date range vs. the employee's anniversary. This improved the completion rate. Kim noted the Plan incentive requires us to meet at least one Board pre-determined target.

Prior year comparative data (targets met, incentive compensation, employee hours, etc.) was provided. In 2014, the bonus amount per employee was \$725 for a full time employee; half time employees would have received ½ of this amount. The Personnel/Finance Committee recommended a bonus amount of \$725 for 2015 (same as 2014).

Joseph presented the proposed alternative program incentives targets (set Q1, 2015) and noted the pre-determined calculations came out nearly identical (\$720). He chose five incentive indicators, with a “cliff goal” (if not met, no bonus is awarded) being days operating cash on hand. Each target included a min./max. range that could be tracked/posted throughout the year to evaluate progress. He noted the maximum incentive amount (all targets at max.) would be set at \$1,000.

A motion made, seconded and passed approved 2015 non-contract staff incentive compensation be distributed equally between all eligible District non-contract employees using total “benefit hours” paid, not to exceed total of 2,080 hours (full time) per employee (approx. \$725). Total incentive comp. was estimated at \$127,200. An employee, to receive the incentive, must remain actively employed by the District through November 30, 2015.

Commissioner Garrett, speaking on behalf of the entire Board, wished to express thanks to all of our staff for a job well done in 2015. Annual results were very positive. He also noted that incentive compensation is not a guarantee. Each year, new goals and targets are established that reflect new operating budgets, industry changes, and service targets. 2016 will again require managers and staff to stay focused on the District goals and target metrics.

OTHER BUSINESS:

The annual Festival of Trees is planned on December 5, 2015 at Sadie Halstead Elementary School.

The District’s service awards will be presented on December 11, 2015 at noon in the Sandifur room; an evening celebration will continue at the Beardmore Bistro in Priest River, ID at 5:00 pm.

EXECUTIVE SESSION

As permitted by RCW 41.05, the meeting was moved to Executive Session at 1:50 pm for approximately 30 minutes to discuss personnel and 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:

Appointments:

Active Status:

Angelika Kraus, MD
Geoffry Jones, MD

Courtesy Status

Robert Arnett, MD – Radiology
Shaun Joshi, MD – Nephrology
Kevin Dow, DPM

Affiliate Status

Keith Bell, PA-C
Christopher Buscher, PA-C
Ryan Wilson, PA-C – Emergency Medicine

NEXT MEETING DATE

The next regular meeting of the Commission will occur on Thursday, December 17, 2015. It will begin with joint medical staff strategic planning at 9:30 am and continue with the regular business meeting at 12:30. It is **scheduled one week earlier due to the Christmas Holiday.**

ADJOURNMENT

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

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



Lois Robertson, President
Board of Commissioners



Thomas Garrett
Board of Commissioners