

**BOARD OF COMMISSIONERS – SPECIAL (BUDGET) MEETING  
PUBLIC HOSPITAL DISTRICT NO. 1 OF PEND OREILLE COUNTY**

**November 14, 2016**

In Attendance: Commissioners: Lynnette Elswick, Thomas Garrett, Raymond King, and Terry Zakar; Thomas Wilbur, CEO; Directors: Kim Manus, Michele Page; Other: Ken Fisher and Nancy Shaw.

Excused: Commissioner Lois Robertson, Chief of Medical Staff, Dr. Clayton Kersting.

**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 AGENDA:**

The agenda was reviewed; an additional action item was included that proposes a 2017 Property Tax Increase via Resolution No. 2016-10. The agenda was approved as revised.

**BUSINESS FROM THE AUDIENCE**

**Budget Hearing:** A public hearing was opened at approximately 12:35 pm. to present the District's 2017 Operating Budget and approve the Maintenance & Operations property tax request to the County. A notice of the hearing was published to inform the public of the opportunity to comment on the District's proposed budget. A resolution to establish the District's standard M&O tax rate increase is also required at this meeting.

**2017 Operating Budget:** Kim Manus presented the 2017 operating budget and explained the information meets the requirements necessary for our annual M&O tax levy. She noted a final budget revision - post Q3 cost report estimate and our new clinic, per-visit reimbursement review. She is also evaluating the financial impact for outpatient services and clinic volumes.

Kim noted salaries and wages make up a large percentage of the budget; a recap was provided that included 2014-2015, 2016 YTD, and 2017 budgeted FTE's (including 13 requested FTE's). Kim provided information on detail line items and a summary of significant assumptions. She noted our budgeted financial statements appear as we report internally - with our 340B revenues classified as non-operating revenues. She noted the following:

- Milliman market survey adjustments include a 1.5% COLA increase for non-contract staff; providers, nurses and PA-C's that were added in the third quarter of 2016 were annualized; the cost associated was \$606,000. Physician FTE wages were included for those slated to begin in Q3, 2017. A bonus allowance of \$196,000 and \$120,000 for a 1.5% RN annual wage and step benefits were also factored. The budget will support the assumption, mostly due to increased physician/provider staffing. Total projected salaries is \$17,918,791.

- The annual retirement plan participation recap was provided and reviewed. We are trying to increase our staff participation and employees will now be auto-enrolled at the time of employment with an opt-out option.
- A per-clinic visit breakout by provider of budgeted outpatient revenues was included for a total of \$13,379,157. Outpatient services include treatment room, EKG, and therapy.
- The anticipated net revenues increases for 2017 are projected in the amounts of \$2,255,484 (clinic); \$3,036,678 (hospital); and 451,942 (340B). Kim is analyzing the full reimbursement amounts for outpatient services; Dr. Chavis has been engaged as Director of Hospital Outpatient care with plans to develop the service line to include wound care and infusions with physician oversight.
- The budget includes \$3M in gross revenue that is not normally reflected "above the line" on our monthly financial statements. Kim noted 340B revenue is usually posted (net) as a consolidated item under non-operating revenue (an internal reporting decision to more accurately reflect actual operating results). Net 340B revenues were kept at a conservative level of \$1.4M for 2016. Kim provided a brief history of the program to the group.
- Total employee FTE's (Full Time Equivalent) is budgeted at 272. Kim noted that two FTE's were not "mapping" on our current financial statements – Safety and Security (a purchased service), which will provide a 365/12 hour security presence.

Commissioner Garrett clarified there is \$5.5M additional revenue projected for 2017 due to the added providers in the clinic. Kim noted that was the case and there is additional opportunity to see patients that are assigned for new services (such as wellness checks) that was not included.

#### **ACTION ITEM AGENDA:**

Via a motion made, seconded and passed unanimously, **Resolution No. 2016-08** was approved, passing the 2016 Operating Budget in the amount of \$35,512,607.

M&O Tax Assessment: Kim Manus explained that the District's 2017 M&O property tax increase is limited to 1.0% of prior year collections, per RCW regulations, which makes the levy amount requested \$500,000 for 2017.

**Resolution No. 2016-09** - Via a motion made and seconded, the 2017 M&O Tax Levy in the amount of \$500,000 was unanimously approved. This is an increase of 1% of the amount of regular property taxes levied in the highest of the three most recent years with a conservative add-on for new construction.

**Resolution No. 2016-10** – Via a motion made and seconded, Resolution No. 2016-10 was unanimously passed, authorizing a 2017 property tax levy of 1% increase from the previous year.

No further comments were received. Commissioner Garrett adjourned the budget/taxation hearing at 12:58 pm.

#### **OTHER BUSINESS**

There was no other business to discuss.

NEXT MEETING DATE

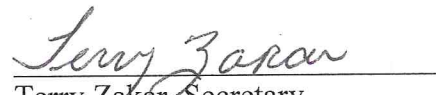
The next regular meeting of the Board of Commissioners is scheduled for Thursday, December 1, 2016 at 12:30 pm in the Sandifur Meeting Room at Newport Hospital & Health Services, a week later than the regular meeting date, due to the Thanksgiving holiday.

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



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Thomas Garrett, Vice-President  
Board of Commissioners



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Terry Zakar, Secretary  
Board of Commissioners