

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

December 28, 2017

In Attendance: Commissioners: Thomas Garrett, Lois Robertson, Terry Zakar, Lynnette Elswick, and Raymond King; Tom Wilbur, CEO; Directors: Kim Manus, CFO; Chris Wagar; Others: Doug Hammond, Leif Furman, Chelsea McLaughlin, Jenny Cooper, Robert Rosencrantz, Bob Eugene, Travis Williams, Diane Waldrup, Casi Densley, Controller, Jenn Allbee, Michelle Nedved-Newport Miner, and Nancy Shaw.

Excused: Chief of Medical Staff, Clayton Kersting, MD; Joseph Clouse, HR Director.

CALL TO ORDER:

Chairperson Thomas Garrett called the meeting to order at 12:31 p.m.

READING OF LEGAL NOTICE:

The regular meeting legal notice was distributed as required.

APPROVAL OF AGENDA / CONSENT AGENDA:

The meeting Agenda, Auditors Report and Uncompensated Report were included. Chris Wagar requested addition of a capital purchase to the action item agenda. A video presentation (clinic services ad) was included in the agenda under Business from the Audience.

The following consent agenda items were approved as presented by a motion made, seconded and passed.

Auditors Report: November 2017: Warrants #204308-#204813 and wire transfers #1589-#1603 in the amounts of \$1,452,782.44 and \$1,491,091.69, respectively, plus an automatic loan payment deduction of \$40,000 for a grand total of \$2,985,083.83.

Bad Debt/Charity Care: all-inclusive November 2017 District Write-off's for \$150,735.11.

APPROVAL OF PREVIOUS MEETING MINUTES

The regular meeting minutes of November 30, 2017 were approved by motion, seconded and passed.

BUSINESS FROM THE AUDIENCE:

Chris Wagar explained that Jenny Smith assisted Action Sports Media to develop a marketing production video featuring our new rural health clinic and services; Jenny wished to share it with the Board prior to going live with the public. The promotional material is designed to use at trade shows, the District's website, etc. Chris explained that Jenny created the voice over text, storyboard, the flow of the video, and recruited staff/community volunteers. The video was presented and enjoyed by everyone in attendance; Jenny was thanked for her efforts in the video production.

COMMITTEE REPORTS:

Joint Conference/Planning – Dr. Kersting, Chief of Medical Staff was not in attendance; there was nothing significant to report.

Finance – Casey Densley presented the Nov. financial report, noting two recent audits occurred this month: State Auditor's Office (SAO) and Noridian. The SAO is in the process of reviewing our 2016 financial statement/audit by DZA and reviewing internal financial controls and our compliance procedures. Noridian is conducting a final review on our 2016 Medicare Cost report. Tom explained that the State auditors have focused on compliance and internal control mechanics, leaving the financial statement/preparation/information to external auditing firms.

Casi reported that a certified coder has been hired and HRG is also providing coding services under contract; the bulk of the coding is caught up to the current week. Casi noted an increase in AP volumes; at times we are processing over 100 invoices daily. EmCare costs are steadily declining as we transition more providers into employed positions – it was noted that Dr. Curtis Gill worked a full month in November.

Chris Wagar noted that Orthopedist, Dr. Schicker's practice is going great – his schedule has been changed at least twice to accommodate the number of referrals he is receiving from our PCP's.

Tom highlighted several financial line items, noting trends from 2010 through 2017; he included a sum total of cash & investments, cost settlement, and board-designated funds as single source, along with the number of days operating expenses held in cash on hand. He noted that from 2010 to 2016, the District had improved its cash position by \$6M (from \$4M to \$10M), increased days operating expenses in cash on hand from 61 to 115, invested over \$12M in new capital (\$10M, net); all the while net change in long term debt went from \$2.0M to only \$4.4M. All in all, it has been a very productive stretch for the District and he felt there were no anticipated funding changes (of significance) looming as we transition into 2018. He did refer to the income statement, outlining 2010-2017 YTD, noting we rarely see income from operations; our financial presentation reflecting a true picture of actual income from operations to provide/get paid for patient services (excluding funds from 340B, M&O taxes, interest, grants, Meaningful Use, etc.).

Quality Assurance – Jennifer Allbee shared an OB update/report indicating deliveries from 2009-2017. All expected 2017 deliveries have occurred. Commissioner Robertson noted that some patients prefer a nurse midwife and was that something we would recruit. Tom noted that we had previously had a mid-wife and were not adverse to the service, but were not actively recruiting at this time.

Our overall C-section rate was 27.2%; DOH (WA) rate is 26%. Jenn explained that the Joint Commission has defined elective early deliveries, as occurring between 37-39 weeks that are not medically indicated - which is the guideline we follow. Kim noted that Medicaid will no longer cover these. Early inductions and first time mothers, as related to the C-section rate was discussed. Jenn will continue to track elective early deliveries, C-section, and NPTSV C-section rates, neonatal complications, maternal blood transfusions, breast feeding, and Bishop scores. All newborn hearing screens will be tracked in 2018.



An Executive Session will be required following the meeting for approximately 15 minutes to discuss provider credentialing.

### SUPERINTENDENT REPORT

Facilities/Capital Planning – the ALF-Advanced Care facility construction bids were received; Tom explained when the project went to out for bids last May all major sub-contracts were fully booked and our bids reflected that capacity premium. Five general contractors submitted bids; however, out of approximately 10-12 qualified sub-contractors (for mechanical, electrical, framing, plumbing, etc.) in the region, only 1 or 2 bid on our project. It resulted in a 15-20% bid premium on those services; so while our project cost estimate was \$9.2-\$9.4M; the lowest bid received in May was \$10.5.

Post-May bid, the design team reconvened to work on re-design (facility size and functionality) and value engineering. Based upon our expected clientele and meetings with DSHS/ALTSA, we designed a mixed-use assisted living facility (ALF/EARC). The outcome resulted in a more functional building w/additional parking spaces, the same number of finished beds (54), and a fourth 18-bed (unfinished) neighborhood available for the future use. An alternate bid included finishing the 4<sup>th</sup> neighborhood. Based upon the reduction in building size (total sf.), value engineering, and bid timing our final project cost was reduced by \$1.3M; the Dec. low bid was \$8.27M. Complete bid information was included in the Board packets.

Tom noted that \$675K has been spent on the project to date; without borrowed funds. The revised all-in project cost is now \$11.1M, including a \$475K contingency. Tom anticipates that bonds will be issued in early 2018, when the bond market will have factored in the impact of any tax code changes.

Doug Hammond commented that Kilgore Construction (low bidder) will begin preliminary work to obtain necessary building permits. They have indicated they plan to begin with the Scott St. high pressure water line extension to the site. The start date will depend upon weather conditions. The general Contractor, Jeff Kilgore has been known to Doug for over 25 years; he previously worked for Vandervert Construction and started up his own business specializing in wood frame retail and private developer-driven housing/apartment projects. He is very qualified to do the work.

Tom W. indicated the general contractors really expressed their desire for the project, they all wanted the job – five contractors bid in May (Genno, Meridian, TW Clark, Walker and Kilgore). All returned with one additional bidder (Blews), a GC who had worked with ZBA on other projects. Three bids came back with base bids within \$50K of one another at \$7.869M; Kilgore's bid was nearly \$300K (4%) less and he honored the bid when contacted the next day as low bidder. If approved by the Board, he will move quickly to complete and award a GC contract to Kilgore Construction.

Mr. Rosencrantz asked whether there are contingencies built into the ALF contract for future change orders; Doug H. indicated there was a 5% change allowance. Tom W. responded that ZBA has been exemplary with its design; he noted that he is confident the project will remain on track, especially after the project's re-design/re-specification. ZBA took the opportunity to consult with a couple of GC's who bid the first go around and who offered some tips on clarifying design/specifications. Barring something truly unforeseen, Tom expects we will remain within the allowance.



OLD/NEW BUSINESS:

Provider Recruitment – recruiting efforts in the clinic (MD and mid-level providers) will continue. Another ED provider has been enlisted and will begin in February – we now have three core MD providers and are seeking one more – an additional prospect has been referred by Dr. Jones, a resident finishing his last rotation and returning in July.

Legislative/1115 Waiver Update - The State of Reform conference is scheduled for January 4 in Seattle, where we will get the latest updates. Tom does not foresee any major legislative changes on the horizon. He noted that as early as January 2019, the State will contract with MCO's to provide behavioral/chemical dependency services as well as medical care. He noted there remain many unanswered questions on 1115 Waiver details but we will strive to ensure that all pledged funding for Pend Oreille County makes it back to our community (the primary goal).

ACO/CCO projects: will continue throughout 2018; the third year of the ACO and first officially managing Medicaid lives; the focus will shift as we work on the CCO Molina/Amerigroup Medicaid lives. Under the ACO (Medicare), with our nine hospital partners, we collectively participate to generate savings with 10 hospitals. Our quality metrics also depend upon the other hospitals and we are not entirely confident that the quality reporting data is accurate. We will continue to participate in the ACO, but shift our primary focus to Molina/Amerigroup shared savings where our attributed lives are known to us (including those assigned to mid-levels, unlike Medicare) and we have the ability to access reports and data monthly. In addition, any cost savings generated will funnel directly to the District. Under both models we will ensure documentation, accuracy, efficiency, care coordination, etc. will continue to be a primary service focus.

Commissioner Garrett asked whether the clinic is fully staffed with care coordinators. Tom W. noted the short answer was no, and indicated we are seeking another care coordinator. But this also remains a learning process as we navigate managing chronic disease and mental health/chemical dependency issues with clients. Three care coordinators are in place, focusing on patients with the greatest health issues. As care coordinators make home visits, they are discovering that a high incidence of patients that require more care; the need has been identified, however, resources to make appropriate change is lacking. We have obtained grants to fund care coordination under Molina/Amerigroup and those revenues will support an additional care coordinator in 2018.

**ACTION ITEM AGENDA**

**Resolution No. 2017-08 Bond Resolution** – a new resolution document was updated with dates, project description, values, etc.). Via motion made, seconded and passed unanimously, Resolution No. 2017-08 provides for the issuance of unlimited tax general obligation bonds not to exceed \$10,000,000 in principal and 25 years in term to finance our new RMV-Advanced Care facility.

**Bid Award w/A1A Contract Form** – AIA-101, Standard Form of Agreement for GC services, will be revised and executed by the CEO to award our Assisted Living Facility, GC contract to Kilgore Construction, Inc., the qualified general contractor with the lowest construction bid. The motion was approved, seconded and unanimously passed.



**Observance of 2018 District "Legal Holidays"** – per RCW 1.16.050, municipal corporations must list the legal holidays observed for each calendar year. There were no changes to the standard six recognized District legal holidays. Resolution No. 2017-09 was approved unanimously.

**2018 Retirement Plan (employer match = 6%)** – the District retirement plan is reviewed annually by the Board to confirm/change the District employer match to employee deferred compensation elections. Currently, our plan provides for a dollar-for-dollar match up to a maximum of 6% of employee salary deferred. The Joint Personnel/Finance committee recommended the same match for 2018. A motion made, seconded and unanimously approved the 6% employer retirement plan match for the 2018 calendar year.

**2018 Commissioner Assignments/Confirmations.** Following discussion, a motion made, seconded and passed unanimously approving the 2018 Commissioner Board nominations:

Board Positions:

Chair: Thomas Garrett  
Vice Chair: Raymond King  
Secretary: Terry Zakar

Committee appointments:

Personnel, Insurance, Safety: Thomas Garrett  
Marketing: Raymond King  
Quality/PI: Terry Zakar  
Compliance: Lynnette Elswick, Terry Zakar (secondary)  
Finance: Lynnette Elswick, Raymond King (secondary)  
Medical Staff: Lois Robertson, Raymond King (secondary)  
Capital/Facilities: Ray King, Thomas Garrett (secondary)  
Ethics: Lois Robertson (future)

All are effective January 1, 2018.

**Clinic Ultrasound** - Tom W. explained the ultrasound equipment for the clinic was approved on the 2017 Capital budget: \$25K; and Chris W. budgeted \$56K in 2018, which will be removed below. Chris received competitive bids from two vendors and selected a Samsung model at \$34,240, plus \$2,739 tax, with shipping included; she noted that MD Buyline evaluated our quote and reported a 60% discount. A 5-year warranty is included. A motion made, seconded and passed unanimously approved the purchase.

**2018 Budget Amendment - Operating and Capital Budget (Priority 1 Items)** - Commissioner Elswick commented on a capital item for a 3-D mammography machine and asked if there are stats available to evidence the number of patients who obtain this service in Spokane; also, whether there is an ROI available. Kim M. explained the 3-D mammo will be a Priority 2 item and would be brought back to the Board prior to purchase. She noted Medicare does not additionally reimburse for 3-D mammography services. Chris W. stated that patients are responsible for the portion of the bill that Medicare will not pay; this has been the typical practice at Inland Imaging in the region; Chris also stressed the need for further research prior to purchasing the equipment.

Via Resolution No. 2017-05, a draft annual operating budget and summary of cash expenditures was approved at our November meeting. We have subsequently made minor adjustments, making it necessary to update the 2018 budget. Kim included a 2012-2018 Salaries and Wage recap grouped by department/category. FTE runs were updated with a bonus allotment, administrative adjustments of \$164,000; and an ED physician line item of \$800,000; ED professional fees decreased by the same incremental due to transferring providers to employment status.

Kim provided a units-of-service statistical trend since 2012. General surgery, OB (C-sections, tubal ligations) and orthopedic procedures statistics were shared; Kim noted that Dr. Michael Schicker, Orthopedist has been very busy. Total 2018 revenues \$55,380,000, included a breakdown of annualized departmental rates and volume increases. There was a 6% increase in ancillary service rates, excluding radiology to remain competitive; ED rates remain far lower than most other facilities. There was a minimal increase in the 340B Pharmacy program due to finalizing our Shopko contract.

The final 2018 capital budget included all Priority 1 (pre-approved purchases), modified to move \$150K in orthopedic surgical equipment to Priority 2 (items requiring future Board approval prior to purchase). Via Resolution 2017-10, approved unanimously the final 2018 Operating and Priority 1 Capital expenditure budget.

Kim explained that it has been typical to amend the current year (2017) budget in December; she does not feel it necessary this year as 2017 total actual expenditures and expected to be under budget.

OTHER BUSINESS:

Per the recommendation of the Medical Staff Executive Committee, the Commissioners approved:

Applications:

Leslie Russell, MD – Radiologist (reads)  
Provisional – Full – Neuro, Tele-stroke  
Melvin Feliciano, MD  
Robert Lada, MD  
Ravi Menon, MD  
Jason Tarpley, MD

Resignations:

Brian Reynolds, MD – Emergency Med.  
Richard S. French, MD “ “  
By Pham, MD - “ “  
Jill Jenkins, MD - “ “  
Bucklee Eller, PA-C, Orthopedic Asst.

NEXT MEETING DATE

The next regular meeting of the Commission will occur on January 25, 2018.

EXECUTIVE SESSION

The meeting moved to Executive session at approximately 2:39 pm. to discuss personnel matters.

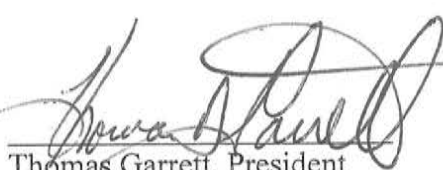
RETURN TO OPEN SESSION

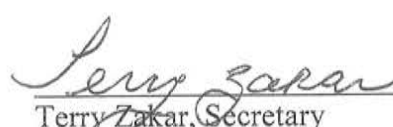
The Board returned to open session at 2:55 pm. and there was no action taken.

ADJOURNMENT

There being no further business, the meeting adjourned at 2:55 pm.

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

  
Thomas Garrett, President  
Board of Commissioners

  
Terry Zakar, Secretary  
Board of Commissioners