

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

February 22, 2018

In Attendance: Commissioners: Raymond King, Lois Robertson, and Lynnette Elswick; Tom Wilbur, CEO; Angelika Kraus, MD Chief of Medical Staff; Directors: Kim Manus, CFO; Pete Peterson, CRNA; Joseph Clouse; Walter Price, Others: Casi Densley, Controller; Robert Rosencrantz, Trina Gleese, Jenn Allbee, Jenny Smith, Lori Stratton, Susan Calvert, Chelsea McLaughlin, Susan Schwartz, Jenny Cooper, Travis Williams, and Nancy Shaw.

Excused: Commissioners Thomas Garrett, Terry Zakar; and Chris Wagar.

CALL TO ORDER:

Vice Chairperson Raymond King 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.

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

Auditors Report: January 2018: Warrants #205232-#205707 and wire transfers #1624-#1643 in the amounts of \$1,349,615.64 and \$1,742,006.74, respectively, plus an automatic loan payment deduction of \$40,000 for a grand total of \$3,131,622.38.

Bad Debt/Charity Care: all-inclusive January District Write-off's for \$123,344.

APPROVAL OF PREVIOUS MEETING MINUTES

The regular meeting minutes of January 25, 2018 were approved by motion, seconded and passed.

BUSINESS FROM THE AUDIENCE:

Foundation Director, Jenny Smith provided the annual Foundation Report. The Foundation Board is seeking two new members. Highlights 2017 included: 1) an employee tuition assistance program to benefit hospital employees seeking advancement in healthcare careers was funded with \$15,000; 2) a donor wall display is in development phase; and 3) the Festival of Trees event grossed \$4K more than 2016. Jenny explained that overall gross revenues were slightly lower in 2017, attributed to discontinuing the Rural Conference on Aging and one-time contributions and grant funding received in 2016 were not awarded in 2017.

The Healthy Kids Snack Bag Program continues to be a great success, benefitting approximately 310 children each week; Jenny expressed her appreciation and thanks to Lori Stratton for her efforts in streamlining the program. Generous donations from hospital employees, board members, West Bonner

County and Newport School Districts raised \$8,682 during 2017. Jenny noted the program has funding to sustain it for 4 years.

2018 Foundation Events: 1) Iron Sommelier/Brewmaster Dinner is planned for this weekend; 2) Fore! The Health of It! Golf Tournament on June 15 at Stoneridge Golf Club; 3) Autumn Bloom 5K/10K Run in September; 4) Women's Health Seminar is planned in October [Jenny noted that Deputy Chris Johnson will be the guest speaker at the event to discuss women's personal safety]; and 5) Festival of Trees will be held December 1<sup>st</sup>.

Tom and the Board thanked Jenny and Lori for their work in making the Foundation's mission a success.

#### COMMITTEE REPORTS:

Joint Conference/Planning – Dr. Angelika Kraus, Chief of Medical Staff reported the medical staff continues to seek an additional family practitioner with surgical OB. The practice is growing and, with students coming through the practice and sub-specialists (surgeons), even with the new building space is sometimes limited.

Tom W. reported that Annabelle Payne and two of her staff at Pend Oreille County Counseling Services will be attending the medical staff meetings on a monthly basis in an effort to provide care coordination for our patients in crisis. He noted the State is expanding the Involuntary Treatment Act (ITA) to include patients who are alcohol or drug impaired. Generally, patients in crisis must be medically cleared (be off any drugs or alcohol) prior to admission to a mental health facility. However, effective April 1, any patients deemed to be a potential harm to themselves or others will be placed on involuntary hold to receive drug or alcohol treatment; however, at this time there are only 48 beds available state-wide. Management of these patients will be very challenging with few options due to limited resources.

Finance – Casi Densley reported that revenue is up, the average number of surgeries is typically 13, procedures 37 (50 total); during January, there were 25 surgeries and 43 procedures (68 total). Laboratory and physical therapy visits were also higher than expected. Casi noted many service agreements renewed in January and there was an initial payment to Kilgore Construction to start mobilization. Casi will be analyzing Emcare costs; she is noticing the average cost per-unit hour is decreasing. Scott McDonald, DO will begin working in the ED in February.

Walter Price, IT Director reported a server replacement occurred yesterday to improve 340(b) file feeds. From September 12 through January 9, the self-pay text files were not created: after the new server was installed all files that were not sent have been recreated and submitted. He also noted the District's Barracuda security system was expanded with cloud filtering, which provides re-direction of incoming e-mail through a virtual service that isolates information and detects any malware, viruses, etc., prior to entering the District firewall. Since implementation the results have been successful.

Travis Williams reported that he has been addressing general compliance and deferred maintenance specific to our HVAC systems and controls. Tom indicated that a report will be provided to include long term targets.

Quality Assurance – Jennifer Allbee provided the residential care dashboard report. Average monthly census, admissions and scorecards compared to State and National averages, star ratings and resident satisfaction survey results were included.

Jenn explained that the Minimum Data Set (MDS) scorecard measuring quality of life indicators for residents is federally mandated tool; CMS determines the nursing home rating based upon this data and reports the information on the Nursing Home Compare website. The tool is designed to measure the acuity/needs of residents and is used to set our Resource Utilization Grouping (RUB) scores.

Most of our LTC indicators were at or below the State and National averages, with the exception of urinary tract infections – at 19% with State/Nat'l average of 3-4%. During 2016, there were 27 reported urinary tract infections; year-to-date for 2017, 50. To improve this, urine dips were increased and tracked along with diagnosis. There were 12 facility acquired pressure ulcers found in 2016 and 15 during 2017. Medication events/errors totaled 14 in 2016 and 27 in 2017. Falls with no injury: 114 in 2016; 107 in 2017; falls with minor injury: 22 in 2016 and 29 in 2017. Major injury/fracture falls were 0 for 2017.

Jenn reported we maintained a 5-Star overall quality (highest) rating for 2017. Health Inspections were 4 Star; Quality Measures-5 Star; Staffing-3 Star; RN Staffing-5 Star. Kim explained the staff ratings denote a number of staff per resident ratio (per shift). We have a high RN to NA-C ratio.

The LTCU resident satisfaction survey goal is set at 93% for all categories. Jenny Cooper completes the survey with family members for those residents that are not cognitively able to complete the survey. The LTCU resident satisfaction scores were as follows for Fall 2017: Nursing Services-91%; Ancillary Services-94%; Dietary/Food Quality: 81%; Dietary/Food Choices: 82%; Laundry 91%; Engineering/Maintenance: 94%; Housekeeping: 96% (which tied with one of the highest scores); Activities-95%; Room Accommodations: 91%; Social Services: 96%; Overall Staff: 95%.

Jenn noted there are fewer reporting requirements for assisted living than LTCU. She reviewed the data for Falls, Medication Events, and UTI's, with all RMV resident satisfaction survey results being above the target goal of 93%.

### SUPERINTENDENT REPORT

Tom W. will prepare final 2018 goals/targets following our managers' leadership retreat next month. Our bond credit rating was reviewed last week on our ALF project; Tom anticipates bonds will be issued as soon as next month. The key items for Board updates:

Bond proceeds- last year, when reviewing our issue, it was determined the "face value" of the bonds could be \$10M; and with interest rates low, could be sold with fixed coupon rates that would generate a premium on sale (initially set at \$400K). However, the question was raised as to whether total bond proceeds could exceed \$10M. Initially, Brad Berg felt the total sale proceeds could exceed \$10M. However, he has subsequently determined proceeds cannot be greater than \$10M, net (of issue costs and brokerage fees).

Interest rates: Tom is not certain what final interest rates will bring. We do know that rates are up slightly since last fall or how our revised credit rating will impact the final numbers. He note he didn't want to get started on the "ratings process" where Moody's provides US Government Treasuries (where the US has spent 1/3 more than they receive in taxes for decades, has a Aaa rating) while our bonds, with a full-faith pledge of our local property owners to pay back the principal and interest receives an A2. He did note that Moody's brought up the fact that Trios (formerly Kennewick General) was a hospital district that filed for Chapter 9 bankruptcy protection, so we did receive notice our rating could change.

Tom noted he and Kim would continue to work through the finance committee, as needed, as the process moves along. It is highly unlikely a special board meeting would be required to finalize anything on the bonds as our tentative sale date (Mar 23<sup>rd</sup>) is scheduled for after the next regular board meeting, but he will keep everyone posted. He also noted he wanted to schedule a mini-board retreat in the near future.

Tom is pleased with our recruitment progress; as noted by Casi another provider (Dr. McDonald) will begin in the ED tomorrow. Though a potential family practice physician opted to go to Coulee and a board-certified ED medicine MD decided to work at Bonner General and moonlight here instead, we are getting some interest.

ACO Update – under our current ACO (RMACO, year 3, 2016-2018), we received a Medicare AIM grant [3-yr, \$1.5M] to be used by our ten hospitals to support care coordination and meet the VBP targets. Under the agreement, any shared savings generated by the RMACO would first be obligated to pay back the AIM grant. Tom explained that WA hospitals have progressed more quickly than our CO counterparts and are exploring options to disband from the RMACO and reform under a new ACO group. As noted in prior months, if the ACO reforms, the original member hospitals get released from payback of the AIM grant. Presently, our WRHC group is looking to form a clinically-integrated network (CIN) and add two new members – Kittitas (Ellensburg) and Lincoln (Davenport) hospitals. The goal with the CIN will be to host a new ACO (maybe two) and begin to network to negotiate collective group contracts with MCO's and other private insurers in the market place. Tom provided a map of the WRHC hospitals and explained that we are also a member of the NW Rural Health Network, (formerly the Critical Access Hospital Network). We also continue to meet with the State to try and work out details on an All-Payer model system as, presently, payment models have yet to cover the costs of "as defined" value-based care.

Commissioner Robertson asked for clarification regarding whether all hospitals will be required to operate under value-based models by 2020; Tom indicated that was correct, WA State's 1115 Waiver guidelines require providers to have 90% of their payer contracts under some form of value-based payment, though a no-risk shared savings agreement does suffice. Under our current Medicare ACO model and the Molina/Amerigroup shared savings contracts the District is 100% compliant with VB contracting. However, operational issues remain on obtaining good data and being fully integrated between all providers, carriers and Medicare. So, in the meantime, we must continue to be great at performing under our current fee-for-service reimbursement models.

Tom shared data from our first year ACO participation and lessons learned: 1) it is difficult to obtain verifiable performance data; 2) only ½ of our Medicare lives are being attributed to us; and 3) our

hierarchical conditional coding (HCC) can use some work. A report was provided with the breakdown of the ten ACO hospitals with a comparison of ED services/charge rates and broken down by CPT Codes to determine whether the visit was emergent/unavoidable, non-emergent/avoidable/or could have been seen in the primary care setting. Observations: 78% of the ACO is comprised of the 5 Washington hospitals and the coding fall-outs were very consistent amongst all hospitals. We are in the window of receiving annual reports and Tom will continue to update the Board as more information is available.

Tom stated that he recently sat in with Annabelle Payne, POCCS Dir. on her conversations with Molina around professional services contracting. He noted the general outline of the contract (funding Molina's allocated portion of POCCS's budget [via the BHO], plus current Medicaid fee-for-service) seemed like a workable program to get started. Medicare is paying the District cost minus 1%; it remains to be seen whether there are any savings to be paid, and the only guarantee appears that if better care systems and outcomes are met, our fee-for service payment decreases.

Kim reported an OB coding/guideline training session occurred recently with two of our physicians in attendance; the outcome was very positive. Tom added that Dr. Aaron Reinke has taken the lead in evaluating and expanding the features of the Centricity system; the results have proven to be very beneficial; Tom commended Dr. Reinke for his long hours and dedication to the project. Tom is confident that our coding will be up to accuracy standards.

Better Health Together 1115 Waiver – Tom announced that he anticipates we will receive preliminary funding in May. BHT progress has been slow to register participants and distribute funding; he noted we formed our coalition (POHC) around the integrated model in 2014, so we are in front of the curve. He noted the sources of funding are from the State and via inter-governmental transfers (IGT) to receive federal matching dollars. Tom explained the three entities geared to fund the IGT's are UW, Evergreen and Renton – two King County PHD's. Kim noted that the three groups will have oversight of matching funds to ensure State-wide initiatives do benefit each region.

Tom explained that \$5.5M (55%) of BHT's initial \$10M in funding will be dispersed to provider/partners; \$3M (30%) is withheld for infrastructure investments (TBD), and \$1.6M (15%) designated for a Community Resiliency Fund. FIMC funding (early adoption for MH\_SUD integration) will be dispersed to mental health providers. Our initial goal was to insure that all funding made it back to serve folks in P.O County. He was pleased to announce that P.O. County will receive \$534,000 under first year funding; of that, NHHS will receive \$63,000. Nobody is getting rich, but the funding is getting to the County providers and we are setting up for year 2-5 project funding (NHHS's priority).

#### OLD/NEW BUSINESS:

Provider Recruitment – an interview with an ED provider is scheduled tomorrow; Tom plans to discuss future plans with Drs. Kanning and Williams, who are providing surgical services.

Legislative Update – House Bill 1388, which moves administrative functions for mental health/substance use from DSHS to the HCA moved through the House and should pass the Senate. The funding should also pass with it (under ACH Region 9's early adoption). That will leave only crisis MH\_SUD funding with DSHS and the BHO.

**ACTION ITEM AGENDA**

**Resolution No. 2018-03 Petty Cash Fund Increase** - Via motion made, seconded and passed unanimously, Resolution No. 2018-03 approved the increase in Petty Cash Funds at Newport Health Center Clinic by an additional \$50.

**Capital Purchases** – Item #2 was not initially included with the packet.

1) Centricity-Pyxis Interface for Clinic Rx Station: our original contract called for interface only to the Meditech system; a perpetual license is required for a Centricity interface, which the 2018 budget did not include. A motion made, seconded and passed unanimously approved purchase of a \$12,500 (plus tax) Centricity Pyxis interface license for the clinic medication station.

2) Tom W. explained purchase of a 2-ton HVAC unit for RMV was identified during the January accounting close-out. Our new Engineer was not entirely aware of our budgeting process and purchased the unit at RMV because it was failing. A motion made, seconded and passed unanimously approved the capital purchase in the amount of \$14,431.

The 2018 Letter of Agreement between Public Hospital District #1 of Pend Oreille County and the Newport Hospital & Health Services Foundation was reviewed and signed.

**OTHER BUSINESS:**

There was no other business to discuss.

**NEXT MEETING DATE**

The next regular meeting of the Commission will occur on March 22, 2018.

**EXECUTIVE SESSION**

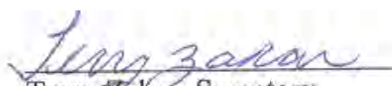
There was no Executive Session required.

**ADJOURNMENT**

There being no further business, the meeting adjourned at 2:32 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