

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

June 28, 2018

In Attendance: Commissioners: Thomas Garrett, Terry Zakar, Raymond King, and Lois Robertson; Tom Wilbur, CEO; Angelika Kraus, MD Chief of Medical Staff; Directors: Kim Manus, CFO; Casi Densley, Controller; Diane Waldrup, Robert Rosencrantz, Jenny Smith, and Nancy Shaw.

Excused: Commissioner Lynnette Elswick, Joseph Clouse, Pete Peterson, Walter Price, Chris Wagar, Jenn Allbee, and Trina Gleese,

CALL TO ORDER:

Chairperson Thomas Garrett called the meeting to order at 12:32 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. One item was added to the Agenda: HVAC System Software Upgrade, Capital Purchase. Commissioner Garrett also encouraged the board members to share items of interest from the recent WSHA Annual conference.

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

Auditors Report: May 2018: Warrants #206838-#207307 and wire transfers #1703-#1722 in the amounts of \$1,202,000.69 and \$1,587,105.61, respectively, plus an automatic loan payment deduction of \$40,000 for a grand total of \$2,829,106.20.

Bad Debt/Charity Care: all-inclusive June District Write-off's for \$115,651.80.

APPROVAL OF PREVIOUS MEETING MINUTES

Due to Chelan Conference week, the regular May 24, 2018 meeting minutes were unavailable for final review and approval; Casi Densley explained that the Auditors requested the May approved minutes; it was determined that the minutes would be e-mailed to the Commissioners for approval, and will be officially presented at the next regular Commissioner meeting for signatures.

BUSINESS FROM THE AUDIENCE:

Robert Rosencrantz submitted a question regarding the District's capital/financial budget and strategic plan relating to technology advances and the District's ability to keep pace with latest generation medical devices. Tom Wilbur responded and thanked Mr. Rosencrantz for another excellent and very pertinent question. He explained that every facility faces the battle to balance costs of new technology with the derived incremental gain in diagnosis and treatment; certainly, as it weighs against the services we provide in our facilities. He noted that the District's history is that we have been able to walk that line and maintain very good technology (diagnostic, treatment, and operating systems),

particularly, for a small rural facility. We have been able to invest and perpetuate via cost based reimbursement (funded depreciation) sufficient cash flow to remain current with the most reasonable technologies. He explained that we review technology to provide quality medical services, but not necessarily with the very latest, high end technology. As an example, he noted our CT scanner; we operate a 32-slice CT, which is sufficient for the work done here, vs a 64- or 128-slice CT scanner which would be necessary for top end, high level cardiac or neurology care. Commissioner Garrett added that the Board is routinely apprised of technology needs and upgrades as they arise.

COMMITTEE REPORTS:

Joint Conference/Planning – Dr. Angelika Kraus, Chief of Medical Staff was welcomed; she reported on behalf of Dr. Aaron Reinke that he felt there remain ongoing OB charge capture and billing issues, specifically capturing RVU's. Casi Densley responded, stating that she recently reviewed information with Dr. Tessa Reinke and there were no omissions; Casi will follow up with Dr. A Reinke to confirm.

Finance – Casi Densley, Controller stated we are doing well vs. budget for the year. She reported that a timeclock and attendance system, Novatime has been selected. When complete, timeclocks will be installed throughout the facility and the data will automatically transfer to our Meditech system and will provide up-to-date timecard reporting technology - vs. manual timecard reporting. The system will feature fingerprint scanning; also, an advanced scheduler will generate an e-mail notification to specified groups when an open shift requires coverage. The selection committee is very excited to get the new system up and running.

She noted revenue were conservative, due in part to Amerigroup and Molina claims being incorrectly processed and subsequently held by us to make sure systems were working. Kim Manus explained that Amerigroup recently notified us they conducted a "claims sweep," which triggered corrected payments totaling \$164,000. Kim requested further details, noting that 50% of our claims have been paid via fee-schedule vs. encounter rate. The issues are occurring State-wide; facilities are being monitored to ensure that the MCO is processing our claims correctly (dating back to January 1, 2018). A new legislative ruling went into effect that essentially allows receipt of the encounter rate at the time of service vs. waiting for 3-4 years for settlement. The MCO's software has not been upgraded to appropriately to process our claims at the encounter rate.

Casi reported that construction fund draws were approximately \$653,000 for the month and there haven't been any other issues to report. The Fea St. property closed Friday, completing the purchase.

Casi expects the Milliman actuarial computation draft - to estimate future potential liability for post-retirement medical benefits should be completed sometime tomorrow; our 2017 year-end financial statements will be finalized thereafter. She noted that the DZA auditing firm will provide a financial presentation to the Commission at the August meeting.

Commissioner King complimented the Finance Team and commented that he is impressed with their continuing efforts on our finances and audits.

Travis Williams reviewed a 2018 Priority 2 capital item that was budgeted: Alltec, Inc.- an HVAC controls system upgrade in the amount of \$46,800. Alltec was our prior service vendor, but due to systems installation and commissioning issues we had with our new clinic and the control supplier/

manufacturer no longer recognizing Alltec as a licensed system vendor, Travis opted out of using Alltec. Instead, in April 2018, he brought to the Board a proposal (approved - \$12,000) to evaluate the HVAC controller systems and noted that the entire system was since been methodically reviewed by CSN (Control Solutions Northwest) and approx. \$7K was spent under the proposal. The monitoring results allowed us to gather data specifics on the control issues that prior to our review we had no ability to monitor with existing systems.

He presented a final CSN HVAC controller proposal that would accomplish all items under the 2018 - Priority 2, Alltec proposal (covering controllers, hardware, server, graphics, etc.) on the main system controls. In addition, he asked CSN to scope an additional upgrade that would allow us to "split" the system and integrate sensors with the main BCX and chiller system controls to operate in different zones more efficiently, which will help with our OR humidification control and sensors. And, finally, a third item to replace a faulty controller; every other controller in the system is communicating properly, in the amount of \$1,500, is included in the proposal.

Travis noted the \$28,709 total for all three CSN proposals will accomplish all requirements (+/+) of the original \$46,800 Alltec proposal. Kim commented the controller upgrade was moved to Priority 2 (it was originally included as Priority 1 by our prior maintenance team) with the intent to provide Travis time to evaluate the system and to get a second review. Kim added that humidity control in the OR is very important, especially for orthopedic surgery cases. The new controller server will integrate and display one-view of the clinic, hospital, and the new ALF building, and has the capability to set alarm parameters that can be pushed out to staff via cell phone notification.

Tom noted that we have been operating on our existing system since 1996 and the technology is no longer to current standard. Issues arose with Alltec in 2016 when we moved into the new Family Health Center. An independent, third party commissioning service expressed frustration with the controller problems at that time; Alltec, the GC, and engineers were not in agreement with the issues. Tom W. indicated the upgrade was necessary, probably long overdue, and, in theory, will also improve energy consumption (which we will monitor and report back on, over time). Travis noted the upgrade includes the latest Andover (controller/manufacturer) equipment, is no longer proprietary (access was limited only to the company), and is scalable: the integration possibilities are endless and yearly updates will simply be an in-house firmware upload.

Commissioner Garrett inquired of the overall condition of the HVAC equipment; Travis responded that there are items (per specs) that are at or beyond useful life, but there is no immediate concern for total replacement. The controller system should prolong the life of the existing system; Travis noted his goal is to review systems, gain efficiencies through programming, and perhaps determine whether some system components can be scaled back. Following discussion, **a motion made, seconded and passed unanimously approved necessary upgrades to the District's HVAC system in the amount not to exceed \$31,000 (\$28,709 plus sales tax).**

Travis reported that the ALF construction is progressing and the first foundation concrete has been poured. The schedule was 7-8 weeks behind due to inclement weather, but is now progressing at a standard construction pace. All Sites Framing has put forth tremendous effort and the framing will start Tuesday of next week and is expected to progress rapidly. Travis anticipates floors and trusses will be in place by end of July. He will spend a great deal of time walking through the building to ensure that fixes are done at the front-end rather than after-the-fact.

Quality Assurance – Jennifer Allbee was not in attendance; there was no report provided.

SUPERINTENDENT REPORT

Tom W. encouraged members of the board to discuss their takeaways from the annual Rural Hospital Conference in Chelan that end yesterday. He noted value based payment (VBP) models and funding remain on the forefront, but there are certainly no answers to that dilemma at this time. He explained that he met with members of the Health Care Authority (HCA) and WSHA Rural Hospital Committee at the conference; he stressed the State's #1 priority is to reduce spending and shift to value. The District's goal is to determine how to best serve our 3,200 Medicaid and 4,000 Medicare clients assigned to our clinic. However, there remain no specific funds available to accomplish any up front care management services; and payment/service methodologies vary greatly across hospital statewide.

Tom noted the HCA has reviewed a couple of other State models (Pennsylvania and Maryland) which are exploring defined, budget based payments (much like 1980's WA Hospital Rates Commission), but noted the necessary infrastructure to rebuild this type of model could take 2-5 years at the State. Our better option is to continue to work with the MCO's to redirect frontend funding, install case management, and generate/share savings. However, both the providers and MCO's remain "at risk" (albeit, at the opposite ends of the spectrum) for the trade-off of up-front infrastructure funding and reduced reimbursements. Again, we remain far ahead of our peers with our progress.

Tom will also continue our work with Better Health Together to obtain 1115 Waiver funding. He noted he was working with two sub-groups of hospital's with the HCA and DSHS/ALTSA to explore new payment models. He noted the State has made strides when they pooled source behavioral health/chemical dependency funding with medical funding under what will be joint service contracts in 2019. However, dental services, residential care, and long term aging/support services remain in separate funding pools, which can create challenges in rural areas trying to support a continuum of care. We will continue to explore solutions under both programs to support infrastructure to manage health.

Commissioner Garrett reported on several takeaways from the Chelan conference: he feels there is the need to re-visit the Board's Committee roles (a future agenda item). Also, he proposed to revisit board education on the "Critical Questions Every Hospital Board Needs to be Able to Answer" manual. The July meeting will start at 11:00 am., with Question #1 - the Board's Fiduciary Responsibility as the topic. Tom G. also would encourage a directed focus on the Board Chairperson's education and development, especially when members rotate. Tom W. stressed the importance of an industry knowledgeable board, noting that this Board has been very engaged and truly understands the strategic mission of the District. Lastly, Commissioner Garrett requested we conduct a Board self-assessment; requesting information from WSHA for the latest tool, or Tom W. to provide one.

Commissioner King commented that he believes there is room for improvement with our credentialing process. He requested that Julie Lohman attend the next meeting to provide information. All agreed that this year's WSHA conference at Chelan was very beneficial and they appreciated the networking opportunity.

Commissioner Robertson weighed in, noting that she is in agreement with the other board members, and is proud to be affiliated with Newport Hospital; where other people at the conference recognize us

by our reputation and the work we are doing. Lois attended workshop sessions on the opioid crisis; admittedly, the majority of the Board members are unaware of the level of crisis that exists in our community; Lois noted that she feels periodic reports and updates would be helpful.

Tom W. responded, noting historically, that has been a difficult metric to measure, but one of the goals of the State (and via BHT) is the opioid crisis and management and a written plan will be submitted to Better Health Together. It will provide the program outline we will commit to for 2019-21. Jenny Smith offered to share the metrics that are associated with each project, but noted that historical data related to opioids is not available. We are reviewing prescribing rates – i.e. number of monthly doses per client, etc. The physicians are proponents of behavioral health support in the clinic in anticipation of requirements to decrease medication.

Commissioner Zakar noted she also has concerns with regards to the credentialing process and she plans to allow ample time to review files prior to the board meetings. She also will be reviewing the medical staff bylaws and rules & regulations. Tom W. stated that he is confident that we adhere to strict credentialing guidelines and also the District's Medical Staff Bylaws and Rules & Regulations.

Commissioner Garrett asked whether there is an existing committee to address questions and issues. Tom W. noted that Julie Lohman is our gatekeeper of the process and she has a well-defined system of check sheets to ensure we are compliant. The Board requested education relating to credentialing and asked for a future educational session around the process and its sub-committee designee.

Kim noted that via the WRHC, we have enlisted a joint oversight committee to assist all partners with a credentialing process review. The intent of the program is to demonstrate compliance for one year to insurance companies. Once this is accomplished, we will no longer be required to wait for the insurance company to validate a provider's acceptance. The committee adheres to JHACO standards in verification of provider's background checks, reference letters, etc.

OLD/NEW BUSINESS:

The Supreme Court has ruled that public employees cannot be mandated to pay Union dues or agency fees. Union members may participate voluntarily. It has yet to be determined what effect this will have on our bargaining unit members – either to continue to pay dues, or opt out. Kim added that the District is required to collect dues (for those that decide to continue paying). Tom noted that the union contract will expire December 2019 and all remains status quo at this time. We will provide further updates as this passes through legal review.

ACTION ITEM AGENDA

Capital Purchase – HVAC Equipment / Upgrade – approved, as noted previously.

Resolution No. 2018-07 Surplus Laboratory Equipment - Via motion made, seconded and passed unanimously, Resolution No. 2018-07 approved surplus of an ESA Lead Care II Laboratory Analyzer, deemed no longer needed for District purposes.

Resolution No. 2018-08 was approved, authorizing the Superintendent to execute the Washington Rural Health Collaborative Interlocal Agreement.

OTHER BUSINESS:

There was no other business to discuss.

EXECUTIVE SESSION

As permitted by RCW 4105, the meeting was moved to Executive Session at 2:30 pm for approximately 15 minutes to discuss credentialing issues.

RETURN TO OPEN SESSION

The Commission returned to Open Session at approximately 2:40 pm.

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

Provisional Status:

~~Emergency Medicine~~

~~Christopher Ramage, DO~~

Active Status:

Radiology

Scott Carleton, MD

NEXT MEETING DATE

The next regular meeting of the Commission will occur on July 26, 2018 and will **begin at 11:00 am** to discuss Board education – specifically, Question #1 – the Board's Fiduciary Duties and other related topics.

ADJOURN

There being no further business, the meeting adjourned at 2:42 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