

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

November 29, 2018

In Attendance: Commissioners: Thomas Garrett, Lynnette Elswick, Terry Zakar, Raymond King, and Lois Robertson; Tom Wilbur, CEO; Directors: Kim Manus, Pete Peterson, Susan Schwartz, Joseph Clouse, Chris Wagar, Casi Densley, Diane Waldrup, Jennifer Johnston, Chelsea McLaughlin, Casey Scott, Michael Zeimantz, Trina Gleese, Jennifer Allbee, Becky Dana, Katie Weber, Robert Rosencrantz, and Nancy Shaw.

Excused: Angelika Kraus, MD; Directors: Walter Price.

CALL TO ORDER:

Chairperson Thomas Garrett called the meeting to order at 1:30 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: October 2018: Warrants #208889-#209353 and wire transfers #1817-#1836 in the amounts of \$2,167,682.18 and \$1,776,950.70, respectively, plus an automatic loan payment deduction of \$40,000 for a grand total of \$3,984,632.88.

Bad Debt/Charity Care: all-inclusive October District Write-off's for \$128,133.13.

APPROVAL OF PREVIOUS MEETING MINUTES

The regular meeting minutes of October 25, 2018, and Special Budget meeting minutes of November 15, 2018, were approved by motion made, seconded and passed.

BUSINESS FROM THE AUDIENCE:

Commissioner Garrett raised a question regarding the November 15th medical staff meeting minutes that indicated a request from Dr. T. Reinke to explore adding a specific medication to the formulary that would improve the chances of success for medically-induced miscarriages. Following further investigation and noting the medication in question was utilized only after fetal demise was confirmed, Commissioner Garrett felt his concerns were duly addressed. Chris Wagar stated that Dr. Tessa Reinke is available to answer questions. Ton W. noted the drug was still under consideration due to its cost.

COMMITTEE REPORTS

Joint Conference/Planning: Commissioner Garrett noted that Dr. Kraus checked in prior to the start of the meeting and reported there is nothing of significance to share from the medical staff.

Finance: Casi Densley, Controller reviewed the income statements; annual year-to-date Net Income is \$935,000 above budget; a conservative estimate as Molina and Amerigroup continue to make corrections and adjustments to payments that have yet to be processed.

Casi distributed a schedule of values from Kilgore Construction. She explained the monthly breakdown through October, noting the project is at 52% complete (by contract payment) to date.

Kim Manus will provide the final operating and capital budget update at the December meeting. The Finance Committee met last month and the preliminary budget (approved for the purposes of setting District M&O and LTGO taxes) indicated a profit (a "bottom line") of \$986,700.

The revised budgets included a 6-month projection for RMV Advanced Care with gross revenue of \$3.7M; Kim explained this was based upon the State's proposed rate of \$145 per day. Proshare reimbursement was listed at ½ of 2018, due to LTC being open for only six months in 2019. There were no changes to the proposed taxation amount; depreciation was higher by \$365K due to the new RMV building – again, based upon 6 months. 340B revenue has a net impact of approx. \$2.1M, including cost for supplies of \$764K. Kim anticipates the net 340B will increase when another provider is hired.

Kim reviewed and explained the 2019 Annual Total Budget Expenditures which sums net income from all sources, adds back depreciation/amortization, and subtracts debt service principal and capital additions (Priority 1). Principal includes the HFU loan payment; UTGO (voted debt) principal (RMV-AC) and out LTGO Bonds (clinic); interest expense is reflected in the financial statements.

A line-by-line annual comparison report was provided as a means to explain year-to-date annualized vs. budgeted amounts. Credits are listed as negative amounts, Kim noted. If this trend continues, the bottom line could be as much as \$2M. Kim shared an FTE itemized analysis from 2013-2018 and the requested FTE amounts for 2019 – which will be revised in the final budget.

Kim addressed Commissioner Garrett's LTCU vs. RMV Advanced Care staffing ratio question, noting that the 2019 budget is significantly less; however, it only reflects a six month period. Kim pointed out that the FTE total for RMV Dietary, Activities, and Administration departments are charged to RMV, whereas LTCU expenses are allocated, and do not reflect those FTE totals. The total FTE count for maintenance was not included. The RHC total FTE count will increase slightly in 2019 with the addition of a provider (and Medical Assistant). There are also added FTE's for value based purchasing (VBP) participation with an additional Care Coordinator.

Kim anticipates we will receive 1115 Waiver funding; however, we do not have a firm commitment from Better Health Together (BHT) so Kim only factored \$150K (could be as high as \$400K), which she is confident we will receive. Kim briefly explained the BHT funding methodology which uses attributed lives assigned to our clinic. The NHHS group total will be provided in December.

Kim provided an overview of 2018 budgeted vs. actual and 2019 departmental statistics. ACU patient days (including observation and OB) were holding steady, but swing bed days were down. Swing bed days have been affected by the lack of available Occupational Therapy (being recruited), a higher utilization of home health, and the costs associated with hospital based skilled nursing. Chris Wagar noted that Spokane patients historically identified for swing bed are being referred to home health.

Kim noted budget amounts are based at 89% occupancy for the new RMV Advanced Care facility; she noted there is no guarantee that the facility will be at full census upon opening but noted we had received an inquiry from DSHS for an accounting of Medicaid acceptance, number of LTCU/ALF beds, and bed-gender availability. There is outside interest in our new facility.

Anticipated volume increases, rate adjustments, and budget impact was reviewed. Kim used 6% as a maximum overall rate lid and noted Medicare recently set the IP/OP rates based upon utilization and costs. Kim factored a 6% increase, only for specific departments – i.e. OB, ACU. Outpatient charges were increased by 3%. Effective January 1, all hospital in the State will be required to publish their charge master online – which more than likely will confuse patients, as many services include multiple line items charges depending on the particular aspects of the visit.

Kim indicated current Priority 1 capital equipment totaled \$2.1M; but that will be revised as the Director/managers discuss final planning and supporting ROI for capital purchases.

Quality Assurance – Jennifer Allbee, Quality Manager explained that overall she reports 89 monthly comparative quality metrics to various organizations/services. To the National Healthcare Safety Network includes employee influenza vaccination rates (MRSA cases in the ED and ACU); hospital-acquired C-diff and MRSA infections, catheter-associated UTI's, and central line-associated blood infections. Surgical infections related to total knee and hip replacement will be reported in 2019.

Medicare Quality Improvement Projects (MQIP) includes monitoring chest pain patients receiving aspirin within 30 minutes, transfer times for coronary intervention and time to ECG. ED measures include arrival time to departure; annual data for patients that left without being seen by a provider, healthcare worker flu vaccines, and quarterly immunization total for all inpatients discharged.

Jen explained that Press Ganey is the vendor that manages patient satisfaction survey HCAHP question results. Patients rate the hospital based on cleanliness, likelihood to recommend, noise levels, nurse/doctor communication regarding pain management, and discharge information. The survey return rate is slightly higher than last year.

Other comparative data includes all ACU hospital/swing bed acquired infections, unassisted patient falls, readmissions within 30 days, ED returns within 72 hours for same/similar diagnosis. There are 4 specific HCAHP questions that the WRHC will be focusing on. In 2019 the Collaborative plans to monitor 6 additional measures and will include sepsis, stroke and workplace violence.

To the Washington State Hospital Association, 37 metrics are reported including: adverse drug events, dispensing of Narcan, Coumadin, blood glucose >50 following diabetic medication administration for hypoglycemic patients, falls with injury, all antibiotic use involving 5 antibiotic classifications, outpatient diabetes care, rapid response team deployments, patient/family engagement, and 20 OB measures. Monthly measures include mortality, adverse events (also reported to the Dept. of Health involving 29 potential incidents), readmissions, patient days, falls, ER visits, LWBS, LAM and unexpected returns to the ED within 48/72 hours.

Jennifer was thanked for the informative report. Tom W. added that the data being measured will likely increase as we move to consumer transparency and quality care initiatives. However, the challenge still remains to produce analyses and meaningful change using the reported data.

SUPERINTENDENT REPORT

2019 Capital Budget – Tom W. distributed a preliminary capital/planning history and outline to consider space utilization/options for the Circa 58 space and LTCU over the next several months. He also included historic 18-year historical financial information and graphs for perspective. Tom noted annual operating margin/net income trends and reviewed details including total margin percentages, salary and benefit, revenues and operating expenses (by type), total labor costs vs. FTE's, property, plant, and equipment, and total debt trends.

Tom noted the goal is to maintain a bottom line (Net Income) at 4.5% or higher. Historically, reported income from operations has been negative due to the broad spectrum of services we provide (birth to end-of-life) and the fact that Medicare/Medicaid pays only up to allowable (not total costs). Internally, we report income from operations in its most absolute form – direct revenues, less direct costs of care – in order to understand and provide perspective on where our “bottom line” is derived: M&O taxes, interest income, grants, meaningful use, 340B, etc.

Balance sheet trends included total cash reserves, the number of days of operating expenses in cash on hand, Board funds designated for capital, net patient A/R, capital investments (PP&E) and debt. Overall, our financial outlook has improved; we have made appropriate capital investment in buildings, equipment, and technology and have not over extended our borrowing. A graph depicting depreciation/amortization, capital purchases (net) and debt principal was shared; Tom stressed the importance of investing in infrastructure and capital.

Tom explained that, although we are in a good financial position, Legislative changes could have immediate and significant financial impacts on us (e.g.- elimination of CAH designation or 340B program; changes to reimbursement models; value-based purchasing, etc.). Tom does not anticipate any major changes; however, change, and the ability to adapt remain our focus – we must never become complacent.

Space Issues – we must continue to analyze our existing spaces; to maximize service use, productivity, and return on investment. Tom will continue to consider co-location of services under the NHHS and POHC medical home/health vision. Looking to 2020 and beyond, plans will develop to remodel the Circa-58' and LTC space(s), which Tom estimates could cost approximately \$5-6M. He will continue to update the Commissioners as plans develop.

Commissioner Garrett asked if we anticipate any increase in FTE's at the new RMV facility. Tom W. responded that we may have an increase in FTE's, but not in cost – we should have more NA-C's and fewer RN's; much will depend upon census and the level of care provided in the neighborhoods.

Molina/Amerigroup – Tom reported we recently received a check from Amerigroup for \$37,000; \$62,000 was actually saved on our covered lives; however, due to data feed issues for a couple of quality metrics (reporting is being updated as we speak), the District received only \$37,000. We are still trying to learn how lives are assigned to providers and working with the carriers to determine baseline costs. It has been a bit easier with our HCA/MCO lives than with Medicare -- we are learning to dabble in the VBP realm, but have a long way to go.

OLD/NEW BUSINESS:

Joseph Clouse, HR Director recapped the bonus program and historic payout amounts. Results and recommendations on the 2018 Non-Contract Compensation criteria were discussed at the Finance Committee meeting. Joseph explained that a focus this year was on managers and their development plans, targets/goals, etc. Fifteen managers completed the targets; 11 did not, a completion rate of 58%. The Finance Committee recommended paying the added 10% bonus (\$64) only to those managers who completed the goal setting and plan development.

Kim stressed that the State has specific requirements to pre-define the criteria for bonus compensation and any changes must be in writing. Joseph explained that managers were notified of the deadline to complete the Compliance modules, a requirement for all District individuals (including the providers). Joseph indicated that Dr. Jones has been encouraging the medical staff providers to complete the modules.

Joseph proposed paying a bonus of \$520 to those individuals who do not complete the Compliance modules by the deadline – December 1, 2018. Other staff members that complete the modules would receive \$680. Managers completing the Leadership Development module would receive \$800 and those that fail to complete them would receive \$736.

ACTION ITEM AGENDA

2018 Non-Contract Incentive Compensation/Funding – Via motion, made, seconded and passed unanimously, the 2018 bonus compensation pay amounts to those eligible non-contract staff who remain continuously employed effective to midnight December 1, 2018, is as follows:

Line Staff: Compliance Module Complete - \$680; w/o CM Module complete - \$520
Directors/Managers: Leadership Development Module complete - \$800; w/o LDM - \$736

Resolution No. 2018-11 – was unanimously approved via motion made and seconded, to participate as a stakeholder in the Pend Oreille County, Multi-Jurisdiction Hazard Mitigation Plan and to commit to reduce risks from natural and man-made hazards.

Resolution No. 2018-14 – Tom W. explained that legal counsel has reviewed final revisions to the District Bylaws; which were presented and approved via Resolution No. 2018-14.

Resolution No. 2018-15 was unanimously approved, designating surplus property no longer needed for District purposes; specifically, a transducer and newborn hearing equipment.

2019 Commissioner Committee-Board Nominations – the proposed 2019 Board Commissioner nominations were reviewed and will be assigned/approved at the December meeting of the Commission. Commissioner King withdrew his participation from the Medical Staff Committee. There was no action taken.

OTHER BUSINESS

The 2018 Annual Festival of Trees event will occur on Saturday, December 1 at Sadie Halstead Middle School. Daytime activities begin at 10:00 am and the evening benefit/social event begins at 5:00 pm with live entertainment, a buffet/dessert bar and tree viewing.

The District service awards will be presented on Friday, December 7 at 11:30 am in the Sandifur room; an evening celebration is planned at 5:30 pm at the Beardmore Bistro in Priest River, ID.

EXECUTIVE SESSION

The meeting moved to Executive session at approximately 3:12 pm to discuss personnel and credentialing matters for approx. 20 minutes.

RETURN TO OPEN SESSION

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

Reappointments:

Courtesy Status: Paul Shepherd, MD – Off-Site Radiologist

Provisional to Courtesy Status:

Mark Pruitt, DO – Emergency Medicine

Brian Rich, MD – Radiologist

Chase Williams, MD – General Surgery

Curtis Gill, DO – Emergency Medicine

Nathan Kanning, MD – awarded Tubal Ligation Privileges

Provisional Status: Jason S. Vergnani, MD – Offsite Radiologist

Provisional to Active Status: Aaron Reinke, MD – Family Practice/OB-ER

Reappointment, Active Status: Clayton Kersting, MD – Family Practice

NEXT MEETING DATE

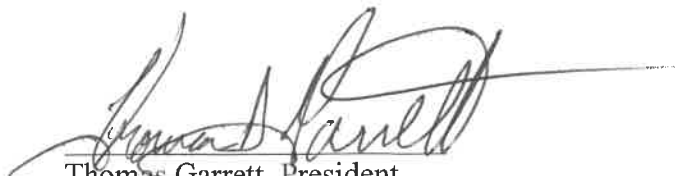
An Education Session will begin at 12:30 pm to review the Board Chairperson's role and discuss updates to the Medical Staff Bylaws.

The next regular meeting of the Commission will occur on December 27, 2018 at 1:30 pm.

ADJOURN

There being no further business, the meeting adjourned at 3:35 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