

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

December 27, 2018

In Attendance: Commissioners: Thomas Garrett, Lynnette Elswick (via teleconference), Raymond King, and Lois Robertson; Tom Wilbur, CEO; Directors: Kim Manus, Pete Peterson, Chris Wagar, Casi Densley, Diane Anderson, Jennifer Johnston, Jennifer Allbee, Laura Davis, Robert Rosencrantz, and Nancy Shaw.

Excused: Angelika Kraus, MD; Commissioner Terry Zakar; Directors: Joseph Clouse, Walter Price, and Susan Schwartz.

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: November 2018: Warrants #209354-#209768 and wire transfers #1837-#1857 in the amounts of \$2,545,968.40 and \$2,422,393.81, respectively, plus an automatic loan payment deduction of \$40,000 for a grand total of \$5,008,362.21.

Bad Debt/Charity Care: all-inclusive November District Write-off's for \$161,785.15.

APPROVAL OF PREVIOUS MEETING MINUTES

The regular meeting minutes of November 29, 2018 were approved by motion made, seconded and passed.

BUSINESS FROM THE AUDIENCE:

Mr. Robert Rosencrantz was welcomed; he offered that the Washington Health Alliance publishes a comprehensive rating of hospitals in Washington State. He noted from 2017-2018, of approximately 100 hospitals reporting, Newport Hospital & Health Services ranked either first or second in terms of improvement year over year. Robert extended his compliments to the staff for a job "well done"; the Board members thanked him for sharing the positive information. Tom W. noted that this is partially a derivative of performing under our ACO/VBP models; we are now capturing more data and reporting results under the programs.

COMMITTEE REPORTS

Joint Conference/Planning: Dr. Angelika Kraus, Chief of Medical Staff was not in attendance.

Finance: Casi Densley, Controller announced we had hired Kyle Stussi for the position of Financial Analyst and he will begin in two weeks. Casi noted that an FTE position was combined; Kyle will also assist with care coordination/revenue cycle data analysis. He is earning his Bachelor degree in Accounting and was formerly the Controller at NW Orthopedics and analyst with Columbia Medical Associates in Spokane.

Casi noted that NOVATIME, our timecard/clock system has been implemented with three initial departments to trial run programming/system issues prior to introducing to all staff. Once the system is fully implemented, bi-weekly payroll should process much more efficiently.

Casi reported our first UTGO Bond payment of \$1.1M was made in December, and included an interest charge of \$202,000. Casi will be focusing on preparing for our 2018 cost report and financial statement audit –DZA Accounting Firm will be on site mid-February to assist with the cost report; the audit is scheduled for mid-April.

Quality Assurance – Jennifer Allbee, Quality Manager reviewed key District accomplishments during 2018. In addition, the ER and ACU departments participated in survey-readiness tele-conferences to review recent survey citations from other facilities in the State. A complete list was developed and reviewed with various departments as an exercise to prepare for our anticipated State survey.

Falls –Staff will be recognized with rewards next week. Jen reported there were 16 falls in 2016, 11 in 2017 and only 5 during 2018; w/zero fall occurrences over the past 6 months. .

Jen reported that a new allergy testing protocol was introduced in 2018 for patients that may be unsure whether they are allergic to antibiotics. On average, people with Penicillin allergies spend over \$12K during a lifetime on various antibiotics.

Jen announced that the Dept. of Health recently funded a CPR meter for training/utilization –it is a device that is placed on the patient during a CPR event. It records duration of CPR, and compression pressure statistics. The American Heart Association is proposing all facilities performing CPR in the hospital setting be required to use the monitors. Four monitors are in place at ACU, OB, and ER. Laura Davis, RN/Nurse Educator demonstrated the features and effectiveness of the CPR meter equipment for the Board.

Commissioner Garrett asked Jen whether she felt we are receiving appropriate feedback from our patients via the Press Ganey surveys. Jen explained that approximately 300 ED Press Ganey patient satisfaction surveys are sent to our patients monthly; every Acute Care patient receives a survey. Survey questions encompass patient and quality-of-care topics. In order to qualify as a Star Rated facility, at least 100 ACU surveys must be returned annually, which was met this year. Commissioner Robertson noted that the older population may not return electronic surveys.

2019 Operating & Capital Budgets – Kim Manus, Finance Director, provided the Board final budgets and corresponding resolutions for final review and approval. She provided a final FTE breakdown and

reviewed growth trends, noting the transition from LTCU to ALF included significant overlap and accounted for a large portion of the staffing increase. There were 10 additional NAC's and 1 LPN factored in the budget for the new facility – which presumed full occupancy in the new building. The budget also includes an additional 2.1 RN positions and 2 Occupational Therapists in the hospital.

Commissioner Robertson asked whether any LTCU staff would be laid off due to the move to the new ALF. Kim responded, noting there will be less RN positions; however, they will be provided opportunities to fill in other positions within the District, if qualified and available.

Kim reviewed 2019 budget items, including: 1115 Waiver funding; Kim conservatively counted only \$150,000, due to the lack of a firm commitment (it could be as high as \$350K). Some revenue growth is attributed to this program and we are committed to hiring additional care coordinators, which will somewhat be contingent upon receiving the waiver funds. She noted Proshare funds will decrease as they will no longer be available once the LTCU facility closes. Kim noted the program historically made up one-half of the Medicaid losses (fully allocated costs vs. reimbursement); the Federal government recognized State payments did not adequately cover total expenses in the LTC setting. The budget also includes approx. \$100,000 to provide financial services utilizing the local ambulance personnel (paramedics) in our clinics or ED.

Kim overviewed the proposed annual wage adjustment: a benchmark of 3% was factored for non-contract employees and 4% for RN's (contract wage adjustment of 2% + anniversary step increases). Milliman market adjustments were also reviewed; this year 30 job codes, or 80 FTE's qualified for market adjustments, totaling \$282,474, an 8.6% overall increase for those codes. Kim explained many of the employees adjusted were near the minimum wage threshold. All calculations were based upon the District's non-contracted staff compensation plan methodology.

Casi Densley explained that with the minimum wage increases scheduled into 2020; many adjustments involved support services – i.e. Dietary and Environmental Services. Medical assistants will receive an increase to remain competitive in the marketplace; Kim noted that medical assistant recruiting has been challenging. The Finance Committee was unable to convene in Dec. but had reviewed and approved all market adjustments in Nov.; Joseph Clouse, HR Director recommended approval of the 2% annual wage and market adjustments; **a motion to approve a 2% annual wage and the Milliman market adjustments for non-contract staff was made, seconded and passed unanimously.**

Kim provided a 2019 “cash” recap: net revenues plus depreciation, less capital purchases and debt service principal payments. Referring to the Priority one capital budget items (\$809K), a hand-held ultrasound unit was proposed (\$67,000), which would permit the provider to perform ultrasound exams at bedside. The diagnostic tool is considered a community standard of care. The Priority two items were reviewed; these are typically approved as-needed or required. Kim noted that we plan to review return on investment on any Priority 2 (e.g.- 3D mammography) before bringing those back to the Board for specific approval. Priority three items are related to facility improvements as we consider space utilization/options once the LTCU is vacated.

Items omitted from the capital list are related to facility improvements and safety issues. Pete Petersen explained that hand-held (ED) radio transmission is limited due to antenna issues; secondly, reconfiguration of ED exam rooms 1 and 2 to improve patient and staff safety was considered prior to Travis Williams' departure. Pete will reconsider these items and request approval at a later date.

340B – Kim pointed out that for internal financial reporting, 340B is included as a “net” line item in non-operating revenue. For the final budget and external financial reporting, 340B is listed in its individual component parts (revenue, supplies, purchased service) and represents \$2.1M to our bottom line. Kim remains cautiously optimistic about the continuation with the program, but recognizes there are no program guarantees.

### SUPERINTENDENT REPORT

Tom W. distributed a historical FTE analysis from 2004-2018. FTE’s were split into four divisions: patient care, administration/support, clinics and residential care, and into four time frames: starting with 2004-06 (first full three years of existing District operations, all service lines including RMV and clinics) and ending with the 2015-17’ (transition to VBP model) and compared with 2018 (19 PP run rate) and 2019 budget. He overviewed the significant changes (or not), adjustments, and changes in business operations over the tame frames. The most dramatic changes occurred in 2014 with the Affordable Care Act, Medicaid expansion, and Value Based Purchasing. In 2018, we continued our work with the Pend Oreille Health Coalition and Better Health Together.

Tom explained that regardless the need/developments, we will not be increasing our FTE count to 314 in 2019 (regardless the budget). Overall, the 2018 FTE count is slightly higher at 285; he doesn’t anticipate the amount to go much above 290-295, for a long-term run rate. He noted in 2018, 293 FTE’s were budgeted, but we only got to 285.

2019 Initiatives: Tom noted the he and Chris W. had recently met with members of Pend Oreille Counseling Services and noted that integration of behavioral health/chemical dependency with medical care is mandated for providers in 2019. Funding is channeled through HCA and to Amerigroup and Molina, but both groups (NHHS/POCCS) must meet the requirement if they want to continue to contract to provide care in the future. Key goals in 2019 will be management and intervention to address behavioral health/substance abuse.

He expects the transition of payment models and pace of change over the next two years will double the pace of the last four years. Tom stated the Healthcare Authority desires to change its payment system by 2022, at the latest. Providers are being recruited to start in 2021 under a fixed budget (or per-member, per-month reimbursement) to manage the population health and deliver outcomes.

Tom stated that though changes may be drastic, he remains optimistic, noting we are better equipped with care coordinators to track our patients and manage client population. However, every provider remains challenged to assist patients to maintain better health and to receive care and services more efficiently – to best utilize community assets. He noted we recently received funding to implement a medication management program utilizing a pharmacist in clinic. POCCS has approx. 15 FTE’s in their provider catchment, and we have had conversations with Pend Oreille Paramedics (POP, LLC), who are struggling to make the ambulance service work, but who have paramedics that could be utilized for outreach and potential in-home care. As a collective, we will be charged with integrating our services and reduce costs. Tom stated the goal is to try to receive premium dollars and, if we can better coordinate with payors and provider to improve outcomes, we should be able to reduce costs/share in savings.

Tom referred to a periodical titled “Zero Sum Gained” and encouraged the Board members to review the information. Larger healthcare systems are not necessarily more efficient; the dilemma we face is the means to compete in the market with a limited amount resources/funds required to absorb risk and remain viable. Remote and virtual care options offer potential solutions for streamlining care coordination, increasing value, and improving patient convenience.

Two care model examples were presented; Tom indicated that the only feasible one for the District is a comprehensive, population-based payment, per-member, per-month/year model. Commissioner Garrett asked what our comfort level is under this scenario. Tom noted that our size (number of attributed lives) creates the greatest dilemma and is the reason we have tried to work with other CAH’s and our coalitions to build an economy of scale (ACO model). However, as he noted in the past, of the total spend attributed to our covered lives (13,500 @ [\$10K/PMPY] = \$135M), our entire community budget (NHHS, POCCS, all others) represents only \$45M of that spend. Tom doesn’t feel we are the service provider breaking the budget, and with first dollar payment we would be better off. However, we will also need to better understand actuarial cost/risk (breakdown by service line: hospital v. pharmacy v. home health, etc.) and be insured of revenue cycle changes (currently, payment is contingent upon a patient being physically present for treatment) before we can really make a difference. Tom noted we will be discussing all of this in more detail in the coming months.

Facility/Capital Budget – Tom W. explained that we also have multiple considerations with our facilities/ capital planning in 2019. How do we incorporate behavioral health, ED expansion, tele-medicine, potential VBP model changes into facility redesign? We will need to carefully consider uses/costs and the long-term delivery of care and services. How can we better manage health outside the four walls of bricks and mortar facilities. Again, payment model timing changes will remain the key to implementing a coordinated care /community-based delivery model.

EMS District/Community Paramedic Program: As noted above, Tom indicated he was working with POP, LLC on a community paramedic outreach program. His larger goal is to assist the County to form an EMS District that would pull all key community partners (Fire Districts, Cities, Hospital, County) under one community Board (municipality) to operate EMS services, including ambulance. The former ambulance service filed for bankruptcy in 2016, and the new operator is also struggling. NHHS is trying to assist POP to offset some of their operating costs via the community paramedic program, but the long term solution remains an EMS District. P.O. County remains one of only four counties in the State that provides no EMS funding for first response services.

Recruitment/Retention – PA-C Brian Taft recently began his clinic practice; also, Cheryl Bailey, ARNP Psychiatrist is working in the clinic; potential ED providers are in the queue and we continue to recruit another FP in the clinic.

## **ACTION ITEM AGENDA**

**Resolution No. 2018-16** was adopted and unanimously approved surplus of the structure formerly located at 218 N. Fea Ave., the house was demolished by the local fire departments for training purposes.

**Resolution No. 2018-17 – creates a new WRHC Interlocal Agreement and Dissolves the PHD JOB Interlocal Agreement** - via motion made, seconded and passed, Resolution No. 2018-17 was unanimously adopted and approved. Tom W., this revision was months in the review/making and represented a functional and useful change in the WHRC and JOB groups. The new inter-local replaces (effectively combines) the two groups under one entity/inter-local group.

**2019 Budget Amendment - Operating and Capital Budget** (Priority 1 Item) After review of the final minor adjustments, which made it necessary to update the 2019 budget; via Resolution 2018-18, the Board unanimously approved the final 2019 Operating and Priority 1 Capital expenditure budget and rescinded Resolution No. 2018-12, the draft annual operating budget and summary of cash expenditures that was approved at the November meeting.

**Resolution No. 2018-19** – The Final projected 2018 Budget Amendment adjusting the 2018 budget expenditures was approved by a motion made, seconded and unanimously passed.

**Community Paramedic Services Contract** – in an effort to utilize shared community providers to improve the health of our residents and access to services, a six-month trial Paramedic Outreach and Transport Services agreement was proposed; a motion was made and seconded; following discussion and questions related to the paramedics roles and responsibilities, the motion passed unanimously.

**Observance of 2019 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. 2018-20 was approved unanimously.

**2019 Retirement Plan (employer match = 6%)** - the District’s 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 2019. A motion made, seconded and unanimously approved the 6% employer retirement plan match for the 2019 calendar year.

**2019 Commissioner Assignments/Confirmations.** Following discussion, a motion made, seconded and passed unanimously confirmed and approved the 2019 Commissioner Board nominations:

Board Positions:

Chair: Raymond King  
Vice Chair: Terry Zakar  
Secretary: Lynnette Elswick

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  
Capital/Facilities: Ray King, Thomas Garrett (secondary)  
Ethics: Lois Robertson

All are effective January 1, 2019.

OTHER BUSINESS

There was no other business to discuss.

EXECUTIVE SESSION

The meeting moved to Executive session at approximately 3:50 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:

**Initial Provisional Status Appointments:**

Cheryl Bailey, ARNP – Psychiatric Nurse, Clinic Status  
Brian Taft, PA-C – Family Practice, Clinic Status  
Zachary Winter, MD – Radiology, Off-Site


NEXT MEETING DATE

The next regular meeting of the Commission will occur on January 24, 2019 at 1:30 pm.

ADJOURN

There being no further business, the meeting adjourned at 4:15 pm.

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

  
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Thomas Garrett, President  
Board of Commissioners

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Terry Zakar, Secretary  
Board of Commissioners