PUBLIC HOSPITAL DISTRICT NO.1 OF PEND OREILLE COUNTY

May 28, 2020

In Attendance: Commissioners: Robert Rosencrantz, Lois Robertson, Sue Johnson, Terry Zakar, and Lynnette Elswick; Tom Wilbur, Kim Manus, Pete Peterson, Chris Wagar, Walter Price, Casi Densley, Jen Allbee, Jenny Smith, Diane Anderson, Trina Gleese, Joseph Clouse, Casey Scott, and John Stuivenga.
Excused: Chief of Medical Staff, Jeremy Lewis, DO

CALL TO ORDER:

Chairman Terry Zakar called the meeting to order at 10:00 a.m.

READING OF LEGAL NOTICE:

The regular meeting legal notice was distributed as required.

APPROVAL OF AGENDA/CONSENT AGENDA:

Commissioner Rosencrantz requested adding Action # 4, Resolution 2020-08, HR Monthly Report
Chris Wagar requested to add Action #5, approval of fit test equipment for N95 Masks.

Upon addition of the Action Items, Chairman Terry Zakar asked for a motion to consent the agenda. The following consent agenda items were approved and presented by motion made, seconded and passed.

Auditors Report:

Warrant Disbursements:	
Warrant #216413 through #216862	1,461,386.28
Electronic warrants #002220 through #002241	725,036.55
Mountain West loan payment - 04/10/20	40,000.00
TOTAL warrants/disbursements	*$* 2,226,422.83

Bad Debt/Charity Care write-offs:

District Write-offs, April 2020, inclusive	$ 98,484.19

APPROVAL OF PREVIOUS MEETING MINUTES

The regular meeting minutes of April 29, 2020 were approved by motion, seconded and passed.

BUSINESS FROM THE AUDIENCE:

There was no business from the audience.

COMMITTEE REPORTS:

QUALITY ASSURANCE: Jen Allbee presented a recap the District's Performance Improvement Projects for 2020. Our goal is to have a least one PI projects for every District department per RCW-70.41.200. Jen noted the on-set of COVID-19 has slowed the focus of some departments on their PI project work, but she indicated we still have 6 months left to work on these projects and is assisting the departments as needed. Please review her power point for additional information.

HUMAN RESOURCE: Joseph Clouse presented a review on current District furloughs, recruiting and hiring processes, employee retention and turnover rates, as well as employee benefit and employee relation plans. He inquired of the Board on what they would like to see on a recurring monthly basis. Requests included general turnover rates, HR noted trends/hot spots, if any, and a summary of key (medical/managerial) open positions.

FINANCE: Casi Densley presented and noted that our 2019 financial statement audit is now complete. The last year end closing item is to finalize the Medicare cost report (this week). She noted that DZA (our CPA/audit firm) will present our financial audit results to the board in July.

Casi indicated that we signed our Premier (financial, budget, purchasing/materials management) and Paycom (payroll and HR Info Sys.) software agreements. We are also rolling on our EPIC implementation kick-off. The accounting department has been busy filling out forms and upfront information needed by the new software companies, but is extremely excited about bringing these new systems onboard. The long term efficiencies gained should be substantial.

Balance sheet highlights – we have obtained three CARES Act funding programs.

1. Medicare Accelerated Payments – we requested a $5.4M advanced, which is approx. 7 mos. funding (120% of last 6 mos. payments from Medicare in 2019). Starting mid-August (120 days from receipt of funds), Noridian (CMS) will offset all new claims against the $5.4M until it is used. Any funds not used within one year (effectively, eight mos. of 2020-21 Medicare service claims must exceed 7 mos. of 2019 claims) will accrue interest at 10.25% until fully offset.

2. Cares Act Stimulus – $4.5M. The stimulus received in April ($718K) was recorded as a grant and applied to operating revenue in April. The remaining $3.8M was received and will be recorded to deferred cash in May. Stimulus can be used to offset revenue reductions and expenses related to COVID -19. If we can't offset we may need to give some of this money back.

3. SBA Payroll Protection Program – $4.8M "loan", which should cover approx. 8 weeks of payroll, benefit, and rent expenses – mid-April to mid-June 2020. We have until October to return the forgiveness paperwork for this loan. Though highly unlikely, should it be determined that any amounts unspent convert to a loan, interest accrues at only 1.0%, with payback over 36 months.

Presently, we have 132 days expenses in unencumbered cash on hand, including the Stimulus money and PPP loan. We will review stimulus regulations on these various programs with DZA as they continue to evolve. Updates with be forthcoming.

Accounts Receivable: has been a huge joint success between several departments: H.I.M., PFS, Clinic, and the whole financial services team has collectively brought our AR days down to 49 since late 2019. Our PI project is to be at 45 days. In the last four months from January to April we have brought hospital billing down from 65 days to 52 days with the biggest improvement in Medicare, which has dropped by approx. $1 million.

The business office has been focused on working our larger and older balances. The Clinic has dropped a couple of days. This was placed into our PI focus because of our conversion to EPIC; we wanted to have days A/R at the goal of 45 days before the switch. This is really good timing

because it means that we will have to work less time in those older AR systems, and it will keep us current in our collections.

Other collection policies changes we have made during COVID -19: due to job losses and families under financial stress, we sent out this letter in the last April billing cycle and placed a hold on sending any overdue balances to our third party collections. We are giving individuals options to have lower payment plans, and if they make their payments by July 1st they get a 20% discount. Casi shared the letter that Kim had drawn and sent out to our patients to offer some financial support during these difficult times.

SUPERINTENDENT 'S REPORT

Covid-19 Updates: Chris W. spoke about our Phase III plan and to start opening services back up. We continue to follow all WA state guidelines and rules/restrictions. We are also noticing that Idaho s opening up a bit quicker. As far as the hospital we are not relaxing on the following things:

- All staff masking
- Screening people upon entry to all facilities and offering masks to all patients and visitors
- Monitoring and conserving PPE supplies (we have at least 30 days on hand of everything; however we are still having intermittent problems with supply chain)
- Zoom meeting and what meetings we can have in person

Technically Pend Oreille County (POC) is eligible for Phase III consideration on Friday (May 29th), but we are still waiting for the Governor and Health District guidelines for Phase III.

Updates on COVID cases in POC were as follows: Recently we have had two additional COVID cases reported in POC; however, one of the cases was re-assigned to Spokane County because that is where the individual residues and works. That brings our local total to three cases. The latest case is self-isolating at home; the first two cases self-isolated and are both now clear and with no infection spread to anyone. Chris noted contact tracing and getting the infected population to isolate if they are infected is critical.

We re-opened surgery for non-emergent cases on May 18th and spent the first two weeks catching up on procedures/surgeries and are now moving back to a normal surgery load.

Starting June 8th the Clinic will resume normal operating schedules and other hospital departments will expand their service hours. We are not changing our visitor hours at this time [we remain open from 7:30 a.m. – 6:00 p.m.] because visitor restrictions are still required. Chris was asked if we are upping our COVID testing numbers. She indicated we are due to pre-surgery screening and testing Mom's at 38 weeks of gestation; though symptomatic related testing has decreased. We have had a difficult time getting quick-test supplies for on-site testing due to the fact we are a rural hospital with low incident rates and are not considered a priority site. Chris is looking into other alternatives for testing but still looking into our options.

A testing concern that Chris brought up is the recommendation that all residential facilities have their staff and residents screened for a "baseline." They want them tested with pharyngeal swabs.

Questions that arise: Where are we going to get the testing supplies? Who is going to run the test results? How are we going to pay for all of these tests? The "baseline" is only good for a few days, at best – why now? Chris has been consulting with Dr. Artzis who is our Northeast Tri-County Health District Health Officer and they have decided to wait and see how this plays out. The timeline we have to get this started is the end of July so we have some time.

2021 VBP/ACO Planning: Tom reviewed a power point/slide hand-outs regarding District history with value based purchasing (VBP) and Medicare Accountable Care Organization (ACO) program participation and potential future next steps. He included an outline discussed with District providers last week at Med. Staff on how our VBP/ACO participation how to better align provider contracting and compensation. Presently, provider contracts are essentially productivity based and will need to be shifted toward a value based arrangement – which remains in developmental stage.

Tom overviewed our history in the Medicare ACO (RMACO, 2016-18) with our five WRHC member hospitals and five Colorado hospitals that made up the RMACO. Our ACO operating results and takeaways:

- We learned a great deal about how to work within the ACO model/parameters – our results we good (quality measures/scores).
- We used our AIM grant funding to build out clinic VBP infrastructure (care coordinators, process forms [e.g- annual wellness visits], VBP reporting [e.g.- CDM monitoring], etc.). We generated program savings, enough to pay back our collective AIM grant ($2.1M).
- Our infrastructure cost is now fully "cooked in" to our Medicare encounter rates.
- We exited the ACO in order to work on our HCA/Medicaid 1115 waiver goals.
- Under both the ACO and 1115 waiver programs our general "value" targets were similar – manage a covered population by any means necessary, try to get outside our four walls to keep clients healthy as well as treat medical incidents and manage chronic conditions.
- Ultimately, our goal was to try and do the ACO/ACH work, gather data, learn, and if we received any shared savings, that would be gravy.

We will take a deeper dive into 2021 ACO Tracks and model options next month under Physicians of Southwest WA (PSW) or Caravan. The general premise/differences between the two: Caravan is a plug-and-play mega-ACO model (lives covered under the ACO > 125K) that sets up like minded providers to work together to do their work and participate under an ACO. Caravan provides a resource to assist you to develop tools and programs, provide all reports, benchmarks, and scorecards, and will ensure that any ACO member who does not keep up will get moved out of the program. Based upon ACO size (and modeling they have done over the years, they are confident that downside risk is minimized – will guarantee to offset). The ACO will be made up of providers throughout the entire U.S.

PSW is a Northwest based ACO that has approx. 20K lives and is on a Track 1+ model and moving toward risk (Note: any Next Generation ACO model we join must be on a track to risk). We have received a couple of presentations from the PSW ACO Leadership team and have been impressed with their knowledge base and results – they have generated combined savings of nearly $6.0M over the past two program years.

We will be working with our WRHC members – presently, 11 of 15 have signed a non-binding letter of intent with PSW to compile Tax I.D's and provider NPI's. This will allow PSW to gather data from CMS to analyze what adding WRHC members/attributed Medicare lives under their PSW_ACO. From there we can review alternatives and start making decisions on which option we may want to entertain. Tom provided a very rough overview of estimated NHHS Medicare lives/ dollars and the potential "cost of downside risk," at least how he understood it today. These would be "maximum" amounts – the total associated with "attributed lives" would be approx. 40-60%.

Tom's estimated timelines: narrow down our alternatives in June/July and commit to participate in July/Aug./Sept. – he noted there is some flexibility in those timelines and that the final "bail-out" date is Nov./Dec. Tom noted he is very much committed to moving back into an ACO model in 2021 regardless of what our other WRHC member hospitals do – he has sensed some hesitancy by the group that he doesn't fully understand. VBP models are sound, the care/premise is right (should be done), and the Fed/Treasury is about to pump $3.0 trillion in deficit spending into the economy in 2020. To think that payment systems will remain the same and not attempting to move toward receiving (sharing?) premium dollar is just not rational.

ACTION ITEM AGENDA

Capital purchase – Dodge Wheelchair Transport Van (WTV). RMV staff has decided to purchase a WTV (priority 2- $45K) in lieu of the larger multi-passenger van (priority 1- $85K) for 2020. The items will be "swapped" on the capital priority lists. The quoted price is $40K. A motion was made, seconded, and passed to purchase a new Dodge WTV in the amount not to exceed $40K.

Resolution No. 2020-06; potential reimbursement of capital expenditures – this provides notice to refund prior capital expenditures (specifically, the new Siemens, 3-D Mammo system) and allows the Commission to finance capital purchases under an LTGO bond at a future date, if desired. The resolution simply secures the right to refund, but does not commit that funds be borrowed. Via motion, made and seconded, the Board approved Resolution 2020-06.

Resolution No. 2020-07; Key Employee Hiring Process - Commissioner Rosencrantz reintroduce the Resolution No. 2020-07 with the amendments and changes derived from prior month board discussion and follow up with commissioner and senior leaders earlier this month. Via motion made and seconded, Resolution 2020-07 was unanimously approved.

Resolution No. 2020-08; Monthly HR Reporting - Commissioner Rosencrantz made a motion to adopt Resolution No. 2020-08 outlining the standard format for monthly HR reporting which was subsequently seconded and passed unanimously.

Capital - Fit testing system, N95 masks. Analyzer cost: $19,767, and believe the equipment can be paid for with COVID stimulus funding. The system takes any guess work out of fit testing masks and ultimately saves PPE. Currently, fit testing takes 20 minutes for each employee and is an annual requirement. The analyzer can test 6 employees at one time in about 6 minutes. It's quick,

more precise, safer, eliminate human error, and the machine is known to last 10-15 years. A motion was made, seconded, and passed to purchase the mask fit testing equipment.

OTHER BUSINESS:
No other business

NEXT MEETING DATE
The next regular meeting of the Commission will occur on June 25, 2020

EXECUTIVE SESSION:
The meeting moved to Executive session at 12.30 p.m. for approx. 20 minutes to discuss a personnel matter.

RETURN TO OPEN SESSION
The Board returned to open session at approx. 12:40 p.m., there was no further business to discuss.

ADJORNMENT
There being no further business, the meeting adjourned at 12:40 p.m.

Minutes recorded by Lisa Fisher and Tom Wilbur, CEO.

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Terry Zakar, President
Board of Commissioners

Lois Robertson, Secretary
Board of Commissioners