

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

August 27, 2020

Due to CoVid-19 precautions, the meeting was offered via tele-conference. Those in attendance: Commissioners: Robert Rosencrantz, Lois Robertson, Terry Zakar, Lynnette Elswick and Susan Johnson; Directors: Tom Wilbur, Kim Manus, Lynn "Pete" Peterson, Chris Wagar, Walter "Buzz" Price, and Joseph Clouse; Others: Members of the WA, SAO: Brad White, Justina Stern, Phillip Ventress, and Brandy Pritchard; Shar Schaeffer, DZA Accounting Firm; Casi Densley, Controller, Don Gronning, Newport Miner; Jen Allbee, Diane Anderson, Trina Gleese, John Stuivenga, Casey Scott, Regan Ireland, and Nancy Shaw.

Excused: Chief of Medical Staff, Jeremy Lewis, DO

CALL TO ORDER:

Terry Zakar, Chairperson, called the meeting at 10:06 a.m.

READING OF LEGAL NOTICE:

The regular meeting legal notice was distributed as required.

APPROVAL OF AGENDA / CONSENT AGENDA:

Included were the meeting Agenda, Auditors Report and Uncompensated Report.

Commissioner Robert Rosencrantz moved to approve the agenda; it was seconded and unanimously accepted.

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

Auditors Report:

Warrant disbursed: #217469 through #217845	1,404,797.49
Electronic warrants: #002260 through #002279	753,489.00
Mountain West, Loan payment, disbursed 03/10/20	40,000.00
Total, warrants and disbursements	\$ 2,198,286.49
<u>Bad Debt/Charity: July 2020, inclusive District Write-off</u>	\$ 39,724.05

APPROVAL OF PREVIOUS MEETING MINUTES

The regular meeting minutes of July 23, 2020 were approved by motion made, seconded and passed.

BUSINESS FROM THE AUDIENCE: Brad White, Office of the State Auditor (SAO) presented the Exit Conference Agenda. He explained the vision of the Washington State Auditor's agency is to increase trust in government with a mission to provide citizens with independent and transparent examination related to local government use of public funds and develop strategies to increase government efficiency and effectiveness. Members of the SAO strive to encourage a working partnership with the local government entities they serve.

The accountability audit results for the audit period Jan. 1, 2017-Dec. 31, 2018 (two years) were shared; Brad explained these will be available to the public with minor changes. The audience was encouraged to ask questions and participate.

Phillip Ventress presented the report. He noted that management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

This audit was conducted under the authority of RCW 43.09.260, which requires the Office of the State Auditor to examine the financial affairs of all local governments. The audit involved obtaining evidence about the District's uses of public resources, compliance with state laws and regulations, and its own policies and procedures - including internal controls over such matters. The procedures performed were based on assessment of risk in the areas examined.

Based on the risk assessment for the years ended December 31, 2018 and 2017, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance.

The following areas were examined during this audit period:

- Accounts payable – general disbursements, contract payments, and electronic funds transfers
- Compliance with maintenance contracts
- Contract compliance – cash receipting and deposit timeliness

Audit Findings and Responses: The Hospital District's internal controls over contracts, conflict of interest, and disbursements were not adequate to safeguard public resources, resulting in approx. \$38,000 in overpayments (refer to the SAO's report for further details). The Maintenance Manager initiated questionable contract payments without adequate oversight by the District. The Office of the State Auditor will review the District's corrective action during the next audit.

Recommendations: The SAO's office recommends the District follow its established controls over disbursements and contract monitoring. The District should ensure that invoices are supported and contain the proper approvals before payment. Further, the District should adequately monitor contracts to ensure vendor services are provided in accordance with the contract, are billed only for services provided, and do not exceed the contracted dollar amount.

In addition, the District should follow its conflict of interest policies and procedures, to ensure all employees complete the conflict of interest form, and reference any identified conflicts of interest before awarding contracts.

District Response: The District understands the Finding and Description of Condition stated by the State Auditor's Office (SAO). The District's procurement processes are designed to require sign-off at the appropriate manager/director level prior to issuing a purchase order. The District noted internal policies were not adhered to and the purchase orders were issued without the proper level of authority or complete backup to support the service provided under a contractual arrangement. The District also acknowledged the failure to obtain a completed Annual Conflict of Interest Disclosure form from the Maintenance Manager.

Prior to receiving this report the District implemented new safeguards to help eliminate the conditions noted in the report. As an immediate response to the condition, a recap of existing District policy "Purchase Orders Budgets and Manager's Responsibility" was circulated to

appropriate parties in the District immediately following the violation of policy. Purchasing, AP and accounting staff have received instruction to deny any request for purchase orders or payments when the proper signing authority has not been obtained.

Completion of Annual Conflict of Interest Disclosure has been realigned to occur as part of the staff orientation process and monitoring of annual completion has been moved to the HR Department. The District has provided ongoing education regarding procurement law for public works, including clarification that contracts are required to cover any agency (or sub-contractor) performing work on District premises. The contracts must include a scope of work and defined contract amount for the service to be provided; all aspects of public works requirements must be followed to maintain compliance.

The District has committed to provide ongoing external education in the area of procurement. During the first month of employment, the most recently hired Plant Manager attended a full-day workshop provided by MRSC to provide an overview of the requirements necessary in performing procurement and public works contracting responsibilities. The District will continue to utilize the resource material and training classes provided by MRSC to provide ongoing training.

Financial Audit: A financial statement audit for the same audit period was performed by Dingus, Zaracor, & Assoc. (DZA), a certified public accounting firm. That firm's report is available on our website and the SAO: <http://portal.sao.wa.gov/ReportSearch>. Shar Schaeffer, Partner w/DZA provided a complete review of audit report, financial statements, and financial metric trends. Upon completion, she extended her thanks to the NHHS team for their assistance; she and the DZA team were thanked by NHHS staff for their services and support.

#### COMMITTEE REPORTS:

Human Resources: Joseph Clouse, HR Director presented the Statistics and Benchmarking report for July 2020 – highlights included:

- 407 Total Employees – 269.4 FTE (an aberration due to CoVid furloughs in June/July).
- Furlough Status – 1 FT employee remains furloughed as of mid-July.
- 18 Current Open Positions; 8 Positions Closed since July Board report

Joseph reviewed the number of new hires, retention and turnover rates, terminations, and turnover by department/job code. Year-to-date, there have been a total of 75 unemployment claims as compared to a total of 13 claims in 2019; there have also been a total of nine L&I claims.

Of note, the high count of current open positions is due in part to employees leaving to stay at home with ill family members - including the resignation of a recently-hired social worker.

Joseph noted there was an update to the Clinical Informatics position due to the resignation of Laura Davis, RN who is moving to Alaska. The role will provide support to Regan Ireland. Commissioner Zakar requested a copy of Laura's exit interview.

RMV-AC has five full-time NA-C's and one Activities Aide position open and is running short staffed. Joseph indicated that we are exploring all options; 1 agency NA-C will begin next week. The NA-C classes begin September 14 with a permitted maximum class size of 6 (due to Co-Vid). A position in the RMAC area will be guaranteed for those that successfully pass - (mid October).

Commissioner Johnson inquired whether a Nurse Educator had been hired; Joseph stated that a Nurse Educator was hired this week. A question arose regarding his credentials; Casey Scott stated that Gary Dean, RN has a BA Degree, has been a Clinical Nurse Educator since 2012, and a nurse since 2007. Joseph added that an RN recently accepted one of the two open positions.

Paycom – the first payroll to be generated from the new system will be is October 2<sup>nd</sup> – meaning we “go live” in mid-September. The transfer of data for time and attendance is on track; however, training has been postponed week due to installation of some equipment.

Commissioner Zakar asked whether the Revenue Cycle Manager position was included in the budget; Kim responded, noting that the position was budgeted under the Revenue Cycle area and was recast to Informatics; under a new Revenue Cycle line item.

#### EPIC Update

Regan Ireland reported that the recent resignation of Laura Davis, RN will require we find a replacement trainer onsite here at NHHS; Providence will also provide training. Regan anticipates training a new person from scratch would take approximately 3 months, since Laura was involved in learning the system on a similar time frame. As the timeline for Providence training classes will not coincide with NHHS’ EPIC install schedule, we will need to find someone experienced. Regan has a candidate who may be interested and with whom she has worked with before (experienced and extremely capable). Otherwise, our EPIC implementation is on schedule and moving forward.

CoVid-19 Update: Chris Wagar announced that we continue to work with MultiCare and Providence to formulate regional plans on medical/surgical bed availability; ICU beds are extremely limited. She noted that patients were air transported to Colville recently due to bed shortages for admissions that were not CoVid-related.

Staff Morale – the staff continue to be vigilant in the wake of the CoVid pandemic. An ACU CoVid-Readiness Committee has been formed and meets bi-weekly to address concerns or questions. Decisions are based on a “team” approach and encourage input from all members.

Local updates - Newport School District will be operating remotely for the next 2 months based upon the NETCHD Health Officer recommendation. West Bonner County School District will resume in-person classes. Donning of masks will be encouraged, but not required for students and teachers. Chris reported an employee tested positive for CoVid 19 – this was a result of community exposure and did not occur at NHHS. She indicated concerns with the potential for managing a large case load of infections, but we do have a testing surge plan in place.

Chris reported that 2 full sized, new ventilators have been obtained from the State (on loan). 2 stock ventilators (somewhat better than transport vents) are also available for use. The full sized units are an improvement. Tom W. added that the 2 areas for use of these are the OB and OR depts. Chris explained that, in the event there is a need for ventilator use, surgeries would be cancelled to free up the OR room. The Pre-Op and Post-Op areas would be reserved for OB.

The current labor and delivery rooms would be utilized for any CoVid patients, as these rooms are equipped with regulated air flow.

PPE/mask availability and costs was discussed; Chris explained all clinical staff is required to don surgical masks, a 30-day supply is on hand; however there is no guaranteed supply availability. We

are receiving allocations from secondary vendors and Chris is diligently attempting to locate a less expensive source. It was noted that the Foundation has ordered masks displaying the NHHS logo.

Quality Assurance/PI: Jen Allbee explained that HCAPS is a hospital consumer assessment of Health Care Providers and Systems; participation is mandated by CMS, though Critical Access Hospitals are currently exempted from HCAP scores. The survey questions are designed to assess patient perception of quality of care received while in the hospital. The 10 questions reflect IP encounters only. Random samples are sent by our vendor, Press Ganey, to NHHS patients.

Jen presented NHHS comparison reports with Bonner General and Holy Family including WA State and National average scores. A zip code break down was provided and included ER visits. Jen pointed out in 9 of 10 HCAPS questions, NHHS scored higher than National and State averages. Jen reviewed the comparison scores between the facilities. Overall, Newport Hospital scored very well in all categories.

Finance: Casi Densley, Controller, provided the financial report and noted we are doing well, noting year-to-date budget and financials remain on track. CARE's Act funds (\$720K) were applied only in April when the visits were markedly lower. Casi pointed out revenue was up and days in A/R down, due to Diane working closely with the business office team members to improve processes and monitoring. Overall, the Days in AR have decreased to 52; Casi complimented Nicole Kingery and Diane for their efforts.

Casi noted that we reported to the WA Insurance Commissioner that Cigna was not paying claims. She noted that staff are working to resolve as many issues as possible prior to EPIC implementation in order to assure as smooth a transition as possible. Commercial gross revenues increased to 26% (up from 24%); Medicaid dropped by the same 2%. Kim noted our payment percentages improved because of the payer shift.

Casi explained the accounting department has been very busy learning the new financial software, doing data validations, and building financial statements. The new system will be live Oct. 1<sup>st</sup>. A more detailed financial presentation will be scheduled in October following the implementation of Premier and Paycom systems.

## SUPERINTENDENT REPORT

2021 ACO Model Participation - Tom explained the rationale for joining a Next Generation ACO, noting it is a matter of remaining viable for rural providers. He referred to an information packet, noting that shifting to a value based system will assist us to meet our key strategic targets: maintaining our autonomy and future viability; which will become increasingly more difficult as we continue to compete with larger healthcare institutions.

We will strive to improve quality outcomes, customer satisfaction, and to build value-based system of care that are more efficient, timely and less expensive, and, hopefully share in any potential savings generated. Tom reviewed the aspects of payment-to-value, along with his goal to remain ahead of the curve in shifting our position to be closer to first dollar premium funding.

After researching the two ACO options, Tom proposed joining the NW Momentum Health Partners. It is less expensive to enter and we can manage our downside risk. Tom explained that ACO models will be a future reimbursement cornerstone. Under the proposed NGACO model, we will receive up to five Medicare exemptions: 3-day qualifying stay, co-pay waivers; home health visits, telemedicine, etc. -- all of which can create efficiency for our patients and providers.

The potential shift to local/regional control will allow us to partner under a WA rural-based group to collectively negotiate with urban tertiary facilities.

Tom explained that NW Health Partners is currently owned by two entities – Physicians of SW Washington (PSW) and Capital Medical Center, who created a clinically-integrated network to oversee the ACO. The 2021 version of the ACO will be made up of four regions: Olympia, Lewiston, Vancouver, and Rural, WA. The NWMHP-ACO has generated positive results for its first three years under the NGACO model and expanded its member lives from 7,500 to approx. 17,000 lives. The 2021 version will include approx. 30K in covered lives.

Tom reviewed general NGACO fundamentals (risk scores, risk sharing, benchmarks). Our rural region will have seven members. The timeline to ACO engagement will require we sign contracts and register our participating provider list of NPI's by September 4, effectively locking NHHS into the ACO. NHHS will pay a 2% escrow (down-side risk) in Q1, 2021. Data tracking will become available about the same time and final cost savings/losses won't be finalized until Q2, 2022, with pay-outs/shared savings paid in Q3, 2022.

Commissioner Rosencrantz added that he agrees that health care transformation is inevitable and noted, per the other Commissioner's request, that he had reviewed the ACO contract, noting there was nothing that posed an unacceptable risk to NHHS. He encouraged Tom to be involved in the governing board of NW Momentum, and noted he feels he lacks complete expertise in this area to assure there are no "blind spots," especially to the providers who are participating. Tom noted that he has met with our NHHS providers, they are completely aware of the commitment and risks, having done this under our RMACO engagement in 2016-18. We will be prepared to shift gears.

Robert added that the Board members should remain mindful of the shift to regional control, due to the uncertainty of the State budget, future cash flow, etc., and our ability to operate as a Critical Access Hospital is imperative to ensure that NHHS provides value while caring for our community. Tom is confident that our participation under the ACO will enable us to improve our services, remove barriers, and increase efficiency across the care delivery process.

#### ACTION ITEM AGENDA

ACO Participation: following discussion, Commissioner Rosencrantz made a motion to authorize Tom Wilbur, CEO, to proceed in signing NHHS's contract to participate in the NW Momentum Health Partners-ACO; assuming the PSW documents/agreements contain all safeguards as presented, and to participate under their 2021 Next Generation ACO Model. The motion was seconded by Susan Johnson and approved unanimously.

Robert added that he is proud of Tom's commitment and effort to the ACO cause. Tom thanked the group and noted that he is also very proud to be a member of NHHS' Team – in its entirety, from line staff, to leaders, to care providers for the care delivery and the quality of service we provide.

#### OTHER BUSINESS:

There was no other business to discuss.

NEXT MEETING DATE

The next regular meeting of the Commissions will occur on September 24, 2020, 10:00 am, and will be available via Zoom.

EXECUTIVE SESSION

As permitted by RCW 41.05, the meeting was moved to Executive Session at 12:44 pm. for approx. 30 minutes to discuss personnel matters.

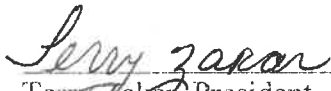
RETURN TO OPEN SESSION

The Commission returned to Open Session at approximately 1:45 pm.

ADJORNMENT

There being no further business, the meeting was adjourned at 1:48 p.m.

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

  
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Terry Zakar, President  
Board of Commissioners

  
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Lois Robertson, Secretary  
Board of Commissioners