

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

September 24, 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, Chris Wagar, and Walter "Buzz" Price;

Others: Casi Densley, Jen Allbee, Diane Anderson, Jeremy Lewis, DO: Chelsea Stumph, Deanna Watson, Trina Gleese, John Stuiwenga, Casey Scott, and Nancy Shaw.

CALL TO ORDER:

Terry Zakar, Chairperson, called the meeting at 10:05 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. Tom Wilbur submitted a change to the meeting Agenda. He explained that Sue Birch, Director of the Washington State Health Care Authority is speaking at the virtual *State of Reform* conference. Tom requested the meeting move to education in order to watch that session.

Commissioner Zakar also requested two topics for discussion: NHHS hiring practices and security guard concerns re: training for work in care settings (per reference to a Dr. Gill comment at an August medical staff meeting). There being no objections; the consent agenda was approved via motion made, seconded and passed.

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

Auditors Report:

Warrant disbursed: #217846 through #218196	1,048,977.69
Electronic warrants: #002302 through #002320	617,384.77
Mountain West, Loan payment, disbursed 03/10/20	<u>40,000.00</u>
Total, warrants and disbursements	\$ 1,706,362.46
<u>Bad Debt/Charity:</u> August 2020, inclusive District Write-off	\$ 361,363.72

Robert Rosencrantz opened the meeting by offering an apology; expressing that he exercised poor judgement at a recent Newport City Council meeting relating to a proposed rally to be held at the Newport Rodeo grounds in October. He apologized to the Board and Medical staff and noted that he clarified that he was not at the City Council Meeting as a representative of the District and his intentions weren't conveyed quite as intended by the local paper. However, regardless of intent, he made a mistake and has written a letter to the Newport Miner (shared with the group) to explain that he is sorry for any damage done and that he will strive to do better in the future.

Dr. Lewis, Chief of Staff responded, noting that he understands that comments and intentions can be misconstrued at times by the media and thanked Robert for the apology.

The meeting moved to the Board educational session at 10:10 am to attend the State of Reform session in progress.

The Commission returned to Open Session at approximately 11:05 am.

APPROVAL OF PREVIOUS MEETING MINUTES

The regular meeting minutes of August 27, 2020 were approved by motion made, seconded and passed with the following minor corrections:

Page 4, paragraph 2 – Paycom postponed *one* week;

Page 4, paragraph 7 - Local updates: plan *in* place – vs. *is*.

Page 2, paragraph 6: Audit Findings and Responses – last sentence to read *The Office of the State Auditor* will review - vs. *they*.

BUSINESS FROM THE AUDIENCE:

Commissioner Johnson stated that in her experience at Providence, she believes that physicians like using the Dragon/Epic system (following their initial orientation).

The annual NHHS Critical Access Hospital Program Evaluation for 2019 was included in the board materials – it is the annual internal evaluation and review of our various service lines and Medicare conditions of participation (volumes, policy and equipment updates, outcomes, QA/PI review, etc.) that the Board can take home and review.

Tom Wilbur explained a brief overview of CMS's Community Health Access & Rural Transformation (CHART) Program –15 program/grants (\$5M/per) will be awarded to entities willing to take on the role as lead agency (in this case, the Health Care Authority) to review rural alternative payment models (APM) and population health management with rural providers. Tom noted that it's uncertain how HCA would oversee/manage the program (as they have no direct covered lives) and feels it would be better-managed by hospitals (or consortium) vs. the HCA. He noted there would also be a CHART ACO version that he will vet and bring back to the group.

COMMITTEE REPORTS:

Joint Conference: Dr. Jeremy Lewis was in attendance and extended his appreciation to the members of the Board for assisting with all the necessary requirements, equipment, and staffing to help respond to the CoVid-19 pandemic.

Finance: Casi Densley, Controller provided Aug.-YTD financial data and noted that the budget figures had not been updated in the July financial statements presented last month. She noted that while gross revenues are \$5.5M under budget, of the gross CARE's Act funding (\$4.5M) received only \$720K had been booked year-to-date. It will be used to cover CoVid-related expenses – which are being monitored and tracked, monthly.

Casi noted that due to the diligent efforts of the team, overall Days Revenue in AR have decreased to 48; close to our final goal of 45 days. The \$361K bad debt this month is due to a letter sent in April notifying patients that collections would be postponed, but are now due (ready for w/o).

Casi explained the accounting department has been very busy learning the new financial software system that will be going live Oct. 5th (G/L_Fixed Assets) and Oct. 19th (AP_Supply Chain); the final data extractions are planned next week. She noted it has been a pleasure working with the Premier team and that the new G/L feed will be interfaced to the Paycom payroll system. The Paycom system rules are being fine-tuned, which is somewhat complicated due to the various shifts and other factors such as call, etc. in healthcare.

Human Resources: Joseph Clouse, HR Director, was not in attendance at the meeting but included his monthly Statistics and Benchmarking report in the Board packet.

Commissioner Zakar asked whether there is a policy regarding married couples working in the same department; can one spouse be supervised by another? Commissioner Johnson added that she has also requested a copy of the policy from Joseph. Tom W. noted that, no, generally there is no direct reporting relationship allowed, but due to resource pools, specialty services, and critical needs, there are instances where multiple family members are on staff here at NHHS. Sue Johnson expressed that nepotism/cronyism policies are standard practice and there should be clear guidelines. Commissioner Robertson noted that she agrees that family members should not work in the same department or report to each other; however, we should remain cognizant that there is a limited pool of qualified people in a rural area. Commissioner Johnson stated that she agrees that certain positions are difficult to fill; however she feels there should be an ample amount of applicants that are not related.

There was considerable discussion by the Board and leadership team around the topics and Tom noted that he would organize a Personnel Committee meeting to discuss the issues, review policies, and answer further questions when Joseph was available.

In reference to the HR Benchmarking Report, Susan Johnson also asked why one person remains on furlough, especially in light of the fact that there are job openings being posted. Kim Manus responded, noting that the employee remains on furlough due to lack of work in her area (Business Office). Kim anticipates the employee will return to work Oct. 1st.

The District is offering a NA-C class; with successful completion, students are reimbursed and guaranteed a position at the hospital. Grants are also available. Commissioner Elswick suggested offering an incentive. Tom noted that the school District also offers a program; Sue Johnson stated that it proved to be beneficial for her daughter.

EPIC Update: Regan Ireland was not in attendance; the conversion topics were discussed during the meeting. Tom W. stated there is an interested candidate for the Revenue Cycle Informatics position and noted, due to time constraints with the EPIC conversion, that an experienced person (informatics folks being very hard to find) would be a huge blessing.

He noted members from the PHS-Epic team were on site yesterday to discuss training schedules prior to our EPIC conversion – the training is extensive and starts in earnest six weeks prior to go live (which is January 23). A portion of the training will be online. During the EPIC training extra staff will be deployed, especially during the go-live period. Business is typically slower during the holidays as well. Chris noted that Samaritan Hospital just completed their Epic conversion with no major issues. Tom noted that we will garner many efficiencies under the new EPIC system; processes will be much different than today.

CoVid-19 Update: Susan Johnson asked which measures will be implemented to distinguish between flu and CoVid-19 cases. Chris Wagar stated that symptoms will be evaluated, patients will be rapid tested (CoVid, Influenza and possibly RSV for children) and ruled out accordingly.

Commissioner Johnson suggested that employees in the higher risk departments, such as ED and OB be required to have the influenza vaccine. Chris Wagar will pose the question to the medical staff members at Sue's request. Sue stressed that this is standard practice in the US. The group discussed influenza statistics noting the flu vaccine is recommended for health care workers. It was noted that employee flu vaccinations will be offered on the weeks of October 5th and 19th for patients and residents.

Quality Assurance/PI: There was no report for the month.

SUPERINTENDENT REPORT:

Financial Performance Improvement – Tom reviewed a District 15-year financial history; with Aug. 20' data annualized thru 2020. The presentation was a result of a question posed by Commissioner Rosencrantz, re: where does the District stand with CARE's (\$4.5M) and PPP (\$4.8M) funding?

Tom noted he used the financials (income statement/balance sheet) presented by Casi earlier in the meeting (annualized: Aug./8*12) and updated four line items: Operating Cash, Other Payables, and Booked CARES and PPP funds to Net Income. Tom caveating that final rules regarding use of the CARE's funding will probably not be finalized until May 2021 (Election 20'/Administration-TBD).

He also noted that in his financial statement presentation our CMS advance payment received (\$5.4M, on the books, which should have started being offset by claims processed beginning in Aug.) will be presumed to be paid back to CMS, in full. In theory, Tom's financials present where the District would stand at year end, if the pandemic were to end, the CARE/PPP rules stayed "as is", and no further uncertainty were to occur (a proverbial leap, for sure...). However, if that were the case, then the following would transpire (w/probability):

- CARE's Act funds: \$4.5M; we would record approx. \$4.2M, sufficient to bring losses from operations to zero, and send \$300K back to CMS. Likelihood: very, very low. Based upon current accounting rules/rumors on booking PPP, this will be a stretch.
- PPP funds: \$4.8M; **will book all**. Likelihood: a virtually certainty under the proposed rules.
- If so, operating cash: \$15.4M w/all PPP_CARE's received; approx. \$11M w/only PPP.
- Board Reserve (capital) cash: \$8.5M – same under any scenario.
- Days Cash on Hand: 235 (w/both) or 190 (w/PPP only).

Worst case (PPP only), would leave 2020 as the best year in District history. Net income: \$4.0M+; cash position: \$19M+; and, which segues perfectly to our next chapter of capital planning...

Capital History/Planning- 2021 – Tom provided a narrative on the District's capital planning and history of development. The outcomes included resolving our primary clinic (both under one roof), residential care (new AL/EARC), and other service line space needs (expanded OR, therapies, lab, HIM, IT, and training/education). And, while many of our goals have been accomplished, we still have some major needs: ED expansion (top priority); OR expansion (both revenue enhancers), true therapy designed space, and specialty/integrated clinics to name a key few.

Tom noted that our one great benefit in 2021 (compared w/prior years) is the LTC building is empty and can be utilized to house services during and remodel/construction. Lab, PT, Admin., Finance/Accounting, and HR can be relocated if we need to raze the circa-58' space to construct a new building; which is likely, as bringing 58' to current code would be prohibitively expensive.

Tom also included 2020 District debt capacity figures, noting property tax values will change by year-end. He also included a listing of current building square footages: LTCU, 18.5K sf.; upper floor circa '58, 11.5K sf.; and, Admin/Accounting: 2K sf. and occupied spaces for reference point.

Tom noted our first steps in 2021 will be to enlist (RFQ) for an A&E firm to conduct some initial analysis on existing buildings/needs and to conduct an NHHS internal review on service needs/functions to be developed in the new facilities. He explained a recent meeting with Sue Birch, HCA Director (by our WRHC Exec. Dir. and a member CEO) who were approaching HCA with a pitch to hold rural provider payments steady in 2021 (post-pandemic). The response from Ms. Birch was two questions: 1) are you moving to alternate payment models? and 2) are you protecting residential care in your community? If, the rural providers weren't willing to move in that direction, there would be no commitment. Note: NHHS has done/is doing both!!

Tom noted that we are prepared to tell our NHHS story: that we have successfully connected our community resources (Pend Oreille Health Coalition), are integrating care on multiple fronts and are participating in other payment models – however, if we want to build a better system; it will require better and more functional facilities. Our question back to HCA/State: would capital funds be extended to help us include wellness, crisis intervention, BH_SUD, and public health services?

Our current system/model is not functionally designed to accommodate these needs and bring the paths together and Pend Oreille County Counseling Services still struggles to obtain State funds to cover all MH/SUD services. Tom believes that proposing plausible solutions/design is the key to making a potential request to access funding from HCA/HHS as a guardrail/alternate payment model for participating rural facilities

Tom noted a few other key financial data points: 1) we continue to generate free cash flow – approx. \$2.5M per year; sufficient to pay off our RMV Bond and clinic loan. Tom speculates a new building would cost approximately \$15-\$20M (30-40K sf. and \$500/per). He will be contemplating strategies to move us forward in Q1-Q2, 2021.

Commissioner Rosencrantz stated the balance sheet is exceptionally strong and reflects good decisions made by the staff. He would like some sense of what the continuum of leadership (Tom W.) as related to capital planning and the implementation process. Tom responded that he plans to continue on through the end of 2023; he would like to see the capital expansion and APM conversion come to fruition. Though, he also noted that if he were to get hit by a bus tomorrow, the Board/leadership is in great shape: we have an experienced, progressive, and educated Board as well as great leaders and providers – NHHS is in a league above when compared to our rural peers.

Commissioner Johnson asked for an overview of the new construction idea: Tom explained that his vision is to construct a three-level building w/new ED situated where the lab currently sits, flipping the main entrance to the hospital to the West (facing the clinic across the street) and place the lab, OR expansion, wellness center, therapies, visiting specialists, education and training center, social supports behind (east of) and above the new entrance – tying it all into the 1997 facility spaces.

APM/ACO Models - 2021 - Tom explained that historically we have done business with Molina and Amerigroup to manage Medicaid lives and participated under a Medicare ACO model (beginning again in 2021). Our next "lean in" will be to explore Medicare Advantage type plans, where the provider/group receives a "premium equivalent" from Medicare under direct contract to manage lives/health. Note: client/members signing onto an Advantage Plan are not allowed to participate under an ACO. The ideal situation is to find a payer (Molina) that participates in Medicare Advantage and is also a Medicaid MCO; the goal (to have one payer partner for both sets of CMS populations). The benefit: manage a spectrum of clients under a single plan/process.

1115 Waiver end – the HCA will end funding to ACH's (aka-"Better Health Together") in 2022; Tom posed the question as to whether we would on with the BHT-ACH. He noted that when/if funding ceases, BHT would have the ability to operate as they are wholly owned by the Empire Health Foundation which has sufficient funding to stay afloat. NHHS's work didn't involve BHT in care coordination at the local level and Tom noted that he would probably opt out of participating in a regional ACH; he feels the cost/time involved would outweigh any benefit. The ultimate goal in any APM is to reduce overhead and duplication.

ACTION ITEM AGENDA

There were no Action Items to approve.

OTHER BUSINESS:

There was no other business to discuss.

EXECUTIVE SESSION

As permitted by RCW 41.05, the meeting was moved to Executive Session at 12:20 pm. for approx. 20 minutes to discuss provider credentialing and personnel matters.

RETURN TO OPEN SESSION

The Commission returned to Open Session at approximately 12:40 pm.

Per the recommendation of the Medical Staff Executive Committee, the Board of Commissioners approved the following privileges by motion made, seconded and passed unanimously:

PROVISIONAL STATUS:

Lisa Matelich, M.D.

Michael Palsgrove, CRNA

Family Practice/OB

Anesthesia

Neurology/Teleneurology

Rizwan Kalani, M.D.

Kyle Ogami, M.D.

Mimi Lee, M.D.

Elizabeth Walz, M.D.

Stephen Burton, M.D.

George Lopez, M.D.

Kishan Patel, M.D.

Pratik Bhattacharya, M.D.

Joseph David Nicholas Freeburg, M.D.

PROVISIONAL TO ACTIVE STATUS:

Vincent Huntsberger, M.D.	Emergency
William Wheeler, M.D.	Emergency
Mary Logsdon, M.D.	Emergency
Pawani Sachar, M.D.	Neurology/Teleneurology
Paige Flett, M.D.	Neurology/Teleneurology
C. Mark Adler, M.D.	Radiology
Travis Taylor, NP-C	First Surgical Assistant/Clinic

REAPPOINTMENTS:

Michael Schicker, D.O.	Orthopedic Surgery
John Bell, M.D.	Radiology
David Holznagel, M.D.	Radiology
Mark Edens, M.D.	Radiology
Gregory Balmforth, M.D.	Off-Site Radiology
Brent Clark, D.P.M.	Podiatry
Sherwin Foster, M.D.	Nephrology

NEXT MEETING DATE

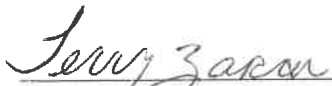
The next regular meeting of the Commission will occur on November 12, 2020 and will be available via ZOOM.

The October regular meeting is cancelled.

ADJORNMENT

There being no further business, the meeting was adjourned at 12:50 p.m.

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


Terry Zakar, President
Board of Commissioners


Lois Robertson, Secretary
Board of Commissioners