

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

November 12, 2020

Due to CoVid-19 protocols, 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, Joseph Clouse, Chris Wagar and Susan Schwartz; Others: Casi Densley, John Stuivenga, Jane Tilley; Chelsea Stumph, Jenny Smith, and Nancy Shaw.

CALL TO ORDER:

Terry Zakar, Chairperson, 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 ITEMS:

Included the consent packet was the meeting Agenda, Auditors Report (September and October) and Uncompensated Report. Commissioner Rosencrantz wished to clarify an agenda item, referring to the Superintendent's Report: Medical Staff credentialing/privileges (per RCW 70.44.062) will be reserved for Executive Session and all other business will be discussed and conducted during Open Session. That was verified and there were no objections.

Kim Manus submitted an addition to the meeting Agenda – Resolution No. 2020-12; which should accompany the M&O Tax levy when the annual implicit price inflator is less than 1% and the Board desires to stipulate an exception and ask for the allowed maximum increase of 1.0%. This has only happened once before (2009); generally the price inflator is greater than 1% and we are capped. The effective change to the M&O tax amount would be approx. -\$2,500; if not requested this year.

Commissioner Rosencrantz requested identification of the Zoom meeting attendees.

APPROVAL OF PREVIOUS MEETING MINUTES

The regular meeting minutes of September 24, 2020 were approved by motion made, seconded and unanimously passed. There was no meeting held in October.

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

Auditors Report - September:

Warrants disbursed: #218197 through #218609	1,543,213.32
Electronic warrants: #002321 through #002338	633,292.29
Mountain West, Loan payment, disbursed 09/10/20	40,000.00
Total, warrants and disbursements	\$ 2,216,505.61

Auditors Report - October:

Warrants disbursed: #218610 through #218967	1,629,074.34
Electronic warrants: #002339 through #002357	511,875.72
Mountain West, Loan payment, disbursed 10/13/20	40,000.00
Total, warrants and disbursements	\$ 2,180,950.06

<u>Bad Debt/Charity:</u> Sept-Oct 2020, inclusive District Write-off	\$ 215,394.11
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**2021 Budget Hearing:** A public hearing was opened at 10:05 am to present the District's 2021 Operating Budget and maintenance and operations (M&O) tax levy request. A notice of the hearing was published informing the public of the opportunity to comment on the District's proposed budget. A resolution for M&O taxes is required at this meeting.

**2021 Operating budget:** CFO Kim Manus presented the 2021 operating budget, including the key budget outlines and items:

Kim noted one change to the 2021 budget (vs. 2020) was our M&O taxes – which is required to be updated via M&O tax revenue request (and is generally capped at 101% of the prior year tax). The budget also included UTGO Bond taxes (to cover 2021 debt service) that must also be submitted to the Auditor's office by the end of November.

Kim noted that she plans to return by the end of Q1, 2021; post systems conversions and pandemic interruption, with detailed figures for 2021. Kim reviewed budgeted 2020/2021 revenue figures, noting that Laboratory is the sole department trending ahead of 2020 budget. Annualizing September revenues shows the rural health clinic \$2.3M under budget. Kim will perform an in-depth analysis of all departments prior to finalizing the 2021 budget and anticipates there will be opportunities for improvement post conversion.

Net available cash in the preliminary budget is reduced by bond/debt principal payments (not indicated on the Income Statement) and will leave \$2.1M remaining for capital purchases.

Kim explained Covid funding amounts retained will remain unknown until the final accounting rules are published. If all Covid funds are retained (\$4.8M PPP and \$4.5M CARES), cash flows will jump considerably. Presently, fed stipulations require \$4.8M (PPP) to be included in operations, which would effectively exclude the use of CARES Act funds in 2020. If this is the case and, assuming losses in 2021 aren't sufficient to offset CARES, we would have to repay all funds remaining. Kim noted that Tom has been speaking with our federal legislators and CMS to consider allowing the use of any retained CARES funds be used to guardrail risk-based value based purchasing (VBP) projects; a potential win-win-win for providers, clients and CMS.

Kim noted that capital purchases *may* also be eligible for CARES funding in 2020-21; justifying expansion of our ED to improve covid/pandemic safety? It could also include only coverage of just one year's depreciation on a project. As this remains undetermined, we have not included any in 2021 the budget at this time. A regional CFO discussion with DZA also encouraged we reach out to legislators to propose treating the program like a Federal grant.

Kim noted that we have been extremely busy with systems conversions, including Premier, processing 3 payroll periods in Paycom, and EPIC training. We will be providing an update final equipment purchases under the EPIC transition in the next couple of months.

Three resolutions were presented for approval by the Board:

**Resolution No. 2020-09:** adopting the 2021 Capital & Operating budget.

**Resolution No. 2020-10:** adopting our 2021 M&O Tax Levy request.

**Resolution No. 2020-12:** declaring a special need to request the full 1.0% increase in M&O taxes in 2021.

Commissioner Elswick moved to approve Resolution 2020-09 in the amount of \$45,292,703. Commissioner Rosencrantz, requesting clarification, asked if Resolutions 2020-10 and 2020-12, regarding the M&O tax levy ordinance and funding is embedded in the operating and capital budget; and, if so, technically the resolution sequence should be reversed so as not to create a conflict if all were not approved as drafted. Kim indicated that was the case.

Commissioner Rosencrantz then requested review of Resolutions 2020-10 and 2020-12 pertaining to 2021 M&O Tax Levy Ordinance and Certification prior to adopting the Operating and Capital budget. There were no objections.

Commissioner Rosencrantz asked if it would be prudent to forego requesting the substantial need provision under Resolution 2020-12, due to the financial hardships faced by many under the pandemic, particularly those on fixed incomes. Commissioner Elswick noted that the District offers an equivalent “tax offset” to all property tax payers against their NHHS medical bills. Kim clarified that only the portion of the hospital district tax applies to the discount.

Commissioner Johnson requested clarification on the amount of the exception request. Kim noted \$506,000 was requested in the budget based upon the amount indicated by the Assessor’s office. Commissioner Rosencrantz summarized: “if the Board takes no action, the District would receive .06 of 1% increase; if the Board approves the exception the difference is .04 of 1%, or approximately \$2,500 for the year.”

Discussion ensued re: 1) the “standard” PHD M&O tax levy rates is \$.50/\$1,000; however, we have been limited by the 1.0% annual increase cap (regardless of property value changes), so our current M&O rate is closer to \$.32/1,000 – this is only 2<sup>nd</sup> request made in the past 20 years; 2) a new 1/10<sup>th</sup> of 1% sales tax increase is going to take effect January 1, 2021; 3) charity care and bad debt will also likely increase in 2021 (closure of Ponderay Newsprint, many local businesses and staff losing health insurance benefits).

Upon further discussion, **Resolution No. 2020-12** was not considered for approval.

Commissioner Elswick motioned to change Resolution No. 2020-10 to levy 2021 regular M&O property taxes at an increase of **.602% (\$506,000, estimated amount) not 1.00% (\$508K, estimate)** on the amount of regular property taxes lawfully levied in the highest of the three most recent years, and on any new property additions. With the changes, Robert Rosencrantz moved to adopt **Resolution No. 2020-10**; the motion was seconded and passed unanimously.

Commissioner Rosencrantz extended his thanks to Kim, Caci and the Accounting team for their efforts on the operating budget and posed the question: does a “stress test” applied to the budget provide us an acceptable outcome? Kim stated that due to the uncertainty surrounding the pandemic we are in “status quo” mode until the end of Q1, 2021, when we will regroup with District managers and perform a revised budget analysis; including a complete review of staff positions, post system conversions. Tom W. reported that our providers have been moved to fixed salary contracts during the EPIC transition and noted it was simply not prudent to burden our managers with trying to budget in so much uncertainty. He did note that the 2020 budget “rolled” to 2021 offers a realistic “bottom line” based upon our 25 year District run-rate. At the end of Q1, things should be clearer. Kim added that our hospital peers are experiencing similar budget forecasting challenges across the State.

Commissioner Rosencrantz made a motion to approve **Resolution No. 2020-09**, adopting the 2021 Operating and Capital budget with the aforementioned adjustment of M&O tax levies to \$506,000, which was seconded and passed unanimously.

Kim Manus solicited comments and input from the public relative to the District's proposed budget. No further comments were received.

Commissioner Zakar adjourned the budget/taxation hearing at approximately 10:20 am.

#### COMMITTEE REPORTS:

Joint Conference: Dr. Lewis was not in attendance; therefore, there was no report.

Finance: Casi Densley, Controller provided September-YTD financial data. The October financial statements are in process due to the transition to the new system. That have been some issues with the transition, but all-in-all the system is working well. A dual closure of the financial statements (Meditech and Premier) was performed in September.

Casi explained that the revenue cycle departments set a 2020 goal to decrease AR days to 45; in September this goal was met. Casi credited the Business Office staff for their involvement, which provided valuable assistance in the process. Days cash on hand have remained steady, noting she has booked only nominal CARES funds and no PPP or Medicare advanced payments (\$5.4M); which were supposed to start being recouped in August. This has now been postponed to April, 2021. Changes remain continually fluid due to the CoVid rule changes and situation.

Casi introduced Jane Tilly, who recently replaced Diane Anderson. Jane just moved here from Woodinville, WA with a great deal of government/accounting experience.

Covid update: Jenny Smith provided the latest on: regional bed availability is limited - bed count is 140 in Spokane; as of this morning there is only 1 ICU bed available (Kootenai) with only 4 floor beds available in the Inland Northwest. We continue to receive N95 masks via the PPE exchange program and more are expected. Commissioner Johnson stated bed availability in Spokane is very limited. Jenny continues reporting census data under the new mandatory reporting requirements.

On a positive note, there was no testing required at RMV-AC this week. An additional 14 positive cases were reported yesterday. Bonner General reported 227 active cases, with 31 in Pend Oreille County. Jenny reported there are 2 patients in ACU; if/when it reaches 4, protocols are in place to manage care, staffing levels and cancel elective surgery cases. Tom added that care has been manageable for most patients; we have the capability to ventilate; however, staffing is an issue. Kim noted that beds have been ordered for the RMVAC 4<sup>th</sup> wing and negative air flow is now operational in the old LTC area.

Covid vaccines are showing good promise and shipment of the Pfizer brand to 5 key sites is expected to begin mid-December following FDA emergency use authorization. Jenny noted that front-line health care workers are considered at greatest risk and will likely be the first candidates to receive the vaccine.

Chris reported that she met with Med. Staff regarding the suggestion by a Commissioner to require mandatory influenza vaccines for health care workers in urgent/emergent departments. It was decided to bring the issue to the medical staff for determination. Only one provider adamantly disagreed and a recommendation was issued, which Chris shared with the board members.

Chris noted the flu vaccines arrived very late this year and was offered to staff in late October. So far, 217 employees have received the vaccine; 66 have declined; a small number have received the vaccine elsewhere; Chris will bring the final count to the next board meeting.

Commissioner Johnson responded, noting her suggestion was specific only to employees that work in high risk areas vs. all employees. Chris offered to submit a revision to the document; Sue stated it wasn't necessary and that she would clarify her request with Dr. Radke.

Influenza and CoVid testing protocols were discussed briefly. Chris anticipates that both tests will eventually occur simultaneously. She noted that we are striving to obtain one test kit that will produce four results (Covid, Flu(x2), and RSV). Chris related concerns with people not adhering to our masking policy. Jenny noted she has developed a flyer we are using to clarify and re-educate.

HR Update: Joseph Clouse, HR Director, distributed his monthly report noting we are running at 303 FTE's, which is near the run rate in Jan-Feb 2020. He reviewed some of the key open positions and status [UR Case Manager, Revenue Cycle Strategy Manager (Trina), the position was open for 6 months, Compliance Office (vacated by Trina) is now open, MSW position (revised to require a Bachelor's degree to meet compliance guidelines), Clinical Informatics was revised to Health Informatics Specialist (eliminating the RN credential requirement, but still requiring EPIC experience). There are 2 RN openings as two nurses are resigning; they are not willing to make the shift to the EPIC system. Commissioner Johnson requested a copy of Joseph's PowerPoint slides.

2020 Non Contract Staff bonus structure: Joseph distributed copies of the latest scorecard and results under the five categories. He noted the Finance Committee proposed paying the full 20 share on the financial portion of the bonus as the PPP funds have not yet been recorded, but are due.

Based upon the Finance Committee's recommendation, Joseph computed a \$800 bonus for the managers and \$752 for each FTE employee [Total cost: \$165,000]. Historically, the bonus has been paid (with the exception of 2008) to District Non-Contract staff members. In addition, the Finance Committee proposed an additional payout to our contracted RN staff as a thank you for their work on the front lines during the pandemic [Total cost: \$35,850].

Kim noted the State Auditor's office will require a measurable goal/component to receive incentive compensation; the Committee felt the RN's worked harder than usual due to the CoVid challenges. Kim added that the one-time payout to the RN's is designated as an expense relative to CoVid and is possible to cover this year PPP/CARES funding.

Commissioner Johnson stated that she is thankful and appreciates that the RN's will be awarded the bonus; she feels the lack of a bonus payout for the RN's has been a point of contention for many years. Tom noted that our current plan is designed for non-contract staff only. Staff under contract: CEO, providers, nurses have compensation/terms specified. Joseph noted that any changes to the RN/SEIU contract would need to be negotiated.

Commissioner Robertson stated that she is grateful to the RN's and the opportunity to recognize their hard work and efforts in providing the compensation in the form of a bonus.

**A motion was made to award incentive compensation to all non-contract staff in an amount not to exceed \$752 / \$800 for staff/managers, respectively (based upon annual hours worked, not to exceed 2,080). In addition, graduated incentive compensation, not to exceed \$750 will be awarded to RN staff based on hours worked in 2020 (January 1–October 30, 2020).**

The motion was seconded and approved unanimously. As is custom, all eligible participants must be (and remain) employed from November 12, 2020 to December 2, 2020.

Tom extended his thanks to all of the staff for their great response during this year of uncertainty.

**Resolution No. 2020-11 FFCRA Paid Sick Leave Provision** – Joseph explained that the Finance Committee approved paying up to 80 hours (two weeks) of sick leave to employee's at their regular rate of pay when they are unable to work due to quarantine and/or experiencing Covid symptoms and seeking a medical diagnosis - FFCRA is effective September 16 thru December 31, 2020. **A motion to adopt Resolution 2020-11 was made, seconded, and passed unanimously.**

Quality Assurance/PI: Chris Wagar reported on behalf of Jen Allbee and recapped the Quality Report and presented the OB and QA/PI department's 2019 collaboration on a FLEX funded (\$5,000) program from the Medicare Beneficiary Quality Improvement Program (MBQIP). The program goal was to recognize and treat OB emergencies, particularly for postpartum hemorrhage. A Noelle training mannequin was purchased and Bev Mayfield, OB Coordinator, researched evidence-based practices and updated our policy to reflect Maternal Quality Care Collaboration guidelines as related to maternal hemorrhaging. This was a substantive effort to change practices and to perform a qualitative blood loss measurement vs. estimated value. The change from estimating loss to providing actual qualitative blood loss measurement increased our postpartum hemorrhage rate from 5.2% from 21%. Two cases involved 1 uterine prolapse and 1 severe postpartum hemorrhage greater than 500 cc's. The severe case had a favorable outcome and occurred immediately following the OR crew's training and review of all policies/procedures.

Chris explained the success of this project inspired the departments to re-apply; this year, we will purchase refrigerated drawers for storing emergency postpartum hemorrhage medications. She noted that the mannequin simulated training ensures all nurses receive (required) L&D training.

#### SUPERINTENDENT REPORT:

Financial Position: Tom referred to a copy of the District's standard Income Statement (6-year trend), explaining that the only item he "updated" was to annualize 2020 data. The intent was to show where the District would stand depending on when/how PPP (\$4.8M) and CARES (\$4.5M) funds are recorded – in 2020 or 2021. He noted that thru Sept. 2020, only \$718K of CARES has been applied to income, and we have a \$2.5M loss from operations and a \$10K bottom line. In reality, our PPP funds have been earned (but not yet recorded) and, in theory, CARES Act funds can be applied to offset operating losses (not to exceed the greater of: 2019 Operating Income or \$0, if 2019 showed an operating loss). Theoretically, we *could* record \$4.4M of the \$4.5M of CARES funds, ending our year with a loss of (\$949) – without accounting for PPP.

The premise of the exercise was to show how our balance sheet (cash) will be affected over the next nine months. Tom noted the worst-case scenario (PPP only) would result in 190 days cash on hand, with approximately \$20M in operating and board-designated capital funds at period end. He also indicated that if CARES Act funding is not used in 2020, it can carry over to 2021, applying the same covid/pandemic effect and comparing to 2019 run data. If the full CARES funds are earned, our days cash on hand would jump up to 235 and leave us with around \$25M in cash

Tom explained that during the EPIC conversion, if we maintain our 2020 run rate (effective since April), the physicians will not be producing at a higher level and residential care may not be taking new admissions. It is likely, at some point, that we will also stop doing non-emergent procedures. (The CARES funding could easily be required during the first 6 months of 2021). Kim will keep the Board apprised of any changes in our situation.

Next Generation ACO: Tom announced that the NWMHP-ACO, Joint Operating Committee held their first meeting last week and he was impressed by PSW and the members on the Committee. We will begin participation with the ACO in 2021, where our work will be similar to the 2016-2018 ACO endeavor. Tom indicated we will obtain our NHHS patient list in January and is confident our rural group (7,000 lives) will be able to replicate the same success.

Tom shared a conceptual outline of payment distribution across the care delivery system and why he is excited about ACO participation. He noted that the closer providers can move to receive/ align premium to actual services, the more waste we can potentially save/redirect across the system. His outline compared the new (2022) Medicare "CHART" Community Health Access and Rural Transformation model vs. the MSSP or CMMI ACO (our NGACO) models. He noted an ACO can generate potential savings across the entire spectrum of care (vs. CHART, which covers only hospital based services). He gave a quick recap of how NHHS's approx. 13,500 lives, with avg. annual spend of \$10,750, and where approx. 27% is paid to us for all services we currently provide (all but dental/retail pharmacy) leaves us an opportunity to achieve savings on roughly \$7,400/PMPY across the spectrum. He noted a 3% shared savings along that spectrum equates to a 10% rate increase on the comprehensive services we provide – asking which is most likely to occur?

Capital planning: Tom outlined constructing a new building on grounds presently occupied by our circa '58 hospital. Our key space needs: ED, OR/procedure, visiting/specialty clinics, therapy, and integrated MH\_SUD services (comprehensive wellness center?). We could also use meeting room and admin/support services – emptying the houses we presently occupy around campus. We have greater access to capital (post PPP and CARES) and we would like to continue discussions with State Legislators to retain those funds to use for VBP services and/or as a guardrail for risk-based ACO's. We are in a much better position than in 2014-16, when we did our last capital review.

Org. Structure Review: Tom distributed a confidential draft Org. Chart, noting that it had not been shared outside the senior team. He noted that while our org. structure is perpetually under review by the senior team, it took on a greater significance when we posted our DNS position. The substantive changes proposed centered on the number of CEO direct reports and potential succession planning implications a new DNS/CNO might bring to the table.

Members of the board weighed in noting they believed that the DNS/CNO should report directly to Tom and asked if any new positions or management layers were being added? Commissioner Rosencrantz also expressed concern that the new structure might send a perception that staff would no longer have an open line to the CEO, regardless of intention. Tom noted that no one has trouble getting to him and offered an overview of the current reporting structure/sequence from medical directors to line staff. He explained that service line leaders (coordinators/managers/ directors) work directly with their Med. Staff leads and senior team to set their performance goals, operational targets, and service line direction. None work in a vacuum and the senior team simply provides broader, overall District goals and targets. The Directors are not involved deeply at the line level, but managers do report up to the Directors with their departmental plans.

Commissioner Elswick asked why the DNS would no longer report to the CEO; wondering if the established relationship with our nursing staff would be affected by a shift – would they still feel they have a voice? Tom stated that he believes most current nurse leaders (by choice) would prefer to report to Chris, as she is more effective moving from point A to point B. Commissioner Zakar asked if any employees were informed of the potential changes to the org. structure. Joseph stressed this was only conceptual and nothing has been made official. Commissioner's Elswick and Robertson suggested scheduling a Strategic Planning Session or taking a deeper dive into the implications prior to making any decisions on org. structure. Tom reiterated that his door is always open to anyone who may have ideas, concerns, or further thoughts.

Tom noted that no decision had been made, but ideas were being considered, depending on the expertise/desire of the DNS/CNO recruit and/or promoting from within (less experienced candidates who would need support) where developing a COO position might be the better option. There was robust discussion relating to leader roles, reporting, quality metrics/scores, analytics, and functionality of day-to-day operations.

Commissioner Robertson agreed with some of the overall concepts, but noted the question remained whether the nurses are agreeable to reporting to a Director that is not an RN. Joseph indicated that the nurses have indicated they are very comfortable bringing issues to Chris, who is already providing a supporting role during our DNS search. Chris W. added that while she is not an RN, her clinical credentials include a BA/Chemistry\_Biology and she worked in a clinical laboratory setting for 20+ years. Tom added that the extent of his clinical knowledge he has was acquired from sitting through 20 years of Med. Staff meetings - for comparison.

Commissioner Rosencrantz stated that he believes the board members should play an active role in decision making on the organizational structure. Commissioner Elswick requested that we consult with MRSC to determine if there are any legal requirements for the Board's level of participation in making such decisions. Tom indicated that Board participation is generally a good idea, but believes any final decision should be left to the Senior Team. He has also stressed no final decision have been made and any affected staff have not been contacted; he would like to please keep it that way for now – as those staff would need to hear it from him.

Commissioner Zakar referred to the recent resolution that the board approved outlining board participation in changes to upper level management positions. Tom W. noted that this is more a shuffling of the chairs, with the intent to simply garner efficiencies and lean on the strengths of the senior team members at the District. He does not feel there is a need for a strategic planning retreat focused on this topic – capital planning or VBP modeling would be a better use of time.

He noted there was no clamoring for change; this “idea” came about and was shared after the DNS was posted and we received a resume from what appeared to be a very qualified individual with great experience.

Commissioner Rosencrantz stated that he appreciates all of the staff at NHHS; the issues have been difficult in 2020 for many. Tom responded, noting that he appreciates constructive feedback and input from the Board members. Tom, Chris and Joseph encouraged the Board members to speak with the managers; they will speak freely about the culture that exists.

Commissioner Zakar distributed a nepotism policy for the Board's review.



ACTION ITEM AGENDA

Kim explained that as staff is relocated to the LTC space, we need a new copier to accommodate the department needs. Purchase of a Konica Bizhub C450i copier was approved via a motion made, seconded, and passed unanimously.

OTHER BUSINESS:

Tessa Reinke, M.D. was approved for Family Practice re-appointment.


NEXT MEETING DATE

The next regular meeting of the Commission will occur on December 17, 2020 and is scheduled one week earlier than usual due to the Christmas holiday. The meeting will occur at noon (due to a conflict with the medical staff meeting). The meeting will be available via ZOOM.

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