

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

December 23, 2021

Due to CoVid-19 protocols, the meeting was offered via tele-conference.

In attendance: Commissioners: Lynnette Elswick, Lois Robertson, Melanie Endicott, Becky Walrath, and Susan Johnson; Executive Officers: Tom Wilbur, Kim Manus, Chris Wagar, and Theresa Hollinger. Others: Chief of Medical Staff, Aaron Reinke, MD; Casey Scott, Casi Densley, Jane Tilley, Carol O'Leary, Jen Allbee, Tom Garrett, and Nancy Shaw.

Excused: Joseph Clouse, HR Director.

CALL TO ORDER:

Lois Robertson, Secretary called the meeting to order at 10:02 a.m.

READING OF LEGAL NOTICE:

The regular meeting legal notice was distributed as required.

APPROVAL OF AGENDA / CONSENT ITEMS:

The Meeting Agenda, Auditors Report and Uncompensated Report (Consent Packet) were approved via motion made, seconded and passed unanimously.

Auditors Report – November:

Warrants #303140 through 303390	1,534,834.76
Electronic warrants: #400173-400190	321,167.26
Mountain West, Loan payment, disbursed 11/10/21	40,000.00
Total, warrants and disbursements	\$ 1,896,002.02
<u>Bad Debt/Charity: November 2021, inclusive District Write-off:</u>	\$ 78,275.93

APPROVAL OF PREVIOUS MEETING MINUTES

The November 15, 2021 Special meeting minutes and November 18, 2021 Regular meeting minutes were approved via a motion made, seconded and unanimously passed.

BUSINESS FROM THE AUDIENCE:

There was no business from the audience to discuss.

COMMITTEE REPORTS:

Joint Conference: Dr. Aaron Reinke, Chief of Medical Staff reported the physicians are looking forward to implementing a new hospitalist based model next year where the providers will rotate on a weekly basis (instead of a one weeknight, every 5th weekend model) – it will continue to be covered under a five-way split. It should provide for better continuity of hospital care and free up provider schedules in the clinic. Providers may also see patients on an urgent care basis during their hospital coverage weeks. He also noted that Dr. Tessa Reinke will be undertaking process improvements in the clinic in 2022.

HR Update: Casey Scott provided the current Open Positions report (as of December 16), noting several positions have been filled. There are approx. 28 positions posted, though Casey expects this to drop to 22 as there are 6-7 new hires scheduled to start within the next week.

Two interviews for the Chief Human Resources Officer position occurred this week; the candidates will be invited back for a second, on-site interview in January. Commissioner Robertson asked how many have applied to date; Casey indicated approximately 10-12 have applied; however, some of them are consultants interested in short term employment. To date, a total of five candidates have received screening interviews; of those, two have moved on to interviews with the Senior Team and HR staff/key managers.

Casey explained that seven applicants were referred by the Society of Human Resources Management (SHRM) – however, all of those were only interested in a consultant position. We re-posted the position with the Association of Training Development and are waiting for results. Tom noted the two candidates interviewed by the Senior team were well-qualified.

Finance: Casi Densley, Controller, reviewed the latest District financial statements noting that YTD net income is over \$1M and indicating our April 2020 SBA (PPP) loan of \$4.8M has been fully forgiven. Those funds will be booked into income in 2020; whereas, our initial CARES funding (approx. \$3.8M revenue remaining) will be booked into 2021. We also received another \$1.2M in Cares Act funds in November – which has also not yet been recognized as revenue. Casi noted that Epic implementation cost (\$1.7M) which was listed on the balance sheet as a prepaid asset (to be amortized over three years) was determined to be required to be fully expensed in 2021. Epic service and support fees totaled over \$400K before the adjustment.

Tom referred to the 4-year financial information (income statement/balance sheet) he included in the board packets and overviewed line items for operating cash, Board-designated and non-current cash, long-term debt and other key indicators. He noted that the key takeaway is that NHHS has received significant federal Covid-relief funds (\$10M+) and our balance sheet is very, very strong.

Residential Care & RHC Updates: Chris W. stated that the regular monthly statistical reports will be available next month. In other program updates:

Clinic – we begin our integrated (AIMS, CoCM) behavioral health program in January, with our psychiatrist seeing patients starting January 7; Crystal Schluter also has been seeing patients for behavioral health. Staffing is holding steady with the exception of sick days.

Residential Care –RMAC / RMV are both addressing staffing challenges. Four new admissions for RMAC are anticipated within the week; raising census to 50 and bot facilities continue to monitor for Covid with no reported outbreaks. Chris reported there was a state-wide RSV outbreak last week.

Since opening, RMAC has yet to be surveyed; that, along with Covid staffing challenges continues to delay any opening of the 4th neighborhood in RMAC.

Quality/PI: Jen Allbee reported that we have switched (in July) our patient satisfaction survey vendor from Press Ganey to Survey Vitals and shared a 90-day review for ED. The new program offers 3 response options to our patients – text messaging, voice-messaging and interactive phone responses. During the 90 period, 319 surveys were returned, a much higher response rate (31.2%) than with Press Ganey. Overall, composite scores (as compared to National benchmarks of other CAH's) were very (63% overall) positive for the ED.

The Clinic had 1,221 surveys returned in the 90 period; the response rate is 48.1% and with a 43% overall patient satisfaction rate. Jen answered questions and discussed the reasons for our positive

response rates and noted patient comments are shared with providers and staff so that we can address any issues identified.

Jen noted CMS requires a paper survey response for ACU (HCAHPS) and we have not collected enough returns to get a meaningful report at this time. Jen will continue to include Survey Vital reports monthly to the Board.

Hospital Readmissions: National average= 15.5%; WA State average= 13.5%; though source information can vary depending upon whether it is collected on CMS/Medicare patients only (runs higher), vs. all-cause readmissions. NHHS tracks all-cause readmissions, maintains a goal of < 10%, and consistently beats that target. NHHS total annual (2012-2020 avg.) readmission is 25; through 2021 November-YTD we are at 16. Jen explained that in May there was a spike with nine readmissions; however, one patient was readmitted five times. She noted we also track patients returning to the ED within 72 hours.

Other measures: NHHS partners with Comagine, a quality improvement organization recognized by CMS as a certified QIO. Jen noted our surgical site infection rates and attributed results to work performed around a patient safety grant (via Coverys) received in 2016. She noted that during 2014-15 our infection rates spiked from .08% to 2.4%. After receiving the grant, we began to swab/test patients for MRSA infections prior to surgery; MRSA positive patients were treated prior to surgery. The grant condition of participation required continuation of pre-surgical MRSA swabbing (paid by insurance) which reduced surgical site infections. In 2018, surgical cases increased with the addition of orthopedic services, and yet, the infection rate remains low, 2020= 0.4%; 2021 YTD = 0%.

State/CMS Survey: submitted our plan of correction and have two Fire Marshall waivers still in effect. Our DNV contract (self-certification) has been approved and signed; training is slated to start early February. DNV will likely conduct an initial survey as early as May 1st.

Coronavirus Update: Chris Wagar provided the latest statistical data and noted that 75% of all Washington reported Covid cases (this week) were of the Omicron variant. Chris noted that the majority of District Covid samples are processed by LabCorp with only a certain percentage of tests being sub-typed to determine virus variants; also noting there had not been any Omicron cases detected in Pend Oreille County, yet.

Theresa stated have been several instances of ACU patients that did not meet medical necessity criteria but who may not have a safe environment under which to return home. We will continue to evaluate options to provide community support through outreach programs.

Budget Update – Kim Manus, CFO explained that as a municipal corporation, the District is required to amend the 2021 budget if we expect to exceed budgeted operating expenses for the year. Kim presented two resolutions for Board approval: 2021-09 (2021 Amended Budget) and 2021-10 (2022 Operating and Capital Budgets).

Kim reviewed the line item details on the 2021 Budget vs. Actual and noting that revenues continue to run lower due to the pandemic - specifically, lower clinic volumes and the related 340B funding. Conversely, total all other direct expenses (non-salary, wage, benefit expenses) were budgeted at \$15.9M, but expects those to run closer to \$17.9M actual (with added Covid response costs) and the EPIC system installation expenses. Adding a bump to labor costs and including a contingency of \$1M – (so the actual 2021 expenditures will not exceed the approved

budget) we bumped the 2021 other direct expenses to a total of \$18.9M. Kim noted that we were initially advised the Epic system upgrade was considered a capitalized transaction to be amortized over a three year period, but with termination clause language included in the contract, accounting rules required that we recognized the expense at the time of purchase.

Resolution No. 2021-09, revising the 2021 annual operating budget was approved via a motion made, seconded and passed unanimously. It replaces Resolution No. 2020-09.

Kim referred to a breakdown of patient revenues from 2014 through 2022 and noting that final volume and rate changes will drive revenue increases. Kim anticipates an overall increase in patient days for acute care, obstetrics, short stay and swing bed as compared to 2021. ACU days were higher than usual due to Covid but explained that swing bed days decreased substantially; there were approx. 1,300 SB days in 2014 as compared to just 388 days in 2021. Other factors contributing to budget changes: OR volumes: surgical cases were 876, 688 and 718, in 2019-2021, respectively, and should bounce back in 2022. Kim noted that surgery cases were cancelled for nearly three weeks in 2020. Laboratory visits have continued to increase; Theresa explaining that care is more complex and requires more testing and diagnostics; more outpatients being treated in the ACU; billable therapy hours also decreased in 2021 and is expect to come back in 2022.

Commissioner Johnson asked when the NEW Health Clinic is slated to open; Tom indicated that it is not likely to open until 2023 – it should take approx. one year from ground breaking.

Kim noted that for the past 15-18 mos. our providers have been paid using a guaranteed salary model due to the impacts of: 1) Epic EHR conversion, 2) Covid pandemic, and 3) uncertainties due to CMS's change to the 2021 RBRVS tables, but a new productivity based model is slated to start in 2022. Dr. Jones plans to transition to a Hospitalist role and decrease his scheduled clinic appointments. Kim reviewed a 2022 rate spreadsheet, noting that we have held our prices low to remain competitive in the market. Kim cited several examples and percentage changes.

Kim commended both Casi Densley and Jane Tilley for their assistance in bringing the Premier system online. Casi explained that weekly training began in August with Jane and John Stuiivenga, Financial Analysts.

Casi pointed out that a large portion of the budget encompasses salaries and wages and noted the Governor's vaccine mandate created added challenges with the loss of employees. Casi provided a summary FTE report, noting the current total is 300 with a 2022 budget for 319. No positions were added, we would just fill open positions. Kim added that FTE count reflects being fully staffed, which seldom occurs and HR has been reviewing positions for replacement with managers. Casi also noted that the October market adjustments also impacted 2022 budget.

Casi thanked her team for their support and doing a great job to complete the 2022 operating and capital budgets, noting the 2022 Priority 1 capital items are also being presented today for Board approval. She indicated that minor equipment items are considered operating expenses and Priority 1 capital is included in the 2022 Total Expenditures budget (operating & capital). Priority 2 items are only noted as place markers for the year, to be brought back to the Board for individual approval, if needed.

Kim noted facility upgrade items will be addressed during a broader discussion when/if we ever get thru the pandemic and can take a deeper dive into the analysis.

Kim indicated the 2022 budget reflects a \$2.2M loss (including depreciation of approx. \$2.17M); and stated it does not include grant or Covid relief funds (we recently received an additional \$1.2M in CARES funding) that will need clarification as to the “use of funds.”

Kim noted that the PPP (Paycheck Protection Program) loan forgiveness amount is \$4,814,205 and will be booked in 2020, another \$3.8M in CARES funding is scheduled to be booked into 2021, though it yet to be recorded.

After discussion, Theresa suggested moving the Mindray monitors (budgeted amount, \$270K) to Priority 2.

A motion made, seconded and passed unanimously approved Resolution No. 2021-10, approving the District’s 2022 Operating expenditures including Priority 1 capital items, as presented.

Theresa commented that we have filled 3 temporary night shift RN positions. The incentive pay has been extended through the end of January and will be evaluated at that time.

CEO Report - Tom thanked and complimented our providers and staff members for their perseverance and collective response to Covid and all of the mandates that have come our way in 2021; he remains optimistic we will continue to move forward in 2022. He believes there are many opportunities ahead as we fully implement our system conversions and to align/adapt our new systems to our QA/PI and VBP initiatives in the queue. The key focal points include:

Our Epic system conversion – to utilize VBP tools, build upon our CoCM integrated clinic and BH-SUD services, and enhance our tracking under our ACO models; Dr.’s Reinke have played a proactive role in EPIC tolls (Aaron) and trying to address population health (Tessa) and process changes in the clinic.

2022 Facility Planning - Tom stressed the primary need is to replace the circa ’58 hospital space with: expanding OR/ED/OP treatment space and revising/adding new admitting, lab, and therapy spaces. The first go cost of \$25M (determined mid-2021) was considered to be too expensive, but we will need to take another run at finding or long term solutions.

Recruiting/Staffing – addressing labor/market challenges will continue for the foreseeable future- especially with RN/medical providers. Tom noted that our Chief HR Officer will be a critical position to fill as we continue to maintain/build culture and recruit to NHHS. Also, defining the Board’s Vision to be solidified and shared as we recruit for Tom’s replacement.

Residential care – we will continue to pursue solutions to increase DSHS rates to ensure that they cover our costs. Tom explained that our goal when opening RMVAC was to obtain a specialized dementia care license following our first successful survey; however, due to Covid, RMAC has yet to receive its first DSHS survey. Tom pointed out that census has been maintained at over 70% Medicaid clients to keep our enhanced rates, but strategy may need to be reviewed if the State refuses to make meaningful increases to AL/EARC rates.

Medicare ACO - Tom noted he is extremely pleased with our efforts/accomplishments providing services that lean into patient centered medical home (PCMH) and value-based ACO models. He noted that this will serve us well as we continue to review/move toward 1st dollar contracting with like-minded rural providers. He overviewed NHHS’s latest ACO endeavor, noting we formed a

rural group/pod (w/six other rural Collaborative member's) under a larger ACO. This is the NWMHP-ACO's sixth year and our Rural Pod's first year. He explained the cost (total spend) benchmark is measured across the entire ACO and we share in saving/losses up to +/- 4.0%, which we share with the ACO operator PSW. Without going into all the details, Tom noted that the ACO is 10%+ ahead of benchmark (thru Q3, 2021); which equates to approx. \$450K in shared savings for us in 2021. However, the greater benefits include providing community (ACO exempted) services – i.e. home health, home visits, tele-med., etc. that leaves us in a position to learn how to provide health and wellness for the longer term.

Provider Compensation – Tom noted (as Kim had mentioned earlier) that he was pleased with the new provider productivity model. He explained that compensation and care models fluctuate greatly across the rural spectrum, but working with the providers we were able to determine “market” and a new compensation methodology that should be mutually beneficial to all of us.

Strategic goals/opportunities – we will plan to convene off-site with the Board to discuss 2022 and beyond when we get thru this latest Covid surge; where we will want to move quickly to formulate target outlines.

CEO succession planning was briefly discussed. All agreed the goal is to hire the best qualified candidates for the CHRO and CEO positions. The Board members extended an invitation to the medical staff to participate in the interview and decision process. Tom Garrett will assist and facilitate the screening and interview process to include appropriate team members. Commissioner Robertson requested the CEO job description be forwarded to the Commissioners.

ACTION ITEM AGENDA

Resolution No. 2021-09 – was approved, as previously recorded.

Resolution No. 2021-10 – was approved, as previously recorded.

2022 Commissioner Assignments. Following final discussion, **a motion made, seconded, and passed unanimously approved the following 2022 Commissioner/Committee appointments:**

Board Positions:

Chair: Lois Robertson Vice Chair: Lynnette Elswick Secretary: Susan Johnson

Commissioner Committee Appointments:

Personnel/Insurance: Susan Johnson, Becky Walrath	Compliance: Lynnette Elswick
Finance: Lynnette Elswick, Becky Walrath	Melanie Endicott
Medical Staff: Lois Robertson, Susan Johnson	Ethics: Sue Johnson,
	Melanie Endicott
Capital/Facilities: Lynnette Elswick, Becky Walrath	Safety: Melanie Endicott
Quality/PI: Susan Johnson	
Marketing: Lois Robertson	

All appointments are effective January 1, 2022.

Capital Purchase Price Budget Overage – Replacement Bipap for ACU. A motion made, seconded and passed unanimously authorized an overage payment due to taxes in the amount of \$1,167.23.

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 12:02 pm for approx. one hour to discuss medical staff appointments and personnel matters, specifically the CEO's annual evaluation and incentive compensation review.

RETURN TO OPEN SESSION

The Commission returned to Open Session at approximately 1:00 pm.

The Board reviewed Tom's annual CEO performance assessment with him and determined that goal setting/target achievement for 2021 incentive compensation was \$57,419. It will be paid after December 31, 2021, provided Tom remains continuously employed by the District through that date. In addition, Tom's contract was updated to reflect an annual salary of \$250,660, effective January 3, 2022; and noting his contract will expire as of December 31, 2022.

The CEO incentive compensation and revised employment contract were summarized via **Resolution No. 2021-11, and passed via motion made, seconded and unanimously approved.**

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

Initial Appointments –

McLane Simpson, MD – Emergency Medicine – Provisional (pending final DEA & Ins. History)
Carson D. Sandford, M.D. – Neurology/TeleMedicine - Provisional

Reappointments –

Geoff Jones, M.D.	Family Medicine, OB, ER – Active
Chris Buscher, PA-C	Family Medicine Affiliate
Keith Bell, PA-C	Family Medicine Affiliate
Leslie Russell, M.D.	Radiology, Courtesy
Johnson Peterson, M.D.	Cardiology, Courtesy
Shaun Joshi, M.D.	Nephrology, Courtesy
Michael Kwasman, M.D.	Cardiology, Courtesy
Robert Arnett, M.D.	Radiology, Courtesy

Provisional to Active Status:

Lisa Matelich, M.D.

Resignations:

John Romano, M.D. Radiology, Off-Site Courtesy

**BOARD OF COMMISSIONERS
PUBLIC HOSPITAL DISTRICT NO. 1 OF PEND OREILLE COUNTY
December 23, 2021**

NEXT MEETING DATES

The next regular Board of Commissioner meeting will occur at 10:00 a.m., Thursday, January 27, 2022, in the Sandifur meeting room. The meeting will be available via ZOOM.

ADJOURNMENT


There being no further business, the meeting adjourned at approximately 1:15 pm.

Minutes recorded by Nancy J. Shaw, Executive Administrative Assistant.

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Lynnette Elswick, Vice President
Board of Commissioners


Lois Robertson, Secretary
Board of Commissioners