

Date: August 12, 2009
Time: 9:00 A.M.
Location: Mayers Memorial Hospital
Fall River Mills, California

(These minutes are not intended to be a verbatim transcription of the proceedings and discussions associated with the business of the board's agenda; rather, what follows is a summary of the order of business and general nature of testimony, deliberations and action taken.)

1. CALL MEETING TO ORDER: President Kerns called the regular meeting to order at 9:03 A.m. on the above date with the following present:

Mike Kerns, President
Gail McClung, Vice President
Jim Hamlin, Treasurer
Allen Albaugh, Trustee
Ruth Knoch, Secretary

Staff Present: Katharine Ann Campbell, CEO

2. ADDITIONS & CHANGES TO AGENDA, SECTION 54954.2(b)2:

None

3. CALL FOR REQUEST FROM AUDIENCE TO SPEAK TO ISSUES OR AGENDA ITEMS:

Martha Lucero requested to speak during specific agenda items.

4. BOARD FINANCE COMMITTEE:

4.1 Seismic Plan Deadline and Associated Costs: CEO Campbell provided background information for seismic requirements as well as history of seismic retrofit activity through consortium (Rural Health Design Network). Since then extensions have been granted; however, requirements must be complied with by 12/31/09 to secure those extensions. Campbell dispersed copy of letter from ANOVA identifying scope of services to be completed by 12/31/09 and asked board to consider approving associated costs totaling approximately \$126,460, including three subcontracts. Albaugh questioned \$25,000 threshold pursuant to district bylaws pertaining to contracts requiring bids—and Campbell responded the subcontracts fall under the arm of ANOVA, already through contract bid process. In response to question by McClung regarding funding plan, Campbell stated she would provide report at the next board meeting. McClung questioned if political landscape and fundraising changes during phases what happens to project—Campbell clarified the consideration requested of board at today's meeting is merely to get projects completed from now until 2010; however, she assured the board that the project could cease at anytime throughout project.

Marty Lucero spoke in regard to proposals from ANOVA and asked if firm would be looking at local contractors to impact local economy and hopes there is discussion in that regard during the different phases. Ms. Lucero also provided comments in regard to what monies have been collected or identified as restricted funds for the project from foundations and private donors as mentioned previously. Campbell responded some projects are already in the works but no checks signed. Lucero commented MFP has paid for in the past and asked how long ANOVA/Blackbird would be associated with project. Kerns reported ANOVA is here for duration of all phases.

A motion made, seconded (Albaugh/Knoch) to authorize expenditures to go forward and accept ANOVA proposal included in letter dated July 30, 2009, including 3 subcontracts. M/S/C.

A motion, seconded (McClung/Hamlin) authorized and directed CEO and staff to seek funding for project approved in above motion. M/S/C.

4.2 HRG A/R Breakdown: Hamlin reported A/Rs after 30 days are outsourced to HRG. DOF McKibben dispersed information to answer additional questions asked by BFC last meeting. Reviewed and discussed. McKibben reported on target with goal and moving forward to move back in-house.

4.3 Collections & Deposits: McKibben reported July total was \$1.8 million in collections—and August to date at \$663,000 with a projected \$1.9 million total for August.

4.4 Shasta Orthopaedics & Sports Medicine (SOSM) Chart Audit: CNO Pena reported 10 cases (December 08) audited among three business office staff members, Dr. Schwartz, herself and Director of Surgical Services. Pena dispersed summary report to board that was reviewed and discussed including discussions regarding DSH (disproportionate share hospital), a supplemental payment, for Medi-Cal outpatient surgeries that is not track able to service. All accounts are still open. Pena reported more work is necessary for study to conclude findings. Another meeting is being scheduled with Dr. Schwartz as they (SOSM) are looking at other facilities to compare processes, particularly pro fees—and possibly extend study to more than 10 patients. Campbell stated we cannot compare hospital to hospital due to Federal trade commission laws that relates to price fixing. Hamlin asked if it was possible to compare just the billing processes. Albaugh directed staff to move forward with audit and to work cooperatively with Dr. Schwartz to get data to complete—it's information that we have been expecting for 6 months and was pleased to see that there is progress being made.

Ms Lucero commented at the May 27th board meeting, SOSM offered their assistance to get a better ROI. It is her understanding monies are owed to SOSM doctors and before any additional monies are paid to SOSM it would be in the best interest of both parties that equal financial responsibility is being taken on ROI and to make sure this is reflected in the new contract being negotiated. Pena responded in the audit breakdown, we did find that in the processes we are catching the clinical side appropriately.

4.5 CFO Interim & CFO Recruitment: Campbell requested interview time with applicant from Oregon coast—and has talked to CFO firms for interim work. The position is now posted on website, Hunter Ambrose (recruitment firm), as well as three healthcare recruitment sites. As a part of covenants with Cal Mortgage, applicants will be well vetted by them reported Campbell.

4.6 General Surgeon Contract: Campbell reported the draft general surgeon contract was submitted to Board Finance Committee (BFC) last meeting. She stated two general surgeons are interested and going through credentialing process; one f/t with income guarantee, one

limited with no income guarantee but includes space and staff. The earliest arrival would be October 1st but dependent on contracts executed. At this time, she had not heard back from BFC on status of contract. Albaugh asked if she had cleaned up contract per recommendations of committee from last meeting. Campbell responded that she had not, that she was awaiting a marked up copy to be re-submitted so that she could proceed. Albaugh clarified the correction request (page 7) and provided her a marked-up copy. She will re-submit to legal for correction and submit back to BFC. Albaugh also recommended more detail than just "patient care" as it seemed ambiguous and not sure what that meant in a surgeon's contract, possibly it should be more specific.

Albaugh asked if ROI available for general surgeon. Campbell reported the information is produced nationally and by the State of California for rural market because no specifics in "surgery" as cost center.

5. ANNOUNCEMENT OF CLOSED SESSION (12:00 am Recess/12:15 pm Closed Session)

President Kerns announced closed session for the purpose of the following:

1. Government Code Section 54957, Personnel, Employee Grievance
2. Government Code Section 54957, Personnel: Job Performance, CEO

6. RECONVENE – REPORT OF CLOSED SESSION ACTION(S): President Kerns reported there were no actions to report—reported heard employee grievance and conducted CEO evaluation.

7. ADJOURNMENT: The Board of Directors adjourned at 2:22 p.m.