

Mayers Memorial Hospital District
Board of Directors – Regular Meeting

APPROVED

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Date: September 23, 2009

Time: 1:00 P.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 1:00 p.m. on the above date with the following present:

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

Board Members Absent: Gail McClung (Jury Duty)

Staff Present: Katharine Ann Campbell, CEO

JP Marion, Cal-Mortgage, OSHPD

Justine Gartrell, Cal-Mortgage, OSHPD

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

Knoch requested addition: HR Personnel Issue Closed Session

Albaugh requested addition: Hospital Volunteers

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

Martha Lucero:-Fletcher

- 1) What constitutes write-offs in financials
- 2) Relationship between balanced scorecard and QRRs (Vsurvey)

4. APPROVAL OF MINUTES – *A motion/second (Hamlin/Albaugh) to accept, as presented, the minutes of the regular meeting of August 26, 2009. M/S/C.*

5. BOARD COMMITTEE REPORTS:

5.1 Finance Committee

5.1.1 401K Retirement Plan Annual Report: John Grimmett, Financial Advisor, Tri Counties Bank, provided retirement plan overview for the MMHD 401(k) Profit Sharing Plan for the period 5/1/08-6/30/09 (Handout: Hartford Retirement Plan Review). Discussion followed including enrollment process. CEO to bring policy for employee deferred compensation program to board for review.

5.1.2 Hamlin reported three audit proposals were reviewed and discussed at Board Finance Committee. ***A motion/second (Hamlin/Albaugh) to approve Matson and Isom as the independent audit firm for the fiscal years ending June 30, 2010 through 2012. M/S/C unanimously approved.***

5.1.3 August 2009 Financials:

Campbell reviewed statistical data and financial reports with highlights as follows:

- Utilization down
- Productive FTEs – CEO preparing one-page summary to present to board.
- Gross patient revenue: Revenue up and utilization down due to sicker patients

- Deductions: ortho surgery is cost-based and implants have not been billed correctly but corrected to net hospital \$310,000 that will be deducted from \$1.1 million contractual. Goal is to reduce contractuals which will bring net revenue up
- Net revenue for August \$1.8 million
- Productive salaries down but non-productive and employee benefits
- Employee benefits and non-productive salaries over budget
- Other Purchased Services: booked McKesson
- Provision for Bad Debts – declared not accurate figure and await CFO for appropriate adjustment
- Non-operating negative number due to federal grant to be paid after expense incurred
- Net Income for August a negative \$31,785

Campbell provided update on the following issues:

- Billing/collections: 126 pending bills totaling over \$3 million worked down to under 100 accounts.
- Continue to work on claim problem with Palmetto, fiscal intermediary, linking invalid professional #s that resulted in denials—working with Medicare ombudsman to resolve.
- Working with Pit River for payment on 106 accounts; to meet every 2 months for account resolution totaling \$170,000.
- State furloughs slowing down authorization for Medi-Cal bills—now 60-90 days to drop payment.
- Catch up work on workers comp due to coding issues and now re-coded and re-submitted last week.

5.1.4 Finance Committee Report:

Hamlin reported agenda items discussed during Board Finance Committee (BFC) meeting:

- Campbell reported, due to the instability of financial position currently, issue discussed whether to proceed with Paragon and/or find a better financial mechanism. She reported purchasing agent obtained different financier through Premier. First American has no front-load fees and monthly lease payments will be \$13,546 vs. \$38,573 and interest rate less—as well as less than Mardon's current payment. The new lease totals \$650,000 (vs. \$1 million+ with Farnam) and term will be extended to 48 months vs. 26 months with the other terms essentially the same. The BFC (Board Finance Committee) and CEO were directed to look at both proposals in detail due to significant variances before finalizing agreement. Campbell noted that one of the reasons for variance is that one is negotiated directly and the other through a purchasing group. Once financing organized and finalized, project will move forward and the software support fee is then rolled into financier agreement. Marty Fletcher reported she worked on securing McKesson project and suggested looking for any additional fees for late payments possibly included in agreement. More detail to be included in the Operations Report.
- Real Estate Listing: Discussions to continue listing Burney properties. FRM was listed and not up for consideration at this time. ***A motion/second (Hamlin/Albaugh) made to continue to list Burney properties. M/S/C unanimously approved.***
- Shasta Orthopaedics: Total owed reduced by \$77,000 and new payment schedule

agreement executed September 11, 2009. Payments are to be no less than \$30,000 per week and equal amount to be paid to surgical vendors weekly. Total currently owed is \$353,000.

- Mold/Asbestos/Lead Evaluation Proposals: BFC reviewed and recommended proposal totaling \$11,237 to evaluate entire hospital (not Burney) to determine whether mold, lead and/or asbestos present—also a requirement for seismic sustainability. ***A motion/second (Albaugh/Hamlin) to approve cost associated with evaluation. M/S/C unanimously approved.***

Albaugh reported the Accounts Receivable Analysis conducted by John McCormick that the board and management requested was received this week and provided a brief overview:

- A/Rs overstated. Discussion of policy and review at future finance meeting regarding 180-day old accounts
- Late charges \$900,000 which is 32% gross revenue
- Longer process time for Medi-Cal accounts and possibly turning over to HRG too soon. HRG cleans up new accounts quickly—consider work on older accounts. The 180-day accounts have grown under them. Consider re-negotiating contract.
- Workers compensation – employees shifted and not working accounts properly

The full analysis report is available on PowerPoint for board stated Albaugh. Board suggested as an agenda topic at the next board meeting or retreat.

Public Comment: Marty Lucero-Fletcher referenced finance statement asking for explanation of contractual category. Albaugh explained it is his belief it is calculated and the amount posted when bill dropped for contractual adjustment account on P&L. At time of payment collection, actual contractual adjustments are made to account. Hamlin stated it is basically monies we have not accounted for at that time—its an allowance for the difference between charges and the amount of money that is actually paid by third party payers. Campbell added it's constantly a moving target and a tough piece in healthcare finance with all its variables.

A motion/second (Hamlin/Knoch) was made to accept the finance report for August 2009. M/S/C unanimously.

5.2 Quality Committee Report:

5.2.1 Balance Scorecard: CQO dispersed and reviewed Balanced Scorecard August 09. Public Comment: Martha Lucero-Fletcher questioned number of QRRs (Quality Review Report), which is tracked in Vsurvey software, and how it relates to Balance Scorecard. Atkins reported QRRs tracks and trends (i.e., falls, etc.) and produces minimal impact to Balance Scorecard. The sentinel events that are considered serious are dealt with as prescribed by law on how they are investigated. Campbell reported she would be attending 4-day meeting in regard to quality development for full systemic comparative among 25 CAHs in California.

5.2.2 Quality Committee Meeting: Kerns reported the board quality committee did not meet in September.

5.2.3 Annual Program Evaluation FY09: Kerns proposed board retreat meeting for November to conduct annual program evaluation. Other agenda item topics include: board self-assessments and Accounts Receivable Analysis by McCormick. Kerns, Campbell and

McArthur to plan meeting. At this time, it was also proposed that the regular board meeting for November 25th be changed to Tuesday November 24th.

5.2.4 Volunteer Report: In response to question asked by Albaugh in regard to the criteria for volunteering at hospital, staff responded that volunteers are TB tested and a standard background check is required. Board consensus to invite volunteer director to make presentation pertaining to the volunteer program.

5.3 Strategic Planning Committee Report:

5.3.1 Seismic Update: Kerns reported ANOVA is on tract with seismic schedule. In response to question whether MMHD qualifies for HAZUS reassessment of seismic risk to SPC-1 buildings that could result in further extensions, it was Campbell's recollection that MMHD was not eligible and not sure the reason but would make sure documented. JP briefly explained SPC rankings. Board asked for one-page summary report on SPC rankings.

5.3.2 Capital Campaign: Campbell dispersed the Grants Work Plan FY10-FY12 including action plan and estimates totaling \$51,000,000. There is \$22 million not yet detailed but work to be completed next week including community campaign plan. She further reported a monthly summary would be included in operations report with detail on progress reported quarterly. The capital campaign includes 5 federal grants that have already been researched and qualification in place that will require MIHF to go to DC once a year. The goal is to be included in fiscal 2011-13 federal budgets. There will be a case for funding document that will include profile of District to be available in November. To kick off campaign, a black and white dinner/dance is to be held 11/14/09 at Ingram Hall. More details to come and invitations will be mailed next week.

5.3.3 Kerns reported elective services was topic discussed at SP Committee and strategic decision necessary by the board. Discussion followed. Given upcoming retreat, Campbell's opinion was to spend an hour to review statistical data and figures—and to think about what we want to do, what it is we ought to do, and what we should never think about doing—and reminded all: #1) Mayers is a public entity; #2) revenue generated primarily by Medicare and Med-Cal due to utilization. Campbell used Hospice as an example—and also expressed concern of patients coming from outside district for elective services. Albaugh stated CFO would also be able to provide insight including dollar figures to justify decisions, if any.

5.3.4 Strategic Planning Committee Update: Kerns reported ANOVA/Blackbird to provide community Charette meetings, a series of visioning sessions, to include community in process to develop and assist in hospital architectural image that fits our community.

6. OPERATIONS REPORT by CEO Campbell:

CEO Campbell dispersed Operations Report for September and provided highlights:

- Generator Test: Approval denied by OSHPD and State Fire Marshal. Platform built to blue prints but claim is that the blue prints are wrong. The OSHPD and Fire Marshal maintain there was a private conversation that had delineated regulations. Compliance not met because independent firm must provide 10 KW load bank test and calibrate; and must have an 8-foot angled fence securing the generator with lights. Currently, the lights are attached to building where old generator is housed and now considered condemned. The wiring was unhooked from new generator otherwise a potential felony

violation because wired to unapproved generator. Work being done to bring into compliance.

- Flu in SNF (FRM) and 4-day isolation period. Sherry Wilson, CNO-SNF, was present and provided overview of incident. Samples tested negative for H1N1 virus. She also reported State surveyors made an on-site visit to follow-up on complaint that family members were denied access to SNF patient during isolation period—and also that the ice machine was out of order. Inadvertently, incident not reported to Licensing & Certification but was reported to Public Health—corrected and P&P has been revised.
- Pharmacy survey resulted positive with minimal corrections
- Survey: infringement on resident dignity
- Retirement reception for Marie Beck for years of service at Mayers
- H1N1 vaccination schedule overview provided by Keith Earnest, PharmD,
- New Program...Restorative Aide Program (RAP): Sherry Wilson, CNO-SNF, dispersed program outline. Current budget includes 1 full-time and 1 part-time at each facility. Not mandatory but physicians prefer. Piece to be included in overall CNA training but a separate class is to be offered for certification upon completion of CNA course.
- Literature dispersed including article regarding philanthropy in tough economic times

7. ANNOUNCEMENT OF CLOSED SESSION (3:27pm Recess/3:34pm Closed Session)

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

1. Pending litigation pursuant to Government Code Section 54956.9.
2. Discuss and review quality assurance issues pursuant to Government Code Section 54962—and to consider approval of medical staff credentials.
3. Personnel: Employee Complaint

8. RECONVENE – REPORT OF CLOSED SESSION ACTION(S): President Kerns reported the following actions taken in closed session:

- Approved M/S/C unanimously: Closed session minutes 8.26.09
- Approved M/S/C unanimously: Medical staff credentials appointment (active) **Timothy Wilkins, MD**, family and emergency medicine; medical staff privileges amended for doctors **Shawn Brubaker, DO**, and **David Schillen, MD**, to include Fluoroscopy; privileges amended for **Bradley Jones, MD**, to include spine surgery; medical staff status change **Farzad Sabet, MD**, from "Active" to "Courtesy"

9. ADJOURNMENT: The Board of Directors adjourned at 4:04 p.m.