

Date: May 28, 2010  
Time: 1:00 P.M.  
Location: Mayers Memorial Hospital  
Burney, 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.)*

<p><b>1. CALL MEETING TO ORDER:</b> President Kerns called the regular meeting to order at 9:01 a.m. on the above date with the following present:</p> <p style="text-align: center;">Mike Kerns, President Gail McClung, Secretary Jim Hamlin, Vice President Allen Albaugh, Treasurer Brenda Brubaker, Trustee</p> <p>Staff Present: Terry Pena, Interm CEO; Marlene McArthur, Administrative Board Clerk.</p>
<p><b>2. ADDITIONS &amp; CHANGES TO AGENDA, SECTION 54954.2(b)2:</b></p> <ol style="list-style-type: none"><li>1) Addition: Agenda Item 5, Board Chair Report—briefing on Fruit Growers meeting 5/7/10.</li><li>2) Addition: Agenda Item 7.1.3 Management Options—Mr. Bill Gordon, Consultant, Renown Healthcare, present to speak during agenda item discussion.</li><li>3) Deletion: Agenda Item 8: Closed Session, Quality Assurance—no report available.</li></ol>
<p><b>3. CALL FOR REQUEST FROM AUDIENCE TO SPEAK TO ISSUES OR AGENDA ITEMS:</b> Dick Nemanic registered to speak and expressed hope the board would make a decision soon in regard to management to get things started moving forward at the hospital.</p>
<p><b>4. APPROVAL OF MINUTES – <i>A motion/second (Albaugh/McClung) to accept, as presented, the minutes of the regular meeting held 4.28.10; and special meeting held 5.10.10 including one correction to 4.28.10, page 2, "end of year" changed to "end of fiscal year 6.30.10".</i></b></p>
<p><b>5. BOARD CHAIR REPORT – Mike Kerns, President</b></p> <p><b>June BOD meeting:</b> Kerns recommended changing the board meeting date in June due to two of the board members having to be out of town on June 23, 2010. President Kerns announced the meeting would be held Thursday, June 24, 2010, 1 p.m., location TBD.</p> <p><b>Fruit Growers:</b> Kerns and Hamlin recently met with local management from Fruit Growers Supply Company, which owns the land the Burney Annex sets. Local Fruit Growers' management conveyed no authority except to sell the property to the District for \$300,000-\$400,000. Hamlin provided a history of the lease and reported the District has already paid in lease payments the property's value and now the District is not in position to purchase. When the 30-year lease was negotiated there were verbal intentions of possibly gifting the property. The Board concurred pursuing discussions with the Fruit Growers board regarding gifting. Once calendared, Kerns will then appoint board members to attend meeting to achieve ownership.</p>
<p><b>6. OPERATIONS REPORT</b></p> <p>6.1 Operations Report C4 Team: Interim CEO Pena reported receipt of the annual License issued by the California Department of Public Health, Licensing &amp; Certification, to operate as a General Acute Care Hospital including 99 D/P SNF beds and other approved services. She also reported in terms of operations during the month that business was slow. In response to question asked by board members, Pena responded Babcock is working out billing for Dr. Scharpf. Earnest reported annual certifications for physicians had expired thus unable to bill appropriately; therefore, getting payer status</p>

current—and have completed 10 to date.

6.2 Cindy Jacobson, Health Fair Committee Chair, provided overview on recent health fair and public thank you to all for help and contributions including cookies and baked goods and donated by staff and Hat Creek 4-H. Event results: 286 blood draws, expenses approximately \$5,000, revenues approximately \$14,000 including over \$500 in donations. At final critique meeting discussed possibly having 2<sup>nd</sup> event in the fall as well as spring with additional draw stations. Brubaker added she was very impressed with representation of CNA students, employees, and volunteers—and thanked Jacobson for organizing event. Albaugh recommended collaborating with Mountain Valleys Health Centers for future health fair events.

## 7. BOARD COMMITTEE REPORTS:

### 7.1 Finance Committee:

7.1.1 Albaugh discussed April financials and asked board to take into consideration the month included 3 payrolls and 4 Mondays. Ongoing trend is not favorable, revenues down that include mostly commercial insurances which drives profits. He reported finance is evaluating each service as to profitability and looking at ways to lower expenses and operate more efficiently. However, imperative that revenues be enhanced. Highlights from finance report:

- Measures being taken to increase patients in SNF
- Seeking surgeons to provide outpatient procedures
- SOSM contract ends 7.1.10
- Exploring outsourcing billing and coding—presentations from two services last week however expense must be justified due to \$1million per year v. in-house. If, indeed, able to capture more service it may be warranted but must be penciled out.
- Assets & Liabilities upside down and continue to get worse—within next month must make tough decisions discontinuing, and/or outsource. Recognize decisions will be disagreed and problems but must face up to it with wrath from public but must do whatever it takes to keep operable.
- Hamlin questioned reason \$100,000 increase in contractual; Albaugh responded some due to what take-back from Medicare and Medi-Cal cleanup from last 2-3 years of improper accounting.
- CFO Babcock not available but confident what needs to go to auditor has been taken care of and whatever left Director of Finance can clean up.
- Significant improvement in workers compensation premiums paid to ALPHA annually due to significant decrease in x-mod (experience) associated with claims.
- Budget reviewed at last BFC and to be presented to the public with framework being presented at today's meeting based on past. If and when there are changes in direction with services impacting budget it may have to be resubmitted at that time.

7.1.2 At the recommendation of the Board Finance Committee and by *motion/second (Albaugh/Brubaker), and unanimously carried, the Board of Directors accepted the April 2010 financials as presented and adopted the MMHD FY11 operating budget.*

7.1.3 Management Options: Bill Gordon, Renown Consultant, was introduced and provided an update to the board members on where Renown is at in the process of modifying agreement. Renown's proposal is MMHD and SHD share CEO and Renown will also provide support necessary via CEO. Seneca Healthcare District is in process also of completing modifications of their contract with Renown in order to provide their CEO on a part-time basis to Mayers. SHD was in same predicament as Mayers just three years ago and hesitate in finalizing due to fear falling back in same scenario. Gordon asked board

members to submit final changes to Renown for final agreement document. Mayers' board members reviewed and agreed to submit the following contract changes to Renown:

- 1) Time frame of contract—term changed from 5 years to 2 years
- 2) At-Risk Objectives—reduced by 10 in each category
- 3) Typo corrections: Name and address

***A motion/second (Hamlin/Brubaker) made a motion to accept the revised Renown management agreement proposal with the above modifications included. MSC unanimously.*** The revised agreement is to be submitted back to Renown for finalization and then to the District's legal counsel for review before presenting document to BOD for approval. Kerns reported this action commits us to the process—and hopeful to get feedback within two weeks to then move forward in approving final document. . Notification of agreement direction is to be forwarded to Cal-Mortgage for review and/or objections. Albaugh recommended format addition to include a line for initials at the bottom of each page upon execution to validate each page correct and appropriate.

**7.1.4 Exploring options to increase county tax base.** Board action would be necessary to submit to county by August 1 for November election. Various alternatives including parcel or general levy to assessed evaluation, sales tax, etc. Albaugh asked and welcomed public for feedback and comments re: source of revenue. Kerns reported Strategic Planning Committee is working at constructing Community Forums and possibly have special board meeting then as well. Once decided, BOD not allowed to campaign thus public support imperative. McClung reported last initiative failed only slightly and encouraged staff to organize well and possibly obtain service to assist in well run campaign—and believes consultants not paid unless campaign succeeds.

**7.2 Strategic Planning Committee Meeting Report:** Kerns reported hospital volunteer Martha Fletcher is working on fundraising strategies and marketing efforts. He had nothing to report on seismic except that money has been set aside for engineering piece but project there is on hold. He reported a community forum was topic of discussion including format proposals to include revenue strategies and service profiles. Brubaker appreciated Fletcher's strategic planning marketing displayed at the health fair.

**7.3 Quality Committee Meeting Report:** Kerns reported board member, Brenda Brubaker, to receive credentialing orientation. At the committee meeting it was agreed to develop a board review checklist for use during credential review process. Department managers are to be invited to attend BQC meetings for development of quality improvement indicators. The Policy & Procedure annual review process is still underway and another reminder to go out to management to contact board members assigned to their department to get process completed.

**8. ANNOUNCEMENT OF CLOSED SESSION:** No closed session.

**9. ADJOURNMENT:** The meeting was adjourned at 3:34 p.m.