

Mayers Memorial Hospital District  
Board of Directors – Regular Meeting

(Approved)  
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Date: February 25, 2009  
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.)*

**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  
Gail McClung, Vice President  
Jim Hamlin, Treasurer  
Allen Albaugh, Trustee

Absent: Ruth Knoch, Secretary

Staff Present: Katharine Ann Campbell, CEO; Terry Pena, CNO-Acute; Keith Earnest, CCO; Jane Atkins, CQO; Luann Wellemeyer, DON for Support Services.

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

Mike Kerns requested the following changes to the agenda:

- Agenda Items Moved: "Finance Report" moved to Agenda Item #5.1—"Quality Report" moved to Agenda Item #5.3
- Agenda Item Added: 5.3.5 Dick Hoerl, consultant, visit next week".
- Agenda Item Deleted: 7.4 CEO Contract... task completed.
- Agenda Item Added: 7.4 Personnel – Board Secretary.

**3. CALL FOR REQUEST FROM AUDIENCE TO SPEAK TO ISSUES OR AGENDA ITEMS:**  
None.

**4. APPROVAL OF MINUTES – A motion/second (Hamlin/Albaugh) to accept, as presented, the minutes of the regular meeting of January 28, 2009. M/S/C unanimously.** Special meeting minutes of February 20, 2009, tabled.

**5. BOARD COMMITTEE REPORTS:**

**5.1 Finance Committee Report (Attachment C):** Jim Hamlin reported a good month as far as revenues with a net \$2.5 million for January 2009; net income from operations after operating expenses \$116,512. Bottom line \$400,008. A/R's increased to \$9.9 million—and targeting the reason for the significant increase over the past month. CEO Campbell discussed both A/P and A/R balance sheet categories. The A/P figure is reported as gross and the A/R reported as net and consistency there is necessary – both categories need to be net, stated Campbell. **A motion/second (McClung/Albaugh) was made to accept the finance report for January 2009. M/S/C unanimously.**

FY08 Independent Audit: Bill Peterson, CPA, Matson & Isom, reviewed the independent audit process driven by board of directors. He reported he met earlier with finance committee also regarding audit process and plan with input from committee. Matson & Isom desires to work with board in process to be transparent as they are responsible to the board of directors.

Bill Peterson, CPA, reviewed the "Report to the Board of Directors" and the "Financial Statements with Independent Auditors' Report June 30 2008 and 2007". The following are highlights:

- "Report to Board of Directors" including professional standards as well as required communications for oversight process.
- Independent Audit Report:
  - Management's Discussion and Analysis – Overview of the District's financial activities:
    - Financial Highlights: Steady growth in gross patient revenue resulting in an average annual increase of 5.3% over the last five years. An increase of 9% in 2008. Greatest cause for concern is the difference between gross charges and what the managed insurance plans will pay (contractuals). As the District's hospital acute care is cost-based reimbursed from Medicare, the largest user of acute care services, it would seem that the differential would be much smaller. Reducing the difference will be the focus of efforts in 2009.
    - Statement of Revenues, Expenses, and Changes in Net Assets: District achieved a positive EBIDA of approximately \$1,565,000. Focus in 2009 will be to achieve a bottom line.
    - Cost Control Highlights Begun During 2008
    - Revenue Generation Highlights Begun During 2008
  - Financial Section:
    - Balance Sheets:
      - Accrued expenses included new capital lease to accommodate Shasta Orthopaedics (lease to own) included in current obligations
      - Lines of Credit: Tri Counties Bank \$1,068,189. IHF loan noted has been repaid since 6/30/08.
      - A/P influx due to A/R and cash not freed up, strictly due to cash flow.
      - Area of focus number of days in A/R.
    - Income Statements: 15.5% increase (\$2 million) net patient service revenue for 2008 compared to 2007.
    - Statement of Cash Flows: Net increase compared to 2007.
    - Notes to Financial Statements
    - Hospital Financial Ratios including desired position
      - Long-Term Debt and Capital Lease Obligations: Bond/debt ratio requirement is 1.21 for bond ratio covenant.
      - Concern in A/Rs: 61 days in 2006, 75 in 2007, up to 80 in 2008 which is above industry. Goal should be to get in mid-60's.
      - Payment period in A/P days: 108, higher than industry.
      - Debt vs. Net Assets: 85%—better than last year but higher than industry.
      - Debt Service Coverage: 1.5 in excess of bond requirement, which is good
      - Profitability 2.1% - good improvement.
      - Salaries per FTE: 8% increase from 2007 to 2008

Peterson stated ratios take years to correct. Discussion followed. No further questions, Peterson offered availability to board members.

***A motion/second (Hamlin/McClung) was made to accept the 2008 Financial Statements with Independent Auditors' Report. M/S/C unanimously.***

**5.2 Strategic Planning Committee Report:** Katharine Ann reported that the Anova update would be provided monthly until master plan completed (Attachment B).

**5.3 Quality Committee Report:** Jane Atkins, CQO, presented December 08 Balanced Scorecard with key issues pertaining to SNF resident falls and UTI's as well as acute CMS indicators. The Quality Committee met with focus in areas of: 1) medication error reduction plan; and, 2) board education. Atkins presented board education during the board meeting pertaining to risk management with an interactive approach enterprise-wide. Risk management focus this year: pre-operative risk management – last year's focus obstetrics.

Board P&P Review Process: Kerns reported the board P&P review process has been completed except one department remains pending. McClung reported the department pending has P&Ps electronically available on the "public drive" but no hard copy available. Katharine Ann assured McClung it would be completed. Kerns offered to summarize outcomes of board process.

Dick Hoerl, Consultant, Visit: Focus to be on boards' strategic goals. Board members reviewed schedule.

**6. OPERATIONS REPORT** by CEO Campbell (Attachment D):

CEO Campbell provided highlights to items in written report as well as reported on specific issues as follows: 1) 2<sup>nd</sup> Quarter Strategic Plan Update; 2) 2<sup>nd</sup> Quarter Work Plan. Both updates provide progress on where we are in work assigned this fiscal year, as each department is tasked under the five goals included in Strategic Plan.

Tim Medaris, ED Director, reviewed 2007 study on Estimated Out-Migration for Inpatient Admissions and the analysis formula. The study resulted in 46.5% outmigration to Redding facilities. Katharine Ann noted further breakdown can be performed by service but not insurance categories. Kerns asked if the study results translate into dollars and an investment to go after. Campbell stated we can calculate average charge for service and extrapolate but Dr. Weagant cautioned going after services we may not be able to provide. Hamlin suggested advertising ER wait time in comparison to Redding facilities to capture some outmigration. Kerns stated, from strategic planning standpoint, the numbers are important to consider.

**7. ANNOUNCEMENT OF CLOSED SESSION (3:15pm Recess/3:25pm 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.
3. Personnel: Board Clerk, Government Code Section 54975

**9. RECONVENE – REPORT OF CLOSED SESSION ACTION(S):** President Kerns reported there were no actions to report.

**10. ADJOURNMENT:** The Board of Directors adjourned at 4:30 p.m.