

Date: March 27, 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.)*

<p><b>1. CALL MEETING TO ORDER:</b> President Kerns called the regular meeting to order at 1:00 p.m. on the above date with the following present:</p> <p style="text-align: center;">Mike Kerns, President Gail McClung, Vice President Jim Hamlin, Treasurer Allen Albaugh, Trustee Ruth Knoch, Secretary</p> <p>Staff Present: Katharine Ann Campbell, CEO</p>
<p><b>2. ADDITIONS &amp; CHANGES TO AGENDA, SECTION 54954.2(b)2:</b> Mike Kerns requested the following changes to the agenda:</p> <ul style="list-style-type: none"><li>• Addition: "Presentation of proposed computer system contract and consideration to approve." <b><i>Motion/Second (Hamlin/Albaugh) to add as Agenda Item 5.3.2 (Finance) due to quote expiring 3/31/09.</i></b></li><li>• Addition: Agenda Item 5.2.2 "Ambulance services discussion" (Strategic Planning).</li></ul>
<p><b>3. CALL FOR REQUEST FROM AUDIENCE TO SPEAK TO ISSUES OR AGENDA ITEMS:</b> Community businessman George McArthur asked hospital board to consider participating in 911 service and payment of \$9,000 fee to increase and improve service response. He also stated poor public image to hear the board approved salary increase for CEO and not able to pay local vendors. His business has an outstanding 90-day account for MMHD. Community member Martha Fletcher asked three questions: 1) why attachments to agendas are not included on website; 2) clarification whether CEO reports to the full board or board chair; 3) did not publicly disclose approved CEO contract at February board meeting—typically public knowledge and disclosed in the past.</p> <p>Board Response: Hamlin replied the CEO reports to the full board—Mike Kerns stated the board would submit written communications to both audience members addressing concerns.</p>
<p><b>4. APPROVAL OF MINUTES – <del>A motion/second (Hamlin/McClung) to accept, as presented, the minutes of the regular meeting of February 25, 2009, and the special meeting February 20, 2009. M/S/C unanimously—Knoch abstained on the meeting held 2/25/09.</del></b></p>
<p><b>5. BOARD COMMITTEE REPORTS:</b> <b>5.1 Finance Committee Report:</b> CEO Campbell reviewed the reported February statistics and financials. She reported utilization down overall however revenues up. She reported the total operating expenses were over budget, however, the net income for the month resulted in a positive \$225,983—again better than budget. The YTD income from operations improved—the YTD net income is a negative \$399,155. The A/Rs have grown to \$10.7 million. Theresa McKibben, Director of Finance, reported a plan in place to reduce A/Rs to improve cash flow—</p>

and have entered a contract with HRG to collect on accounts 30 days or older. CEO Campbell noted SNF purchased services (travelers) for February totaled \$38,707 and no travelers scheduled for April. ***A motion/second (Hamlin/Knoch) was made to accept the finance report for February 2009. M/S/C unanimously.***

McKesson Presentation: Martha Fletcher, IT/Marketing Director, was introduced to provide detail on IT/EMR vendor search as well as provide contract proposal for Phase I:

- Vendor search narrowed down to 1) IntraNexus; 2) Sphere; 3) McKesson.
- McKesson best fit for Mayers (see contract supplement for details and fee breakdown) and quote valid until 3/31/09 for products and services totaling \$684,164 compared to \$1.6 million original price. The fee schedule is based on final product, services, and purchase date(s). The system has the capabilities to capture billings currently being lost due to antiquated system.
- Farnam Street, financing agency, works with CAHs and is privately owned. It will finance maximum fees up to \$684,164 depending on final purchase(s). The lease is for 26 months.
- Terms: MMHD must pay \$102,000 within month after signing contract that holds deal in place. Mayers will be obligated to monthly fees ranging \$15,000-\$17,000, which includes the \$4,286 monthly fee for maintenance and licensing. Currently, the total monthly fees for vendors are approximately \$11,000 (i.e., Mardon, 3M, HRG).
- Lease residual \$150,000 owed at 26 months or opt to rid of equipment. That piece is pending and options of buyback or lease are considerations at that time. Marty offered to work on that piece at contract end.
- Recommended ad-on: Executive reporting feature that gives ability to look at quality reports.
- Funding Opportunities: Stimulus package includes critical access hospitals eligibility for 25% project funding within first year after project in place (handout). Also, looking at smaller grants.

Discussion and questions followed:

- 1) McKesson here next Tuesday, 3/31/09, for questions from BOD if interested. If contract for intent to purchase, prices will then be locked in.
- 2) Bridge services discussed and fees are \$6,000 per bridge. C6 will determine necessary bridges.
- 3) New system impacts HIM, admitting, billing, A/R, A/P, payroll and purchasing

***A motion/second (Albaugh/Hamlin) to accept McKesson contract as presented. Questions and discussion followed. Motion amended as follows: Board authorizes CEO and Director of Finance to move forward finalizing McKesson contract based on their good judgment. M/S/C unanimously.***

**5.2 Strategic Planning Committee Report:** Katharine Ann reported on track obtaining department assessments in regard to master facility plan and now planning out in phases as finances support projects. First project: seismic wall project due 2013. Campbell reported the master facility plan will be funded by Driscoll's and the balance paid by IHF.

Ambulance Meeting: The Burney Fire Protection District is requesting a joint board session with MMHD. MMHD Board Clerk will make contact to arrange joint meeting with BFPD. Albaugh

recommended meeting with Modoc County regarding ambulance service as their input is critical to understanding district-wide ambulance services.

**5.3 Quality Committee Report:** Jane Atkins, CQO, presented December 08 Balanced Scorecard handout and summarized success with falls and UTIs in SNF during December. Other areas of focus: employee/internal perspective, customer/stakeholder perspective, financial perspective, and development/future perspective.

Other quality issues: Mandate by state to implement policy for discharging homeless patients. Currently working with acute discharge planner to implement policy.

**6. OPERATIONS REPORT** by CEO Campbell:

CEO Campbell provided highlights to items in written operations report for March 2009 as well as reported on specific issues as follows:

- Most significant issue is memorandum from ACHD expressing concern in proposed amendment to Health and Safety Code. Katharine Ann stated under this legislation, healthcare districts would cease to exist and services curtailed or sold. Interpretation of amendment discussed. Encouraged board to write to Senator Sam Aanestad and Assembly Member Jim Nielsen.
- Pouring concrete next Thursday, then 21-day curing period for generator pad.
- Thank you to Assembly Member Jim Nielsen for exemption on Medi-Cal payment delay.
- COBRA law change and updated documents for MMHD employees and employee handbook.
- T1 to Ethernet for telephone system.
- Family-style dining in SNF is in part being provided but unable to offer to its full extent this year.
- Tom Coe stepped down as ambulance manager. Currently, duties are shared and position posted.

**7. ANNOUNCEMENT OF CLOSED SESSION (2:30pm Recess/2:40pm Closed Session)**

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

1. Pending litigation pursuant to Government Code Section 54956.9. (Nothing to report)
2. Discuss and review quality assurance issues pursuant to Government Code Section 54962.
3. Personnel: Job Performance, CEO—review and discussion.

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

**9. ADJOURNMENT:** The Board of Directors adjourned at 4:00 p.m.