

Mayers Memorial Hospital District
Board of Directors – Regular Meeting

(Approved)
Page 1 of 5

Date: May 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.)

1. CALL MEETING TO ORDER: President Kerns called the regular meeting to order at 1:07 p.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:

Kerns reported the following addition: Jack Burrows, Director of Executive Services, ACHD, will provide healthcare district governance education.

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

Martha Lucero-Fletcher provided the follow comments:

- 1) *Finance report "Summary of Services – Deposits – Refunds" includes category Adjustments & Write-Offs and inquired if bad debt included or a combination? Hamlin responded finance committee is working with management to clarify that category.*
- 2) *Comment whether board has considered changing MMHD licensure for SNF to 60 beds or less. Albaugh responded the LTC continues to operate in a breakeven mode while maintaining current bed numbers to best serve District.*
- 3) *Attended March 27th board meeting and provided questions during Open/Public Time and the chair communicated a response letter would be sent as follow-up. She just recently received response from board and asked if there is a time frame for responding to issues—or does the response come through follow-up with the Clerk to the Board.*

Board Education: Jack Burrows, Director of Executive Services, Association of California Healthcare Districts, provided handouts and PowerPoint presentation pertaining to healthcare governance.

4. APPROVAL OF MINUTES – A motion/second (Knoch/Albaugh) to accept, as presented, the minutes of the regular meeting of April 22, 2009. M/S/C unanimously.

5. Board Education: HIPAA compliance by Jane Atkins, Chief Quality Officer, tabled.

6. BOARD COMMITTEE REPORTS:

Dr. Paul Schwartz, Shasta Orthopaedics (SO), stated presence at today's meeting is because of interest in helping hospital stay viable. He provided the Board with history and background information pertaining to how the SO physicians came to exist in Fall River Mills. They were under the impression to build and expand orthopedic services and was offered contract with

80% fee schedule. It has been very successful but once realized problems in collecting money as gross revenue, agreeable to assistance through financial situation. It was their impression that whatever increase in service was made that it would benefit hospital—and when it was realized by recruiting Medi-Cal patients for elective procedures outside district, physicians ceased recruitment of those patient, however, perplexed why Medi-Cal not paying hospital more than 9 cents on the dollars. He stressed efforts should be made to rectify collections and recommended: 1) evaluation of billing procedures and identify whether capturing all charges; 2) better accounting and breakdown by providers to see what is working and what is not; and then share information with SO. Lastly, he asked Board to define District taking elective Medi-Cal procedures as they are willing to set at table but need to know details soon and whether to see patients pertaining to this issue—and then work on long-term sustainability in terms of contract. Dr. Schwartz added, it was his opinion, that by bringing in Medi-Cal patients, the commercial patients would follow and benefit patient revenues. Kerns advised SO in short term, to seek guidance and direction from CEO until sufficient information and policy set.

Dr. Schwartz expressed concern that if billing problems are occurring in this specific area, billing problems are probably occurring in all enterprises. He feels strongly the need to have a solid CFO to assist billing department and to bring expertise in financial oversight.

He further stated although there are some current difficulties in providing ortho care here and that they are agreeable to assist in working through those issues, the bottom line is there must be financial incentives for doctors to come to Fall River Mills because it is economically better in Redding and simpler.

The Board assured Dr. Schwartz and Gary Whiteaker, COO, that they currently have studies underway but that at least one month is necessary to gather data and complete. Gary Whiteaker, COO, and Katharine Ann Campbell, CEO, were directed to meet first. At the June board meeting have more detail available and at the July board meeting a new agreement that is data-based. Whiteaker encouraged on-going dialogue as it was assumed all was well and that the more the services, the better for the hospital and they did not realize problems were occurring. The interest of the Shasta Orthopaedics is to best serve the patients and the hospital so that it is viable with a long-term relationship.

6.1 Quality Committee:

6.1.1 **Education:** Jill Reed, Discharge Planner, provided information on process and responsibility of discharge planner to meet patient's needs for a safe and smooth transition from one level of care to another with options. The process begins at admission and finalized with a patient discharge follow-up phone call.

6.1.2 **Balance Scorecard:** Jane Atkins, CQO, presented and reviewed May 2009 Balanced Scorecard. She discussed Medication Error Reduction Plan (MERP) for Mayers as an ongoing effort in reducing medicine-related errors. She reported all phases of the medication administration process have been outlined and data analyzed by the CCO, CNO and CQO. In the period 2008 to present in acute, the most error prone area was "wrong dose" and now a Quality Improvement (QI) project. The largest reduction in medication errors occurred most recently in the first two quarters of 2009 with the installation of the Pyxis®--a type of automated supply dispensing machine. After installation of system, gross errors went from 35 to 4 (current period).

6.1.3 **Employee Handbook: *By motion made and seconded (McClung/Knoch), and unanimously carried, the Board of Directors adopted the MMHD Employee Handbook (dated 5/1/09).***

6.2 Finance Committee:

6.2.1 Committee chair Hamlin reviewed and discussed the April 2009 financial reports. Overall, the month was positive and net income totaled \$86,565—YTD a negative \$858,475. The total patient revenue was \$3,671,000 and expenses \$1,837,924. The net for the month of April \$86,565 reported Hamlin. The total patient revenue YTD is \$5.6 million over budget. The A/P as well as the A/R decreased approximately \$500,000 compared to previous month with days outstanding at 88.98. The outsourced billing agency, Health Resource Group (HRG), is helping with A/Rs over 30 days and Medical Management Corporation (MMC) is assisting billers in productivity. ***By motion made and seconded (McClung/Hamlin), and unanimously carried, the Board of Directors accepted the April 2009 financial reports.***

6.2.2 Hamlin reported the Finance Committee reviewed 3QFY reports/payments for workers compensation, unemployment, EDD premiums, payroll liabilities, sales taxes and CEO reimbursements—and found all to be current and appropriate. He added that the CalPers obligation is also current.

6.2.3 SNF Financial Performance Update: Albaugh reported, with the figures provided in the study properly calculated, a projected net total of \$274,000 for FY09. CEO Campbell noted the SNF margin may not hold and must wait until cost report but the best scenario would be to break even as the State is to implement cuts. Albaugh added it is important for the public to know long-term care space is available and that service is not going away—a *positive note to community*.

6.2.4 Resolution 2009-1: ***By motion made and seconded (Hamlin/Albaugh), and unanimously carried, the Board of Directors adopted resolution to: 1) renew the hospitals line of credit; 2) authorizing CEO to sign documents.***

6.2.5 Finance Committee Report Update: Albaugh reported the Finance Committee met earlier today and will be seeking board input on policy or resolution for Medi-Cal patients at the June board meeting. CEO Campbell reported data and numbers are being gathered as well as Shasta Orthopaedics' consideration asserting market will go away if not accept all in specified market areas. She has requested legal to submit written opinion and options. The question was asked if data was available for percentages of Medi-Cal eligible customers in other counties. Directed CEO to attempt to gather and have information available by next board meeting.

Hamlin reported, during the finance committee (FC) meeting, Keith Earnest provided information pertaining to length of stay (LOS) prior to transfer to swing status. He reported one of the criteria for CAH is to have an average length of stay of 4 days (96 hours) or less for acute patients. CEO Campbell then asked Luann Wellemeier, RN, Utilization Review Nurse, to provide a brief explanation to the board. She briefed the board on the clinical criteria for conversion from acute to swing—as well as the length of stay based on medical need and severity of illness. Options to increase utilization of acute beds increasing the average length of stay were also discussed during Finance Committee Hamlin added.

He reported at the next finance committee meeting, McKibben and Campbell will provide accountings to rectify some financial issues being reviewed and then to full board reporting what has been done to resolve issues. The most crucial issue is hiring CFO. Campbell was directed to move forward in CFO search and to advertise for a CFO (\$120,000 range) or healthcare accountant (less \$). Responsibilities to include finance analysis and interpretation district-wide as well as breakdown into specific enterprises and ability to capture the most dollars possible from each respective enterprise. The board requested to be included in interviews.

Finance committee updated board on draft policy pertaining to billing customers for ambulance service requests with no patient transfer. During the FC, the DOF requested board consideration whether to bill described customers that will include all payers. Issue under review and expect possible draft policy and/or action item for next board meeting.

Hamlin concluded the FC also discussed Shasta Orthopaedics contract revision, including specific policy for out-of-district Medi-Cal patients for electives that is to be on next month's board agenda or July's.

6.3 Strategic Planning Committee:

6.3.1 Kerns reported both members (McClung & Kerns) of the board strategic planning committee attended the recent Anova presentation including overall master plan and floor plan and what it would look like in detail. McClung added the project can be done in segments without ever having to shut down service. Next step will be a detailed site survey before presentation of final MFP to board in July. The committee is pleased with work and helpfulness of architects.

6.3.2 FY10 Work Plan: ***At the recommendation of CEO Campbell and by motion made, seconded (Hamlin/McClung), and unanimously carried, the Board of Directors approved the FY10 Work Plan with correction (typo).*** Campbell added the work plan is to go with Strategic Plan and will enable management to move forward with budget process. A prioritized list of potential reductions was included as a point of information and as a back up plan if necessary.

7. OPERATIONS REPORT by CEO Campbell:

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

- Operations: focus on mistakes over last couple months and what we are not doing correctly and provided information and refocus and what we are doing right:
 - 6 business entities and all different payers with different set of rules – complex piece. Doing a better job of analysis and more advocacy-oriented. Encouraged more board advocacy work to be a part of solution of financial crisis in California and healthcare in the US.
- Megan Spooner, CSU student, here for three months for healthcare administration internship.
- Facility Quality Measure/Indicator Report.
- Ambulance and NorCal EMS detail included in report.
- Advocacy requested pertaining to CRNA (certified registered nurse anesthetist) issue.

Detail and email/address information provided in written report.
8. ANNOUNCEMENT OF CLOSED SESSION (4:00pm Recess/4:10pm Closed Session) President Kerns announced closed session for the purpose of the following: <ol style="list-style-type: none">1. Quality Assurance, pursuant to Government Code Section 54962, to receive Medical Staff Report from Chief of Staff2. Employee Grievance: Complaint, pursuant to Government Code Section 54957, Personnel.
9. RECONVENE – REPORT OF CLOSED SESSION ACTION(S): President Kerns reported: <ol style="list-style-type: none">1. Quality Assurance Report by Chief of Staff: Tabled.2. Employee Grievance: Complaint – No action.
10. ADJOURNMENT: The Board of Directors adjourned at 5:05 p.m.