


Mayers Memorial Hospital District  
Board of Directors – Special Meeting

 (Approved)  
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Date: July 9, 2008  
Time: 10:00 A.M.  
Location: Mayers Memorial Hospital  
43563 Highway 299 East  
Fall River Mills, California

*(These minutes are not intended to be a verbatim transcription of the proceedings and discussions associated with the business on the board's agenda; rather, what follows is a summary of the order of business and general nature of testimony, deliberation, and action taken.)*

**1. CALL MEETING TO ORDER:** President Knoch called the regular meeting to order at 10:10 p.m. on the above date with the following present:

Ruth Knoch, President  
Gail McClung, Vice President  
Jim Hamlin, Treasurer  
Mike Kerns, Secretary  
Dan Marcum, Trustee

Board Members Absent: None

Staff Present: Katharine Ann Campbell, CEO, Marlene McArthur, Clerk of the Board

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

Order of agenda items #4, #5 after #6

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

**ITEMS:** Community members spoke in support of hospital due to concern from possible SNF closure because of the State's Medi-Cal cuts effective 7/1/08:

- Randy Scholes—asked board to go to community for assistance.
- Diane Mayle—what can we do to help?
- Laura Fredette: Critical to community—not just a hospital *but* a quality hospital.

**4. Briefing on Medi-Cal Shortfall:** Katharine Ann Campbell, CEO, reported today's briefing would include facts and ramifications of facts for a worse case scenario. The issue is complicated so several speakers and handouts would be presented during briefing. Campbell discussed the Social Security Act, "What is Medi-Cal?", California interpretation of Medi-Cal, current financial position within the state and how it impacts Mayers.

The budget cuts mandated by the State and affect all CA hospitals as of 7/1/08. Cuts to Medi-Cal are 10% plus delay in payments for 2 months. Solutions hinges on passage of State Budget. CEO Campbell dispersed CHA's estimated impact of state budget cuts FY2008-09 specific to Mayers that totals \$2,024,885.

Charlotte Carroll, CNO-SNF, discussed direct costs with detailed breakdown in budget and financial impact to closures in Fall River Mills, Burney as well as full closure. Total estimated revenue impact with full closure is \$1,862,006. Jane Atkins discussed indirect costs.

Jane Atkins, CQO, impact on personnel in the event of SNF full closure would be 60 employees—and for every one they take one with them, which equals 180 in the community. Mayers is the 8<sup>th</sup> largest employer in Shasta County. Census data indicates payroll impact at \$2 million in the local community. The operations of the nursing home impacts vendors that would have an impact of \$8 million (multiplier effect). Each employee in SNF generates 1.2

jobs in community that impacts another \$1-\$1.5 million in community. The reduction of services impacts community as well.

CEO Campbell asked, “What can we do”? Continue to squawk. We elected those telling us clearly where healthcare needs are ranked. I, as your delegate, intend to remain a strong advocate in Sacramento, politically involved.

The state may exempt 60 smallest from these cuts and Mayers Memorial Hospital is included in that group. Consider the following:

- 1) Medi-Cal has a partnership between state and federal government for those that cannot care for themselves.
- 2) State must provide for people at reasonable costs (MMH contracts the State of California to do just that).
- 3) Societal issue but breach of contract.
- 4) MMHD agreed to provide care to state citizens who have worked long and hard to build this state’s economy.
- 5) When we breach with Medi-Cal, we are served with a deficiency and the potential for closure. CEO Campbell believes to hold state for their willing breach of contract. No doubt the State of California is in tough financial position.
- 6) Election year.

In summary, Katharine Ann Campbell, CEO, stated the briefing included two issues pertain to its financing:

- 1) Mayers’ SNF would be impacted \$2 million due to State’s Medi-Cal cuts and has cut its budget to sustain \$1.5 million; however, unable to cover \$500,000
- 2) Medi-Cal has issued payment withholds during passage of State Budget and the State has provided financial assistant and using Medi-Cal money as collateral.

CEO Campbell concluded briefing with discussions of opportunity for cash through this tough time offered through the California Health Facilities Financing Authority. She provided description of funding source (via public bonds and financial market activity) and largely available for loans through public entities some private. Mayers has opportunity to access up to \$750,000 as line of credit with 1% interest. The line of credit would be pulled down weekly to assist with delayed Medi-Cal payments and repaid after passage of State Budget using Medi-Cal payments as collateral.

**5. Resolution 2008-1: Authority to Sign**

*A motion/second (Hamlin/Kerns) to approve Resolution 2008-1 providing Katharine Ann Campbell, CEO, authorization to sign necessary documents for the operations of District. Majority vote.*

**6. Resolution 2008-2: California Health Facilities Financing Authority**

*A motion/second (Kerns/McClung) to approve Resolution 2008-2 providing authorization for submission of loan application to California Health Facilities Financing Authority. Majority vote.*

**7. Adjournment**

*A motion/second (Hamlin/Marcum) to adjourn special board meeting at 11:30 a.m.*