

Mayers Memorial Hospital District
Board of Directors – Regular Board Meeting

Date: September 25, 2013
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 Albaugh called the regular meeting to order at 1:01 p.m. on the above date with the following present:

Allen Albaugh, President
Brenda Brubaker, Vice President
Mike Kerns, Secretary

Board Members Absent: Abe Hathaway, Treasurer; Art Whitney, Director

Staff Present: Matt Rees, CEO; Sherry Wilson, CNO; Keith Earnest, CCO; Erik Nielsen, Facilities Manager; Marlene McArthur, Board Clerk.

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

No public comments.

3. APPROVAL OF MINUTES – A motion/second (Kerns/Brubaker), and unanimously carried, the Board of Directors accepted the minutes for the regular meeting held August 28, 2013.

4. Presentation: Val Lakey and Pam Sweet, Project Coordinators, provided a PowerPoint demonstration for the new MCN Healthcare policy manager software (**Exhibit A**). Other keynotes from presentation are as follows:

- Software was funded through CAH Flex Grant
- Background information on MCN Healthcare company, that has delivered technology solutions and expertise to healthcare organizations for more than 25 years
- Policy library documents will be accessible to the organization
- List of steps taken to date to implement the policy and procedure management software
- List of steps remaining before the policy and procedure manuals are live

Board members were provided login information and temporary passwords to access. Once project is finalized and training is provided to managers, all employees and new employees will then be provided login information and passwords.

5. OPERATIONS REPORT: In addition to the written operations report included in the board packet, the following verbal reports and discussions are summarized below:

- ▶ Matt Rees, CEO—
 - Business Office Update: October 15th Mayers will start billing in-house—training provided by Resolutions starts 10 days before start date. The trainer comes with over 20 years of training experience in CAHs and California hospitals. The contract with HRG continues through 10/31/13 for backup assistance if necessary. Considering outsource billing, that have more resources, for after 90 days. The self-pay should have payment arrangements within 30-60 days to remain current or account is turned over to collection agency.
 - Recruiting general surgeon while Dr. Stone is off. The 299 Collaborative is also looking at recruiting general surgeons as well as other specialty physicians.
 - Medi-Cal SNF clawback withholds will start June 2014. CHA is working with feds (CMS) to forgive their portion because there is no mechanism in place to collect retro withholds for Medi-Cal now that Partnership Health is contracted through the federal government. Regardless of the outcome, the clawback monies have been booked on FY13 audit as a liability on the balance sheet.
 - US Bank meeting held regarding construction loan and line of credit (LOC).
 - New Facility Construction Timeline (report deferred to Erik Nielsen, Facilities Manager): Project has been delayed some due to fire pump issue (water flow requirements for sprinkler system) but is being resolved and re-designed into plans. OSHPD is to make ruling on classification under rural exemption that requires less water flow amounts. Hopeful by the end of the year the building and grading permits are approved—and then once funding is obtained,

construction will begin in the summer. The PG&E pole/lines were quoted at \$125K but on hold until funding; and the Cal-Trans permit was received with no requirements to extend the third lane to the two new entrances for the new facility.

- USDA Financing: Mayers’ application is pending approval at the state level. It’s still possible the project will be included in the government funding for this fiscal year but ends September 30th. Regardless, the unused funding will carry over from current FY to the next so funding is still available. In response to how the USDA interest rate is calculated, Rees reported it’s a complex calculation that WIPFLi consultants don’t even understand entirely—they do know that they use different indexes calculated differently for each specific index that is then charged and/or issued. The USDA financing request for construction totals \$39 million (construction project estimated total is \$40M). A brief summary follows:

USDA Financing (available for construction)	\$39 Million
GO Bond Measure D Remaining Funds	8 Million
Total Funding Available (Cash Flow)	\$47 Million
Less OSHPD Cal-Mortgage Bond	-3 Million
Less AP Bond	-2 Million
Less EMR Financing Note	-2 Million
Remaining for Construction Project (Loan)	\$40 Million

The USDA financing will provide the district cash flow opportunities to pay off notes and bonds at a lesser interest rate as well as finance the construction project; plus it includes any future GO Bond issuances at a much better interest rate than previously. WIPFLi consultants conducted a cash flow analysis. By paying off the Cal-Mortgage bond for the Burney Annex, eliminating the \$57,000 per month payment, and by calculating the cost reimbursement for the new facility, it will net a positive \$100K per year through 2019. Rees offered to re-present the cash flow analysis to board for review.

▶ Sherry Wilson, CNO:

- Staffing: basically CNA shortage is the only issue because there are four staff members that have been accepted into the LVN program offered in Redding; and two nurses are on maternity.
- Billing: Once Relay interface is resolved the billing process will go well—it’s been extra work for staff that started September 1st to do electronically and by paper.
- SNF Admit Hold: CMS and CDHS are scheduled to meet to lift hold so that Mayers can start readmitting. The CMS clearance is expected within the next 2 weeks.

▶ Keith Earnest, Chief Clinical Officer:

- Lab-Paragon: New interface for Paragon/McKesson system has been challenging but expectations are to go live by November 1st. It’s absolutely necessary in order to meet the meaningful use criteria for Phase 2. Weekly meetings are conducted with McKesson IC, LabCorp, MVHC (clinic system), and Mayers’ project manager. Tests must go through steps flawlessly and those that are negative have been successful but those that are positive goes to another level of testing, which are the tests we are struggling with. Also, the refresh process scheduled for this week has been cancelled because there were issues of losing data and having to re-test. In conclusion, it’s getting closer but the process has been very frustrating.
- Mayers’ lab stations @ MVHC (clinic): Waiting to drop network lines at the Big Valley clinic. Idea to possibly start via paper but due to safety issues that is being researched further. Burney clinic is now sending patients to Mayers’ Burney station for lab work. After reviewing lab data, test volume has plummeted that validates lab utilization by the Burney clinic. Currently, hospital staff is examining hours for Burney to accommodate patients and clinic.
- Purchased Services in RT: The department has been staffed with registry RT for the past several months and recently the hospital hired an RT that has tested and passed but not yet received license. While waiting for her license, she is working part-time and

getting her experiential hours completed with registry RT plus managing the department. The respiratory department is one of the highest cost reimbursed departments and will get over 90% of the expenses paid back on cost report. With the current staffing the department is in operation every day except Sunday.

- Hospice census currently is at 9 with two referrals outstanding and recently the census has been as high as 10. Hospice billing has improved efficiencies since June and is closing out the monthly financials by the 7th of each month.
- ▶ Facilities Report: Erik Nielsen, Manager, reported the back wing of the hospital outside is being painted, new roofing to be installed on the generator shed, and the OB room remodel project is wrapping up this week. Upcoming projects include remodeling space at MVHC clinic (FRM) for new provider coming in October; IT offices are to be constructed in the shop; the acute patient rooms' reinvigoration project will start back up; and the outpatient surgery décor is being updated. To conclude report, Nielsen noted the adopt-a-room in Burney has been completed—the project was started several months ago before the threat of the Medi-Cal cuts—and he also noted that the Ford Ranger pickup, stolen the first week in September, has still not been located.

6. BOARD COMMITTEES:

6.1 Finance Committee – Chair Allen Albaugh

6.1.1 Committee Meeting Report: Albaugh reported the ARs continue to climb and is concerning. Although an increase was expected due to EMR conversion, the ARs should be going down by now. With the new in-house billing to start, improvement in ARs is not expected until after the first of the year. Also he expressed concern that the District is spending more than what it's collecting. Rees reported this is one of the reasons the LOC is being obtained—to take advantage of revenue generating programs and to provide cash flow while these issues are resolved. For instance, he described the IGT program: the district will contribute \$267K into the program and receive back \$460K that will net a little over \$200K. Albaugh also expressed concern for the surgery department with the surgeon being unavailable for an extended amount of time and inquired what actions were being taken to reduce expenses. Rees conveyed that staff has started performing other duties; e.g., auditing patient records to make sure the hospital is capturing all charges possible, working in other departments such as outpatient and OB. He assured the board that staff is staying busy.

Rees concluded that management members are taking advantage of the Lean training funded by the FLEX grant to become a more efficient organization through process improvements.

6.1.2 Financial Overview: The financial reports for August 2013 were available and reviewed. ***A motion/second (Kerns/Brubaker), and unanimously carried, the Board of Directors accepted the August 2013 financial reports as presented (Exhibit A).*** Upon request from Albaugh, Rees clarified the clawback is booked under current liabilities per the auditors request but since the payback is not scheduled until next June (2014), he will discuss with auditors about booking it in the long-term debt category which will help the current ratio significantly for YE. The board discussed adding a separate AR category for self-pays and commercial insurance after 90 days. Albaugh commented the new system will be useful in analyzing to find the root cause—and will assist managers so that they can better understand the financial aspect of their department and make adjustments when necessary to become more efficient.

6.2 Strategic Planning Committee – Chair Abe Hathaway (absent)

CEO Rees presented the keynotes from the recent strategic planning meeting (9/9/13):

- ▶ Strategic plan final draft—including department goals and rivers (projects) updated
- ▶ Balance Scorecard—data collection and responsibility
- ▶ Board self-assessments are to be conducted through ACHD (The Walker Company)

A motion/second (Kerns/Brubaker), and unanimously carried, the Board of Directors accepted the 2013 Strategic Plan as presented (Exhibit B).

6.3 Quality Committee – Chair Brenda Brubaker

Committee Chair Brubaker highlighted the meeting topics and reports that were presented to the committee on September 11, 2013. Keynotes listed below:

- ▶ Departmental quality reports from:
 - Personnel: 260 f/t and p/t employees; all the planned salary increases were completed in May 2013 with positions brought up to scale; FY13 turnovers totaled 35; employee surveys recently distributed (results pending); and employee training/education programs offered including mandatory MSDS course scheduled for December
 - Maintenance facility projects (interior and exterior) to improve patient experience and quality
 - Purchasing: Obtaining supplies at a fiscally responsible rate while ensuring the best patient outcome; tracking inventory and proactive with trends; 2012 census higher than previous years but reduced costs by 2%
 - Pharmacy: overview of various quality controls including medication recall process, sterile compounding, refrigeration temperature monitoring system, medication error tracking and analysis, and various other product tests
- ▶ Quarterly standing reports provided:
 - Workers' compensation FY13 year-end report: Low number of claims (7) reported were maintained again this year—and the total cost incurred was \$42,683—a significant decrease compared to 2010—which is below the ALPHA Fund average. Incentive programs were not favored by ALPHA reps because it deters employees from filing claims.
- ▶ Monthly reports:
 - EMR Report: Upgrade 12.0 currently being installed and going well—and MU Stage 2 phase is to start between Oct and Dec
 - SNF: In regard to the SNF survey, the F-tags have all been cleared and only one issue remained with physician but surveyor spoke directly with physician that was cleared as well. The CDHS Licensing & Certification team conducting the re-survey was very professional and diligent in their process. Once CDHS provides clearance to CMS, Mayers will await a letter from the federal side.

6.3.1 Medication Error Reduction Plan (MERP): Brubaker reported the MERP plan was reviewed and discussed at the quality committee meeting. She further commented that the plan had not been changed substantively but due to new EMR implementation and organizational chart changes, revisions were made. ***By motion/second (Brubaker/Kerns), and unanimously carried, the board of directors approved the MERP as presented.***

6.3.2 Workers' Compensation Report: Workers' compensation FY13 year-end report was distributed to the quality committee and will be shared electronically with all board members by Clerk of the Board (**Exhibit C**). If trend continues, it's expected the rates will decrease for 2013. It was reported that only two employees are out on workers' comp injuries for 2012—and FY2013 work injuries have returned to work. The current rate still includes the 2010 claims which were extreme that year, and will drop off this next year, which will decrease the premium rate.

7. INFORMATION/REPORTS/BOARD EDUCATION:

- ▶ Board Education – QHR Webinar 2nd Tuesday each month, 10 a.m. PST
- ▶ Board Self Assessments due before October meeting
- ▶ ACHD Legislative Staff Visit @ Mayers – October 17th

8. ANNOUNCEMENT CLOSED SESSION: Albaugh announced closed session at 3:43 p.m. for the purpose of continuing CEO annual performance (Government Code Section 54957).

9. RECONVENE OPEN SESSION: Albaugh reported no actions were taken in closed session except the acceptance of the closed session minutes for the meeting held 8/28/13.

10. ADJOURNMENT: There being no further business, at the hour of 4:45 p.m., President Albaugh declared the meeting adjourned.