

EASTERN PLUMAS HEALTH CARE DISTRICT
SPECIAL MEETING MINUTES OF THE BOARD OF DIRECTORS

Monday, November 16, 2009
2:00 pm
EPHC Education Center, Portola, CA

1. Call to Order. The meeting was called to order at 2:00 pm by Chairman McGrath.

2. Roll Call.

Present: Gail McGrath, Chairman
Larry Fites, Vice-Chairman
Janie McBride, Director
Lester Premo, Director
Absent: Lucie Kreth, Secretary
Staff: Tom Hayes, Interim CEO, and Julie Aguiar, Clerk of the Board
Visitors: Approximately five visitors were present.

3. Consent Calendar. A motion to approve the agenda was made by Mr. Fites, seconded by Ms. McBride and passed.

4. Chairman's Comments. The Chairman thanked the public for attending and noted that staff had prepared questions to ask Mr. Logue

5. Board Comments. None.

6. Public Comment. None.

7. Guest Speaker: Assemblyman Dan Logue. Mr. Logue was invited to the Board table, along with field representative Steve Thompson. Assemblyman Logue launched a discussion of healthcare issues faced in a rural environment. He mentioned a stimulus plan (AB188), which recently helped Gridley hospital, to the tune of \$1.3 million. EPHC's payor mix and history with the Loyaltan Campus were discussed. He was given an update on our EMR implementation, and current remodeling projects. He discussed illegal immigration. Logue also discussed AB32 which is supposed to reduce carbon emissions, and its effect on jobs. He also discussed inflation, sales tax increases, and his idea to open a water plant in the area to create jobs. He concluded that his goal is to shift the power back from Sacramento to local governments.

8. Adjournment. Ms. McGrath adjourned the meeting at approximately 3:00 pm.

Approval: Gail McGrath, Board Chairman

Date

EASTERN PLUMAS HEALTH CARE DISTRICT
SPECIAL MEETING MINUTES OF THE BOARD OF DIRECTORS

Thursday, December 3, 2009
10:00 am

1. Call to Order. The meeting was called to order at 10:05 am by Chairman McGrath.

2. Roll Call.

Present: Gail McGrath, Chairman
Larry Fites, Vice-Chairman
Lucie Kreth, Secretary
Janie McBride, Director
Lester Premo, Director

Staff: Tom Hayes, Interim CEO, and Julie Aguiar, Clerk of the Board

Visitors: Approximately five visitors were present.

3. Consent Calendar. A motion to approve the calendar was made by Mr. Fites and seconded by Ms. McBride. It was passed without opposition.

4. Chairman's Comments. The Chairman thanked the public for attending.

5. Board Comments. Ms. Kreth noted that she had attended a recent ACHD conference. She enjoyed the opportunity to visit with members of other boards from small districts, and find that they face the same issues we do. She found the presenters to be well-informed and responsive to questions. She recommended the Board attend a subsequent meeting, noting that the cost was reasonable. She also stated that other attendees knew Mr. Hayes and advised the Board keep him. She got a new perspective on hospitals operating in the red; even if they do not see a profit, they provide community benefit in terms of the local economy. The upcoming ACHD Annual Meeting is May 12-14 and the full board was encouraged to attend.

Mr. Fites reported that He had completed his compensation analysis and found that EPHC is a competitive employer with an impressive employee benefit package.

6. Public Comment. None.

7. Committee Reports.

Report on Quality Assurance: Ms. Kreth noted that she and Ms. McBride had met with staff and the CMO on Tuesday. The topic was implementing quality measures. Some of the items discussed are included in the current Board packet. She reported feeling positive about steps being taken toward measurable parts of the program. It was noted the focus is on the timely reporting of test results. Ms. Whitfield reported on the process of selecting quality indicators. They did a retroactive review back to January 2009 in order to capture a year's worth of data, when available. Staff continues to meet with physicians to gain their input on the indicators.

Ad Hoc PR Committee: Mr. Fites reported that he and Ms. McBride had completed their tasks but staff still keeps them informed. There is a set timetable for project completion. We've seen mock-ups for the web pages. It's going to be dynamic and attractive.

Standing Budget Committee: Mr. Premo advised that the committee is awaiting the audit report. Ms. Kreth had met with staff on Monday. The audit will be presented at the January Board meeting. It had been delayed by the Medicare cost report. It was advised that a contractual adjustment is expected to result in more revenue.

Standing Planning Committee: No report.

8. Auxiliary Report: Kathy Davis reported that she had visited a hospital auxiliary in a Washington DC suburb and discovered ours is better. She reported that of the approximately \$212,000 in Auxiliary accounts, \$97,750 is encumbered. Sales for November were down to \$14,551. That is down \$4000 from

October and \$2000 from November 2008. The Auxiliary recently agreed to purchase 100 aprons for the skilled nursing facility residents. They will again decorate three of the clinics for the holidays, and assist with the EPHC staff efforts to support Project Santa.

9. Foundation: The EKG transmission system has been implemented, with funds from the Golf Tournament. In addition, the Stein family donated \$6000 through the Truckee Tahoe Community Fund to purchase a cardio monitoring system. Finally, a \$2000 donation from the RCA Foundation of Sacramento on behalf of Tom Hayes has yet to be designated. Mr. Hayes noted another \$15,000 donation was expected and will be put towards the ultimate replacement/upgrade of our mammography unit. Ours is analog and digital is preferred. A new unit may cost as much as \$300,000. We'll look to alternatives such as a lease option and joint fundraising efforts.

10. CEO Report

General Updates: Mr. Hayes reported in the absence of Ms. Nelson that the audit looks good. October financials were discussed at the prior meeting and November is not yet closed yet. We stayed close to our budget and there is a net loss for November. We will closely monitor expenses as volumes decrease.

Boiler: We recently had a boiler study completed by Ainsworth & Associates, a mechanical engineering firm. The Boiler and building need to be replaced by the end of 2012. Costs range from \$250,000-400,000. We're looking for an architect to develop the plans. The project requires OSHPD approval and will be sent out to bid. USDA is the likely funding source.

Local Cooperation: Discussions continue with our neighbors. Currently we are helping Dr. Jensen recruit another surgeon to cover the area. A meeting to discuss joint staffing pools is in the works. We will also meet with representatives from UC Davis to discuss their rural outreach program.

Facility Projects: In the packet is the first list which establishes a pecking order for the ongoing construction projects here and in Loyalton. It will be updated often, and depends on resources available. The dietary remodel awaits OSHPD approval. It could be 4-5 months.

Self-Evaluation Results: Ms. McGrath tabled the item until the February meeting.

Advisory Committee: Mr. Hayes suggested that there be three sub-groups: Greater Portola, Greenville and Loyalton. A list of names is being developed for each area. Invitations will be sent soon. Such a committee will assist in the creation of a long term vision and may also help identify future Board members. Linda Peterson has agreed to help facilitate the meetings. Agendas and minutes will be kept. Members will need to agree to keep comments confidential.

11. Chief of Staff Report. Dr. Bugna reported that things are going remarkably well. He noted a more positive physician attitude. Dr. Fort's leadership was complimented. Loyalton and Graeagle are busier. Ms. Whitfield's development of medical staff quality metrics was noted.

12. Quality Assurance Report. Teresa Whitfield discussed the selection and development of the performance measures. She noted that those presently included in the Board packet were metrics that hospitals across the country are using. It will allow us to compare ourselves to State and national averages. Some items are difficult to measure because we were not previously gathering the information. Some quality measures are seasonal, such as offering vaccines for flu and pneumonia. That particular protocol is now nurse-driven and easy to monitor. Others present more challenges, such as treatment for acute MI. We will look to sources such as the NHRA for guidelines that are appropriate in a rural setting (with greater distance and time to transfer a patient). We are working with Northern Nevada Medical Center to develop the appropriate protocols with the goal of saving heart muscle. We are also considering measuring door to doctor time or door to disposition time. If our doctors have the luxury of more time to spend with a patient in the ER and continue to push fluids, they shouldn't be discouraged from doing so.

We will be re-working some of the EMR fields to help us track some categories which show zero. Zeros may simply mean that no patients met the criteria for that particular treatment. Other categories we are monitoring to comply with environment of care guidelines, such as employee falls. We will monitor outcomes for four consecutive quarters prior to changing a protocol. Even more categories will be included in a robust annual report at a later date.

13. Approval of Policies & Procedures. Next month, the manuals from Infection Control, Employee health, and either recovery or anesthesia will be submitted for approval.

Mr. Hayes noted that the physicians are participating in morning rounds at 7:45 am daily. The Infection Control nurse, social service designee and a financial counselor also participate in rounds as needed. Any urgent SNF needs are also addressed daily at rounds. On Wednesdays, the providers see a quarter of the SNF patients, so each patient is seen at least once a month. Rounding has helped identify some differences in the practices of the physicians, and led to the implementation of three new protocols. Those include alcohol withdrawal, pneumonia and DVT prophylaxis. They are now part of the new standard order set and help us meet the standard in preventive measures. It was noted that acute is full with nine patients.

The protocol for wound care was submitted for approval. The process has been streamlined. A former crash card has been recycled as a new wound care cart. It was moved, seconded and passed to approve the wound care protocol.

14. CEO Options: Ms. McGrath reported that we had twice taken out a notice in the paper to advise the public that the Board would be evaluating its CEO options. She did not receive any calls from the public, and the visitors at the present meeting were the usual attendees. She then invited those present to comment. Positive feedback was offered by community members and on behalf of the Auxiliary. Dr. Bugna reported receiving positive feedback from the medical staff. Ms. Kreth and Ms. McBride reported receiving positive feedback from employees.

Mr. Fites noted that he wanted to make sure all constituents had been given the opportunity to respond and inquired about the status of earlier discussions with Tahoe Forest Hospital. Mr. Hayes explained that they are interested in working with us. Our earlier proposal to them was not to their liking. Options including a management contract and an executive search were discussed.

With respect to the current interim CEO, it was noted that cost savings would be realized by keeping him on part time. He is developing a good management team and would need to develop a succession plan. It was noted that Mr. Hayes is available and communicates well, even when not physically on campus. Ms. McGrath concluded that the current progression has been well-received across the board and moved to appoint a two member committee of Directors Fites and McGrath to work out the details of a permanent contract with Mr. Hayes to present at the next meeting. The motion was seconded by Ms. McBride and passed without opposition. Four of the five Board members noted their commitment to running again, with Director Premo taking the matter under consideration.

15. Closed Session. Ms. McGrath called the Board into closed session at 11:50 am.

16. Open Session Report of Actions Taken in Closed Session. The Board returned to Open Session at approximately 12:50 pm and announced that it had taken no reportable action.

17. Adjournment. Ms. McGrath subsequently adjourned the meeting.

Approval: Gail McGrath, Board Chairman

Date

EASTERN PLUMAS HEALTH CARE DISTRICT

ORGANIZATIONAL MEETING MINUTES OF THE BOARD OF DIRECTORS

Thursday, December 3, 2009
10:00 am
EPHC Education Center, Portola, CA

1. Call to Order. The meeting was called to order at 10:00 am by Chairman McGrath.

2. Roll Call.

Present: Gail McGrath, Chairman
Larry Fites, Vice-Chairman
Lucie Kreth, Secretary
Janie McBride, Director
Lester Premo, Director

Staff: Tom Hayes, Interim CEO, and Julie Aguiar, Clerk of the Board

Counsel:

Visitors: Approximately five visitors were present.

3. Consent Calendar. A motion to approve the agenda was made by Mr. Fites, seconded by Mr. Premo and passed.

4. Chairman's Comments. The Chairman thanked the public for attending.

5. Board Comments. None.

6. Public Comment. None.

7. Annual Organizational Meeting.

A. Resolution 226- Meeting Dates for 2010: A motion to approve the 2010 meeting dates was made by Ms. McBride, Seconded by Mr. Premo and passed.

B. Election of Officers: Mr. Fites moved that Ms. McGrath continue as Chairman. The motion was seconded by Ms. Kreth. Discussion followed and Mr. Fites amended his motion to include keeping the Vice Chairman (Fites) and Secretary (Kreth) as well. Ms. Kreth seconded the amended motion and it passed without opposition.

C. Confirmation and/or Reconsideration of Committee Assignments: Ms. McGrath moved to reaffirm the existing committee Assignments, as corrected below. The motion was seconded by Ms. McBride and passed.

1. QA: Mc Bride, Kreth
2. PR: Fites, McBride
3. Finance: Kreth, Premo
4. Planning: Fites, McGrath.

8. Adjournment. Ms. McGrath adjourned the meeting at 10:05 am.

Approval: Gail McGrath, Board Chairman

Date

EASTERN PLUMAS HEALTH CARE DISTRICT

REGULAR MEETING OF THE BOARD OF DIRECTORS

Thursday, January 28, 2010

10:00 A.M.

EPHC Education Center, Portola, CA

Minutes

1. **Call to Order.** The meeting was called to order at 10:03 am by Gail McGrath.
2. **Roll Call.**
Present: The full Board was present
Absent: None
Staff: Tom Hayes, Jeri Nelson, Eric Bugna, MD and Julie Aguiar
3. **Consent Calendar.** Ms. McGrath moved to accept the calendar. It was seconded by Mr. Premo and passed. The board agreed to move item 11 up, in the interest of time, to allow the auditor to present his report.
11. **CFO Report**
 - Audit Report for 2008-2009: Jerrel Tucker, of TCA Partners, LLC was present to discuss the audit findings. Mr. Tucker provided a brief summary of the firm’s history, noting that they audit 28 California Districts, and additional others in the western U.S. With respect to the audit, they gave a “Qualified Opinion” because they had to use data from the firm used by EPHC last year. He expressed confidence that TCA would be able to provide an “Unqualified Opinion” next year, which is the ideal scenario. By contrast, he shared that his firm had performed at least a dozen audits this year that fell into the “Going Concern” category. He noted that the Foundation and Auxiliary are allowed to do a standalone or “Discreet” audit.
 - Mr. Tucker noted no material weaknesses and no reportable findings. His firm randomly selected transactions made and traced them through. All testing was clear. No material error would occur without being identified by the checks and balances in place. He offered kudos to the CFO and staff. For a small hospital to have well trained staff and consistency in financials is crucial. Many of his clients struggle in this area..
 - He reported that two audit adjustments were made. One was a cost report adjustment and the other a fixed asset correction. The net change was \$62,278. He noted that a “final settlement” can take five years, and the facility must book it in the current year, impacting operations. The plan for next year is to do an interim cost report, to allow for earlier reporting in October.
 - Mr. Tucker reported no issues or disagreements with management. EPHC had a net operating loss of \$416,000 and a net income of \$186,000. An auditor’s responsibility is to report on the accuracy of the numbers, not whether they are good or bad. However, he stated that facilities with less than 25 beds that manage to operate in the black are doing well and are in the top 1/3.
 - He went into detail explaining various hospital accounting matters, including contractual allowances and bad debt calculations. He noted that revenue over the past three years has been consistent. He advised that the billing office is the key to survival. Although EPHC is billing and collecting well, there is always room for improvement.
 - The annual budget is 11.5 million. Annual payroll, benefits and professional fees are 4 million. He advised keeping a net income margin of 5%, suggesting that tax revenues be reserved as a capital resource. In the last twenty years, reimbursement is down and costs are up, margins getting squeezed.

- He noted labor and benefits are usually around 50% of expenses. If it pushes 60, then you are overstaffed. Registry is managed well. Supplies should be about 10%. Cash is down, but patient AR is collecting well. Lenders are looking at current ratio of 1.25-1.5. Cash on hand is one day. We'd like to see 30-60. That would help us to better weather events as with last year, when Medi-Cal stopped cutting checks for ten weeks.
- The board requested to be included in a spreadsheet of TCA's clients (with names removed) for benchmarking purposes. Appreciation was expressed for the efforts of the CFO.
- A motion to accept the audit report was made by Mr. Premo, seconded by Ms. Kreth and passed.

4. **Board Chair Comments.** Ms. McGrath read a letter from EPCAN which expressed appreciation to the EPHC employees for collecting over forty turkeys for needy families during the Thanksgiving holiday.

5. **Board Comments.** None.

6. **Public Comment.** None.

7. **Committee Reports.**

- Report on Quality Assurance: Ms. McBride reported that they had been regularly attending an ad hoc committee. She noted the efforts made by the Director of Quality and Operations to make things understandable to the layperson. Ongoing monitoring would continue.
- Ad Hoc PR Committee: It was suggested to disband the committee, as it had completed its task, and staff was moving forward with the assignments.
- Standing Budget Committee: Ms. Kreth noted that the audit report had just arrived and the committee's major task for the year was complete. Ms. Nelson was thanked.
- Standing Planning Committee: The committee has not met yet, but the members are following Tom's progress in the development of a community advisory committee.

8. **Auxiliary Report.** Kathy Davis reported that the store is not making much. December's gross income was \$14,000. She requested donations and noted that the Auxiliary would participate in Women's Heart Health Awareness activities with EPHC staff. There was a total of \$125,000 in the bank, none of which was encumbered for hospital items. Gross income for the year was \$178,863.96. They had honored over \$3000 in vouchers from Portola Cares. The Auxiliary was praised for its work.

9. **Foundation Report.** Ms. McGrath reported that the foundation would not meet again until April. \$15,000 from the Sacramento Regional Foundation was received, which will go toward upgrading the mammography department.

10. **CEO Report**

Tom Hayes

I/D/A

- General Updates: Mr. Hayes noted a recent article in the local newspaper which highlighted the search and rescue canine accomplishments of an EPHC employee. He noted that Grady Fort, MD, our Chief Medical Officer recently accepted the position of Clinic Director.
- Dr. Fort reported that his plans for the clinic include increasing volumes and focusing on Graeagle. He'd like to make positive changes in Portola, beginning with some customer service training and hiring an operator. He is working with a QA subcommittee on improving the process of reporting testing results to patients, noting that every doctor should review and act on lab results on a daily basis. He reported that he was getting pediatric referrals. Regarding physician staffing, Dr. Trey Brader, a family medicine physician was expected to sign on to work for EPHC. Recruiting efforts continue, for a surgeon to work at our hospital, as well as the other two Plumas County Hospitals. Dr. Steen Jensen is giving us a couple days per month. Dr. Kitts is not available

to provide more coverage at this time. A new manager for the lab has been hired. Finally, we have recently contracted with the insurance company Aetna, to help patients access more affordable care with us.

- ACHD Leadership Program: Details were included in the packet. Events will be held in May and November.
- Advisory Committee: We are developing a list of community members who will be invited to participate in an advisory committee. Their mission will be to help us get a global view of our service offering.

11. CFO Report

- December 2009 Financials: Ms. Nelson reported that we had a quiet winter last year. We are currently full (acute wing). We've had to call the state and obtain waivers to exceed our census. We have 32 residents in Loyalton and will cap the census at 36. We ended the month with income, thanks to the Auxiliary. Expenses are up to due the increase in services. We're looking at denials and working with both billing and hospital staff to improve our processes. We had 34 ambulance runs last week. The Auxiliary was thanked for their donation to the EMR. Mr. Hayes noted that we'd like to increase visits to the Portola Clinic, and increase outpatient surgery, while reducing registry and overtime. Gross revenues are up. Dental is down, due to reductions in the Medi-Cal program.

12. Chief of Staff Report. Dr. Bugna reported that the physicians are doing well. He noted that many projects that had been on the launching pad were finally taking off. Patients are happier and we are giving serious attention to quality.

13. Quality Assurance Report.

- Hospital Quality Measures: Thirteen pages of quality measures were presented. Mr. Hayes noted we are still fine-tuning the list, to make a real effort to meet national safety goals. This tracking will be done by Teresa Whitfield. We intend to compare our measurement tool with those used by neighboring hospitals, and bring results to the Board on a regular basis.

14. Approval of Policies & Procedures. The two manuals presented for approval were Employee Health and Infection Control. They have been reviewed by two members of the board and are ready for full board approval. Ms. McGrath made the motion to approve. It was seconded by Ms. McBride and passed with no opposing votes.

15. Consideration of Executive Employment Agreement Ms. McGrath advised that District Counsel, Steve Gross had assisting with drafting the agreement. The contract calls for a four-year term, with six month's notice to terminate without cause. If the district terminates the agreement, CEO shall receive pay equal to six month's salary, excluding auto allowance. Cost savings to EPHC were realized in the following ways: Mr. Hayes had declined health insurance, and deferred compensation for the CEO would be reduced to 10%, to match the other executive team members. Discussion continued on topics of the 30 hour weekly schedule, and Board approval for CEO travel expenses. Ms. McGrath moved to approve the contract. Mr. Fites seconded the motion and it passed without opposition.

16. Closed Session. Ms. McGrath announced the Board would move into closed session at 12pm.

17. Open Session Report of Actions Taken in Closed Session. The Board returned at approximately 12:40 pm. It announced the following: With respect to item 16.1, no reportable action was taken. With respect to item 16.2, the appointments to the medical staff were approved as submitted.

18. Adjournment. Ms. McGrath subsequently adjourned the meeting.

Approved by

Date