

**CHELAN COUNTY PUBLIC HOSPITAL DISTRICT No. 2
LAKE CHELAN COMMUNITY HOSPITAL
MEETING OF THE GOVERNING BOARD**

**December 20, 2016 – LCCH BOARD ROOM
1:30 PM – 3:50 PM**

MEETING MINUTES

CALL TO ORDER

Mary Signorelli called the meeting to order at 1:30 P.M.

Members Present:

Mary Signorelli, Board Chair
Phyllis Gleasman, Vice Board Chair
Tom Warren, Secretary
Fred Miller, Commissioner
Mary Murphy, Commissioner

Others in Attendance:

Kevin Abel, CEO	Carol Velasquez, CNO
Vickie Bodle, CFO	Diane Witsil, Exec Assistant
Brad Hankins, COO	Ty Witt, M.D., CMO
See list attached.	

REVIEW OF MISSION:

- Our Mission is to provide patient-centered, quality healthcare with compassion and respect.

OTHER BUSINESS:

- Arlene Abbott announced the Foundation is continuing with the Annual Giving Campaign.

CONSENT AGENDA:

It was m/s/c to approve the Consent Agenda as presented:

1. Board Minutes of November 22, 2016
2. Board & Med Staff Meeting Minutes September 9, 2016
3. Financial & Business Office Report
4. Vouchers/Warrants; \$1,145,659.59, in payroll direct deposits; \$865,668.52. Write offs: Bad Debt -Hospital \$36,515.97, Bad Debt - Clinic \$5,940.91; Charity Care – Hospital \$15,313.71, Charity Care - Clinic \$1,357.50; Bankruptcy \$0.00: with combined total of \$59,128.09.
5. Policies and Procedures

Credentialing Information Exchange Policy	Positioning of Surgical Patient
Routine Urinalysis	Call Pay – Surgery & OB
D Dimer Triage Meter	BB Initial Spin (Phase) Crossmatch
Surgery Scheduling	Credentialing Policy
Diet Orders	Annual Review Policy (CAH)
System of Policy & Procedures	New Employee FTE Request Procedure
Employment Offers, Contract & Agreements	ADA Non-Discrimination Compliance Plan
Fitness for Duty: Substance Abuse Policy	Thrombolysis Therapy Policy
Swing Bed Contract External Cephalic Version	
Security Incident §164.308(a) (6) Response & Reporting § 164.308(a) (6) (ii)	

Consent Agenda Motion made to approve consent agenda with the exception of Fitness for Duty: Substance Abuse Policy: M. Murphy / 2nd – F. Miller & approved by Board of Commissioners.

SPECIAL REPORTS:

– Confluence Health Collaboration – Jeff Davis

- Jeff Davis from Confluence discussed the current collaboration agreements with Lake Chelan Community Hospital & Clinics, including echo services, mammography readings and patient transfers when needed. They have a working partnership with North Central Washington Accountable Community of Health, Community Health Needs Assessment and the Whole Person Care Collaborative.
- Other areas under future consideration include Epic IT system and virtual specialties in telemedicine services.
- A full merger is not being considered by Confluence.

– Facilities 10-year Financial Assessment

- Kelly Arduino, WIPFLi, was invited back to the board meeting by phone to answer questions & concerns.
- Mary Murphy brought up the concern from community members that have called her with questions as to whether this project is affordable and sustainable.
- Kevin Abel stated that there is risk to stay in this facility and not take advantage of the 44% Medicare & Medicaid reimbursement on depreciation and interest as there would still be lack of space, parking, OR, etc... The voted debt supports payment of the non-voted debt due to the 44% cost report reimbursement from depreciation and interest.
- Fred Miller stated that any financial model has limits the farther in the future you project. Healthcare now is different than it was ten years ago, and healthcare will be different ten years from now.
- Mary Murphy read a statement to request the Commission to conduct further due diligence, and explore best and worst case scenarios based on known variables such as changes in hospitalizations, insurance, expenses and capital needs, to be sure the community is prepared to pay for the debt under any circumstances that could arise for the next 35 years. This written statement is included with the meeting minutes.
- Kelly Arduino, WIPFLi stated, it is possible to update studies, such as a sensitivity analysis, which will be used for the financial modeling for the USDA loan.
- A financial sensitivity analysis and review of issuing non-voted debt for infrastructure costs have been requested from Kelly Arduino of WIPFLi.

Motion was to approve the additional funds for the sensitivity study: F. Miller / 2nd T. Warren & approved by Board of Commissioners.

– Community Health Needs Assessment – Brad Hankins, COO, & Agustin Benegas, Wellness

- Brad and Agustin met with the regional partners in NCW and identified several areas as primary concerns for our region. They include: education (graduation rate), mental health care access, access to health care utilizing coordinated care efforts and obesity.
- The majority of the data used in the assessment is from the regional group.

Motion to approve the 2016 Community Health Needs Assessment: M. Murphy / 2nd P. Gleasman & approved by Board of Commissioners

– Strategic Plan – Kevin Abel, CEO

- A draft of the strategic plan and supporting measurement document was reviewed. Phyllis Gleasman requested to add a sentence to the plan that states it is reviewed annually. Minor modifications to goals two and four were recommended. The date was changed to 2017 - 2019. Mary Murphy recommended that the patient survey be added to the measurement document. The strategic plan will be brought back for approval at the January meeting. The plan goals and strategic initiatives are:
 - **Goal 1 – Improve the health status of the Lake Chelan Valley**
 - Improve access to primary care & behavioral health
 - Demonstrate improvement in population health as evidenced by immunization rates and obstetric care

- Improve patient outcomes and coordination of care through optimization of electronic health records, information technology infrastructure and medical information exchange
- **Goal 2** – Continually improve quality of care and the patient experience
 - Evaluate our clinical quality against state and national benchmarks
 - Develop the LCCHC campus to support the provision of excellent patient and family-centered care in a healing environment that will be adaptable to the changing needs of our community
 - Develop highly-skilled and compassionate healthcare professionals to positively transform the care experience at LCCHC
- **Goal 3** – Improve the financial strength of LCCHC
 - Improve clinical processes and productivity
 - Exceed Washington state Critical Access Hospital financial performance benchmarks for total margin, days cash on hand and days in accounts receivable
 - Improve caregiver safety as benchmarked against other public hospital districts in Washington state
- **Goal 4** – Build collaborative relationships to improve local healthcare
 - Develop a family practice residency program for the Lake Chelan Valley in collaboration with the University of Washington and Columbia Valley Community Health.
 - Attract and retain high quality medical staff in the community
 - Collaborate with Foundation and regional partners to offer health and wellness programs.
- **Caregiver Survey – Kevin Abel, CEO**
 - The caregiver survey is conducted by Gallop and has four main categories:
 - Job responsibilities
 - Department Experiences
 - Manager Effectiveness
 - Administration, Board, & Senior Leadership
 - Overall we are doing well, and our employees are engaged with the Hospital.
- **Board Self Evaluation – Mary Signorelli, Board Chair**
 - The commissioners reviewed the Board evaluation summary documents. The summary tally was above average for the areas of commitment, member roles, service, meetings, function, and community service.
 - One area needing improvement was educational opportunities attendance.
 - The Commission would like to move the Board evaluation prior to the Board retreat in 2017.

STATE OF THE HOSPITAL REPORTS

- **Operations - Brad Hankins, COO**
 - The waste sewer plumbing project is complete.
 - Our third available average year-to-date continues to improve, averaging less than 10 days over the past six weeks.
 - Our 2016 goal of 50 surgeries and procedures was reached in August 2016, 70 surgeries and procedures were reached in November.
 - The clinic will begin medically managing our diabetic group visits starting in January, using the same diabetic education program used by Confluence.
 - LightBeam™ analytics connection will also help us initiate the nurse-managed Medicare annual wellness visits.
 - The Orthopedics Department with Trent Lyman and Dr. Schkrohowsky is currently running 280-290 encounters per month, which is a significant increase from 120-130 encounters six months ago.

- **Quality & Patient Safety – Carol Velasquez, CNO**
 - In November there was one reported medication event on MSU, zero reported falls on any patient care unit and no episodes of restraint use on any unit.
 - In the month of November, there were two, non-billing related patient or family concerns reported.
 - As part of our Cultivating LCCHC Values, Nash leadership training was completed this week. The next steps will include addressing sustainability of what was learned, including continued education, additional skills needed and ongoing needs, i.e., newly hired managers
- **Patient Care Services –**
 - We are recruiting for the Director of Quality and Patient Safety role. We have had one on-site interview and are working on a second on-site interview.
- **Chief Medical Officer – Ty Witt, M.D.**
 - The medical staff is currently reevaluating the vaginal delivery after C-section procedure.
 - The concussion team is in full swing with baselines completed and provider’s attendance at the local high school team programs.
 - OR service was interrupted this past week due to an electrical issue.
 - Medical Staff voted to continue the 2nd year of the term for the Medical Executive Committee, as provided in the Medical Staff Bylaws, with the following providers in office: James Larsen, DO - Chief of Staff, Ty Witt, MD - Vice Chief of Staff and Keri Bergeson, MD - Secretary.
- **Chief Financial Officer – Vickie Bodle, CFO**
 - November financial statements closed with net income of (\$92,632) for the month and \$6,901 for the year. November revenue was over budget, but expenses were high for the month, particularly in the areas of wages, professional services, locums for PA and supplies.
 - Combined AR for the hospital and clinic for the month was at 62 days.
- **Chief Executive Officer –Kevin Abel, CEO**
 - The DEXA machine installation has been delayed to December 28th due to GE manufacturing and their installation subcontractor.
 - With the MRI schedule three weeks out, we are making arrangements with Alliance Imaging to add two extra days per month to allow for additional appointment times for the mobile MRI unit. We will be on a 90-day trial.
 - Ed Rauvola has submitted his resignation from the Foundation Board due to his decision to move to Wenatchee to be closer to family.
 - A letter to the Department of Health and the Washington State Fire Marshal has been sent along with the report from Suzan group for the emergency generator requesting the removal of the citation Tag No. K145.
 - The Board meetings for 2017 have been scheduled to start at 5:30 PM in the evening.
 - The CMS final rule has been issued on MACRA.

OLD & NEW BUSINESS

- **Action Items:** It was m/s/c to approve

A. Action Items:

1. Resolution #573 Board of Commissioners Bylaw Revision

Resolution Motion was approved: T. Warren / 2nd – P. Gleasman & approved by Board of Commissioners

2. Resolution #674– Surplus

Resolution Motion was approved: M. Murphy / 2nd – F. Miller & approved by Board of Commissioners

B. Credentialing:

Amy M. Sharma	MEDEX PA Student	Behavioral Health
Autumn Keary	UW WRITE Student	Family Medicine
Galen Withrow	PT Student	Physical Therapy

Christopher E. Chandler, PA-C	Locums Appt.	Family Medicine / Urgent Care
Tarvinder P. Singh, M.D.	Initial Appt.	Consulting – Tele Neurology
Shwan Kim, M.D.	Re-appointment	Consulting – Virtual Radiology
Alissa Camden-Diehl, M.D.	Re-appointment	Active - Emergency Medicine
Jeffery England, MPT.	Re-appointment	Physical Therapy
Kevin Morris, DPM	Re-appointment	Courtesy - Podiatry
Jacobo Rivera, M.D.	Re-appointment	Courtesy – Emergency Medicine

Phyllis Gleasman stated: I reviewed the applications; the supporting documentation, the Medical Executive Committee's recommendations, and information received during the credentialing and privileging process as appropriate. Based on this review, it is the Board's opinion that the above applicants meet the requirements for Medical Staff appointment and clinical privileges as recommended. Moved by: P. Gleasman / 2nd – T. Warren, and approved by the Board of Commissioners.

BOARD EDUCATION:

- M. Signorelli discussed the WSHA Annual meeting, October 2016 conference with the Board members.
- M. Murphy discussed long range Board development and the need to identify what goals they are going to achieve.
- T. Warren explained every conference in the future will provide more information on strategic planning.

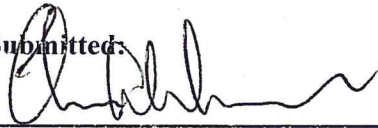
BOARD SUMMARY:

- Discussion to move the Board Self-Evaluations to June, followed by the Strategic Planning meeting within the next month. Strategic plans need to be developed in advance of preparing the 2018 budget.
- The WIPFLi report will be reviewed at the next Board Meeting in January 2017.

MEETING ADJOURNED:

- Meeting adjourned @ 3:50 P.M.

Submitted:



Board Secretary

Date

1/24/17

Attest:



Kevin Abel, CEO

Date

1-24-2017

December 20, 2016

Dear Commissioners,

We have received an encouraging financing proposal for a new hospital which has been helpful to review. It is a good start, and I think we can and should build upon it with additional analyses. Many of our constituents, whom we are elected to represent, are quite frightened about whether this project is affordable, sustainable, and will meet the healthcare needs in our valley. On their behalf we must ensure that the financial impact of a replacement hospital will be fully and thoroughly understood. I have outlined here what other hospitals in similar circumstances regard as a prudent approach.

The total estimated cost is \$44.5 million: For the proposed levy vote in April, the community is actually being asked to vote for several things: 1) to tax themselves to pay for \$20 million debt for 30 years and 2) to accept \$22.5 million debt that must be paid by the hospital over 35 years. At the same time, the hospital also must pay back \$7.8 million current debt.

When a project requires such a large long term financial obligation from our community, the Commission should study at least three scenarios: best case, most likely case, and worse case, to be sure our community is prepared to pay for the debt under any circumstances that could arise.

The financial analysis should consider indicators most sensitive to hospital finances including:

- a) Hospitalizations- From 2010 to 2014 LCCHC lost market share of hospitalizations (43.9% to 37.5%), even as the population increased. Most specialty surgery is occurring in larger regional centers. The proposed program growth and new revenue to pay the debt is primarily based on demand for orthopedic surgery, with two orthopedists. If people choose to go to other hospitals for orthopedics, or if a surgeon cannot be hired when needed, how will this affect payments on the debt?
- b) Insurance revenue- The current Wipfli analysis states that the payer mix will remain the same. Industry experts expect a decrease in the number of insured persons, and in Medicare and Medicaid reimbursement. If the amount to be paid or percent of insured payers is expected to decrease, how could this affect our hospital's ability to pay the debt?
- c) Hospital Expenses- The national goal for all hospitals is to reduce costs. Historically the trend in labor costs was down due to a depressed economy. Now health care labor is in short supply, driving staff costs up. How could salary and other cost increases impact the ability to pay for the debt?
- d) Capital Needs- The hospital borrowing capacity will be limited by debt for 35 years. How will we pay for a new clinic and required facility updates, equipment and technology during this time?

Before the levy vote, the Hospital District should prepare a plan for the worse case scenario to assure that the hospital will be able to pay down debt, and prepare a plan for the best case scenario to pay off the debt as soon as possible. I urge you to take this next step.



Mary C Murphy
Commissioner

LCCHC Board Meeting

Sign in Sheet for Dec 20, 2016.

Christine Eagar

GoLakeCrest.com

Ken Peters

Ray Doherty

GUY EVANS

Jerri Dlan

Agustin Benegas

~~Joe Tinsley~~

Christy C. NIELSEN

Jan Ellis

Celeste Thomas

Arlene Abbott.

Joe Tinsley.

Dee Bennett

Jeff Dawie.

Zac Johnson.