



**Chelan County Public Hospital District No. 2
Regular Meeting of the Board of Commissioners
Meeting Minutes 6/29/2021 1:30 pm via Zoom**

Commission Attendance:		
<i>(<input type="checkbox"/> not present <input checked="" type="checkbox"/> present)</i>		
<input checked="" type="checkbox"/> Chair (Mary Murphy)	<input type="checkbox"/> Secretary (Fred Miller)	<input checked="" type="checkbox"/> Member (Jeremy Jaech)
<input checked="" type="checkbox"/> Vice Chair (Jordana LaPorte)	<input checked="" type="checkbox"/> Member (Mary Signorelli)	
Participants:		
George Rohrich, CEO Jaime Minnock, CNO	Cheryl Cornwell, CFO	Sandy Johnson, Attorney
Recorder: Kylie Schmitz, Executive Assistant		
Agenda Item		
Topic/Action		
1. Call to Order & Review Agenda	The meeting was called to order at 1:30 pm. M. Murphy read the mission.	
2. Public Comment	None.	
3. Chair’s Report	Mary M. spoke about the importance of what the organization stands for and how the public sees us. Examples provided were Express Care helping uninsured patients find care, paramedicine home visits, and receiving outstanding treatment by patient access.	
4. Consent Agenda	M. Murphy requested to add the June 3 rd , 2021 Quality Minutes to the Consent Agenda. <i>A motion was made by J. LaPorte to approve the Consent Agenda, seconded by J. Jaech. Motion carried.</i> <i>A motion was made by J. LaPorte to remove the Monthly QHR Report from the Consent agenda, seconded by J. Jaech. Motion carried.</i>	
5. Board Education	A. Commissioners and G. Rohrich recapped the Washington State Hospital Associate CEO & Board Workshop attended virtually today.	
6. Old Business	A. M. Murphy presented the Board Task calendar. This is a working document to help guide information that needs to go to the Board throughout the year. B. G. Rohrich presented the updated Facilities Charter. <i>A motion was made by J. Jaech to approve the Facilities Charter, seconded by M. Signorelli. Motion carried.</i> C. G. Rohrich spoke with the Heritage Heights Board Chair and has not received the amendment to the contract. The two important items discussed were length of lease and clarification on accessibility. A question was raised regarding the first right of refusal. G. Rohrich will research and provide information to the Board. May require a special meeting. D. G. Rohrich shared that we have received multiple CV’s from interested surgeons for the Ortho vacancy and interviews have begun.	

	<p>E. Three proposals have been received for facilitator of Strategic Planning Retreat. Dates proposed mid-September. Commissioners have tasked G. Rohrich with selecting the facilitator.</p>
7. New Business	<p>A. J. Minnock presented the Natus ALGO Newborn Hearing Screener.</p> <p><i>A motion was made by J. Jaech to approve the Natus Newborn Hearing Screener as presented, seconded by M. Signorelli. Motion carried.</i></p> <p>B. Information will be coming out tomorrow on the OPMA requirements. Commissioners have authorized G. Rohrich to follow guidance from the state to determine the specifics of the July meeting.</p>
8. Reports	<p>A. C. Cornwell presented the May financial report. M. Murphy requested to table the AR Aging Report and send that to the Finance Committee.</p> <p><i>A motion was made by M. Signorelli to accept the May financials as presented, seconded by J. Jaech. Motion carried.</i></p> <p>B. G. Rohrich shared there are no change orders as part of the project report this month.</p> <p>C. G. Rohrich gave the CEO Report. Audit report is expected next month. Will report the Master Facilities Plan at the July meeting.</p> <p>D. G. Rohrich presented the Strat Plan Dashboard.</p> <p>E. J. Minnock shared the MedStaff Report, Dr. Simons was elected Vice Chief in Dr. Bradley's absence.</p>
9. Public Comment	None
10. Executive Session	<p>At 3:20 pm M. Murphy announced a 5-minute break after which the Board will convene Executive session for discussion with legal counsel about legal risks of current or potential litigation RCW 42.30.110(1)(i) and performance of a public employee RCW 42.30.110(1)(g). The session will last 1 hour.</p> <p>At 4:25 pm M. Murphy announced an extension of executive session of 15 minutes.</p> <p>Commissioners ended executive session at 4:43.</p> <p>CEO Incentive Compensation for 2020.</p> <p><i>A motion was made by M. Signorelli to award the compensation for George for 2020, seconded by J. Jaech. Motion carried.</i></p>
11. Adjournment	The meeting was adjourned at 4:45 pm.

Attest:

Fred Miller, Secretary

George Rohrich, CEO



**Chelan County Public Hospital District No. 2
Special Meeting of the Board of Commissioners
Meeting Minutes 7/13/2021 2:30 pm via Zoom**

Commission Attendance:	
<i>(<input type="checkbox"/> not present <input checked="" type="checkbox"/> present)</i>	
<input checked="" type="checkbox"/> Chair (Mary Murphy)	<input checked="" type="checkbox"/> Secretary (Fred Miller)
<input checked="" type="checkbox"/> Vice Chair (Jordana LaPorte)	<input checked="" type="checkbox"/> Member (Mary Signorelli)
<input checked="" type="checkbox"/> Member (Jeremy Jaech)	
Participants:	
George Rohrich, CEO Cheryl Cornwell, CFO	Dick Bratton, Project Manager Chris Finch, Collins Woerman
Mac McGrath, Bouten Jamey Barlet, Collins Woerman	
Recorder: Kylie Schmitz, Executive Assistant	
Agenda Item	Topic/Action
1. Call to Order	The meeting was called to order at 2:30 pm, M. Murphy read the mission.
2. New Business	M. Murphy invited G. Rohrich and project representatives to provide information regarding the change order in the amount of \$460,631. D. Bratton provided background including the regulatory requirements and contingency budget. Representatives of the architect and construction company were present to answer questions. LaPorte emphasized that this change order (ASI 1), dated April 30 th , 2021, was not included with the original presentation of the construction contract, even though much of the work was dated prior to the signing of the GCM. This change order represents approximately 17% of the total owner contingency. The majority of the change order relates to design changes required and suggested by DOH and the City of Chelan. No decisions were made by the Board.
3. Adjournment	The meeting was adjourned at 3:48 pm.

Attest:

Fred Miller, Secretary

George Rohrich, CEO



**Chelan County Public Hospital District No. 2
Regular Meeting of the Board of Commissioners
Meeting Minutes 7/27/2021 1:30 pm**

Commission Attendance:		
<i>(<input type="checkbox"/> not present <input checked="" type="checkbox"/> present)</i>		
<input checked="" type="checkbox"/> Chair (Mary Murphy)	<input checked="" type="checkbox"/> Secretary (Fred Miller)	<input checked="" type="checkbox"/> Member (Jeremy Jaech)
<input checked="" type="checkbox"/> Vice Chair (Jordana LaPorte)	<input checked="" type="checkbox"/> Member (Mary Signorelli)	
Participants:		
George Rohrich, CEO Jaime Minnock, CNO	Cheryl Cornwell, CFO	Agustin Benegas, Communications
Recorder: Sheri Krupla, Quality		
Agenda Item		
Topic/Action		
1. Call to Order & Review Agenda	The meeting was called to order at 1:30 pm. M. Murphy read the mission.	
2. Public Comment	None	
3. Chair’s Report	M. Murphy expressed hope that the new combined in-person and virtual meeting format will encourage attendance at Board meetings. The Board meeting packet is now available on the Lake Chelan Health website so the public can more easily learn the background on the agenda items and follow the proceedings of the meeting. “We are all finding new ways to accomplish our work. Striving for resilience in response to constant change” is an important aim for Lake Chelan Health.	
4. Consent Agenda	<p>A correction was noted on item #10 of the 6/29/2021 Regular minutes to replace the word commenced with “ended”.</p> <p>An addition was requested to the 7/13/2021 Special Meeting minutes to reflect: “LaPorte emphasized that this change order (ASI 1) dated April 30, 2021, was not included with the original presentation of the construction contract, even though much of the work was dated prior to the signing of the GCM. This change order represents approximately 17% of the total owner contingency. The majority of the change order relates to design changes required and suggested by DOH and the City of Chelan.”</p> <p><i>A motion was made by F. Miller to approve the Consent Agenda as amended, seconded by J. Jaech. Motion carried.</i></p>	
5. Board Education	M. Murphy provided a summary of recent compliance education, “Compliance Update” that focused on developing a robust Compliance Program, Conflict of Interest, and Physician Contracts. Board should review the Compliance Program with the LCH Compliance Officer at least quarterly. Shawn Ottley, Quality Director, presented the quarterly Quality Report.	
6. Old Business	<p>A. G. Rohrich presented the Monthly Project Status Report including change orders. The Change Order Procedure was discussed; no action taken. The USDA receives a monthly report and are up to date.</p> <p>B. G. Rohrich opened the discussion on the Heritage Heights lease. A question was raised whether renegotiation would trigger fair market value evaluation. G. Rohrich will</p>	

	<p>request of the attorney a clarification letter to define when FMV is triggered. M. Murphy summarized Board suggestions for G. Rohrich to add to lease agreement: specific end date/year, not transferable if ownership changes, use formula to identify lease amount, property taxes and insurance covered by Heritage Heights. Timi Starkweather, the Board Chair of Heritage Heights, indicated that it would be satisfactory to receive the signed lease by the end of August. No action taken.</p>
<p>7. New Business</p>	<p>A. M. Murphy explained the need to officially vote in the appointment of the Compliance Officer.</p> <p><i>A motion was made by J. Laporte to appoint S. Ottley as the Compliance Officer, seconded by F. Miller. Motion carried.</i></p> <p>B. G Rohrich presented the new 18-month lease with Kelley Connect for the facility printers.</p> <p><i>A motion was made by M. Signorelli to approve the Kelley Imaging Systems Contract as presented, seconded by J Jaech. Motion carried.</i></p>
<p>8. Reports</p>	<p>A. C. Cornwell presented the June financial report with explanation of the Balance Sheet, Current Month, Year-to-Date, Cash Flows, Statistics and Actual vs Budget.</p> <p><i>A motion was made by J. Jaech to accept the June financials as presented, seconded by F. Miller. Motion carried.</i></p> <p>B. Dick Bratton presented his functional matrix with built in checks and balances. G. Rohrich presented the Monthly Project Status Report and the transition plans for the current facility.</p> <p>C. G. Rohrich presented the monthly CEO report. There was discussion on the type of venue for future Board Meetings, virtual, hybrid or in-person with the preference being hybrid. There was also discussion around mandated vaccines for staff. G. Rohrich suggested we strongly recommend rather than mandate at this point. M. Murphy suggested that G. Rohrich work with Executive Team to bring a recommendation to August 24th Board meeting.</p> <p>D. G. Rohrich presented the QHR Report Revenue Cycles Initiatives monthly update as of 6/29/2021 and 7/8/2021. Board requested that future reports be re-organized to report all completed initiatives after ongoing tasks/initiatives and requested QHR to report in person at August 24th Board meeting.</p> <p>E. G. Rohrich presented the Strat Plan Dashboard with the best scores, year-to-date.</p> <p>F. M. Steele was unavailable for the Foundation Report. Foundation member, Karen Collins provided a brief update.</p> <p>G. G. Rohrich gave the MedStaff report and presented the Credentialing Candidates.</p> <p>i. Credentialing Candidates recommended by Med Exec Committee for initial appointment include Christine Wineberg, Psychology and Brad Goll, CRNA.</p>

	<i>A motion was made by M. Signorelli to approve the candidates, seconded by J. Jaech. Motion carried.</i>
9. Public Comment	None
10. Round Table	There was discussion on Board development and what would work best for everyone. M. Murphy will send out some questions to everyone by the end of the week to help identify the best process and direction.
11. Executive Session	<p>At 3:57 pm M. Murphy announced a 5-minute break after which the Board will convene Executive session to receive quality improvement and compliance reports RCW 70.41.205(2) and RCW 42.30.110(o); and performance of a public employee RCW 42.30.110(1)(g). The session will last 1 hour.</p> <p>At 4:45 PM M. Murphy announced an extension of the Executive session time to 5:10 PM.</p> <p>Commissioners commenced executive session at 5:10 pm.</p> <p><i>No action was taken</i></p>
12. Adjournment	The meeting was adjourned at 5:12 pm

Attest:

Fred Miller, Secretary

George Rohrich, CEO

DATE July 2021

TOTAL BAD DEBTS - HOSPITAL \$51,804.06
TOTAL BAD DEBTS - CLINIC \$0
TOTAL CHARITY CARE - HOSPITAL \$38,486.71
TOTAL CHARITY CARE - CLINIC \$0
TOTAL BANKRUPTCY \$
TOTAL ATTESTATION \$90,290.77

I, The undersigned, do hereby certify that the accounts, as described on the attached "bad debt list", have been duly examined and have been duly processed in accordance with the hospital credit/collection policies. It is hereby submitted and recommended to the Governing Board that the said accounts be turned over to outside professional collector (s) as indicated on the attached list.

BOARD DESIGNATED AUDITOR _____ DATE: _____

BOARD APPROVAL

DATE: _____

CHAIR _____

VICE CHAIR _____

SECRETARY _____

MEMBER _____

MEMBER _____

ATTEST. ADMINISTRATOR _____



MEETING MINUTES

FACILITIES COMMITTEE

8/17/2021 at 1:00Pm, Boardroom

Facilitator: George Rohrich, CEO

Recorder: Agustin Benegas

Member Attendance:

- George Rohrich, CEO
- Ken Peter, Facilities
- Jaime Minnock, CNO
- Cheryl Cornwell, CFO

- Ross Hurd, CIO
- Fred Miller, BOC
- Mary Signorelli, BOC
- Dick Bratton, Project Manager

Participants

Meeting Objective(s)/Purpose: Monthly Meeting

Agenda Item	Topic	Action/Owner
1. Call to Order	George called the meeting to order at 1:00 pm	
2. Old Business		
3. Hospital Updates	D Bratton presented the Monthly Project Status Report (MPSR)t #2. Hospital project progress evaluation is very good, synchronization of trades well managed and efficient.	
4. Facilities Transition Plan	George shared transition planning is going well with next steps of evaluating move-in costs and continued space needs. Agustin presented an updated floor plan for floor 1 and 3. Floor 2 will be color code updated.	Agustin to update floor 2 color code
5. New Business	Property Surplus: Oskar Rey from MRSC suggests revoking current surplus resolution and adopting a new resolution to include four primary points listed.	Recommend the Board Revoke Resolution No. 592 and adopt a new resolution clarifying the four bullet points suggested by Oskar.
6. Adjourn	The meeting was adjourned at 2:00 pm.	



LAKE CHELAN HEALTH

MEETING MINUTES

<p>Group: Finance Committee</p> <p>Date, time & location of meeting: 8/18/2021 at 1:00p via Zoom</p>		
Facilitator: Fred Miller, Chair		Recorder: Cheryl Cornwell
Member Attendance:		
<input checked="" type="checkbox"/> Fred Miller, BOC (Chair)	<input checked="" type="checkbox"/> George Rohrich, CEO	<input type="checkbox"/> Jaime Minnock, CNO
<input checked="" type="checkbox"/> Jordana Laporte, BOC	<input checked="" type="checkbox"/> Cheryl Cornwell, CFO	
Participants:		
Vickie Bodle, Controller		
Agenda Item	Discussion	Action
1. Call to Order & Review Agenda	The meeting was called to order at 11:00 am. Added Cost report review and COVID \$ Review	
2. Review Minutes	A. July 21, 2021 Minutes	The Finance Committee approved the minutes from the July meeting
3. Old Business	<p>A. Charity Care policy has not been submitted to DOH.</p> <p>B. Employee Discount Policy 50% for Employee, 30% is taxable 20% for family – either covered by our insurance or reported on EE’s tax return</p> <p>C. PTO Policy</p> <p>D. Financial Dashboard – we reviewed the dashboard, please let Cheryl know if you would like to see any additions or changes</p> <p>E. Divert – Jaime was going to report on how often hospital is on divert caused by lack of staff</p>	<p>Vickie still working with Patti on the policy, will forward to DOH for approval then will go to Finance, then to BOC.</p> <p>Grace is wrapping this up, she is putting the policy in proper format, then will go to board for review, hopefully to be approve at the September BOC meeting. Cheryl will confirm with Wipfli that the 20% discount to family members is not required to be taxed.</p> <p>Grace and George are discussing, not a high priority at this time, would like to have done by end of year</p> <p>The dashboard will be an internal document provided to the Finance Committee monthly.</p> <p>Jaime is participating in DNV survey today, will report next month</p>

<p>4. New Business</p>	<p>Proposed Kronos Service Contract- Proposed contract is for 3 years at \$3,991.60 per month with a set up cost of \$8,750.00. This will be an increase of about \$1,500 per month over what we pay now for payroll and scheduling software. This software will take our current paper process and make it electronic, saving lots of time and lost paper. Employees and managers can review and approve time sheets online. Kronos will automate benefits administration and support many currently manual HR functions. Kronos will also automatically prepare state and federal tax reports, benefits reports, and various other data requests. We will more than make up for the additional cost in saved employee time.</p>	<p>Finance Committee recommends this contract for approval by the BOC.</p>
<p>5. Reports</p>	<p>A. Cheryl presented the July financial packet, cost report summary, and AR Aging. We recorded the PPP forgiveness this month, so we had a positive net income for the month of 3.7m, YTD net income of 2.4m. Cash continues to decrease and A/R increase, this trend is reversed in August so far. It was noted that there was a significant portion of PT billing that did not get done in July, so those stats and revenue figures are low, corrected in August. The cost report refund will be 2.6m, and we previously recorded about 1m when the mid-year report was made.</p> <p>B. QHR report</p>	<p>Was not included with the packet, Cheryl will send today and would like to see this combined with our internal reports, so we are not duplicate reporting.</p>

	<p>C. HealthTrust GPO</p> <p>D. COVID \$ - summary worksheet of what money we have received, recorded, and/or spent.</p> <p>E. New hospital budget – the updated document was provided and discussed. It will become a long and complicated worksheet as payments made every month are added.</p>	<p>Per Finance Committee request this month’s packet included a report on the new GPO. We are two months in and based on inventory valuation, costs have increased about 14%. Meeting with QHR Friday to discuss.</p> <p>Our first PPP loan was forgiven this month. It looks like we may get to keep the CARES money as well, we are working on reporting for the CARES money and will submit in late September when it is due. No news on forgiveness of the second PPP loan of 2m.</p> <p>There was discussion about whether the money spent prior to the tax levy passing, in preparation of planning a new building, should be included in the current cost and budget of the new building. Cheryl will discuss with Eric Volk from Wipfli. We might need to add a column in first worksheet for Change Orders and Contingency spent on same.</p>
6. Adjourn	The meeting was adjourned at 1:28 pm.	
Next Meeting Date: September 15, 2021, at 11:00 am		



LAKE CHELAN HEALTH

MEETING MINUTES

Group: Community Committee Date, time & location of meeting: 7/22/2021 at 2:00p, Boardroom		
Facilitator: Agustin Benegas		Recorder: Kylie Schmitz
Meeting Objective(s)/Purpose: Monthly Meeting		
Agenda Item	Topic	Action/Owner
1. Call to Order	Agustin called the meeting to order at 2:10 pm.	
2. Old Business	A. Mission & Vision will go to Strat Planning. B. Agustin has been posting updates to the hospital website. C. Senior Center is reserved for the November Board Forum. Other options may still be addressed.	George will follow up with Jody Carona Recommend consistent messaging of completion in early September.
3. New Business	A. In-person meetings are at this time optional. July 27 th meeting is a hybrid trial located at the Lake Chelan School District and on Zoom. The School District is unavailable in August. Committee will continue to consider what is in the community's best interest for Board meetings.	Kylie will let the Board know we are unsure of the August meeting details.
4. Adjournment	The meeting was adjourned at 2:37 pm.	

Lake Chelan Community Hospital

Revenue Cycle Initiatives

Monthly Update – 8/17/2021



Board of Commissioners

Revenue Cycle Initiatives Summary

New Initiatives

#	Initiative	As of: 8/17/2021
10	Patient Financial Services (PFS) Score Card Build	<ul style="list-style-type: none"> ✓ With the AR Turnaround project ending, we need to convert PFS KPI tracking to a permanent PFS Score Card ✓ While the AR Turnaround KPI tracking provided focus to that effort, a PFS Score Card will provide a more comprehensive view of all the major PFS processes and performance indicators. <ul style="list-style-type: none"> ○ QHR will provide templates and advisory assistance for the build ○ QHR will provide training to AR Manager(s) on KPI Tracking Metrics ✓ Sample provided in an email on 6/30/21 ✓ Cheryl to designate a point person for Dan to work with to customize metrics for LCCH <ul style="list-style-type: none"> ○ Dan can set up virtual meeting to determine a plan to bring the score Card
11	Chargemaster Review (2021)	<ul style="list-style-type: none"> ✓ CFO requested a Chargemaster Review completed in 2021 ✓ First review was completed May 2020, Some facilities can benefit from this review yearly ✓ Scope call conducted 8/5/21 to discuss the scope, needs and timing of the review <ul style="list-style-type: none"> ○ Next steps: <ul style="list-style-type: none"> ✓ Scope outline delivered to CFO by 8/19/21 for her approval ✓ Dan will then submit project price for approval by QHR SVP, David Yackell
12	Revenue Cycle Score Card	<ul style="list-style-type: none"> ✓ Provide advice on focused KPI for the Revenue Cycle Team ✓ Include Claim Throughput Workgroup KPI's ✓ Provide sample RC Team foundational documents, educate and guide where needed ✓ QHR's Rev Cycle Team Start-up Kit was provided in an email dated 7/8/21 <ul style="list-style-type: none"> ○ With Cheryl's permission, Dan can set up a virtual meeting to discuss the tools included and the sample RC Score Card ○ A plan for score card development can be determined

Continued, Next Page

Revenue Cycle Initiatives Summary

Completed Initiatives

#	Initiative	
3	AR Turnaround	<ul style="list-style-type: none"> ✓ Highlights from the AR Turnaround Monthly KPI Reporting, May 2021 Period End: <ul style="list-style-type: none"> ○ Cash to Net Revenue averaged 96% over the last 4 months ○ Gross AR Days were 68 compared to 135 in May 2020 ○ Insurance AR >90 day %:18% compared to 43% in May 2020 ○ Discharge to Bill Time: 27.7 days compared to 58 days in May 2020 ✓ ReslolutionRCM project will be completed 6/30/2021 <ul style="list-style-type: none"> ○ See related added initiative #9 (below)
4	Chargemaster Implementation	<ul style="list-style-type: none"> ✓ Completed as of 3/8/2021 ✓ Chargemaster Review was provided by QHR Within-Contract, performed by Cognizant (formerly known as Bolder PPS)
9	Pricing Transparency Rule	<ul style="list-style-type: none"> ✓ Hospital web-site was updated on 12/31/2020 to include “Patient Estimate Calculator” and “downloadable” price list, slight corrections to the price list on 1/5/2021, Completed ✓ Thanks to Ross Hurd, Agustin Benegas, Payge Fries, Samuel Nau & Jodi Sweeney ✓ As CMS ramps up Pricing Transparency Compliance Audits, QHR has done a high-level review to ensure compliance with the regulations and identified several deficiencies which were reported to hospital Leadership
8	Charge Capture Review	<ul style="list-style-type: none"> ✓ Provided by QHR Within-Contract, performed by Cognizant (formerly known as Bolder PPS) ✓ Completed, Report Delivered 3/29/2021 ✓ Report is pending internal review and implementation
1	Chargemaster Review (2020)	<ul style="list-style-type: none"> ✓ Completed as of 5/14/2020

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Revenue Cycle Initiatives Summary

In-Active (Tabled for Later) Initiatives

#	Initiative	As of: 7/08/2021
2	Claim Throughput Workgroup	<ul style="list-style-type: none"> ✓ Moved under the Revenue Cycle Committee 7/8/2021 ✓ Workgroup was chartered in May 2020, halted in August 2020, will jump start with Cheryl's arrival <ul style="list-style-type: none"> ○ Pending assignment of Team Lead and availability of team members ○ QHR Updated the Workgroup Charter on 3/9/2021
5	Zero Balance Account Review services	<ul style="list-style-type: none"> ✓ Parathon Cancelled the Contract effective 2/14/2021 ✓ Review other companies early 2021 ✓ Pending Jump Start from new CFO/Revenue Cycle Manager ✓ Bottom Line Systems contact information provided as a potential source on 3/9/2021
6	Self-Pay Follow-up Outsourcing	<ul style="list-style-type: none"> ✓ Reevaluate the need for self-pay outsourcing with Cheryl ✓ pfc first contact information provided as a potential source on 3/9/2021
7	Revenue Cycle Steering Committee Build	<ul style="list-style-type: none"> ✓ Tentatively Planned for Q3 2021, provided by QHR Within-Contract ✓ Need to have internal PFS Processes and Leadership stabilized for this effort to be most effective



Current Status: Pending

PolicyStat ID: 10142789



Origination: 3/1/2016
Effective: Upon Approval
Last Approved: N/A
Last Revised: 8/13/2021
Next Review: 2 years after approval
Owner: *Kylie Schmitz: Executive Assistant*
Area: *Administration*
References:

Tort Claims Policy

Purpose:

To identify a clear policy for standard tort claims in accordance with Washington State law.

Policy:

Lake Chelan Health complies with RCW 4.96.020 for tortious conduct of local governmental entities and their agents. As stated in RCW 4.96.020, the governing body of each local governmental entity shall appoint an agent to receive any claim for damages. The identity of the agent and the address where he or she may be reached during the normal business hours of the local governmental entity are public records and shall be recorded with the auditor of the county in which the entity is located.

Appointed Agent:	CEO
Office Address:	P.O. Box 908 503 E. Highland Ave Chelan, WA 98816
Business Hours:	8:00 am to 4:30 pm Monday – Friday except Holidays

Procedure:

All claims for damages must be presented on the standard tort claim form. The form and instructions are available at public request.

References:

Governing Board Resolution #565 signed March 22, 2016

Attachments

[Standard Tort Packet](#)

Approval Signatures

Step Description	Approver	Date
Board Approval	Kylie Schmitz: Executive Assistant	pending
Administration	George Rohrich: CEO	8/13/2021
	Kylie Schmitz: Executive Assistant	8/13/2021

COPY

Lake Chelan Health Tort Claim Form Packet

Please carefully read all of the information in this packet before completing and presenting your Tort Claim. Tort claims are subject to public disclosure pursuant to RCW 42.56.

NOTE: all documents received by the Lake Health Health Office of Risk Management (ORM) become the property of ORM and **will not be returned**. Please keep a copy for your records and do not send original attachments if you may want them returned.

Presenting a Standard Tort Claim Form

RCW 4.92.100 requires citizens to present the Standard Tort Claim form with the Office of Risk Management (ORM). The law also requires ORM to post on its website the Standard Tort Claim form with instructions. In compliance with these requirements and for the convenience of citizens, ORM developed the Washington State Tort Claim Form Packet.

Documents Contained in the Standard Tort Claim Form Packet

1. Instructions for completing the Standard Tort Claim Form
2. Lake Chelan Health Standard Tort Claim Form
3. Medical Authorization (only for tort claims involving bodily injury)
4. Vehicle Collision Form (only for tort claims involving vehicle accidents/collisions)
5. Mandatory Medicare Beneficiary Reporting Form

Legal Requirements for Presenting Standard Tort Claim Forms

In order to verify the claim and additional supporting information, the law requires that the Standard Tort Claim form be signed by:

- Claimant; or
- Person holding a written power of attorney from the Claimant; or
- Attorney in fact for the Claimant; or
- Attorney admitted to practice in Washington state on the Claimant's behalf; or
- A court-approved guardian or guardian ad litem on behalf of the Claimant

Present in Person, Mail, Fax or Email the Standard Tort Claim Form & Supporting Documents to:

Lake Chelan Health
Office of Risk Management
PO Box 908
Chelan, WA 98816
Phone 1-844-729-4088
Fax (509) 682-2452
Email: sottley@lcch.net

Business Hours: Monday-Friday, 8:00 a.m. to 4:30 p.m. Closed on weekends and official state holidays.

INSTRUCTIONS FOR COMPLETING A TORT CLAIM FORM

General Liability Claim Form

- Before filing a Tort Claim, please read these instructions, the Tort Claim form and other appropriate forms in their entirety.
- Type or print **clearly** in ink and sign the Tort Claim form.
- Provide all requested information and any available documents or evidence supporting your claim, such as medical records or bills for personal injuries, photographs, proof of ownership for property damages, receipts for property value, etc.
- If the requested information cannot be supplied in the space provided, please use additional blank sheets so your claim can be easily read and understood.

- The following are *examples* on how to complete the Standard Tort Claim Form:
 - 1) Smith, Karen Michelle – 02/20/1965
 - 2) #809234 (for use by Department of Corrections inmates only)
 - 3) 1234 College Way NW, Apt. 56, Seattle WA 98178
 - 4) PO Box 910, Seattle WA 98178
 - 5) Same (or residence at the time of incident)
 - 6) (206) 123-4567 – (206) 987-6543
 - 7) KMSmith@hotmail.com
 - 8) 8/9/2010 8:00 a.m.,
 - 9) If the incident that caused the damages occurred over a period of time, please provide the beginning time and the ending time in item 8.
 - 10) Washington, Thurston, Tumwater, Campus of South Puget Sound Community College, Building number 22.
 - 11) I-5, Southbound, Milepost 109, near the Martin Way Exit
 - 12) Washington State Department of Transportation, Highway
 - 13) Smith, Thomas Arthur, 1234 College Way NW, Apt. 56, Seattle WA 98178 (360) 456-3456; Tow Truck Driver, Nisqually Towing
 - 14) Unknown
 - 15) List all other witnesses having knowledge of the incident in question, with their names, addresses, and telephone numbers that are not listed within items 13 and 14. Also include a description of their knowledge. For example, if your sister was with you when the alleged incident occurred, please include her name, address, telephone number, and indicate she witnessed the incident.
 - 16) Please describe the incident that resulted in the injury or damages, specifically answering the questions who, what where and why.
 - 17) If you reported this incident to law enforcement, safety, or security personnel, please provide a copy of the report or contact information to the person you spoke with.
 - 18) Please provide all of your medical providers with their names, address, telephone numbers, and the type of treatment. If you were treated for a personal injury, please include your medical records and bills.
 - 19) Please attach any additional documents that support your claim.
 - 20) Please provide the dollar amount for your damages, including your time loss, medical costs, property damage loss, etc. This amount should represent your opinion of total compensation.

- If you are filing a personal injury claim, please sign and attach the Medical Release.
- If your claim involves a motor vehicle accident, please complete, sign, and attach the vehicle accident form.

11. If the incident occurred on a street or highway:

Name of street or highway	Milepost number	At the intersection with or nearest intersecting street
---------------------------	-----------------	---

12. State agency or department you believe is responsible for damage/injury:

a

13. Names and telephone numbers of all persons involved in or witness to this incident:

14. Names and telephone numbers of all state employees having knowledge about this incident:

15. Names and telephone numbers of all individuals not already identified in #13 and #14 above that have knowledge regarding the liability issues involved in this incident, or knowledge of the Claimant's resulting damages. Please include a brief description as to the nature and extent of each person's knowledge. Attach additional sheets if necessary.

16. Describe how the state of Washington caused your injuries or damages (**if your injuries or damages were not caused by the State, do not use this form. You must file your claim against the correct entity**). Explain the extent of property loss or medical, physical or mental injuries. Attach additional sheets if necessary.

17. Has this incident been reported to law enforcement, safety or security personnel? If so, when and to whom? Please attach a copy of the report or contact information.

18. Names, addresses and telephone numbers of treating medical providers. Submit copies of all medical reports and billings.

19. Please attach documents which support the allegations of the claim.

20. I claim damages from the state of Washington in the sum of \$_____.

This Claim form must be signed by one of the following (check appropriate box).

- Claimant
- Person holding a written power of attorney from the Claimant
- Attorney in fact for the Claimant
- Attorney admitted to practice in Washington State on the Claimant's behalf
- Court-approved guardian or guardian ad litem on behalf of the Claimant

I declare under penalty of perjury under the laws of the state of Washington that the foregoing is true and correct.

Signature of Claimant

Date and place (residential address, city and county)

Or

Signature of Representative

Date and place (residential address, city and county)

Print Name of Representative

Bar Number (if applicable)

Authorization for Release of Protected Health Information (PHI) to Lake Chelan Health Office of Risk Management

Name: _____
(Last, First, Middle Initial or Middle Name)

Date of Birth: Month _____ Day _____ Year _____

I hereby authorize disclosure of my protected health information to the Department of Enterprise Services, Office of Risk Management (Risk Management) for purposes of processing my claim for damages filed with the state of Washington.

I understand that by signing this document, I authorize the release of the following information:

Complete medical record for all services, including history and physical exam; progress notes; x-ray reports; inpatient admissions; operative notes; physical or other therapy; laboratory and other test reports; physician and physician assistant orders; nursing notes; and all other records and references designated by the provider as part of its medical record.

HIV Test Results and medical information related to HIV testing or treatment

Psychiatric, mental and behavioral health records, including treatment notes, assessments, testing documents and results, and medical records related to mental health diagnosis and treatment

Alcohol assessment, testing, referral or treatment records

All other chemical dependency assessment of treatment records

Pharmacy prescriptions and reports

All letters and memos received or sent, including electronic mail, referencing my treatment, compliance with treatment and any other subject related to my medical treatment

Information related to alleged sexual assault or sexually transmitted disease, including test results

Urgent care, outpatient or other clinic visit information

Gynecological and/or obstetrical information

All client records generated for or by governmental programs of which I am a client. Identify the program(s) and agency: _____

Financial records related to my care and treatment

I understand the following: **(PLEASE READ AND INITIAL ALL STATEMENTS)**

_____ I understand that my records are protected under HIPAA/PHI regulations (federal law) and the
Initials Washington State Health Care Information Act (RCW 70.02).

_____ I understand that my health information may be subject to re-disclosure by Risk Management and
Initials not protected for purposes of evaluating and investigating the claim I have filed with the state of
Washington.

_____ I understand that the specific information to be disclosed in my medical record may include
Initials information regarding alcohol, drug or other controlled substance use, counseling referrals and/or
a history of testing or treatment of acquired immune deficiency syndrome.

_____ I understand that I may revoke this authorization at any time by notifying Risk Management in
Initials writing, and that the revocation will be effective as of the date Risk Management receives it. Any
records obtained pursuant to this Authorization for Release of PHI prior to the revocation will be
deemed authorized by me for release.

_____ I understand that this Authorization for Release will expire 90 days from the date I sign it. I can
Initials also authorize a different time frame for this release to be valid. This permission is valid until my
claim is resolved or closed by RMD.

A Photostat of this Authorization carries the same authority as the original for purposes of releasing my records to Risk Management.

Signature of Authorizing Individual:

Date of Signature: _____

Telephone number: _____

Witness (where patient is over 13 and signing the release):

Where the signer is not the subject of the records:

I am authorized to sign this because I am the (attach proof of authority):

- Parent of minor
- Legal Guardian
- Personal Representative
- Other

Please send legible copies of all records to:

Lake Chelan Health
Office of Risk Management
PO Box 908
Chelan, WA 98816
Fax: 509-682-2452
Email: sottley@lcch.net

MMSEA REPORTING COMPLIANCE DECLARATION

The Centers for Medicare & Medicaid Services (CMS) is the federal agency that oversees the Medicare program. Many Medicare beneficiaries have other insurance in addition to their Medicare benefits. Sometimes, Medicare is supposed to pay after the other insurance. However, if certain other insurance delays payment, Medicare may make a “conditional payment” so as not to inconvenience the beneficiary and recover after the insurance pays.

Section 111 of the Medicare, Medicaid and SCHIP Extension Act of 2007 (MMSEA), a federal law that became effective January 1, 2009, requires that liability insurers (including self-insurers like the state of Washington), no-fault insurers, and workers’ compensation plans report specific information about Medicare beneficiaries who have other insurance coverage. This reporting is to assist CMS and other insurance plans to properly coordinate payment of benefits among plans so that your claims are paid promptly and correctly. Please answer the questions below so that we may comply with this law.

Please review this picture of the Medicare card to determine if you have, or have ever had, a similar Medicare card.



Section I

Are you presently, or have you ever been enrolled in Medicare Part A or Part B?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
<i>If yes, please complete the following. If no, proceed to Section II.</i>		
Full Name: <i>(Please print the name exactly as it appears on the SSN or Medicare card if available.)</i>		
Medicare Claim Number:	Date of Birth (Mo/Day/Year)	
Social Security Number: <i>(If Medicare Claim Number is Unavailable)</i>	-	-
	-	-
	Sex	Female <input type="checkbox"/> Male <input type="checkbox"/>

Section II

I understand that the information requested is to assist the requesting insurance arrangement to accurately coordinate benefits with Medicare and to meet its mandatory reporting obligations under Medicare law.

Claimant Name (Please Print) **Claim Number**

Name of Person Completing This Form If Claimant is Unable (Please Print)

Signature of Person Completing This Form **Date**

If you have completed Sections I and II above, stop here. If you are refusing to provide the information requested in Sections I and II, proceed to Section III.

Section III

Claimant Name (Please Print) **Claim Number**

For the reason(s) listed below, I have not provided the information requested. I understand that if I am a Medicare beneficiary and I do not provide the requested information, I may be violating obligations as a beneficiary to assist Medicare in coordinating benefits to pay my claims correctly and promptly.

Reason(s) for Refusal to Provide Requested Information:

Signature of Person Completing This Form **Date**

VEHICLE COLLISION FORM

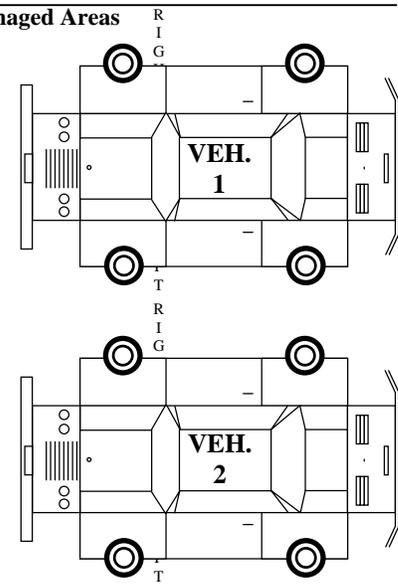
PLEASE TYPE OR PRINT IN INK

Please attach this form to your standard tort claim form, if the claim involves a vehicle collision.

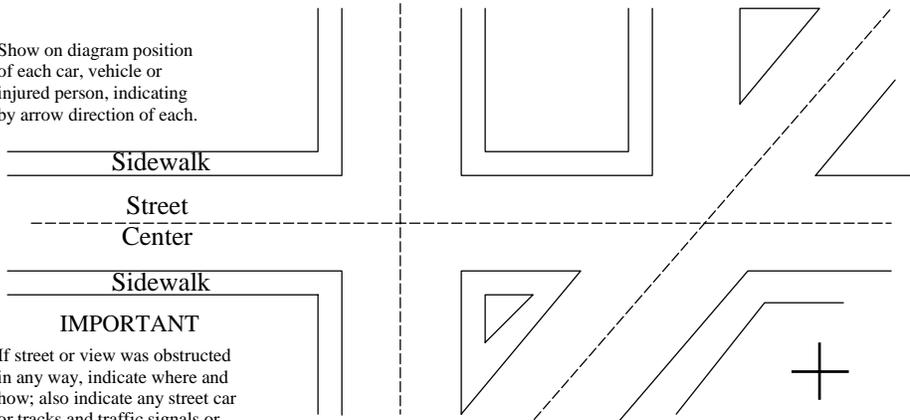
CLAIMANT AND INCIDENT INFORMATION	CLAIMANT'S NAME (A SEPARATE FORM MUST BE COMPLETED FOR EACH CLAIMANT)				DATE OF ACCIDENT(mm/dd/yyyy)		TIME AM <input type="checkbox"/> PM <input type="checkbox"/>			
	CURRENT STREET (RESIDENCE) ADDRESS			CITY	STATE	ZIP	PHONE HOME WORK			
	(RESIDENCE) STREET ADDRESS FOR SIX MONTHS PRIOR TO THE ACCIDENT			CITY	STATE	ZIP	EMAIL			
	State/County/City (if applicable) where occurred		STREET OR HWY	MILEPOST NO.	INTERSECTION OR NEAREST STREET/ROAD					
YOUR VEHICLE INFORMATION (VEHICLE #1)	YEAR	MAKE	MODEL	LICENSE PLATE NO.	WHERE CAN CAR BE SEEN?		WHEN?			
	NAME OF VEHICLE OWNER		ADDRESS		CITY	HOME AND WORK PHONE				
	NAME OF DRIVER		ADDRESS		CITY	HOME AND WORK PHONE				
	DRIVER'S LICENSE NUMBER		STATE OF ISSUANCE		DATE OF EXPIRATION					
	DESCRIBE DAMAGE				ESTIMATE \$	YOUR INSURANCE COMPANY AND POLICY NO.				
OTHER VEHICLE INFORMATION (VEHICLE #2)	YEAR	MAKE	MODEL	LICENSE PLATE NO.	STATE AGENCY, IF KNOWN					
	NAME OF OWNER		ADDRESS		CITY	PHONE				
	NAME OF DRIVER		ADDRESS		CITY	PHONE				
	DESCRIBE DAMAGE						ESTIMATE \$			
OTHER NON-VEHICLE DAMAGE	WAS OTHER (NON-VEHICLE) PROPERTY DAMAGED? IF SO, DESCRIBE WHAT TYPE OF PROPERTY WAS DAMAGED.									
	NAME OF OWNER		ADDRESS		CITY	PHONE				
	DESCRIBE DAMAGE						ESTIMATE \$			
INJURED PARTIES	NAME	ADDRESS	PHONE	INJURY	AGE	VEH 1	VEH 2	VEH 3	PED	OTH
		HOME WORK								
		HOME WORK								
		HOME WORK								
		HOME WORK								
		HOME WORK								
WITNESSES	NAME (ATTACH ADDITIONAL SHEETS IF NECESSARY)		ADDRESS	CITY	PHONE					
							HOME WORK			
							HOME WORK			
							HOME WORK			

COMPLETE ALL DETAILS

Describe conduct and circumstances causing injury or damages and explain the extent of medical, physical or mental injuries. Please identify name, address, and telephone number of treating physicians and other medical providers. Please attach property damage estimates and/or all medical bills in support of your claim. If necessary, attach additional pages containing information in this format.

<input type="checkbox"/> Straight Road <input type="checkbox"/> Curve – R or L <input type="checkbox"/> Level	<input type="checkbox"/> Hillcrest <input type="checkbox"/> Uphill <input type="checkbox"/> Downhill	<input type="checkbox"/> One Lane <input type="checkbox"/> One and One-Half Lane <input type="checkbox"/> Two Lane or Four Lane	Mark Damaged Areas 
---	--	---	---

Show on diagram position of each car, vehicle or injured person, indicating by arrow direction of each.



IMPORTANT

If street or view was obstructed in any way, indicate where and how; also indicate any street car or tracks and traffic signals or signs.

Indicate points of compass
N. E. S. W.



LIGHT CONDITIONS (CHECK ONE)	TRAFFIC CONTROL	TYPE OF ROAD (CHECK ONE OR MORE)	VEHICLE CONDITION (CHECK ONE OR MORE)	ROAD SURFACE (CHECK ONE)	WEATHER (CHECK ONE)
1 <input type="checkbox"/> DAYLIGHT	VEHICLE NO. 1 NO. 2 <input type="checkbox"/> 1 <input type="checkbox"/> SIGNALS	VEHICLE NO. 1 NO. 2 <input type="checkbox"/> 1 <input type="checkbox"/> ONE WAY	VEHICLE NO. 1 NO. 2 <input type="checkbox"/> 1 <input type="checkbox"/> DEFECTIVE BRAKES	VEHICLE NO. 1 NO. 2 <input type="checkbox"/> 1 <input type="checkbox"/> DRY	1 <input type="checkbox"/> CLEAR, CLOUDY & OVERCAST
2 <input type="checkbox"/> DAWN	<input type="checkbox"/> 2 <input type="checkbox"/> STOP SIGN	<input type="checkbox"/> 2 <input type="checkbox"/> TWO WAY	<input type="checkbox"/> 2 <input type="checkbox"/> DEFECTIVE HEADLIGHTS	<input type="checkbox"/> 2 <input type="checkbox"/> WET	2 <input type="checkbox"/> RAINING
3 <input type="checkbox"/> DUSK	<input type="checkbox"/> 3 <input type="checkbox"/> FLASHING RED	<input type="checkbox"/> 3 <input type="checkbox"/> REVERSIBLE ROAD	<input type="checkbox"/> 3 <input type="checkbox"/> DEFECTIVE REAR LIGHTS	<input type="checkbox"/> 3 <input type="checkbox"/> SNOW	3 <input type="checkbox"/> SNOWING
4 <input type="checkbox"/> DARK STREET LIGHTS ON	<input type="checkbox"/> 4 <input type="checkbox"/> FLASHING AMBER	<input type="checkbox"/> 4 <input type="checkbox"/> INTER-CHANGE LOOP RAMP	<input type="checkbox"/> 4 <input type="checkbox"/> TIRES WORN	<input type="checkbox"/> 4 <input type="checkbox"/> ICE	4 <input type="checkbox"/> FOG
5 <input type="checkbox"/> DARK STREET LIGHTS OFF	<input type="checkbox"/> 5 <input type="checkbox"/> RR SIGNAL	<input type="checkbox"/> 5 <input type="checkbox"/> ALLEY	<input type="checkbox"/> 5 <input type="checkbox"/> PUNCTURED OR BLOWN TIRES	<input type="checkbox"/> 5 <input type="checkbox"/> OTHER (SPECIFY)	5 <input type="checkbox"/> OTHER (SPECIFY)
6 <input type="checkbox"/> DARK NO STREET LIGHT	<input type="checkbox"/> 6 <input type="checkbox"/> OFFICER/FLAGMAN	<input type="checkbox"/> 6 <input type="checkbox"/> TWO WAY-LEFT TURN LANES	<input type="checkbox"/> 6 <input type="checkbox"/> OTHER (SPECIFY)	NAME OF INVESTIGATING POLICE AGENCY: _____ INVESTIGATING AGENCY REPORT NO. _____	
7 <input type="checkbox"/> OTHER (SPECIFY)	<input type="checkbox"/> 7 <input type="checkbox"/> YIELD SIGN	<input type="checkbox"/> 1 <input type="checkbox"/> SEPARATED			
	<input type="checkbox"/> 8 <input type="checkbox"/> NO TRAFFIC CONTROL	<input type="checkbox"/> 2 <input type="checkbox"/> DIVIDED			
	<input type="checkbox"/> 9 <input type="checkbox"/> OTHER	<input type="checkbox"/> 3 <input type="checkbox"/> UNDIVIDED			

"
A separate claim form should be submitted for each claimant0

This information is being provided to aid in resolving the claim.

I declare under penalty of perjury under the laws of the State of Washington that the foregoing is true and correct.

 Signature of Claimant

 Date and Place (residential address, city and county)

CHELAN COUNTY PUBLIC HOSPITAL DISTRICT #2
Lake Chelan Community Hospital
Chelan County, WA

RESOLUTION No. 565
Appointment of agent to receive claims

WHEREAS, pursuant to the provisions of RCW 4.96.020 the governing body of each local governmental entity shall appoint an agent to receive any claim for damages made under chapter 4.96 RCW. The identity of the agent and the address where he or she may be reached during the normal business hours of the local government entity are public records and shall be recorded with the auditor of the country in which the entity is located. All claims for damages against the local government entity, or against any local government entity's officers, employees, or volunteers, acting in such capacity, shall be presented to the agent within the applicable period of limitations within which an action must be commenced.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Commissioners of Lake Chelan Community Hospital appoints the below listed agent to receive claims for damages made under chapter 4.96 RCW.

Agent Appointed:	CEO
Office Address:	PO Box 908 503 E. Highland Chelan, WA 98816
Business Hours:	8:00 a.m. to 4:30 p.m. Monday – Friday except Holidays

BE IT FURTHER RESOLVED, by the Board of Commissioners of Lake Chelan Community Hospital that the Secretary of the Board record this document with the Chelan County Auditor.

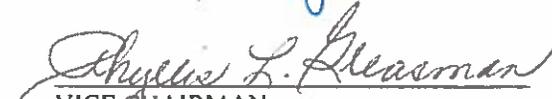
ADOPTED AND APPROVED by the Commission of Chelan County Public Hospital District No. 2, Chelan County, Washington at an open public meeting this 22nd day of March, 2016, in the following commissioners being present and voting in favor of this resolution.



CHAIRMAN OF THE BOARD



MEMBER



VICE CHAIRMAN

MEMBER



SECRETARY



ADMINISTRATOR & CEO

FIRST AMENDMENT TO GROUND LEASE

This FIRST AMENDMENT TO GROUND LEASE ("Agreement") is made with respect to that certain Ground Lease dated September 12, 1996 (the "Lease") between PUBLIC HOSPITAL DISTRICT NO. 2, CHELAN COUNTY, WASHINGTON as Landlord and LAKE CHELAN SENIOR HOUSING as Tenant.

Landlord and Tenant have agreed to amend the lease. Accordingly, in consideration of the mutual covenants herein contained, it is hereby agreed as follows:

1. Change to Premises. The "Premises" described in the Lease currently includes that certain ground level parking area (the "Surface Parking Area") shown on Exhibit A attached hereto. Effective as of the date hereof, the Surface Parking Area is hereby excluded from the Premises, and Landlord retains all rights to the use, occupation, possession and enjoyment thereof.

2. Airspace Above Surface Parking Area. The parties acknowledge that Tenant has proposed to build a structure on the Premises, a portion of which will occupy airspace above the Surface Parking Area and which will be supported on supports driven into the ground on the Surface Parking Area. The parties therefore agree that the Premises shall be deemed to include the airspace above the Surface Parking Area to the extent reasonably necessary to accommodate Tenant's proposed structure and which is at least fifteen (15) feet above the existing grade level thereof. Tenant's use of the airspace above the Surface Parking Area shall not unreasonably interfere with Landlord's use, occupation and enjoyment thereof for, including without limitation the use thereof for parking.

3. Exclusive Right to Install Building Supports. Tenant shall have the exclusive right to access, use and maintain limited portions of the Surface Parking Area in order to erect such building supports, provided such use shall not unreasonably interfere with Landlord's use, occupation and enjoyment of the remainder of the Surface Parking Area, including without limitation use thereof for parking, and Tenant agrees to restore the ground surface around each support to its original condition following installation of such supports.

4. Non-Exclusive Access Rights. Tenant shall also have the non-exclusive right to use the Surface Parking Area for ingress, egress and access purposes (but not parking), in common with Landlord and its employees, visitors, guests, patients, and tenants.

5. City Approval for Amendment. Tenant and Landlord shall not amend the Lease in any way that would in any way limit Landlord's use of the Surface Parking Area without the prior written consent of the City of Chelan. The City of Chelan is a third-party beneficiary under this Agreement with respect to this Section 5.

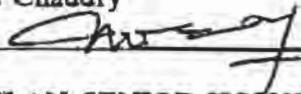
6. Full Force and Effect. Except as expressly amended herein, the Lease is unmodified and remains in full force and effect.

DATED as of this 29th day of April, 1997.

LANDLORD:

PUBLIC HOSPITAL DISTRICT NO. 2, CHELAN COUNTY, WASHINGTON

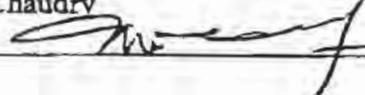
By Moe Chaudry

Its 

TENANT:

LAKE CHELAN SENIOR HOUSING

By Moe Chaudry

Its 



1111 Third Avenue
Suite 3000
Seattle, WA 98101

Main: 206.447.4400
Fax: 206.447.9700
foster.com

Direct Phone (206) 447-8970
Direct Facsimile (206) 749-1908
Brad.Berg@foster.com

August 19, 2021

**VIA EMAIL
ATTORNEY-CLIENT PRIVILEGE**

George Rohrich
Chief Executive Officer
Lake Chelan Health
503 East Highland Avenue
Chelan, WA 98816

Re: Extension of Heritage Heights Ground Lease

Dear George:

You have asked me to address several questions that have been raised regarding the possible extension of the term of, and certain other amendments to, the existing ground lease between Public Hospital District No. 2, Chelan County, Washington (the “District”), and Lake Chelan Senior Housing, which currently does business as Heritage Heights (“HH”). This letter responds to your request.

Background Regarding Existing Ground Lease

The original ground lease between the District and HH was entered into on September 12, 1996. At that time, HH was controlled by representatives of the District. HH was established by the District for the purpose of developing and operating an assisted living facility. The most attractive options available at the time for financing the construction, equipping and furnishing of the assisted living facility required that the facility be owned and operated by a separate nonprofit corporation rather than being owned and operated directly by the District. To facilitate the financing for the original construction of the facility, the District agreed to lease the land on which the facility was built at a nominal rate of \$100 per month for the first five years of the ground lease with the rent to be adjusted on the fifth anniversary date of the ground lease and every five years thereafter based on increases in the consumer price index.

The original ground lease provides for an initial term of 52 years after the lease initially commenced. As a result, unless the lease is extended, the current ground lease will expire on September 11, 2048, or little over 27 years from now. When the lease expires, the underlying land and all improvements located on the land will revert to the District. The ground lease provides that HH, as the tenant, or a leasehold mortgagee with respect to the property, may request to renew the ground lease by

FG:54359857.2

requesting such renewal at least 90 days prior to the expiration of the lease. However, the ground lease does not obligate the District to grant the request for renewal. The ground lease also provides that, if a renewal is granted, it would be on such terms as the parties mutually agree to.

The original ground lease was amended by a First Amendment to Ground Lease dated April 29, 1997. The First Amendment amended the original ground lease to (i) exclude from the property included under the ground lease a surface parking area, (ii) grant HH rights to airspace above the surface parking area, (iii) grant HH the right to install building supports in the surface parking area, and (iv) grant non-exclusive rights to HH to the surface parking area for ingress, egress and access purposes.

It is my understanding that HH has asked the District to amend the existing ground lease to (i) extend the term of the ground lease by 50 years with all other terms of the lease remaining the same, (ii) protect HH's right of way easement to provide alternative ingress/egress to its site, and (iii) grant HH a purchase option with respect to the property at a price based on the District's original cost basis in the site, escalated annually by increases in the consumer price index. It is also my understanding that the stated rationale for HH's request is that they are contemplating a refinancing of their facility and the proceeds of the refinancing may be used to either build or acquire another assisted living facility and/or make improvements to the existing facility. HH believes that their requested revisions to the existing ground lease would make it easier for them to complete a refinancing.

I would note that HH's request to extend the lease now for an additional 50 years would provide for a remaining lease term of 77 years, which in my experience, is longer than would be necessary to refinance the facility. I would also note that if HH refinances the existing facility to either acquire or build a new facility, the continued operation of the existing facility will be subject to the operational risk of the other facility in addition to the operational risk of the existing facility.

Questions Raised by HH's Request

1. Is the District obligated to agree to an extension of the existing ground lease or the other amendments requested by HH?

No. As noted above, the District has no legal obligation to agree to an extension or any of the other amendment requests made by HH.

2. Are there legal limitations on the District's authority to agree to an extension of the lease on the same terms as the existing ground lease or to agree to a purchase option under the terms proposed by HH?

Yes. The District is prohibited by the Washington State constitution from giving away public property to a private party. When the ground lease was originally entered into, the District controlled HH and, therefore, had the ability to ensure that the property would be used to carry out the purposes of the public hospital district. As a result, the gift of public property prohibition was inapplicable because the property was not being transferred to a private party. However, it is my understanding that HH is no longer controlled by the District and that the District, therefore, no longer has the ability to ensure that the property covered by the ground lease will be used to carry out the public hospital district purposes. As a result, any extension of the ground lease should provide for fair market

rent to be effective when the extension goes into effect in 2048 to avoid a claim that the District is giving away public property. Fair market rent would typically be determined by an appraisal of the value of the property at the time the extension goes into effect. The fair market appraisal would be used to determine the base on which a fair market value rate of return for purposes of determining the annual rent. For example, it is my understanding that the current value of the property is estimated to be \$1,600,000. If the market capitalization rate for ground leases in the Chelan market is 10%, the annual rent would be \$160,000. However, this number would need to be adjusted to in some way to reflect changes in market value between now and 2048. One way would be to adjust the rent based on changes in the CPI between now and 2048. However, as noted above, the best way to determine the fair market rent in 2048 would be to require that a fair market value appraisal be done immediately prior to the effective date of the extension. CPI changes over a 27-year period may not accurately reflect changes in the fair market value of the property.

The same analysis noted above with respect to the fair market rental value would apply to the option price at which the District could agree to sell the property. However, in addition to the constitutional limitations, the public hospital district statute imposes procedural requirements that must be satisfied before public hospital district property can be sold. The statute requires that the District obtain three appraisals of the fair market value of the property within one year of when the property is sold and the District is prohibited from selling the property at a price that is less than 90% of the average of the three appraisals. In addition, if the property has a value of greater than \$100,000, the District is required to hold a public hearing before agreeing to sell the property.

3. Is the property covered by the ground lease subject to property taxes?

No. The property covered by the ground lease is owned by the District. Property owned by municipal corporations such as the District is exempt from property taxes. However, when property owned by a municipal corporation is leased to a private party, the lease payments are subject to a leasehold excise tax unless the use of the property by the private party qualifies for an exemption. The leasehold excise tax rate is 12.84% of the rent payable under the lease.

4. Can the ground lease be assigned to another party without the District's consent?

No. However, although the lease prohibits the assignment of the lease without the District's consent, it also expressly provides that the District's consent to an assignment cannot be unreasonably withheld. As a result, unless the District has a rational business reason for not consenting to a proposed assignment, such as the creditworthiness of the proposed assignee, the District would be required to grant its consent to a proposed assignment.

Let me know if there are any additional questions regarding the lease amendment request from HH or if I can be of assistance in revising the draft lease amendment.

Sincerely,

FOSTER GARVEY PC

A handwritten signature in black ink, appearing to read 'Bradley J. Berg', written over a circular scribble.

Bradley J. Berg
Principal

Employee Engagement

LCH Q12 SURVEY JULY 2021

Jul 15, 2021 - Aug 02, 2021

Reporting Group: All - All

Q¹² Mean

The Gallup Q¹² score represents the average, combined score of the 12 elements that measure employee engagement. Each element has consistently been linked to better business outcomes.

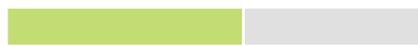
TOTAL RESPONDENTS

145

MEAN PERCENTILE RANK

57

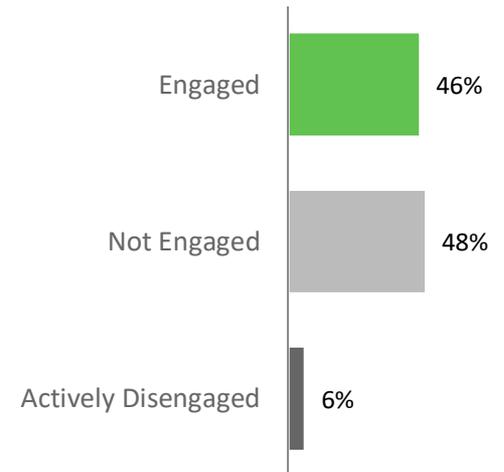
Database: Administration - 2nd
Administration



ENGAGEMENT MEAN



ENGAGEMENT INDEX



*Sentiment Distribution is not available when n<50

*No topics available when n < 250. 5 topics available when n ≥ 250. 10 topics available when n ≥ 1000.

*All text analytics are machine generated. Because we use machine learning to generate sentiments, results may not be 100% accurate.

*Percent Engaged available when n ≥ 30. All categories available when n ≥ 100.

* - Scores are not available due to data suppression. Respondents can select multiple responses for multi-select questions.

Percentile Rank in Administration - 2nd Administration Database

■ < 25th Percentile

■ 25-49th Percentile

■ 50-74th Percentile

■ 75-89th Percentile

■ ≥ 90th Percentile

Gallup Q¹² Items

Questions	Total N	Current Mean	Last Mean	Change	Mean Percentile Rank - Administration - 2nd Administration	Company Overall Current Mean
Q00: Overall Satisfaction	143	3.83	3.68	+0.15	40	3.83
Q01: Know What's Expected	145	4.41	4.28	+0.13	47	4.41
Q02: Materials and Equipment	143	3.99	3.79	▲+0.20	37	3.99
Q03: Opportunity to do Best	143	4.15	4.02	+0.13	55	4.15
Q04: Recognition	129	3.68	3.47	▲+0.21	56	3.68
Q05: Cares About Me	144	4.50	4.26	▲+0.24	75	4.50
Q06: Development	143	4.02	3.80	▲+0.22	60	4.02
Q07: Opinions Count	142	3.85	3.58	▲+0.27	51	3.85
Q08: Mission/Purpose	144	4.12	3.86	▲+0.26	55	4.12
Q09: Committed to Quality	142	4.01	4.07	-0.06	49	4.01
Q10: Best Friend	127	3.52	3.39	+0.13	48	3.52
Q11: Progress	135	3.90	3.28	▲+0.62	51	3.90
Q12: Learn and Grow	138	4.12	3.81	▲+0.31	56	4.12

*Not shown if n < 4 for Mean, Top Box, Verbatim Responses, and Sentiment, n < 10 for Frequency, or data is unavailable.

* - Scores are not available due to data suppression.

Respondents can select multiple responses for multi-select questions.

Percentile Rank in Administration - 2nd Administration Database

■ < 25th Percentile

■ 25-49th Percentile

■ 50-74th Percentile

■ 75-89th Percentile

■ >= 90th Percentile

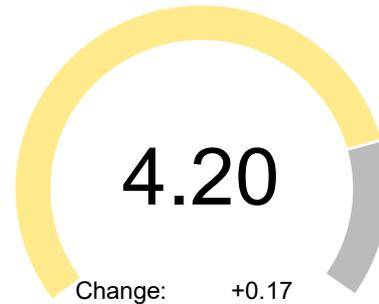
Basic Needs - What do I get?

Employees need to have a clear understanding of what excellence in their role looks like so they can be successful. Groups with high scores on the first element are more productive, cost-effective, creative and adaptive.

TOTAL RESPONDENTS

145

CURRENT MEAN



MEAN PERCENTILE RANK

46



Database: Administration - 2nd Administration

Questions	Total N	Current Mean	Last Mean	Change	Mean Percentile Rank - Administration - 2nd Administration	Company Overall Current Mean
Q01: Know What's Expected	145	4.41	4.28	+0.13	47	4.41
Q02: Materials and Equipment	143	3.99	3.79	▲+0.20	37	3.99



*Not shown if n < 4 for Mean, Top Box, Verbatim Responses, and Sentiment, n < 10 for Frequency, or data is unavailable.

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Respondents can select multiple responses for multi-select questions.

Percentile Rank in Administration - 2nd Administration Database

■ < 25th Percentile

■ 25-49th Percentile

■ 50-74th Percentile

■ 75-89th Percentile

■ >= 90th Percentile

Individual - What do I give?

Employees want to know about their individual contributions and their worth to the organization. Manager support is especially important during this stage because managers typically define and reinforce value.

TOTAL RESPONDENTS

145

CURRENT MEAN



MEAN PERCENTILE RANK

61



Database: Administration - 2nd Administration

Questions	Total N	Current Mean	Last Mean	Change	Mean Percentile Rank - Administration - 2nd Administration	Company Overall Current Mean
Q03: Opportunity to do Best	143	4.15	4.02	+0.13	55	4.15
Q04: Recognition	129	3.68	3.47	▲+0.21	56	3.68
Q05: Cares About Me	144	4.50	4.26	▲+0.24	75	4.50
Q06: Development	143	4.02	3.80	▲+0.22	60	4.02

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* - Scores are not available due to data suppression.

Respondents can select multiple responses for multi-select questions.

Percentile Rank in Administration - 2nd Administration Database

■ < 25th Percentile

■ 25-49th Percentile

■ 50-74th Percentile

■ 75-89th Percentile

■ >= 90th Percentile

Teamwork - Do I belong here?

Employees need to feel like they belong and are a good fit with their team. They need to know they are part of something bigger than themselves. As a manager, encourage opportunities for teamwork and a sense of belonging.

TOTAL RESPONDENTS

144

CURRENT MEAN



MEAN PERCENTILE RANK



Database: Administration - 2nd Administration

Questions	Total N	Current Mean	Last Mean	Change	Mean Percentile Rank - Administration - 2nd Administration	Company Overall Current Mean
Q07: Opinions Count	142	3.85	3.58	▲+0.27	51	3.85
Q08: Mission/Purpose	144	4.12	3.86	▲+0.26	55	4.12
Q09: Committed to Quality	142	4.01	4.07	-0.06	49	4.01
Q10: Best Friend	127	3.52	3.39	+0.13	48	3.52

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* - Scores are not available due to data suppression.

Respondents can select multiple responses for multi-select questions.

Percentile Rank in Administration - 2nd Administration Database

■ < 25th Percentile

■ 25-49th Percentile

■ 50-74th Percentile

■ 75-89th Percentile

■ >= 90th Percentile

Growth - How can I grow?

Employees need to be challenged to learn something new and find better ways to do their jobs. They need to feel a sense of movement and progress as they mature in their roles.

TOTAL RESPONDENTS

141

CURRENT MEAN



MEAN PERCENTILE RANK

53



Database: Administration - 2nd Administration

Questions	Total N	Current Mean	Last Mean	Change	Mean Percentile Rank - Administration - 2nd Administration	Company Overall Current Mean
Q11: Progress	135	3.90	3.28	▲ +0.62	51	3.90
Q12: Learn and Grow	138	4.12	3.81	▲ +0.31	56	4.12

*Not shown if n < 4 for Mean, Top Box, Verbatim Responses, and Sentiment, n < 10 for Frequency, or data is unavailable.

* - Scores are not available due to data suppression. Respondents can select multiple responses for multi-select questions.

Percentile Rank in Administration - 2nd Administration Database

■ < 25th Percentile

■ 25-49th Percentile

■ 50-74th Percentile

■ 75-89th Percentile

■ >= 90th Percentile

Custom Questions

Questions	Total N	Positive	Negative	Neutral	Mixed
If I had to make ONE change at my organization to make it a great place to work, it would be: (Please be as specific as possible)	118	25%	14%	48%	13%

Your responses are available in a .csv file. Please log on to my.gallup.com to download your full list of responses.

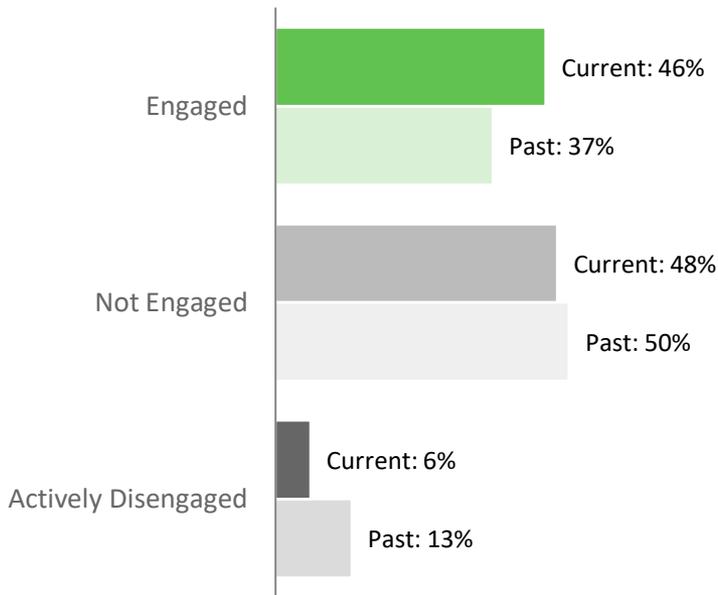
Engagement Index

There is a powerful link between employees who are engaged in their jobs and the achievement of crucial business outcomes.

ENGAGEMENT INDEX RATIO

7.67

ENGAGEMENT INDEX



Engaged

Employees are highly involved in and enthusiastic about their work and workplace. They are psychological "owners", drive performance, innovation, and move the organization forward.

Not Engaged

Employees are essentially psychologically unattached to their work and company. Because their engagement needs are not being fully met, they're putting time – but not energy or passion – into their work.

Actively Disengaged

Employees aren't just unhappy at work – they are resentful that their needs are not being met and are busy acting out their unhappiness. Every day, these workers potentially undermine what their engaged coworkers accomplish.

*Percent Engaged available when n ≥ 30. All categories available when n ≥ 100.

* - Scores are not available due to data suppression.

Respondents can select multiple responses for multi-select questions.

Thank You



LAKE CHELAN HEALTH

Unaudited Financial Statements

for

For the month ended July 31, 2021

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Balance Sheet
Lake Chelan Health

	<u>Current Month</u> <u>7/31/2021</u> <u>unaudited</u>	<u>Prior Year</u> <u>12/31/2020</u> <u>unaudited</u>	<u>Prior Year</u> <u>7/31/2020</u> <u>Unaudited</u>
ASSETS:			
CASH	1,183,767	\$ 3,657,428	\$ 2,758,768
PATIENT RECEIVABLES	9,271,098	6,810,160	\$ 8,555,782
LESS: RESERVES FOR ALLOWANCES	<u>(4,597,008)</u>	<u>(3,322,305)</u>	<u>\$ (4,567,936)</u>
NET PATIENT ACCOUNTS RECEIVABLES	4,674,091	3,487,855	3,987,846
ESTIMATED THIRD-PARTY PAYOR SETTLEMENTS	0	0	1,297,757
OTHER RECEIVABLES	123,127	86,686	(44,498)
INVENTORIES	254,283	222,393	210,465
PREPAID EXPENSES	177,618	215,647	150,492
TOTAL CURRENT ASSETS	<u>\$ 6,412,886</u>	<u>\$ 7,670,009</u>	<u>\$ 8,360,829</u>
GENERAL RESERVES	\$ 341,035	695,733	\$ 365,198
Unrestricted Reserves	\$ 860,476	860,476	\$ 5,000,000
Restricted Reserves	\$ 4,139,524	4,139,524	\$ -
2018 BONDS	12,866,299	17,729,137	\$ 17,712,588
SBA Payroll Protection	2,000,361	407,422	\$ 407,025
CMS Advanced Payments	4,548,048	4,837,938	\$ 4,827,327
TOTAL LIMITED USE ASSETS	<u>\$ 24,755,744</u>	<u>\$ 28,670,229</u>	<u>\$ 28,312,138</u>
LAND	\$ 4,787,901	4,787,901	\$ 4,787,901
LAND IMPROVEMENTS	5,141,340	5,141,340	\$ 5,141,340
BUILDINGS & IMPROVEMENTS	986,252	981,189	\$ 981,189
EQUIPMENT	7,279,007	6,670,816	\$ 6,585,243
SOFTWARE	2,129,427	2,065,846	\$ 1,937,435
CONSTRUCTION-IN-PROGRESS - NEW HOSPITAL	7,735,075	2,975,429	\$ 2,889,534
CONSTRUCTION-IN-PROGRESS - HOSPITAL	397,696	433,573	\$ 61,719
GROSS PROPERTY, PLANT, & EQUIPMENT	28,456,698	23,056,094	\$ 22,384,361
LESS: ACCUMULATED DEPRECIATION	<u>(13,382,196)</u>	<u>(13,198,445)</u>	<u>\$ (12,955,464)</u>
NET PROPERTY, PLANT, & EQUIPMENT	\$ 15,074,502	\$ 9,857,649	\$ 9,428,897
DEFERRED ITEMS	974,098	985,335	\$ 994,967
TOTAL ASSETS	<u>\$ 47,217,229</u>	<u>\$ 47,183,223</u>	<u>\$ 47,096,831</u>
LIABILITIES:			
ACCOUNTS PAYABLE (includes warrants outstanding)	\$ 917,618	1,212,546	655,065
ACCRUED PAYROLL	510,893	396,905	358,932
ACCRUED VACATION/HOLIDAY/SICK PAY	321,948	316,710	453,943
PAYROLL TAXES PAYABLE	38,398	27,860	28,793
ESTIMATED THIRD-PARTY PAYOR SETTLEMENTS	417,368	817,911	619,918
OTHER CURRENT LIABILITIES	186,353	359,840	432,906
INTEREST PAYABLE	194,408	98,384	98,384
CURRENT PORTION OF LTD (BONDS/MORTGAGES)	535,000	535,000	475,000
LINE OF CREDIT	0	0	0
SBA Payroll Protection	2,000,000	3,381,000	819,000
CMS Advanced Payments	4,527,549	4,822,408	4,822,408
CMS Stimulus	1,484,333	1,478,171	3,739,294
TOTAL CURRENT LIABILITIES	<u>\$ 11,133,869</u>	<u>\$ 13,446,734</u>	<u>\$ 12,503,643</u>
2018 BONDS	\$ 19,527,925	19,532,671	19,735,823
2013 BONDS	5,710,818	5,707,810	6,040,232
LEASES	527,359	556,844	137,525
PAID LEAVE - LT PORTION	500,113	380,766	380,766
TOTAL LONG TERM LIABILITIES	<u>\$ 26,266,214</u>	<u>\$ 26,178,091</u>	<u>\$ 26,294,346</u>
DEFERRED ITEMS	\$ 214,933	214,933	214,933
TOTAL LIABILITIES	<u>\$ 37,615,016</u>	<u>\$ 39,839,757</u>	<u>\$ 39,012,922</u>
FUND BALANCE:			
UNRESTRICTED FUND BALANCE	\$ 7,448,040	7,448,039	7,448,039
TEMPORARY RESTRICTED FUND BALANCE	\$ -	0	0
YTD Net Revenue/(Expenses) Incl (\$195k) from 2020	<u>2,154,174</u>	<u>(104,573)</u>	<u>635,869</u>
TOTAL NET ASSETS	<u>\$ 9,602,213</u>	<u>\$ 7,343,465</u>	<u>\$ 8,083,909</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 47,217,229</u>	<u>\$ 47,183,223</u>	<u>\$ 47,096,831</u>

Statement of Revenue and Expense
Lake Chelan Health

For the month ended July 31, 2021

	CURRENT MONTH				Prior Year 07/31/20
	Actual 07/31/21	Budget 07/31/21	Positive (Negative) Variance		
GROSS PATIENT SERVICE REVENUES					
INPATIENT	\$ 581,536	\$ 845,175	(263,639)	-31%	\$ 867,718
OUTPATIENT	3,651,670	3,033,338	618,332	20%	3,051,274
TOTAL PATIENT SERVICE REVENUES	4,233,206	3,878,513	354,693	9%	3,918,992
DEDUCTIONS FROM REVENUE					
TOTAL DEDUCTIONS FROM REVENUES	(2,018,056)	(1,727,611)	(290,445)	-17%	(2,032,150)
	47.7%	44.5%			51.9%
NET PATIENT SERVICE REVENUES	2,215,150	2,150,902	64,248	3%	1,886,843
OTHER OPERATING REVENUES	21,790	23,714	(1,924)	-8%	58,560
TOTAL OPERATING REVENUES	2,236,940	2,174,616	62,324		1,945,403
OPERATING EXPENSES					
SALARIES/WAGES	1,260,167	1,211,824	(48,343)	-4%	1,275,429
EMPLOYEE BENEFITS	249,912	264,858	14,946	6%	254,028
PROFESSIONAL SERVICES	64,898	45,058	(19,839)	-44%	86,820
FOOD SUPPLIES	10,793	17,934	7,141	40%	11,953
MINOR EQUIPMENT	17,932	13,725	(4,207)	-31%	12,993
SUPPLIES	120,129	162,761	42,632	26%	141,850
PLANT UTILITIES	17,167	17,724	557	3%	14,759
PURCHASED SERVICES	119,728	156,486	36,758	23%	328,151
REPAIR/MAINTENANCE	51,206	75,982	24,776	33%	63,447
PUBLIC RELATIONS/RECRUITM	7,580	6,051	(1,529)	-25%	5,919
RENT/LEASES	38,261	28,089	(10,172)	-36%	33,761
INSURANCE	23,694	22,475	(1,219)	-5%	27,919
LICENSES/TAXES	14,708	19,962	5,254	26%	34,782
DUES/SUBSCRIPTIONS/OTHER	25,239	21,656	(3,583)	-17%	40,931
TRAVEL/TRAINING	5,390	9,841	4,451	45%	892
DEPRECIATION	61,708	61,475	(233)	0%	57,886
TOTAL OPERATING EXPENSES	2,088,510	2,135,901	47,391	2.2%	2,391,519
NET OPERATING SURPLUS (LOSS)	148,430	38,715	109,715		(446,116)
NON-OPERATING REVENUES	194,418	135,636	58,782		106,562
GIFTS & GRANTS	0	50,000	(50,000)		115,636
PANDEMIC GRANTS PPP LOAN FORGIVENESS	3,381,000	0	3,381,000		0
NET INCOME	3,723,848	224,351	3,499,496		(223,918)
margin	166.5%	10.3%			-11.5%
NEW HOSPITAL:					
PROPERTY TAXES	98,626	98,183	443		95,947
INTEREST INCOME	216	3,333	(3,117)		4,663
INTEREST EXPENSE	(75,483)	(76,161)	678		(76,337)
	23,359	25,355	(1,996)		24,273
TOTAL NET INCOME (LOSS)	\$ 3,747,206	\$ 249,706	3,497,500		\$ (199,646)

Statement of Revenue and Expense
Lake Chelan Health

	YEAR-TO-DATE				Prior Year 07/31/20
	Actual 07/31/21	Budget 07/31/21	Positive (Negative) Variance		
GROSS PATIENT SERVICE REVENUES					
INPATIENT	\$ 3,995,268	\$ 5,177,355	(1,182,087)	-23%	\$ 5,578,697
OUTPATIENT	18,271,131	18,581,547	(310,417)	-2%	15,145,157
TOTAL PATIENT SERVICE REVENUES	<u>22,266,399</u>	<u>23,758,903</u>	<u>(1,492,504)</u>	<u>-6%</u>	<u>20,723,854</u>
DEDUCTIONS FROM REVENUE					
TOTAL DEDUCTIONS FROM REVENUES	(11,046,789)	(10,582,956)	(463,833)	-4%	(9,892,195)
	49.6%	44.5%			47.7%
NET PATIENT SERVICE REVENUES	<u>11,219,610</u>	<u>13,175,947</u>	<u>(1,956,337)</u>	<u>-15%</u>	<u>10,831,659</u>
OTHER OPERATING REVENUES	150,653	165,998	(15,345)	-9%	395,166
TOTAL OPERATING REVENUES	<u>11,370,262</u>	<u>13,341,945</u>	<u>(1,971,682)</u>	<u>-15%</u>	<u>11,226,825</u>
OPERATING EXPENSES					
SALARIES/WAGES	8,149,185	8,287,309	138,124	2%	9,144,278
EMPLOYEE BENEFITS	1,703,966	1,811,290	107,324	6%	2,023,350
PROFESSIONAL SERVICES	338,342	315,408	(22,933)	-7%	294,330
FOOD SUPPLIES	85,623	109,886	24,263	22%	103,473
MINOR EQUIPMENT SUPPLIES	65,824	96,077	30,253	31%	78,480
PLANT UTILITIES	117,887	124,065	6,178	5%	124,766
PURCHASED SERVICES	1,294,431	1,095,401	(199,031)	-18%	1,283,127
REPAIR/MAINTENANCE	413,263	531,877	118,614	22%	449,258
PUBLIC RELATIONS/RECRUITM	78,963	42,356	(36,607)	-86%	34,332
RENT/LEASES	242,624	196,625	(45,999)	-23%	225,751
INSURANCE	148,690	157,323	8,633	5%	163,183
LICENSES/TAXES	81,033	139,732	58,699	42%	114,455
DUES/SUBSCRIPTIONS/OTHER	212,566	151,589	(60,977)	-40%	197,899
TRAVEL/TRAINING	44,182	68,886	24,704	36%	27,682
DEPRECIATION	381,522	430,327	48,806	11%	394,409
TOTAL OPERATING EXPENSES	<u>14,342,220</u>	<u>14,555,426</u>	<u>213,207</u>	<u>1.5%</u>	<u>15,586,522</u>
NET OPERATING SURPLUS (LOSS)	<u>(2,971,957)</u>	<u>(1,213,481)</u>	<u>(1,758,476)</u>		<u>(4,359,696)</u>
NON-OPERATING REVENUES	1,541,897	1,299,452	242,445		861,991
GIFTS & GRANTS	284,134	0	284,134		395,053
PANDEMIC GRANTS PPP LOAN FORGIVENESS	3,381,000	0	3,381,000		3,302,617
NET INCOME margin	<u>2,235,074</u> 19.7%	<u>85,971</u> 0.6%	<u>2,149,104</u>		<u>199,965</u> 1.8%
NEW HOSPITAL:					
PROPERTY TAXES	690,384	687,281	3,103		669,527
INTEREST INCOME	8,806	23,331	(14,525)		101,091
INTEREST EXPENSE	(528,382)	(533,127)	4,745		(534,359)
	<u>170,808</u>	<u>177,485</u>	<u>(6,677)</u>		<u>236,258</u>
TOTAL NET INCOME (LOSS)	<u>\$ 2,405,882</u>	<u>\$ 263,456</u>	<u>\$ 2,142,427</u>		<u>\$ 436,223</u>

unaudited

3

Statement of Cash Flows
Lake Chelan Health

For the month ended July 31, 2021

Cash flows from operating activities:	
Net Operating Surplus (Loss)	148,430
Provided by Operating Activities:	
Depreciation	61,708
(Increase)/Decrease in Net Patient Accounts Receivable	(887,570)
(Increase)/Decrease in Other Receivables	(282,977)
(Increase)/Decrease in Inventories	(21,180)
(Increase)/Decrease in Prepaids	(19,562)
(Increase)/Decrease in Third Party Receivables	0
Increase/(Decrease) in Accounts Payable	(954,477)
Increase/(Decrease) in Accrued Payroll and Benefits	132,778
Increase/(Decrease) in Third Party Liabilities	(75,000)
Increase/(Decrease) in Other Current Liabilities	20,407
Increase/(Decrease) in CMS Adv Pmts	(65,924)
	<u>(1,943,367)</u>
Cash flows from noncapital financing activities:	
Property Tax	11,817
SBA Payroll Protection Program forgiveness	407,815
CARES act grant	
Transfer from EMS fund	
Transfer from Construction Fund	1,259,586
Medicare Adv Pmt Transfer	167,607
	<u>1,846,825</u>
Cash flows for capital and related financing activities	
Increase/(Decrease) in Debt	(248)
Interest Expense	0
Purchase of Property, Plant and Equipment	(23,761)
Construction in Progress - New Hospital	(142,506)
Construction in Progress - Hospital	0
New Hospital, Net	23,359
	<u>(143,156)</u>
<hr/>	
Net Increase/(Decrease) in Cash	(239,698)
Cash, Beginning of Month	<u>8,764,862</u>
Cash, End of Month	<u><u>8,525,163</u></u>

Patient Statistics

Lake Chelan Health

For the month ended July 31, 2021

<u>07/31/21</u>			<u>07/31/20</u>	
93		Restricted Days Cash-on-Hand		6
36		Days Cash-on-Hand		118
63		Net AR Days		66
55.0	ppp loan forgiveness	Debt Coverage Ratio		1.8
172.1		Payroll FTEs		191.9
Current Month			Year-To-Date	
Actual	Prior Year		Actual	Prior Year
07/31/21	07/31/20	STATISTICS	07/31/21	07/31/20
23	22	medical	105	91
0	0	sanctuary	0	32
0	0	surgical	1	0
10	9	OB	56	53
33	31	Acute	162	176
9	15	Swing Bed	61	78
10	9	Total Deliveries	55	53
		Patient Days		
61	63	medical	261	241
0	0	sanctuary	0	95
0	0	surgical	4	0
18	17	OB	100	116
79	80	Acute	365	452
39	156	Swing Bed	686	1,342
14	11	Total Newborn Days	72	80
		Average Length of Stay		
2.4	2.6	Total Inpatient	2.3	2.6
4.3	10.4	Swing Bed	11.2	17.2
		Avg Daily Census - Hospital		
2.5	2.6	Total Inpatient	1.7	2.1
<u>1.3</u>	<u>5.0</u>	Swing Bed	<u>3.2</u>	<u>6.3</u>
3.8	7.6	total	5.0	8.4
642	582	ED Visits	2,885	2,646
40	44	Surgeries	308	265
1,081	780	Imaging Procedures	6,196	4,104
3,882	4,005	Lab Tests	18,657	21,264
375	500	Rehab Visits	3,410	2,393
213	172	EMS Runs	912	700
967	789	Clinic Visits	3,698	5,658
187		specialty	1,371	
780		express clinic	2,327	
22	23	working days	150	151

Patient Statistics
Lake Chelan Health

For the month ended July 31, 2021

Current Month			STATISTICS	Year-To-Date		
Actual 07/31/21	BUDGET	Prior Year 07/31/20		Actual 07/31/21	BUDGET	Prior Year 07/31/20
Admissions						
23		22	medical	105		91
0		0	sanctuary	0		32
0		0	surgical	1		0
10		9	OB	56		53
33		31	Acute	162		176
9		15	Swing Bed	61		78
10		9	Total Deliveries	55		53
Patient Days						
61	47	63	medical	261	285	241
0	0	0	sanctuary	0	0	95
0	0	0	surgical	4	0	0
18	19	17	OB	100	116	116
79	66	80	Acute	365	401	452
39	209	156	Swing Bed	686	1,277	1,342
14	13	11	Total Newborn Days	72	67	80
132	288 total			1123	1745 total	
Average Length of Stay						
2.4		2.6	Total Inpatient	2.3		2.6
4.3		10.4	Swing Bed	11.2		17.2
Avg Daily Census - Hospital						
2.5		2.6	Total Inpatient	1.7		2.1
1.3		5.0	Swing Bed	3.2		6.3
3.8		7.6	total	5.0		8.4
642	517	582	ED Visits	2,885	3,165	2,646
40	59	44	Surgeries	308	361	265
1,081	851	780	Imaging Procedures	6,196	5,213	4,104
3,882	5,074	4,005	Lab Tests	18,657	31,083	21,264
375	546	500	Rehab Visits	3,410	3,231	2,393
213	133	172	EMS Runs	912	815	700
967		789	Clinic Visits	3,698		5,658
22		23	working days	150		151

Note #1 CONTRACTUALS

- 1) Contractuals were budgeted at 44.5%. We continue to see adjustments for untimely etc. that resulted in an additional \$824k in write offs, not contractuals, for the year. That increased the percentage from 45.9% to 49.6%.
- 2) AR increase by over \$1.6m also resulting in a large increase to the allowances
- 3) We will receive a settlement later in the year, based on our cost report, that will lower our ca's.
- 4) YTD ca's have been conservatively reduced by \$550k to account for the 2020 settlement information.

Note #2 PURCHASED SERVICES

Business Office - Resolution not in budget - \$180,823
Administration - Johnson Law Group \$53,015 , SVG \$42,396

Note #3 PUBLIC RELATIONS/RECRUITMENT

CFO Recruitment \$33,500

Note #4 RENT/LEASES

Olympus lease for surgical equipment paid off in 2020. We are now renting the Equipment for \$3k per month
CT Scan lease was paid off in May 2021 and is now a \$4k/month rental

Note #5 DUES/SUBSCRIPTIONS

IT add clinic providers to dictation \$5k, Affirma additional costs for moving and upgrading emails to cloud etc. \$18k
2020 Election Fees \$5,553
Support Services - RQI, and Greater Wenatchee EMS dues \$11k



PPP loan was forgiven and recognized as revenue



ORDER FORM

Effective Date: August 5, 2021

Customer Address: 503 E Highland Ave
Chelan, WA 98816-8631

Customer Legal Name: Lake Chelan Community Hospital
Customer Name: Lake Chelan Health
AR or Contract#:
UKG Representative: Nick Cassie
UKG Division: SMB Northwest

Contact Name: George Rohrich
Contact Title: CEO
Contact Email: grohrich@lcch.net
Contact Phone: 509-682-8501

Initial Term: thirty six (36) months from Commencement Date
Commencement Date: three (3) months from Effective Date of this Order Form

Renewal Term: 12 months
Subscription Offering fee increase per Renewal Term: 5%
Payment Term: Net 30 Days
Subscription Offering Billing Frequency: Annual in Advance

1. Subscription Offering

Product	Minimum Quantity	Employee Type	Subscription Fee
Ready Time (Workforce Ready Timekeeper, Accruals, Attestation, Workforce Ready Integration Hub)	190	Compensated Employee	USD 14.47
Ready Payroll (includes Payroll Services with SmartCheck)			
Ready HR			
Ready Talent Acquisition			
Ready Performance Management			
Ready Scheduler			

The monthly subscription amount (number of employees multiplied by the Subscription Fee) may increase or decrease if the number of employees increases or decreases, but in no event shall the monthly Subscription Fee be calculated on less than the Minimum Quantity above.

To reconcile for actual employee counts vs. the monthly Minimum Quantity, promptly following the end of each quarter term starting from the Commencement Date, UKG will invoice Customer for the actual number of employees in each month of the previous quarter term that exceeded the Minimum Quantity ("Incremental Quantity").

Services	Launch Quantity	Total Price
Launch	209	USD 8,750.00

In addition, Customer shall be invoiced an additional Launch fee at the rate of USD100.00 per employee, for each employee in existence as of the live date that exceeds 110% of the Launch Quantity as set forth above. For clarification purposes, this additional Launch fee if applicable shall only be charged to Customer as of the live date for such product and Customer shall not be charged for any additional Launch fees subsequent to that date.

The Launch Services shall be provided to Customer for only the services as set forth in the Professional Services Engagement Overview document which is made a part hereof and incorporated by reference as Attachment 1. Launch Services outside of the scope of the Professional Services Engagement Overview document shall be quoted to Customer and provided upon a work order or similar document executed by both parties.

2. Payment Terms

The Subscription Fee of **USD 32,991.60** is due on the Commencement Date of this Order Form and is payment for the Minimum Quantity of the first year commencing on the Commencement Date and is due annually thereafter. In addition, the Incremental Quantity shall be invoiced quarterly promptly following the end of each quarter term.

The Launch Fee of **USD 8,750.00** is due on the Effective Date of this Order Form.

3. This Order Form and the Attachments, attached hereto and made a part of this Order Form, represents the entire understanding of the parties with respect to its subject matter, and supersedes and extinguishes all prior oral or written communications between the parties about its subject matter.

The parties agree that any signature (including but not limited to any electronic symbol attached to, or associated with, a contract or other record and adopted by a person with the intent to sign, authenticate or accept such contract or record) hereto shall have the same legal validity and enforceability as a manually executed signature to the fullest extent permitted by applicable law, and the parties hereby waive any objection to the contrary. This Order Form may be executed in any number of counterparts, each of which when executed and delivered shall constitute a duplicate original of this Order Form but all counterparts together, shall constitute one and the same instrument. Each counterpart may be executed by electronic signature or manual signature. Delivery of an executed counterpart of this Order Form by telecopier or facsimile transmission or other electronic means shall be effective as delivery of a manually executed counterpart of this Order Form.

Unless otherwise indicated above, this Order Form is subject to the terms and conditions of that certain UKG Ready Agreement between the parties with an effective date of August 5, 2021 (the "Agreement"). All other terms and conditions of the Agreement are reaffirmed and remain unchanged by this Order Form. In the event of a conflict between the terms of this Order Form and the Agreement, the terms of this Order Form will govern.

This Order Form is subject to applicable taxes. The actual tax amount to be paid by Customer will be show on Customer's invoice. If you are tax exempt; please provide a copy of your "Tax Exempt Certificate".

Lake Chelan Community Hospital

UKG Inc.

Signature:

Signature:

Name: George Rohrich

Name:

Title: CEO

Title:

Signature Date:

Signature Date:



MONTHLY PROJECT STATUS REPORT

Report 2.1	Work Synopsis August 17, 2021			
On Site	Domestic H2O line tie-in along Apple Blossom Way Additional soils samples for arsenic/lead content per ECY plan at stormwater features Balancing excess soils excavated for relocation to site perimeter in undeveloped area CMU course work continues Footings to be completed mid-August MEP underground continues infrastructure 1 st SOG due 8/27 COVID impact to plumbing trade for week of 08092021 Cx scheduled for MEP presentation tentative next 3-4 weeks			
Tasks Correlated w/Construction	IT buyout to coordinate with master schedule update Med EQ Coordination w/Mitchell/CW/Bouten-MEPS Exterior Signage Package Scope Approved Interior Signage Consulting Approved RFIs = 85			
Budget MACC	\$28.483M GMP tracking on budget			
Schedule	Project tracking on schedule-TCO 09022022			
LCH Change Order Proposal Log Summary				
Owner Contingency*1		Bouten Risk Contingency-CUAs-[Contingency Use Approval]		Allowances-AUAs-[Allowance Use Approval]
Value	\$2,764,788	Value	\$864,669	\$100,000
Adjustments	0	Adjustments	0	0
Approved COPs	514,950**2	Approved CUAs	10,398	AUAs = 79,200
Current Balance	2,249,838	Current Balance	854,271	Balance = 20,800
Pending COPs	101,349	Pending CUAs	(17,000)	Pending = 17,400
# Released to date	11 COPs	# Released to date	3 CUAs	3 AUAs
Projected Balance	2,148,489	Projected Balance	871,271	Projected = 3,400
<p>*1 Note: Owner contingency value will also be influenced by additional credits/debits aside from the construction COPs as the total budget truing is balanced during the course of the project.</p> <p>**2 Note: Approved COPs value is substantial at this phase of early construction schedule to date, due to DOH and City permit review comments required to include in the project scope, as expected by the design submittal for permit on 1/27/2021, to meet the construction schedule, does not signify a common trend.</p>				

**Lake Chelan Health
Executive Summary
George Rohrich, CEO
August 19, 2021**

Comments about July & Looking Forward:

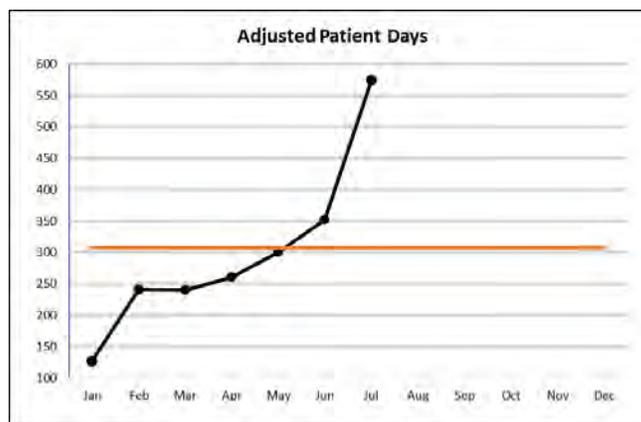
Operations: July has a positive bottom line.

- Net Operating Income MTD was \$148,000 vs MTD budget of \$39,000.
- Net Operating Income YTD was \$(2,972,000) vs MTD budget of \$(1,213,000).
- Looking Forward: August activity is like July.

Cash: Cash decreased.

- MTD Cash decreased by \$240,000 resulting in balance of \$8,525,000.
- Our 2021 Year End Cash budget goal is \$8.85M.

Statistics: Cash & Adjusted Patient Days





HEALTHCARE LEADER



**LAKE CHELAN
HEALTH**

Rhianna Montgomery,
ER/MSU Manager

I was born and raised in the Entiat Valley and actually born at Lake Chelan hospital. I left Seattle in 2017 to move back to the Valley to raise my kiddo and be closer to my family still living in the area.

I became a nurse in 2004 and started my career at Harborview Medical Center in Seattle. I started at the Chelan Hospital in the Fall of 2017 as a house supervisor. In the spring of 2019, I added the role of the MSU/House Supervisor Clinical Coordinator to my job duties. Then have most recently moved into the position of the ER/MSU Manager. I am also a very active member of the Employee Activity Committee (EAC) at Lake Chelan Health.

