



Lewis County Hospital District No. 1 dba Arbor Health Regular Board Meeting Packet

**February 26, 2020– 3:00 pm
521 Adams Avenue, Morton, WA 98356
Conference Room 1 & 2**

BOARD OF COMMISSIONERS

**Board Chair – Shelly Fritz, Secretary – Kenton Smith, Commissioner – Trish Frady,
Commissioner – Tom Herrin & Commissioner – Wes McMahan**





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Old Business

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Superintendent Report



**LEWIS COUNTY HOSPITAL DISTRICT NO. 1
REGULAR BOARD OF COMMISSIONERS' MEETING
February 26, 2020 at 3:00 p.m.
Conference Room 1 & 2**

Mission Statement

The mission of Lewis County Hospital District No. 1, steward of public funds and trust, is to provide our highest level of compassionate, diligent and professional medical care.

Vision Statement

A caring team of people working together to lead our community toward better health.

AGENDA	PAGE	TIME
Call to Order		
Approval or Amendment of Agenda		
Conflict of Interest		3:00 pm
Comments and Remarks		
<ul style="list-style-type: none"> • Commissioners • Audience 		3:05 pm
Executive Session-RCW 70.41.205 & RCW 70.41.200		3:20 pm
<ul style="list-style-type: none"> • Medical Privileging-Katelin Forrest • Quality Improvement Oversight Report-Dexter Degoma 		
Break		4:05 pm
Department Spotlight		4:10 pm
<ul style="list-style-type: none"> • Imaging <ul style="list-style-type: none"> ○ <i>To strategically discuss department's current and future state.</i> 	5	
Board Committee Reports		
<ul style="list-style-type: none"> • Hospital Foundation Report-Board Rep-Commissioner McMahan 	19	4:25 pm
<ul style="list-style-type: none"> • Finance Committee Report-Committee Chair-Commissioner Frady 	21	4:30 pm
<ul style="list-style-type: none"> • Compliance Committee Report-Committee Chair-Secretary Smith 		4:40 pm
Consent Agenda – (Action items included below)		4:50 pm
<ul style="list-style-type: none"> • <input type="checkbox"/> Passed <input type="checkbox"/> Denied <input type="checkbox"/> Deferred 		
<ul style="list-style-type: none"> • Minutes of the January 22, 2020 Regular Board Meeting (<i>Action</i>) 	25	
<ul style="list-style-type: none"> • Minutes of the February 20, 2020 Special Board Meeting (<i>Action</i>) 	35	
<ul style="list-style-type: none"> • Minutes of the February 11, 2020 Compliance Committee Meeting (<i>Action</i>) 	39	
<ul style="list-style-type: none"> • Minutes of the January 21, 2020 Finance Committee Meeting (<i>Action</i>) 	43	
<ul style="list-style-type: none"> • Minutes of the February 17, 2020 Finance Committee Meeting (<i>Action</i>) 	48	
<ul style="list-style-type: none"> • Warrants & EFT's in the amount of \$2,622,249.64 dated January 2020 (<i>Action</i>) 	53	
<ul style="list-style-type: none"> • Resolution 20-08-Approving Budget Amendment-Nurse Leadership Staffing (<i>Action</i>) <ul style="list-style-type: none"> ○ <i>To approve amending the 2020 budget by hiring 2 FTE & 1 CPT House Supervisors.</i> 	55	
<ul style="list-style-type: none"> • Resolution 20-09-Approving Budget Amendment-Surgical Services Leadership Role (<i>Action</i>) 	59	

<ul style="list-style-type: none"> ○ <i>To approve amending the 2020 budget by expanding surgical services with a leadership role.</i> 		
<ul style="list-style-type: none"> ● Resolution 20-10-Approving Budget Amendment-Morton Medical Center (<i>Action</i>) <ul style="list-style-type: none"> ○ <i>To approve amending the 2020 budget by acquiring Morton Medical Center.</i> 	68	
<ul style="list-style-type: none"> ● Resolution 20-11-Approving financing with GE Public Finance-(<i>Action</i>) <ul style="list-style-type: none"> ○ <i>To approve financing for the purchase of the generators, OR HVAC, CT, X-ray and anticipated infrastructure changes coming in the IT department.</i> 	72	
<ul style="list-style-type: none"> ● Resolution 20-12- Declaring to Surplus or Dispose of Certain Property (<i>Action</i>) <ul style="list-style-type: none"> ○ <i>To approve liquidation of items beyond their useful life.</i> 	73	
<ul style="list-style-type: none"> ● Approve Documents Pending Board Ratification 2.26.20 (<i>Action</i>) <ul style="list-style-type: none"> ○ <i>To provide board oversight for document management. (Lucidoc)</i> 	75	
Old Business		5:05 pm
New Business		5:05 pm
<ul style="list-style-type: none"> ● Resolution 20-13- Adopting Lewis County Hospital District No. 1’s Mission & Vision Statements & 2020-2022 Strategies (<i>Action</i>) <ul style="list-style-type: none"> ○ <i>To adopt the mission and vision statements and 2020-2022 Strategies proposed at the Special Board Meeting-Strategic Planning.</i> 	81	
<ul style="list-style-type: none"> ● Handling Complaints, Comments & Questions in the Community <ul style="list-style-type: none"> ○ <i>To further discuss conversation originating at Strategic Planning Retreat.</i> 		
<ul style="list-style-type: none"> ● Selection of an Appointee for Commissioner District No. 2 <ul style="list-style-type: none"> ○ <i>To discuss policy or bylaws amendment outlining commissioner vacancies.</i> 	82	5:20 pm
<ul style="list-style-type: none"> ● Board Education <ul style="list-style-type: none"> ○ <i>Compliance</i> ○ <i>Bond Financing, Part 2</i> 	83 91	5:50 pm
Superintendent Report		6:00 pm
<ul style="list-style-type: none"> ● Superintendent’s Dashboard 	100	
Executive Session-RCW 42.30.110 (g)		6:15 pm
<ul style="list-style-type: none"> ● To discuss the performance of a public employee. <ul style="list-style-type: none"> ○ <i>To complete and return Superintendent’s 2019 Annual Evaluation to Board Chair Fritz by midnight, Monday, February 24, 2020.</i> 	106	
Next Board Meeting Dates and Times		
<ul style="list-style-type: none"> ● Regular Board Meeting-March 25, 2020 @ 3:00 PM 		
Next Committee Meeting Dates and Times		
<ul style="list-style-type: none"> ● Arbor Health Foundation Meeting-March 10, 2020 @ 5:30 PM ● Quality Improvement Oversight Committee Meeting-March 11, 2020 @ 12:00 PM ● Finance Committee Meeting-March 16, 2020 @ 12:00 PM 		
Adjournment		7:15 pm



Arbor Health Imaging Services

Includes 7 different modalities:

CT, X-Ray, Ultrasound, Echocardiography, Mammography, MRI and Nuclear Medicine

MyArborHealth.org

Our Scope

- We have 5 full time employees (including the “working” manager) covering the day to day operations of performing X-ray, CT, Mammography and General Ultrasound. Echocardiography is provided by a Vascular Ultrasonographer that comes one day a week. Nuclear Medicine and MRI techs are provided by mobile service companies, one day per week each.
- We provide 24/7 coverage for CT and X-Ray (required for Emergency Department). Night shift is currently covered by the afternoon tech staying over for an on-call shift:
 - 7 am – 11 pm on shift; with on call coverage overnight, **Monday through Friday**
 - 8 am – 8:30 pm on shift; with on call coverage overnight, **Saturday and Sunday**
- 5 technologists share the 7 overnight call shifts. Meaning, more than one night a week of call for some...every week. Over time, this wear and tear is becoming more and more detrimental to employee wellbeing and satisfaction.
- Radia provides interpretations for our imaging studies. Radia also reads for all the Providence sites, Mason General and many others. We get the same interpretation quality as other larger sites in Washington.
 - 15-minute readings for hyper acute/ life threatening requests
 - 90-minute readings for STAT requests
 - Face time/Skype is available with a Radiologist for question and answers during diagnostic/problem solving mammography
- Cardiology Associates provides interpretations for our Echocardiography.

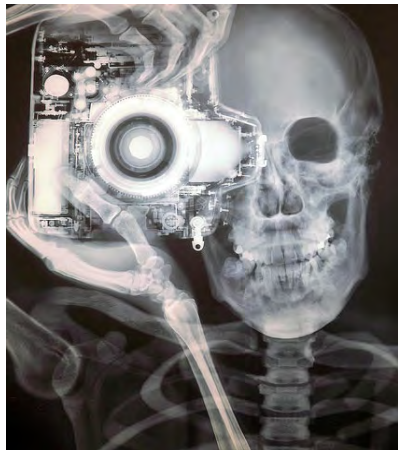
Our 7 Modalities of Imaging Services

1. General X-ray is available for walk in patients during normal operating hours and available after hours for ED and In-House emergencies
2. CT is available for scheduled patients during normal operating hours and is also available after hours for ED and In-House emergencies
3. General Ultrasound (Abdomen, Thyroid, Venous, etc.) is available 4 days a week. They have also come in for emergent cases when called upon
4. Cardiac/Arterial/Venous Ultrasound is available 1 day a week, but could be increased to 2 if the need arises
5. Mammography is scheduled Monday – Friday and accommodates both screening and diagnostic (problem solving) mammograms
6. MRI is provided once a week through a mobile unit from MRI of Idaho
7. Nuclear Medicine services are provided by Diagnostic Associates once a week through a mobile unit



Meet Your Imaging Team –

We are degreed, licensed and registered professionals



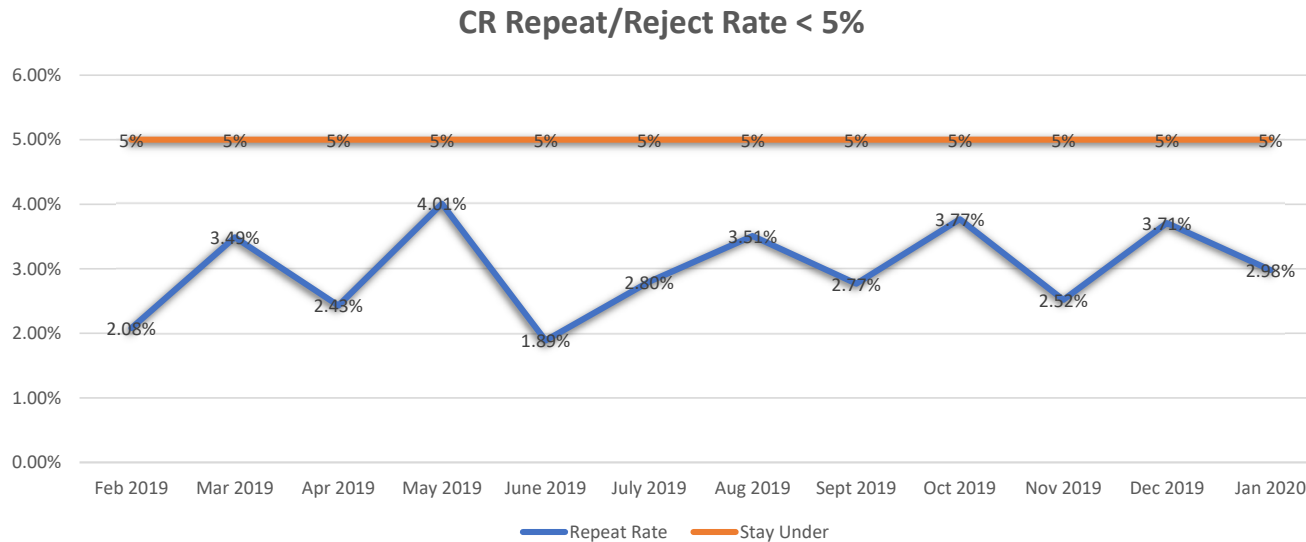
[This Photo](#) by Unknown Author is licensed under [CC BY](#)

- Radiologic Technologists (RT) are nationally ARRT (American Registry of Radiologic Technologists) registered and Washington State licensed. State regulations now require additional training for technologists performing CT. Since we cover CT 24/7, all our RTs are required to be CT capable. Ultrasound technologists are ARDMS or equivalent.
- Our FT and Casual X-ray mix:
 - 2 RTs are licensed to cover Mammography + CT and X-Ray.
 - 2 RTs are licensed to cover CT and X-Ray
 - 1 Per Diem is available to cover CT and X-Ray
- Our Ultrasound mix:
 - 1 full time General Abdominal, small parts, venous vascular, Carotid
 - 2 casual; One arterial and venous vascular, Echocardiography, the other specializes in OB/Gyn
- Our contracted mobile providers (MRI and Nuclear Medicine) are also held to the same registration and licensing standards.

Accomplishments

- ACR accreditation for mammography
- We had a clean FDA/MQSA inspection
- Had a clean, 0 finding, DOH CT inspection last year
- We have secured Echocardiography coverage once again
- We grew from within, an ultrasound technologist
- Consistently high patient satisfaction scores

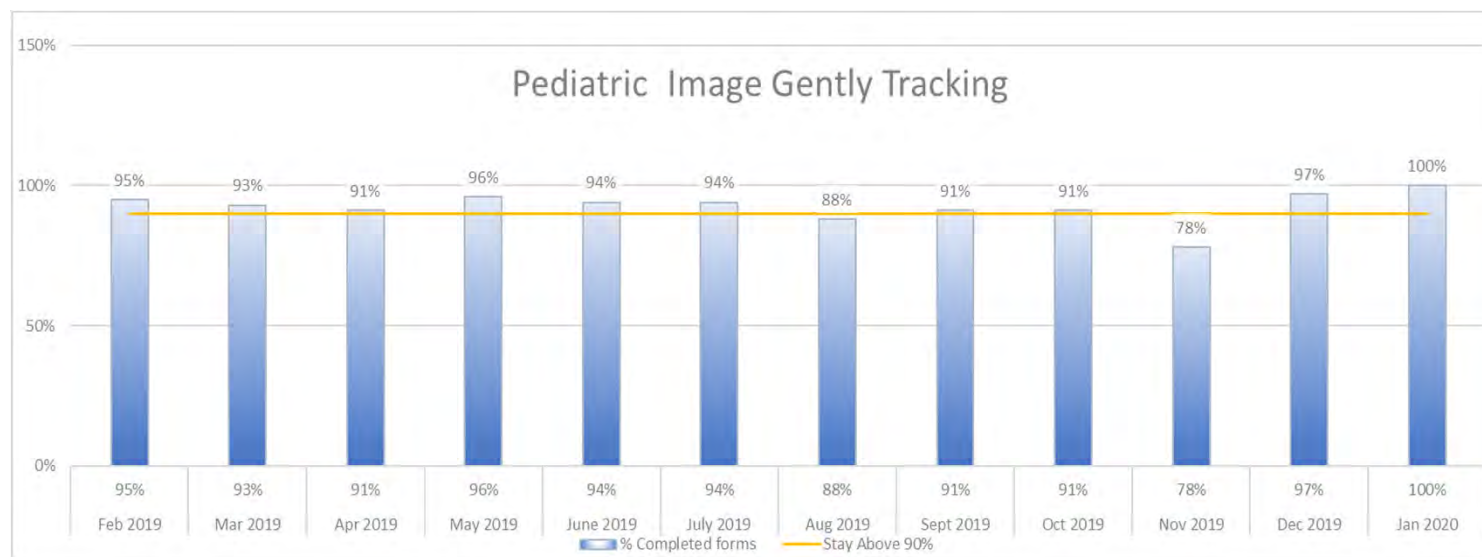
Quality: We get it right the first time.



This monthly report shows our successful efforts to keep radiation dose to a minimum. We strive to minimize having to retake images and keep our repeat rate under 5%

Quality - cont.

We also ensure that our most vulnerable population is as protected from radiation as possible. We call it ALARA (As Low As Reasonably Achievable). We document that we produced the best quality with the smallest dose.





Service Excellence Measures 2019

v.12/19/2019 QIOC Appendix A

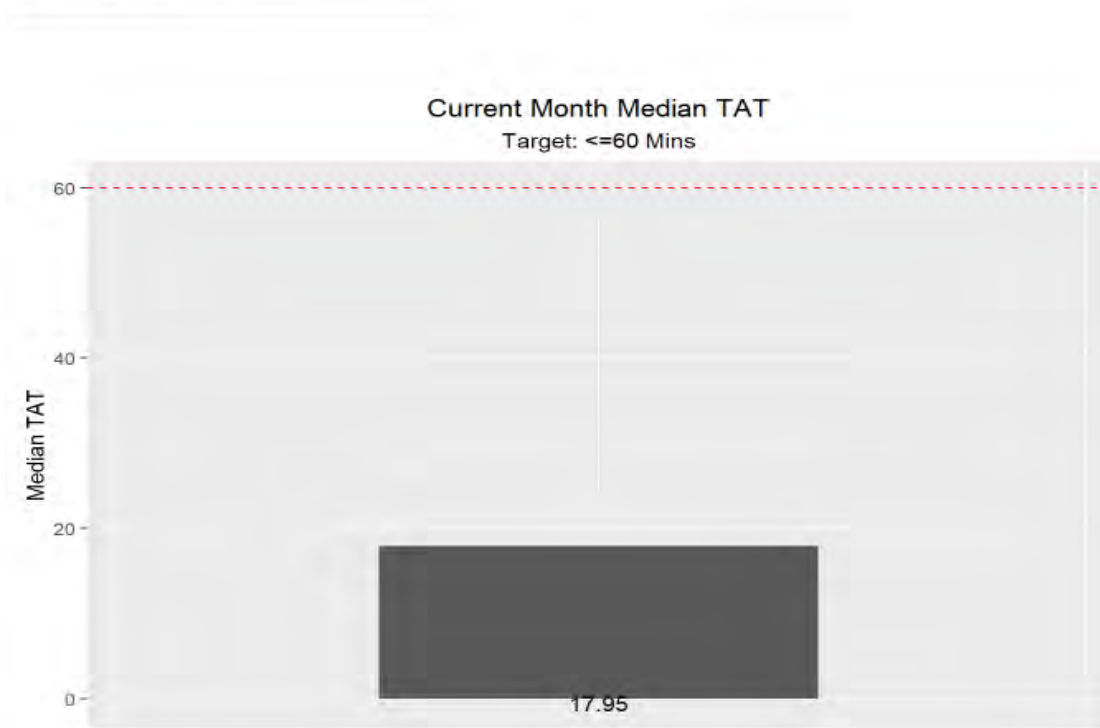
Service Excellence	Measure	Freq	Den	Q1 2019	Den2	Q2 2019	Den3	Q3 2019	Den4	Q4 2019	Target Comparative	2017avg	2018 avg	Percentile Rank AHA this quarter	Percentile Rank prev qtr	Reference
17	ED: Waiting time for radiology test	m	23	39%	22	41%	23	39%	11	64%			58%	93	5	
18	ED: Courtesy of radiology staff	m	20	60%	22	64%	23	61%	11	82%			73%	96	14	
19	ED: Concern for com fort of radiology test	m	29	52%	34	53%	36	47%	14	79%			59%	57	1	
125	Radiology A. Patients who reported they were "Usually" or "Always" treated respectfully and professionally and delays of 10+ minutes were explained by the admitting/reception staff.	Q	21	100%	26	99%	10	100%					99%			74
126	Radiology B. Patients who reported their health care provider "usually" or "always" communicated well.	Q	21	99%	26	100%	10	100%					100%			75
127	Radiology C. Patients who reported their personal privacy was "always" or "usually" respected.	Q	21	100%	26	100%	10	100%					99%			76
128	Radiology D. Overall rating of the hospital, where 0 is worst hospital possible and 10 is best hospital possible.	Q	21	9.52	26.00	9.52	10.00	9.60					9.50			77
129	Radiology E. Patients who reported that they would "Probably" or "Definitely" recommend this hospital to friends/family.	Q	21	95%	26	100%	10	100%					90%			78

Patient Satisfaction

We do very well. Our lowest score is the wait time for the test. I'm not sure if this is the "time to results" or waiting to have the exam. If it is waiting for the exam, ED wait is typically not because of our unavailability, we are told to wait by ED personnel because of other more pressing treatment needs. The time to results is in the contract with Radia and they do meet (not only meet but overachieve) the contracted time.

Quality - cont.

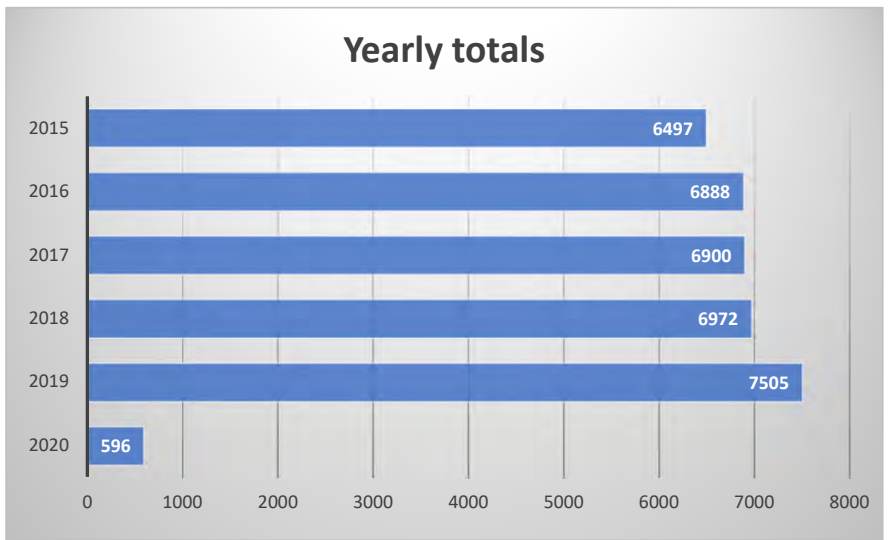
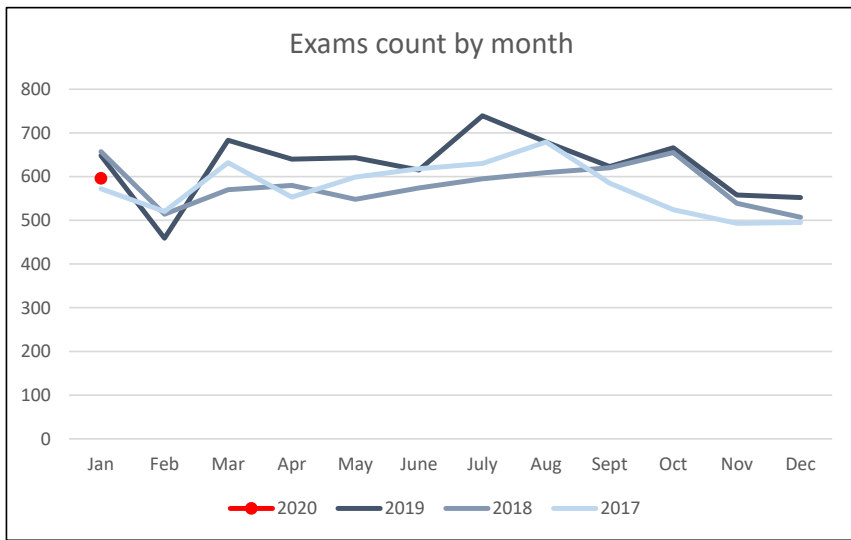
ER Exams



We get monthly reports from the Radiologists of results TAT (Turn Around Time). They track the time it takes for the Radiologists to view the images and enter results once they've received the study from us.

The contract holds them to 90 minutes. They have set their target at 60 minutes and their actual TAT was under 20 minutes.

Volumes:
We want to be **THE** place our providers (and others) trust to diagnose the patients.



The Future

Opportunities:

- Patient satisfaction:
 - New CT will decrease dose, shorten the time the patient is on the table and allow us to get the images processed and delivered to the Radiologists faster
 - We are considering 2 opportunities to safely and more conveniently share patients' images with the health care teams when they are referred for follow up care
 - Would love to add Bone Densitometry to our department. We have the space and qualified personnel. When the funds become available, we could offer this additional service to our community
 - With a software upgrade, we could add a "stitching" ability to our Xray machine. This would be helpful to the Radiologists when viewing scoliosis images (which is an infrequent study for us), but also will benefit patients going to an Orthopedist for a joint replacement. One orthopedic office has reached out to me for establishing a VPN tunnel to share mutual patients' images more easily. I will involve the potential for us meeting the patients' needs, so that they don't have to have travel to have the images taken at the Orthopedist's office.
- Employee satisfaction:
 - New CT and Xray will improve workflows
 - Staffing model to comply with impending State meal and break law



The Future – cont.

- Employee satisfaction:
 - New CT and Xray will improve workflows
 - Staffing model to comply with impending State meal and break law
 - Position posted to ease the amount of time we spend on call
- Goals:
 - CT replacement for 12-year-old scanner (showing signs of its age)
 - With that, we can offer Low Dose Lung Screenings to our community
 - X-Ray room replacement for our current one that was manufactured in 2005
 - Increase the variety of services we can offer...and staff the department accordingly

Thank you Very Much for your
time and attention!

Any Questions?

BOARD COMMITTEE REPORTS

Arbor Health Foundation Meeting Minutes

Tuesday January 14, 2020

Hospital Conference Room

Attendance: Ali Draper, Bev Grow, Jen Kaatz, Marc Fisher, Louise Fisher, Kaelin Forrest, Dan Mitten, Annaliese Mitten, Jamie Rose, Shelley Riggs, Stephanie Poffile-Rudd, Caro Johnson, Lynn Bishop

Call to Order by President Ali Draper at 12:02pm

A nomination was made to approve the following as new Foundation Members:

Annaliese Mitten

Dan Mitten

Jenn Kaatz

Jamie Rose

Shelley Riggs

Stephanie Poffile-Rudd

Motion Approved Ali Draper/Marc Fisher

Guest Speaker

Annaliese Mitten, Department Manager Randle Clinic

Provided reports on the survey results for Dr Ho and Robin Rice, nurses and front office staff. She has created a vision board and Caregiver of the Month, Lunch and Learn and Stop Light Report.

December minutes were approved. Lynn Bishop/Louise Fisher

Treasurers Report approved. Caro Johnson/Bev Grow

It was noted that there was an issue regarding employee gift cards as some employees did not recognize the holidays. It was suggested that the Foundation change the language in the future to employee appreciation cards. This issue was tabled for further discussion at next month's meeting.

Old Business:

The proposed 2020 budget was discussed and it was agreed to review the budget again at next month's meeting.

New Business:

2020 Calendar

- | | |
|----------|------------------------------------|
| Feb 29 | Mommy Shower |
| April 25 | Ladies Brunch, speaker Mary Profit |
| May 30 | Caps and Corks \$50 per plate |
| Oct 3 | Dinner Auction \$25 per plate |

Ann Marie Fosman is on the committee to plan the four evening meetings and Jenn Kaatz volunteered to work with her.

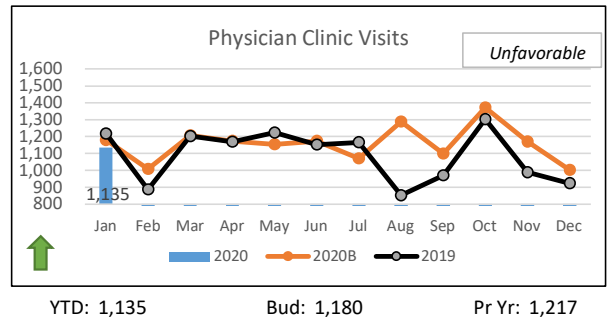
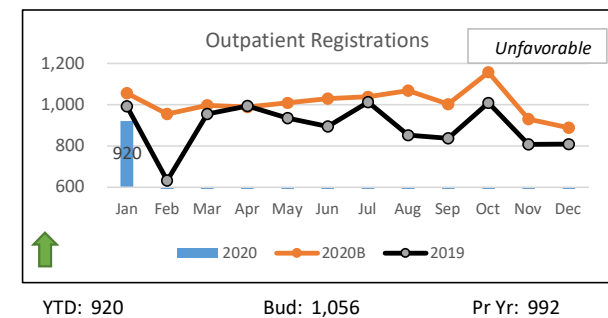
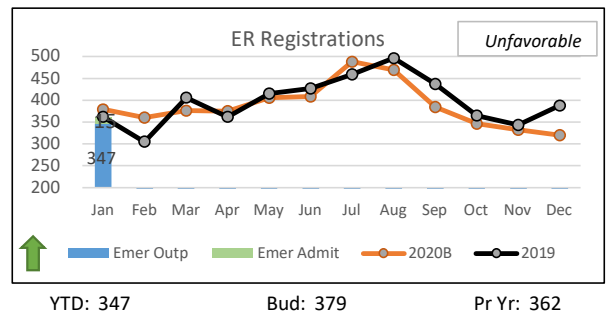
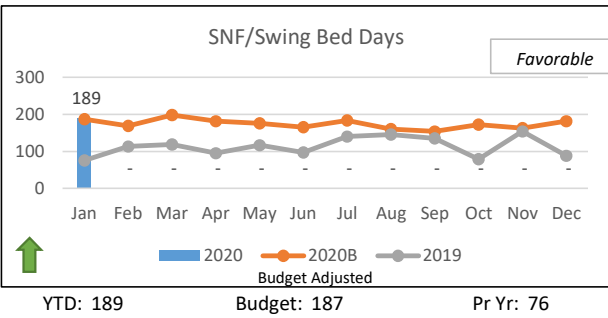
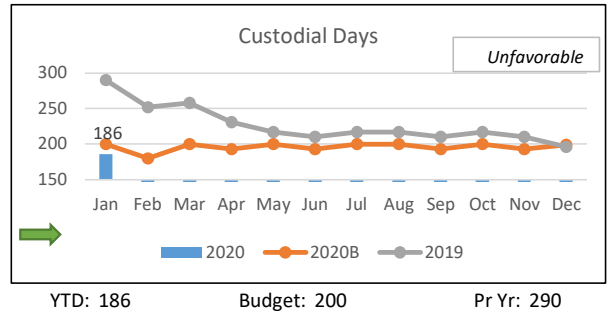
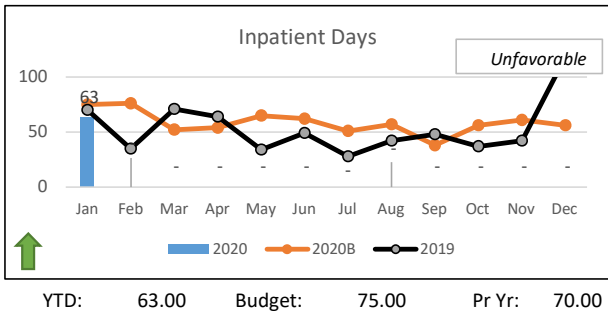
Meeting Adjourned 1:02

Next meeting Feb 11, 2020

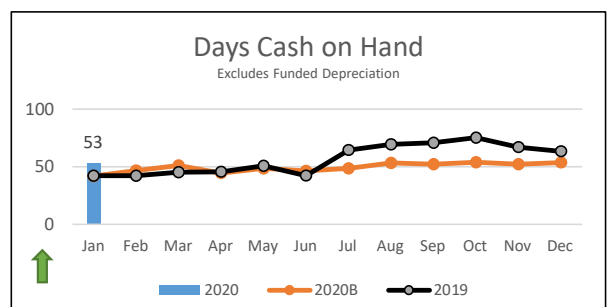
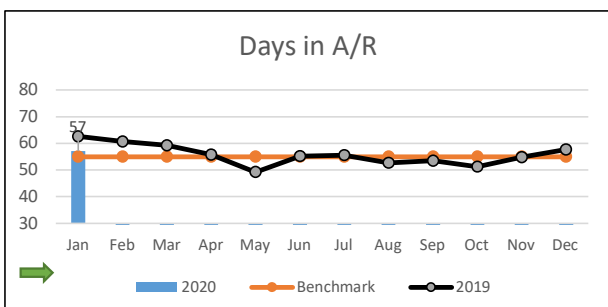
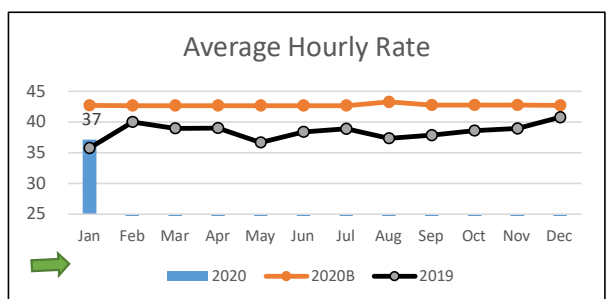
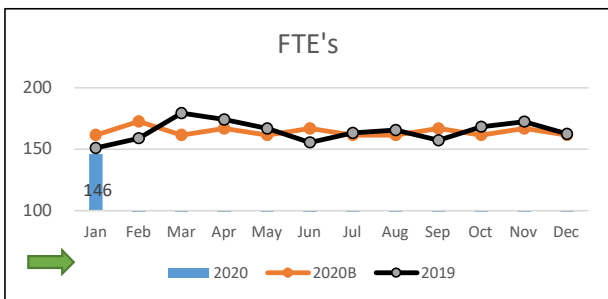
Lewis County Hospital District No. 1 Board Financial Summary

January 31, 2020

Growth



People and Operational Aspects



All Morton General Hospital
Income Statement
January, 2020

Pr Yr	MTD	% Var	MTD \$ Var	MTD Budget	MTD Actual		YTD Actual	YTD Budget	YTD \$ Var	YTD % Var	PY YR	YTD
957,136		-21%	(225,157)	1,054,072	828,915	Total Hospital IP Revenues	828,915	1,054,072	(225,157)	-21.4	957,136	
2,761,860		-14%	(425,623)	3,023,731	2,598,108	Outpatient Revenues	2,598,108	3,023,731	(425,623)	-14.1	2,761,860	
240,941		-1%	(2,406)	249,545	247,140	Clinic Revenues	247,140	249,545	(2,406)	-1.0	240,941	
3,959,937		-15%	(653,186)	4,327,349	3,674,163	Total Gross Patient Revenues	3,674,163	4,327,349	(653,186)	-15.1	3,959,937	
(1,618,444)		-26%	435,837	(1,660,091)	(1,224,254)	Contractual Allowances	(1,224,254)	(1,660,091)	435,837	-26.3	(1,618,444)	
(12,859)		-27%	21,789	(81,794)	(60,005)	Bad Debt & Bankruptcy	(60,005)	(81,794)	21,789	-26.6	(12,859)	
(30,223)		-52%	12,784	(24,715)	(11,931)	Charity Care	(11,931)	(24,715)	12,784	-51.7	(30,223)	
(122,960)		-100%	(6,134)	(0)	(6,134)	Other Adjustments	(6,134)	(0)	(6,134)	-100.0	(122,960)	
(1,784,487)		-26%	464,276	(1,766,600)	(1,302,324)	Total Deductions From Revenue	(1,302,324)	(1,766,600)	464,276	-26.3	(1,784,487)	
2,175,450		-7%	(188,910)	2,560,749	2,371,839	Net Patient Revenues	2,371,839	2,560,749	(188,910)	-7.4	2,175,450	
54,268		-11%	(7,856)	71,113	63,256	Other Operating Revenue	63,256	71,113	(7,856)	-11.0	54,268	
2,229,718		-7%	(196,767)	2,631,862	2,435,095	Total Operating Revenue	2,435,095	2,631,862	(196,767)	-7.5	2,229,718	
Operating Expenses												
1,249,983		12%	162,750	1,409,471	1,246,721	Total Salaries	1,246,721	1,409,471	162,750	11.5	1,249,983	
319,653		5%	16,135	319,108	302,973	Total Benefits	302,973	319,108	16,135	5.1	319,653	
1,569,636		10%	178,885	1,728,579	1,549,694	Salaries And Benefits	1,549,694	1,728,579	178,885	10.3	1,569,636	
115,875		6%	13,239	232,643	219,405	Professional Fees	219,405	232,643	13,239	5.7	115,875	
231,066		10%	15,964	167,945	151,981	Supplies	151,981	167,945	15,964	9.5	231,066	
268,348		6%	17,784	303,112	285,328	Total Purchased Services	285,328	303,112	17,784	5.9	268,348	
29,181		8%	3,387	41,150	37,763	Utilities	37,763	41,150	3,387	8.2	29,181	
16,147		2%	390	17,092	16,701	Insurance Expense	16,701	17,092	390	2.3	16,147	
149,459		-1%	(2,020)	146,296	148,316	Depreciation and Amortization	148,316	146,296	(2,020)	-1.4	149,459	
39,120		-1%	(233)	34,704	34,937	Interest Expense	34,937	34,704	(233)	-0.7	39,120	
28,668		-6%	(3,233)	56,024	59,258	Other Expense	59,258	56,024	(3,233)	-5.8	28,668	
2,447,500		8%	224,163	2,727,545	2,503,382	Total Operating Expenses	2,503,382	2,727,545	224,163	8.2	2,447,500	
(217,782)		-29%	27,396	(95,683)	(68,287)	Income (Loss) From Operations	(68,287)	(95,683)	27,396	-28.6	(217,782)	
(128,815)		5%	(6,114)	(133,885)	(127,771)	Non-Operating Revenue/Expense	(127,771)	(133,885)	(6,114)	4.6	(128,815)	
(88,967)		56%	21,283	38,202	59,484	Net Gain (Loss)	59,484	38,202	21,283	55.7	(88,967)	

Lewis County Public Hospital District No. 1

Balance Sheet
January, 2020

	<u>Current Month</u>	<u>Prior-Month</u>	<u>Prior-Year end</u>	<u>Incr/(Decr) From PrYr</u>
Assets				
Current Assets:				
Cash	\$ 4,281,734	4,690,389	4,690,389	(408,655)
Total Accounts Receivable	6,959,438	6,827,483	6,827,483	131,955
Reserve Allowances	(2,840,444)	(2,967,894)	(2,967,894)	127,450
Net Patient Accounts Receivable	<u>4,118,993</u>	<u>3,859,589</u>	<u>3,859,589</u>	<u>259,404</u>
Taxes Receivable	185,802	60,038	60,038	125,765
Estimated 3rd Party Receivables	338,030	338,030	338,030	0
Prepaid Expenses	229,749	270,106	270,106	(40,357)
Inventory	266,988	263,318	263,318	3,670
Funds in Trust	1,339,891	1,339,891	1,339,891	0
Other Current Assets	60,315	67,771	67,771	(7,456)
Total Current Assets	<u>10,821,503</u>	<u>10,889,132</u>	<u>10,889,132</u>	<u>(67,629)</u>
Property, Buildings and Equipment	30,038,642	30,038,742	30,038,742	(100)
Less Accumulated Depreciation	(20,718,947)	(20,569,325)	(20,569,325)	(149,622)
Net Property, Plant, & Equipment	<u>9,319,695</u>	<u>9,469,417</u>	<u>9,469,417</u>	<u>(149,721)</u>
Total Assets	<u>\$ 20,141,198</u>	<u>20,358,549</u>	<u>20,358,549</u>	<u>(217,351)</u>
Liabilities				
Current Liabilities:				
Accounts Payable	322,227	469,723	469,723	(147,496)
Accrued Payroll and Related Liabilities	464,710	547,641	547,641	(82,931)
Accrued Vacation	827,549	899,148	899,148	(71,599)
Third Party Cost Settlement	1,372,721	1,366,241	1,366,241	6,480
Interest Payable	34,604	0	0	34,603
Current Maturities - Debt	1,066,345	1,080,932	1,080,932	(14,587)
Other Payables	213	213	213	0
Current Liabilities	<u>4,088,369</u>	<u>4,363,898</u>	<u>4,363,898</u>	<u>(275,529)</u>
Capital Lease	0	0	0	0
Net Bond Payable	7,206,569	7,207,875	7,207,875	(1,306)
Total Long Term Liabilities	<u>7,206,569</u>	<u>7,207,875</u>	<u>7,207,875</u>	<u>(1,305)</u>
Total Liabilities	<u>11,294,938</u>	<u>11,571,773</u>	<u>11,571,773</u>	<u>(276,835)</u>
General Fund Balance	8,786,776	8,817,260	8,817,260	0
Net Gain (Loss)	59,484	(30,484)	(30,484)	59,484
Fund Balance	<u>8,846,260</u>	<u>8,786,776</u>	<u>8,786,776</u>	<u>59,484</u>
Total Liabilities And Fund Balance	<u>\$ 20,141,198</u>	<u>20,358,549</u>	<u>20,358,549</u>	<u>(217,351)</u>

CONSENT AGENDA



**LEWIS COUNTY HOSPITAL DISTRICT NO. 1
REGULAR BOARD OF COMMISSIONERS' MEETING
January 22, 2020 at 3:00 p.m.
Conference Room 1 & 2**

Mission Statement

The mission of Lewis County Hospital District No. 1, steward of public funds and trust, is to provide our highest level of compassionate, diligent and professional medical care.

Vision Statement

A caring team of people working together to lead our community toward better health.

AGENDA TOPIC	CONCLUSION	ACTION ITEMS
Call to Order	<p>Board Chair Fritz called the meeting to order at 3:00 p.m.</p> <p>Commissioners present: Shelly Fritz, Board Chair Kenton Smith, Secretary Trish Frady Tom Herrin Wes McMahan</p> <p>Others present: Leianne Everett, Superintendent Michelle Matchett, Nursing Administrative Assistant Shana Garcia, Executive Assistant Katelin Forrest, HR/Medical Staff Coordinator Vicky Brown, Clinic Administrator Richard Boggess, CFO Shannon Kelly, HR Director Terri Camp, CCO Dexter Degoma, Interim Quality Manager Marc Fisher, Morton Resident Sharon Wedam, Silver Creek Resident Buddy Rose Annaliese Mitten, Randle Clinic Manager Craig & Laura Coppock, Mossyrock Residents Roy Anderson, Compliance Officer Van Anderson, Packwood Resident</p>	
Approval or Amendment of Agenda	<p>Superintendent Everett requested to amend the agenda by postponing the approval of the January 21, 2020 Finance Committee Meeting Minutes to the February 26, 2020 Regular Board Meeting.</p> <p>Commissioner McMahan requested to amend the agenda by objecting to the use of executive session for RCW</p>	<p>Commissioner Frady made a motion to approve the amended agenda and Commissioner Herrin seconded. Board Chair Fritz, Secretary Smith, Commissioners Frady and</p>



	<p>42.30.100 (i). He objected that the Board’s use is not justified in the matter of his public records request and is the worst form of intimidation. He confirmed he has not threatened any specific litigation to this matter but is not waiving his right to instigate litigation should it deem appropriate. He concluded that it is his determination that the stated purpose for executive session is unlawful and would encourage his fellow board members to retreat with him to the lobby and not attend executive session.</p> <p>Board Chair Fritz thanked Superintendent Everett and Commissioner McMahan for their proposed amendments. She confirmed she spoke with Arbor Health’s Attorney, Brad Berg, prior to the Board meeting and informed Commissioner McMahan legal will be present at this executive session and due to a conflict of interest he will be asked to leave the room.</p>	<p>Herrin voted yea and Commissioner McMahan voted nay. The motion passed.</p>
<p>Conflicts of Interest</p>	<p>Superintendent Everett asked the board to state any conflicts of interest with today’s amended agenda.</p>	<p>No Commissioners indicated they had a conflict of interest.</p> <p>Board Chair Fritz noted there was a conflict of interest for Commissioner McMahan regarding executive session content and reiterated that he would be excused for a portion of the first executive session.</p>
<p>Comments and Remarks</p>	<p>Commissioners: None Noted</p> <p>Audience: Sharon Wedam, Silver Creek resident, noted she provided and received care from Morton Hospital for several years. She has no concerns regarding the care; however, she continues to have concerns regarding costs. She requested that the public should be informed, except for emergent situations, of the potential costs. Also, she has concerns for employees who have high deductibles.</p> <p>Board Chair Fritz thanked Ms. Wedam for bringing forth her concerns. As a Public Hospital District transparency is a priority and we are required to post our gross charges on the District’s website. The Finance Committee monitors pricing annually to stay competitive and viable for this community. The Board hears her concern about</p>	



	<p>transparency, is committed to continuing to pursue this and is open to innovative ideas to achieve pricing transparency in this complex healthcare environment.</p> <p>HR Director Kelly noted while we have high deductible plans, employees out of pocket costs are supplemented through our Health Savings Account (HSA) program.</p>	
<p>Executive Session- RCW 70.41.205</p> <ul style="list-style-type: none"> • Medical Privileging- Katelin Forrest • To discuss with legal counsel representing the agency matters relating to agency enforcement actions, or to discuss with legal counsel representing the agency litigation or potential litigation to which the agency, the governing body, or a member acting in an official capacity is or is likely to become, a party, which public knowledge regarding the discussion is likely to result in an adverse legal or financial consequence to the agency. 	<p>Executive Session began at 3:20 p.m. to discuss Medical Privileging and potential litigation to which the agency, the governing body, or a member acting in an official capacity is or is likely to become, a party, which public knowledge regarding the discussion is likely to result in an adverse legal or financial consequence to the agency for forty minutes.</p> <p>The Board returned to open session at 4:00 p.m. No decisions were made.</p>	<p>Commissioner Frady made a motion to approve the Medical Privileging as presented and Commissioner Herrin seconded. The motion passed unanimously.</p> <p><u>Initial Appointments:</u></p> <ol style="list-style-type: none"> 1. Bruce Geryk, MD – Consulting – (Providence – Telestroke Privileges) 2. Kirk Myers, MD – Consulting (Radiology privileges) 3. James Henry Keene, MD - Active (Arbor Health – Internal Medicine Privileges)
Break	<p>Board Chair Fritz called for a 5-minute break at 4:05 p.m.</p> <p>The board returned to open session at 4:10 p.m.</p>	
<p>Guest Speaker-Chelene Whiteaker, SVP, Government Affairs</p> <ul style="list-style-type: none"> • WSHA 2020 Legislative Agenda 	<p>Superintendent Everett introduced Chelene Whiteaker, SVP, Government Affairs and Jacqueline Barton True, VP via Zoom. Ms. Whiteaker highlighted the following related to WSHA's 2020 Legislative Agenda:</p>	



	<ol style="list-style-type: none"> 1. Reviewed the bills that will be addressed at next week's advocacy days. 2. Identified policy priorities, as well as budget requests. <p>Board Chair Fritz noted Commissioner McMahan and Superintendent Everett will be joining her next week at advocacy days and acknowledged they will be representing the District. She reminded the Board that we want to speak as one voice on behalf of the District, so we need to prioritize the bills.</p> <p>Commissioner Frady requested Superintendent Everett's input on Administrations priorities. Superintendent Everett recommended the following three:</p> <ol style="list-style-type: none"> 1. Ensure difficult to discharge patients have placement for memory care. 2. Support telemedicine payment parity and remove restrictions to access. 3. Support visiting nursing services in rural areas. <p>Board Chair Fritz assigned Commissioner McMahan initiative number one, Superintendent Everett to initiative number two and she would speak to initiative number three.</p>	
<p>Department Spotlight</p> <ul style="list-style-type: none"> • Rehabilitation Services 	<p>Rehabilitation Services Manager Meelhuysen highlighted the following on Rehabilitation Services:</p> <ol style="list-style-type: none"> 1. Provided a staffing update, along with the services being offered to patients. 2. Scheduled to have staff bios on the website in first quarter. 3. Identified the Department's accomplishments in 2019, which included growing the aquatic program offerings. 4. Reduced average time from referral to evaluation by 50% from 12 to 6 days in fourth quarter of 2019. 5. Focused on decreasing cancellations and no shows. 6. Shared now that we have a team, our vision is to improve what we are doing and expand what we are doing. 7. Envisions being a free-standing Health and Wellness Center. <p>Board Chair Fritz encouraged Administration to review grant options for expanding this department.</p>	
<p>Board Committee Reports</p> <ul style="list-style-type: none"> • Hospital Foundation Report 	<p>Superintendent Everett complimented the Foundation's end of the year event. The Foundation welcomed new members and elected new officers for 2020.</p>	



<ul style="list-style-type: none"> Finance Committee Report 	<p>CFO Boggess highlighted the following:</p> <ol style="list-style-type: none"> Inpatient & ED Admissions were above budget. Expenses experienced included agency costs, ambulance, state auditors the transfer of Meridian transition, which this was the final payment. EBITA was favorable. YTD Net Income exceeded budget. Overall, it was a strong month and a good way to end the year. From a long-term debt perspective, we reduced it by \$1M and the Cerner note ended. Swing bed days ended the year at 1349 compared to a budget of 1,189 and prior year of 718. The Allevant program has been a huge factor in the success of these with almost twice as many patients served. There has been significant investment by adding positions like case management, behavior health and house supervisors to help provide better services to meet the needs of our district. 	
<p>Break</p>	<p>Board Chair Fritz called for a 10-minute break at 5:30 p.m.</p> <p>The board returned to open session at 5:40 p.m. 5:30 pm 10 minutes.</p>	
<ul style="list-style-type: none"> Plant Planning Committee Report 	<p>Superintendent Everett noted the minutes were included in the packet and the meeting was intended to bring Commissioner Herrin current on the District's 2020 plan.</p>	
<p>Consent Agenda</p> <ul style="list-style-type: none"> Minutes of the December 18, 2019 Regular Board Meeting (<i>Action</i>) Minutes of the January 8, 2020 Medical Staff Committee Meeting (<i>Action</i>) Minutes of the January 16, 2020 Plant Planning Committee Meeting (<i>Action</i>) 	<p>Secretary Smith requested clarification on when the District deems property is ready for surplus. Superintendent Everett noted most often property is at its natural end of life or is no longer supported from a technology perspective.</p> <p>The Board will review and approve the Minutes of the January 21, 2020 Finance Committee Meeting at the February 26, 2020 Regular Board Meeting.</p>	<p>Commissioner Frady made a motion to approve the Consent Agenda and Secretary Smith seconded. The motion passed unanimously.</p>



<ul style="list-style-type: none">• Minutes of the January 21, 2020 Finance Committee Meeting (<i>Action</i>)• Warrants & EFT's in the amount of \$2,858,370.54 dated October 2019 (<i>Action</i>)• Warrants & EFT's in the amount of \$2,360,020.82 dated December 2019 (<i>Action</i>)• Resolution 20-01- Declaring to Surplus or Dispose of Certain Property (<i>Action</i>)• Resolution 20-02- Adopt Flexible Spending Account Plan (<i>Action</i>)• Resolution 20-03- Adopt the Health Reimbursement Arrangement (<i>Action</i>)• Resolution 20-04- Approve to add CCO and remove CNO Signatures on Accounts Established for Lewis County Hospital District No. 1 (<i>Action</i>)• Resolution 20-05- Approve to add CCO and remove CNO Signatures on Trust & Prescription Accounts Established for Lewis County Hospital District No. 1 (<i>Action</i>)• Resolution 20-06- Approve to add CCO		
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<p>and remove CNO Signatures on Internet Banking Accounts Established for Lewis County Hospital District No. 1 (<i>Action</i>)</p> <ul style="list-style-type: none"> • Resolution 20-07- Approve the Amendment of 403(b) Retirement Plan • Approve Documents Pending Board Ratification 01.22.20 (<i>Action</i>) 		
<p>Old Business</p> <ul style="list-style-type: none"> • Board Self Evaluation 	<p>Board Chair Fritz noted since we are already into 2020 with new commissioners, lets postpone completing the Board Self Evaluation to November and December.</p>	<p>Action Item-Executive Assistant Garcia will update the Board Calendar to present the Board Self Evaluation at the November meeting and discuss at the December meeting.</p>
<p>New Business</p> <ul style="list-style-type: none"> • Election of Officers/Organization of Committees 	<p>Board Chair Fritz noted we need to elect a 2020 Board Chair and Board Secretary.</p> <p>Secretary Smith nominated Shelly Fritz to be reelected as the Board Chair. Commissioner McMahan nominated Kenton Smith to be reelected as the Board Secretary. Board Chair Fritz and Secretary Smith accepted the positions.</p> <p>Board Chair Fritz presented the following for committee assignments.</p>	<p>Secretary Smith made a motion to elect Shelly Fritz as the Board Chair. Commissioner Frady seconded and the motion passed unanimously.</p> <p>Commissioner McMahan made a motion to elect Kenton Smith as Board Secretary. Commissioner Frady seconded and the motion passed unanimously.</p>



2020 Organization & Officers of the Board of Commissioners Effective Date: January 22, 2020																																											
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<ul style="list-style-type: none"> Board Education 	<p>Board Chair Fritz shared we include Board Education in each packet from iProtean. Each commissioner will have log in information to access all the education. The goal of the education is to think at the governance level and keep in mind that iProtean includes information from Perspective Payment System hospitals. Superintendent Everett has requested access for Commissioners Herrin and McMahan and will follow up once received.</p>		<p>Action Item- Superintendent Everett will follow up with iProtean on access for Commissioners Herrin and McMahan.</p>																																								
<ul style="list-style-type: none"> Code of Ethics Conflict of Interest 	<p>Board Chair Fritz presented the Code of Ethics and Conflict of Interest and noted the Board signs both on an annual basis.</p> <p>Commissioner McMahan expressed concerns regarding signing the Code of Ethics. He inquired if the District has an Ethics & conflict of Interest Committee and requested to have it reviewed by someone at OSU.</p> <p>Board Chair appreciated Commissioner McMahan’s concerns; however, the Board needs to decide as one voice to have the Code of Ethics reviewed by an external party.</p> <p>The Board agreed to table the discussion and pass onto the Compliance Committee and have Compliance Officer Anderson start researching to have on the agenda on February 11, 2020.</p> <p>Commissioner McMahan agreed to sign and the Board will re-sign if there is an amendment.</p>		<p>Action Item- Superintendent Everett will request Compliance Officer Anderson to research and present at the upcoming February 11, 2020 Compliance Committee Meeting.</p>																																								
<ul style="list-style-type: none"> Dress Code 	<p>Board Chair Fritz shared that Commissioner McMahan requested to discuss the Board’s dress code. The Board does not have a dress code policy; however, in the past it has been recognized as business casual. She noted she supports self-expression but wanted input from the Board</p>		<p>Action Item- Superintendent Everett will request Compliance Officer Anderson to research and present at the</p>																																								



	<p>on this topic. Commissioner McMahan wants to wear his scrubs as that is what business casual means to him as his professional attire.</p> <p>The Board overall was not supportive of a dress policy but each Commissioner individually indicated they wanted the Board to be viewed with neutrality as a leader of the District, representing all citizens not just certain groups, as well as being viewed as a Board that is collaborative.</p> <p>The Board agreed to table the discussion and pass onto the Compliance Committee and have Compliance Officer Anderson start researching to have on the agenda on February 11, 2020.</p> <p>The Board and Commissioner McMahan (individually) agreed to have Commissioner McMahan’s name and frame on the wall with no picture until there is resolution on this topic. The Board agreed for Commissioner McMahan to have his badge picture taken with his scrubs on for right now to ensure he can optimally perform the duties of his elected office.</p> <p>Because Commissioner McMahan is wearing clinical attire in the picture on his Commissioner badge, and to avoid confusion and ensure patient privacy, while onsite and/or conducting the District’s business, all Board members need to wear badges visibly. Board Chair Fritz noted this discussion will be settled by the March 25, 2020 Regular Board Meeting.</p>	<p>upcoming February 11, 2020 Compliance Committee Meeting.</p>
<ul style="list-style-type: none"> • 2020 Board Budget 	<p>Board Chair Fritz presented the 2020 Board Budget that is managed by the Board Chair. The budget is reported monthly at the Finance Committee Meeting. All requests for expenditures go to Board Chair Fritz. It is important to communicate throughout the year regarding expenditures by Commissioners. Commissioners are encouraged to attend at least one governance education conference per year.</p>	
<ul style="list-style-type: none"> • Board Meeting Start Time Discussion 	<p>Due to new commissioners, Superintendent Everett asked if the Board wants to keep the monthly Board Meeting start time at 3 PM.</p> <p>The Board agreed to keep the Regular Board Meetings at 3 PM.</p>	



<ul style="list-style-type: none"> 2020 Board Agenda Items 	<p>Board Chair Fritz requested that Commissioners propose agenda items to her by the second Wednesday of each month for consideration for the upcoming board agenda. She requested that any major items that Commissioners know they want addressed in 2020 be submitted to her in writing by the February Board meeting.</p>	
<p>Superintendent Report</p> <ul style="list-style-type: none"> Superintendent's Dashboard 	<p>The Board did not have any follow up questions on the Superintendent's Report.</p> <p>Superintendent Everett will email a draft agenda for the upcoming Strategic Planning Retreat once she receives it from Via Consulting.</p> <p>Superintendent Everett noted the Catholic Church has been purchased; however, the owners have no future use. The owner knew the District had considered its potential use, so they reached out to see if we would like to utilize the space. Superintendent Everett recommended we postpone responding until after the Strategic Planning Retreat to see if it fits into our Strategic Initiatives.</p>	<p>Action Item- Superintendent Everett will follow up with the property manager to notify them that the District will not be pursuing the property at this time.</p>
<p>Executive Session</p>	<p>Board Chair Fritz noted the Board no longer needs a second Executive Session.</p>	
<p>Adjournment</p>	<p>Commissioner Herrin moved and Commissioner Frady seconded to adjourn the meeting at 7:21 p.m.</p>	

Respectfully submitted,

Kenton Smith, Secretary

Date



**LEWIS COUNTY HOSPITAL DISTRICT NO. 1
SPECIAL BOARD OF COMMISSIONERS' MEETING
February 20, 2020 at 9 a.m.
Conference Room 1**

Mission Statement

The mission of Lewis County Hospital District No. 1, steward of public funds and trust, is to provide our highest level of compassionate, diligent and professional medical care.

Vision Statement

A caring team of people working together to lead our community toward better health.

AGENDA	DISCUSSION/CONCLUSION	RECOMMENDATIONS/ ACTION/FOLLOW-UP
Call to Order	<p>Board Chair Fritz called the meeting to order at 9:01 p.m.</p> <p>Commissioners present: Shelly Fritz, Board Chair Kenton Smith, Secretary Trish Frady Wes McMahan Tom Herrin</p> <p>Others present: Leianne Everett, Superintendent Shana Garcia, Executive Assistant Shannon Kelly, HR Director Marc Fisher, Morton Resident Tom Anderson, MD Terri Camp, CCO Roy Anderson, Compliance Officer Vicky Brown, Clinic Administrator Edwin Meelhuysen, Rehabilitation Services Manager Julie Allen, Mossyrock Clinic Manager Dexter Degoma, Interim Quality Manager Alicia Johnson, Clinical Informatics Supervisor Annaliese Mittee, Randle Clinic Manager Diane Markham, Marketing & Development Manager Jeff Robbins, EVS Manager Jim Frey, IT LeeAnn Evans, RN Pam Logalbo, RN Char Hancock, Morton Medical Center Craig Coppock, Mossyrock Resident Clint Scogin, Controller Richard Boggess, CFO</p>	



	<p>Research Assistant Van Anderson, Packwood Resident Karma Bass, Consultant-Via Healthcare Kara Witalis, Consultant-Via Healthcare</p>	
Reading of the Notice of the Special Meeting	Board Chair Fritz read the special board meeting notice.	
Welcome & Introductions	Superintendent Everett welcomed the participants.	
Meeting Agenda, Objectives and Group Guidelines	Karma reviewed the agenda, meeting objectives which included reviewing and refreshing the mission, vision and organization values, as well as established the organizational strategic priorities for 2020-2022.	
The Evolution of America's Healthcare System and Key Imperatives for Today	<p>Kara highlighted the key threads of the history of American healthcare:</p> <ol style="list-style-type: none"> 1. Access 2. Money 3. Quality <p>Kara noted that while studies show that access to care and ability to afford care continues to improve since the Affordable Care Act, this District continues to face these barriers. The District needs to focus on delivering quality primary care, be price competitive where we can, but ultimately maintain solvency to exist in this community. Critical Access Hospitals were not designed to be all things for all people.</p>	
Break	<p>Board Chair Fritz called for a 10-minute break at 10:25 a.m.</p> <p>The Board returned at open session at 10:35 a.m.</p>	
Governance Rules of the Road: Best Practices for Board Effectiveness	<p>Karma highlighted the Board's the governance role and shared the Board work is accomplished through:</p> <ol style="list-style-type: none"> 1. Policy Formation. 2. Decision Making, which should only be decisions that need to be made at the Board's level. 3. Oversight, which only includes giving direction to the Superintendent. <p>Karma recommended the Board needs to manage the Districts expectations of your role as a Commissioner. It is important to identify if the issue needs to be reviewed by the whole board or is it an administrative matter that needs to be shared with Superintendent Everett.</p>	Action Item-Executive Assistant Garcia will add Handling Complaints, Comments & Questions in the Community to New Business on the February 26, 2020 Regular Board Meeting Agenda.



	<p>Commissioner Herrin requested to put handling complaints, comments and questions from the community in the parking lot for future discussion.</p> <p>Karma recommended making Commissioner business cards that include the Quality Manager’s contact information on one side for patients to contact in the event an issue occurs.</p> <p>Karma reiterated it is the Board’s role to set the Strategic Direction and Policy and it is Administration’s roles to implement. The Board identifies “the what” and management identifies “the how.” It is appropriate for the Board to check in on an initiative that they approved and for Administration to report an update.</p>	
Break	<p>Board Chair Fritz called for a 15-minute break at 11:45 a.m.</p> <p>The Board returned at open session at 12:00 p.m.</p>	
Framing-Mission, Vision & Values	<p>Karma and Kara defined the purpose of Mission and Vision Statements, as well as Values.</p> <p>The final draft are as follows:</p> <ol style="list-style-type: none"> 1. Mission: Our mission is to foster a healthy community. 2. Vision: Our vision is to provide accessible, quality healthcare. 3. Values: <ol style="list-style-type: none"> a. One Team, one purpose b. Know the way, show the way and ease the way c. Share a smile, go the extra mile d. Live it, own it e. Care like crazy f. Motivate, appreciate, innovate g. Enjoy the journey 	Action Item-The Board will review the Mission and Vision Statements and will bring any edits for discussion at the February 26, 2020 Regular Board Meeting.
Arbor Health-Mission, Vision & Values	The Board will adopt the Mission & Vision Statements at the February 26, 2020 Regular Board Meeting.	Action Item-Superintendent Everett will continue refining the values with the Staff.
Arbor Health-Where are we today?	Superintendent Everett highlighted the District as it is today and where the District moved the needle on the current Strategic Plan.	
Framing-Strategies, Objectives & Action Plans	Kara summarized the Community Health Needs Assessment to identify opportunities within the District.	Action Item-Executive Assistant Garcia will



	<p>The final draft strategies are as follows:</p> <p>Strategies:</p> <ol style="list-style-type: none"> 1. Build external relationships and partnerships that prioritize community health needs. 2. Create a culture focused on safety, patient satisfaction, employee engagement and excellent outcomes. 3. Being stewards of public funds and trust. <p>Objectives: Administrative team will develop. Action Plans: Administrative team will develop.</p>	include a Resolution with the draft mission and vision statement, as well as the strategies for 2020-2022.
Strategic Planning-2020-2022	The Board will adopt the 2020-2022 Strategic Plan at the February 26, 2020 Regular Board Meeting.	
Next Steps & Closing Comments	Board Chair Fritz thanked everyone for coming.	
Adjournment	Commissioner Herrin moved and Secretary Smith seconded to adjourn the meeting at 2:30 p.m. The motion passed unanimously.	

Respectfully submitted,

Kenton Smith, Board Secretary

Date



**LEWIS COUNTY HOSPITAL DISTRICT NO. 1
Compliance Committee Meeting
February 11, 2020 at 12:00 p.m.
Conference Room 1**

AGENDA	MINUTES	ACTION
Call to Order	<p>Secretary Smith called the meeting to order at 12:02 p.m.</p> <p>Board Commissioner Present(s): Kenton Smith, Secretary Wes McMahan, Commissioner</p> <p>Present: Roy Anderson, Compliance Officer Shana Garcia, Executive Assistant Sherry Sofich, Revenue Cycle Manager Leianne Everett, Superintendent Richard Boggess, CFO Shannon Kelly, HR Director Dexter Degoma, Interim Quality Manager</p> <p>Absent: Terri Camp, CCO</p>	
Approval or Amendment of Agenda	None noted.	HR Director Kelly made a motion to approve the agenda. Commissioner McMahan seconded and the motion passed unanimously.
Conflict of Interest	Commissioner McMahan questioned having a conflict of interest with having a public record's request. Compliance Officer Anderson noted there was no conflict of interest.	

Approval or Amendment of the Agenda		
Conflict of Interest		
Review of Compliance Minutes- October 17, 2019	The minutes were approved at the last Regular Board Meeting, November 6, 2019 and the committee did not have any additional edits.	
Compliance Review/Work Plan for 2019	<p>Compliance Officer Anderson will continue to perform HIPAA Physical Risk Assessments and work on OIG guidance in accordance to the plan. Continue to train on general regulations and discuss trends at the monthly departmental director’s meeting.</p> <p>Compliance Officer Anderson noted he is working a PDSA for Scanning given there is opportunity to reduce HIPAA related items in this area of the organization.</p> <p>Superintendent Everett requested follow up action regarding selling supplies in Rehabilitation Services Department.</p>	Action Item-Compliance Officer Anderson will schedule a meeting with Rehabilitation Services Manager Meelhuysen and Revenue Cycle Manager Sofich to gain clarity on the possibility of moving forward with selling supplies within the department.

Public Records Report	Executive Assistant Garcia reported there were six public record requests in 2019 and one remains open to date. The legal costs associated to record requests totaled approximately \$5,500 in fourth quarter. The District was summoned in December as a defendant in the <i>Washington Federation of State Employees, et al. v. Freedom Foundation, et al. Thurston County Superior Court Cause No. 19-2-06100-34</i> . The District is in a good position since we did not receive a public records request, therefore was not responsive. Physicians Insurance will be providing coverage. We are in a holding pattern for now. In 2020, the District launched a website update to have a fillable format for requestors to complete for future requests.	
Legal of Regulatory	Compliance Officer Anderson provided an update to the final rule from CMS noting this affects outpatient services in the hospital and clinics, as well as the inpatient rule of patient's care spanning less than two midnights. These exceptions will be reviewed on a case by case on whether the medical record supports payment.	
Summary Report Compliance Items Reviewed	Compliance Officer Anderson presented a summary report of the items currently being reviewed and trained on to avoid in the future.	
Review/Follow Up Items <ul style="list-style-type: none"> • HIPPA Issues • Compliance Issues 	Compliance Officer Anderson reported there are HIPAA trends that continue to happen with paper medical records. <ol style="list-style-type: none"> 1. 92 HIPPA Events in 2019. <ol style="list-style-type: none"> a. All were human error or a system error vs. a mistake made with an intent. 2. 11 Events were related to BAA or outside Covered Entities. 3. 3 Reportable Events in 2019 that were related to paper issues. 4. 51 Compliance Events in 2019. 	
<ul style="list-style-type: none"> • Hotline • Education 	Compliance Officer Anderson noted there was no activity on the website or hotline in fourth quarter. <p>Compliance Officer Anderson recommended the Board review the Compliance Regulatory Summary in Lucidoc on an annual basis.</p>	

Appendix Updates	Compliance Officer Anderson attached supporting documentation to the related Compliance Activities for the quarter.	
Next Meeting-May 13, 2020	The next meeting is scheduled for May 13, 2020.	
Adjournment	Secretary Smith adjourned the meeting at 1:01 p.m.	



LEWIS COUNTY HOSPITAL DISTRICT NO. 1
Finance Committee Meeting
January 21, 2020 at 12:00 p.m.
Conference Room 1

AGENDA	DISCUSSION	ACTION
Call to Order	<p>Commissioner Frady called the meeting to order at 12:00 p.m.</p> <p>Commissioner(s) Present: Trish Frady Tom Herrin</p> <p>Committee Member(s) Present: Shana Garcia, Executive Assistant Jessica Niedert, Patient Access Manager Clint Scogin, Controller Terri Camp, CCO Richard Boggess, CFO Leianne Everett, Superintendent Sherry Sofich, Revenue Cycle Manager</p> <p>Committee Member(s) Absent: Marc Fisher, Community Member</p> <p>Guest(s) Present: Ron Bruchet, GHB Insurance Edwin Meelhuysen, Rehabilitation Services Manager Shannon Kelly, HR Director</p>	
Approval or Amendment of Agenda	None noted.	
Conflicts of Interest	None noted.	
Review of Finance Minutes – December 16, 2019	The minutes were approved at the Regular Board Meeting on December 18, 2019 and the committee did not have any additional edits.	

<p>New Business</p> <ul style="list-style-type: none"> • Department Spotlight- Rehabilitation Department 	<p>CFO Boggess presented the department spotlight this month on the Rehabilitation Department. He highlighted the programs available to patients, the units of services by patient type, as well as the payer mix by charges. He shared a 2016 through 2019 trend noting a 50% growth over a four-year time period. In 2019 the department experienced increased agency staffing cost and add technology advancements. The department has also expanded into speech therapy in the last year. Rehabilitation Services Manager Meelhuysen happily shared that as of today we shifted to permanent staffing and only have one position still open. This department is a positive outreach into the community and integrates into the Allevant program which brings our community home for care.</p>	
<ul style="list-style-type: none"> • Health Insurance 	<p>CFO Boggess shared the District continues to have a self-insured model of Health Insurance with HMA as our plan administrator. The District elected to go this route as a cost saving process in 2018. The approach eliminates the profit incentive of carriers in raising our cost. In exchange we control the plan benefits, and manage the fixed cost such as Stop Loss, Administrative fees and brokerage cost. CFO Boggess highlighted the plans experience through 2019 with costs being stable throughout the year except for the significant increase in December. Review included utilization rates compared to national averages and plan payment per employee/member results. A review of the top five providers by claim payment indicates Arbor Health is receiving the largest amount of payments at 25.77%. A review of shock claims, claims greater than \$40,000, was shared and a brief discussion of Stop Loss and the value of it represents to the organization and possible recoupment was addressed.</p> <p>The Committee agreed that the information presented shows trust in Arbor Health as our employees utilize services here at Arbor Health and extend out for specialty care not available here.</p>	
<ul style="list-style-type: none"> • Review the Long-Term Debt Obligation and Leases 	<p>CFO Boggess reviewed the RCW's regarding debt and reported the District has 90% capacity for voted debt and 35% available for non-voted debt. He reviewed the District's long-term debt schedule and highlighted there are three leases expiring in 2020.</p>	

<ul style="list-style-type: none"> • Update of 501R Discount Rates 	<p>CFO Boggess noted the District holds the IRS designation of a local government agency and not for profit 501(c)(3) organization. He highlighted the requirements for this designation, one of which is we must review our discount rate that is provided to patients that do not have insurance. The Discount in 2019 was 46%; however, based on the data the new discount rate would move to a 43% discount. There was a discussion surrounding pricing and how the structure is reviewed and maintained. The District utilizes a vendor to gain access to detail charge data to help manage it's charge structure in line with other community hospitals and critical access hospitals. He reiterated that as a critical access hospital we are not designed to compete with imaging and lab centers, rather we are a community hospital that is here for its residents.</p> <p>The Finance Committee supported moving forward with the 43% discount.</p>	
<ul style="list-style-type: none"> • Patient Balance Discussion 	<p>CFO Boggess noted if patient have questions or concerns regarding their bills, the revenue cycle team is available to assist. The hospital currently post it's chargemaster on our website for patients to review as they choose. In 2021, regulations will require that we post by shoppable service our prices by insurance company and plan. We will need to work with a vendor to provide a "quoting app" online to avoid the confusion that just posting charges will lead to.</p>	
<p>Old Business</p> <ul style="list-style-type: none"> • 340B-Income Statement Update 	<p>CFO Boggess reported a profitable net income of \$128,216 in 2019. These funds were earmarked to support the contract with Adventure Medics for patient transports from the Emergency Department to tertiary facilities for services we do not provide. Preliminary data is showing that a bulk of the transport volumes are going to Adventure Medics.</p>	
<ul style="list-style-type: none"> • Business Office Update 	<p>Revenue Cycle Manager Sofich noted the AR balance ended at \$6.7 Million with AR Days at 58 days on a goal of 55 days. December goals fell short due to PTO; however, the department exceeded the 2019 goal in cash collections.</p>	
<ul style="list-style-type: none"> • Patient Access Update 	<p>Patient Access Manager Niedert noted Patient Access accuracy trended close to target, up front collections ending strong for the year at \$76,000. We continue to have collection opportunities, so staff is training daily on patient responsibility and where we could have collected from a patient.</p>	

<ul style="list-style-type: none"> • Superintendent's Credit Card Expense Report 	<p>The Finance Committee reviewed and approved the Superintendent's credit card expenses.</p>	
<ul style="list-style-type: none"> • Self-Pay Vendor Replacement from HRG 	<p>CFO Boggess and Revenue Cycle Manager attended the HFMA Conference last week in hopes of finding options to replace HRG. This group works on the balance after insurance and self-pay. They have meetings scheduled with vendors to determine next steps.</p>	
<ul style="list-style-type: none"> • Board P&L Review- Dept. 8612 	<p>CFO Boggess presented the Board Department Operational Statement and the Budget was favorable for the year.</p>	
<ul style="list-style-type: none"> • Cost Report Update 	<p>CFO Boggess highlighted that the cost report tool currently indicates a payable for 2019.</p>	
<ul style="list-style-type: none"> • Capital Planning/Construction Update 	<p>CFO Boggess presented First Financial Healthcare Solutions and GE as potential solutions for funding. Both are viable options; however, GE has a better interest rate and may present better options if we decide to buy their equipment for the CT Scanner. There are a few other Lenders that did not have proposal prepared.</p>	
<ul style="list-style-type: none"> • Financial Statement- Preliminary December 2019 	<p>Controller Scogin highlighted the following on the December Financials:</p> <ol style="list-style-type: none"> 1. Inpatient volumes better than budget. 2. Swingbed not as strong as last month. 3. ER Registrations were better than budget. 4. Clinic visits low again this month, but we are increasing access by adding another locum. 5. Days in AR increased. 6. Employee Health Plan Activity increased significantly in December. 7. Cost Report impact was favorable by 200,000. 8. Income Statement results were favorable to budget. Operating Income exceed budget by \$467,000. 9. Expected Bond payment reflected on the balance sheet and reducing cash by \$1,000,000. 10. Cash is strong at 64 days cash on hand. <p>For the Calendar Year ending Dec 31, 2019, the hospital improved upon its Operating Income target \$(1,966k) and ending the year at \$(1,790k). Net Income was a loss of \$(42k) improving upon a target of \$(359K). The result are pre-audit and final cost report preparation. These are good results considering that Outpatient volumes decline from last year by 7%. The growth in Skilled Nursing that exceed</p>	

	<p>plan by 14% was a considerable help in meeting target.</p> <p>Cash Improved from the beginning of the year by over \$1.3 million. The organization has an 800,000 payable to Medicare due May. The organization reduce debt by \$1.6M including the extinguishment of the Cerner Note of 600,000 this year. Days Cash on Hand grew from 42 to 64 at year end.</p>	
Adjournment	Commissioner Frady motioned to adjourn at 2:00 pm.	



LEWIS COUNTY HOSPITAL DISTRICT NO. 1
Finance Committee Meeting
February 17, 2020 at 12:00 p.m.
Conference Room 1

AGENDA	DISCUSSION	ACTION
Call to Order	<p>Commissioner Frady called the meeting to order at 12:00 p.m.</p> <p>Commissioner(s) Present: Trish Frady Tom Herrin</p> <p>Committee Member(s) Present: Shana Garcia, Executive Assistant Terri Camp, CCO Richard Boggess, CFO via Zoom Leianne Everett, Superintendent Sherry Sofich, Revenue Cycle Manager Marc Fisher, Community Member</p> <p>Committee Member(s) Absent: Jessica Niedert, Patient Access Manager Clint Scogin, Controller</p> <p>Guest(s) Present: Jeri Whitnell, Imaging Manager</p>	
Approval or Amendment of Agenda	<p>Superintendent Everett requested to amend the agenda by adding a fourth budget amendment to New Business.</p>	<p>Commissioner Herrin made a motion to approve the amended agenda. Community Member Fisher seconded and the motion passed unanimously.</p>
Conflicts of Interest	<p>None noted.</p>	
Review of Finance Minutes – January 21, 2020	<p>The minutes will be approved at the Regular Board Meeting on February 26, 2020 and the committee did not have any edits.</p>	<p>Commissioner Herrin made a motion to approve the minutes. Community Member Fisher seconded and the</p>

		motion passed unanimously.
<p>Old Business</p> <ul style="list-style-type: none"> • Financial Department Spotlight-Imaging Department <ul style="list-style-type: none"> ○ <i>To review the departmental financial performance of Imaging.</i> 	<p>Imaging Manager Whitnell highlighted the following on the department:</p> <ol style="list-style-type: none"> 1. Presented a four-year trend and noted the numbers we are experiencing seem to align with years past. 2. Offer seven different modalities in the department and wants to expand to include bone density testing. When the department introduced the 3D Mammography there was great success from how that was marketed to the District. <ol style="list-style-type: none"> a. Commissioner Frady recommended that we market our other services too. 3. Requesting new equipment, as our current CT and X-ray machines are end of life. This equipment is on borrowed time. Administration is supportive of the purchase of this equipment, as it is part of delivering primary care through the ED to the District. 	<p>Action Item-Superintendent Everett will connect with Marketing & Development Manager Markham to develop a plan to market other services offered in Imaging.</p> <p>Action Item-CFO Boggess will include a financial department spotlight memo to include details regarding the statements included in the packet.</p>
<ul style="list-style-type: none"> • Capital Planning <ul style="list-style-type: none"> ○ <i>To review CT & X-Ray quotes provided by vendors for replacement of equipment.</i> ○ <i>To provide an update on the generator project.</i> ○ <i>To review financing options.</i> 	<p>CFO Boggess noted the District is looking to finance the following capital planning projects:</p> <ol style="list-style-type: none"> 1. Presented the equipment assessment for the CT Scanner and the DR X-Ray Suite. Current equipment is at end of life and need to be replaced as they are the foundation to this department. Imaging Manager Whitnell is recommending purchasing Canon based on the equipment feature schedule and service provided in the past. 2. Presented a comparative statement between De Lage Landen Public Finance and GE Public Finance. Shared the different terms and recommended GE Public Finance which included \$3,900,000, 2.98 Interest rate and interest only payments for the first six months and covers a 74-month term. <p>CFO Boggess reiterated that the District retired the Cerner debt in 2019 which carried a comparable payment to this new borrowing.</p>	<p>The Finance Committee agreed to support moving forward with the purchase of the Cannon CT Scanner & DR X-Ray Suite.</p> <p>The Finance Committee agreed to support moving forward with GE Public Finance.</p>
<ul style="list-style-type: none"> • Revenue Cycle Update <ul style="list-style-type: none"> ○ <i>To review the January highlights in the</i> 	<p>Revenue Cycle Manager Sofich highlighted the following on Revenue Cycle:</p> <ol style="list-style-type: none"> 1. Registration accuracy hovered at 90%. 2. Decrease in ER collections and no data for outpatient. 	

<p><i>Revenue Cycle Department.</i></p> <ul style="list-style-type: none"> ○ <i>To update Self-Pay Vendor Replacement.</i> ○ <i>To review and approve the 2020 Federal Poverty Guideline updates.</i> 	<ol style="list-style-type: none"> 3. Actively working authorizations with a high volume of them being approved. 4. Continue to monitor opportunities to collect and recently started collaborating with the Business Office to identify more. 5. Gross Days in AR is 57, down 1 day from last month at \$6,800,000. 6. Attended a HMA Conference and reviewed several self-pay vendors. As vendors are reviewed by the committee, areas to focus in on are customer service, how they handle complaints, technology advancements and do they have other Cerner clients. Interested in a vendor who reviews the propensity to pay to ensure we are focusing on the right patients. Compiling notes to identify the top 3 vendors and return for final presentation. Once a vendor is identified we will discuss implementation, training and go live of 5.1.20. 7. Presented the 2020 Federal Poverty Guidelines that establish the discount schedules for Self-Pay patients. The discount grid is based on patient's income and family size. This schedule is a required component for certain Federal programs that Arbor Health is part of. 	
<ul style="list-style-type: none"> ● Board Oversight Activities <ul style="list-style-type: none"> ○ <i>To review YTD department performance.</i> ○ <i>To review Superintendent's monthly credit card.</i> 	<p>CFO Boggess presented the Board Department Income Statement for the Committee, which was favorable for the month.</p> <p>The Finance Committee reviewed and approved the Superintendent's credit card expenses.</p>	
<ul style="list-style-type: none"> ● Cost Report Update <ul style="list-style-type: none"> ○ <i>To review the Medicare and Medicaid cost reports.</i> 	<p>CFO Boggess shared the Medicare cost reporting tool reduced the 2019 payable based on December activity. The 2019 Cost Report will be finalized by DZA and any changes will be done by audit entries. In 2020 we have a payable recorded at \$6,480 to Medicare.</p>	
<ul style="list-style-type: none"> ● Financial Statements <ul style="list-style-type: none"> ○ <i>To review the January 2020 Financials.</i> 	<p>CFO Boggess highlighted the following on the January Financials:</p> <ol style="list-style-type: none"> 1. Skilled Nursing patient days were at budget and the remaining indicators were unfavorable to budget by a range of 4 to 12%. 	

<ul style="list-style-type: none"> ○ <i>Appendix A- Income Statement by Line Item Reports.</i> 	<p>2. Net Income exceeded budget by \$21,000. Operating Revenues were unfavorable to budget by 7% due to volume. Operating Expenses were favorable to budget by 8%. Unfilled labor positions accounted for most of the favorable expenses. Cash declined by 8%, partially due to cash collections being lower than expected in Revenue Cycle.</p>	
<p>New Business</p> <ul style="list-style-type: none"> ● Chargemaster Transparency Regulations from CMS <ul style="list-style-type: none"> ○ <i>To review 2020 OPPS Final Rule & Supplement.</i> ○ <i>To discuss impact to patients.</i> 	<p>CFO Boggess shared some education regarding the new 2020 CMS charge transparency requirements effective in 2021. In 2019, we posted our Chargemaster and gross charges on our website to meet compliance. The 2020 final rule requires the following information be presented on the hospital’s website in an easily identifiable location:</p> <ol style="list-style-type: none"> 1. A consumer-friendly machine-readable file that presents procedure level information with standard charge amount. In addition, the highest and lowest discounted amount per line item and each payor discounted amount. 2. A consumer-friendly listing of the price for 300 shoppable items or packages, 70 of which CMS has identified. <p>CFO Boggess noted there is software available to assist in this process of supporting the patient and fulfilling the transparency required. At the next collaborative meeting the CFO’s will be reviewing two vendors for their product in hopes of having shared expenses if we elect to go this route. The presentation offers signification detail about these new mandates. There is litigation pending brought by the American Hospital Association and other large systems to stop this. The insurance carriers also have similar requirements for 2021.</p>	
<ul style="list-style-type: none"> ● State Auditor Report for 2018 <ul style="list-style-type: none"> ○ <i>To review Arbor Health’s Accountability Report Results.</i> 	<p>CFO Boggess shared the 2018 Accountability Audit Report from the Office of the WA State Auditor. The report was positive and is a direct reflection of the work done by Controller Scogin’s Finance department. The only recommendation was to report to the state that we are self-insured, which we have attempted to do twice already.</p>	
<ul style="list-style-type: none"> ● Budget Amendment Discussion <ul style="list-style-type: none"> ○ <i>To discuss amending the 2020 budget for changes in</i> 	<p>CFO Boggess presented the four budget amendments which include the following:</p> <ol style="list-style-type: none"> 1. Additional Nursing Leadership Staffing. 2. Additional provider with Dr. Fritz. 3. Additional Surgical Services Staffing. 4. Acquisition of Morton Medical Center. 	<p>The Finance Committee agreed to support all four budget amendments to the Board next week.</p>

<p><i>nursing leadership staffing.</i></p> <ul style="list-style-type: none"> ○ <i>To discuss hiring of Dr. Fritz and the budget impact.</i> ○ <i>To discuss acquisition of Morton Medical Center and budget discussion.</i> 		
<p>Adjournment</p>	<p>Commissioner Frady motioned to adjourn at 2:07 pm.</p>	

WARRANT & EFT LISTING NO. 2020-01

RECORD OF CLAIMS ALLOWED BY THE
BOARD OF LEWIS COUNTY
COMMISSIONERS

The following vouchers have been audited,
charged to the proper account, and are within the
budget appropriation.

CERTIFICATION

I, the undersigned, do hereby certify, under
penalty of perjury, that the materials have been
furnished, as described herein, and that the claim
is a just, due and unpaid obligation against
LEWIS COUNTY HOSPITAL DISTRICT NO. 1
and that I am authorized to authenticate and
certify said claim.

Signed:


Richard Boggess, CFO

We, the undersigned Lewis County Hospital
District No. 1 Commissioners, do hereby certify
that the merchandise or services hereinafter
specified has been received and that total
Warrants and EFT's are approved for payment
in the amount of

\$2,622,249.64 this 26th day

of February 2020

Secretary, Kenton Smith

Commissioner, Trish Frady

Board Chair, Shelly Fritz

Commissioner, Tom Herrin

Commissioner, Wes McMahan

SEE WARRANT & EFT REGISTER in the amount of \$2,622,249.64 dated *January 1, 2020 – January 31, 2020*.

Routine A/P Runs

Warrant No.	Date	Amount	Description
115876 - 115877	1/3/2020	10,429.02	EFT / CHECK
115878 - 115914	1/3/2020	110,822.64	CHECK RUN
115915	1/3/2020	336.00	CHECK RUN
115919 - 115922	1/10/2019	137,076.10	EFT / CHECK RUN
115923 - 115925	1/10/2020	202,522.67	EFT / CHECK RUN
115926 - 115939	1/10/2020	93,041.83	CHECK RUN
115940 - 115954	1/10/2020	29,000.68	CHECK RUN
115955 - 115987	1/16/2020	43,869.46	CHECK RUN
115988 - 115989	1/16/2020	34.64	CHECK RUN
115990 - 116015	1/16/2020	105,200.30	CHECK RUN
116016 - 116018	1/16/2020	645.28	CHECK RUN
116019 - 116021	1/20/2020	81,393.75	EFT / CHECK RUN
116022 - 116093	1/20/2020	148,062.89	CHECK RUN
116094 - 116098	1/27/2020	77,725.97	EFT / CHECK RUN
116099	1/6/2020	3,303.94	EFT / CHECK RUN
116100	1/7/2020	2,015.00	EFT / CHECK RUN
116101	1/8/2020	2,391.59	EFT / CHECK RUN
116102 / 116190	1/30/2020	231,073.89	CHECK RUN
116191	1/9/2020	966.97	EFT / CHECK RUN
116192	1/27/2020	87,516.78	LABOR & INDUSTRIES
116193	1/28/2020	656.51	CHECK RUN
116194	1/28/2020	17,346.25	EFT / CHECK RUN
116195 - 116199	1/31/2020	177,618.57	EFT / CHECK RUN
116200	1/15/2020	11,705.77	EFT / CHECK CC
Total - Check Runs		\$ 1,574,756.50	

Error Corrections - in Check Register Order

Warrant No.	DATE VOIDED	Amount	Description
116061 - 116062	1/24/2020	(124.27)	VOID
115982	1/31/2020	\$ (8.20)	VOID
TOTAL - VOIDED CHECKS		\$ (132.47)	

COLUMBIA BANK CHECKS, EFT'S & VOIDS **\$ 1,574,624.03**

EFT	Date	Amount	Description
1104	1/10/2020	158,188.38	EFT / IRS
1105	1/10/2020	581.08	EFT / IRS
EFT PAYROLL	1/10/2020	409,853.47	EFT / PAYROLL
EFT PAYROLL	1/10/2020	1,904.82	EFT / PAYROLL
1106	1/15/2020	86.10	EFT PAYROLL TAX
1029	1/14/2020	99.06	EFT / MCKESSON
1030	1/21/2020	45.32	EFT / MCKESSON
1107	1/24/2020	126,964.24	EFT PAYROLL TAX
EFT PAYROLL	1/24/2020	349,387.54	EFT / PAYROLL
1031 - 1032	1/28/2020	67.29	EFT / MCKESSON
1033 - 1034	1/7/2020	8.82	EFT / MCKESSON
EFT PAYROLL	1/14/2020	439.49	EFT / PAYROLL
TOTAL EFTS AT SECURITY STATE BANK		\$ 1,047,625.61	

TOTAL CHECKS AND EFT'S IN MULTIVIEW **\$ 2,622,249.64**

DATE PREPARED:

DATE SENT:

PREPARED BY:

SUPERVISOR SIGNATURE:

February 10, 2020
February 10, 2020
Chris Hall
CS



LEWIS COUNTY HOSPITAL DISTRICT NO. 1
MORTON, WASHINGTON

RESOLUTION APPROVING BUDGET
AMENDMENT NURSE LEADERSHIP STAFFING

RESOLUTION NO. 20-08

WHEREAS, the Lewis County Hospital District No. 1 owns and operates Arbor Health, a 25-bed Critical Access Hospital located in Morton, Washington, and;

WHEREAS, the Lewis County Hospital District No. 1 feel that this is worthy,

NOW, THEREFORE, BE IT RESOLVED by the Commissioners of Lewis County Hospital District No. 1 as follows:

To approve amending the 2020 budget by hiring 2 FTE and 1 CPT House Supervisors.

ADOPTED and APPROVED by the Commissioners of Lewis County Hospital District No. 1 in an open public meeting thereof held in compliance with the requirements of the Open Public Meetings Act this 26th day of February 2020, the following commissioners being present and voting in favor of this resolution.

Shelly Fritz, Board Chair

Kenton Smith, Secretary

Trish Frady, Commissioner

Tom Herrin, Commissioner

Wes McMahan, Commissioner

2020 BUDGET AMENDMENT REQUEST FORM

When requesting a Budget Amendment, this form MUST be completed and filed with the CFO Office to be placed on the next agenda of the Board of Hospital Commissioners.

- If request is for outside consultant, please complete ATTACHMENT A with this request.*

RECOMMENDATION:

That Arbor Health change the Nursing Leadership structure by removing the Director of Nursing Service and add 2 additional House Supervisors and recognize the increase dollars to hiring a qualified Case Manager.

JUSTIFICATION:

2017-2019 Strategic Initiatives include a clear vision Safety and Quality:

Engage employees and providers in creating a culture focused on safety, patient satisfaction and outcomes. Engage staff to assure that we operate with a single voice and a shared culture every touch, every time...

In January 2020 the Director of Nursing Services resigned. At that time, after reflecting upon the fact that now three persons in that role had served in the course of two years, it was apparent that the structure for nursing administrative oversight needed revision. Shift by shift attention to culture, patient care excellence, patient experience, professional care practices, teamwork, the will to care for and admit the citizens of the district when reasonable, and outcomes of care—all need to be addressed in order to bring Arbor Health toward highly reliable care. For this reason, we have added additional Administrative (House) Supervisors to fulfill leadership roles, as opposed to a single DNS. This will result in a flexible team, with interdependent expertise, and strong leadership skills.

In the short time that they have been in place, our three Administrative Supervisors have demonstrated the skill and the will to coach, educate, model and mentor and to drive the best practices that are hard-wired in most hospitals across the industry. When they are not present, some of the practices that are crucial to patient centered care, such as bed-side report, safety huddles, rounding, supervision and support of care team members do not reliably happen.

As the Allevant program has been implemented, we have seen patient volumes increase steadily. This has impacted the current staffing model, and while we are recruiting for an additional nurse for each 12-hour shift, per the staffing plan and the Board's approval, they are not fully in place. This creates a sense of concern that the Administrative Supervisors can mitigate in the moment and develop teamwork and strategies for caring for new and challenging patients.

Our Transitional Care program is teaching us how to bring our patients to Arbor Health for transitional care. We know that the program works, and we are striving to achieve the skill sets that will allow us to accept even more patients with complex needs. Our Rehabilitation Services team and leadership are strong. We are working to develop the skills that will allow us to care for complex respiratory needs,

such as tracheostomies, as well as wound care. I believe strongly that as we structure our Clinical Services to fill our beds, that will occur. It already is. And that is one of our commitments to our community.

Terri Bechtold Camp RN MHL

Chief Clinical Officer

BUDGET CONSIDERATION:

The following schedule outlines the planned expenditures related to the change in the nurse administration outlined above. All cost is contained within the Nursing Administration department.

Nurse Leadership Changes	Budgeted Expense	Projected Cost	Cost Unbudgeted
Case Managers, Interim	\$ 41,600	\$ 13,867	\$ 27,733
Case Manager, Full-time	\$ 99,511	\$ 126,061	\$ (26,550)
Case Manager, Part time	\$ 49,754	\$ 49,754	\$ -
Director of Nursing	\$ 140,149	\$ 12,352	\$ 127,797
House Supervisor, Casual part-time		\$ 39,840	\$ (39,840)
House Supervisor, full time		\$ 98,391	\$ (98,391)
House Supervisor, full time		\$ 87,780	\$ (87,780)
Budget Amendment Request			\$ (97,031)

Richard Boggess
Submitted by

Feb 12, 2020
Date

For Accounting Use:

On this _____ day of _____, 2019 the following budget request has been approved thus amending the District 2020 Budget by Board of Hospital Commissioners. We will add the dollars identified on the schedule in expense of \$97,031 based on a 8 month plan. Amounts to shift with arrival date as needed.

BUDGET AMENDMENT No: [Indicate with Amendment #, Amount and GL #, if operating, capital or both]

Operating _____ (e.g. 2017-01) \$ _____ GL Acct# see the proforma

Capital _____ (e.g. 2017-100) \$ 0 GL Acct# _____

For Budget Transfers: [Indicate cost center from/to below]

From Cost Center # _____ To Cost Center # _____



LEWIS COUNTY HOSPITAL DISTRICT NO. 1
MORTON, WASHINGTON

RESOLUTION APPROVING BUDGET
AMENDMENT SURGICAL SERVICES
LEADERSHIP ROLE

RESOLUTION NO. 20-09

WHEREAS, the Lewis County Hospital District No. 1 owns and operates Arbor Health, a 25-bed Critical Access Hospital located in Morton, Washington, and;

WHEREAS, the Lewis County Hospital District No. 1 feel that this is worthy,

NOW, THEREFORE, BE IT RESOLVED by the Commissioners of Lewis County Hospital District No. 1 as follows:

To approve amending the 2020 budget by expanding surgical services with a leadership role.

ADOPTED and APPROVED by the Commissioners of Lewis County Hospital District No. 1 in an open public meeting thereof held in compliance with the requirements of the Open Public Meetings Act this 26th day of February 2020, the following commissioners being present and voting in favor of this resolution.

Shelly Fritz, Board Chair

Kenton Smith, Secretary

Trish Frady, Commissioner

Tom Herrin, Commissioner

Wes McMahan, Commissioner

2020 BUDGET AMENDMENT REQUEST FORM

When requesting a Budget Amendment, this form MUST be completed and filed with the CFO Office to be placed on the next agenda of the Board of Hospital Commissioners.

If request is for outside consultant, please complete ATTACHMENT A with this request.

RECOMMENDATION:

That Arbor Health change the current staffing structure in the Surgical Services program as outlined in the justification and Budget consideration to enhance current patient capabilities and support additional growth in the program to meet the community and medical staff needs.

JUSTIFICATION:

See attached memo from CCO

BUDGET CONSIDERATION:

The proforma adds additional volume in the operating room beginning in month 1 with 1 case and moving to 10 additional cases by month 5 and maintaining thereafter above current budgeted activity. Net Revenue for the hospital is assumed based on current revenue experiences. The Amendment identifies an interim surgical leadership role to assist in development of program capabilities, nursing surgical program management, skill and practice, schedule management and future leadership identification and on-boarding lasting for 6 months. This role may need to be extended depending upon the recruitment timeline for permanent leadership which is scheduled to arrive in Month 5. An additional scrub nurse for support to meet the new volume and education objectives along with the related supply cost is identified. There will be 51 new cases of OR volume generating \$68,000 of additional operating revenue. The operating expenses include \$146,000 of additional labor and benefits and \$22,000 of additional supply and administrative cost totaling \$164,839. There is no consideration to the Cost Report impact which historically is reimbursed at 24% of identified cost. Departments being impacted include the Nursing Administration, Surgical Services, and Benefits.

Richard Boggess
Submitted by

Feb 12, 2020
Date

For Accounting Use:

On this _____ day of _____, 2019 the following budget request has been approved thus amending the District 2020 Budget by Board of Hospital Commissioners.

BUDGET AMENDMENT No: _____ [Indicate with Amendment #, Amount and GL #, if operating, capital or both]

Operating _____ \$ GL Acct# see the proforma _____

Capital _____ \$ GL Acct# _____

For Budget Transfers: [Indicate cost center from/to below]

From Cost Center # _____ To Cost Center # _____

MEMORANDUM

TO: BOARD OF COMMISSIONERS

FROM: TERRI CAMP, RN MHL, CHIEF CLINICAL OFFICER

SUBJECT: OR LEADERSHIP AND INFRASTRUCTURE

DATE: 2/26/2020

CC: LEIANNE EVERETT, RICHARD BOGGESS

2017-2019 Strategic Initiatives include a clear vision for growth in primary services that will serve the community needs:

Position and market the District's primary care clinics as the entry point for health care in the community. **Meet the needs of District residents for accessible and available primary care and also grow our services by:**

- **Adding services** including care coordination and behavioral health
- Coordinating seamlessly with the hospital and more regional resources to assure timely and quality care transitions
- Improving processes to increase productivity, and by
- Developing **additional access points** and adding extended hours, walk-in hours and perhaps urgent care.

Basic general surgery, and more complex services that meet our community needs certainly belong within the spirit of the above strategic initiative.

General surgery services are currently offered at Arbor Health on average two days/week with Dr. Anderson's practice. Dr. Park-Hwang is committed to providing Gynecologic services at Arbor Health at least one-two days per month and would like to do more complex procedures. In May 2020, another physician proceduralist will be added to the departmental environment. This represents a transformational change.

While our staff, as is currently configured, is comfortable with and has been able to meet Dr. Anderson's past and present needs, it is still a learning curve to support the gynecologic service

line. Adding a third proceduralist to the mix requires a structural change, so that we can reliably support the current practice, and anticipated growth.

We plan to bring in a Consulting Interim Director for a short term (6 months) to conduct an assessment/gap analysis, develop a workplan and begin to operationalize the necessary conditions for integrating the new provider, as well as optimizing support for current providers. This Director will assist with the search for a permanent Director who can oversee our program's growth to meet community needs.

In addition, we plan to recruit at least one FTE for additional capacity as volumes increase. Adding one or more experienced RN(s) will be important for stability and professional excellence.

It is important to build this program proactively so that we can reliably support new volumes and opportunities to serve the citizens of Lewis County Healthcare District #1 in their local hospital.

Sincerely,

Terri Bechtold Camp RN MHL
Chief Clinical Officer



Yr 1	Budget Amendment Periods												Budget Am Total	
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12		
Yr 1	5,000	10,000	20,000	30,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	265,000
Yr 1	2,961	5,922	11,844	17,766	29,610	29,610	29,610	29,610	29,610	29,610	29,610	29,610	29,610	156,833
Yr 1	2,039	4,078	8,156	12,234	20,390	20,390	20,390	20,390	20,390	20,390	20,390	20,390	20,390	108,067
Yr 1	750	1,500	3,000	4,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	39,750
Yr 1	1,289	2,578	5,156	7,734	12,890	12,890	12,890	12,890	12,890	12,890	12,890	12,890	12,890	68,317
Yr 1	0	7,897	8,743	8,461	8,743	18,837	19,465	18,837	19,465	19,465	18,837	18,837	19,465	90,983
Yr 1	0	5,067	5,182	5,143	5,182	10,546	10,631	10,546	10,631	10,631	10,546	10,546	10,631	52,296
Yr 1	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	145,883
Yr 1	0	12,964	13,924	13,604	13,924	29,383	30,096	29,383	30,096	30,096	29,383	29,383	30,096	143,280
Yr 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Yr 1	203	406	812	1,218	2,030	2,030	2,030	2,030	2,030	2,030	2,030	2,030	2,030	10,759
Yr 1	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	10,000
Yr 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Yr 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Yr 1	100	100	100	100	100	100	100	100	100	100	100	100	100	800
Yr 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Yr 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Yr 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Yr 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Yr 1	1,553	14,720	16,086	16,172	17,304	32,763	33,476	32,763	33,476	33,476	32,763	32,763	33,476	164,839
Yr 1	(264)	(12,142)	(10,930)	(8,438)	(4,414)	(19,873)	(20,586)	(19,873)	(20,586)	(20,586)	(19,873)	(19,873)	(20,586)	(96,522)
Yr 1	-20.5%	-471.0%	-212.0%	-109.1%	-54.2%	-154.2%	-159.7%	-154.2%	-159.7%	-159.7%	-154.2%	-154.2%	-159.7%	-159.7%
Yr 1	93	2	4	6	10	10	10	10	10	10	10	10	10	10
Yr 1	1,289.00	1,289.00	1,289.00	1,289.00	1,289.00	1,289.00	1,289.00	1,289.00	1,289.00	1,289.00	1,289.00	1,289.00	1,289.00	1,289.00
Yr 1	2,827.43	6,481.97	3,481.09	2,267.37	1,392.44	2,938.33	3,009.61	2,938.33	3,009.61	3,009.61	2,938.33	2,938.33	3,009.61	3,009.61
Yr 1	203.00	203.00	203.00	203.00	203.00	203.00	203.00	203.00	203.00	203.00	203.00	203.00	203.00	203.00
Yr 1	3,204.63	7,359.97	4,021.59	2,695.37	1,730.44	3,276.33	3,347.61	3,276.33	3,347.61	3,347.61	3,276.33	3,276.33	3,347.61	3,347.61
Yr 1	298,030													
Yr 1	(178,153)													
Yr 1	-148.6%													

Total	12 Month Trend											
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
	0%	100%	100%	50%	67%	0%	0%	0%	0%	0%	0%	0%
	Growth											
	Payer Mix											
Volume	47	1	2	3	5	5	5	5	5	5	5	5
Medicare	50%	1	2	3	5	5	5	5	5	5	5	5
Medicaid	50%	1	2	3	5	5	5	5	5	5	5	5
Commercial	0%	-	-	-	-	-	-	-	-	-	-	-
Self Pay	0%	-	-	-	-	-	-	-	-	-	-	-
Total	93	2	4	6	10	10	10	10	10	10	10	10

Summary												
Gross Revenue	2,500	5,000	10,000	15,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Medicare	2,500	5,000	10,000	15,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Medicaid	-	-	-	-	-	-	-	-	-	-	-	-
Commercial	-	-	-	-	-	-	-	-	-	-	-	-
Self Pay	-	-	-	-	-	-	-	-	-	-	-	-
Total	5,000	10,000	20,000	30,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Net Revenue	1,543	3,085	6,170	9,255	15,425	15,425	15,425	15,425	15,425	15,425	15,425	15,425
Medicare	497	993	1,986	2,979	4,965	4,965	4,965	4,965	4,965	4,965	4,965	4,965
Medicaid	-	-	-	-	-	-	-	-	-	-	-	-
Commercial	-	-	-	-	-	-	-	-	-	-	-	-
Self Pay	-	-	-	-	-	-	-	-	-	-	-	-
Total	2,039	4,078	8,156	12,234	20,390	20,390	20,390	20,390	20,390	20,390	20,390	20,390
Bad Debt	750.00	1,500.00	3,000.00	4,500.00	7,500.00	7,500.00	7,500.00	7,500.00	7,500.00	7,500.00	7,500.00	7,500.00

Type of Service - Hospital Procedures												
	Growth Factor											
	0%	100%	100%	50%	50%	0%	0%	0%	0%	0%	0%	0%
	Payer Mix											
Volume	1	1	2	3	5	5	5	5	5	5	5	5
Medicare	50%	1	2	3	5	5	5	5	5	5	5	5
Medicaid	50%	1	2	3	5	5	5	5	5	5	5	5
Commercial	0%	-	-	-	-	-	-	-	-	-	-	-
Self Pay	0%	-	-	-	-	-	-	-	-	-	-	-
Total	1	2	4	6	10	10	10	10	10	10	10	10

Gross Revenue												
	Average Charge per Encounter/Visit											
	\$ 5,000.00	5,000	10,000	15,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Medicare	2,500	5,000	10,000	15,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Medicaid	2,500	5,000	10,000	15,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Commercial	-	-	-	-	-	-	-	-	-	-	-	-
Self Pay	-	-	-	-	-	-	-	-	-	-	-	-
Total	5,000	10,000	20,000	30,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000

Net Revenue = Volume X Net Revenue per Visit												
	Net Revenue per Visit											
	3085	3085	6,170	9,255	15,425	15,425	15,425	15,425	15,425	15,425	15,425	15,425
Medicare	497	993	1,986	2,979	4,965	4,965	4,965	4,965	4,965	4,965	4,965	4,965
Medicaid	-	-	-	-	-	-	-	-	-	-	-	-
Commercial	-	-	-	-	-	-	-	-	-	-	-	-
Self Pay	-	-	-	-	-	-	-	-	-	-	-	-
Total	2,039	4,078	8,156	12,234	20,390	20,390	20,390	20,390	20,390	20,390	20,390	20,390

	U00	U01	U02	U03	U04	U05	U06	U07	U08	U09	U10	U11	U12
Fixed Prod Hrs =>	0.00	132.12	146.27	141.55	146.27	298.84	298.84	308.80	298.84	308.80	308.80	298.84	308.80
Variable Prod Hrs =>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Prod Hours =>	0.00	132.12	146.27	141.55	146.27	298.84	298.84	308.80	298.84	308.80	308.80	298.84	308.80
Rate =>	0.00	7.81852	8.65622	8.37699	8.65622	18.65096	18.65096	19.27266	18.65096	19.27266	19.27266	18.65096	19.27266
Amount =>	0.00	1,041.55	1,262.22	1,188.99	1,262.22	5,500.00	5,500.00	5,950.00	5,500.00	5,950.00	5,950.00	5,500.00	5,950.00
OverTime =>	0.00	78.19	86.56	83.77	86.56	186.51	186.51	192.73	186.51	192.73	192.73	186.51	192.73
FICA Amount =>	12,741.19	598.12	662.20	640.84	662.20	1,426.80	1,426.80	1,474.36	1,426.80	1,474.36	1,474.36	1,426.80	1,474.36
Pension Amt =>	9,993.09	469.11	519.37	502.62	519.37	1,119.06	1,119.06	1,156.36	1,119.06	1,156.36	1,156.36	1,119.06	1,156.36
Health Insurance =>	72,000.00	4,000.00	4,000.00	4,000.00	4,000.00	8,000.00	8,000.00	8,000.00	8,000.00	8,000.00	8,000.00	8,000.00	8,000.00
Prod FTE =>	0.59	0.00	0.00	0.00	0.00	0.92	0.92	0.92	0.92	0.92	0.92	0.92	0.92
Fixed Pd Hrs (per ppd)	80	1,121.95	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Variable Pr Hrs/UOS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Increase Month	12	60.10	0.00	0.00	0.00	157	171	177	171	177	177	171	177
Start Month	6	1,121.95	0.00	0.00	0.00	171	177	163	157	163	163	157	163
Stop Month	12	73,287.67	0.00	0.00	0.00	60.10	60.10	60.10	60.10	60.10	60.10	60.10	60.10
Net PDO =>	8.0%	0.00	0.00	0.00	0.00	10,274	10,274	10,616	10,274	10,616	10,616	10,274	10,616
Start - Stop Flag ->						1	1	1	1	1	1	1	1

	U00	U01	U02	U03	U04	U05	U06	U07	U08	U09	U10	U11	U12
Fixed Prod Hrs =>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Variable Prod Hrs =>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Prod Hours =>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Rate =>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Amount =>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Prod FTE =>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fixed Pd Hrs (per ppd)	72	1,575.97	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Variable Pr Hrs/UOS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Increase Month	12	49.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Start Month	2	1,575.97	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Stop Month	12	93,263.78	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net PDO =>	8.0%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Start - Stop Flag ->													

	U00	U01	U02	U03	U04	U05	U06	U07	U08	U09	U10	U11	U12
Fixed Prod Hrs =>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Variable Prod Hrs =>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Prod Hours =>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Rate =>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Amount =>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Prod FTE =>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fixed Pd Hrs (per ppd)	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Variable Pr Hrs/UOS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Increase Month	12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Start Month	13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Stop Month	12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net PDO =>	8.0%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Start - Stop Flag ->													

Agency	Monthly	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833	20,833		
Agency Staffing	Input Total	203.00	406.00	812.00	1,218.00	2,030.00	2,030.00	2,030.00	2,030.00	2,030.00	2,030.00	2,030.00	2,030.00	2,030.00	2,030.00	2,030.00	2,030.00	2,030.00	2,030.00	18,879.00	
Physician Services	Input Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Permits & Licenses	Input Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contract Services	Input Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vaccines	Input Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	Input Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Medical & Surgical Supplies	Input Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office & Admin Supplies	Input Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equipment	Input Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Forms & Brochures	Input Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Medical Equipment Replacement	Input Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchased Maintenance	Input Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service Contracts	Input Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Utilities	Input Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subscriptions	Input Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advertising	Input Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rentals & Leases	Input Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property Insurance	Input Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Liability Insurance	Input Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electric	Input Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gas Utilities	Input Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water	Input Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Telephone	Input Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel	Input Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Education	Input Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional Expenses	Input Total	1,200	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	1,200.00	
Marketing	Input Total	5,000	416.67	416.67	416.67	416.67	416.67	416.67	416.67	416.67	416.67	416.67	416.67	416.67	416.67	416.67	416.67	416.67	416.67	416.67	5,000.00
Transcription	Input Total	5,000	416.67	416.67	416.67	416.67	416.67	416.67	416.67	416.67	416.67	416.67	416.67	416.67	416.67	416.67	416.67	416.67	416.67	416.67	5,000.00
Food From Kitchen	Input Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	Input Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-



LEWIS COUNTY HOSPITAL DISTRICT NO. 1
MORTON, WASHINGTON

RESOLUTION APPROVING BUDGET
AMENDMENT MORTON MEDICAL CENTER

RESOLUTION NO. 20-10

WHEREAS, the Lewis County Hospital District No. 1 owns and operates Arbor Health, a 25-bed Critical Access Hospital located in Morton, Washington, and;

WHEREAS, the Lewis County Hospital District No. 1 feel that this is worthy,

NOW, THEREFORE, BE IT RESOLVED by the Commissioners of Lewis County Hospital District No. 1 as follows:

To approve amending the 2020 budget by acquiring Morton Medical Center.

ADOPTED and APPROVED by the Commissioners of Lewis County Hospital District No. 1 in an open public meeting thereof held in compliance with the requirements of the Open Public Meetings Act this 26th day of February 2020, the following commissioners being present and voting in favor of this resolution.

Shelly Fritz, Board Chair

Kenton Smith, Secretary

Trish Frady, Commissioner

Tom Herrin, Commissioner

Wes McMahan, Commissioner

Lewis County Hospital District No. 1 (d/b/a Arbor Health)

2020 BUDGET AMENDMENT REQUEST FORM

When requesting a Budget Amendment, this form MUST be completed and filed with the CFO Office to be placed on the next agenda of the Board of Hospital Commissioners.

- If request is for outside consultant, please complete ATTACHMENT A with this request.*

RECOMMENDATION:

That Arbor Health accept the acquisition of Morton Medical Clinic and employ the related providers and staff and modify it's 2020 budget for the attached Pro Forma.

JUSTIFICATION:

Acquiring Morton Medical Clinic (MMC) will provide Arbor Health with an established Rural Health Clinic (RHC) in the Morton market. A RHC is a "cost based" payment methodology for Medicare and Medicaid patients. Establishing a new RHC takes an extended period of time, upwards of 18 months, along with required surveys and payment reconciliation processes. Specific to MMC, one of the physicians is planning retirement in the next few years and MMC would require assistance in recruitment/replacement. Retirement is an opportunity for physicians to "sell" their business. If Arbor Health chooses not to purchase, then MMC would turn to Providence or Multicare as an option. Allowing either competitor on our doorstep or in our market would have a poor outcome in that ancillary procedures would begin to drift out of market to these competitors. With Arbor Health taking a leading role, 1) we can continue to provide a vehicle for offering competitive pay for providers within the district, 2) provide for continuity of care within our market, 3) continue to diversify our revenue sources by growing our 340B pharmacy revenue stream by including MMC providers, 4) recapture revenue leakage from the MMC.

BUDGET CONSIDERATION:

Attached is a Proforma outlining the impact on a line item basis across the first year. The source is public data from MMC 2018 cost report as adjusted for known items. As negotiations are continuing at the time of writing, it is our best determination of the transaction based on discussions to date. Current expectation is to close in April with an effective date of May 2020. The budget impact will be 8 months. In total, this represents a negative impact to the organization of (\$360,536). Some of this loss will be recaptured in the RHC cost based payment process but not measured or realized until completion of the cost report in 2021. The budget changes will impact the following departments: adding Morton Clinic, staff changes in the business office and specialty clinic, and benefit cost additions. There is no additional hospital volumes planned as those can not be quantified at this time.

Richard Boggess
Submitted by

Feb 12, 2020
Date

For Accounting Use:

On this _____ day of _____, 2019 the following budget request has been approved thus amending the District 2020 Budget by Board of Hospital Commissioners. We will add the dollars identified on the proforma in the amounts of: Revenue of \$824,430, Deductions of \$56,997, Bad Debt of 41,222 and expense of \$1,086,747.

BUDGET AMENDMENT No: [Indicate with Amendment #, Amount and GL #, if operating, capital or both]

Operating _____ (e.g. 2017-01) \$ _____ GL Acct# see the proforma

Capital _____ (e.g. 2017-100) \$ 0 GL Acct# _____

For Budget Transfers: [Indicate cost center from/to below]

From Cost Center # _____ To Cost Center # _____

	Yr 1	BUDGET AMENDMENT PERIOD												Budget Amendment
		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	
Gross Patient Revenue	1,236,630	103,080	103,050	103,050	103,050	103,050	103,050	103,050	103,050	103,050	103,050	103,050	103,050	824,430
Deductions	85,478	7,156	7,120	7,120	7,120	7,120	7,120	7,120	7,120	7,120	7,120	7,120	7,120	56,997
Net Patient Revenue	1,151,152	95,924	95,930	95,930	95,930	95,930	95,930	95,930	95,930	95,930	95,930	95,930	95,930	767,433
Bad Debt	61,832	5,154	5,153	5,153	5,153	5,153	5,153	5,153	5,153	5,153	5,153	5,153	5,153	41,222
Total Operating Revenue	1,089,321	90,770	90,777	90,777	90,777	90,777	90,777	90,777	90,777	90,777	90,777	90,777	90,777	726,211
Salaries	1,167,700	150,007	85,316	94,457	91,410	94,457	91,410	94,457	91,410	94,457	94,457	91,410	94,457	792,921
Benefits	208,438	25,523	15,655	16,891	16,479	16,891	16,479	16,891	16,479	16,891	16,891	16,479	16,891	141,287
Total Wages & Benefits	1,376,138	175,530	100,971	111,347	107,888	111,347	107,888	111,347	107,888	111,347	111,347	107,888	111,347	934,208
Professional Fees	15,000	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	10,000
Supplies	148,218	30,151	10,733	10,733	10,733	10,733	10,733	10,733	10,733	10,733	10,733	10,733	10,733	105,284
Purchased Service	25,000	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	16,667
Rent & Leases	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Insurance	6,100	508	508	508	508	508	508	508	508	508	508	508	508	4,067
Utilities	12,782	1,065	1,065	1,065	1,065	1,065	1,065	1,065	1,065	1,065	1,065	1,065	1,065	8,521
Travel	5,000	417	417	417	417	417	417	417	417	417	417	417	417	3,333
Depreciation/Amortizaion	5,000	417	417	417	417	417	417	417	417	417	417	417	417	3,333
Other Expenses	2,000	167	167	167	167	167	167	167	167	167	167	167	167	1,333
Total Operating Expenses	1,595,238	211,587	117,611	127,987	124,529	127,987	124,529	127,987	124,529	127,987	127,987	124,529	127,987	1,086,747
Net Operating Income	(505,918)	(120,818)	(26,834)	(37,210)	(33,751)	(37,210)	(33,751)	(37,210)	(33,751)	(37,210)	(37,210)	(33,751)	(37,210)	(360,536)
Contribution Margin	-46.4%	-133.1%	-29.6%	-41.0%	-37.2%	-41.0%	-37.2%	-41.0%	-37.2%	-41.0%	-41.0%	-37.2%	-41.0%	-49.6%
Departmental UOS														
Visits	8,244	687	687	687	687	687	687	687	687	687	687	687	687	5,496
Total Operating Revenue / UOS	132.13	132.09	132.14	132.14	132.14	132.14	132.14	132.14	132.14	132.14	132.14	132.14	132.14	132.13
Salaries & Emp Ben / UOS	166.92	255.43	146.97	162.08	157.04	162.08	157.04	162.08	157.04	162.08	162.08	157.04	162.08	169.97
Supplies / UOS	17.98	43.87	15.62	15.62	15.62	15.62	15.62	15.62	15.62	15.62	15.62	15.62	15.62	19.16
Total Operating Expense / UOS	193.50	307.90	171.20	186.30	181.26	186.30	181.26	186.30	181.26	186.30	186.30	181.26	186.30	197.73



LEWIS COUNTY HOSPITAL DISTRICT NO. 1
MORTON, WASHINGTON

RESOLUTION APPROVING THE
FINANCING WITH GE PUBLIC FINANCE

RESOLUTION NO. 20-11

WHEREAS, the Lewis County Hospital District No. 1 owns and operates Arbor Health, a 25-bed Critical Access Hospital located in Morton, Washington, and;

WHEREAS, the Lewis County Hospital District No. 1 feel that this is worthy,

NOW, THEREFORE, BE IT RESOLVED by the Commissioners of Lewis County Hospital District No. 1 as follows:

To approve financing for the purchase of the generators, OR HVAC, CT, X-Ray and anticipated infrastructure changes coming in the IT department.

ADOPTED and APPROVED by the Commissioners of Lewis County Hospital District No. 1 in an open public meeting thereof held in compliance with the requirements of the Open Public Meetings Act this 26th day of February 2020, the following commissioners being present and voting in favor of this resolution.

Shelly Fritz, Board Chair

Kenton Smith, Secretary

Trish Frady, Commissioner

Tom Herrin, Commissioner

Wes McMahan, Commissioner



LEWIS COUNTY HOSPITAL DISTRICT NO. 1
MORTON, WASHINGTON

RESOLUTION DECLARING TO SURPLUS
OR DISPOSE OF CERTAIN PROPERTY

RESOLUTION NO. 20-12

WHEREAS, the Lewis County Hospital District No. 1 owns and operates Arbor Health, a 25-bed Critical Access Hospital located in Morton, Washington, and;

WHEREAS, the Lewis County Hospital District No. 1 feel that this is worthy,

NOW, THEREFORE, BE IT RESOLVED by the Commissioners of Lewis County Hospital District No. 1 as follows:

That the equipment and supplies listed on Exhibit A, attached hereto and by this reference incorporated herein, are hereby determined to be no longer required for hospital purposes. The Administrator is hereby authorized to surplus, dispose and/or trade in of said property upon such terms and conditions as are in the best interest of the District.

ADOPTED and APPROVED by the Commissioners of Lewis County Hospital District No. 1 in an open public meeting thereof held in compliance with the requirements of the Open Public Meetings Act this 26th day of February 2020, the following commissioners being present and voting in favor of this resolution.

Shelly Fritz, Board Chair

Kenton Smith, Secretary

Trish Frady, Commissioner

Tom Herrin, Commissioner

Wes McMahan, Commissioner

DISPOSAL/SURPLUS PERSONAL PROPERTY

EXHIBIT A

DATE	DESCRIPTION	DEPARTMENT	PROPERTY #	DISPOSITION	REASON
2/2020	CENTIFUGE	LAB	5763	SURPLUS	OBSOLETE
2/2020	CAST CUTTER	ER	5402	SURPLUS	OBSOLETE
2/2020	TEMPORAL SCANNER	ACUTE	5522	DISPOSAL	BROKEN
2/2020	TEMPORAL SCANNER	ACUTE	5391	DISPOSAL	BROKEN
2/2020	TEMPORAL SCANNER	ACUTE	5787	DISPOSAL	BROKEN
2/2020	TEMPORAL SCANNER	ACUTE	5672	DISPOSAL	BROKEN
2/2020	TEMPORAL SCANNER	ER	5671	DISPOSAL	BROKEN
2/2020	TEMPORAL SCANNER	ER	5667	DISPOSAL	BROKEN
2/2020	RECLINER	ACUTE	5657	DISPOSAL	BROKEN
2/2020	SCHWINN BIKE	WELLNESS CENTER	5932	DISPOSAL	BROKEN

	Approved Documents Pending Board Ratification 01.22.20	Department
	Arbor Health's Policies, Procedures & Contracts	
1	430 Temple Rental Agreement	Rental Agreements
2	A/B/D TYPING AND REVERSE GROUPING -GELCA	Blood Bank
3	ANNUAL REVIEW OF PROCEDURES AND POLICIE	Lab General Policies/Procedures
4	Account Adjustments	Business Office
5	Accreditation Commission for Health Care, Inc	Business Associate Agreements
6	Accreditation Commission for Health Care, Inc.	Contracted Services
7	AllOne Health Resources, Inc	Subcontractor Agreements
8	Amended Report	QC/QA
9	Authorization/Supervision	HIPAA Security
10	Barton Associates	Professional Services Agreement
11	Billing	Business Office
12	Billing Modification	Business Office
13	Billing Washington Labor & Industry ROA Form a	Health Information Management
14	Blood Bank - Discarded/Wasted Blood Compon	Blood Bank
15	Blood Bank - Serologic Centrifuge - Functional Ca	Blood Bank
16	Blood Glucose Monitoring	Point of Care Testing
17	Bloodworks Northwest Blood Return and Paper	Blood Bank
18	Body Fluid Analysis	Hematology
19	C. difficile Test	Serology
20	CBC - Slide Preparation	Hematology
21	COMPATIBILITY TESTING - TUBE METHOD	Blood Bank
22	CareConnections	Participation Agreements
23	CareConnections	Business Associate Agreements
24	Centralia College Addendum	Affiliation Agreements
25	Charity Care/Financial Assistance	Business Office
26	Checking RPMs for the Sorval Cell Washer	Blood Bank
27	Chest Pain Or Myocardial Infarction Protocol	Department of Nursing
28	Clinical Workstations Infection Prevention	Department of Nursing
29	Columbia Security Service & Systems, Inc.	Service Agreements
30	Combat Application Tourniquet Use	Emergency Services
31	Combining Duplicate Encounters	Health Information Management
32	Confidentiality of Information	Volunteers
33	Coroner's Cases	Case Management
34	Critical Care Team Activation for Stroke Patients	Emergency Services
35	Cross Training Nursing Staff to the Emergency D	Education
36	Custodial Care Transfer and Discharge	Non-Skilled Swing
37	D-Dimer	Coagulation
38	Death of Patient	Department of Nursing
39	Dietary Protocol for Custodial Residents	Non-Skilled Swing
40	EDTA-Dependent Pseudothrombocytopeni	Hematology
41	Electronic Prescription-Controlled Substances	Information Technology
42	Electronic User Account Requests	Information Technology

43	Emergency Uncrossmatched Blood	Blood Bank
44	Employee Referral Bonus Program	Human Resources
45	Equipment Safety	Maintenance
46	Evaluation and Management Coding	Health Information Management
47	Evidence Based Clinical Practice	Department of Nursing
48	FUJI Aspire Cristalle 3D Mammo	Equipment Service Agreements
49	Fecal Leukocytes	Hematology
50	Fluid & Blanket Warmer Management	Department of Nursing
51	Glucose Tolerance Test	Chemistry
52	HIPAA Security Contingency Plan	HIPAA Security
53	HR requested Preliminary Same Day Results Dru	Chemistry
54	Hospital Referral for Outpatient Services	Patient Access
55	ICD 10 Diagnosis Codes	Health Information Management
56	Impact Applications, Inc.	Service Agreements
57	Information Access Management	HIPAA Security
58	Intrinium, Inc BAA	Business Associate Agreements
59	JT Consultant & Development, LLC Agreement &	Service Agreements
60	Ketamine Protocol	Pharmacy (Medication Management)
61	Labetalol Drip Protocol	Pharmacy (Medication Management)
62	Laboratory Chemical Hygiene Plan	Lab General Policies/Procedures
63	Laboratory Incident Management	Lab General Policies/Procedures
64	Legal Blood Alcohol	Lab General Policies/Procedures
65	Lidocaine Drip Protocol	Pharmacy (Medication Management)
66	Lipemic CBC - HGB Correction	Hematology
67	Look Back Policy for Transfusion Recipients	Blood Bank
68	Lower Columbia College Clinical Affiliation Agree	Affiliation Agreements
69	MALARIA-Thick and Thin Smears	Hematology
70	MUSE downtime STAT reads	Respiratory Care Services
71	Magnesium Protocol	Pharmacy (Medication Management)
72	Medical Marijuana	Administration
73	Medicare Secondary Payer Questionnaire	Patient Access
74	Medicare Swing Bed Billing	Business Office
75	Medication Review Inc. Addendum	Contracted Services
76	Midazolam Drip Protocol	Pharmacy (Medication Management)
77	Millipore AFS 8D Water System	QC/QA
78	Mission Search Interim Management & Professi	Service Agreements
79	Mono Test	Serology
80	Motor Vehicle Accident Registration	Patient Access
81	Nicardipine Drip Protocol	Pharmacy (Medication Management)
82	Nitroprusside Drip Protocol	Pharmacy (Medication Management)
83	Norepinephrine Drip	Pharmacy (Medication Management)
84	Nursing Education for Specialty Care Areas	Department of Nursing
85	OBTAINING BLOOD PRODUCTS DURING EMERGI	Blood Bank
86	Octreotide Drip	Pharmacy (Medication Management)
87	Organ And Tissue Donation	Case Management
88	Outdated Reagents / Materials	Lab General Policies/Procedures
89	Outpatient Ordering Process for Lab	Lab General Policies/Procedures

90	PTT	Coagulation
91	Paid Sick Leave - Casual Part Time Employees	Human Resources
92	Patient Care Reassignment	Department of Nursing
93	Pharmaceutical & Antimicrobial Stewardship	Pharmacy (Medication Management)
94	Phenylephrine Drip	Pharmacy (Medication Management)
95	Physician Services in Custodial Care	Swing Beds
96	Placing Orders, Labeling and Collection of Lab Sp	Lab General Policies/Procedures
97	Platelets for Transfusion	Blood Bank
98	Pool Waiver	Physical Therapy
99	Portion Control	Dietary Services
100	Pregnancy Urine POC Testing	Department of Nursing
101	Printing Medical Records	Health Information Management
102	Procainamide Drip Protocol	Pharmacy (Medication Management)
103	Profile-V MedTox Reader	Chemistry
104	Propofol Drip Protocol	Pharmacy (Medication Management)
105	Provider Signature Requirements	Health Information Management
106	Purchasing Policy	Finance
107	Quality Control for Blood Bank Refrigerator/Free	Blood Bank
108	Registering Unidentified Emergency Room Patie	Patient Access
109	Rehabilitation Documentation Guidelines	Rehabilitation Services
110	Reporting Critical Value Results	Lab General Policies/Procedures
111	Rural Health Clinic Manual	Rural Health Clinics
112	Screening, Brief Intervention & Referral	Emergency Services
113	Sedimentation Rate (ESR)	Hematology
114	Sign out protocol for blood componenets	Blood Bank
115	Specimen Rejection : Guidelines	Lab General Policies/Procedures
116	Sperm Count - Post Vasectomy	Hematology
117	Storage of Blood Components - Loss of Monitor	Blood Bank
118	Strep A POC Testing	Point of Care Testing
119	Strep A Test	Serology
120	Suspected Stroke/TIA	Emergency Services
121	Temperature and Humidity Monitoring	Lab General Policies/Procedures
122	Transfusion-Associated Infections-Reporting	Blood Bank
123	Transportation of Laboratory Specimens	Lab General Policies/Procedures
124	Trauma Care Services Designation	Contracts
125	UW CoMotion	Contracts
126	Urinalysis Microscopic Examination and Reporti	Urinalysis
127	Urinalysis criteria for Microscopic exam/Culture	Urinalysis
128	Vasopressin Drip Protocol	Pharmacy (Medication Management)
129	Vecuronium Drip Protocol	Pharmacy (Medication Management)
130	WA State DOH Contract HSP24282	Interagency Agreement
131	WRHC GPO	WRHC Agreements
132	Waived and Point of Care Testing	Point of Care Testing
133	Wellpartner, LLC-Walmart	Service Agreements

In order to access the above documents you will need to log into Lucidoc. Once you have logged into Lucidoc, on the top toolbar click "My Meetings" and select the upcoming board meeting date that's highlighted in green to see the agenda with documents needing to be ratified. You are able to view the documents once in the agenda. If the date is highlighted in yellow that means the agenda has not been released yet.

OLD BUSINESS

NEW BUSINESS



LEWIS COUNTY HOSPITAL DISTRICT NO. 1
MORTON, WASHINGTON

RESOLUTION ADOPTING LEWIS COUNTY
HOSPITAL DISTRICT NO. 1's MISSION
& VISION STATEMENTS & STRATEGIES

RESOLUTION NO. 20-13

WHEREAS, the Lewis County Hospital District No. 1 owns and operates Arbor Health, a 25-bed Critical Access Hospital located in Morton, Washington, and;

WHEREAS, the Lewis County Hospital District No. 1 feel that this is worthy,

NOW, THEREFORE, BE IT RESOLVED by the Commissioners of Lewis County Hospital District No. 1 as follows:

To adopt the mission and vision statements, as well as Strategies proposed at the Special Board Meeting-Strategic Planning.

Mission: Our mission is to foster a healthy community.

Vision: Our vision is to provide accessible, quality healthcare.

2020-2022 Strategies:

- 1. Build external relationships and partnerships that prioritize community health needs.**
- 2. Create a culture focused on safety, patient satisfaction, employee engagement and excellent outcomes.**
- 3. Being stewards of public funds and trust.**

ADOPTED and APPROVED by the Commissioners of Lewis County Hospital District No. 1 in an open public meeting thereof held in compliance with the requirements of the Open Public Meetings Act this 26th day of February 2020, the following commissioners being present and voting in favor of this resolution.

Shelly Fritz, Board Chair

Kenton Smith, Secretary

Trish Frady, Commissioner

Tom Herrin, Commissioner

Wes McMahan, Commissioner

MEMORANDUM

To: Board of Commissioners
From: Leianne Everett, Superintendent
CC:
Date: 2/21/2020
Re: Commissioner Vacancies

Below is an outline of a proposed process for managing commissioner vacancies. RCWs referenced below are provided for reference.

1. Commissioner vacancies may occur due to events outlined in RCW 42.12.010. Additionally, unexcused absences may create a vacancy as provided in RCW 70.44.045.
2. Once a vacancy occurs, an advertisement will be drafted to solicit interested parties in attending an upcoming board meeting (special or regularly scheduled). This advertisement will run for no less than two consecutive weeks prior to the board meeting.
3. A special board meeting or regularly scheduled board meeting will occur with the intent of discussing the role of a commissioner, the expectations and time commitment needed to fill the role of a commissioner. This meeting will allow time for questions and answers for interested attendees.
4. Interested parties will be asked to submit a letter of interest to the Board Chair within two weeks of the meeting. These letters will be reviewed and discussed in executive session as allowed by RCW 42.30.110(1)(h) at the next scheduled board meeting. The Board may or may not take action immediately following this executive session to announce their selection.
5. Once the appointment has been selected, the appointee will be provided information to contact the county legislative authority for official appointment, RCW 36.62.160.



COURSE TRANSCRIPT: COMPLIANCE

Expert Presenters:

Monte Dube

Robin Nagele

Anjana Patel

Anne McGeorge

WELCOME TO THE GOVERNANCE COURSE COMPLIANCE.

IN THIS COURSE, OUR GOVERNANCE EXPERTS COVER: REGULATORY AND LEGAL REQUIREMENTS FOR HOSPITALS; FEDERAL AND STATE COMPLIANCE LAWS; HOW TO ENSURE COMPLIANCE FOR YOUR INSTITUTION; AND THE IRS FORM 990.

INTRODUCTION

MONTE DUBE IS A PARTNER IN THE CHICAGO OFFICE OF PROSKAUER, AN INTERNATIONAL LAW FIRM, AND IS A MEMBER OF THE HEALTH CARE DEPARTMENT FOCUSING ON MERGERS AND ACQUISITIONS FOR HOSPITALS, RESTRUCTURING TRANSACTIONS, AND REGULATORY, JOINT VENTURE AND COMPLEX CONTRACTING MATTERS.

Monte Dube: One of the most exciting aspects of being a hospital board member is that you are joining an industry, which is the most heavily regulated industry on earth. From HIPAA to EMTALA and multiple other acronyms, hospitals are extremely heavily regulated. It is not your job as a board member to know the details of every regulation. You can't. That's why you hire management. The key is to insure that policies and procedures are in place, and management-enforced, to insure that you are in constant compliance, and to the extent you learn through your management that you are out of compliance, that you are ready to implement a corrective action plan immediately to remedy the defect.

1. REGULATORY AND LEGAL REQUIREMENTS

ROBIN NAGELE IS A PRINCIPAL AT POST & SCHELL, FOCUSING ON REGULATORY AND ANTITRUST MATTERS, PROPRIETARY AND NOT-FOR-PROFIT HEALTH CARE PROVIDERS, MULTI-HOSPITAL SYSTEMS, AND INTEGRATED DELIVERY SYSTEMS.

Robin Nagele: Hospitals are very highly regulated at the federal level, the state level, the local level and through the accreditation process. In the broadest terms each of these sets of

agencies and organizations has a stake in insuring that the care that is provided within the hospital setting is safe, appropriate, efficient.

At the federal level, the genesis of the regulation of hospitals really comes through their participation in the Medicare program and the other federal healthcare reimbursement programs. The federal government is the largest purchaser of healthcare in our country, and as such, they have a very significant stake in ensuring that what they are purchasing with their healthcare dollars is safe, quality, appropriate care.

The federal government regulates hospitals through primarily through the Centers for Medicare and Medicaid services, CMS, which has Conditions of Participation that hospitals must agree to in order to participate in the Medicare program.

The Medicare Conditions of Participation for hospitals regulate all kinds of things: the governance structure, the relationships with the medical staff, what services are provided and how they're provided. The federal government then actually defers to a large extent to the state governments for regulating the nitty gritty of the way in which services are provided.

State governments have a variety of interests in regulating hospitals. Every state has a department of health, which provides the regulatory standards by which hospitals operate. Now this isn't by virtue of participating in Medicaid or any other program. It simply is through the licensure process. If a hospital is going to operate as a hospital they have to get a license from the state and that gives the state the authority to regulate the hows, whys and wherefores of how services are provided. Most state regulations go on for, in some cases, hundreds of pages that dictate very, very minutely every aspect in which care is provided.

Hospitals also have independent obligations under state law by virtue of their participation in the Medicaid program, which is governed through state welfare departments, working in partnership with the federal government. Medicaid dollars, as you probably know, initiate as federal healthcare dollars, but they are administered through the state welfare agencies. There are conditions of participation, and contracts and contractual requirements by which hospitals access those Medicaid dollars that provide another set of standards that they need to adhere to.

Hospitals are also subject to IRS regulations and requirements by virtue of being tax exempt.

In addition to all of that there are the comprehensive accreditation guidelines. The vast majority of hospitals who choose to be accredited by The Joint Commission, which is the major accrediting agency, are subject to, by virtue of that accreditation, being surveyed and monitored by The Joint Commission. It is not a federal or state agency, but an independent entity that holds hospitals that are accredited accountable through the accrediting process.

Dube: Local, state and federal laws of so many types apply to the operation of your hospital. Whether it's the EPA overseeing your underground storage tanks, to the Federal

Communications Commission on your helipad radio, all the way to the Stark and fraud and abuse laws, your board needs to be generally aware of this regulatory milieu. But some regulations are more important than others. While you have to comply with all, non-compliance with some pose great risks to your organization.

Anything that touches on Medicare and Medicaid are areas of high risk to your organization. It is essential that you have in place compliance programs that are enforced by management to ensure that all bills that go out from your organization to the Medicare and Medicaid program are accurate, complete and correct; and that you have no financial relationships with any physicians or other referral sources which could in any way be attacked as inappropriate.

SUMMARY

HOSPITALS ARE REGULATED PRIMARILY BY CMS.

MEDICARE CONDITIONS OF PARTICIPATION ESTABLISH RULES FOR GOVERNANCE, THE MEDICAL STAFF AND HOW SERVICES ARE DELIVERED.

THE JOINT COMMISSION, A NON-GOVERNMENTAL ORGANIZATION, IS THE MAJOR HOSPITAL ACCREDITING AGENCY. STATES LICENSE HOSPITALS AND ADMINISTER THE MEDICAID PROGRAM.

2. FEDERAL AND STATE COMPLIANCE LAWS

ANJANA PATEL IS THE VICE CHAIR OF THE HEALTH AND HOSPITAL LAW PRACTICE GROUP AT SILLS CUMMIS AND GROSS, WHERE SHE SPECIALIZES IN REGULATORY COMPLIANCE ISSUES, HEALTH REFORM RELATED STRATEGIC INITIATIVES, AND MERGERS, ACQUISITIONS, JOINT VENTURES AND AFFILIATIONS.

Anjana Patel: There are numerous federal and state laws that will apply to hospitals in how they provide care to patients. On the federal level there is the HIPAA statute, which is part of the Social Security Act. Under HIPAA, certain patient information is considered confidential and must be treated, in other words, secured in a certain way to make sure that it's not generally disseminated to the public. Under HIPAA, certain healthcare operations—for example, interactions between hospitals and physicians—are exempt. In order not to be too burdensome on the healthcare industry, certain operations within the hospital—whether it's a physician providing care and having access to the patient's chart, etc.—are exempt from HIPAA. On the other hand, under HIPAA, if you have to hire a billing company to do your bills, these are non-healthcare providers. And so HIPAA requires that the healthcare provider enter into an agreement, usually called a business associate agreement, with the billing company under which the billing company insures that it will keep that information protected and confidential.

The other federal statute that hospitals are subjected to if they have an emergency room is EMTALA. Basically EMTALA is a broad prescription against hospitals in terms of how they must care for emergency room patients. A hospital is not able to turn down or turn away emergency room patients without first having to stabilize them. For example, if a pregnant lady walks into your emergency room, but for whatever reason your hospital is not equipped to provide OB

services, if she's in labor, you can't turn her down; you have to treat her; you have to stabilize her before you can actually move her to another facility.

The Stark law is a federal statute that governs a physician's relationships with healthcare organizations that pay the physician or in which the physician has an ownership interest. So for example, a hospital that hires a physician to be the medical director of its cardiology department will basically pay a stipend or some other compensation to the physician. That financial interest will create a link under the Stark law. If that physician is then referring patients to the hospital, the Stark law will be implicated.

The Stark law basically says that if you meet an exception—in this case it would be the personal services exception, and the requirement of that exception would be that the compensation be fair market value, the arrangement be commercially reasonable, there's a written agreement signed by the parties, and that the services are being actually provided by the physician and they are legitimate and bona fide—if you meet those requirements you meet the exception, and you will have complied with the Stark law.

The Stark law is a civil law which means you can't go to jail for violating it. It applies to the physicians but it also applies to healthcare organizations that submit bills to Medicare for payment of services provided by those physicians. So this is where it would apply to the hospital as well as to the physician.

If you violate the Stark law there are substantial civil penalties and it can also be the basis for something called a false claims action. There is a federal law called the False Claims Act that basically states that if you submit false bills to Medicare, you could be liable for substantial penalties and also treble damages.

The other law that would apply is the federal Anti-Kickback statute. This also regulates relationships between healthcare providers but it's much broader, and it is a criminal statute. Basically the statute says that if you pay or if you receive anything of value in exchange for healthcare referrals that are ultimately paid for by the Medicare or Medicaid system, then you have violated the Anti-Kickback statute. It is a very broad prescription. It applies not only to physicians and hospitals but also to anyone who is paying kickbacks in exchange for services that are reimbursed by a federal healthcare program.

There are safe harbors under the Anti-Kickback statute but they are very narrow. The sort of positive on the anti-kickback front is that it is a criminal statute which means that in order to violate the statute the government must show that you had the intent to violate the statute, which is usually a facts and circumstances analysis. Was there really an intent to pay kickbacks in exchange for healthcare services or was this something that was innocuous? This is obviously a criminal statute, so there is usually a heightened burden of proof in those circumstances.

Also as part of the federal fraud and abuse laws, in addition to the Anti-Kickback statute, there is the federal Civil Monetary Penalties law. And the statute says that a hospital can't provide incentives to physicians to reduce or limit care. This is, again, a very broad prescription, but it is also an intent-based statute just like the Anti-Kickback statute. But it comes into play a lot in the context of physician alignment strategies. It will come into play with healthcare reform in setting up ACOs because if a hospital is providing incentives in terms of metrics to physicians—asking or mandating that the physicians reduce cost—then it is conceivable that the government could infer that the only way to reduce cost is by limiting care to patients. So if that connection is made, then there is a potential violation of the CMP law.

Dube: One of the potential advantages of physician employment by hospitals is that the Anti-Kickback and self-referral laws are less cumbersome. Why? Because the Anti-Kickback and Stark laws have for many years contained a bona fide employment exception to those transactions. If a physician is a bona fide employee of your hospital or a hospital subsidiary, the laws applicable to self-referral are much more relaxed.

Patel: Other very important federal statutes that board members should keep in mind, and this one is especially important in light of healthcare reform, are the federal antitrust laws, and actually I should qualify that. There are federal antitrust laws, but there are also state antitrust laws, so it's actually two fold. Under the federal statutes, concentration of market power within healthcare providers will trigger review by the DOJ and the FTC. In light of healthcare reform, especially the formation of ACOs where large numbers of providers come together to act in a certain way, this could trigger an antitrust review. As part of reform, board members should really keep in mind that any strategic alliance is going to require at least some review under the antitrust laws.

The key for board members is to have a general understanding of some of the major federal laws and some of the major state laws that could impact their organization. From the perspective of physicians, and the relationship of the hospital with its medical staff and with its community physicians, there are federal laws that govern how a hospital basically interacts with these physicians. And the reason why a board member needs to be generally familiar with the prohibitions of these laws and what they cover is because a substantial part of the hospital's day-to-day interaction is with physicians and through the other practitioners, so that's an important reason. The other important reason for a board member to be generally familiar with these laws is because of the heightened enforcement that has been occurring in the last few years by the federal government.

3. ENSURING COMPLIANCE

Patel: A board has fiduciary duties to the organization and one of these is the duty of care. So board members need to make sure that there is a compliance plan. The OIG has actually issued guidance on what an effective compliance program should look like. The OIG recommends that the board's position on compliance should be stated either in a board resolution that's available

within the organization or through a policy statement that is available for dissemination throughout the organization.

Dube: The role of your board in compliance is made much easier by your hiring of and oversight of a chief compliance officer. The responsibility of the chief compliance officer is to be at the frontlines to ensure that your organization is compliant always with the many federal, state and local laws that apply to your organization. You should be getting ongoing, periodic compliance reports from your chief compliance officer and, if you have one, from your general counsel. As a board member, you should know that your hospital is in full and complete compliance with the law and if there are any areas where you have exposure and may be noncompliant, that you have a corrective action plan in place to correct and remedy the problem.

Nagele: A lot of the actual work of a board can be delegated to a committee. The logical committee would be an audit and compliance committee that would be devoted both to regular auditing and also be the entity in charge of compliance with all of these various laws and regulations. That committee can first of all have legal advice through the hospital's own lawyers, through outside counsel and through board members that have legal training and background. There needs to be a locus of expertise at the committee level.

Dube: Because the board cannot enforce compliance with all of the many regulations applicable to your hospital, it is essential in your delegation to management to make sure that there is an ongoing reporting process whereby management will bring to you, as board members, status of all compliance, lack of compliance and corrective action plans that are in place to remedy any potential defects in your compliance with these laws and regulations.

Patel: The role of compliance has been increasingly important in the last several years with increased enforcement. With the heightened scrutiny by the federal government into the activities of healthcare providers, compliance has become a major issue for many healthcare organizations. The reform law basically adds to this. As part of the reform measure, the federal government is now being funded with billions of new dollars to combat fraud and waste within the Medicare system. And what this is going to mean is compliance is going to take on an even more important role within healthcare organizations. Again, there is the need for the board to be vigilant—to be actively monitoring compliance activities, at least on a big picture level, to ask the right questions—to make sure that in light of reform and the new measures and the increased enforcement that the organization is actually actively taking steps to address the issues.

SUMMARY

SOME IMPORTANT FEDERAL HEALTHCARE LAWS AND REGULATIONS ARE: HIPAA, WHICH PROTECTS THE CONFIDENTIALITY OF PATIENT INFORMATION; EMTALA, WHICH MANDATES THAT HOSPITALS MUST STABILIZE PATIENTS BEFORE TRANSFER; AND SELF-REFERRAL LAWS SUCH AS STARK AND ANTI-KICKBACK. THERE ARE ALSO ANTITRUST LAWS.

HOSPITALS MANAGE COMPLIANCE ISSUES THROUGH A CHIEF COMPLIANCE OFFICER.

HOSPITAL BOARDS OVERSEE COMPLIANCE THROUGH THE AUDIT AND COMPLIANCE COMMITTEES.

4. THE IRS FORM 990

ANNE MCGEORGE IS THE NATIONAL MANAGING PARTNER OF THE HEALTH CARE INDUSTRY PRACTICE AT GRANT THORNTON WHERE SHE PROVIDES FINANCIAL, COMPLIANCE, AND GOVERNANCE CONSULTING TO HOSPITALS AND HEALTH SYSTEMS

Anne McGeorge: The form 990 is an informational return that is required of all exempt organizations. The purpose of the 990 is to gather a lot of information to report to the Internal Revenue Service so that the Internal Revenue Service can provide some kind of oversight to exempt organizations. Consequently, any type of exempt organization that has revenues over \$25,000 is required to file a form 990. It's just an information return, meaning the organization does not pay tax with the form itself; however, the form has gotten much more complex in recent years. It has gone from 10 years ago being about a seven-page form to being a 19-page form with 22 schedules. So the form is incredibly complex and reveals a lot of both financial and narrative information about the organization.

The financial information is quite straightforward and generally comes straight from the audited financial statements of the organization. That part is pretty easy.

The narrative part is a series of questions that the IRS asks the organization in order to identify whether the organization has areas that potentially might indicate either weak governance or weak policies, or other risk areas that might potentially put the exempt organization at risk from an IRS standpoint.

Probably the most sensitive areas on the form 990 involve the areas of executive compensation. The questions related to executive compensation not only require the organization to identify their top executives and all of the salary associated with those executives, but also to identify any other key employees and list all of their board members and any compensation or expense reimbursement that any of those individuals receive. So, as you can imagine, that is by far the most sensitive area of the form 990. And as a board member, that is the area that gets the most attention from the board—whether it is just making sure that everyone's name is spelled correctly, to whether the board members are assessing the accuracy of compensation that might be associated with the various executives on the board or with themselves.

The form 990 is a public document, and once you file that form 990 it will be available on the Internet for all the world to see. So it is incumbent upon board members to make sure that the form presents the best picture of your organization that it possibly can. Other parts of the 990 are equally important with regard to the mission and the function of the organization such as the description of the charitable purpose of the organization, description of certain policies that are present within the organization.

So all of the questions are set forth in an effort to identify whether the organization is exercising good governance over the charitable assets that it controls, and that is the main purpose of the form 990. Your form 990 is the window to your organization, and as a board member it's important that you make sure that it is telling the best story for your exempt organization as possible.

For additional information please go to www.iprotean.net



COURSE TRANSCRIPT: BOND FINANCING, PART TWO

Expert presenters:

Michael Irwin

Lisa Goldstein

Marian Jennings

Eric Jordahl

INTRODUCTION

WELCOME TO THE COURSE: BOND FINANCING, PART TWO.

IN THIS COURSE, OUR FINANCIAL EXPERTS COVER: BOND RISKS AND REWARDS; THE RELATIONSHIP BETWEEN CREDIT RATING AND CASH; INVESTMENT CAPITAL; AND THE BOARD'S ROLE IN THE CREDIT RATING PROCESS.

1. BOND RISKS AND REWARDS

MARIAN JENNINGS IS A CONSULTANT SPECIALIZING IN STRATEGIC AND FINANCIAL PLANNING, AND SYSTEM PLANNING AND DEVELOPMENT.

Marian Jennings: In the past few years with the credit crisis that we have all lived through, the forms of hospital financing have actually changed fairly substantially. When I first was involved with hospitals, if a hospital had a major financing for a 20 or 30 year project, they virtually always went for long-term financing, meaning a bond or a loan with a 20 or 30 year term. In fact, I was taught when I was a student that you match the term of the debt to the longevity of the asset, so if you were buying something with a five-year life, you could use five-year debt, and if you were buying something with a 30-year life, you used a 30-year debt.

That started to change in the early 2000s where hospitals started being more interested in using what is called variable rate debt for short-term debt. It was a much less expensive form of debt, and it worked extremely well. Having gone through the financial crisis, a lot of organizations are actually reverting back to using longer-term debt. It may cost a little bit more, but it is more stable. Its interest rate is fixed. You know what your obligation will be for the entire life of the debt. Only the most credit worth organizations that have tremendous amounts of liquidity and cash on their balance sheets today should probably even consider using short-term or variable rate debt.

MICHAEL IRWIN, MANAGING DIRECTOR OF CITIGROUP, HAS EXPERIENCE IN ALL ASPECTS OF HOSPITAL AND HEALTH SYSTEM STRATEGIC CAPITAL FINANCING ACTIVITIES INCLUDING PUBLIC AND PRIVATE DEBT OFFERINGS AND STRATEGIC TRANSACTIONS.

Michael Irwin: A key responsibility for trustees is evaluating the risk that external financing will expose the organization to, and so some of the key decisions will be focused on whether the organization can take on variable rate exposure; that is, an interest rate that's not fixed but periodically reset. The advantage of doing a variable rate financing is typically a lower interest rate. However, the interest rate could rise due to environmental factors outside the control of the organization as well as anything unique about the organization and any financial challenges it might face in the future, so [considerations about decisions related to] the use of fixed versus variable rate debt.

[The board also should evaluate] the decision about whether the organization can take certain event risk—and this would include, for a variable rate financing, having the need for a bank letter of credit which is subject to renewal, or the rating of the organization being subject to downgrading. In a fixed rate financing, all of those risks are typically transferred to the investors whereas those risks are held on to by the organization when you do a variable rate transaction more than not.

As a result, stronger organizations, those in the double A category, and the A category with strong cash flow, strong balance sheet metrics and ample liquidity, are more readily able to take the risk associated with the lower cost variable rate debt, while organizations that have a more modest balance sheet and reliable cash flow can choose the safer more stable fixed rate alternative.

2. CREDIT RATING AND CASH

Jennings: A very legitimate question arises in terms of how much cash is too much cash on your balance sheet. I always felt it was impossible to have too much cash on the hospital's balance sheet, but a fellow came up to me at one point and told me he had a brand new facility and that he had 500 days of cash on his balance sheet—and I did change my opinion. I felt like they have too much cash.

In general, you want to target the cash on your balance sheet to your targeted bond rating. The bond rating agencies actually publish for every rating category, whether it's the double A plus, all the way down to the organizations that are marginally credit worthy, the median, the top quartile and the lowest quartile performance against a variety of financial ratios. You want to target your bond rating for three to five years from now and you need to say, what kind of cash compared to my debt do I need in three to five years in order to accomplish that rating? Then, develop your financial plan and how much cash you hold on your balance sheet versus the debt that you hold based upon that targeted bond rating.

I often get the question, why don't I lower my bond rating a little bit so that I can borrow more money. And especially in the world where capital is very constrained, it's a very important strategic and financial question to say, what is it worth to me to maintain a higher bond rating than maybe going down one level. So I'm not going to destroy my credit rating, but rather than being a double A, maybe I become a double A minus, so I have slightly more flexibility to borrow money. I might need a little bit less cash on my balance sheet but, by the way, I could afford to do the \$25 million ambulatory facility that I'm dying to do.

And I think the answer to that is, make sure you understand the cost. There is a financial cost in terms of just dollars and cents of having a lower credit rating. But there also is the cost in terms of the fact that you have incurred additional risk. And [you have] to be very careful if you are thinking about doing that to ensure that the odds are in your favor that if you invest that additional money in this one additional project, that that project will be able to generate a sufficient financial return to compensate the hospital for that additional risk that is undertaking.

Irwin: The board plays a very important role in the credit rating process on the front end by developing a formal debt policy for the organization. Working together with the management team, it is the board's responsibility to establish their aspirational goals from a credit rating side, and then develop key target performance metrics and balance sheet metrics that the organization would have to adhere to in order to achieve and or maintain that goal.

And in that regard, the board is constantly over time going to be answering several key questions. Among those, if a project arises, what portion of that project should be funded from cash flow of the organization? What portion of the project could be funded from philanthropic sources, and what portion of the project could and should be funded with external debt? The tension in the organization is typically going to be around the issue of using your own cash versus using borrowed money—money raised in a bond issue—and very often organizations find that it's a combination of those three things that achieves the balance that they're looking for.

As you do your own assessment as an organization with respect to your identified targets for financial performance and for balance sheet strength, you should be cognizant of where you stand, both on a historical basis and on a pro forma basis. So when the need arises for a new capital project to be built by the organization, you will be able to use that debt policy, use those targets and be able to figure out how much the organization will be able to provide from its own cash reserves, while still maintaining an adequate level of liquidity versus the amount raised in the debt markets which, obviously, is going to impose a debt service burden on the organization going forward. Calibrating that right balance is a key area of focus for the board.

ERIC JORDAHL IS IN CHARGE OF KAUFMAN HALL'S DERIVATIVES ADVISORY PRACTICE, WHICH INCLUDES GENERAL FINANCIAL RISK MANAGEMENT, STRUCTURING AND EXECUTION OF SPECIFIC FINANCIAL TRANSACTIONS, AND MONITORING AND MANAGING TRANSACTION PERFORMANCE.

Eric Jordahl: There is an interesting relationship between credit rating and cash. On the one hand, credit rating is very, very much driven right now by cash, and this has been true for quite a long time. The notion that cash is king has been around for as long as I can remember. It has historically, I think, been a way to cure an awful lot of evils. So if there were weaker operations, tighter operations, but an organization had an incredible cash position, well, then it would be tolerated and it might be able to hold a rating level higher than either its competitive position or its operating position might warrant.

I think that has changed quite a bit. Balance sheet strength remains probably the most important driver in rating right now. I think that it still is the key driver—the strength and liquidity of the balance sheet that is predominately measured by cash position—but also [the rating] really is driven by cash position relative to debt and the overall debt load.

That said, operations have emerged as having much, much, much more importance than they might have had. They have become particularly important. What is interesting now, I think, is a strong balance sheet continues to cure a lot, but if there are hints at deteriorating operations or hints at operational challenges or strategic challenges, rating agencies are much, much faster to take action on the rating, to move the rating down in that kind of a fact pattern than certainly was the case pre 2008.

That said, hospitals have struggled for a long time with how much cash to build, how much cash to hold. It is a challenge for boards and for management to think about how much is too much cash, or is there too much cash—how to find the right balance between cash on the balance sheet and debt on the balance sheet. We continue to believe that cash and liquidity, particularly as we head into healthcare reform, are extraordinarily important. There is a great deal of uncertainty about what reimbursement models will look like, what that is going to mean.

I think there is a good level of expectation that a lot of reform is going to be financed on the backs of not-for-profit hospitals. Having cash resources certainly is going to give the organization a lot more cushion or a lot more ability to navigate through some of those changes.

SUMMARY

BOND FINANCING CARRIES CERTAIN RISKS. CONSIDERATION SHOULD BE GIVEN TO THE RISK INHERENT IN VARIABLE INTEREST RATE FINANCING.

VARIABLE INTEREST RATES ARE RESET PERIODICALLY, SO ALTHOUGH THE INITIAL RATE IS LOWER, IT'S MORE DIFFICULT TO PREDICT RATE INCREASES.

FIXED INTEREST RATES, AN ALTERNATIVE TO VARIABLE RATE FINANCING, ARE HIGHER BUT OFFER STABILITY AND PREDICTABILITY.

ALSO, IT IS IMPORTANT TO NOTE THAT A FIXED INTEREST RATE TRANSFERS RISK TO THE INVESTORS, BUT VARIABLE RATE RISK IS HELD BY THE HOSPITAL.

THE AMOUNT OF CASH ON THE BALANCE SHEET IS ONE OF THE KEY PREDICTORS OF THE HOSPITAL'S CREDIT RATING. IT IS IMPORTANT TO UNDERSTAND THE RELATIONSHIP BETWEEN CASH, DEBT AND THE HOSPITAL'S CREDIT RATING. USING THE ORGANIZATION'S CASH TO FUND SOME OR ALL OF THE HOSPITAL'S PROJECTS HAS RISKS IN TERMS OF THE CREDIT RATING, AND THE RISK ASSOCIATED WITH FINANCIAL RETURN ON THE PROJECT. THE ORGANIZATION SHOULD ESTABLISH A DEBT POLICY THAT SETS FORTH THE ORGANIZATION'S GOALS, PERFORMANCE METRICS, AND FUNDING CATEGORIES. FINDING THE RIGHT BALANCE BETWEEN USING THE ORGANIZATION'S CASH VERSUS BORROWED MONEY IS A KEY AREA OF FOCUS FOR THE BOARD.

3. TECHNOLOGY INVESTMENTS

Jordahl: The challenge for hospitals is balancing those potential investments against the uncertainty of what reform is actually going to look like. Most organizations feel investments in technology and some of the investments that are required, whether it's for electronic medical records or other tools that bind organizations or bind previously disparate parties—whether physicians with hospitals, bind those entities closer together—that those will be valuable over the long term. But the challenge really is what is healthcare reform going to look like. How long is it going to take? What's going to be the reimbursement mechanism that is in place when we come back out of reform? And are those information technology investments actually going to pay off? Is there actually going to be a business model where there is value or economic value that is attached to those investments?

It is a very large challenge because the magnitude of the dollars is quite significant. The magnitude of the investment in information technology that seems to be required or that is suggested to be required is pretty big dollars.

The other challenge for hospitals is that those investments are typically not very tax-exempt friendly, if you will. Most of the time, financing expenditures through the tax-exempt bond market requires that those projects have a very long, useful life. So the tax-exempt bond market is ideal for financing bricks and mortar. It's ideal for financing new towers, for financing acquisitions of new hospitals. It's not as favorable for financing equipment or other types of investments that are deemed to have a fairly short, economically useful life. The main reason for that is tax law limits the maturity that a tax-exempt bond can have versus the asset it is financing; that limitation is the average life of the tax-exempt bond can't exceed the average economic useful life of the asset that is financed by more than 120%. So if you have a technology asset or an equipment asset that is deemed to have a shorter life simply because it's going to be changing so much, it is going to depreciate very quickly, that means you could only finance that with a very short duration tax-exempt bond.

4. BOARD'S ROLE IN THE CREDIT RATING PROCESS

LISA GOLDSTEIN IS SENIOR VICE PRESIDENT AND TEAM LEADER OF NOT-FOR-PROFIT HEALTHCARE RATINGS WITH MOODY'S INVESTORS SERVICE.

Lisa Goldstein: As part of our review in accessing a hospital's credit worthiness, we do like to meet with a few board members at our initial meetings, either one or three. Either the chairman of the board or, equally as important, the chairperson of the finance committee is also very important to have at our meetings. We're trying to assess in a condensed period of time whether the board understands its responsibilities. Is it able to articulate, without reading from a script, its responsibilities when it comes to repayment of debt, when it comes to setting financial goals for the hospital, when it comes to developing a vision and a mission for the hospital over the long term?

So we engage in a dialogue with questions, and really a conversation, to assess pretty quickly whether the board understands the gravity of its responsibilities. We understand that not-for-profit board members are indeed volunteers. You are not compensated for your time. But, nonetheless, we're looking to see if board members have an appreciation for the financial performance of the hospital and the responsibilities that issuing debt in the market entails. So we engage in a conversation and we use our best judgment to assess the board's readiness and the boards understanding.

We look at committee structures, number of board members. Term limits to us are very important, that there are term limits to bring in new blood, new thinking every say three to four years. We look to see how the officers of the board are chosen, the chairperson, the vice chair, maybe there's a secretary, treasurer, how those individuals are chosen.

Usually there are three components that we examine: the time board members give to the board, their talent, what skill set they give, and for certain organizations, their treasury. Are board members expected to make a donation to a fundraising campaign? Sometimes that can depend on whether or not it is a hospital like a children's hospital that has very sophisticated fundraising, or a large teaching or academic medical center. Is there a treasury component that is expected of the board members?

We also want to get a sense as to how many board members there are in total and whether that is a manageable number. We have met with not-for-profit health systems that can have up to 100 board members, which may be very unwieldy to get ideas across and for boards to vote on major strategies. Likewise, we have met with boards that are as small as three board members, and then we begin to question if there are appropriate checks and balances when there are only three members. So we look at a number of dynamics for the board, questions and details, when we make our assessment of governance and the ability of the board to govern the hospital.

Jennings: What the rating agencies are looking for is a well informed board, a well informed finance committee, people who are not only committed to the hospital and thoughtful individuals, but also have the knowledge and skill that they need in order to perform their fiduciary responsibility. And that means that they are looking for an answer to what is your strategic direction, what is your financial policy that can be adequately addressed by board members, not simply by the chief financial officer of the organization or the CEO of the organization. The board as a whole plays a very important role in the credit rating process because the rating agencies see you as the policy makers and as the trustee of this asset. And in truth, the trustees will change over the next 10 or 20 or 30 years when this debt will need to be repaid, but they are looking for the commitment and rigorousness of the board in its fiduciary role to give them comfort that the organization is likely to maintain policies if they have been successful to this point or that they are able and willing to take corrective action if and when needed.

Irwin: The other question trustees should ask themselves would be what is the responsibility that the organization has to investors and to the investing public after the bond issue is concluded. Increasingly, I think the markets have high expectations for a formal investor relations program. Unlike the corporate market that strictly prescribes annual and quarterly disclosure, there has developed in the municipal market an expectation that not-for-profit organizations will follow those guidelines generally and make available high quality, reliable and timely information on a quarterly and annual basis. Many organizations take it a step further and provide a management discussion and analysis of the key factors that challenge and opportunities that confront the organization in a changing market place, and also disclose material events very quickly when they happen in order to provide investors with as much transparency as possible.

So I encourage trustees to work with their senior management team to ensure the kind of high quality secondary market disclosure that investors are looking for. They will benefit from this the next time they come to market with a bond issue because investors have been bolstered in their confidence that this organization has made a commitment to a high level of secondary market disclosure.

The trustees really wouldn't have a day-to-day role in the secondary market disclosure that I'm talking about, or the formal investor relations program, but they certainly have an interest in ensuring that the organization has such a program in place. This is because left to their own devices, from time to time when an organization encounters severe financial problems, the management team is busy trying to correct the situation and may not provide investors with the kind of real time update on how they're doing in that effort—and investors get very uncomfortable. They have long memories. In contrast to that, we have seen organizations that, despite all of the challenges they were facing, had been encouraged by the trustees to maintain a good rapport with their investors, with credit analysts and rating agency analysts. As a result, they were able to take care of the challenges that they were facing, correct the situation and were able to get back to the bond market much faster than those organizations

that pull the shade down, if you will, and try to deal with their problem without communicating the extent of the problem or where they were on the turnaround plan while it was happening.

For additional information please go to www.iprotean.net.

SUPERINTENDENT REPORT



SUPERINTENDENT'S REPORT February 2020

Mission: *The mission of Lewis County Hospital District No. 1, steward of public funds and trust, is to provide our highest level of compassionate, diligent and professional medical care.*

	Opportunity	CY 2020 Progress	Status	Associated Documentation
Informational	Commissioner Education	Access for our two new commissioners has been created at iProtean.com.	Complete	See "iProtean Access" Memo
Informational	Risk Mitigation	Air sampling conducted in January 2020. No fungi found.	Complete	See "Microbial Evaluation" Memo
Informational	Compliance	PDC Filing Reminder	Complete	See "PDC Filing Reminder" Memo
Informational	Commissioner Education	Contact Shana Garcia if you are interested in attending either of the two educational opportunities presented.	Complete	See "Commissioner Education" Memo

MEMORANDUM

To: Board of Commissioners
From: Leianne Everett, Superintendent
CC:
Date: 2/21/2020
Re: iProtean

iProtean has removed access to our out-going commissioners and set up access to our two new commissioners. New commissioners should have already received a welcome email from iProtean in their Arbor Health Inbox. Please remember that you have access to all of the learning materials at iProtean.com.

POSSIBLE MEETING DISCUSSION: *Should commissioners complete self-directed studies in iProtean related to their assigned board sub-committees?*

MEMORANDUM

To: Board of Commissioners
From: Leianne Everett, Superintendent
CC:
Date: 2/21/2020
Re: Microbial Evaluation, Operating and Procedural Rooms

Given the media coverage of Seattle Children's Hospital's death's related to mold in their air handling system of their operating rooms, we are anticipating that microbial evaluations will become mandated by the Department of Health (DOH). While we did not have any concerns regarding the presence of fungi, we proactively engaged an industrial hygienist to conduct an air sampling for fungal propagules.

An air sampling was conducted on January 31, 2020 and the results were reported on February 11, 2020. The sampling did not indicate the presence of obvious atypical indoor reservoirs or amplifiers of fungi within our operating room or procedural room. Until this becomes a DOH requirement, we will be conducting this evaluation annually. However, once the new HVAC system is installed later this year, we will get an evaluation to establish a new baseline.

MEMORANDUM

To: Board of Commissioners
From: Leianne Everett, Superintendent
CC:
Date: 2/21/2020
Re: PDC Filing Reminder

Please remember to file your annual personal financial affairs statement. This annual report must be filed by April 15, 2020. This can be found online at www.pdc.wa.gov.

Your last reminder from me will come in the March 2020 Board packet.

MEMORANDUM

To: Board of Commissioners
From: Lianne Everett, Superintendent
CC:
Date: 2/21/2020
Re: Commissioner Education

Please email Shana Garcia, sgarcia@myarborhealth.org, if you are interested in attending either or both of the following educational opportunities:

1. Safety and Quality Leadership Summit-flyer included
 - a. May 14, 2020
 - b. 8:30 am – 2:30 pm
 - c. Seattle Airport Marriott
 - d. Recommended to Attend: Commissioners serving on Quality Committee and Quality Leadership members
2. WSHA 44th Annual Rural Hospital Leadership Conference
 - a. June 21 – 24, 2020
 - b. Chelan, WA
 - c. Recommended to Attend: All Commissioners, Superintendent and Chief Clinical Officer

SAFETY & QUALITY LEADERSHIP SUMMIT

MAY 14, 2020

Seattle, WA



Leading a Culture of Safety for Every One, Every Time

Featured Speakers



Mike Abrashoff was the most-junior officer in the Pacific Fleet when he took command of the near-worst performing ship. 12 months later, the USS Benfold was the best ship in the Navy, using the same crew. That stunning transformation has lessons for every organization: leadership matters, culture is everything. His Leadership Roadmap offers clear, battle-tested and actionable steps. Mike shows people at every level how to engage and take incremental steps toward change that can make a dramatic difference. Mike is clear, “I didn’t turn the ship around – my crew did that. What I did was to create an environment where they felt safe, empowered and supported. When you do that, anything is possible.”



David Marx is a true pioneer in the internationally recognized safety practice of Just Culture. He draws on experience that spans more than two decades of examining laws, regulations, and industry practices to help lawmakers, regulatory authorities, and organizational leaders fulfill their responsibilities to produce safer outcomes. Marx currently leads Outcome Engenuity in the development and implementation of values supportive practices and culture within high consequence organizations.

Northwest Safety
and Quality Partnership



CEO Evaluation

CEO

Commissioners

Date

Overall Performance

Dimensions

Using the following definitions of levels of performance, please indicate your preceptions and evaluations of your CEO's work performance.

Excellent	Continually exceeds expectations
Good	Generally meets or exceeds expectations
Satisfactory	Meets expectations
Needs Improvement	Fails to meet one or a few expectations
Unacceptable	Fails to meet most expectations
N/A	Have not observed this skill/activity

Leadership & Managerial Qualities

	Excellent	Good	Satisfactory	Needs Improvement	Unacceptable	N/A
Self-starter; high level of drive and energy						
Effective member of a work group; gains respect and cooperation of others						
Provides leadership and direction to staff						
Functions within scope of responsibility						
Open to constructive communication						
Demonstrates willingness to try new approaches						
Develops realistic solutions						
Establishes vision and direction						
Communicates appropriately to staff						

Personal Qualities and Judgement/Sensitivity

	Excellent	Good	Satisfactory	Needs Improvement	Unacceptable	N/A
Person of Integrity						
Professionally presents self to the public						
Values people, shows concern						
Makes sound, timely decisions						
Handles problems professionally						

Knowledge and Skill

Demonstrates knowledge of hospital management/operations						
Assures facilities/equipment meet immediate and long-term needs						
Assures hospital is compliance with applicable standards, codes, laws and regulations						
Anticipates trends						

Board Relations

	Excellent	Good	Satisfactory	Needs Improvement	Unacceptable	N/A
Works closely with Board to develop short and long range strategies						
Communicates appropriate information to Board at and between meetings						
Readily available to Board members						
Works with Board to create a governance environment						
Provides education opportunities for Board						
Supports policies, procedures and philosophy of Board						
Creates a sense of trustworthiness in Board/CEO relations						

Medical Staff Relations

	Excellent	Good	Satisfactory	Needs Improvement	Unacceptable	N/A
Has good rapport with Medical Staff						
Communicates with and works closely with medical staff on matters of mutual concern						
Readily available to Board members						
Ensures Board involvement and approval in an effective credentialing process						
Assists in determining community health care needs						
Assumes a leadership role in provider recruitment						
Is an effective liason between the Board and medical staff.						

Community Relations/Political Effectiveness

	Excellent	Good	Satisfactory	Needs Improvement	Unacceptable	N/A
Promotes a positive image of the Hospital						
Represents the Hospital in the community						
Works closely with community in determining local health care needs						
Listens to diverse ideas						
Maintains an advocacy role in promoting needs of the institution						

Strengths and Development Needs

What are the CEO's major strengths?

- 1 _____
- 2 _____
- 3 _____

What are areas that need further development?

- 1 _____
- 2 _____
- 3 _____

What are the resources needed to address further development?

- 1 _____
- 2 _____
- 3 _____