

Date: January 23, 2013
Time: 1:00 P.M.
Location: Mayers Memorial Hospital
Fall River Mills, California

(These minutes are not intended to be a verbatim transcription of the proceedings and discussions associated with the business of the board's agenda; rather, what follows is a summary of the order of business and general nature of testimony, deliberations and action taken.)

<p>1. CALL MEETING TO ORDER: President Albaugh called the regular meeting to order at 1:00 p.m. on the above date with the following present:</p> <p style="text-align: center;">Allen Albaugh, President Brenda Brubaker, Vice President Mike Kerns, Secretary Art Whitney, Director</p> <p>Absent: Abe Hathaway, Treasurer Staff Present: Matt Rees, CEO; Sherry Wilson, CNO-SNF; Travis Lakey, DOF; Terry Pena, CNO-Acute; Marlene McArthur, Administrative Board Clerk.</p>
<p>2. CALL FOR REQUEST FROM AUDIENCE TO SPEAK TO ISSUES OR AGENDA ITEMS: None.</p>
<p>3. APPROVAL OF MINUTES – <i>A motion/second (Kerns/Brubaker), and unanimously carried, the Board of Directors accepted the minutes for meetings held 12/19/12 as presented. MSC unanimously (Hathaway absent; Whitney abstained).</i></p>
<p>4. OPERATIONS REPORT: In addition to the written operations report included in the board packet, the following verbal reports summarized below:</p> <ul style="list-style-type: none">▶ Matt Rees, CEO: Focus and efforts pertain to the Medi-Cal cuts to be implemented for DP-SNFs throughout California. Current internal action includes: conference calls with California Hospital Association (CHA) staff pertaining to action plan to reverse AB97, sharing the specific impacts to District including its patients and employees and the local economy; letters submitted to Department of Health Care Services and legislators; networking with other healthcare facilities for united front; staff meetings held to inform employees. Currently working with Brian Dahle, Assembly Member, to get sponsor for bill to reverse AB97 and/or exemption through DHCS. Working also with WIPFLI for analysis of operations, taking into consideration the possibility of certified public expenditures (CPEs) to help cover half of the loss from the Medi-Cal cuts. Mayers' website includes details and information about the Medi-Cal cuts and impacts, including template for letter-writing to legislators. In response to question if reversal is successful how it impacts the State budget, Rees explained it's already included in the State budget so a grassroots effort is crucial in overturning AB97. Other topics included:<ul style="list-style-type: none">▪ Expansion of District: Discussions with Lassen County Supervisor to possibly negotiate a part of the special district taxes to help with Adin ambulance. The option to get all three ambulances organized under the CAH status would benefit Adin ambulance by six figures, Mayers' benefit would be \$20K-\$25K, and numbers pending from Burney for cost reimbursement benefits but cannot guarantee anything since not within District boundaries. Community committee working on project with focus on specific option for public to possibly include a JPA structure with a parcel tax—Mayers will continue to support, offer options and assistance. If there is no ambulance there it will put a strain on our ambulance service even though Adin only has an average of 12 runs per month that can take 2-3 hours per run. Thus, the reason why Mayers is trying to help and be involved with project. It's an important issue to that community so spending time on it but little benefit to the hospital district.▪ Construction Project: Building timeline will possibly be impacted by the proposed Medi-Cal cuts looming since we cannot submit the USDA financing application. However, progress

moving forward at a slower pace and not spending any dollars that we don't have to because the first issuance from the Measure D bond has minimal balance. Once the USDA financing has been approved, we can proceed with power lines, site work, pay application fees to OSHPD, county, etc. through another draw down that could be included in financing package. Currently, putting numbers together on work that needs to be done and evaluating cash flow with time lines and will bring those numbers back to the board next month. Basically, we will qualify for the financing but at this point the number is unknown due to current variables. The construction plans could be modified to decrease amount by \$8-10 million but will cost \$1 million more without acute reimbursement. Also working with OSHPD to negotiate \$10,000 monthly vs. \$400,000 in full to continue to move through process and due to the fact that most of the cost comes during construction and on site.

- EMR – McKesson staff will be here the last week in January to help staff work on issues with employees and physicians. More details to be reported later in the meeting by Johnson and Ward.
- 299 Collaborative: Grant funding to recruit four (4) specialists to our area: cardiology, dermatology, ENT, urology. BB how: through grant to go out and find specialists. The MVHC has ultrasound machine now and physician not using Mayers' lab and losing revenue there; however, working on the lab piece with them to resolve.
- Fire sprinkler system froze and got into electrical so smoke and fire department responded—issue corrected with pipe now wrapped and vent installed for warm air.
- ▶ Sherry Wilson, SNF CNO: Nothing new to report—focus is on Medi-Cal cuts and getting message out to the community. In response to question regarding CNA bonuses, Rees responded it will be accomplished once the rate review is completed and receipt of monies.
- ▶ Terry Pena, CNO-Acute: nothing further to add to written report but recruitment of RNs is crucial to acute department, ER and OB. Resolving some internal issues discovered during exit interviews. In response to question by Hathaway regarding sign-on bonuses and salary increases, Rees responded it could still be 65 days out before cash flow is able to sustain added expense. Pena is working with HR wage re-structure to include several tiers depending on skills and tenure but not sure of rollout date but will have structure ready. She added work needs to be done to offer incentive for on-call coverage as well that decreased from \$10-\$6.
- ▶ Keith Earnest, Chief Clinical Officer: Hospice is also implementing EHR with favorable feedback and results. The department has two patients fully in the system; other patients partially. Grand rounds with Mercy physician as speaker that provides education for med staff. PT department is adding staff due to volume and an increase in referrals.

5. STAFF PRESENTATION: Louis Ward, Co-Project Sponsor provided an update on EMR project. An internal newsletter to improve communications is being developed. It will include upcoming training, future enhancements, how to get help, tips, etc. Notebooks are placed throughout the hospital in clinical areas to document problems and/or service orders with most resolved in-house. Caleb Johnson, Co-Project Sponsor conveyed we are past go-live date and making the system a part of everyone's daily job, only now better than before. A two-pronged approach to mitigate problems are: 1) response committee meets on Wednesdays to address system issues and publish into format to disperse throughout the hospital; 2) continuous education to ultimately reach goals to leverage quality of care and improve financial foundation of hospital. In response to question about meaningful use criteria, Johnson reviewed and discussed the 14 core objectives with 3-4 delinquent currently that will require extra build and one of the reasons for McKesson staff on site 1/28/13 for further training and medication reconciliation. Outside of that, Johnson reported most objectives have been met or succeeded criteria goals. Ward concluded the meaningful use objectives must be maintained for at least 90 consecutive days to qualify, thus, a meaningful use committee will be established to closely audit.

6. AD HOC COMMITTEE REPORT: On behalf of the committee, Director Kerns provided an overview of the solicitation process and recommended to the Board that Marie Beck be appointed to the Measure D Oversight Committee to fill one vacant position. Marie Beck was present at the board meeting and introduced. ***A motion/second (Kerns/Brubaker), and unanimously carried, the Board of***

Directors appointed Marie Beck to the Measure D Oversight Committee.

AD HOC COMMITTEE APPOINTMENT: Due to the increased employee health benefits premiums, a committee is being established to research and acquire bids by August 2013 announced Albaugh, therefore, he appointed Brubaker and Whitney to serve on the committee along with staff.

7. BOARD COMMITTEE REPORTS:

7.1 FINANCE COMMITTEE REPORT:

7.1.1 Committee chair Albaugh provided overview of meeting that focused mainly around the proposed Medi-Cal SNF cuts and political campaign recently launched—as well as continued work to improve finances. The SNF cuts equate to approximately \$1.6 million less revenues per year plus \$2 million in retro payments which would make financing the new building a challenge. Despite the challenges we will continue to work on USDA financing application with WIPFLi but at a slower pace to include different options for different scenarios while the SNF Medi-Cal issues pan out. It may mean a delay in building for a year and encouraged everyone to get involved politically. CEO Rees also encouraged everyone to get involved with the capital campaign to surpass the goal amount so that it decreases the financing amount for the project and enable the project to move forward as planned.

7.1.2 December 2012 Financial Overview: Albaugh reported during BFC meeting a financial overview (overhead projector) for December 2012 was presented by Lakey and Rees utilizing Paragon system. Lakey reported numbers are still being implemented and reports are being built that will be soon be available with factual and meaningful data for analysis by board and management.

7.1.3 Audit Presentation: Lakey and Rees provided PowerPoint presentation of the FY2012 independent financial audit provided by Matson & Isom. Whitney recommended a category be added for funded depreciation—and also expressed concern in sustainability with a 10 percent increase in expenses and 9 percent increase in revenue with current volume trend. After detailed discussion and review, Rees reported that, overall, the audit was clean and there were no significant issues. ***A motion/second (Kerns/Hathaway), and unanimously carried, the Board of Directors accepted the FY2012 Independent Finance Audit as presented.***

7.1.4 Resolution 2012-8: Rees reported the proposed line of credit (LOC) is identical to the 120-day LOC recently paid in full. He reviewed uses and need for continued LOC mostly due to conversion of operating system impacting cash flow. ***A motion/second (Kerns/Whitney), and unanimously carried, the Board of Directors approved \$500,000 line of credit with Bank of Commerce and authorized CEO Rees to sign loan documents.***

7.1.5 CHFFA Financing (Equipment Loan): Rees and Lakey provided loan details for the 5-year equipment loan at 3 percent interest for \$684,420 through CHFFA. ***A motion/second (Kerns/Brubaker), and unanimously carried, the Board of Directors approved borrow resolution authorizing execution and delivery of HELP II Program Agreements for \$684,420 to finance equipment loan through CHFFA.***

7.1.6: CEO Rees reported exact amount for USDA financing is pending and projected timeline to be six months due to current variables but putting numbers and options together. The financing could include buying the original Measure D bond issuance that would significantly save money due to a lower interest rate. Albaugh conveyed concerns to move forward on anything until closer and know what spending on project and SNF outcome. Rees responded the project would be \$40 million with 2015 start date and \$1-\$2 million escalation every year after that date depending on inflation thus the reason timeline is crucial to save money for District. If project starts this year, cost is estimated at \$39 million. Discussions with PG&E regarding power line issue and ANOVA Architects to put project on hold pertaining to work that needs accomplished no matter what we do. ***A motion/second/ (Kerns/Brubaker), and unanimously carried, the Board of Directors tabled the agenda item.***

7.2 BOARD STRATEGIC PLANNING

Board Strategic Planning: Director Kerns reported the meeting topics included board retreat in March; update and review of SP programs' list for full board next month; district annexation update, and board self-assessments are planned for September 2013. Discussion followed and in response to a question by Brubaker pertaining to grants and internal process to track, Rees will follow-up with Amanda Hutchings, IHF, and have her report again in the near future to board. CEO Rees announced the acquisition of a

\$32,000 defibrillator recently through a Shasta County grant.

7.3 QUALITY COMMITTEE REPORT: Director Brubaker reported no official board quality committee meeting was conducted but the board committee members met to review and discuss the 2012 CAH Annual Evaluation reports to draft the work plan for FY2013. The committee was recently re-structured and will meet in February—the Chief of Staff was unavailable in January to attend. Brubaker reviewed the FY2013 work plan for the CAH Annual Evaluation developed by committee. ***A motion/second (Kerns/Brubaker), and unanimously carried, the Board of Directors accepted the FY2013 CAH Annual Evaluation Work Plan as presented and amended through BQC.***

8. CLOSED SESSION TABLED:

- ▶ Government Code Section 54962: Dr. Dahle had nothing to report in closed session but appreciated the political campaign efforts
- ▶ Approve minutes from Closed Session meeting held 12/19/12 pending

9. ADJOURNMENT: There being no further business, at the hour of 3:00 p.m., President Albaugh declared the meeting adjourned.