

Mayers Memorial Hospital District
Board of Directors – Regular Board Meeting

Date: March 27, 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.)

1. CALL MEETING TO ORDER: President Albaugh called the special meeting to order at 1:07 p.m. on the above date with the following present:

Allen Albaugh, President
Brenda Brubaker, Vice President
Mike Kerns, Secretary
Abe Hathaway, Treasurer
Art Whitney, Director

Staff Present: Matt Rees, CEO; Sherry Wilson, CNO-SNF; Travis Lakey, DOF; Terry Pena; CNO; Marlene McArthur, Administrative Board Clerk.

2. CALL FOR REQUEST FROM AUDIENCE TO SPEAK TO ISSUES OR AGENDA ITEMS:

Community member Terry Briggs commented on issues pertaining to Shasta LAFCO. Keynotes summarized below:

- What's wrong with commission and the executive director and what they should be providing whether mandated by law or their own policy
- Who Shasta LAFCO represents—3 cities, 54 districts
- Shasta LAFCO is inconsistent following their policies
- Misrepresenting taxpayers and those they represent
- Legal action and claims to be filed by FRMCSD relating to MSRs and SOI reviews that are not being provided by LAFCO that are mandated by law
- Exempted agencies under current Shasta LAFCO policy that should not be exempted
- Shasta LAFCOs Executive Officer is using tactics to scare Districts to not support legal claim against Shasta LAFCO alleging legal costs with this action will be spread out among the other districts.

In conclusion, he requested that Mayers join the FRM Community Service District in their legal claims and that CPR Fall River will pay the filing fees and all associated costs up to depositions in an agreement with counsel Jim Reed. He submitted two board resolutions for consideration by the hospital district board.

3. APPROVAL OF MINUTES – A motion/second (Brubaker/Hathaway), and unanimously carried, the Board of Directors accepted the minutes for the meeting held February 26, 2013, as presented.

4. STAFF PRESENTATIONS:

Workers Compensation & Safety Committee Report: Luann Wellemeier, Safety Committee Co-Chair, provided an update on workers compensation with the keynotes included below:

- Year-to-date: 3 lost time injuries: 2 closed and 1 to be closed by June 2013.
- FYE12: 7 claims, 6 closed and 1 pending and probably a future medical.
- New legislation: SB863
- Expect increased rates for permanent disability—thus, need to manage more aggressively on the front end to prevent injuries through job descriptions, trainings, essential function testing, etc. to better screen employees
- Current MOD rate: 1.7—and goal is to be under 1
- Essential function testing program to be re-instituted with more help now in PT department
- Drug testing policy for cause and not incident
- Premiums \$29,000 per month

After discussion, Whitney suggested team approach promoting safety with incentives such as small prize drawings and a more significant prize annually. Wellemeier responded such incentives have been successful in the past and can re-establish.

EHR: Co-Project Chairs Ward and Johnson provided an updated meaningful use utilization report for review and discussion, including the core objectives that are challenging staff. Ward announced that currently the hospital is within the 90-day attestation period; meeting 12 of 14 core measures. More training will be provided for physicians as requested. The preliminary proposal for EMR Stage 2 and requirements including upgrades was discussed. Rees explained different modules will be included in Stage 2 that will make the system a more streamlined process with less nursing and physician time involved. Johnson explained Phase 2 is basically a hybridization component—a one-stop shop for all data entry—and that Phase 1 had to be completed with attestation first before progressing to the next stage. He reported McKesson consultation starts April 24, 2013, here for the Master of Pharmacy to work with pharmacist. In conclusion, users continue to optimize use of by improving proficiency and will eventually benefit the managers and board with good factual reports to make well-informed decisions.

5. OPERATIONS REPORT: In addition to the written operations report included in the board packet, the following verbal reports are summarized below:

- ▶ Matt Rees, CEO: Legislative visits and conferences with California Hospital Association. During those meetings, Mayers' staff and community members were commended for exemplary work and efforts to fight MediCal cuts for DP/SNFs. AB900 has gained support by legislators but it needs approved by the Governor. The head of Senate Budget Committee has over 1000 beds in his district that would be impacted so there is serious consideration getting numbers back in the state budget. AB97 is still in litigation with US 9th Circuit Court of Appeals.
- ▶ IHF Foundation meeting with physicians regarding capital campaign was successful—and impressed with the success of the employee campaign. Rees, then, expressed thanks to the employees for what they've done.
- ▶ Annexation: Email to Shasta LAFCO Executive Officer requesting direction on the process to modify Mayers' application. Proposed MSR policy is main concern now due to the fact that it will impact Mayers' application. The new policy will be considered at LAFCOs meeting on April 4th.
- ▶ USDA loan pending.
- ▶ Accountable care organization (ACO) legislation that will impact rural providers in California. Traditionally, states provided people MediCal benefits using a fee-for-service system. However, in the past 15 years, states have more frequently implemented a managed care delivery system for MediCal benefits. In a managed care delivery system, people get most or all of their Medicaid services from an organization under contract with the state. Counties in the California North State have band together to form its own model to avoid being pooled together under one state contract. After 6.1.13, MediCal inpatient and outpatient bills will go through the newly formed intermediary which will replace the fee-for-service MediCal. Whitney explained soon the managed care program will include SNFs—and urged the District to be proactive and get regional group (possibly CAHs and physicians) organized to create its own ACO for more control. Rees agreed, and explained it's another reason to get hospital construction started as soon as possible so that those costs, including depreciation, can be included in ACO negotiated rate. It will be difficult to negotiate an increased rate after construction. Eventually there will be no cost reimbursement and quality incentives only to do the best possible care with unnecessary utilization of ancillary procedures.
- ▶ Sherry Wilson, CNO-SNF: Conveyed her appreciation to staff for positive attitude, community support, and the support that board members and administration have provided. She reported another viral outbreak occurred within SNF unit that was isolated for a week, however, precautions lifted today. Census: 74 today and at least 4 patients awaiting LTC admission to fill FRM facility with only 3 beds open to fill in Burney.
- ▶ Terry Pena, CNO-Acute: Nursing interviews are being conducted and one more remaining tomorrow—three RN positions offered and possibly one for surgery. CNA interviews start tomorrow and there are three interviewing. Coverage currently through agency nurses.
- ▶ Erik Nielsen, Facilities Manager: Ambulance sleeper room completed in garage; increased staff at Burney to get painting projects completed; discharge planner's office in FRM painted; and department is preparing for state inspection. Goal is to pass with zero deficiencies. Landscaping

work and weed control underway. In response to board concern regarding server room with new equipment, Nielsen responded the new cooling system is ready for install once OSHPD approval is obtained.

6. BOARD COMMITTEES:

6.1.1 Finance Committee Report: Albaugh reported on board finance committee business that was discussed during yesterday's meeting (3.26.13), which focused mostly on the topic of Medi-Cal rate cuts to DP/SNFs. From those discussions, BFC is recommending a meeting be schedule with a consultant with expertise in the skilled nursing industry so that the board and management are comfortable in making future decisions.

6.1.2 February 2013 Financial. Lakey provided an overview of financial reports with most significant concerns pertain to new system issues increasing ARs. The revenue cycle committee has been re-activated thus meeting regularly. ***A motion/second (Kerns/Hathaway), and unanimously carried, the Board of Directors accepted the February 2013 financial reports as presented.***

6.1.3 CHFFA Financing (Equipment Loan): Travis Lakey, Director of Finance, reported CHFFA loan monies for equipment was approved—and has been received and deposited.

6.1.4 Certificates of Acceptance: Shasta County is requesting official documents certifying real property conveyance. ***A motion/second (Albaugh/Kerns), and unanimously carried, the Board of Directors approved certificates of acceptance for real property conveyed by grand deeds as follows: 1) May 9, 2012, APN 018-200-042, from Joseph R. Morrison; 2) June 15, 2012, APN 028-370-022, from Fruit Growers Supply Company.***

6.1.5 MediCal Rate Cuts to DP/SNFs: Rees provided an update earlier in the meeting (see: Operations Report). At this time, Albaugh discussed a letter he addressed and dispersed to fellow board members and management that basically described his opinion of the ever-changing healthcare issues we must become accustomed to (i.e., ACOs, Medicare, Obamacare, Medicaid cuts, etc.) and that we must prepare to make necessary adjustments. He conveyed it's the board members responsibility to look into the future and especially note trending patterns to see what's necessary to mitigate. He concluded the reason for his letter was mainly to express his opinion and communicate his concern—and hopefully at least make us all think about the issues at hand and consider various options that will make Mayers better. Whitney agreed and stated basically the District lags in responding to these changes compared nationally—and re-emphasized that changes we will be faced with are inevitable. Brubaker appreciated the letter and it does make us think of the issues we face in healthcare—and appreciated the WIPFLi nursing home analysis included in finance packet. Lakey concluded there are definitely opportunities to minimize the MediCal cut impact. In response to question from Kerns about why some of the cost reimbursement options were not implemented sooner, Rees explained there was reimbursement for SNFs up until June 1, 2011, thus, strategies have shifted and will most likely change again in the future. Lakey added, based on a finance standpoint, that finance professionals will always recommend to the District to sever from the nursing home to maximize reimbursement on the acute side. However, the CPEs will provide us some reimbursement for SNF.

Albaugh added that there are other benefits besides reimbursement for the DP/SNF—i.e., 80 customers that consistently utilize the ancillary services, pharmacy, etc. More details and information will be available after meeting with finance consultant. Whitney added that cost reimbursement will eventually go away completely and we should never become comfortable with our operation—the District must operate and compete like the private sector, and that swing beds and referrals are key factors.

6.1.6 Hospital Wide Rate Increases: Rees reported based upon information back from interim cost report pertaining to cost-to-ratio charges, he recommends the board approve a rate increase of 5% across-the-board and also that the supplies multiplier be increased from \$5 to \$7 (250% to 265%) for anything over \$1 threshold. Although rates will be increased, the patient "discount policy" is being revised to include incentive to patients with commercial insurance to utilize services especially the outpatients needing imaging, labs, etc. and possibly offer more of an incentive to the prompt pay customers by matching deductibles. Policies are currently under review and will be brought to the board within next couple of months. Board members were receptive to revisions and incentives to District residents—and advised that policies go through legal review. ***A motion/second (Kerns/Whitney), and***

unanimously carried, the Board of Directors approved the hospital-wide rate increases as recommended by CEO Rees.

6.2 STRATEGIC PLANNING COMMITTEE:

6.2.1 Strategic Planning Retreat: Committee Chair Hathaway reported the strategic planning committee did not meet due to the strategic planning retreat sessions held March 21 & 22. The plan is being updated and will be presented to the board added Rees.

6.2.2 LAFCO Annexation: Committee Chair Hathaway reported the annexation application was one of the main topics of discussion during the committee meeting with no progress in moving forward. Matt Rees attended a recent Shasta LAFCO meeting where they are proposing to change its policy pertaining to MSR exemptions. If approved, Mayers will not be exempted from providing a municipal service reviews (MSR). This component would be added to the current application on file with Shasta LAFCO submitted last year.

6.3 QUALITY COMMITTEE:

6.3.1 Committee Meeting Report: Committee Chair Brubaker highlighted the meeting topics and reports presented to committee as follows:

- Four department managers reported quality data and quality issues (Dietary, Maintenance, Maintenance, Personnel, Purchasing).
- EMR update: 4-6 hour monthly shut-down on the EMR system and server for maintenance.
- Policies were reviewed and discussed. Kerns conveyed ER Manager was there to discuss the details of the new Severe Winter Storms policy, which is basically a subset of a larger disaster plan that will come before the board for approval after revision.

6.3.2 District-Wide Policy & Procedure Manual Review: Director Whitney provided C4 staff samples of P&P manuals that relate to the SNF side; however, encouraged to utilize as models for both CAH and SNF. Pena reported new software system has been acquired to improve policy and procedure manuals. Board was pleased to hear of improvements with new system, but conveyed there is still work to be done within departments to get P&PS current and organized before inputting into new system based on recent reviews conducted by board. ***A motion/second (Albaugh/Whitney), and unanimously carried, the Board of Directors accepted the annual board review process district-wide as complete.***

6.3.3 Policies: After review and discussion of policies presented, it was recommended by the board quality committee the following policies be adopted:

- 1) Severe Winter Storms
- 2) Infection Prevention Plan
- 3) Facsimile Transmission of Medical Information
- 4) Workers' Compensation Insurance

A motion/second (Kerns/Brubaker) was made, and unanimously carried, the Board of Directors approved the policies as presented.

7. INFORMATION/REPORTS/BOARD EDUCATION: ACHD Legislative Day in Sacramento April 8-9—Rees, Brubaker and Kerns attending.

8. ANNOUNCEMENT OF CLOSED SESSION (No closed session necessary)

9. RECONVENE OPEN SESSION: N/A

10. ADJOURNMENT: There being no further business, at the hour of 4:09 p.m., President Albaugh declared the meeting adjourned.