

**BOARD OF TRUSTEES MEETING  
TVHC Board Room  
WEDNESDAY, JANUARY 26, 2011**

**Trustees Present: Steven Dietrich, Chris Larson, Bob Benedict**

**Trustees Absent: David Work, Janine Jolley, Aaron Hansen**

**Ex-Officio Present: Virgil Boss, Deborah Ray-Malheiro**

**Guest Ex-Officio: Jeff Daniels, Jake Erickson**

**Minutes Recorded by: Marni Vasseur**

Meeting called to order by Steven Dietrich, Board Chair, at 5:34 pm.

S. Dietrich announced that Mike Whitfield resigned from the Board of Trustees on Tuesday.

**CHANGES / ADDITIONS TO THE AGENDA:**

V. Boss said he would like to add approval to the Compliance Policy during the Quality report.

B. Benedict said he would like to add discussion of new trustees.

S. Dietrich said they may have a new trustee in the works and it would be discussed after approval of the December minutes.

● **MOTION:** B. Benedict moved to approve the Compliance Policy during the Quality Services report and add a short discussion regarding the addition of new trustees after approval of the December minutes. Motion seconded by S. Dietrich and passed unanimously.

**MINUTE APPROVAL:**

● **MOTION:** C. Larson moved to table the approval of the December minutes until later in the meeting when A. Hansen arrived. This was due to a question about one of Hansen's comments. Motion seconded by S. Dietrich and carried unanimously.

● **MOTION:** B. Benedict moved to approve the 12.21.10 minutes as amended. Motion seconded by A. Hansen and carried unanimously.

S. Dietrich spoke on board development saying that he would like to have members in place to handle emergency vacancies and would like members interested in long term service to the board. Dietrich said that he had asked V. Boss for assistance in finding out what members had been doing in the past to cultivate interest in board membership. Dietrich said he was pleased that the process for promoting interest is ongoing. V. Boss had a possible candidate in mind as did J. Jolley, both contenders were medical professionals. The process began with a vacancy due to M. Whitfield resigning from the board which Dietrich said he would like to address as soon as possible to get the board back to an odd number of members. When a candidate is identified, the board would interview them and ascertain a good fit then, as a group, the board would vote on nominating a candidate for BOCC approval. The board may suffer an even number of members for a time but selection and recruitment to the board is important to get right person and satisfy the by-laws. Dietrich asked if he, as chair, is the tie breaker in case of an impasse in voting. B. Benedict and C. Larson both said that the Chairman does not usually vote unless there is a tie. C. Larson added that unless a trustee is missing, the chair does not vote.

S. Dietrich reminded the board that if anyone has conflict with meeting dates to please give advance notice of absence due to the small number of members.

B. Benedict informed the board that he would not be at the April meeting.

### **MED STAFF APPOINTMENTS:**

D. Ray-Malheiro presented med staff bios for reappointment. Malheiro asked about the utilization status of two of the physicians listed. Kevin Lee is an orthopedic surgeon who assists Mo Brown with joint replacement surgeries. Hans Redd is an Emcare physician who is board certified in internal medicine and pediatrics. Malheiro mentioned that she would like to see Redd working in the clinic.

V. Boss said that is being discussed.

● **MOTION:** B. Benedict moved to approve med staff bios. Motion seconded by C. Larson and passed unanimously.

### **STUDER REPORT AND QUALITY SERVICES: SEE ATTACHMENT**

L. Piquet reported improvements in medical imaging, reducing retake rates and making calls to patients to remind them of their appointments. Piquet also reported that infection rates are excellent due to good housekeeping and patient care practices. The medical staff is ordering prophylactic antibiotics to keep infection rates down. Dietary is making sure food is warm enough to keep from spoiling as it is served to patients. Efforts are being made to keep staff healthy with a new wellness plan and healthy options in kitchen for staff lunches. Housekeeping is leaving cards in patient rooms to get feedback on cleanliness and are getting good results.

S. Dietrich asked if it is unusual to publicize infection rates.

A. Loyola said the infection rates have been in the newspaper twice and will be again soon.

D. Ray-Malheiro said there is a huge initiative nationwide to publicize infection rates and encourage patients to look up infection rates before choosing a hospital.

### **QUALITY SERVICE COMMITTEE: SEE ATTACHMENT**

D. Ray-Malheiro presented survey results from last year. There were 2 surveys, inpatient observations and swing beds were the first. The surveys started in February of last year. We got about 1/3 return rate. They were standardized questions, scoring was from 1-4 with a score of one being the lowest. Malheiro is reporting average scoring on survey results. Patients could also add comments to their answers. There were only 4 negative comments within the entire survey. The other survey was for ambulatory surgeries. This survey was conducted between January and December of last year. 115 surveys were returned, this was about 50% of the total. Staff competency and recommending providers got the highest scores. We scored lower in the area of patient privacy. This was due to pre op and recovery being in the same room. Comments were positive and negative. Privacy was the most consistent issue, other problems were isolated problems that are easier to deal with. Positive comments were too numerous to report but mostly consisted of patients commenting on how well they were treated by the staff. The staff at TVHC is our biggest asset. There were also good comments on quality of care.

A. Loyola reported that she got an email from a patient regarding how billing was handled. V. Boss addressed the email quickly and the patient was pleased. Another person Loyola spoke with had voted no on the tax levy then later, had an emergency situation where they utilized the hospital and had a very good experience. This person stated that they would vote yes if the hospital asked for a levy again.

S. Dietrich asked if the surveys are ongoing.

D. Ray-Malheiro said they are and that the next step is to institute a survey in the clinic. She said that a patient's clinic experience will affect their decision in choosing a hospital in which to have surgery.

Malheiro is looking for the best and most cost effective way to do surveys.

Jake Erickson from Bingham Memorial said that phone surveys have increased the survey return rate at their hospital.

D. Ray-Malheiro said she would like to incorporate surveys on the hospital website.

## **FINANCE REPORT: SEE ATTACHMENT**

S. Dietrich asked V. Boss to report on financials in A. Hansen's absence.

Boss reported an excellent month for December. Gross volume was up \$342,000 over the previous year. This figure netted down to 1 million 166 thousand dollars and shows what a difference contractals make even in a good month.

B. Benedict said that looking at contractals, they are 24% of gross, and last year they were only 15%.

V. Boss said he budgeted 22% for contractals. Boss also mentioned that the good financial outcome for the month of December had to do with payer mix and the billing office capturing a large amount of Medicare claims. Boss referred to the payer mix charts which vary widely.

C. Larson asked for a way to break down the numbers to see if it is payer mix or Medicaid and Medicare.

V. Boss said that a quarterly view works.

S. Dietrich said we have no flexibility as to when cash comes in. He asked if, at the end of the quarter, the board would rather see numbers for the quarter or month to month numbers.

C. Larson said he likes month to month but it is hard to see the trend.

B. Benedict said the important part of contractals is when you are preparing the budget for following year.

V. Boss said that the number budgeted is based on the hospital's data but is recommended by Dingus, Zarecor and Associates, the hospital's auditor.

V. Boss reported that Dr. Brown operated on every patient that wanted to have surgery last month. Surgeries were up due to end of the year deductibles being met. The hospital also had good CRNA coverage for December. We had higher acuity surgeries and despite the over time, we came out ahead financially. The OR had cases through New Years Eve. There were not as many Medicare cases in December. The hospital makes more money on non Medicare cases since we only collect 60 cents on the dollar with Medicare cases. We were over on salaries due to Dr. Brown working extra surgeries in December. We were also over in supplies for the same reason.

We had a 77% increase in operating income over 90 days. In April of last year, the OR was closed in order to resurface the floor so we will have a better April this year. Boss said he will try to match the surgeon's schedule, with them taking vacation in February, so it stays consistent with last years schedule in order to keep numbers comparable.

S. Dietrich said in regards to the budget, numbers weren't as high as expected. This gave additional positive cash to allow for the unexpected and unbudgeted items to go to operating income.

A. Hansen joined the meeting at 6:38 pm.

V. Boss said that trends are going in our favor. Days cash on hand is the big opportunity.

S. Dietrich specified, days of **operating** cash on hand.

B. Ripplinger said that we had record breaking financial numbers.

V. Boss added that the confidence in TVHC's operating room is increasing. We did more complex procedures in December.

V. Boss reported on the Revenue Cycle department which is at 90 days net, a reduction of 3 days from November and a decrease of 9 days from gross.

S. Dietrich said he is not banking much on old A/R anymore.

V. Boss said that levy funds will not show on the operating margin chart.

S. Dietrich said he wants to compare apples to apples on reporting. He suggests, to bolster confidence, see what happens if we chart daily.

B. Benedict wants to see monthly cash on hand and the highest and lowest balance range.

V. Boss said that payroll week is where the big drop is.

A. Hansen said that we need to show the money set aside for the bond payment. It will affect the chart and is an expense to be aware of.

B. Ripplinger said that money is in a separate account.

A. Hansen pointed out that receivables have gone up on the balance sheet.

V. Boss said that we did not move the levy money for the digital mammo yet. We advanced \$73,000 from

levy funds but are paying for the digital mammo up front and will move the money when Jason Hotchkiss, the new controller, arrives. Boss said he reviewed the board packet with Jason over the weekend.

From the Finance Committee report, A. Hansen said that there is a good amount of grant money coming in. We have not been using operating cash for capital expenditure and have gotten an impressive amount of money through grants.

S. Dietrich said the forensic audit is finalized. We were invoiced for another \$14,000 for a total of about \$71,173. The cost should have stayed at \$65,000. Dietrich asked if the board would approve the overage.

A. Hansen said the board was aware of cost the structure but did not know what the final tally would be. Most importantly, they wanted the audit done accurately.

● **MOTION:** B. Benedict moved to approve the increased amount of the forensic audit. Motion seconded by A. Hansen and passed unanimously.

### **CEO REPORT: SEE ATTACHMENT**

V. Boss followed up on a question from the last meeting about the net effect of no longer having home health and day care business. He said there was not much impact, only about a \$2000 difference. The daycare is still doing well and providing service to hospital employees. Home health is doing well also.

A. Hansen suggested the idea of having a master lease where we lease the new CT scanner and Wells Fargo would buy the lease note.

S. Dietrich did not think that the bank would buy the note from the hospital since the hospital could not show enough cash on hand to qualify for credit.

V. Boss referred to the visiting specialist spread sheet- see attachment.

D. Ray-Malheiro said that we have gained as much revenue in the first quarter of this fiscal year as what we made all of last year on visiting specialists.

V. Boss said that we will trend at about a million point one if we could keep this up. More visiting specialist activity means more ancillary activity.

D. Ray-Malheiro said that central supply and OR are the biggest money makers and visiting specialists contribute to both of these areas.

V. Boss said we have gotten good coaching from BMH. It is a combination of Bingham's physicians and some that we created ourselves. Ann Neuhouse will replace Debi Nemetz in the pain management slot. Having an in house pain management specialist means less RVUs to a third party. We have a more sustainable visiting specialist model growing. Volume by month is consistently increasing.

V. Boss spoke about the specialist referral report. We had more referrals in December than other months. The list of specialists is expanding.

In staffing (TVHC staff), we lost one full FTE with Johnson, Nemetz, and McGill combined. Boss said he has come up with a new staffing model. We will have a doctor everyday at the Driggs clinic, 2 doctors on Tuesday, Wednesday and Thursday, this averages out to 3.5 providers per day. Each physician should have 20 patients per day, mid levels should have 16 patients per day, swing physicians that work between the ER and clinic should plan for 8 patients per day for drop ins and emergencies. This will mean little cross over and improvement in productivity. Emcare agreed to have one of their doctors cover in the clinic as well after February, for two 5 hour coverage days. It is the same reimbursement rate to take on extra clinic coverage. This will save \$80,000 per year.

Lis Gammel said that we currently have a good Emcare staff.

V. Boss said it is the best Emcare staff since we started using their physicians.

Boss said we will staff the Victor Clinic Monday thru Thursday and Dr. Riddell will see pediatric patients on Fridays. Riddell will refer adult patients to Driggs for Friday appointments. On average, we have only 2 clinic appointments in Victor on Fridays. This changes the staffing from 8.7 FTE's to 7.2. This schedule

should carry us through June then Boss will evaluate if we need to hire anyone else according to whether we can keep up with the schedule.

D. Ray-Malheiro said we need to track access to make sure patients are getting in to see providers.

V. Boss spoke about compliance policy approval. KPMG pushed us to hurry this so that we have a regulation review process in place. We need to be prepared with an overview and audit trail, education for the board needs to be up to date and in compliance. There will be a bi-annual review.

D. Ray-Malheiro said this would be a lot of work upfront until everything is in place, and that we need an automated schedule. This is standard for all hospitals.

L. Piquet said this is very similar to our old policy but improved and with additions.

● **MOTION:** B. Benedict moved to approve the compliance policy. Motion seconded by C. Larson and passed unanimously.

In observations and recommendations from KPMG, V. Boss reported that billing had the most areas of needed improvement. Management has assigned jobs to staff to make these improvements. Turnover rate in the billing office was 44% last year, this created problems.

S. Dietrich suggested putting an audit committee in place and said that the board treasurer is synonymous with that position. Going forward, he would like to have an internal auditor from time to time to spot check.

V. Boss said that we get sampled by rack audit and there are parts of the compliance policy that address this. We will also need and will get a Registered Health Information Technologist in the billing department.

V. Boss discussed BMH benchmarks, see attachment. The point of restructuring the consulting contract with Bingham is to determine the highest priorities and become more efficient with their consulting. We would like to get the most out of the money that this consulting agreement is costing us.

S. Dietrich said that he had developed follow up of specifics that he wanted to present to BMH.

B. Benedict said that we were we trying to tackle too much at once.

V. Boss said that he has pared it down to more manageable goals. This new plan spreads the work out between departments. Jason Hotchkiss will work closely with Jeff Daniels and has experience with these situations and goals. Beverly Park, revenue cycle manager and Katie Hazlebush from BMH are working well together and Bev is responsive to Katie's suggestions.

S. Dietrich said the new benchmarks showed a significant reduction in the scope of service from BMH. Both Bingham and TVHC will work more efficiently with the new plan.

V. Boss reported on the final cost report from Meridian and said that we get a net payment of \$36,800. The final figure of the Medicare audit resulted in TVHC only owing \$1,000 to close the audit. This is for 2008.

## **PLAN B- ADMINISTRATIVE STRUCTURE: SEE ATTACHMENT**

S. Dietrich said that the CEO is managing according to plan A and is fully supported in that direction at the current time. Dietrich's view of the problems facing TVHC are from a financial and business administrative side, not quality of care. From a strategic position, what would an alternative consist of? See report.

Potential alternatives: A qualified management company to run the hospital or one to lease the operations of the hospital and take on the financial risk, sale of assets or a joint venture agreement. Given the financial condition and the immediate past and future, Dietrich would not be comfortable actively pursuing the sale of assets. If we were approached, we would review it but he is not suggesting that as fruitful path. Joint venture does not purport a strategic advantage either, however, he wouldn't arbitrarily shut down the idea if it came to us. Time continues to pass and business problems are still evident. A. Hansen and S. Dietrich assumed that by the end of FY10 we would know where we stand in terms of restructuring. Then we had the unpleasant surprise of the billing office problems and theft. Two of the most meaningful issues to complete the turnaround are getting days cash on hand up and net days in A/R down. We moved from a balance sheet problem to an operating problem. Consider the balance sheet problems solved for now, especially with levy

II. He wants complete agreement from the board and management for any plan B to move forward. He said it was appropriate to consider time lines. Dietrich asked for comments from the board.

A. Hansen said that any business should have an idea of backup although the board supports plan A. This is not a move to execute plan B but the board wants to look at options. Plan B is designed to get more information and education and create more options.

C. Larson said he wants to reiterate that Boss and the staff at TVHC have the full confidence of the board but it is prudent to understand options in case of failure, which could be out of management's control. Larson said he would like to be in a position where we could pursue alternatives.

D. Ray-Malheiro agreed with Hansen and Larson. She added that it is important for the board to be educated on ways to expand. She is not enthusiastic about trying for another levy. She also supports the current management team and wants to see them succeed. That is most likely what will happen but the board should look at alternatives.

B. Benedict said he had a slightly different perspective. Before he was a county commissioner he attended a BOT meeting where Key Bank was going to pull the line of credit. Then the hospital went to the levy idea. If the levy had not passed, there would be no more hospital. He is much more comfortable now but gets drilled at BOCC meetings about the hospital as a large employer with a small operating budget. Benedict said the county is driven by the hospital. He said he is always asked if there is a back up plan during BOCC meetings. Benedict agrees with having a back up plan but would eliminate some options due to practicality. Sale of assets would be in the foreclosure arena, this is not practical. Same with joint venture, in this bad economy it would be very difficult. Banks are not loaning money and not making exceptions to policies. A revolving line of credit would be good but difficult to ascertain.

S. Dietrich said he has spoken with Jeff Daniels at length about the financial situation of TVHC. We are open because of the levy. The core assumption going forward is that we should not ask for another levy. We don't want to fall into trap of "we are a public entity and the public will bail us out". We are under the impression that a 3<sup>rd</sup> levy would fail.

A. Loyola said she agrees to having a backup plan. What is also important to her, the staff and the hospital is word of mouth. Loyola said this is key. Patients will come to TVHC if they think we are winners, if they think we are losers we will lose patients. She addressed some remarks made in public by board members that she felt were inappropriate and not good for hospital public relations. Loyola said that we need to work as a team with the CEO and staff. Virgil Boss is our leader and we need to back him up. Trustees should be part of the team. She asked the board not to denigrate the hospital and strongly urged the board to work as a unified front.

B. Benedict spoke to Ann Loyola's statements saying that many folks will emphasize the negative. If the community thinks we are just focusing on financials, why would we be upgrading and buying new equipment. Benedict said he had gotten thicker skinned because of his professional positions. He said there is a need for the board and employees to not take public concerns out of context.

D. Ray-Malheiro said that Loyola made a good point. How plan B is presented will be important for community support. We need to show that the hospital supports the current CEO and staff. We are just starting to build back confidence.

C. Larson asked V. Boss to participate in the backup plan.

● **MOTION:** S. Dietrich moved to go into Executive Session pursuant to Idaho Code 67-2345 1 (b) to conduct deliberations concerning personnel issues. Motion seconded by C. Larson and carried unanimously by roll call vote.

### **Executive Session began at 9:19 pm**

**Trustees Present:** Steven Dietrich, Aaron Hansen, Chris Larson, Bob Benedict

**Trustees Absent:** Janine Jolley, David Work

**Ex-Officio members present:** Virgil Boss, Deborah Ray-Malheiro

**Guest Ex-Officio members present:** Jeff Daniels, Jake Erickson

**Executive Session ended at 11:05 pm and moved back into Public Session.**

B. Benedict informed the CEO that the trustees had completed their annual performance evaluation of V. Boss. Once final edits were made to the summary evaluation a copy would be provided to the CEO for his review. Shortly thereafter both the Chair and Vice Chair would meet with the CEO to discuss the evaluation and establish the following financial benchmarks for CEO performance over the short term:

- Days of Cash on Hand
- Days in Net A/R
- Daily Cash Position

● **MOTION:** Benedict moved to establish a working subcommittee comprised of the Chairman, Vice Chairman and CEO to develop a 'Plan B' for BOT approval at the regular February 2011 monthly meeting, with no funds authorized for expenditure in this preparation effort. Larson seconded the motion, there was no further discussion and the motion was passed unanimously.

● **MOTION:** C. Larson made the motion to adjourn at 12:35 am. B. Benedict seconded the motion and it was passed unanimously.

**11:20 pm: Meeting adjourned.**

\_\_\_\_\_  
Steven Dietrich, Chairman

ATTEST: \_\_\_\_\_  
Marni Vasseur, Executive Assistant