

**BOARD OF TRUSTEES MEETING
TVHC Board Room
WEDNESDAY, SEPTEMBER 28, 2011**

Trustees Present: Steven Dietrich, Chris Larson, Bob Benedict, David Work, Tom Simmons, Aaron Hansen

Trustees Absent: Janine Jolley

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

Minutes Recorded by: Marni Vasseur

Meeting called to order by Steven Dietrich, Board Chair, at 5:32 pm.

CHANGES/ADDITIONS TO THE AGENDA:

V. Boss introduced our new med staff member, Dr. Nathan Levanger.

MINUTE APPROVAL:

● **MOTION:** B. Benedict moved to approve the 8.24.11 minutes. Motion seconded by C. Larson and carried unanimously.

CHAIRMAN'S COMMENTS:

Steven Dietrich reported that the Board of County Commissioners reappointed both Janine Jolley and Chris Larson for 3 year terms. Dr. Tom Simmons is a newly appointed board member and is also appointed to a 3 year term. Next month is the annual election of officers.

Dietrich also commented on today's BOT meeting saying that there will be a unique format for this 2 day meeting and that most of the continuation the following day would be in executive session.

MED STAFF APPOINTMENTS:

L. Piquet presented med staff bios for reappointment.

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

QUALITY SERVICE COMMITTEE: SEE ATTACHMENT

D. Ray-Malheiro gave the board an update on activity in Quality Services. Malheiro briefed the board on the Blue Cross Rural Incentive Program where hospitals receive awards for their achievement in quality. To be eligible, the board must be active in quality. Malheiro discussed the Governance Leadership handout and said that we must be involved in 3 of 6 core leadership activities. We are already actively meeting some of these criteria. Some examples would be setting aims, establishing measures and publicizing our goals.

Executive accountability of quality is also being carried out. We are doing well but are open to board input.

B. Benedict pointed out 3 goals that would apply well to TVHC.

D. Ray-Malheiro said that all 6 goals are beneficial and that we need to implement 3 of them to qualify. She asked for the Board's to support.

S. Dietrich asked which ones she would recommend.

D. Ray-Malheiro said the ones discussed here are a good start. Items 1,3 and 5 on the Governance Leadership handout. (see attachment for detail)

T. Simmons asked if we report on our goals and progress.

D. Ray-Malheiro said that they give us a form to fill out and we can submit back up documentation.

Malheiro went on to say that patient satisfaction surveys are continuing. The clinic surveys should be up and running soon. Quality is reviewing all policies and procedures for patient safety goals.

L. Piquet reported on Studer goals- see attachment. The admissions department is meeting their goal; they have raised the goal once and should raise it again.

C. Larson recommended bumping the goal to 90% of co-pay collections since they have met the goal. Accuracy is also at a very high rate in this department.

V. Boss mentioned that Admissions gets a bonus for their high performance of accuracy and collecting co-pays.

L. Piquet said that denials are down in billing, which means more accuracy in admissions.

B. Benedict asked how much.

L. Piquet said it is quantified through an intermediary that keeps track of denials. She will get the number for the next board meeting.

Piquet also reported that Marketing is doing well with promoting TVHC through public workshops. It is dependent on the topic but most are well attended.

B. Benedict pointed out that the goal of monthly meetings is only being met at 50% in Marketing.

V. Boss explained that this is a 2 person department. There is a plan in place that will combine departments to make the goal collaborative and more attainable.

B. Benedict said that the goal needs to be stated differently if they can't do what they say they will do.

D. Ray-Malheiro agreed saying that they need to measure the goal as it is stated.

L. Piquet continued, saying that lab is close to reaching their goal of getting cardiac enzymes done timely.

EMS is struggling with meetings and training. The EMS department has many pool employees which makes the goal harder to reach and brings their numbers down.

L. Piquet said that materials management is doing better with their goals. Specialty tools and materials are being billed correctly now, where they were missed in the past and patients were not being charged for these items.

D. Ray-Malheiro said that as a result of a Studer Pillar goal, a verification process was set up for materials management. Potential revenue was being missed and not getting billed for but the verification process has brought a solution to this problem.

L. Piquet also reported that materials management is meeting their goal of accessing orthopedic products within 7 days.

L. Piquet said that administration, management and other staff met for a quality strategic planning session. Staff voted on the most important goals and compiled ideas into 5 committees.

Access to mammography and echo suites will improve with the ability to check the patient in at the mammography suite.

Policies are being put into electronic format where they were only copies in books in the past. Chuck, our IT Supervisor is the leader of this project and has brought policy tech software to a new level.

C. Larson commented that 2-3 Studer goals per committee would bring more focus with less goals.

V. Boss added that the goals will be multi departmental.

C. Larson asked for explanation on the 'just culture' model.

L. Piquet explained that when something happens, look at the mistake with the algorithm, or why it happened.

D. Ray-Malheiro restated it as a patient safety culture, to bring a higher level of patient safety.

V. Boss added that we want to catch the problem before the mistake happens.

L. Piquet said that often it is the process that is not working, instead of an employee's mistake. Address the process. This is the same as risk analysis.

D. Ray-Malheiro said this culture is a Reintertsen tool that V. Boss wanted to follow through on. It brings the

board into a role of responsibility. Our best resource is our staff because they are dealing with all of the specifics daily and they see where we need quality improvement.

V. Boss added that there were 50 or so items that were grouped into the 5 committees.

D. Ray-Malheiro said that staff will have input at the strategic planning level.

S. Dietrich asked what the trend and attitude was when getting measurements on quality goals. What is the assessment of quality improvement efforts.

Piquet said it has improved a lot in the last year. There is a better process in place with Studer goals. We have had 3 in-services, one on culture. Staff is thinking more about quality and are more aware of their goals.

Dr. Reinertsen made a difference with his presentation to us. Quality keeps improving, we just need to stay on top of it. We are on the mark compared to other hospitals and national goals and standards.

B. Benedict reminded the board that Dr. Reinertsen said our goal should be to stay at the top of the heap. Not just meeting standards but exceeding them.

FINANCIAL OPERATING REPORT: SEE ATTACHMENT

J. Hotchkiss reported on balance sheet saying that unrestricted cash improved significantly. We have spent all of the restricted funds that we had received on CT and mammography equipment.

Hotchkiss said that the cash balance was \$1.788 million. We will likely see a dip at year end due to employer contribution to the pension plan.

A patient complaint committee for billing issues has been put in place. This has been helpful in giving us a better understanding of patient complaints.

B. Benedict commented that the hospital and clinic bill is not readable and the statement contains no information regarding what the patient is being billed for. He added that payments are not being recorded with AARM and patients are getting billed for visits they have already paid for.

Hotchkiss replied by saying that we are aware that the consolidated bill is not exactly how we want it but it addressed the complaint of patients receiving too many bills. AARM is not current on payment information. When payments are made at TVHC, there is a time period before AARM records the payment. This is improving with daily batch reporting. We are still finding occasional problems due to manual entries at AARM but improvements are happening daily.

3rd party payers are going down monthly through better collection efforts. Self-pay is trending upward at the same trend as last year. We are getting more revenue in, but self-pay takes longer to collect on. Not only because of waiting for insurance to pay but also because of people with no insurance; they don't or can't pay right away. This is affecting A/R. Collecting 25% of self-pay is average for most hospitals.

Hotchkiss reported that we are at 63 days net A/R and seeing improvement. We are just now getting to 90 days with AARM where patients will go to collections. AARM is working with patients and offering opportunities for payment plans. It does us no good to send patients to collections.

Days in A/P was at 40. This number may go up in September.

S. Dietrich said it would be better to look at this quarterly.

J. Hotchkiss agreed and said he can report as such.

On the income statement, Hotchkiss reported that August was not a good month for inpatient but was not as low as the previous year. Outpatient revenue carried us through the month.

D. Ray-Malheiro asked if some self-pay patients qualify for Medicaid.

Hotchkiss said that we are trying to qualify people but we see resistance from public. They don't want to be on Medicaid, they would rather pay their bills without assistance. We are getting paid more from Medicaid than self-pay.

B. Benedict said that the ambulance budget will go down and the maximum levy amount will be less. He is forewarning us to plan for this. This may not affect next year's budget but could be a concern in the future. It's better to plan ahead.

D. Ray-Malheiro commented that contractual allowances and bad debt are significantly different from other rural hospitals.

Hotchkiss agreed and said that our contractual adjustments are really good, lower than others. But our bad debt is higher. We are doing better than most critical access hospitals in our region for these two combined. Hotchkiss said that expenses were higher than last year and previous months due to non-elective contributions to the 401a plan. This is not the employer match portion but the non-elective portion. Based on review of previous benefit years, we adjusted for some employees and there was an error in expensing this which made August a catch-up month. We have had more participation in the retirement plan than in previous years.

V. Boss said he equates this to a confidence factor from employees and it brings retention of staff for TVHC. Hotchkiss said that cost containment measures are in place to help with supplies and equipment expenses. We are ordering supplies as needed, not because we have money in the bank. Pharmaceutical expenses also went down due to infusion patient that we no longer have.

V. Boss added that the items purchased from Portneuf will go into September numbers.

Hotchkiss said that YTD, expenses were \$27,000 higher than last year due to visiting specialists. The visiting specialist model is paying off and working well. We also had additional staffing expenses in HR, Accounting and Medical Staff.

Year end is Friday 9/30. Hotchkiss said that we have been preparing, inventory is scheduled, year-end closing procedures are in place, and we are preparing for auditors on December 5th. If anyone has expenses to turn in do so as soon as possible, by Friday would be best. We want to capture expenses in the correct period. The September finance presentation will occur in October. Hotchkiss will not present financial statements at the September BOT meeting, it is too preliminary, early numbers will change so there is no point in reporting but Hotchkiss will answer questions.

S. Dietrich asked if Hotchkiss would be able to tell the board what the cash position is at that time. Hotchkiss said he would.

B. Benedict commented that A/R over 90 days is high.

Hotchkiss attributed this to self pays. Clinic bills are being paid faster because they are smaller bills and easier to pay.

CEO REPORT: SEE ATTACHMENT

V. Boss reported on the Health Fair. He said we had less blood draws this year but higher attendance. Dr. Simmons had a booth for vision tests and Dr. Levanger did a meet and greet. There were also flu shots given. In capital updates, Boss said a truckload from Portneuf will arrive the following day. This is the 3rd truckload of equipment. Different staff members are going each time to fill different needs. Portneuf sold much of their old equipment and furniture because they upgraded to new. All coop hospitals were invited. We felt fortunate to get the equipment that we did and are excited to see what comes back tomorrow with the 3rd truck load.

In Donor Development, we received a legacy gift of \$87,000 from an estate. This is not the total, there is more to come, the estate is not settled. We also received the first real estate transfer gift. The first check was for \$3000.

Boss said he was pleased with the Quality Committee meeting. Much effort is being put forth by Laura Piquet and Deborah Ray-Malheiro.

The phone system problems are being addressed. We now have software to track all phone activity by extension. 14,600 calls came in to both clinics and the hospital that were all routed through one operator. The busiest hour was from 10-11am. We can track calls to the nurse's station after hours. We are making progress in the quality of our phone system. We will track activity then see if we need more software or better capabilities.

The annual IHA convention is this weekend. 3 managers will attend as well as Deborah Ray-Malheiro from the board.

Patient volume was good in September. We used both OR's yesterday for first time in a long while. We used our new translucent gurney yesterday. Medical imaging can take x-rays through the gurney without

moving the patient. We picked up this piece of equipment at the Portneuf sale. We will donate our old equip to a 3rd world country. Nothing will go to the land fill.

S. Dietrich asked Boss about any new developments in the competitive situation with the 4 Peaks Clinic. Boss said that Pam Maples was the champion of the collaboration between St. John's and 4 Peaks due to her relationship with both parties. The process will have to be tabled until new leadership is found. There are many different sides to the situation now, due to Maples departure from St. John's. No contract has been executed. Boss thinks it is probably on hold for now.

S. Dietrich asked about the board calendar for the upcoming holiday months.

Boss said that last year, we had a regular October meeting. We moved the next BOT meeting to the 1st week of December and combined the November/December meetings.

December 7th is the date for the November/December meeting.

CONVERSION AGREEMENT:

S. Dietrich said it is yet to be determined if there will be a public forum for conversation concerning the Conversion Agreement

● **MOTION:** S. Dietrich made the motion to recess the meeting at 8:02 pm until the continuation tomorrow afternoon at 5:30 pm. C. Larson seconded the motion and passed unanimously.

8:02 pm: Meeting adjourned.

Steven Dietrich, Chairman

ATTEST: _____
Marni Vasseur, Executive Assistant

BOARD OF TRUSTEES MEETING, RECONVENED
TVHC Board Room
THURSDAY, SEPTEMBER 29, 2011

Trustees Present: Steven Dietrich, Chris Larson, Bob Benedict, David Work, Tom Simmons, Aaron Hansen, Janine Jolley

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

Guest: Herb Heimerl, Esq.

Minutes Recorded by: Janine Jolley

Meeting was reconvened by Steven Dietrich, Board Chair, at 5:37 pm.

Aaron Hansen was late, but arrived approximately 6:00 pm.

Chris Larson stated he had to leave about 7:20. His proxy vote would go to Aaron Hansen or Janine Jolley, if Aaron hadn't arrived.

V. Boss stated that there were some phone calls made by members of the public who would like to know when we will make a public report of our work.

A discussion was held about the time frame and appropriateness of this.

D. Work said he thought we should have public comment before the next 12 months were over.

C. Larson made the comment that tonight's meeting topic should be the focus going forward.

S. Dietrich pointed out that as long as we upheld the law and violated no statutes, we would continue.

H. Heimerl said that the State Attorney General was quite clear that we were within the law in our communication with the public.

- **MOTION:** S. Dietrich moved to go into Executive Session pursuant to Idaho Code 67-2345 1 (e) to conduct deliberations concerning contracts. Motion seconded by B. Benedict and carried unanimously by roll call vote.

Public session resumed at 7:50 pm.

S. Dietrich thanked all of the board for their detailed attention. He stated that the process which was just held in executive session must be repeated at the Board of County Commissioners and BMH level. Until all agreements are executed, no disclosure of the draft documents is allowed. The draft conversion agreement is a more binding agreement than the Letter of Intent, but is still not the final document or agreement. We must complete our due diligence. The target deadline for all parties to agree on the Conversion Agreement Term Sheet and Conversion Agreement is 10/20/11.

It was agreed that the hospital must come through with the information necessary to complete the IRS application for 501c-3 by Thanksgiving. Timing could be an issue, as the annual audit is happening at the same time that this application should be in. All will do their best to complete. Public explanations will be included to all interested parties, including specified high-level staff. This key staff meeting could be set up between the Chair, Vice Chair, another board member and select staff with the understanding that no disclosure would be allowed until agreements are finalized.

- **MOTION:** B. Benedict made the motion that, subject to non-material edits from BMH or our Board of County Commissioners, the board recommends the parties execute the Conversion Agreement edited tonight. From that point, we will move to the next step. Motion seconded by J. Jolley. All voted in favor except D. Work who voted nay.

Discussion continued with B. Benedict pointing out that this board will stay on, even after the hospital converts to a 501C-3.

D. Ray-Malheiro said it is ultimately possible to convert to a 501C-3 without BMH.

Herb Heimerl said that perhaps we should bump up the timeline of the HMA in conjunction with the other documents.

S. Dietrich said that our due diligence probable end date is, at this time, 2/29/12. There are still major aspects to come ahead. We must keep an end date key to this process, so the process moves forward in a timely and orderly way.

Public understanding will be important after edits are completed.

B. Benedict reminded the board that our recommendation is up to the BOCC for the final vote.

MOTION: J. Jolley made the motion to adjourn at 8:26 pm. A. Hansen seconded the motion and passed unanimously.

Meeting adjourned at 8:26 pm.