



Modoc Medical Center

"Healing Hands Close to Home"

MINUTES BOARD OF DIRECTORS

January 18, 2012

The meeting was called to order at 1:01 pm. The meeting location was the City of Alturas, City Hall.

Directors present: Dick Steyer, Leta Bethel, Jim Cavasso, Dennis Tate and James Wills.

Directors absent: none

Staff in attendance: Monica Derner, CEO; Laura Collins, CNO Kevin Kramer, COO; and Michele Tatro

1. PLEDGE OF ALLEGIANCE

2. AGENDA APPROVAL OR ADDITIONS/DELETIONS TO AGENDA.

Monica Derner suggested tabling items 6 "B", 7 "E" and 7 "G". Motion to accept the agenda as amended was made by Leta Bethel, seconded by James Wills and carried.

3. PUBLIC COMMENT.

- Pam Marr complained that Last Frontier Healthcare District Board of Directors meetings are not advertised in the paper. It was explained that they are always held the first and third Wednesday of the month at City Hall, at 1 pm. The agendas for the meetings are posted at City Hall, the courthouse steps and in the hospital hallway and are e-mailed to those people who request them. Inquiries will be made to the Modoc County Record to see if they will list the meetings.
- Judy Mason wanted to know about the handbook. It was explained to her that the topic is still on the agenda, so she will comment when the topic comes up during the meeting.
- Pat Mason wanted to know why there are still no leaves acknowledging donations on the mural in the lobby? Ms. Derner explained that she is researching recognition levels and will also have to locate someone to engrave the leaves acknowledging donors monetary gifts to the hospital.
- John Schreiber commented that he had concerns over a meeting James Wills was trying to put together. Mr. Wills explained that his proposed meeting was not to interfere with the Modoc Frontier Healthcare Coalition, but rather to see who is still interested in working together as a coalition now that the grant administered by Strong Family Health Center had been expended.

REGULAR SESSION

4. Manager's report. The new DON to the SNF, Michele McQuillan-Hill, was introduced. She gave her education, work and local history and her plans for Warnerview Skilled Nursing Facility. The Board asked her a few questions and so did the audience.

5. CONSENT AGENDA

A. Adoption of January 4, 2012 minutes. A motion to approve the minutes of January 4, 2012, as amended, was made by Leta Bethel, seconded by James Wills and carried.

6. DISCUSSION

A. M. Derner Sanderling contract. Dr. and Mrs. Tannenbaum and Sanderling's finance consultant, Greg O'Donnell joined in via teleconference. Some questions and the responses from the multiparty conversation are:

- Will the length of response time in the currently presented contract be extended? Yes, Sanderling will be happy to extend the response time.
- Can there be an inclusion of sales tax in the price of the contract? Yes, an estimate can be added to an amended contract.
- Will the down payment of \$30,000 to "get in line" for financing, commit us to Phase 1? No.
- The initially proposed contract lists the current facility as collateral. Could we use another source? Will the collateral convert to the new facility? If we have another source of collateral, we are welcome to use that instead of the current facility. As far as converting to the new facility, it would require USDA approval to be released.
- Are we obligated to the \$42 million figure? No, it's similar to "preapproval" for a mortgage, if you don't use the entire figure; there is no penalty for not spending it all.
- Are we obligated to use the Texas bank for financing? Absolutely not, if we can find a local bank willing to assist us, they would encourage us to do so. There was discussion about the benefits of USDA loan package versus direct loan.
- A bond would be for the full amount.
- Can we or can we not build on the current site? The difficulties of building in phases, limited ingress and egress, and less than ideal rotorcraft access and even the uncertainty of the future flood plain designation was discussed.

- Will the length of flood year designation change anything? It depends upon the building height and permission from local authorities.
- Will the upcoming presidential election change financing? No, it is not anticipated that it will, in fact funds in recent trending patterns is increasing. Regardless, if the application is made now, we are locked in regardless of election outcome and party control.
- Regarding the current provision for Consumer Price Index increases in the initially proposed contract, can they be adjusted down in the case of a decrease to the CPI? Yes, it can be adjusted both ways and a future amended contract can include that downward adjustment.
- Are the costs driven by size and scope or a percentage? It can be adjusted for a smaller project and one that is built in phases. IE: Adding a full scale surgical suite later.
- The Board chairman suggested eliminating surgery, dialysis and the health clinic from the proposed plan.
- What does "CM at Risk" in the initially proposed contract mean? It's short for "Construction Management at Risk". It relates to the fact that after the land is obtained, additional reports are given and there are contingencies factored in prior to those reports being made to ensure that shortages do not occur that would cost the construction management additional money.
- Will there be preference to local hiring? Site work is traditionally locally sourced, but specialized trades usually have to be brought in.
- Doug Knox asked if everyone was aware of a suggested tax to be implemented as the result of the "Obama Care" health plan? No one was aware of Mr. Knox's information.
- The question was posed if we can scale back the number of the dialysis stations? It was explained that there is a "tipping point" at which point that if there are too few stations, it is not cost effective and actually costs money; instead of breaking even or turning a profit.
- The Board chair asked in an effort to reduce costs, can the administration be off site, can we delete a new clinic, dialysis and surgical services? Sanderling will take the request under advisement.
- Jim Cavasso asked Doug Knox to put a dollar figure to what the district can afford for a new hospital and still be within mandated requirements to be seismically compliant? Mr. Knox did not have a figure in mind, but he suggested that a shelter similar to what joins a plane to the disembarking ramp be constructed.

B. Digital X-Ray fundraiser. Tabled.

C. Strategic Planning- top ten projects. Mr. Wills reported that he'd received the top ten project votes from Dennis Tate, James Wills, Monica Derner, Celeste Wilder and has a meeting planned for 1/27/12 to further revise the plan.

7. CONSIDERATION/ACTION

A. Move SNF trust/activity account to Plumas Bank. The bank where the accounts are currently located has started charging service charges on the accounts, reducing the already small balances. Permission is sought to close the accounts and move them to Plumas Bank where no service charges will be assessed. A motion to approve was made by Jim Cavasso, seconded by Dennis Tate and carried.

B. Budget. Doug Knox asked how many SNF residents there are and how much reimbursement is received. Monica Derner answered his question. She told him that the December financials are being prepared and she expects they will be presented at the next meeting and those reports will better answer his question. Mr. Knox then requested a specially prepared report to explain the monthly financial report to him. Ms. Derner replied that some basic financial knowledge is required to read the reports that are prepared using generally accepted accounting principles.

Monica Derner led discussion about the budget and answered general questions from the Board. A motion to table the subject, with no action, to the next meeting was made by Jim Cavasso, seconded by James Wills and carried.

C. Auxiliary Bylaws. The board brought to the attention of the auxiliary that the bylaws that were presented contained numerous grammatical errors. The bylaws and the proposed MOU between the hospital and the auxiliary will be on the next agenda. No action taken.

D. Lab Equipment. Discussion was held on the condition of the old machine and the liability and cost of keeping it versus replacing it. A motion to approve the purchase of a new machine, conditional upon the approval of the Med Staff committee and the Environment of Care committee, was made by James Wills, seconded by Leta Bethel and carried.

E. E.H.R. Resolution. Tabled. Have not received response requested from attorney review of document.

F. Employee Handbook. An initial review of the draft document is not what was envisioned and the board requested to give content and formatting comments to Human Resources. A motion to table with no action was made by Dennis Tate, seconded by Jim Cavasso and carried.

G. Consider adding disability coverage to principle life insurance policy. Table. Did not receive information on disability coverage from insurance broker.

H. Amend voucher policy. Clarification of voucher issuance dates are sought. A motion to approve the issuance of vouchers only within the calendar year they are good for, was made by Jim Cavasso, seconded by James Wills and carried.

I. Dr. Phan contract. The contract was reviewed and the Board directed Monica Derner to make some changes. It is not felt that the changes would result in new negotiations of the contract with Dr. Phan, but if it did, Ms. Derner was directed to bring the contract back to the Board for review and approval. A motion to present the contract to Dr. Phan, as amended, was made by Dennis Tate, seconded by Leta Bethel and carried.

8. VERBAL REPORTS

A. CEO report –

Finance

- The cost report is due by January 31, 2012. This project has been the focus at hand in the Accounting Department.

Clinic

- Traveled to Lakeview to view EMR and clinic functionality. Patty got lots of ideas to revamp our systems. We will be sending front line staff for additional observation.
- Dr. Williams wants to sign on at the clinic. He would be working half time for now. However, there is a \$22,500 placement fee involved.

EMR

- CPSI demonstrated their product on 1/10/12. We are still waiting on updated pricing, but expectations are at about \$1.2 MM
- Healthland was also here to demonstrate their product on 1/11/2012. Their pricing doesn't seem as high as CPSI.
- Kevin has implemented a rating system for the steering committee to make a selection based on predetermined criteria.

Other

- We have our own District health insurance as of 1/1/2012
- I will be gone the first week in March.

B. Transition Committee – Monica Derner met with Darcy Locken and the figure in question is different than the original amount due to additional postings. More meetings in the future are planned between Monica Derner and Darcy Locken to reconcile the differences.

C. Survey Readiness Report – The CEO expects that this report will no longer be needed in the near future.

D. Appeals Committee – The Board chairman also expects that this report will no longer be needed in the near future. The board clerk is directed to draft an agreement between the district and the library regarding the library keeping the district tax roll for annual billing purposes.

E. MFHC Report – There is an information/opinion gathering meeting set for Friday, January 27, @ 1:30 pm, Alturas City Hall.

F. Ambulance Committee Report- Still pursuing bids for new ambulances as the maintenance costs of the current vehicles exceed their actual financed payment installments.

G. Finance Committee- This month's meeting was postponed to 1/27/12. It was delayed to the end of the month due to efforts put forth to work on the cost report.

H. Strategic Planning Committee – Report given above in item 6 "C".

I. Board member report-

- a. Leta Bethel- No report.
- b. James Wills- He is now the Modoc County representative for Jim Nielson's Republican Central Committee along with Tom Boxler.
- c. Jim Cavasso-
 - Inquired if the Board could have one meeting a month? The Chairman answered that he did not think it was feasible to do that.
 - The Board clerk was directed to get a legal opinion re: sunset clause.
 - Asked Kevin Kramer how the HRG transition was proceeding, Mr. Kramer replied it's better now. Kelly Maldonado to train tomorrow on department input to Healthland.
- d. Dennis Tate- No report.
- e. Dick Steyer- Money magazine article on Medicare and growing primary care physician shortage.

9. EXECUTIVE SESSION

The Regular Session board meeting ended at 5:37 pm and the board entered into Executive Session at 5:37 pm.

REGULAR SESSION

The board resumed regular session at 5:54 pm.

10. CONSIDERATION/ACTION-RESULTS OF EXECUTIVE SESSION

A. Union negotiations – *per Gov't Code 54957.6.* – No action.

11. MEETING ADJOURNED

A motion to adjourn the meeting at 5:55 pm was made by Jim Cavasso, seconded by Dennis Tate and carried.