

**San Juan County Public Hospital District #2: Lopez Island Hospital District  
Board of Commissioners  
Regular Board Meeting  
February 22, 2018  
Minutes**

**Commissioners Present**

Commissioner Berger  
Commissioner Campbell  
Commissioner Orcutt

**Others Present**

Supt. Presson  
Deb Wiggs, Consultant

Absent: Commissioner Presley

By Phone: Commissioner Graville and Debra Gussin, UWPN

**I. Call to Order**

The meeting was called to order by Board President, Commissioner Campbell at 6:00 pm. Commissioner Campbell asked the Board if the sequence of the Agenda could be changed to accommodate Debra Gussin who is calling in to address questions on the UW Medicine Q'4 2017 Financial Report. Hearing no objection, the Committee Reports will follow the Consent Agenda, and then the Board will resume with the normal course of business.

**II. Public Comment**

Commissioner Campbell asked the public attendee if he would like to participate in the Public Comment item. There was no formal request from the public.

**III. Consent Agenda**

Commissioner Campbell reviewed the Consent Agenda items: January 25, 2018 Regular Board meeting minutes and audited Monthly AP Voucher report for February 2018. Superintendent Presson read several edits to the minutes submitted by Commissioner Graville. Commissioner Campbell asked if there were any questions or further discussion around the items presented. **A motion was made by Commissioner Orcutt, seconded by Commissioner Berger and unanimously carried to approve the items on the Consent Agenda with six noted edits on the January 25, 2018 minutes.** In closing, Commissioner Berger made a final comment which called out the \$3,120 incurred in legal fees associated with the LIPT Agreement.

**IV. Committee Reports**

- a. **Finance Committee** - Commissioner Berger directed the Board to UWPN's first quarterly financial report, which covers the first 3 months of clinic operations. The report contained a reconciliation for both Start-Up and Operational costs. Beginning with the Start-Up report, Commissioner Berger reminded the Board of the PHD's \$286,950 contribution to cover Start-Up costs. He read from Section II of the Clinical Services Agreement which outlined how Start-Up expenses were to be captured and reported. Of



particular note is wording specific to any surplus remaining after final reconciliation, which is to be applied to future subsidy payments.

Commissioner Berger noted there had been one meeting to review the report and both sides agreed this initial draft was a work in progress as there were several areas where additional detail was requested to better understand UWPN's methodology. Commissioner Berger and Superintendent Presson will continue conversations with UWPN to ensure both sides feel comfortable that all expenses are understood and recorded in the appropriate buckets.

Debra Gussin, Executive Director UWPN, felt the questions associated with the Start-Up costs seem to revolve more around contractual issues and not financial questions. She explained UWPN's intent when establishing the financial streams, was to separate the one-time items associated with the transfer of the Clinic (e.g. medical records and training) from the ongoing costs to run the Clinic. As a result of differing interpretations, UWPN will have their legal team review the CSA language as it pertains to accounting for Start-Up costs versus Operational items.

Discussion continued around items related to Provider Salary and Benefits, and the appropriateness of having any of those costs reflected on the Start-Up report. Since there is a line item for Provider Salary and Benefits on the Operations report, further detail is needed to understand how these differ on each report. This includes where and how the costs associated with the per diem providers are being reported. Superintendent Presson felt that, if the intent of designating certain items Start-Up versus Operations is to provide the Board with a reliable picture of what it will cost to run the Clinic year over year, it would seem logical that costs identified as "Provider Salary and Benefits" be reflected in Operations. This will not only account for the fact that the Clinic is budgeted for two providers, but we could have a recurring need to bring in a per diem provider should visit volume increase significantly during the busy summer season.

On the Operations Report questions centered around a few key areas where there are variances between the Pro Forma and Budget. One area is in the payor mix as the Pro Forma reflected a 55% Medicare mix while the actual budgeted is 65% Medicare. This 10% discrepancy impacts Net Revenue as Medicare payment is normally lower than a Commercial payor. It could be that Island Hospital used a report from the summer months when payor mix likely reflects more individuals with commercial insurance through an employer. Commissioner Berger also pointed out the delay in hiring the ARNP resulted in travel and per diem expenses not on the original Pro Forma, and there was an increase in FTEs from 1.8 to 2.0. While still a work in progress, Commissioner Berger cautioned that it's highly likely the contractual obligations for the PHD will be over the annual budget; therefore, the PHD should be fully prepared to contribute the full subsidy payments over the course of the contract. Commissioner Orcutt asked when we are obligated to pay UWPN for the last quarter of 2017. Commissioner Campbell



acknowledged that the financial reconciliation is not a pre-requisite for payment; however, there was agreement to wrap up this 1<sup>st</sup> financial review before making this initial payment as it's important to reconcile Start-Up and Operational costs. Commissioner Graville made a comment in regard to the notation that San Juan County vaccination rates are the lowest in the State when, in fact, they have been reported to the lowest in the Country. She was pleased this was an area we will be paying attention to and hopefully improving.

**Commissioner Berger and Superintendent Presson will schedule a follow-up meeting with Debra Gussin and her team at UWPN to revisit the contract terms and review a more detailed breakdown of various categories. The report will be brought back to the Board at the March meeting.**

- b. **Quality Committee** - UWPN provided a Dashboard template to illustrate what the future Quality Report will cover. Commissioner Orcutt was pleased with the scope of measures they'll be reporting on, which includes Patient Satisfaction, Quality of Care and Fiscal responsibility. He liked the format and commented that if there are too many measures it can be tougher to focus on what's important. When asked by Commissioner Campbell if there were any measures not on the report that he was hoping to see there didn't appear to be any. Commissioner Orcutt felt that as important as the data itself is understanding sources supplying the data. Commissioner Graville commented that there are several acronyms that she is unfamiliar with and would be nice to gain an understanding of medical terminology. Being that data specific to the Lopez Island Clinic won't be available until the summer there is no immediate action. **In the next few months, the Quality Committee will schedule time with the UWPN Medical Director to talk further about the sources that are underneath the data. Superintendent Presson will also work with Deb Wiggs to schedule a workshop to educate the Board on common medical terminology, coding and billing practices, and quality/productivity benchmarks. This will support the Board's understanding of the business side of healthcare as we continue to dive deeper into data and reporting.**
- c. **Communications Committee** - No formal report at this time. Superintendent Presson indicated that one of her next tasks is to work on the website. She met with Adrienne and will work with her to introduce some new functionality including a way to capture community feedback. This will include a way for people to submit issues that need further research and support. Commissioner Berger called out that the Board terms listed on the site need to be revisited as they didn't appear to be aligned with information he had from the Elections office. **Superintendent Presson will ensure term limits for the Commissioners are correctly reflected on the website and will continue work to create a way for the community to engage with the PHD.**

## V. Old Business

- a. **2017 Budget** - Superintendent Presson reported that the PHD has two funds with the County and the Resolution passed in November only addressed the General Fund. The



Board must adopt a separate Resolution to establish the expected funding for the Debt Service Fund, which will enable Superintendent Presson to run reports from the County's financial management system, EDEN.

Commissioner Campbell asked for any discussion. Hearing none, Commissioner Campbell read Resolution 2017-20. **Roll call was taken and Resolution 2017-20 was unanimously adopted as read.**

- b. **2018 Committees** - The PHD Bylaws set forth the ability and process to create Board Committees. Three Resolutions were presented to formalize the makeup, roles and responsibilities of Committees that were identified in 2017.

Commissioner Campbell introduced the intent of the Finance Committee which is to lead review of UWPB and LIPT financial reports, and any other healthcare providers who might enter into contract with the PHD. She asked for any further discussion. Hearing none, Commissioner Campbell read Resolution 2018-02. **Roll call was taken and Resolution 2018-02 was unanimously adopted as read.**

Commissioner Campbell introduced the intent of the Quality Committee which is to lead development of UWPB and LIPT quality metrics and provide ongoing review. She asked for any further discussion. Hearing none, Commissioner Campbell read Resolution 2018-03. **Roll call was taken and Resolution 2018-03 was unanimously adopted as read.**

Commissioner Campbell introduced the intent of the third and final Committee which is the Communications Committee. The purpose of this Committee is to lead strategy around print and social media, oversee development of PHD newsletter and/or other community conversations. She asked for any further discussion. Hearing none, Commissioner Campbell read Resolution 2018-04. **Roll call was taken and Resolution 2018-04 was unanimously adopted as read.**

**Finally, Commissioner Campbell officially designated the following Committee Chairs:**

<b>Finance:</b>	<b>Commissioner Berger</b>
<b>Quality:</b>	<b>Commissioner Orcutt</b>
<b>Communications:</b>	<b>Commissioner Graville</b>

**All Commissioners accepted their official role to lead the various Committees for the remainder of 2018.**

## **VI. Operations Report**

- a. **Monthly Financials** - Superintendent Presson presented the year-end financial summary from the County. She also shared January 2018 revenue and expenses. Nothing significant to report other than the favorable variance to budget from 2017. The only item that was significantly over the budgeted amount last year was associated with



Accounting fees. This will likely not continue as it was a result of the work required during the debt financing process.

- b. **Superintendent Activity Report** - Superintendent Presson presented highlights from the month of January 2018. All of the business accounts required to run payroll were established, she applied for a grant through the AWAPHD which should cover the cost of membership in 2018, and she began setting up administrative processes. Commissioner Campbell asked when we will know about the grant and Superintendent Presson will confirm. There was continued discussion about the State IT grant and quote from BoardDocs. Superintendent Presson reviewed the new Board Calendar and UWPN Activities log. These items are meant to keep the Commissioners informed and on track with key activities throughout the year. The last item of discussion centered around the idea of creating a Community Advisory Committee. The Board shared their views that this not become a formal Board Committee yet rather something led by the Superintendent that engages other stakeholders in the community who touch healthcare in some way. This led to questions around timing requirements to conduct the Community Needs Assessment. **Superintendent Presson will research to determine the timing requirements around the Community Needs Assessment and any other best practices specific to this key activity, as well as timing to receive funds from AWAPHD grant.**

## VII. New Business

- a. **Debt Policy** - Commissioner Orcutt presented the final Debt policy which was created following the WA Public Treasurers Association model policy language. It was also aligned with a WPTA Certified policy and reviewed by the PHD's Bond Counsel. Commissioner Campbell asked if there were any questions or further discussion around the policy as presented. **A motion was made by Commissioner Graville, seconded by Commissioner Berger and unanimously carried to approve the Debt Policy as presented.**
- b. **Post Bond Issuance Policy** - The District's Bond Counsel also prepared a recommended policy to address procedures followed post issuance. Commissioner Campbell asked if there were any questions or further discussion around the policy as presented. Commissioner Graville asked for further clarification and Superintendent Presson shared this is in response to Form 8038-G, as recently amended by the IRS. The new Form now includes questions inquiring whether a District has adopted written procedures to ensure compliance with federal tax law following the issuance of bonds and during the life of the bond issue. These policies are not required yet recommended as best practice by the District's bond counsel. **A motion was made by Commissioner Berger, seconded by Commissioner Orcutt and unanimously carried to approve the Post Bond Issuance Policy as presented.**
- c. **Travel & Expense Policy** - This County's policy was used as the basis to create a policy for the District. It speaks to authorizing travel and provides a form to submit expenses

Resolution 2018-05. Roll call was taken and Resolution 2018-05 was unanimously adopted as read.

**VIII. Commissioner Comments**


Commissioner Berger provided a short overview from the Fire Commission meeting he attended on Tuesday. Overall, the meeting was very positive and the Fire Commission reported being happy about a variety of key issues. This included how well the hand offs are going between EMS and the Clinic, and EMS is using the Clinic facility, as needed. The Commission was also very positive about Dr. Wilson's participation in run reviews, and the EMTs are happy with the new Ambulance's ability to serve as both a treatment and holding spot for patients. It's likely this could eliminate the need to build another holding area at the airport. Overall, things appear to be trending in a positive, collaborative direction. The Board thanked Commissioner Berger for his participation and shared their happiness with the news.

**IX. Adjourn**

Commissioner Campbell asked if there was any further business to discuss, comments or questions from the Board. Hearing none she adjourned the meeting at 8:00 pm.



Signed: Christa Campbell, Board President



Attest: Iris Graville, District Secretary

*All exhibits and supporting material available upon request*