

**San Juan County Public Hospital District #2: Lopez Island Hospital District
Board of Commissioners
Regular Board Meeting
May 24, 2018
Minutes**

Commissioners Present

Commissioner Berger
Commissioner Campbell
Commissioner Graville
Commissioner Orcutt
Commissioner Presley

Staff

Supt. Presson

Commissioners Absent

None

I. Call to Order

The meeting was called to order by Board Chair, Commissioner Campbell, at 1:00 pm.

II. Public Comment

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

III. Consent Agenda

Commissioner Campbell noted that two sets of minutes were included in the packet since no action was able to be taken on the March 22, 2018 minutes at the April Board meeting. Commissioner Presley noted a change to the March minutes to reflect she was absent, and Commissioner Campbell pointed out a slight typo on the last page of the April minutes. There were no other changes noted to either set of minutes and no questions or changes to either of the May Voucher reports. **A motion was made by Commissioner Berger, seconded by Commissioner Presley and unanimously carried to approve all items on the Consent Agenda with the two edits to the minutes as noted.**

IV. Committee Reports

- a. **Finance Committee: UW Financial Reports** - Commissioner Berger updated the Board on the ongoing activities of the Committee specific to UW's fiscal year 2019 (FY19) budget. Superintendent Presson has continued to work closely with UW's Director of Finance, Karen Schiller, and handed out the most current budget draft for information. There are still items to be clarified before bringing a final draft to the Board in June, at which time Debra Gussin will be prepared to present the final FY 19 budget.

Commissioner Berger noted a few budget items that required further explanation, and the Board's discussion centered around staffing and provider FTEs. Superintendent Presson indicated that there are two additional reports that will be included in the next review which outline provider and non-provider staffing levels. She will ask that UW be prepared to address the primary responsibilities for each role, hours worked, etc. She has asked that Dr. Alperin, Medical Director for the Orcas and Lopez Clinics, attend and review the staffing items.

There was also discussion around Clinic needs in FY 19. Based on discussions with the Lopez Island Clinic Manager, who has approved the budget draft, Superintendent Presson will have UW include a cost/benefit analysis for any equipment and staffing needs. Superintendent Presson also shared items discussed in her recent meeting with the outgoing Chair of CWMA. They had a very good discussion around CWMA's desired role as it relates to health care, and both entities are interested in working together in support of the Clinic and community. This could include ways to jointly communicate and work together to assess and support ongoing capital needs. In closing, Commissioner Berger highlighted the fact that the Net Income (loss) of <\$532,271> is slightly below the subsidy cap, per the Clinical Services Agreement, of \$536,454.

Commissioner Graville asked for clarification as to who signed the CSA and who we should be referring to when we have discussions around UW. We often refer to UWPN or use the term UW Neighborhood Clinics. Everyone agreed we should be consistent with our terminology to avoid confusion.

Commissioner Campbell asked the group to review the information from UW and send any questions/comments to Superintendent Presson so she can factor them into the ongoing negotiations and bring answers back in June. Superintendent Presson will also clarify how we should refer to UW whether it be UWPN or UW Neighborhood Clinics.

Finance Committee: LIHD FY 18 Budget Review— Superintendent Presson provided a Receivable Summary report from San Juan County which provided an up-to-date total of property tax receipts. As of May 15th, total expected revenue of \$833,666 is compared to a collected amount of \$484,715. This leaves \$350,178 to be collected by October 31st.

Superintendent Presson also noted that April is the time of year when the County sends Beginning Balance notices. At this point in the year, the County has made prior year adjustments and is able to provide an Actual Beginning Cash figure. Since the District didn't include a Beginning Cash number in the FY 18 budget Superintendent Presson recommended making a budget adjustment to reflect the actual cash amount in the County's financial management system. This also provides an opportunity to look at what other assumptions have changed since the budget was approved last November. The biggest impact is the delay in payments to UW, which influenced cash flow needs.

In light of the increased tax revenue and prudent management of expenses, the District hasn't needed to draw additional funds from the General Obligation Bond (GO Bond). This scenario also impacted the expected draw from the Islanders Bank line of credit, which was never needed.

On the expense side, accounting fees came in significantly below budgeted amounts and the consultant contract was terminated in January. Superintendent Presson noted that the cost for the Accountability Audit with the State Auditor's Office (SAO) will come out of the surplus funds in accounting fees. Even with that expense the overall category will be much lower than expected as the financial reporting requirements of the District can be easily handled with limited accounting support.

At this point, the Board agreed not to make any changes within the County's financial reporting system. Rather, the Finance Committee will continue to monitor how things play out over the course of the next month or two and decide what's appropriate once we have at least six months of actual data. Discussion was held around the increased tax revenue and how the County accounts for what is in essence bad debt. Mike Taylor from Islanders Bank shared his understanding based on conversations with the County Assessor. The County uses a 94% collection assumption although uncollected amounts usually run around 3% and the largest uncollected factor has been around 4 ¼%.

Commissioner Presley suggested a note be added to our report to reflect that this assumption is built into our budgeting.

Mike went on to provide an update on the status of the GO Bond. As noted, the District has not taken a draw other than the initial \$50,000 as required by the IRS. That is done in order to retain the tax-exempt status. Recently, an invoice was issued to the County for the June interest payment of approximately \$761, an amount that's about \$1,000 less than originally expected based on the initial draw schedule.

Mike referenced the draw down window and reported that, according to the bank's records, it runs until December 1st. The Board expressed surprise as all prior documentation was based on a September 1st close date. While Mike said he would confirm, he also expressed the bank's willingness to extend the draw window, if necessary. While there would be some hoops to go through, a change could be made subject to a minimal fee. Commissioner Berger asked to confirm that there would be no change in bond terms, specifically the favorable interest rate, if the draw window was extended. Mike confirmed none of the bond terms would be impacted if such a change was executed, and he reiterated the value of having closed the bond before this year's change in tax code. **Superintendent Presson will work with Mike to ensure all parties and all documents reflect the correct draw down date.** The Board expressed their appreciation to Mike and Islanders Bank for being such a supportive partner.

Finance Committee: LIHD FY 19 Budget Process– Superintendent Presson reviewed the updated Board Calendar, which now incorporates various activities leading up to creation of the FY 19 Budget and the November Public Hearing. Certain decisions which inform the budget will happen over the next two months (e.g. Commissioner waivers, Superintendent Compensation and UW Budget). The Calendar shows a draft budget review with the Finance Committee in August and a first draft to the Board in September. The Board will finalize its recommendations in October and be ready to hold the Public Hearing before November 15th. As a reminder, the deadline for filing the budget with the County is November 30th. Superintendent Presson confirmed that the District can hold the Budget and Levy hearings at the same meeting. The process will be to create a single Agenda showing two separate Public Hearings. The Board will open and then close the first hearing before moving on to the next one. **The group agreed on the date for both the Budget and Levy hearings to be November 8th from 5:30 – 7:30.**

- b. **Quality Committee** – Commissioner Orcutt shared the outcome of a recent meeting of the Quality Committee. The Committee met with the Lopez Island Physical Therapy (LIPT), and Ted Phillips who has agreed to be part of the Committee. The group talked about focusing on quality of care issues, recognizing they are also collecting data on patient satisfaction and business metrics. LIPT proposed a set of four metrics around quality. Based on their size, Commissioner Orcutt felt that was a good number as we don't want the reporting demands to take up too much of their limited time and resources. There was a fair amount of discussion around pain measures and how to best gauge improvement. Overall, the intent of creating such a report is to find measures that are useful, easy to collect and meet requirements of our Agreement. Peggy Means reminded the group that the intent is also to develop measures to give the community confidence that care is being delivered effectively and there's a focus on patient outcomes. Some of the measures discussed were more appropriate for internal purposes, such as to how the group can build a viable business. While important to the internal learnings, the Committee will hopefully focus more on measures that will be shared externally.

Continued discussion is needed and the Committee will be getting back together with LIPT in the next month. Additional research into how the practice management software, WebPT, interacts with other electronic medical records systems will be explored. The Committee will keep the Board apprised of their progress.

A question was asked of Kirm Taylor, CWMA representative, in regard to any update on the relocation of the LIPT practice. Kirm indicated there was nothing to report at this time. In closing, Peggy Means also mentioned that both providers have now been certified by Medicare. The group continues to finalize contracts with other insurance companies, as well as Labor and Industries (L&I).

- c. **Communications Committee** – No report this month.

V. Monthly Operations Report

- a. **Monthly Financials** - Superintendent Presson presented the financial reports from San Juan County's financial management system as of April 30th. As mentioned earlier, Revenue from Property Taxes is about 8% higher than budgeted. General Obligation (GO) Bond revenue remains at \$50,000 and there was nothing else significant of note. Per the Interlocal Agreement with San Juan County, the District made a \$103,130 payment on the loan balance on April 30th. This reflects half of the total \$200,000 loan amount plus accrued interest. Final payment will be issued on October 31, 2018.

On the expense side, nothing unusual to report other than what was highlighted in the earlier budget discussion. **Superintendent Presson did mention that some expenses in April associated with accommodations for the Lake Chelan conference were coded as Conference and should be travel. A correction will be reflected on the May reports.**

Superintendent Presson also shared that the Financial Report due 150 days after close of the fiscal year has been filed with the SAO. In anticipation of starting budget deliberations, she asked the accounting firm that prepared the cash flow analysis last year what the process would be to have that work updated. **The firm recently purchased a new tool that will enable easier manipulation of the data and reporting. It should cost between \$1,200 - \$1,500 to load our data into the template and run reports. We will also be able to incorporate reserve scenarios into the analysis since a reserve policy has been adopted and it will be an important component to factor into the financial picture. The Board was supportive of moving forward.**

- b. **Superintendent Highlights** - Superintendent Presson presented operational highlights from the month of April. It was a busy month as she has expanded her reach and has been meeting with a variety of community stakeholders. This includes the Fire Chief, Fire Commission Chair, Family Resource Center, CWMA and the Clinic Manager. There was also mention of participating in a discussion around local mental health resources that was arranged by Barbara Gurley from Family Resource Center (FRC).

Superintendent Presson also provided an update on the State technology grant that had been pending for several months. The State Archives office received an overwhelming number of applications – 266 – and awarded 57 grants. This was the first time such a grant opportunity was offered, and the State recognizes the significant need for help with records management. As a result, there will be another grant round this summer and Superintendent Presson is scheduled to meet with a consultant from the department in June. She will continue to assess the technology needs of the District to find the best long-term, affordable solution.

- c. **UWPN Highlights** – Things are going well in the Clinic and we expect telehealth services to roll out July 1st. Wen Murphy, the recently hired Nurse Practitioner, will be starting a monthly health column to run in the Islands' Weekly. UW will provide Superintendent Presson with a version to be shared in advance on our website and social media. As

stated earlier, Superintendent Presson is working with UW to identify possible new services that would add value to patients which will be explored in more detail next month. Superintendent Presson is also working with UW and the Fire Chief to bring the parties back together and review protocols, roles/responsibilities and overall working dynamics going forward. There was a thought that a facilitator could help keep the group on track, and Commissioners were asked to provide Superintendent Presson with suggestions as to who could serve in that capacity.

Commissioner Presley asked that whatever new services are proposed be tied to improving quality of care. She recommended we review why something is being proposed and what needs it will serve. There was also a question what UW will do with the space once the LIPT relocates. Everyone agreed that having UW, CWMA and LIHD work closely together will benefit all entities and, most important, the community.

VI. Old Business

Nothing reported

VII. New Business

- a. Commissioner Campbell reviewed the Superintendent Performance Review process and document that Superintendent Presson drafted. The Board expressed support of both and felt comfortable moving forward. There was discussion around the appropriateness of using this same format when soliciting feedback from outside stakeholders. The Board talked about who might be appropriate to include in the performance review process outside of the Commissioners. There was agreement that Darren Layman, Director of Integration at UW Neighborhood Clinics, and possibly someone from the County as both work closely with the Superintendent. Consideration would also be given to asking local contacts such as the Fire Chief and someone from the Lopez Island Community. Ted Phillips was mentioned as a possible community representative since he's been attending the majority of Board meetings. The timing for the review is such that any changes in compensation can be factored into the annual budget process.

Commissioner Campbell requested that all Performance Review forms be returned to her by the end of June. She will compile and present to the Board at an Executive Session in July. A final recommendation will be adopted at the August Board meeting. Commissioner Campbell suggested Commissioner Presley work with her to finalize the list of stakeholders and make any adjustments to the process/form for outside parties.

- b. Commissioner Campbell looked to solicit feedback from the Board as to each Commissioner's view on the idea of sharing a Superintendent with the newly created Orcas Island Public Hospital District. There was agreement that there could be advantages and disadvantages to such an arrangement, and there would need to be an

understanding how to avoid conflicts of interest down the road. Two of the Orcas Hospital District Commissioners are scheduled to visit the LIHD office and meet with Commissioners Campbell and Presley in the coming week. **This will likely be a topic of discussion for the next few meetings.**

VIII. Commissioner Comments

No comments to report.

IX. Upcoming Meetings

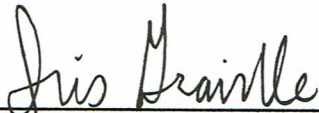
Superintendent Presson noted the start time for the June 28th Board meeting is moved back to 5:30 pm. Due to an event at the Library, the June meeting will be held at the Fire Department. Just prior to the meeting, the group will travel to Lake Chelan for the annual Rural Hospital Leadership Conference. Information on the conference Agenda was distributed, and **Superintendent Presson will follow up with everyone on logistics and other important information about the trip.**

X. 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 3:10 pm.



Signed: Christa Campbell, Board President



Attest: Iris Graille, District Secretary

All exhibits and supporting material available upon request