

**BOARD OF TRUSTEES MEETING
TVHC Board Room
MONDAY, DECEMBER 21, 2009**

Trustees Present: Michael Whitfield, Deborah Ray-Malheiro, Bob Benedict, Robert Emerson, Chris Larson, Brooke Blackwelder, Janine Jolley, Aaron Hanson, Steven Dietrich

Ex-Officio Present: Mitch Felchle, Dr. Mo Brown

Minutes Recorded by: Marni Vasseur

Meeting called to order by Michael Whitfield, Board Chairman, at 5:31 pm.

CHANGES / ADDITIONS TO THE AGENDA:

● **MOTION:** M. Whitfield moved to switch items 4 and 5 on the agenda. Motion seconded by C. Larson and carried unanimously.

Emerson introduced new Board member Steven Dietrich.

MOTION: M. Whitfield moved to add the swearing in of Steven Dietrich as new Trustee member to agenda item number three. Motion seconded by R. Emerson and carried unanimously.

SWEARING IN OF STEVEN DIETRICH:

B. Benedict swore in new trustee Steven Dietrich.

M. Whitfield announced that Brooke Blackwelder is leaving the Board and the valley. The Board will have an opening to fill.

MINUTE APPROVAL:

● **MOTION:** J. Jolley moved to approve the 11/23/09 minutes with corrections. Motion seconded by B. Blackwelder and carried unanimously.

Action items from 11/23 meeting readdressed

Emerson met with C. Larson about the website. See action item list for more items readdressed.

QUALITY SERVICE/MEDSTAFF APPOINTMENTS (SEE ATTACHMENT #1):

Quality Service Report

L. Piquet presented the QI report handed out in packets and asked for questions.

D. R-Malheiro moved to approve changes as noted, B. Blackwelder seconded and passed unanimously.

Med Staff Appointments

L. Piquet presented the Medstaff appointments included in packets (see attachment).

Piquet reported on Studer Pillars. Everyone involved worked on the Service Pillar and one other out of 6 pillars. They tried to use the most measurable pillar. Everyone chose their own goals. Piquet said that they were having software problems as far as uploading the pillars. Chuck is working on it.

J. Jolley said that the goal for clinics was to grow 66% and questioned if it was viable.

M. Felchle clarified that this goal was to be reached by end of fiscal year 2010.

Emerson asked if Studer Pillars would replace the board report for Quality Improvement.

L. Piquet said it should be an addition to the QI report in order to get all of the information.

D. R-Malheiro said that pillars are more measurable. The quality improvement info will be provided but pillars will be measureable and show improvement.

Emerson wants to see a timeline for reaching goals.

L. Piquet said that the pillars have dates.

D. R-Malheiro said that they are measured monthly to see how close they are to reaching the goal.
L. Piquet said that the pillars may not give a start date. 66% improvement in clinic appointments will take a while to accomplish. 80% of pillar goals will start now.
M. Felchle said that fiscal year goals started in October.
M. Whitfield said they are looking for trends. He asked if they could document where they are currently to get a baseline.
L. Piquet said they are looking at patient surveys, chart review and financial data as baseline and added that some goals are harder to get a baseline for.
D. R-Malheiro said that the goals are updated each month.
L. Piquet has a graph that shows monthly trend.
B. Benedict mentioned that the business office goal was to show 100% returned calls and asked where they are now in terms of returned calls.
C. Larson asked who will get the information for the reports.
L. Piquet said the computer will produce reports based on info.
S. Dietrich asked if all departments and all services were involved.
L. Piquet said that all departments are involved and that the clinic is interlaced into projects as well.
L. Piquet reported on OR patient surveys. She did not know how many exactly they got back.
D. R-Malheiro said there was an issue with the wording on the patient survey goal. It reads “they would like to see of 0% negative complaints.” Malheiro suggested rewording to “100% patient satisfaction”.
M. Felchle said that the admin team goals were tied to board and strategic goals, then they filtered down to departments.

● **MOTION:** D. R-Malheiro moved to approve the “provisional appointments” and “re-appointments” as outlined in med staff bios. Motion seconded by R. Emerson and carried unanimously.

CEO REPORT (SEE ATTACHMENT #2):

M. Felchle presented his report, see attachment for details.

Comments made and not written on report: Driggs clinic lease with Dr Curtis

Agreed on rent amount, not what we hoped but less than current. Lease terms in lawyer’s hands. Dr. Curtis is using a local lawyer. Purchase price option was not in the lease. The terms are a one year lease with rollover, without notice. The building appraisal helped. Our issue is that we have no where else to go.

B. Benedict asked what happened to the purchase price option.

M. Felchle said the clinic is still for sale above market value, we could match any offer but it is very high. Curtis would like to sell to us but we are not in a financial position to purchase.

Comments made and not written on report: Victor Clinic

M. Felchle reported that November numbers were at 253.

C. Larson commented that numbers should normalize without flu season shots included, then we can look at comparisons for each month.

Flu shots are available for board members.

Driggs clinic had 1001 visits. We are currently on target with budget but numbers are aggressive in this economy to reach goals.

We are still building market awareness.

M. Whitfield asked if we had a sense of where we measure up compared to last year between both clinics.

D. R-Malheiro said that Victor closed last August so it would be hard to compare.

M. Felchle said that with this economy we are showing slower business. We can do prior year comp for future.

Comments made and not written on report: Winter Hours Schedule

Teams have been established with one physician and 2 mid levels to pick up on each others absences. Set days for everyone and teams. Masterful move by Blane Teckmeyer.

D. R-Malheiro said that established teams will help patients with consistent providers

M. Felchle said that physicians will help mid levels with quality.

Emerson asked if we were tracking productivity.

M. Felchle said that we are tracking appointments and that we can see paid appointments.

D. R-Malheiro said that quarterly stats have numbers of visits only.

C. Larson asked if we could track visits per provider to see productivity.

M. Felchle replied that it will vary per provider due to different practices and it would be hard to compare.

M. Whitfield asked if providers are happy with their arrangements.

M. Felchle said that they seem to be, the rotation is working out well, Lis and Kristen are out of Victor and back at the Driggs clinic. Female staff only 50% of the time in Victor changed the model.

Mo Brown commented that this is the best morale he has seen since his tenure.

M. Felchle said the goal is to grow our patient base.

J. Jolley pointed out that we are missing patient business by not advertising in Victor schools.

M. Felchle reported that pediatrics are doing lower numbers than expected but that Dr. Brown is very busy and that impacts nursing, lab and imaging. His weekends are busy and we have good anesthesia coverage.

D. R-Malheiro asked if the incoming revenue is supporting the med staff.

M. Felchle said that we may need to add a pool person and we are down one lab person.

D. R-Malheiro asked if providers are on call or how are we paying the providers on weekends.

B. Teckmeyer said that he has adjusted the weekend schedule and that they are not running into overtime. He added that they are paying weekend scale for front desk and nursing. They have increased anesthesia and pharmacy, the pharmacist's backup is getting weekends.

Emerson asked if OR and providers are available but not being utilized.

M. Felchle said that it is happening more than we would like, we are not getting enough trauma cases. He added that we were betting on the winter months to see more urgent care and trauma cases.

Mo Brown added that our staff is as lean as possible, not hiring more staff but using available staff as needed. OR team is on call when no surgeries are scheduled. CRNAs were filling in to give Kathy Horn (anesthesia) a break. We are not making huge financial commitments in staffing.

M. Felchle said that if we don't get weekend cases we will go back to another schedule after winter. He said that some staff is on call. We are getting good participation from staff and they are willingly working weekends.

Comments made and not written on report: Visiting Specialist Physicians

B. Teckmeyer gave a report on how many times specialists are coming in. (See attachment)

B. Teckmeyer read his report of non staff providers and what kind of revenue they are they bringing. Most of the revenue is generated in the OR.

D. R-Malheiro clarified that Teckmeyer was reporting on provider related clinic appointments, not ancillary services.

Mo Brown commented that pain management numbers seem low, December will look higher.

M. Felchle explained that some specialists come only once a week, this makes Nov. and Dec. visits look low due to holidays and skipping visits. He added that we would like to capture commuter traffic at Victor clinic. Also, orthopedic numbers in the OR are bringing good revenue, as Dr. Brown is very busy.

Comments made and not written on report: New Director of Business Office

M. Felchle gave a copy of Glenn Giles' resume to the board. Giles has clinic and program building experience. He is leaning on Bingham to get him hands on experience with numbers. Giles had good references, he started as a tech in the army. He is responsible for learning the revenue cycle and has hit

ground running. Giles lives in Idaho Falls.

Comments made and not written on report: Ken Schwab left Director of EMS position

Felchle reported that we are searching for a new EMS director. The position would be 20% of time in EMT work and 80% in admin, like Angela Bookers position. We have 6-7 applicants.

Comments made and not on the report: Pension and Benefit Plan Amendments to 457(b) plan, consent of board

4 plans are being amended. Mitch needs to sign by year end, consent in January.

B. Benedict asked why 403 (b) is still in effect.

Felchle explained that some employees are still participating. He will bring consents for new pension plans to January meeting.

CONFLICT OF INTEREST / CONFIDENTIALITY POLICY (SEE ATTACHMENT #3):

M. Felchle provided this document from hospital's legal counsel. Take code of conduct out.

D. R-Malheiro said the bylaw has only one line, could put in here 2.5a.

M. Whitfield said the bylaws should be amended.

B. Blackwelder asked if the wording could be changed in section 1(b) from wife to spouse.

M. Whitfield said that annually and whenever there are changes to the policy, it must come to the board members for review.

D. R-Malheiro explained that it states in the policy, the board fills out and signs every year.

M. Whitfield said that section #3 states that conflicted parties must leave the room if they are talking about the issue concerning that party.

B. Benedict said that public meeting law states that you can not exclude the public unless the board is in executive session.

M. Whitfield said we need wording for formal withdrawal from deliberations.

S. Dietrich asked about section #4.

M. Whitfield said that section does not cover it. Whitfield said they would not want the conflicting party to have influence over the deliberation.

D. R-Malheiro suggested changing "the interested board member may be excluded from the deliberations" to "shall be excluded" (section 4, Board Consideration, Conflict of Interest Policy)

B. Benedict asked if this will be in official hospital policy.

M. Felchle said we should have a board hand book with this info. We do have a staff handbook with similar information. We should have a code of conduct for employees and hospital staff. There are models to go from. This would be in addition to bylaws.

M. Felchle said he would bring a draft to the next meeting.

B. Benedict said they would have to make a motion to approve the policy.

● **MOTION:** B. Benedict moved to approve "Conflict of Interest and Confidentiality Policy" subject to required amendments noted in attachment #3. Motion seconded by R. Emerson and carried unanimously.

FINANCE REPORT (SEE ATTACHMENT #4):

B. Ripplinger reported that we had a financial audit last week and that we were much improved from last year. He explained that we have to report on last year not just last few months. There will be audit findings from before we started turning the finances around. At the February meeting, auditors will present the defined benefit plan, the foundation balance sheet and nursing ER time studies among other information. We are still collecting the above data and numbers.

Income statement says that visits down but revenue is up. Inpatient revenue due to surgeries and anesthesia was up along with central supply. ER and physical therapy were down. Compared to last year we are up 15% gross revenue.

Bad debt and bankruptcies are going to contractual as they should, this was confirmed by the auditors. Total net revenue was up. We had a net operating income in November and a net return for the 2 months year to date.

Contracted services- one was missed last year which made the budget go over. Anesthesia was not budgeted correctly, we had more revenue than anticipated. We will continue to see that we are above budget because we did not budget Victor in.

J. Jolley asked if that was 120% more income than last year.

Ripplinger said that it was, YTD.

Ripplinger reported on the balance sheet: more surgeries and more Victor expenses.

Accruals for salaries will reverse after December.

Brought ratio up to 1.5 from 1.4

A/P is up a little. December projection for cash inflow is lower due to slower previous months. In January we have 5 weeks of reporting and 3 payrolls. Levy money in January will increase numbers for the month.

S. Dietrich asked what drove vendor and A/P lower in Sept and Nov.

Ripplinger explained that we pay what we have to in order to stay open. Some vendors we can delay so the numbers fluctuate.

Jeff Daniels added that Oct was a 5 week month, which also caused a fluctuation.

S. Dietrich asked if we budget for cash using items for the year. What he has seen is 0 so far.

Ripplinger reported that we got a grant in lab today.

Jeff Daniels said outflow were items such as lab equip. Inflow were things like grant money. We will have capital expenditures that we should plan for.

S. Dietrich specified that planned expenses were things like snow cracking the roof, etc.

B. Benedict said that we have not had money for capital expenses in the past and have delayed most of those expenses.

C. Larson said we need a capital expenditure plan.

S. Dietrich asked if our cash flow was at 200K if we had any feel for how tight the cash flow got. Did we ever down to \$2?

Ripplinger said we try to keep cash on hand between \$150K to \$300K for payroll weeks. We are trying to make it until levy funds are received.

Medicare was at 204K. L. Piquet was trying to get money for old oversight of billing and reimbursement from Medicare

Piquet said she gave the accounting info to Medicare, they had a meeting, the Medicare representative sounded positive about collecting old Medicare bills, \$200,000 from Cigna Medicare. Piquet will try to get this money back, it is from 2007 and 2008. Cherise Hibbert has done well to collect for the hospital, they will try her in clinic and will restructure how billers are specialized in clinic.

C. Larson asked for trend numbers for the clinic and the hospital quarterly.

Ripplinger closed by saying that revenue did better than expenses.

ORAGANIZATIONAL STRUCTURE REPORT (SEE ATTACHMENT #5):

J. Jolley reported that in 2008, the previous board did a study as to whether to change the hospital structure to 501(c)(3). Jolley had been on the committee since October. Mike Stoddard of Hawley Troxwell helped decide on the structure options which they researched. At the last meeting the committee decided that Bingham's 501(c)(3) is the best for TVHC. Many hospitals are going to this structure.

D. R-Malheiro asked for explanation on Bingham 501(c)(3) as opposed to others.

M. Whitfield said that it is state legislature enabled.

J. Jolley said that we can't get tax financial support from state.

Malheiro asked how this model was different than that of other hospitals.

Whitfield explained that it is not specific to Bingham.

J. Jolley said that County Commissioner Kathy Rinaldi liked this model because the county has control and oversight that can be structured in different ways without going to the BOCC. The Organizational Structures

Committee felt they had taken info from 2008, rehashed and agreed it was best model. It would mean transitional changes for about 2 yrs. We would have to allow 6 months for IRS to process application. Contract and benefit plans would have to be reviewed.

J. Jolley said that the cost to restructure is yet to be determined. We will not know until we go through it. From \$50K to \$150K will be our cost. The Frasier Ruling changes the way hospitals can receive long term funding, it must be urgent and necessary and the funding has to be spent in 1 fiscal year. This would change the way our hospital would be run.

B. Benedict said that The Frasier Act is a Supreme Court order.

D. R-Malheiro added that it applies to government owned entities.

J. Jolley said that the Idaho Hospital Association will fund up to 50% of cost to restructure. They will make out grants to hospitals that are willing to make this change.

D. R-Malheiro asked about the Bingham model, and how is tax funding available. She stated that with traditional 501(c) (3), you can't.

J. Jolley said that all she knows at this point is that it is possible but no one has sought those county funds yet.

Whitfield explained that if the hospital is County owned it is a reinvestment in the county.

B. Benedict said that presently the county can make a payment to a non-profit, we can use tax money for that if they provide a specific service.

Emerson asked if we are we only going to make \$300K. What is our reason to make this change? There is a big cost involved. What makes this valuable?

M. Whitfield said that we need to be competitive. Does our revenue allow us to do this based on our debt?

J. Jolley said we are not trying to get away from public meetings and that we can still communicate and be transparent.

Emerson examined the need for tax levy. He said that we want to be clear about how money is being spent. The community is funding our debt. Emerson felt that since it is a community hospital maybe the community should pay.

S. Dietrich asked what is drove the interest in Bingham to make a structural conversion.

Jeff Daniels from Bingham responded by saying that it was access to capital but we can't borrow money in today's economy.

S. Dietrich asked if it really opens avenues to more cash flow.

J. Daniels said that if you have a need to finance equipment for 5 years the restructure would help with that. Your cash flow would look better. He said that 2/3 of hospitals have negative operating results so today, TVHC showing net operating income already puts it in select company.

S. Dietrich clarified that we are looking at this choice because bank loans are not an option.

M. Whitfield said that we are not in a place where a structural change makes sense or that we could support it financially. We need county support to keep recovering the hospital right now, but longer term this model may give us more advantages when we are creating revenue.

C. Larson said that we need to include Teton County Wy.

J. Jolley said that we have no intent to exclude Teton County Wy. but we can't put them on our board due to them being in another state.

S. Dietrich asked if Bingham has a strong backing of donations.

J. Daniels said that TVHC gets more charitable donations than Bingham.

D. R-Malheiro asked how a structure change would affect the foundation.

J. Jolley said that it would make it easier to donate directly to the hospital rather than funneling funds through the foundation.

J. Jolley said that if and when we do this model, if we don't run it properly, the county will retake the hospital. Tax payers don't have to pay for another election, they just have to vote to change it back. In this model, the board stays the same and provides continuity at the board level. There must be one board member from each city plus one unincorporated member.

Jolley suggested asking for a levy with the caveat that we would not keep asking for county support. If we

had another levy to clear us up and get us stronger, we could change over and not have to keep asking for more funds to stabilize us.

M. Whitfield asked if it is better to get a supplemental levy to make us better rather than a permanent levy to keep us going.

Emerson said that the county has an obligation to the hospital.

M. Whitfield said that looking at the history of the hospital, TVHC has had minor support prior to the levy. If the hospital can support itself it is better than relying on tax payers, but right now we need that support on a temporary basis. Whitfield felt we did not need a permanent levy.

J. Jolley agreed that we need county support. She said that the goal now was to bring this to the board for further direction. The structural change process is about 2 years. Her committee had talked about this in relation to the levy, which would run out within 2 years.

C. Larson asked when they had to decide on the levy.

B. Benedict said they had to decide in January, but the election is in May.

S. Dietrich asked if we went for the tax levy, could we put those funds toward capital improvements.

B. Benedict explained that we have to word the levy as to how we would spend the money. If TVHC is moving toward 501(c)(3), you have to say that up front so you aren't challenged about getting the levy. The last time the levy was passed, it was done in crisis mode.

M. Whitfield asked when the county wants a decision.

B. Benedict said the last day of Jan.

C. Larson said that if we pursue the levy, we need to send the message to the county that we will improve. We need to sell it so we get levy.

M. Whitfield said we can look at a structure change. Does the board want to consider this?

MOTION: C. Larson moved to wait 6 months and readdress the possibility of a structure change at a later date. Motion second by S. Dietrich and passed unanimously.

M. Whitfield said that if we are going to focus on the tax levy then we should do that and not change our approach. We need community support.

TAX LEVY DISCUSSION:

M. Whitfield said that TVHC needs to make a case for why we need it.

C. Larson agreed and added that we need to be committed to the levy or we will be shot down.

B. Blackwelder asked if anyone thinks that TVHC will not need the tax levy.

C. Larson said that the wise choice would be to go forward with levy, and if in the future we see we don't need it, we can make a change.

B. Benedict asked how much to ask for in the levy and said he would ask commissioners for guidance.

MOTION: C. Larson moved to go forward with the supplemental tax levy. B. Blackwelder seconded the motion and was passed unanimously.

J. Jolley suggested that someone with a financial background should be the team leader on the levy.

M. Whitfield asked A. Hansen and S. Dietrich to head the team. Both board members agreed and said they would bring information to the next meeting.

CEO RECRUITMENT COMMITTEE REPORT:

M. Whitfield reported that at the last meeting the board chose 2 potential CEO candidates. The board was negotiating with Medhi Merred and he backed out after getting close to agreement. Merred was not able to leave his current position at this time. The board was next considering Virgil Boss. Whitfield reiterated that

the premise in the beginning was to get a strong, qualified CEO and not make a deadline date.

● **MOTION:** M. Whitfield moved to go into Executive Session pursuant to Idaho Code 67-2345 1(c) for deliberations concerning labor negotiations. The recruitment of the new CEO candidates would be discussed. Motion seconded by Emerson. A roll call vote was taken and the motion was carried unanimously.

Executive Session began at 8:57pm

Trustees Present: Michael Whitfield, Deborah Ray-Malheiro, Bob Benedict, Robert Emerson, Chris Larson, Janine Jolley, Brooke Blackwelder, Aaron Hanson, Steven Dietrich

Ex-Officio members present: Mitch Felchle, Dr. Mo Brown

Executive Session ended at 9:48

● **MOTION:** B. Blackwelder moved to adjourn the meeting. Motion seconded by D. R-Malheiro and carried unanimously.

Meeting adjourned at 9:49 pm.

Michael Whitfield, Chairman

ATTEST: _____
Marni Vasseur, Executive Assistant