



**CEO Report
Board of Trustees
June 22, 2011**

1. The Women's Services Renovation and CT Scanner project is progressing. Currently we are 2 days ahead of schedule. The GE Digital Mammography equipment will arrive Monday 6/20. The portable 16 slice CT will arrive Tuesday, 6/21. The demolition and removal of the 4 slice CT will take place Friday, 6/24.
2. Bingham Memorial Health contract ends 6/30/11. Discuss new plan beginning 7/1/11.
3. Market changes have taken place in the last few weeks with the announcement that St. John's Medical Center is attempting to partner with Four Peaks Clinic and Dr. Scott Thomas. I have since met with Pam Maples, CEO of SJMC and Dr. Thomas. Our strategy will be to collaborate with proper referrals to us for Lab., Radiology, and OR. We will cautiously watch this develop.
4. The IT Server Room needs the addition of a portable air conditioning unit to keep the blade server running at optimal temperatures. Cost \$9,500. Future need for patch, seal coat and stripe parking lots. Hospital \$11,214.00 and See n Save \$3,159.59. Update on garage sale at Portneuf Medical Center in Pocatello. Access to inventory selection has been delayed for one month or more. Jon Smith, Exec. Director of COOP is watching out for first opportunity to select items on our list. Still expecting to return to the Foundation with a funding request before the end of the fiscal year.
5. A nationally known speaker on Hospital Quality and valley resident Dr. Jim Reinertsen, Alta, WY has agreed to speak to the Board of Trustees and Management Staff on Quality in a Critical Access Hospital Wed. July 27, 2011. Details to follow.
6. Revenue Cycle Admissions staff completed an audit of accuracy in collection demographic information during patient check in processes. Last year our goal was 85%. Last fall we started to pass that goal. We then raised the goal to 90% and 95%. In June we will be setting the goal at 98% (the industry benchmark standard) The audit of all admissions staff for May showed a combined accuracy

of 96.4%. This shows how far we have progressed and also recognizes that we have yet to achieve the industry standard. We hope to show the staff and patients how critical it is to present proper ID, Insurance cards, DOB, history and meds. Each of these items correctly entered ensures an accurate and timely bill. One missed piece of information can cause delays up to 3 months and billing mistakes for the patient balance due.

7. Questions?

Board Education – Hospital Compliance

Trustee Engagement and Hospital Success

By Daniel R. Levinson

(Inspector General of the US Department of Health & Human Services)

This document was distributed at the last BOT meeting

Some additional thoughts on this article put forth by the American Health Lawyers Association:

- Several steps the IG promotes as supportive of board oversight:
 - recognizing quality as a compliance issue
 - assuring the compliance officer's role as a corporate "ombudsman"
 - clarifying the compliance officer's reporting relationships
 - separating the positions of compliance officer and general counsel
- The board should re-evaluate the vigor with which it exercises compliance-related oversight – "assertive oversight"
- Quality of care is a compliance concern – with a material linkage between Medicare/Medicaid billing to quality of patient care, both in terms of the right to reimbursement and the imposition of penalties
- The board should revisit how corporate compliance relates to important quality issues such as mortality rates, hospital infections, medical errors etc.
- Assure that the compliance officer is appropriately positioned within the organizational hierarchy to effectively serve in the "ombudsman" role.
- The positions of chief compliance officer and general counsel are best kept separate.
- Compliance officer's reporting relationships to the board should be unrestricted and without buffer to allow the "communication personally to the governing authority promptly" on compliance issues.

Corporate Responsibility and Corporate Compliance:

A Resource for Health Care Boards of Directors

An Integrated Approach to Corporate Compliance:

A Resource for Health Care Organization Board of Directors

Corporate Responsibility and Health Care Quality

A Resource for Health Care Boards of Directors

United States Department of Health & Human Services, Office of Inspector General
American Health Lawyers Association

Three documents developed by the OIG in conjunction with the AHLA and intended to be a useful educational resource for those serving on the Boards of Directors of health care institutions.

The most valuable with respect to the role of the board in oversight of hospital compliance is the first: **Corporate Responsibility and Corporate Compliance.**

A summary of the key points from the document and the list of suggested questions that can assist the health care director in performing the important and necessary service of oversight of the corporate compliance program follow.

Corporate Responsibility and Corporate Compliance: A Resource for Health Care Boards of Directors

The Office of the Inspector General of the US Department of Health and Human Services
The American Health Lawyers Association

I. Introduction

The expansion of health care regulatory enforcement and compliance activities and the heightened attention being given to the responsibilities of corporate directors are critically important to all health care organizations.

In this context, enhanced oversight of corporate compliance programs is widely viewed as consistent with and essential to ongoing federal and state corporate responsibility initiative.

“[A] director’s obligation includes a duty to attempt in good faith to assure that a corporate information and reporting system, which the Board concludes is adequate, exists, and that failure to do so under some circumstances, may, in theory at least, render a director liable for losses caused by non-compliance with applicable legal standards.” (Caremark case)

It is the process the Board follows in establishing that it had access to sufficient information and that it has asked appropriate questions that is most critical to meeting duty of care.

II. Duty of Care

- ◆ Director obligations with respect to duty of care arise in two distinct contexts:
 - decision-making function
 - oversight function
- ◆ Directors’ obligations with respect to corporate compliance programs arise within the context of that oversight function and involve two principle obligations. A director has a duty to attempt in good faith to assure that:
 - a corporate information and reporting system exists
 - this reporting system is adequate to assure the board that appropriate information as to compliance with applicable laws will come to its attention in a timely manner as a matter of ordinary operations
- ◆ With respect to directors’ conducting an appropriate level of due diligence, the duty to make “reasonable inquiry” increases when “suspicions are aroused or should be aroused”.
- ◆ The director is obligated to exercise general supervision and control with respect to corporate officers. However, once presented (through the compliance program or otherwise) with information that causes (or should cause) concerns to be aroused, the director is then obligated to make further inquiry until such time as the concerns are satisfactorily addressed and favorably resolved.

III. The Unique Challenges of Health Care Organization Directors

- ◆ health care industry operates in a heavily regulated environment with a variety of identifiable risk areas
 - ◆ health care providers are subject to voluminous and sometimes complex sets of rules governing the coverage and reimbursement of medical services
 - ◆ in addition to potential criminal and civil monetary penalties and the recoupment of improper payments, Medicare, Medicaid and other government health care programs can impose a range of sanctions, including excluding health care providers from participation in these programs
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IV. The Development of Compliance Programs

- ◆ compliance plans promote the prevention, detection and resolution of actions that do not conform to federal and state law, as well as the hospital's ethical and business practices
- ◆ an effective compliance program helps mitigate the risks inherent in the heavily regulated health care environment
- ◆ OIG has developed compliance guidelines that identify risk areas, offer concrete suggestions to improve and enhance an organizations internal controls so that its billing practices and other business arrangements are in compliance with federal program rules and regulations
- ◆ it is important that directors participate in the development of this process
- ◆ individual directors can make a valuable contribution toward the compliance objective by asking practice questions of management and contributing experiences from other industries

V. Suggested Questions for Directors

STRUCTURAL QUESTIONS – explore the Board's understanding of the scope of the organizations compliance program

1. How is the compliance program structured and who are the key employees responsible for its implementation and operation?

How is the Board structured to oversee compliance issues?

2. How does the organization's compliance reporting system work?

How frequently does the Board receive reports about compliance issues (regular basis)?

3. What are the goals of the organization's compliance program (rationale and objectives)?

What are the inherent limitations in the compliance program and how are they addressed by the organization?

4. Does the compliance program address the significant risks of the organization?

How were those risks determined and how are new compliance risks identified and incorporated into the program (comprehensive ongoing process of compliance risk assessment)?

5. What will be the level of resources necessary to implement the compliance program as envisioned by the Board?

How has management determined the adequacy of the resources dedicated to implementing and sustaining the compliance program (effective programs embrace continuous improvement and measurement of their effectiveness is necessary)?

OPERATIONAL QUESTIONS – assist the Board in its periodic evaluation of the effectiveness of the organization's compliance program and the sufficiency of its reporting systems

A. Code of Conduct

How has the Code of Conduct or its equivalent been incorporated into corporate policies across the organization (details the fundamental principles, values and framework for action within the organization, helps define the organization's culture)?

How do we know that the Code is understood and accepted across the organization?

Has management taken affirmative steps to publicize the importance of the Code to all of its employees?

B. Policies and Procedures

Has the organization implemented policies and procedures that address compliance risk areas and established internal controls to counter those vulnerabilities (represent the organization's response to day-to-day risks that it confronts, require periodic review and revision)?

C. Compliance infrastructure

1. Does the Compliance Officer have sufficient authority to implement the compliance program?

Has management provided the Compliance Officer with the autonomy and sufficient resources necessary to perform assessments and respond appropriately to misconduct?

2. Have compliance-related responsibilities been assigned across the appropriate levels of the organization?

Are employees held accountable for meeting these compliance-related objectives during performance reviews?

D. Measures to Prevent Violations

1. What is the scope of compliance-related education and training across the organization (including specific training on identified risk areas such as claims)?

Has the effectiveness of such training been assessed?

What policies/procedures have been developed to enforce training requirements and to provide remedial training as warranted?

2. How is the Board kept apprised of significant regulatory and industry developments affecting the organization's risk?

How is the compliance program structured to address such risks?

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3. How are "at risk" operations assessed from a compliance perspective?
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Is conformance with the organization's compliance program periodically evaluated?

Does the organization periodically evaluate the effectiveness of the compliance program (monitoring and compliance audits)?

4. What processes are in place to ensure that appropriate remedial measures are taken in response to identified weaknesses?

E. Measures to Respond to Violations

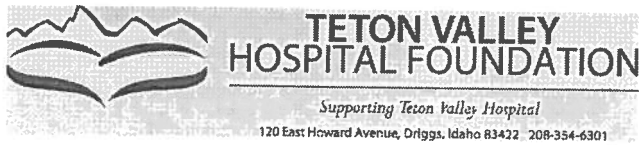
1. What is the process by which the organization evaluates and responds to suspected compliance violations (procedures in place to respond to credible allegations and promptly initiated corrective measures)?

How are reporting systems, such as the compliance hotline, monitored to verify appropriate resolution of reported matters?

2. Does the organization have policies that address the appropriate protection of "whistleblowers" and those accused of misconduct (encourage constructive communication)?
3. What is the process by which the organization evaluates and responds to suspected compliance violations (developed in consultation with legal counsel)?

What policies address the protection of employees and the preservation of relevant documents and information?

4. What guidelines have been established for reporting compliance violations to the Board?
 5. What policies govern the reporting to government authorities of probable violations of law (self-disclosure within 60 days)?
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TO: Foundation Board of Directors
FROM: Diane Temple
CC: Virgil Boss, Ann Loyola, Marni Vasseur, Milissa West, Pat Butts, Steve Dietrich
RE: Executive Director Report: June 8, 2011

KUDOS!!

A HUGE thank you to Milissa and all the dedicated volunteers for making See N Save Selects an event to remember! The evening brought in almost \$5,000 of gross revenues. Milissa continually goes above and beyond to keep See N Save fresh, and think of new ways to generate revenues. Her smiling face, “can-do” and positive attitude is something we can all aspire too! Thank you Milissa for all you do!

A HUGE thank you to Pat for writing two successfully awarded grant proposals! We were awarded two very important grant awards, the CHC Foundation that provides a mini C-Arm to the surgical and radiology team AND the Teton Springs Foundation that will make the long-term rehabilitative care room remodel possible. Thank you Pat for your ability to write successful grants that combine technical, emotional and strategically elements—in a way that non healthcare providers can understand! That is not easy and we all truly appreciate your talents.

CAMPAIGN – PATIENT ROOM

Grateful Patient / Family Patient Room Art Update: Continuing to work with graphic artist on design work. Three designs have been chosen and completed. We are working on a final design and this project should be completed by the end of June/beginning of July.

DONOR PERFECT UPDATE

Completed a screen appointment this week—should be “live” within the next two weeks.

DONOR STEWARDSHIP

Continue to attend community events, be an advocate for the hospital foundation – follow up with those individuals with hand written notecards.

Virgil and I have a meeting with two major donors, June 23, 2011

Virgil and I had a follow up meeting with Doug Hales, CFO Huntsman Springs to discuss how we can help support their development.

FOUNDATION POLICY AND PROCEDURES

Foundation Policies and Procedures have been 100% updated and implemented into Policy Tech. This process should satisfy all requirements and put the Foundation in a good position for the upcoming audit.

FESTIVAL OF TREES

Working on “big picture” planning.

Venue has been secured (MD Nursery)

The trees will be on display a week earlier, starting Thanksgiving weekend. The public will be able to view, bid or buy trees immediately that Thanksgiving weekend. This will allow people who cannot attend the event to purchase a tree, and may open up purchases to a wider audience.

Music has been secured – will feature Teton Jazz again. Rather than having them in the background, they will be front and center and we will have DANCING this year.

Working on branding design elements and all marketing materials.

WEBSITE

Invested a large number of hours this month on the website and particularly the “Giving” section. Please review and provide feedback!

BOARD CANDIDATES

Continuing to look for people in the community interested in working with the Teton Valley Hospital Foundation. Discussions with two engaged community members for Summer, 2012 in some capacity with the Foundation—Isabel Waddell and Nancy Siverd.
