



**Public Hospital District 3 of Pacific County  
Ocean Beach Hospital and Medical Clinics  
BOARD OF COMMISSIONERS MEETING  
August 28, 2012**

AGENDA	DISUSSION / CONCLUSION	RECOMMENDATIONS / ACTION / FOLLOW-UP
CALL TO ORDER	<p>The Public Hospital District 3 of Pacific County Board of Commissioners Meeting was called to order August 28, 2012 at 5:35 pm</p> <p><b>Commissioners present:</b> Darren Thorsen, Chairman of the Board; Nancy Campiche, Secretary of the Board; Alan Johnson, Garnette Sutherland and Nancy Gorshe</p> <p><b>Also Present:</b> Terry Finklein, Interim CEO Tammie Jefferies, Executive Assistant</p> <p><b>Absent:</b> Dr. Law Chief of Staff Linda Kaino, CNO</p>	
AGENDA	Darren Thorsen requested approval for the agenda	A motion was made by Alan Johnson; Nancy Campiche seconded the motion. The motion passed by unanimous vote.
MINUTES	Darren requested approval for the July minutes	A motion was made by Nancy Campiche; Nancy Gorshe seconded the motion. The motion passed by unanimous vote.
Quality Summary	<p>Review of Quality board summary</p> <p>Nancy Gorshe shared that in the quality committee there were 7 concerns from the ER and want to make sure there is follow up on the concerns.</p>	Staff will make sure that all issues are reviewed with appropriate follow through and reporting back to the Quality Committee.
EOC Report	2 <sup>nd</sup> Quarter review Environment of Care Review	Reviewed with no discussion

Finance Committee		
Approval of Vouchers	Vouchers: July 2012	A motion to approve the July voucher listing was made by Nancy Gorshe; Alan Johnson seconded the motion. The motion passed by unanimous vote.
July Finance Review By Kathy Hubbard	<p>Patient Revenue:  Inpatient \$491,153  Outpatient \$1,600,250  Clinic \$227,909  YTD overall Total Patient Revenue: \$16,124,022  Total Deductions: \$730,858  YTD Total Deduct: \$5,342,123  Net Patient Revenue: \$1,588,454  YTD Net Patient Revenue: \$10,781,899  Total Operating Revenue: \$1,594,546  YTD Total Operating Revenue: \$10,942,891</p> <p>Expenses:  Total Labor Expenses \$977,436  YTD Total Labor Expenses: \$7,474,686  Total Non-labor Expenses \$714,105  YTD Total Non-labor Expenses \$4,843,686  Total Operating Expenses \$1,691,541  YTD Total Operating Expenses \$12,318,372  Net Operating Profit / (loss) (\$96,995)  YTD Net Operating Profit /(loss) (\$1,375,481)</p> <p>Kathy shared in surgical supplies there was a \$60k adjustment and part of it was due to supplies that were expired and had to be disposed .Some of the outdated items were donated. Terry shared at the end of the year they do a physical inventory and when Terry came he didn't see a need to keep running daily inventory reconciliation so it stopped. July inadvertently the inventory was wiped out so they did another physical inventory and that came back with a deficit of a requirement adjustment of \$60k. After the meeting this morning it was identified that the reduction in inventory were non-charged consumable items Terry requested a</p>	<p>A motion to approve the July financial report was made by Garnette Sutherland; Nancy Gorshe seconded the motion. The motion passed by unanimous vote.</p> <p>Surgery will conduct a month-end inventory to assess this situation.</p>

	<p>physical inventory of those items to validate it going forward.</p>	
Aged Accounts	<p>Terry shared the Aged Accounts report. We are at \$1.1 million. We are continuing to work on getting this to a manageable number.</p>	<p>Aged Accounts Payable Report will continue to be provided monthly.</p>
Cash Flow	<p>Review of Cash Flow chart: Terry and Kathy do a cash flow analysis on a daily basis. This tells us what cash we have and what accounts we are planning to pay. In order for the loan the bank wanted to see projection of 2013.</p>	
Bank Updates	<p>Terry approached the Bank Of Pacific (BOP) about the line of credit. The BOP has agreed to extend the line of credit for one year (through September 2013) they want a structured payment plan for the line of credit. Terry feels we can do this at this point. March in 2013 we will pay off the CRAFT3 loan which would then allow us to focus on the retirement of the line of credit loan.</p> <p>—</p> <p>CRAFT3 – Terry checked on the loan application going to their finance committee Sept 13<sup>th</sup>. They wanted to secure it with revenue bonds. Terry let them know he was not interested in revenue bonds and he would like for them to consider a regular loan.</p> <p>Pacific County Registered Warrants: The county finance committee approved the use of registered warrants for the hospital. The county’s legal counsel, the District Attorney, vetoed it because he did not want the county to be in a position where they have either a favorable position over other creditors should we default on the loan or have a disadvantage.</p>	<p>The board of commissioners agreed to extend the line of credit with Bank of Pacific as described by Terry Finklein.</p>
		<p>Terry will continue to monitor the progress with this loan request.</p>
		<p>No action required at this time.</p>

Budget for 2013	<p>Budget Calendar Review: Terry shared that he came up with a calendar for the 2013 budget. Reason is that there are requirements for public hospitals for us to do the budgeting process. There is a requirement that the budget be presented to the board by the first Monday of September. Terry shared the preliminary budget for the year 2013. What it reflects is a break even budget at this point. Terry will go back to the departments because some of the numbers didn't make sense so he will have to work with the managers on details.</p>	<p>Preliminary Budget 2013 was presented to the board. There will be two postings in the local newspaper the next couple of weeks. There will be a public hearing on or around October 1<sup>st</sup> for budget purposes.</p>
Contracts Review	<p>We have adjusted the radiology contract so we no longer have an onsite radiologist. Having done this it has saved \$10k per month. After getting into the contract it came apparent to Terry that a complete review is required. Terry is looking currently at options and has got it to 2 primary options for tele- radiology services. Terry is expecting additional savings which could be substantial.</p>	<p>Staff to review contract changes to our current radiology service contract and will report back to the Board through the Finance Committee.</p>
Revenue Cycle	<p>The Revenue Cycle is still an area of real concern. We are looking at options. Terry is looking at a trial with a contingency company to work our private pay accounts. The business office is set up alphabetically so the same person can follow the patient. We will need to work with staff. We are falling back on the self pay accounts.</p>	<p>Terry will continue to work with staff and address this issue. The Board appreciated the focus at this time. Terry will continue to work with the Finance committee to rework the collection policy.</p>
Emergency Services Physical Bills	<p>Emergency Physician billing system: we have a separate contract with our emergency doctors that stipulates they do the professional billing. They have contracted with a company called Discovery Coast to accomplish this. The contract stipulates that they will only be mandated to accept governmental carriers that the hospital has contracted with and that independently they can be non participating providers with other insurances. In practice the way it works is the patient comes into the ER and is given the insurance discount by the hospital, but the ER Physician bill they receive is still the full price. Emcare indicates that there should be a printout on the bill that says to submit your eligibility of benefits (EOB) for their insurance and it would be honored by Emcare. Terry is</p>	<p>Terry will continue to work on this and update the board at the next board meeting.</p>

Business Plans	<p>meeting with the company and will be meeting with the medical director this week.</p> <p>Terry reviewed business plans: Orthopedic Physical Therapy Business plans should be reviewed by administration, manager and the board on a 3,6 and 12 month scheduled.</p>	Follow-up reviews as scheduled.
Teamster Trust Audit	<p>The audit started May 21, 2008 – this was a routine r audit that the Teamsters do on their health plans initially and then every 2 years. The 2008 audit highlighted some discrepancies and they kept requesting information. In December 2011 there was a payment for a partial audit from the hospital of \$12,999. Terry became aware of the audit last week when he was asked to sign a tolling letter. The tolling letter allows to extension to the audit period and prevents any legal action due to statute of limitations.</p>	Terry will update the board as the audit continues.
Interim CEO Agreement Extension	Terry is requesting to extend the Interim CEO Agreement to October 19, 2012	A motion to approve the Interim CEO Agreement was made by Nancy Campiche; Nancy Gorshe seconded the motion. The motion passed by unanimous vote.
Strategic Planning Committee	Values Task Force Report - the managers have met and will be meeting with their staff to go over the values. The committee has also committed to print out the values and post through out the hospital.	No action required.
PeaceHealth	PeaceHealth Master Agreement – Terry announced that he has a meeting with Sy Johnson here tomorrow. They will be going over the CEO role and will also be getting a tour of the facility. Terry shared they have some candidates to review. Terry will go over the interview process with Sy.	Continue the progress with PeaceHealth on the Management Agreement for the new CEO and financial oversight. A status report will be provided at the next meeting.
Board / staff meeting	Nancy G. updated the board on the staff roundtable. She mentioned they (staff) appreciated the meeting. Recommendation to have the question box out ahead of time (2 weeks). They had a couple of staff talk about concerns/issues. Nancy submitted a report to CEO to	A communication plan regarding the Board Roundtable Meetings with staff will be developed.

	address the issues. The meeting will continue on a quarterly basis.	
CEO Report	<p>Terry reminded the board to keep reviewing the CMH Audit recommendations:</p> <ul style="list-style-type: none"> <li>• Hire Interim CFO <ul style="list-style-type: none"> <li>– We have continued to contract for financial oversight</li> </ul> </li> <li>• Clean up offices and clutter <ul style="list-style-type: none"> <li>– Taken action to clean up all areas of the hospital including offices, but still some work to do</li> </ul> </li> <li>• Establish solid filing and archiving system <ul style="list-style-type: none"> <li>– In process</li> </ul> </li> <li>• Reconcile all Balance Sheet accounts monthly <ul style="list-style-type: none"> <li>– Done</li> </ul> </li> <li>• Update/create financial policies &amp; procedures <ul style="list-style-type: none"> <li>– Pending</li> </ul> </li> <li>• Evaluate Accounting staff roles &amp; responsibilities <ul style="list-style-type: none"> <li>– Pending</li> </ul> </li> <li>• Review internal controls, cash management procedures, separation of duties <ul style="list-style-type: none"> <li>– Pending</li> </ul> </li> <li>• Meditech training for key positions <ul style="list-style-type: none"> <li>– Pending</li> </ul> </li> <li>• Consider budgeting for a full scope annual financial audit <ul style="list-style-type: none"> <li>– Delap LLP</li> <li>– Full Scope (1st part of year) ...\$ 48-52 K <ul style="list-style-type: none"> <li>• (if done after June)...\$ 40-43 K</li> </ul> </li> <li>– Willing to come and talk with Board about needs and options</li> </ul> </li> </ul> <p>Caregivers Group of Pacific County – Terry attended this meeting.</p>	<p>Will continue to review our progress regarding the recommendation from the CMH audit that was completed in May 2012.</p> <p>Terry requested for approval to move forward with inviting Delap for a presentation. The board of commissioners was all in agreement for this to happen. Terry will coordinate for the next board meeting.</p> <p>The hospital will have representation at future meetings.</p>
PUBLIC PARTICIPATION	Darren Thorsen opened it for public participation.	
Adjournment	The meeting adjourned at 6:58p.m.	