



**MINUTES OF THE JANUARY 17, 2017 REGULAR MEETING OF THE
PETALUMA HEALTH CARE DISTRICT BOARD OF DIRECTORS**

CALL TO ORDER

President Hempel called the meeting to order at 12:00 PM in the lobby conference room at 1425 N. McDowell Blvd. President Hempel noted that in the future, closed sessions will be held at the beginning of the meeting, but for this meeting, open session was scheduled first to accommodate a presenter's schedule.

PRESENT

Elece Hempel
Fran Adams, RN, BSN
Josephine S. Thornton, M.A.
Joseph Stern
Becky Monday

ALSO PRESENT

Ramona Faith, CEO, PHCD
Erin Howseman, Board Clerk, PHCD
Andrew Koblick, Controller, PHCD
Erin Hawkins, Community Outreach Project Manager
Jane Read, VP Operations, PVH
Matt Kelman, Exchange Bank
Niall Foley, SJH Area Director of Finance
Linda Buskey-Berg, CNA
Sheri Slaydon, PVH
Luisa Acosta, NUHW
Maria Estrada, PVH
An Neurf, PVH

CALL FOR CONFLICT

President Hempel called for conflict. There was none.

MISSION AND VISION

CEO Ramona Faith read the mission and vision of the Petaluma Health Care District.

The mission of the Petaluma Health Care District is to improve the health and well-being of our community through leadership, advocacy, support, partnerships and education.

Petaluma Health Care District envisions: A healthier community; a thriving hospital; local access to comprehensive health and wellness services for all.

CONSENT CALENDAR

A motion was made by Director Adams to approve the January 17, 2017 agenda and the January 3, 2017 minutes which was seconded by Director Stern. This motion was passed by a vote of 5 ayes (Directors: Hempel, Monday, Thornton, Adams, Stern) and 0 noes.

PETALUMA VALLEY HOSPITAL *PVH Quarterly Financial Report*

Niall Foley, SJH Area Director of Finance, made a presentation on the PVH Quarterly Financials. Mr. Foley first reported on the month of December, and then the year to date, noting that the hospital fee program hit in December with the fee-for-service portion, which typically has a negative impact to hospitals because of the large Medi-Cal-managed patient population. The Medicaid Traditional portion was a loss of \$362,000, and without this loss, PVH would have had a better month. The managed care fee was for the period July 1, 2014 through December 31, 2015. Mr. Foley reported that volumes were up, with an increase in expenses as well as revenues.

Ms. Faith asked for an update on what was previously reported, which was an expected positive \$4 million adjustment. Mr. Foley answered that since some hospitals have not been paying their share of the fees on time, the program only paid out 85%, and PVH only received \$3.5 million, but also paid a fee of \$916,000, resulting in a positive net of \$2.6 million.

Inpatient volume has been well ahead of target for PVH, however discharges are down year-to-date mainly due to long length of stay by some outlier patients. Mr. Foley noted that PVH is a heavily Medicare hospital, perhaps over 50%, and the hospital only gets reimbursed for these patients for a given number of days.

Mr. Foley reported that overall utilization of PVH has been strong, including very strong utilization of the ED for non-ED related treatments. Outpatient surgeries has been slightly behind target for the year, impacted by out-migration of surgeons and a surgeon pulling cases from the hospital due to on-call pay. Surgeon on-call pay has been resolved and cases are returning. Director Adams asked about an increase in charity care at the hospital. Mr. Foley answered that sometimes multiple charity care applications are approved in one sitting resulting in an increase in that month. Since implementation of the ACA, there has been a decrease in bad debt, but not necessarily in charity care, since some patients have insurance with high deductibles that they are unable to meet.

PUBLIC COMMENTS

There were no public comments.

BOARD COMMENTS

There were no board comments.

ADMINISTRATIVE REPORT

CEO REPORT

CEO Faith called the board's attention to the Termination of Letter of Intent between Browman Development Company Inc. and PHCD confirming that BDC and PHCD now desire to abandon the Walgreens project and terminate the LOI. PHCD will pay BDC \$40,000 as previously agreed and which has been accrued.

Ms. Faith reported that the Sober Circle Program has secured additional funding in the amount of \$50,000 from Saint Joseph Health to hire an additional outreach person, and \$15,000 from Partnership Health Plan for more drug treatment beds. The program is almost at the half way mark of a two year project, and has proven to be successful, with 21 participants completing treatment and returned to a sheltered environment. Ms. Faith reported that the goal of Petaluma's pilot program is to serve as an model to support a county-wide program.

Ms. Faith reported that the Drug-free Community Grant is moving forward. This 5 year grant goes before The Petaluma Coalition to Prevent Alcohol, Tobacco and Other Drug Problems for approval, and PHCD will be the fiscal agent for the grant. If the grant is approved by the Coalition, Erin Hawkins will work on the application which is due in March. It is a competitive grant and would bring about \$650K to our community over a 5 year period to support the prevention of abuse by youth of tobacco, alcohol and other drugs.

Ms. Faith reported that Arrow Benefits and Exchange Bank will be co-hosting with PHCD a HeartSafe Community Business Breakfast at the end of February. The purpose of the breakfast is to acknowledge the current HeartSafe businesses for the work they are doing and identify opportunities to better support local business efforts related to cardiac health and responding to sudden cardiac arrest outside the walls of a hospital. PHCD is also hosting a Walking Day in Petaluma in April with the goal of eventually having an American Heart Association Heart Walk in Petaluma.

Ms. Faith reported on expanding employee health and wellness initiatives, a District goal. PHCD staff has completed two 4-Week Steps Challenges as of January 1, and is currently into a third challenge. The goal is to do 10,000 steps/day for 5 days each week. Staff members are using Fitbits to track their steps. The District Employee Club helped offset the cost of the Fitbits. Ms. Faith reported a high participation rate and an overall increase in physical activity level for the staff. Board members were invited to join the challenge.

FORGING A NEW PATH FOR PETALUMA VALLEY HOSPITAL – OPERATOR TRANSITION

Ms. Faith reported that PHCD continues to send out communications every two weeks to PVH physicians, staff and volunteers and interested community members that is focused on actions that took place the past two weeks and actions planned the upcoming two weeks. A communication was sent out Friday, January 13, 2017 relating that PHCD continues to engage with prospective bidders. PHCD is working with Kaufman Hall, hired by SJH, to ensure bidders receive necessary information to review Petaluma Valley Hospital. Ms. Faith is working to facilitate meetings with SJH's CEO and CFO and interested bidders to allow interested bidders the opportunity to seek data clarification.

Public Comment

Linda Buskey-Berg, PHV nurse and member of California Nurses Association, commented that she and fellow nurses are concerned for their jobs and for their patients. Ms. Buskey-Berg asked that PHCD make a priority of protecting quality patient care, all jobs, services, and charity care, and asked that a future operator respect collective bargaining agreements and recognize CNA as the representative for PVH

nurses. Further, Ms. Buskey-Berg requested that PHCD remain neutral with respect to the choices nurses make regarding representation.

Sheri Slaydon, PVH employee, commented that she and fellow hospital employees are concerned about the future of PVH. Ms. Slaydon delivered a petition which approximately 152 workers from across the hospital have signed. The petition lists 5 points:

1. Proven track record of providing quality care and adequate staffing levels for patients.
2. Commitment to maintain existing patient services and established family planning services.
3. Commitment to invest in the community hospital to improve care and expand services.
4. Commitment to preserve existing jobs and honor collective bargaining rights and current labor standards.
5. Commitment to be honest and transparent within our community.

President Hempel commented that the five points align with the criteria the board created with public input at the outset of the due diligence process, and that the board is committed to all of the five items. The board members thanked the PVH staff for coming to give their feedback.

DISTRICT COMMUNITY HEALTH AND CHIPA PRIORITIES

CEO Faith and Erin Hawkins reported on the CHIPA process to review current needs of the community, and presented community health priorities for the board's approval. Ms. Faith stated that CHIPA, an advisory committee to the PHCD board of directors, was requesting input from the board on how to move forward in aligning efforts and funding sources based on the recommended priorities.

In developing these priority recommendations, CHIPA used data from Sonoma County's Community Health Needs Assessment, a joint effort by the SJH, Kaiser, and Sutter, and District hospitals. Needs, capacity and opportunities to leverage have been considered in making these recommendations.

The recommended priorities for PHCD are:

- Health Care Access
- Mental Health and Substance Abuse
- Cradle to Career
- Heart Health
- Housing

Erin Hawkins, Community Outreach Project Manager, reported that of these, the following priorities could be most effectively addressed by CHIPA workgroups:

- Mental Health and Substance Abuse
- Access to Education – Cradle to Career
- Heart Health

President Hempel noted that PHCD can play a role in bringing other community organizations together to work on issues. Ms. Faith agreed and cited the example of the Sober Circle Pilot Program in which PHCD facilitated the process to get the right people working together to create solutions and seek funding. Ms. Faith requested the board's approval for the three CHIPA priorities, and that the board discuss the other two priorities at the upcoming strategic planning session.

A motion was made by Director Stern to approve the three proposed CHIPA priorities: Mental Health and Substance Abuse, Access to Education – Cradle to Career, and Heart Health which was

seconded by Director Adams. This motion was passed by a vote of 5 ayes (Directors: Hempel, Monday, Thornton, Adams, Stern) and 0 noes.

FINANCIAL SUSTAINABILITY

Quarterly Investment Presentation

Matthew Kelman from Exchange Bank's Wealth Management Department presented the District's 4th Quarter 2016 Market and Investment Review ending December 31, 2016.

Mr. Kelman reviewed the investment and performance summary indicating the ending market value of investments totaled \$2,428,309.34. District's investments are limited due to the California Government Code §53601 requiring investments in commercial paper to prime quality of the highest ranking or the highest letter and numerical rating. A majority of the District's investment portfolio consists of corporate bonds and municipal and US Government obligations resulting in a low return on investment.

Ongoing communication with CEO Ramona Faith and the Controller Andrew Koblick occur regarding maturity of invested bonds and future financial needs.

The Board thanked Mr. Kelman for his presentation.

November 2016 Financials

The Month and Year to Date November 30, 2016

Andrew Koblick, Controller, reviewed the November 2016 financials.

As of November 30, 2016 the Statement of Net Position reflected assets of \$8,595,320 and liabilities and deferred revenue of \$623,065 leaving the net fund balance at \$7,972,254.

The month and year to date ended November 30, 2016 showed the net loss of \$150,968 and \$533,703 which is \$70,778 and \$101,650, respectively better than the budgeted loss of \$221,756 and \$635,353.

A motion was made by Director Stern to approve the November Financials, seconded by Director Adams. The motion was passed by a vote of 5 ayes, (Directors Adams, Hempel, Monday, Thornton and Stern) and 0 noes.

INFORMATIONAL ITEMS

President Hempel directed the board members' attention to the upcoming events listed in the agenda.

PETALUMA VALLEY HOSPITAL

SRM Alliance Board Update

Jane Read, VP of Operations at PVH, read a letter from a satisfied patient thanking PVH physicians and staff for their exemplary care during a recent hospital stay. Ms. Read reported that the hospital census is up due to flu epidemics in Sonoma County. Dr. Pourteheri, orthopedist, is starting in Dr. Barlas's office part time. Dr. Gamarra, general surgeon, will start at the beginning of March. Dr. Santo- Domingo, cardiologist, has started, and there are no longer any gaps in cardiology coverage. Ms. Read reported that the Director of

Peri-Operative Services, Elizabeth Dauphinee, and ED/ICU Manager, Tim Grace, started in December, and the new CMO, Chad Krilich, started last week, and Tyler Hedden, the COO, started that day.

Ms. Read, referring to Niall Foley's financial presentation earlier, stated that some PVH patients have more social-economic problems than health care problems, and require conservatorship. Ms. Read explained how the process of conservatorship can delay discharge from the hospital.

Ms. Read reported that PVH received its Stroke Ready certification, the first in California. Management held nurses' forums to discuss issues that are impacting nursing, and one big focus is patient experience scores. Ms. Read also reported that management has received Employee Engagement results, and action plans will be developed. Ms. Read suggested that the board put this item on a future agenda to receive a full report.

Public Comments

There were no public comments.

ADJOURN TO CLOSED SESSION

President Hempel adjourned the meeting into closed session pursuant to:

- **Government Code §54956.8 closed session; real property transaction; meeting with negotiator – 400 North McDowell Blvd.; GE Healthcare Camden Group, and Bouey & Black, LLP.**

ADJOURN TO OPEN SESSION

Fran Adams adjourned the meeting into open session and reported that the board agreed to rent Hospice of Petaluma to Saint Joseph Health at \$1.20 per square foot per month with a 5 year triple net lease and a 3% annual escalation.

ADJOURN

President Hempel adjourned the meeting at 2:40 PM.

Submitted by Fran Adams, Board Secretary

Recorded by Erin Howseman, Board Clerk