

**MINUTES OF THE JUNE 24, 2010 REGULAR MEETING OF THE
PETALUMA HEALTH CARE DISTRICT BOARD OF DIRECTORS**

CALL TO ORDER:

President Ostroff called the meeting to order at 6:15 p.m. at Petaluma Valley Hospital in Groverman Hall.

PRESENT:

Fran Adams, RN, BSN, Member-At-Large
Robert Ostroff, MD, President
Kathryn Powell, MS, Vice-President
Stephen Steady, MD, Secretary
Josephine S. Thornton, MS, Treasurer

ALSO PRESENT:

Barry Blansett, Consultant
Suzanne Cochrane, Board Liaison
Daymon Doss, CEO
Rick Nadale, Controller
Jane Read, VP of Operations, PVH

CONSENT CALENDAR:

A motion was made to approve the June 24, 2010 Agenda and the May 27, 2010 minutes by Director Thornton, seconded by Director Adams and unanimously approved by all present.

PUBLIC COMMENTS / QUESTIONS:

There were no public comments.

BOARD COMMENTS / QUESTIONS:

Daymon Doss acknowledged President Ostroff's birthday

COMMUNITY HEALTH FOUNDATION 2010-2011 BUDGET:

Marilyn Segal, Executive Director for Community Health Foundation and Trustee Bill Sullivan, CHF Treasurer presented the 2010-2011 CHF Budget approved by the CHF Board of Trustees at their May 2010 meeting.

Ms. Segal provided an overview on this year's growth and success of Community Health Foundation noting the New Year's Eve fund raising event raised \$30,000. Along with a

successful fund raising event, the CHF Board has added 12 new Trustees with the most recent Trustee having over 40 years of experience in planned giving and fund raising.

Ms. Segal noted the 2009-2010 CHF Budget is within projections with expenses monitored closely. The fund raising goal of \$75,000 is within reach with the expectation of receiving additional donations from a recent CHF Newsletter mailing.

The CHF Grant process was successful in providing a streamlined process for distribution of grants for the second year. A breakfast honoring grantees was held in April with each grantee providing an update on the utilization of their funds received from CHF.

Ms. Segal noted the 2010-2011 Budget is developed similar to the 2009-2010 Budget incorporating changes from our experience of the NYE fund raising to increase the area of event planning and an increase in expenses for four additional hours of staff time.

Community Health Foundation has scheduled their next event as a Mardi Gras fund raiser scheduled for March 5, 2011. This event will also be honoring Daymon Doss for his years of support to CHF.

Bill Sullivan, Trustee and Treasurer of CHF, reviewed the current Community Foundation Sonoma County financial report providing input and overview of the investment earnings. Trustee Sullivan explained investments are currently in conservative growth funds and included in the CHF Budget is an estimate return on investment of 8% for next fiscal year.

Mr. Doss noted this year's grant recipient breakfast was well attended providing grateful comments and a chance to be introduced to other non-profit organizations and meet CHF Trustees. Also in attendance were representatives from Community Foundation Sonoma County.

The Board of Directors thanked Ms. Segal and Mr. Sullivan for their presentation and acknowledged CHF's accomplishments for the past year.

A motion was made by Director Thornton, seconded by Director Adams to endorse the Community Health Foundation 2010-2011 Budget.

PHCD 2010-2011 BUDGET – DRAFT #2:

Rick Nadale, Controller, presented Draft #2 of the Petaluma Health Care District 2010-2011 Budget. Included in Draft #2 was the removal for projections in purchasing 1460 Cader Lane and increasing portfolio incomes from not expending the down payment to purchase 1460 Cader Lane. It was also noted that previous budgets have allocated receipt of Tyon funding but is not included in the 2010-2011 proposed budget.

In addition, revisions included adding \$55,000 for the November election for the two Board of Directors positions that will be vacated in December 2010, an increase in health care insurance, and an OIG settlement that will be accrued as a liability for 2009-2010 and paid in August 2011. The OIG settlement will not be paid until August 2011 due to the timing of the maturity of bonds.

Mr. Doss provided an overview on the OIG settlement noting that a letter will be sent to SJHS recommending funds be used for improvements at Petaluma Valley Hospital.

Director Steady questioned if specific capital equipment could be purchased with these funds.

Mr. Doss noted that expenditure of these funds will be determined by SJHS but could discuss purchasing specific equipment in another process.

Mr. Nadale noted the Petaluma Women's Health has reached billing payments in the amount of \$80,000 for the month of June allowing the District to receive a payback of \$25,000 to apply towards management fees owed the District per the Business Services Support Agreement with Petaluma Women's Health. The outstanding amount that PWH owes the District per the agreement is \$330,000.

Mr. Doss reported that Dr. Guerra is closing her practice August 1, 2010 and has been working with the District to send out patient letters announcing her closure. The letters also provide contact information about the Petaluma Woman's Health and how patient's can obtain their medical record. The Petaluma Woman's Health office is also preparing a second letter addressed to Dr. Guerra's patients introducing the Petaluma Woman's Health office to include website and contact information. The District will be maintaining Dr. Guerra's medical records.

Dr. Julie Clark of the Petaluma Woman's Health will be increasing her schedule to two days per week, Dr. Kosinski will continue with a four day a week schedule and Paula Duran will maintain three days of office time per week. Pam Kozinski has implemented a new billing system with assistance and support from Pathways Billing Services. The new system will also provide a greater access to a variety of detailed reports than previously available.

As Petaluma Women's Health continues to expand their practice, President Ostroff recommended Daymon Doss work with SJHS regarding future plans for women's health to avoid duplication of services.

The District currently has a secured loan with Dr. Guerra in the amount of \$23,000 and depending on the outcome regarding closure of the practice, Dr. Guerra's equipment could be used as payment on the loan by the District.

Mr. Nadale noted that the proposed Budget includes an operating loss of \$198,090.

A motion was made by Director Thornton, seconded by Director Steady to approve the PHCD 2010-2011 Budget. This motion was unanimously passed by all present.

STRATEGIC PLANNING COMMITTEE REPORTS:

Asset Management Committee:

Director Thornton reported that the Asset Management Committee recommended to continue the listing agreement for the Lynch Creek property with Coldwell Banker on a month to month basis and to contact those that have inquired about the property for possible interest in a price reduction.

At the July Asset Management Committee meeting, members will be reviewing a joint venture proposal for the Lynch Creek property. Upon Committee recommendation, a future presentation to the Board in closed session could be scheduled.

President Ostroff noted Asset Management Committee will also be looking at 1301 Southpoint for possible future revenue as the Petaluma Health Center will be vacating the premises later next year.

Petaluma Valley Hospital:

Director Thornton reported on the recent Petaluma Valley Hospital Board meeting held on June 22, 2010 with May Financials indicating an increase to the bottom line. Previous months had indicated third party payor mix had dropped to 19% but for the month of May there has been an increase to 22%.

C.R. Burke provided a presentation on the Heritage Foundation Model. Trustee Thornton acknowledged the growth of the Heritage Model totaling 170 physicians in southern California plus 600 that are affiliated through a managed care contract model. C.R. Burke also provided information pertaining to ACOs.

Jane Read, VP of Operations at Petaluma Valley Hospital noted a decline in census in the past few weeks which is common during the summer months and is looking at alternatives in handling the reductions.

Ms. Read reported changes recommended from the GRASP Committee are currently being conducted and July 1, 2010 has been set to begin the first phase of implementing the GRASP program. Upon the start of this program, inter-raters will be educated and then move toward educating other staff. Testing will occur in the middle of July and by the beginning of August data will be available to evaluate the process.

Hospital Stewardship Committee met on June 23, 2010 where staff expressed concern regarding the Tardy Policy and will be working to resolve this issue through Med/Surg staff meetings and Labor Management Committee meetings. Recommendations will be forwarded to the HR Department for review.

Ms. Read also reported that outpatient labs are being moved to the Lynch Creek location effective July 1st. The goal is to provide services in one location that provides adequate parking for patients and decrease waiting time for patients. Staff from the PVH Lab Department will be transferred to the Lynch Creek location. Discussion pertaining to Woman's Health Services to provide digital mamography at one location is also being researched. Selected patients will still be accommodated through the Petaluma Valley Hospital on-site lab.

Question was raised if the consolidation of lab services would reduce the outpatient lab pricing structure.

Ms. Read noted outpatient lab pricing structure has already been revised and will not change with the consolidation of services but could see reduction in operational expenses.

Surgical Services is working to incorporate a story board system for the patient's family to have an understanding on the status of a family member.

Ms. Read reported the Medi-Tech system is scheduled to go live for physician orders on September 1st and in November implementation of the ER modular will occur. In May/June 2011, additional phasing of the Medi-Tech system in the area of documentation will be scheduled.

Bed alarms are being connected to the call light system to alert the Med/Surg nursing staff when a patient exits their bed. This should be completed within the next three months.

Director Powell complimented Ms. Read on her participation at the recent Hospital Stewardship Committee meeting.

Hospital Stewardship Committee:

Director Adams reported a Hospital Stewardship Committee meeting was held on June 23, 2010 with a large turnout of nursing staff expressing concern regarding the recent dismissal of an employee relative to a Tardy Policy. Discussions at this meeting were very powerful as nurses expressed their feelings, concerns, and issues resulting from the recent employee incident. Staff present also expressed feelings of harassment and paranoia regarding the Tardy Policy and would like to find a way to work together to and develop a policy that is comfortable with administration and staff.

Director Adams also noted the issue regarding the termination of an employee is currently in a grievance process.

Joint Venture Committee:

Director Steady reported the Regional Action Program #4 session was held on June 11, 2010 and was well attended. Positive comments were received from this meeting ranging from those who stated the ability to move forward independently and others requesting to continue with the process of developing a regional program.

An outcome from the RAP #4 meeting was to establish a steering committee to meet and determine the next steps in the process. A tentative date for a steering committee has been set for July 30th from 1:00 p.m. to 4:00 p.m. hosted by SJHS. A tentative Agenda for the July 30th meeting includes a presentation by Marin IPA and a CAPG organization. At this time, participants are being identified and notifications will be sent as soon as the steering committee has been determined. It is anticipated there will be about 16 to 18 participants on this committee.

Lease Oversight Committee:

President Ostroff reported the Lease Oversight Committee is working on evaluating the capital expenditures reports, obtaining Corporate Charges from similar Districts and selecting specific DRGs for comparisons between PVH and Novato Hospital. The Committee also selected their next items for review.

Physician Relations Committee:

Information pertaining to the Petaluma Woman's Health was discussed earlier in the meeting and no additional information was presented.

South County Mental Health Collaborative:

The next meeting of the South County Mental Health Collaborative is scheduled for September 16, 2010.

PHCD's ON-LINE SURVEY RESULTS:

Barry Blansett presented a summary of the PHCD On-Line Survey results in various formats. The overall results indicated concerns over health care costs and physician availability which ranked high amongst seniors. Overall responses from the Petaluma community were fairly positive and received contact information for the participants willing to receive additional questionnaires.

Mr. Blansett noted that a majority of responses was received utilizing the Argus 360 website PHCD advertisement.

Mr. Blansett compiled data for Board review that included the survey, responses by graphs and percentage data and input or comments received.

Board of Directors will review the on-line survey data and discuss utilization of information.

WORK ITEMS:

Finance Report:

Rick Nadale, Controller, presented the PHCD financials ending in May 31, 2010 noting the Statement of Net assets reflected assets of \$17,527,744 and liabilities and deferred revenue of \$3,617,073 leaving the net fund balance at \$13,910,664. The 1st Community Bank \$100,000 Certificate of deposit was liquidated in May 2010 to cover operating expenses.

The year to date Statement of Revenue and Expense shows a loss of \$441,423 which is \$187,355 more than budgeted.

Mr. Nadale noted significant expenditures for the month of May 2010 included a \$5,000 payment to the Healthy Community Consortium, Regional Action Plan Phase III costs, and an advance to

the Petaluma Women's Health of \$25,000 to cover expenses while the new billing system is being implemented.

PHCD operational loss from Petaluma Women's Health (PWH) in the month of May 2010 was \$13,897 for a total advance to the PWH through May 2010 of \$392,317.

The District's rate of return on investments remained constant at 5.22% for May 2010.

President's Report:

President Ostroff reviewed the ongoing task list noting the Strategic Plan will be presented at the July Board meeting.

CEO Report:

Information regarding Petaluma Valley Hospital advertisement on local billboards in Petaluma was distributed. An advertisement rotation has been established acknowledging the goal of 30 minutes for patients to receive door to doctor care through the PVH Emergency Department.

The upcoming PEF BASH event to be held on September 11th was distributed. Directors interested in attending this event are to contact Suzanne Cochrane.

A thank you letter from the Children's Diabetes Foundation of the North Bay was included in the packet.

ADJOURN TO CLOSED SESSION:

President Ostroff adjourned the meeting to closed session pursuant to conference with real property negotiator regarding property at 1460 Cader Lane, Government Code §54956.8 closed session regarding real property negotiations.

ADJOURN TO OPEN SESSION:

President Ostroff adjourned the meeting to open session and reported recommendation was made to move forward with binding arbitration regarding 1460 Cader Lane.

DISCUSSION OF PUBLIC COMMENTS:

No items were discussed.

NEXT STEPS:

No items were discussed.

ADJOURN:

President Ostroff adjourned the meeting at 8:35 p.m.

Respectfully submitted,

Stephen Steady, MD, Board Secretary

RECORDED BY:

Suzanne Cochrane