

**MINUTES OF THE JUNE 22, 2011 REGULAR MEETING OF THE
PETALUMA HEALTH CARE DISTRICT BOARD OF DIRECTORS**

CALL TO ORDER:

President Adams called the meeting to order at 6:20 p.m. at 1425 N. McDowell Blvd.

PRESENT:

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

ALSO PRESENT:

Kitty Brown, RN, PVH
Suzanne Cochrane, Board Liaison
Ramona Faith, CEO
Joe Manthey, Community Member
Richard Nadale, Controller
Jane Read, VP of Operations, PVH
Todd Salnas, COO, SJHS

CONSENT CALENDAR:

A motion was made by Director Ostroff to approve the proposed Agenda as presented and seconded by Director Thornton.

A motion was made by Director Ostroff to approve the May 25, 2011 minutes except for the Conflict of Interest Section due to proposed changes submitted by Don Bouey, District Council, and seconded by Director Thornton. The proposed changes will be reviewed by Board of Directors and brought back for final approval at the July 27, 2011 Board meeting.

PUBLIC COMMENTS /QUESTIONS:

Joe Manthey, community member, is attending this meeting to bring forth a request for support by the District for a future “Why Boys Fail” lecture series. As the previous “Why Boys Fail” presentation was sponsored by the District along with other entities and appeared to be very successful, Mr. Manthey would like to schedule an additional lecture series involving several well-known authors and speakers on the topic of “Why Boys Fail”. The estimated cost of the project is \$14,500 to be covered through sponsorships. Mr. Manthey is asking the District to be a sponsor for \$5,000.

Mr. Manthey explained that an A T & T Grant of \$5,000 has been received to the District and disbursed to Mr. Manthey for the development of this lecture series. Previous sponsorships have also indicated support for a future lecture series.

The Board of Directors thanked Mr. Manthey for his presentation and will consider the request when discussing the 2011-2012 Proposed Budget and Grant Process proposal as outlined on the Agenda.

Kitty Brown, RN, Petaluma Valley Hospital, requested to discuss her topic at the end of the meeting.

Allison Murphy, MFT, provided an overview on the Pre and Post Screening for Perinatal Mood Disorders program. This program is designed for patients to complete a questionnaire at 28 weeks pregnancy, again at 6-weeks postpartum and then at the four month well-child visit. The pilot program was established to screen women for perinatal mood disorders and with funding support from PHCD, the program was implemented at the Petaluma Women's Health (PWH) and the pediatric offices of Drs. Lundergren and Depala (PEDS). Patients complete a questionnaire and are then scored by Ms. Murphy. Healthcare providers at PWH and PEDS are informed of every patient's score and high risk patients are monitored by Ms. Murphy's office and their health care providers. Statistics for this program and the questionnaire were also shared with Directors.

The results of the Pilot Screening Program as of 5-20-11 noted that 79 women have been screened with 56 from PWH and 23 from PEDS offices. There are 30% of those 79 women that were contacted to discuss their scores, provide information of resources and offer counseling services. Close to 10% received counseling. Overall the average cost per month for a six month period was \$700.00.

Ms. Murphy is presenting information to the Board to consider the continuation of the Perinatal Mood Screening Program for one more year.

Ramona Faith noted that she will be working with Ms. Murphy to research if outside funding sources are available through the Petaluma Health Center or other avenues to continue the program. Ms. Faith recommended to the Board to continue with the Perinatal Mood Disorder program for the 2011-2012 Fiscal Year with additional funding sources researched. The proposed 2011-2012 budget presented at this meeting includes the cost for the Pre and Post Screening for Perinatal Mood Disorders program.

BOARD COMMENTS:

Director Ostroff acknowledged President Adam's birthday and Ramona Faith acknowledged Director Ostroff's birthday.

PVH ANNUAL REPORT:

Jane Read, VP of Operations, Petaluma Valley Hospital, presented the Petaluma Valley Hospital Annual Report. The presentation will focus on the following topics:

Mission and Vision
Petaluma Valley Hospital Overview
Community Benefits Program
Stewardship
Quality Core Measures
SWOT Analysis
Patient Satisfaction
FY 11 Strategic Plans

Ms. Read shared the **Mission** of SJHS is to extend the healing ministry of Jesus in the tradition of the Sisters of St. Joseph of Orange by continually improving the health and quality of life of people in the communities we serve.

The **Vision** is to bring people together to provide compassionate care, promote health improvement, and create healthy communities.

In addition, the vision statement that has been shared through the organizations of SRM and PVH as well as participation by the Board, Medical Staff and Leadership Committee is to be the regional health system of choice. This will be accomplished through integration of care and collaboration with our physicians and staff to achieve the highest quality outcomes for our patients in the communities that we serve.

The following information was presented to the Board of Directors:

- PVH is licensed for 80 beds; currently staffing around 59 beds
- Average Daily census is 29
- Average length of stay is 3.3
- Total ED visits 17,721
- ED Visits without admissions was 15,167
- ED Admissions 2,554
- Inpatient discharges 3,159
- Outpatient visits were 48,658
- PVH has 520 employees
- There are currently 263 providers on staff – 233 medical staff, 16 Tele-radiology staff and 14 allied health professionals

Net Revenues for PVH is \$85,548 and in 2010 served a population of 123,474 within our District. Estimated increase in population by 2015 is at 125,392. There is also an anticipated 22% growth in the age population of 65 and over versus a decline in 0 to 17 and 18 to 24 at .6% increase. The growth in the Hispanic population is at a 15% increase.

Indigent population for PVH is around 10% which is lower than California as a whole (12.9%). Sonoma County's uninsured is also lower than other outlining areas.

The Annadel Foundation consisting of Sonoma County Physicians doubled their size from June 2010 to June 2011. The goal is to add 6 to 8 additional physicians in 2012 and effective 2011 that there will be four primary care physicians in the Petaluma area.

Discharge per service area indicates that PVH is still the highest percentage in our service area totaling 9,821 with a reduction between 2008 and 2009. Petaluma Valley Hospital sees about 30% of the market share. Question was raised as to how many patients is private pay. Todd Salnas will research this question.

Under Community Benefits, the goal is to bring people together for compassionate care promoting healthy improvement and create a healthy community. The following services impact the Petaluma market through Community Benefits:

- Cultivating Health Mobile Dental Clinic
- Mighty Mouth Dental Disease Prevention program
- SJHS Mobile Health Clinic which was able to provide service to 137 patients through the Mary Isaac homeless residents program
- House Calls Program
- St. Joseph Dental Program
- Promoters of Health

Under the category of Promoters of Health, organizations that promote health such as Petaluma People Services, COTS, and Petaluma Bounty are included in this category.

Ms. Read noted there was a slight decrease in contracted payors. Acute discharges have also had a steady decline driven by our success in reducing PVH's length of stay. Payor mix in 2007 was at 42.9% Medicare Population and is now at 44.5%. Medi-Cal increased from 21.6% to 24.4% with others down 6.5%. FTE's per adjusted occupied beds, not including Hospice, has increased.

PVH had an expenditure of \$3.95 million for Informational Technology in Fiscal Year 2011. There was also an OIG Settlement in 2010. Projections for PVH is expected to come in as a loss of \$3.9 million as a result of the dollars spent for the IT expenditure. In order to receive reimbursement for IT expenditures, a meaningful use goal must be accomplished by third quarter of 2012 prior to submitting an application for reimbursement.

Ms. Read reviewed the following Revenue Management Initiatives:

- Denied accounts to RCS in 45 days
- IV Observation and Outpatient Documentation
- Clinical Documentation improvement
- Strategic Pricing
- Revenue Cycle Action Plans

Cost Management Initiatives include:

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- Conversion to Paid Time Off for our CNA/Nursing Staff started in September
- Revising Treatment Protocols and looking at utilization by following the developed treatment protocols.
- Reduction in consolidation of staff on on-call pay hours
- Cost Sharing on services with other SJHS hospitals
- Inventory management improvements in reducing inventory at least with a one time savings
- Lab tests consolidation
- ESCU Agreement with Marin General
- Restructuring the Hospitalist's program to improve physician coverage and to maintain expenses
- Established productivity targets
- Managing overtime expenses

National Safety Goals include an Improvement Healthcare Initiative (IHI) where a rapid response team was developed as part of patient safety.

The four core measures, with a goal to be in the top 10%, reviewed for quality include:

- Congestive Heart Failure
- Pneumonia
- Acute Myocardial patients
- Surgical Care and improvement project – surgical interventions

SWOT Analysis continues to be reviewed which focuses on Strengths, Weaknesses, Opportunities, and Threats.

The recent campaign advertising 30 minutes from door to doctor in the Emergency Department at PVH has been very successful with an overall average for the door to doctor campaign being 18 minutes.

Patient Satisfaction and HCAP scores are continuously being reviewed. It will also be the basis for at least 30% of our value based purchasing reimbursement for the future and 70% under quality measures.

Overall scores for patient satisfaction have been trending upward over the past year and will be focusing on the area of quietness in the units in an effort to improve patient satisfaction.

One area of strategic priority is to increase marketing communication by educating our ER physicians on appropriateness of patients with regard to orthopedics, lowering our costs to remain competitive, and increase our volumes in secondary service areas.

Opportunities in the Family Birthing Center include more community outreach. Areas being reviewed is our current website and does this reflect our services in Petaluma with regard to birthing services. Researching expansion to include broadening our OB GYN focus, the development of a mother's club, relationship with SRMH, and to offer V-back procedures.

In addition, enhancing delivery of services in a home care environment within the hospital is another avenue being researched.

Outpatient imaging is looking into upgrading technology, increasing our volume in the Annadel Medical Group and provide more competitive pricing.

In 2010 two Orthopedic Seminars were held for the public to attend with information provided by our local Orthopedics. Two new Orthopedic Surgeons were added to the staff in May and provided inservice education to the staff and CME for the community physicians. Digital mammography was also added in 2010 averaging 100 digital mammography's per week. Additional hours have been added on the weekend to handle the increased volume. Tracking of patients that require follow up services is occurring to determine where their surgeries were conducted.

It was noted that the District is interested in holding community health forums and would like to work with PVH Administration on jointly holding these sessions.

Bone density testing is being researched to be offered at Lynch Creek Imaging. Streamlining processes continue to be evaluated at this facility.

A North County Hospice in Healdsburg recently opened and implemented the Pediatric Palliative Care program. A decision was made not to proceed with a dedicated inpatient hospice unit as there was insufficient demand in the area to support such a program. A question was raised on how to determine the need of the patients that are in assisted living facilities and could utilize an inpatient hospice unit. Ms. Read will obtain this data.

The Strategic Priorities of focus for next year include:

- Primary Stroke Center Accreditation for PVH
- Hospice and Palliative Care
- Orthopedics
- Emergency Department Services
- Women's Services
- Lynch Creek Imaging
- Quality Metrics – Mortality, Hospital Acquired Conditions, readmissions
- Aegis contract to work with employers
- Annadel Medical Group development in Petaluma
- Investigate the creation of a SJHS insurance product

PVH is looking for one full time Intensivist for PVH and another Intensivist has been hired to provide services at PVH and SRMH.

A workforce wellness initiative provided visits to employers in the Community. There were 160 participating employers throughout the county and have conducted around 1600 health risk assessments and health information centers. There is a continued effort to reach out to PHCD Board of Directors Minutes – 6-22-11

employers of Petaluma offering these services and provides information as to how healthy or how ill is the population of employees.

The Board of Directors thanked Ms. Read on her presentation regarding Petaluma Valley Hospital. Ms. Read will also provide a copy of the presentation to the PHCD Board of Directors.

PHCD 2011-2012 BUDGET:

Rick Nadale, Controller, presented the proposed Petaluma Health Care District 2011-2012 Budget. Also distributed was an informational sheet reflecting increases and decreases from Budget Draft #1 that incorporate recommendations from the Asset Management Committee reflected in Budget Draft #2.

Ramona Faith explained a policy for program requests and for continuation of programs that are supported by the PHCD is on the Agenda for discussion later in the meeting. As noted previously, other avenues for possible funding will be researched for programs that are currently operating through District financial support. Funding could be through a grant process or partnering with other entities. Progress reports will also be required of programs funded by the District.

The new CHIPA Committee will be another avenue to approve funding of programs with the Committee to work through the process of analyzing the needs of the community.

Upon review of the proposed Draft #2 Budget, the Board of Directors recommended to not approve the proposal for a Why Boys Fail lecture seminar.

Mr. Nadale also noted that the proposed Draft #2 Budget was reduced by \$20,895 in expenses and \$67,835 in cash. The total recommended changes reflect a budget of (\$117,659).

A motion was made by Director Powell, seconded by Director Ostroff to approve the 2011-2012 Budget as presented. The motion was approved by all present.

Ramona Faith complimented Rick Nadale and Jennifer Al-kayisi on an excellent job in developing revisions to the budget as well as establishing new individual departmentalized reporting systems. Ms. Faith also complimented the staff on providing input to reduce costs.

BOARD COMMITTEE REPORTS:

Asset Management Committee:

At this point in the meeting, Director Powell removed herself from the conference room.

Director Thornton reported the Asset Management Committee met with Tim Moran of the Petaluma Health Center to clarify confusion regarding a Board Resolution passed in 2000 when the health center was being operated by the District. It appears that included in the monthly rent for 1301 Southpoint was an amount that supposedly represented repayment of a loan made to the health center by the District in the year 2000. However, after much searching, neither the District nor the Health Center has been able to locate any documentation pertaining to the loan. In addition, after the Health Center became a FQHC, the District was required by HRSA regulations to relieve the health center of the debt burden so the District Board of 2002 went through a process of forgiveness of health center loans.

At this time, this issue has resurfaced and the Board needs to officially end this issue and because of the lack of clarity, documentation, and requirements of HRSA, the Asset Management Committee recommends that the Board adopt a motion to clear up this matter.

A motion was made by Director Thornton stating that if there should be any outstanding loans from the Health Care District to the Petaluma Health Center for which repayments are incorporated into the lease payments for 1301 Southpoint, the Health Care District will officially forgive those loans on the understanding that reimbursement of any such amounts that may have been included in lease payments will not be requested by the Petaluma Health Center. This motion was seconded by Director Ostroff with a total of 4 ayes and 1 absent.

Director Powell re-entered into the conference and participated in the remaining topics of the meeting.

Director Ostroff also reported the Asset Management Committee is recommending the PHCD Management Team research the purchase of notepads to be utilized by the Board of Directors to receive PHCD documents both email and board packets. The notepads would take the place of a paper board packet with Directors using the notepads at Board and Committee meetings.

A motion was made by Director Ostroff for the Health Care District to purchase a computer notepad system for each Director, CEO, and Controller, to be used by the current Directors and future Directors using funds from the 2010-2011 Budget. This motion was seconded by Director Thornton and approved by all present.

Sale of 1301 Southpoint:

Rick Nadale reported that the sale of 1301 Southpoint is scheduled to close escrow on Thursday, June 30, 2011. The Appraisal has been completed and is currently working with the title company to obtain requested documentation prior to close of escrow.

Petaluma Valley Hospital:

This item was discussed during the PVH Annual Report.

Hospital Stewardship Committee:

There were no items discussed.

Joint Venture Committee:

The next RAP meeting is scheduled for July 7, 2011 and will be held at Santa Rosa Memorial.

Physician Relations Committee:

There were no items discussed.

South County Mental Health Collaborative:

The next meeting is scheduled for September 15, 2011.

Community Health Initiatives for Petaluma Area:

Director Thornton will be meeting with Ramona Faith to develop a list of Community leaders to schedule individual meetings with Ms. Faith. The purpose of these meetings are for introductions of new CEO, discuss ways the Health Care District could assist their organization, and have a better understanding of their needs relative to health care.

PVH Future Planning Committee:

A presentation by Pointe West Pacific was provided to the PVH Future Planning Meeting and is submitting a proposal to work with the Board of Directors in the development of business plans, review of assets, and assist in the development of a strategic plan.

Director Steady explained that Pointe West Pacific has the ability to assist the Board in developing business plans, evaluate properties and make recommendations for utilization of the District's assets, as well as assist in the development of a Strategic Plan.

After lengthy discussion, Director Ostroff made a motion to table this proposal until a more defined direction has occurred pertaining to the District's properties and a Strategic Plan has been developed at which time the Board can work with consultants to move forward with programs or projects. This motion was seconded by Director Thornton and approved by all present.

Discussion ensued with an amendment made to the motion by Director Thornton to invite Pointe West Alliance to attend the July Board meeting prior to Strategic Planning sessions. This motion was seconded by Director Powell and passed by all present.

WORK ITEMS: REJPORTS

Finance Report:

Rick Nadale presented the PHCD financials ending May 31, 2011 with a Statement of Net Assets reflecting assets of \$15,884,202 and liabilities and deferred revenue of \$2,931,296 leaving the net fund balance at \$12,952,906.

The year to date Statement of Revenue and Expense shows a loss of \$234,927 which is \$71,696 less than budgeted. The District's rate of return on investments increased .09% to 4.15% for May 2011.

Mr. Nadale also revised his reporting format to reflect sections of expenditures/income and variances.

Mr. Nadale also reported that PHCD contributed \$28,923 towards Petaluma Women's Health (PWH) operational expenses. PWH reimbursed PHCD \$40,000 in the month of May 2011 resulting in a favorable May contribution to PHCD of \$11,077, leaving the total account receivable from PWH at \$575,483.

A letter from Matson & Isom outlining the Audit process for auditing PHCD financials was included in the Board packet.

President's Report:

Included in the Board packet under President's Report is sponsorship information for the upcoming Papa Murphy's Hospice Classic scheduled for August 26, 2011 and the upcoming Petaluma Educational Foundation Bash event scheduled for September 10, 2011. If any board of Director is interested in attending these events, please contact Suzanne Cochrane.

CEO Report:

Ramona Faith distributed an updated Ongoing Task List which will be reviewed at monthly Director meetings and requested Directors to review and submit any questions regarding topics listed on the Task List.

Ms. Faith would like to review the Committee schedule to allow Asset Management Committee to meet one week prior to the scheduled board meetings.

Ms. Faith reported on a recent presentation by Gary Tenneyson of Veri-Health that included Bob Just of SJHS and Maria Larsen, Rick Nadale and Director Adams from the District.

Ms. Faith reviewed the proposed Program Sponsorship criteria to be submitted by those individuals or organizations that are requesting funds from the District for programs. Directors were asked to review the proposed document and submit any questions or changes. Directors were in support of incorporating an application process.

A motion was made by Director Ostroff, seconded by Director Adams to approve a program sponsorship process for anyone that is requesting community support funding. This process will be in affect as of June 23, 2011 and available once the District has completed a strategic planning process and appropriate paperwork has been developed.

Ms. Faith will be forwarding to Board of Directors regarding a Health Care Reform clip that was recently presented through the Chamber of Commerce Leadership Class.

Ms. Faith has received proposals from three individuals to work with the Board of Directors to develop a Strategic Plan and asked if any Board members would be interested in participating in the selection process.

Directors will review the information pertaining to the proposed candidates and if there are any questions will contact Ms. Faith. The Board was in support for the final decision to be made by the CEO. The proposals include a five to six hour kick off session with three or four additional sessions for four hours each to begin in September. Suzanne Cochran will be in communication with Board members regarding their availability.

Kevin Klockenga will be attending the August 24, 2011 Board meeting to review in more detail PVH's Strategic Plan and the areas of focus.

A revised memo from Don Bouey regarding Conflict of Interest questions was distributed to Directors for their review and was instructed to submit any comments to the CEO.

Ms. Faith is continuing to obtain information pertaining to collaboration amongst the District and FQHC's and would like to provide education to the Board.

Board of Directors were in support of a presentation regarding collaboration amongst the District and FQHC but would like to include other District Boards in Sonoma County to share this information as well as the cost.

ADJOURNED TO CLOSED SESSION:

Due to the lateness of the meeting, no closed session occurred.

DISCUSSION OF PUBLIC COMMENTS:

Kitty Brown, RN, Petaluma Valley Hospital is attending this evening's meeting to discuss a concern regarding the recent evaluation process that includes a score of 1 for all PVH employees under the category of patient satisfaction. Ms. Brown asked if a Hospital Stewardship Committee could be scheduled to discuss this concern.

The Board of Directors asked Ms. Faith to research this issue with Jane Read and Todd Salnas prior to scheduling a Hospital Stewardship Committee meeting.

NEXT STEPS:

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There were no items discussed.

ADJOURN:

President Adams adjourned the meeting at 9:57 p.m.

Respectfully submitted,

Stephen Steady, MD, Board Secretary

RECORDED BY:

Suzanne Cochrane, Board Liaison