

September 1, 2011

MINUTES FROM THE REGULAR MEETING
OF THE
BOARD OF DIRECTORS
OF
PLUMAS DISTRICT HOSPITAL

BOARD MEMBERS PRESENT: Valerie Flanigan, Mark Satterfield, M.D., John Kimmel, Bill Wickman and Kathy Price.

BOARD MEMBERS ABSENT: None.

OTHERS PRESENT: Doug Lafferty, Linda Jameson, Cindy Crosslin, Dan Brandes, Denise Harding, Mona Hill, Mandy Hovland, Kris Ball, Brenda Compton, Guy McNett, George Terhune and other members of the public.

I. Call to Order and Introduction of Audience / Public Comment

President Flanigan called the meeting to order at 5:03 p.m.

Guy McNett, Chairman of the Indian Valley Healthcare District, asked the Board to give thought to collaboration with other healthcare districts in our county. He stressed the collaboration would have to be mutually beneficial. The Indian Valley Healthcare District has to sell their hospital building to pay off unsecured debt and the taxpayers are still paying for bonds on a hospital that is no longer being operated.

George Terhune attended a Planning Committee meeting the morning of this board meeting and reviewed an administrative draft of the general plan. He noted that 37 of the nearly 300 pages address public health and safety but there is no mention of the word "hospital" in the plan. The plan is still in draft form so changes can be made; he encouraged the Board to investigate this.

II. Approval of Agenda

Bill Wickman motioned to approve the agenda, amending to include approval of the minutes from the Special Board meeting August 25, 2011 in addition to approving the minutes of the Regular Board meeting August 4, 2011. Dr. Satterfield seconded the motion to approve the agenda with the recommended change; motion carried.

III. Approval of Minutes from the Regular Board Meeting on August 4, 2011 and from the Special Board Meeting on August 25, 2011

Dr. Satterfield motioned to approve the minutes of the Regular Board meeting of August 4, 2011 and the minutes of the Special Board meeting of August 25, 2011 as presented. Bill Wickman seconded the motion; motion carried.

IV. Regular Staff Reports

A. Medical Staff Report - Ross Morgan, MD, Chief of Staff

Doug Lafferty noted Dr. Morgan was unable to attend this Board meeting. There were no credentials for Board approval this month.

B. Financial Report - Cindy Crosslin, Controller and Interim CFO

1. Financial and Statistical Reports

Cindy reviewed the financial highlights report (attached) with the Board.

2. Upcoming annual audit

Matson and Isom will arrive September 12, spending the full week performing our annual financial audit. We expect to receive the results of the audit in December.

3. Approval of FYE 2012 budget

A draft of the budget for FYE 2012 was presented to the Finance Committee at their June meeting. It was compiled by using a three-year average of actual expenses and FYE 2011 expenses. The inpatient revenue has a one percent increase over last year, the clinic reflects a three percent increase and the outpatient services are budgeted for a four percent increase over last year. The budget includes a ten percent increase in bad debt due a lot of growth in self-pay revenue. We are expecting a net loss of \$334,000 for FYE 2012. However, we are looking at our contractual allowances and revenue growth and see some real opportunities. John Kimmel motioned to approve the FYE 2012 budget as presented. Mark Satterfield seconded the motion; motion carried.

C. Nursing Report - Linda Jameson, CNO

Grand Rounds on September 7 will be Prognosis, [one of the vendors we are reviewing for EMR] who is visiting to demonstrate their iPad application and charting for the clinic. The meeting is 1:30 to 3:30 pm and the Board and CEO are invited to attend.

We will have a nephrology topic for Grand Rounds in October and the September topic is malignant hyperthermia, a rare genetic disease. We will have education in the ER on this topic as well as exercises performed to educate the staff.

Six employees will be attending a risk symposium on Obstetrics in San Francisco next Monday through Wednesday. The symposium covers multiple topics. We recently received a five percent reduction in our malpractice insurance premiums

due to our outstanding completion of Tier I in Beta Healthcare Group's risk reduction program. This means a savings to our facility of approximately \$10,000 per year.

We were awarded a Telemedicine grant but it is too early to know the amount, as we are still working on a quote for the ultrasound equipment associated with the grant. We are still in contract negotiations for the ultrasound equipment.

The flu vaccines will be distributed a little differently this year with the State budget cutting \$18 million in the adult vaccine. We received 4400 doses in 2010 including both injections and nasal spray, and we expect to receive 2200 doses for 2011.

We sponsored our annual wellness event which included a 5k run/walk, which was a great success and went very smoothly. There are leftover T-shirts available for \$10.

We are glad Kathy Price is back in town, as we would like to move forward with our smoke-free campus committee and start meeting on this topic [Kathy is the chairperson for this committee].

D. CEO Report - Douglas Lafferty, CEO

1. Physician Recruitment

Physician recruitment is a high priority for us. Joshua Stubblefield from the University of Iowa is considering joining our facility. We sent him our contracts and are having discussions, looking at a possible start date of January 1, 2011. Dr. Stubblefield is a primary care physician including obstetrical care.

2. Update on EMR process

Our next major event for the selection of an EMR (Electronic Medical Record) is scheduled for September 7. We are down to two vendors in our selection process and September 7 will be our last demonstration to touch base one last time with this vendor.

We will have an extended EMR meeting on September 13 to compare vendors, products, timelines, hardware, construction, and how they match up. Cindy is putting together a full pro forma because this does have operational costs. We are also comparing costs between the two vendors.

On September 15 from 3:30 to 5:00 pm we have scheduled a public Board meeting to bring all the elements to review with a formal recommendation for selection. We hope to make a decision then sign the contract the following week so we can kick off the process October 1. This will allow us to launch live on the new computer system by the first Monday in February 2011, and then by July 1 be 80% live on the new system. These are the deadlines we have for reimbursement of the system.

understanding of our demographics, services, etc. This a broad spectrum project to determine what we need to do in order to meet our community's healthcare needs. There is a person at each site designated to be their contact. We think we can pull this in to the county's long-term plans.

6. **PFS Audit**

Our contractual adjustments have climbed \$2 million in the past year. We want to get our arms around this issue and understand it clearly. We decided the best way to get a baseline and understand is to have someone come in who does this for a living. We received a referral to an agency out of San Francisco. They will come up in the next couple of weeks and spend two weeks performing a full audit of the Patient Financial Services Department. The president of the company will then come up to present the full report in detail. There are a lot of the moving parts in PFS, and a lot of opportunities. We will review policies and procedures. The firm is committed to coming quickly and completing their project quickly, especially with our financial audit coming up so soon.

Doug publicly thanked Linda and Cindy for stepping in at a difficult time, he appreciates their spirit and support. They have exhibited goodwill, skill and talent, doing two jobs when they only have time for one.

We had a wonderful Starry Nights event from our Foundation. Bill and Sue Wickman went out of their way, spending countless hours cooking, cleaning and decorating. Tiffany Leonhardt worked hard behind the scenes to pull this together and cleaned up the day after. Over 100 people attended the event and it was stellar.

V. **New Business**

There was no further new business to be discussed.

VI. **Board Education**

Board education items were distributed with the Board packets for review.

VII. **Director Remarks**

Valerie Flanigan thanked the extra people helping out in Kim Kudick's absence.

Kathy Price checked with the Rite Aid Pharmacist who confirmed their store is giving flu shots right now.

It was noted the anticipated influx of parolees in our county could affect our healthcare dollars. Doug noted he and the Sheriff have discussed this and will be have a more formal and deeper meeting to get an understanding of what the pending changes mean to all of us.

The Board expressed their enjoyment of the Starry Nights event with the star show.

September 1, 2011

MINUTES OF THE REGULAR MEETING OF THE BOARD OF DIRECTORS

Page 6 of 6

The Board would like Doug's wife to start attending Soroptomist meetings. He said she will in October.

The League of Women Voters is starting a forum regarding the national healthcare changes. Their first meeting will be September 15 in the library conference room at 7:45 pm.

The hospital volunteers geared up today with their first meeting of the year. Steve Tolen talked with them regarding county emergency plans and showed them the trailer. Steve's presentation was fascinating. He is a wealth of knowledge and he represented PDH well.

Bill Wickman thanked Tiffany of the Foundation, who spent a tremendous amount of time on one of primary fundraisers. Tiffany needs to be given special recognition. The Foundation recently passed next year's budget. Bill offered a public plea because we always need more members, if anyone wants to help the hospital through the foundation.

Bill Wickman stated the Plumas County Economic Recovery Committee is trying to get more awareness at the state and federal level. They are working to try to obtain lower-interest loans for the hospitals in smaller communities.

John Kimmel noted there is an estate planning and gifting seminar coming up, which John presents with Steve King. Gifting is tomorrow's money and can be very helpful if people think of putting it into their plans.

John Kimmel noted the PFS audit will be a huge tool in how we deal with the money we receive, and to learn how to correct/improve things. Suggestions will come from the results of these findings with this audit which can help us in years to come.

Valerie Flanigan thanked the wellness committee for a great wellness fair.

The Board is excited to have Doug here. He has wonderful ideas and a lot of them, and is hands-on in every area.

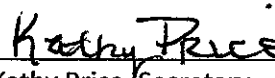
The Telemedicine grant is very exciting; the Board thanked the hospital for all their hard work in that as well.

V. Adjournment

Valerie Flanigan adjourned the meeting at 6:05 p.m.



Valerie Flanigan, President
Board of Directors



Kathy Price, Secretary
Board of Directors