



TAHOE FOREST HOSPITAL DISTRICT

2016-01-28 Regular Meeting of the Board of Directors

REVISED on 01/25/2016 at 1:45 p.m.

Thursday, January 28, 2016 at 4:00 p.m.

Tahoe Truckee Unified School District (TTUSD)

11603 Donner Pass Road, Truckee, CA 96161

Meeting Book - 2016-01-28 Regular Meeting of the Board of Directors

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6:30 p.m.

15.2. Physician Alignment Presentation
Krista Fakoory & Darrin Bell of ECG
ECG will distribute presentation at meeting.

15.3. 2016 Compliance Work Plan - DRAFT Page 186

15.4. Wellness Neighborhood Presentation
Karen Gancitano

15.5. Approval of KaufmanHall Phase II Scope TRADE SECRETS REDACTED Page 190

**Board members may review complete document in Administration offices.

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REGULAR MEETING OF THE BOARD OF DIRECTORS

AGENDA

Thursday, January 28, 2016 at 4:00 p.m.

Tahoe Truckee Unified School District (TTUSD) Office
11603 Donner Pass Rd, Truckee, CA

1. **CALL TO ORDER**

2. **ROLL CALL**

3. **CLEAR THE AGENDA/ITEMS NOT ON THE POSTED AGENDA**

4. **INPUT AUDIENCE:**

This is an opportunity for members of the public to comment on any closed session item appearing before the Board on this agenda. Please state your name for the record. Comments are limited to three minutes. Written comments should be submitted to the Clerk of the Board 24 hours prior to the meeting to allow for distribution.

5. **CLOSED SESSION:**

5.1. Report Involving Trade Secrets (Health & Safety Code § 32106)

Proposed New Program: One (1) item

Estimated date of public disclosure: 06/30/2016

5.2. Conference with Legal Counsel; Anticipated Litigation (Gov. Code § 54956.9(d)(2) & (d)(3))

A point has been reached where, in the opinion of the Board on the advice of its legal counsel, based on the below-described existing facts and circumstances, there is a significant exposure to litigation against the District.

Number of potential cases: One (1)

Facts and circumstances that might result in litigation but which the District believes are not yet known to potential plaintiff or plaintiffs. (Gov. Code § 54956.9(e)(1))

5.3. Conference with Legal Counsel; Initiation of Litigation (Gov. Code § 54956.9(d)(4)) ◆

Number of potential cases: Two (2)

5.4. Threat to Public Services or Facilities (Gov. Code § 54957) ◆

Consultation with Risk and Patient Safety Officer for Tahoe Forest Hospital District

5.5. Hearing (Health & Safety Code § 32155) ◆

Subject Matter: Medical Staff Credentials

5.6. Hearing (Health & Safety Code § 32155) ◆

Subject Matter: Quality Assurance Report

Number of items: One (1)

5.7. Approval of Closed Session Minutes ♦

12/21/2015

6. DINNER BREAK

APPROXIMATELY 6:00 P.M.

7. OPEN SESSION – CALL TO ORDER

8. REPORT OF ACTIONS TAKEN IN CLOSED SESSION

9. CLEAR THE AGENDA/ITEMS NOT ON THE POSTED AGENDA

10. INPUT – AUDIENCE

This is an opportunity for members of the public to address the Board on items which are not on the agenda. Please state your name for the record. Comments are limited to three minutes. Written comments should be submitted to the Board Clerk 24 hours prior to the meeting to allow for distribution. Under Government Code Section 54954.2 – Brown Act, the Board cannot take action on any item not on the agenda. The Board may choose to acknowledge the comment or, where appropriate, briefly answer a question, refer the matter to staff, or set the item for discussion at a future meeting.

11. INPUT FROM EMPLOYEE ASSOCIATIONS

This is an opportunity for members of the Employee Associations to address the Board on items which are not on the agenda. Please state your name for the record. Comments are limited to three minutes.

12. ACKNOWLEDGMENTS

12.1. Presentation to 2015 Board President

12.2. Women's Choice Award for America's Best Hospitals for Obstetrics

13. MEDICAL STAFF REPORT ♦

13.1. Medical Staff Report ATTACHMENT

14. CONSENT CALENDAR ♦

These items are expected to be routine and non-controversial. They will be acted upon by the Board without discussion. Any Board Member, staff member or interested party may request an item to be removed from the Consent Calendar for discussion prior to voting on the Consent Calendar.

14.1. Approval of Minutes of Meetings ♦

12/21/2015 ATTACHMENT

14.2. Financial Report ♦

Financial Report- Preliminary December 2015..... ATTACHMENT

14.3. Contracts ♦

14.3.1. Wicks - Physician Recruitment Agreement for Student Loan Repayment..... ATTACHMENT

14.3.2. Wicks - TFH Call Coverage Agreement 2016 ATTACHMENT

14.3.3. Wicks - Professional Services Agreement-MultiSpecialty Clinics 2016 ATTACHMENT

14.4. Policy Review ♦

14.4.1. ABD-01 Board CEO and Employee Performance Evaluation..... ATTACHMENT

14.4.2. ABD-02 TFHD Chief Executive Compensation ATTACHMENT

14.4.3. ABD-07 Conflict of Interest Policy ATTACHMENT

Regular Meeting of the Board of Directors of Tahoe Forest Hospital District
January 28, 2015 AGENDA– Continued

- 14.4.4. ABD-14 Inspection and Copying of Public Records ATTACHMENT
- 14.4.5. ABD-17 Manner of Governance for TFHD Board of Directors ATTACHMENT
- 14.4.6. ABD-19 Board Orientation and Continuing Education ATTACHMENT
- 14.5. TFHS Foundation Quarterly Update Report ♦ ATTACHMENT
- 14.6. IVCH Foundation Board Member Nomination ♦ ATTACHMENT

15. ITEMS FOR BOARD DISCUSSION AND/OR ACTION

- 15.1. **Quarterly Facilities Development Update**..... ATTACHMENT
A quarterly update of the Facilities Development Plan (FDP) will be provided; includes updates pertaining to the Measure C Projects and related Owner and Regulatory Scope Modifications.
- 15.2. **TIMED ITEM – 6:30 PM – Physician Alignment Presentation [60-75 minutes]** *ATTACHMENT
ECG Management Company will present Physician Alignment options to the Board.
- 15.3. **2016 Compliance Work Plan ♦** ATTACHMENT
Board will review and consider for approval the proposed 2016 Corporate Compliance Program Annual Work Plan.
- 15.4. **Wellness Neighborhood Presentation [30 minutes]** *ATTACHMENT
Board will receive an update presentation from the Wellness Neighborhood.
- 15.5. **Approval of KaufmanHall Phase II Scope of Work ♦** ATTACHMENT
Board will review and consider for approval Phase II scope of work for KaufmanHall.

16. DISCUSSION OF CONSENT CALENDAR ITEMS PULLED, IF NECESSARY

17. BOARD COMMITTEE REPORTS/RECOMMENDATIONS FOR DISCUSSION AND/OR ACTION

- 17.1. **Governance Committee Meeting– 01/20/2016**..... ATTACHMENT
 - 17.1.1. Board Retreat Update
- 17.2. **Personnel Committee Meeting – 01/14/2016** ATTACHMENT
- 17.3. **Finance Committee Meeting – 01/21/2016** ATTACHMENT
- 17.4. **Quality Committee Meeting – No meeting held in January.**
- 17.5. **Community Benefit Committee – No meeting held in January.**

18. INFORMATIONAL REPORTS

These reports are provided for information only and not intended for discussion. Any Board Member may request discussion on an item, additional information from staff related to items included in a report, or request a topic be placed on a future agenda for further discussion.

- 18.1. **Strategic Initiatives Updates**..... ATTACHMENT
Staff reports will provide updates related to key strategic initiatives.

19. AGENDA INPUT FOR UPCOMING COMMITTEE MEETINGS

20. ITEMS FOR NEXT MEETING

21. BOARD MEMBERS REPORTS/CLOSING REMARKS

22. CLOSED SESSION CONTINUED, IF NECESSARY

23. OPEN SESSION

24. REPORT OF ACTIONS TAKEN IN CLOSED SESSION, IF NECESSARY

25. MEETING EFFECTIVENESS ASSESSMENT..... ATTACHMENT

The Board will identify and discuss any occurrences during the meeting that impacted the effectiveness and value of the meeting.

26. ADJOURN

The next regularly scheduled meeting of the Board of Directors of Tahoe Forest Hospital District is February 25, 2016, 11603 Donner Pass Rd., Truckee, CA. A copy of the Board meeting agenda is posted on the District's web site (www.tfhd.com) at least 72 hours prior to the meeting or 24 hours prior to a Special Board Meeting.

*Denotes material (or a portion thereof) may be distributed later.

Note: It is the policy of Tahoe Forest Hospital District to not discriminate in admissions, provisions of services, hiring, training and employment practices on the basis of color, national origin, sex, religion, age or disability including AIDS and related conditions.

Equal Opportunity Employer. The meeting location is accessible to people with disabilities. Every reasonable effort will be made to accommodate participation of the disabled in all of the District's public meetings. If particular accommodations for the disabled are needed (i.e., disability-related aids or other services), please contact the Executive Assistant at 582-3481 at least 24 hours in advance of the meeting.



FOR IMMEDIATE RELEASE
January 19, 2016

Contact: Paige Thomason
Tahoe Forest Health System
Director of Marketing/Communications
(530) 582-6290
pthomason@tfhd.com

NAMED ONE OF AMERICA'S BEST HOSPITALS FOR OBSTETRICS
Tahoe Forest Hospital's Women and Family Center Honored for Second Time

www.tfhd.com

(Tahoe/Truckee, Calif.) – Tahoe Forest Health System's Women and Family Center has been named with the Women's Choice Award for *America's Best Hospitals for Obstetrics*. This award is given to hospitals that demonstrate extraordinary service in meeting the needs of women and their families, and set higher healthcare standards by appreciating the unique needs and preferences of female patients.

This is the second time Tahoe Forest Hospital has been named with the Women's Choice Award for *America's Best Hospitals for Obstetrics*.

"Our wonderful staff in the Women and Family Center work hard to deliver excellent care—and to take exceptional care of moms, babies and families," said Harry Weis, Chief Executive Officer, Tahoe Forest Health System. "They truly care about their patients, and this award is a great recognition of their skill and effectiveness."

The Women and Family Center at Tahoe Forest Hospital provides comprehensive obstetrical and gynecological care. With a family-centered focus, its comprehensive perinatal services program provides individualized support services, teaching, referrals and consultations to expectant mothers and their families. These individualized care plans provide families with guidance for a healthy pregnancy and help prepare the entire family for labor and the arrival of a new baby.

More

page two

The America's Best Hospitals for Obstetrics scoring process is unique in that it is the only national list that focuses on female patient satisfaction. They select the best hospitals that provide obstetric services based on their exceptional scores for patient recommendation in Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) surveys.

Hospitals that had very low rates of early elective deliveries – EED rates - (0-1%) were also boosted, but hospitals could be severely penalized for very high EED rates (14% or more). Additional credit was given to hospitals that ranked above the national average for patient safety. A complete list of hospitals can be viewed at www.womenschoiceaward.com.

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About Tahoe Forest Health System

TFHS is a not for profit rural health care facility and was recently rated 5 stars for patient satisfaction by the Centers for Medicare and Medicaid Services. It is a UC Davis Rural Center of Excellence and was rated one of the nation's Top 100 Critical Access Hospitals (2012-13). TFHD is committed to outstanding quality and excellent patient care. Our vision: "To be the best mountain community health system in the nation." For more information about Tahoe Forest Health System, visit www.tfhd.com.

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DATE: January 28, 2016

PAGE NO. 1

MEDICAL EXECUTIVE COMMITTEE
RECOMMENDATIONS APPROVED BY THE BOARD OF DIRECTORS - OPEN MEETING
January 28, 2016

| AGENDA ITEM | REFERRED BY: | RECOMMEND/ ACTION |
|---|--|----------------------|
| <p>1. Pharmacy & Therapeutics Committee</p> | <p>The P&T Committee recommended approval of the following at their meeting on 1/6/16 and via email:</p> <p>Orders</p> <ul style="list-style-type: none"> ➤ Sepsis 1st Hour Resuscitation Orders ➤ Sepsis Admission Orders ➤ MI Thrombolysis Fibrinolysis Orders ➤ Critical Care Transport Nursing Ground Transport ➤ Central Line Flush Orders <p>Policies and Procedures</p> <ul style="list-style-type: none"> ➤ Medical Waste Nursing, Pharmacy and EVS <p>Annual Approval:</p> <ul style="list-style-type: none"> ➤ Pharmacy P&P's ➤ MERP Plan <p>Additions to Formulary</p> | <p>Approval</p> |
| <p>2. Department of Surgery</p> | <p>The Surgery Department approved the following at their meeting on 1/11/16:</p> <p>Annual Clinical Policy and Procedure Approvals for Surgery:</p> <ul style="list-style-type: none"> ➤ Dietary ➤ Peri-operative Services: <ul style="list-style-type: none"> ➤ ASU ➤ IVCH ➤ OR ➤ PACU ➤ All Areas ➤ Special Procedure Room ➤ Sterile Processing Dept | <p>Approval</p> |
| <p>3. Infection Control Committee</p> | <p>The Infection Control Committee recommended approval of the following:</p> <p>Via email on 12/15/15:</p> <ul style="list-style-type: none"> ➤ Infection Control Policies in the Operating Room | <p>Approval</p> |

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DATE: January 28, 2016

PAGE NO. 2

MEDICAL EXECUTIVE COMMITTEE
RECOMMENDATIONS APPROVED BY THE BOARD OF DIRECTORS - OPEN MEETING
January 28, 2016

| AGENDA ITEM | REFERRED BY: | RECOMMEND/ ACTION |
|---|---|----------------------|
| | 1/6/16 Infection Control Committee and via email: Annual Policy and Procedure Approvals for Infection Control: <ul style="list-style-type: none"> ➤ Infection Control policy (AIPC-64) ➤ Employee Health ➤ EVS & cleaning products inventory ➤ Dietary ➤ Surgical Services: OR, PACU, ASD, Perioperative, SPD, SPR, IVCH Policies and Procedures: <ul style="list-style-type: none"> ➤ Infection Control Risk Assessment Tool ➤ Infection Control Plan Policy ➤ Pet Assisted Therapy Policy Infection Control 2016 Goals | |
| 4. Interdisciplinary Practice Committee | The IDPC recommended approval of the following Standardized Procedure at their meeting held on 1/13/16: <ul style="list-style-type: none"> ➤ Standardized Procedure: MSC Vaccine Screening and Ordering by the RN – ANS1600 Approved retiring the following: <ul style="list-style-type: none"> ➤ RN Administration of Vaccines – ANS136 ➤ POLST – New ruling allowing AHPs to sign orders | Approval |
| 5. Rules & Regulations of Medical Staff | The changes to the Rules & Regulations were approved in May of 2015 by the Bylaws and Medical Executive Committee. They were finalized in November 2015 and submitted for 30 day review and comment to all Medical Staff Members. There were no comments and they are being presented approval at this time. | Approval |



REGULAR MEETING OF THE BOARD OF DIRECTORS

DRAFT MINUTES

Monday, December 21, 2015 at 4:00 p.m.

Eskridge Conference Room – Tahoe Forest Hospital
10121 Pine Avenue, Truckee, CA

1. CALL TO ORDER

Meeting was called to order at 4:00 p.m.

2. ROLL CALL

Board: Karen Sessler, President; Chuck Zipkin, Vice President; Greg Jellinek, Secretary; Dale Chamblin, Treasurer; John Mohun, Board Member

Staff: Harry Weis, Chief Executive Officer; Crystal Betts, Chief Financial Officer; Jake Dorst, Chief Information Officer; Stephanie Hanson, Compliance Analyst; Martina Rochefort, Clerk of the Board

Other: Michael Colantuono, General Counsel (via phone); Jim Hook, The Fox Group

3. CLEAR THE AGENDA/ITEMS NOT ON THE POSTED AGENDA

No changes were made to the agenda.

4. INPUT AUDIENCE:

No public comment was received.

Open Session recessed at 4:02 p.m.

5. CLOSED SESSION

Discussion held on privileged items.

6. DINNER BREAK

7. OPEN SESSION – CALL TO ORDER

Open Session reconvened at 6:02 p.m.

8. CLEAR THE AGENDA/ITEMS NOT ON THE POSTED AGENDA

Due to inclement weather, the Board pulled the following items from the agenda: Items 14.1 and 14.3. Items not heard at tonight's meeting will be heard at the next regular meeting in January.

9. INPUT – AUDIENCE

Public comment was received from Dr. Melissa Kaime.

10. INPUT FROM EMPLOYEE ASSOCIATIONS

No comment received from the Employee Associations.

11. ACKNOWLEDGMENTS

11.1. CEO Welcome

Board of Directors welcomed Tahoe Forest Hospital District's new Chief Executive Officer, Harry Weis.

12. MEDICAL STAFF REPORT

12.1. Medical Staff Report

Dr. Dodd provided medical staff policies for approval.

Discussion was held.

ACTION: Motion made by Director Zipkin, seconded by Director Mohun, to approve Medical Staff policies items 1-4 as presented.

AYES: Directors Mohun, Chamblin, Zipkin, Sessler and Jellinek

NAYS: None

Abstention: None

13. CONSENT CALENDAR

Items 13.4.2. and 13.4.3. were pulled from the consent calendar for discussion.

13.1. Approval of Minutes of Meetings

11/19/2015, 11/24/2015

13.2. Financial Report

Financial Report- Preliminary November 2015

13.3. Contracts

13.3.1. Kitts - Amendment to Agreement to Provide Coverage of Emergency Department Professional Services 2015

13.3.2. North Tahoe Anesthesia Group - First Amendment to Agreement for Exclusive Provision of Anesthesia and Related Services 2016

13.3.3. Sutton-Pado - Professional Services Agreement-MultiSpecialty Clinic 2016

13.4. Policy Review

13.4.1. ABD-04 Board of Directors Qualifications

13.4.2. ABD-07 Conflict of Interest Policy

13.4.3. ABD-12 Guidelines for Conduct of Business of TFHD Board of Directors

13.4.4. ABD-16 Malpractice Policy

ACTION: Motion made by Director Zipkin, seconded by Director Jellinek, to approve the consent calendar as presented without items 13.4.2 and 13.4.3 pulled for discussion.

AYES: Directors Mohun, Chamblin, Zipkin, Sessler and Jellinek

NAYS: None

Abstention: None

14. ITEMS FOR BOARD DISCUSSION AND/OR ACTION

14.1. Facilities Development Plan Update

Item will be heard at January Board Meeting.

14.2. Tahoe Institute for Rural Health Research, LLC

Mr. Tom Hobday presented a request for additional funding for TIRHR, LLC.

Discussion was held.

ACTION: Motion made by Director Chamblin, seconded by Director Zipkin, to extend the line of credit \$210,000 to TIRHR, LLC.

Discussion was held.

AYES: Directors Mohun, Chamblin, Zipkin, Sessler and Jellinek

NAYS: None

Abstention: None

14.3. Tahoe Forest Foundation Update

Item will be heard at Board's Regular Meeting in January.

14.4. Second Reading of Proposed Revisions to TFHD Board of Directors Bylaws

Board reviewed and considered for approval an amended version of the TFHD Board of Directors Bylaws.

Director Sessler clarified the changes for the term of Board President, committee appointments and officer elections would not go into effect until after general election next year.

Staff was directed to make additional revisions to Bylaws early next year.

ACTION: Motion made by Director Sessler, seconded by Director Zipkin, to adopt Board of Directors Bylaws as amended. Items in Article II, Section 2 and 4 do not take effect until after general election next year.

Discussion was held.

AYES: Directors Mohun, Chamblin, Zipkin, Sessler and Jellinek

NAYS: None

Abstention: None

14.5. Placer County LAFCO Ballot

Board considered four candidates for the Placer County LAFCO Special District Representative seat.

Discussion was held.

ACTION: Motion made by Director Zipkin, seconded by Director Mohun, to vote for Sue Daniels for the open Placer County LAFCO Special District seat.

AYES: Directors Mohun, Chamblin, Zipkin, Sessler and Jellinek

NAYS: None

Abstention: None

14.6. Board Education

Ted Owens, Director of Governance and Community Development, reviewed future board education options.

14.7. Audit Presentation & Board Retreat Format

Discussion was held on the meeting format for the January 19, 2016 audit presentation and February 1-2, 2016 Board Retreat.

15. DISCUSSION OF CONSENT CALENDAR ITEMS PULLED, IF NECESSARY

Items 13.4.2. and 13.4. were pulled for further discussion.

Item 13.4.2. ABD-07 Conflict of Interest Policy

Discussion was held.

Staff was directed to delete attached questionnaire and bring policy back to January meeting.

Item 13.4.3. ABD-12 Guidelines for Conduct of Business of TFHD Board of Directors

Discussion was held.

Change noted for section 1.2, add of “unless by unanimous vote taken a regularly scheduled meeting” to sentence regarding serving two successive terms. Change will not take effect until General Election of 2016.

ACTION: Motion made by Director Sessler, seconded by Director Zipkin, approve ABD-12 policy as presented.

Discussion was held.

Amended motion was made by Director Sessler, seconded by Director Jellinek, to approve ABD-12 with the addition of “unless by unanimous vote taken a regularly scheduled meeting” in section 1.2 regarding Board President’s term.

AYES: Directors Mohun, Chamblin, Zipkin, Sessler and Jellinek

NAYS: None

Abstention: None

16. BOARD COMMITTEE REPORTS/RECOMMENDATIONS FOR DISCUSSION AND/OR ACTION

16.1. Governance Committee Meeting– 12/16/2015

Director Sessler gave an update from the 12/16/15 Governance Committee Meeting.

16.1.1. Compliance Program Update – Physician Compensation

Discussion was held.

CEO was directed to address the Board’s involvement in the Compliance Committee.

16.1.2. Potential Compliance Survey

Discussion was held

16.1.3. Process for Annual Board Self-Assessment

Discussion was held.

Staff was directed to contact ACHD and distribute self-assessment tool to the Board.

16.2. Quality Committee Meeting – 12/16/2015

Director Jellinek gave an update from the 12/16/15 Quality Committee Meeting.

16.2.1. Patient Satisfaction Policy

Quality Committee recommends ABD-20 Patient Satisfaction policy change to AGOV classification.

ACTION: Motion made by Director Mohun, seconded by Director Zipkin, to approve changing classification of ABD-20 policy from a board policy to an administration policy (AGOV).

AYES: Directors Mohun, Chamblin, Zipkin, Sessler and Jellinek

NAYS: None

Abstention: None

16.3. Finance Committee Meeting – No meeting held in December.

Director Chamblin gave an update regarding interest rates.

16.4. Community Benefit Committee – No meeting held in December.

16.5. Personnel Committee – No meeting held in December.

17. INFORMATIONAL REPORTS

17.1. Strategic Initiatives Updates

No discussion was held.

18. AGENDA INPUT FOR UPCOMING COMMITTEE MEETINGS

-Personnel Committee to review CEO compensation goals at an upcoming meeting. Full board meeting topic for January.

-Personnel committee to discuss ratifying retirement committee decisions.

19. ITEMS FOR NEXT MEETING

-Compliance workplan for 2016

-Items continued from today's meeting

-Board of Directors Officer Elections

-Board Committee Assignments

20. BOARD MEMBERS REPORTS/CLOSING REMARKS

None.

21. CLOSED SESSION CONTINUED, IF NECESSARY

Closed Session did not continue.

22. OPEN SESSION

One item was settled. Settlement Agreement now available via public records request.

23. REPORT OF ACTIONS TAKEN IN CLOSED SESSION

24. MEETING EFFECTIVENESS ASSESSMENT

No discussion took place on this matter.

25. ADJOURN

Meeting adjourned at 7:33 p.m.

**TAHOE FOREST HOSPITAL DISTRICT
DECEMBER 2015 FINANCIAL REPORT
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Board of Directors
Of Tahoe Forest Hospital District

DECEMBER 2015 FINANCIAL NARRATIVE

The following is a financial narrative analyzing financial and statistical trends for the six months ended December 31, 2015.

Activity Statistics

- ❑ TFH acute patient days were 395 for the current month compared to budget of 375. This equates to an average daily census of 12.75 compared to budget of 12.10.
- ❑ TFH Outpatient volumes were above budget in the following departments by at least 5%: Emergency Department visits, Home Health visits, Endoscopy procedures, Laboratory tests, Diagnostic Imaging, Mammography, Medical Oncology procedures, Radiation Oncology procedures, Nuclear Medicine, Ultrasounds, Cat Scans, Pharmacy units, Oncology Pharmacy units, Respiratory Therapy, Physical Therapy, Speech Therapy, and Occupational Therapy.
- ❑ TFH Outpatient volumes were below budget in the following departments by at least 5%: Oncology Lab and MRI exams.

Financial Indicators

- ❑ Net Patient Revenue as a percentage of Gross Patient Revenue was 58.6% in the current month compared to budget of 53.4% and to last month's 55.7%. Current year's Net Patient Revenue as a percentage of Gross Patient Revenue is 56.9%, compared to budget of 53.3% and prior year's 55.1%.
- ❑ EBIDA was \$2,190,471 (10.9%) for the current month compared to budget of \$456,350 (2.5%), or \$1,734,122 (8.4%) above budget. Year-to-date EBIDA was \$7,004,110 (6.5%) compared to budget of \$1,917,956 (1.8%) or \$5,086,154 (4.7%) above budget.
- ❑ Cash Collections for the current month were \$8,387,367 which is 99% of targeted Net Patient Revenue.
- ❑ Gross Days in Accounts Receivable were 59.5, compared to the prior month of 57.9. Gross Accounts Receivables are \$31,108,606 compared to the prior month of \$28,866,273. The percent of Gross Accounts Receivable over 120 days old is 21.8%, compared to the prior month of 24.4%.

Balance Sheet

- ❑ Working Capital Days Cash on Hand is 21.3 days. S&P Days Cash on Hand is 163.3. Working Capital cash decreased \$1,892,000. Cash collections fell short of target by 1%, the District remitted \$1,218,000 to the Department of Health for participation in the IGT programs and there were three payroll cash outlays in December.
- ❑ Net Patients Accounts Receivable increased approximately \$1,768,000. Cash collections were at 99% of target and days in accounts receivable were 59.50 days, a 1.60 days increase.
- ❑ Estimated Settlements, Medi-Cal & Medicare increased \$1,174,000 after sending funds to the Department of Health for participation in the IGT programs.
- ❑ GO Bond Project Fund decreased \$1,003,375 after reimbursing the District for funds advanced on the November Measure C Projects.
- ❑ To comply with GASB No. 63, the District has booked an adjustment to the asset and offsetting liability to reflect the fair value of the Piper Jaffray swap transaction at the close of December.
- ❑ Accounts Payable increased \$1,153,000 due to no check run in the final week of December.
- ❑ Accrued Payroll & Related Costs decreased \$1,382,000 as a result of fewer accrued payroll days at the close of the month.

Operating Revenue

- ❑ Current month’s Total Gross Revenue was \$20,039,954, compared to budget of \$17,907,605 or \$2,132,349 above budget.
- ❑ Current month’s Gross Inpatient Revenue was \$6,251,492, compared to budget of \$5,770,516 or \$480,976 above budget.
- ❑ Current month’s Gross Outpatient Revenue was \$13,788,462 compared to budget of \$12,137,089 or \$1,651,373 above budget. Volumes were up in some departments and down in others. See TFH Outpatient Activity Statistics above.
- ❑ Current month’s Gross Revenue Mix was 31.2% Medicare, 15.4% Medi-Cal, .0% County, 4.1% Other, and 49.3% Insurance compared to budget of 35.9% Medicare, 18.7% Medi-Cal, .0% County, 3.9% Other, and 41.5% Insurance. Last month’s mix was 34.7% Medicare, 19.0% Medi-Cal, .0% County, 3.5% Other, and 42.8% Insurance.
- ❑ Current month’s Deductions from Revenue were \$8,298,757 compared to budget of \$8,348,195 or \$49,439 below budget. Variance is attributed to the following reasons: 1) Payor mix varied from budget with a 4.75% decrease in Medicare, a 3.34% decrease to Medi-Cal, a .02% decrease in County, a .24% increase in Other, and Commercial was above budget 7.87%, 2) revenues exceeded budget by 11.9%, 3) we continue to see a pickup in Bad Debt as Self-Pay and Out of Country accounts are worked, and 4) the District received a true-up on its SNF Supplemental Reimbursement for FY09/10 and additional monies for its Meaningful Use Stage I EMR reimbursement in excess of the booked receivable in FY15, creating a positive variance in Prior Period Settlements.

Operating Expenses

| DESCRIPTION | December 2015 Actual | December 2015 Budget | Variance | BRIEF COMMENTS |
|---------------------------------|----------------------|----------------------|-----------|--|
| Salaries & Wages | 3,470,760 | 3,793,104 | 322,344 | Positive variance in Salaries & Wages was offset by a negative variance in Paid Leave and Long-term Sick in Employee Benefits. |
| Employee Benefits | 1,520,290 | 1,037,223 | (483,067) | |
| Benefits – Workers Compensation | 76,206 | 60,541 | (15,665) | |
| Benefits – Medical Insurance | 698,999 | 750,099 | 51,100 | |
| Professional Fees | 1,446,651 | 1,439,424 | (7,228) | Increased volumes in the Therapy service lines and legal and consulting services provided to Administration created negative variances in Professional Fees, however, these were mostly offset by positive variances in Locum coverage and Medical Director fees in the Oncology program, reduced legal fees in Corporate Compliance, and consulting services for Human Resources falling short of budget. |
| Supplies | 1,553,317 | 1,297,683 | (255,634) | Drugs Sold to Patients and Oncology Drugs Sold to Patients revenues exceeded budget by 31.10%, creating a negative variance in Pharmacy Supplies. We also witnessed negative budget variances in Minor Equipment and Other Non-Medical Supplies. |
| Purchased Services | 1,060,480 | 905,471 | (155,009) | Negative variance in Purchased Services related to services provided to the Wellness Neighborhood, Laundry and Linen costs, EMR and Practice Management fees, employee health screenings, interim manager for Materials Management, and services provided to the Oncology program for genomic sequencing. |
| Other Expenses | 611,483 | 467,271 | (144,212) | Rental of a temporary chiller unit at IVCH and Human Resources Recruitment expenses created a negative variance in the Other Expenses category. |
| Total Expenses | 10,438,186 | 9,750,815 | (687,371) | |

TAHOE FOREST HOSPITAL DISTRICT
STATEMENT OF NET POSITION
DECEMBER 2015

| | Dec-15 | Nov-15 | Dec-14 | |
|--|-----------------------|-----------------------|----------------------|---|
| ASSETS | | | | |
| CURRENT ASSETS | | | | |
| * CASH | \$ 6,869,116 | \$ 8,761,334 | \$ 5,900,870 | 1 |
| PATIENT ACCOUNTS RECEIVABLE - NET | 15,223,987 | 13,455,669 | 15,414,102 | 2 |
| OTHER RECEIVABLES | 6,624,245 | 5,795,758 | 5,643,912 | |
| GO BOND RECEIVABLES | 1,924,705 | 1,529,958 | 2,325,313 | |
| ASSETS LIMITED OR RESTRICTED | 5,106,917 | 4,839,945 | 5,746,515 | |
| INVENTORIES | 2,313,783 | 2,315,512 | 2,471,541 | |
| PREPAID EXPENSES & DEPOSITS | 1,492,964 | 1,607,376 | 1,494,112 | |
| ESTIMATED SETTLEMENTS, M-CAL & M-CARE | 5,336,009 | 4,162,480 | 3,715,994 | 3 |
| TOTAL CURRENT ASSETS | <u>44,891,727</u> | <u>42,468,033</u> | <u>42,712,360</u> | |
| NON CURRENT ASSETS | | | | |
| ASSETS LIMITED OR RESTRICTED: | | | | |
| * CASH RESERVE FUND | 45,792,365 | 45,792,365 | 40,679,741 | 1 |
| BANC OF AMERICA MUNICIPAL LEASE | 979,155 | 979,155 | 2,292,784 | |
| TOTAL BOND TRUSTEE 2002 | 2 | 2 | 2 | |
| TOTAL BOND TRUSTEE 2006 | 953,949 | 810,837 | 3,121,382 | |
| TOTAL BOND TRUSTEE GO BOND | - | - | - | |
| GO BOND PROJECT FUND | 6,509,655 | 7,513,030 | 17,335,843 | 4 |
| GO BOND TAX REVENUE FUND | 707,050 | 707,050 | 44,944 | |
| BOARD DESIGNATED FUND | - | 2,297 | 2,297 | |
| DIAGNOSTIC IMAGING FUND | 2,973 | 2,973 | 2,965 | |
| DONOR RESTRICTED FUND | 1,141,076 | 1,034,660 | 1,116,061 | |
| WORKERS COMPENSATION FUND | 9,667 | 11,208 | 17,540 | |
| TOTAL | <u>56,095,892</u> | <u>56,853,577</u> | <u>64,613,559</u> | |
| LESS CURRENT PORTION | <u>(5,106,917)</u> | <u>(4,839,945)</u> | <u>(5,746,515)</u> | |
| TOTAL ASSETS LIMITED OR RESTRICTED - NET | <u>50,988,974</u> | <u>52,013,632</u> | <u>58,867,044</u> | |
| NONCURRENT ASSETS AND INVESTMENTS: | | | | |
| INVESTMENT IN TSC, LLC | 282,871 | 282,871 | 428,977 | |
| PROPERTY HELD FOR FUTURE EXPANSION | 836,353 | 836,353 | 836,353 | |
| PROPERTY & EQUIPMENT NET | 128,698,377 | 129,259,499 | 131,027,820 | |
| GO BOND CIP, PROPERTY & EQUIPMENT NET | <u>26,648,069</u> | <u>25,529,095</u> | <u>16,474,457</u> | |
| TOTAL ASSETS | <u>252,346,371</u> | <u>250,389,483</u> | <u>250,347,010</u> | |
| DEFERRED OUTFLOW OF RESOURCES: | | | | |
| DEFERRED LOSS ON DEFEASANCE | 562,433 | 565,665 | 601,222 | |
| ACCUMULATED DECREASE IN FAIR VALUE OF HEDGING DERIVATIVE | 1,880,317 | 1,928,316 | 1,936,176 | 5 |
| DEFERRED OUTFLOW OF RESOURCES ON REFUNDING | 1,970,495 | 1,978,132 | - | |
| GO BOND DEFERRED FINANCING COSTS | 305,544 | 306,729 | - | |
| DEFERRED FINANCING COSTS | <u>218,458</u> | <u>219,499</u> | <u>-</u> | |
| TOTAL DEFERRED OUTFLOW OF RESOURCES | <u>\$ 4,937,248</u> | <u>\$ 4,998,341</u> | <u>\$ 2,537,398</u> | |
| LIABILITIES | | | | |
| CURRENT LIABILITIES | | | | |
| ACCOUNTS PAYABLE | \$ 6,011,239 | \$ 4,858,595 | \$ 4,927,929 | 6 |
| ACCRUED PAYROLL & RELATED COSTS | 6,541,679 | 7,923,877 | 8,220,465 | 7 |
| INTEREST PAYABLE | 631,044 | 529,591 | 759,806 | |
| INTEREST PAYABLE GO BOND | 1,802,771 | 1,441,747 | 1,948,683 | |
| ESTIMATED SETTLEMENTS, M-CAL & M-CARE | 366,356 | 366,356 | 483,349 | |
| HEALTH INSURANCE PLAN | 1,307,731 | 1,307,731 | 997,635 | |
| WORKERS COMPENSATION PLAN | 404,807 | 404,807 | 1,006,475 | |
| COMPREHENSIVE LIABILITY INSURANCE PLAN | 824,203 | 824,203 | 890,902 | |
| CURRENT MATURITIES OF GO BOND DEBT | 530,000 | 530,000 | 315,000 | |
| CURRENT MATURITIES OF OTHER LONG TERM DEBT | 2,323,994 | 2,323,994 | 2,300,830 | |
| TOTAL CURRENT LIABILITIES | <u>20,743,824</u> | <u>20,510,899</u> | <u>21,851,075</u> | |
| NONCURRENT LIABILITIES | | | | |
| OTHER LONG TERM DEBT NET OF CURRENT MATURITIES | 30,218,987 | 30,322,527 | 33,684,667 | |
| GO BOND DEBT NET OF CURRENT MATURITIES | 100,017,147 | 100,021,090 | 98,130,000 | |
| DERIVATIVE INSTRUMENT LIABILITY | <u>1,880,317</u> | <u>1,928,316</u> | <u>1,936,176</u> | 5 |
| TOTAL LIABILITIES | <u>152,860,276</u> | <u>152,782,832</u> | <u>155,601,918</u> | |
| NET ASSETS | | | | |
| NET INVESTMENT IN CAPITAL ASSETS | 103,282,267 | 101,570,331 | 96,166,429 | |
| RESTRICTED | <u>1,141,076</u> | <u>1,034,660</u> | <u>1,116,061</u> | |
| TOTAL NET POSITION | <u>\$ 104,423,343</u> | <u>\$ 102,604,991</u> | <u>\$ 97,282,490</u> | |

* Amounts included for Days Cash on Hand calculation

TAHOE FOREST HOSPITAL DISTRICT
NOTES TO STATEMENT OF NET POSITION
DECEMBER 2015

1. Working Capital is at 21.3 days (policy is 30 days). Days Cash on Hand (S&P calculation) is 163.3 days. Working Capital cash decreased \$1,892,000. Cash collections fell short of target by 1%, the District remitted \$1,218,000 to the Department of Health to participate in the IGT programs (see Note 3) and there were three payroll outlays in December due to January 1st falling on a Friday.
2. Net Patient Accounts Receivable increased approximately \$1,768,000. Cash collections were 99% of target. Days in Accounts Receivable are at 59.5 days compared to prior months 57.9 days, a 1.60 days increase.
3. Estimated Settlements, Medi-Cal & Medicare increased a net \$1,174,000 after the District remitted funds to the Department of Health to participate in the IGT programs.
4. GO Bond Project Fund decreased \$1,003,375 after reimbursing the District for funds advanced on the November Measure C projects.
5. To comply with GASB No. 63, the District has booked an adjustment to the asset and offsetting liability to reflect the fair value of the Piper Jaffray swap transaction at the close of December.
6. Accounts Payable increased \$1,153,000 due to no check run taking place the last week of December.
7. Accrued Payroll & Related Costs decreased \$1,382,000 as a result of fewer accrued payroll days at the close of the month.

**Tahoe Forest Hospital District
Cash Investment
December 2015**

| | | | |
|--|--------------|--------|-----------------------------|
| WORKING CAPITAL | | | |
| US Bank | \$ 6,529,072 | | |
| US Bank/Kings Beach Thrift Store | 84,652 | | |
| US Bank/Truckee Thrift Store | 255,393 | | |
| Wells Fargo Bank | | | |
| Local Agency Investment Fund | - | 0.400% | |
| Total | | | \$ 6,869,116 |
| BOARD DESIGNATED FUNDS | | | |
| US Bank Savings | \$ - | 0.03% | |
| Capital Equipment Fund | - | | |
| Total | | | \$ - |
| Building Fund | \$ - | | |
| Cash Reserve Fund | 45,792,365 | 0.400% | |
| Local Agency Investment Fund | | | \$ 45,792,365 |
| Banc of America Muni Lease | | | \$ 979,155 |
| Bonds Cash 2002 | | | \$ 2 |
| Bonds Cash 2006 | | | \$ 953,949 |
| Bonds Cash 2008 | | | \$ 7,216,705 |
| DX Imaging Education | \$ 2,973 | 0.400% | |
| Workers Comp Fund - B of A | 9,667 | | |
| Insurance | | | |
| Health Insurance LAIF | - | 0.400% | |
| Comprehensive Liability Insurance LAIF | - | 0.400% | |
| Total | | | <u>\$ 12,640</u> |
| TOTAL FUNDS | | | \$ 61,823,932 |
| RESTRICTED FUNDS | | | |
| Gift Fund | | | |
| US Bank Money Market | \$ 8,368 | 0.03% | |
| Foundation Restricted Donations | \$ 100,727 | | |
| Local Agency Investment Fund | 1,031,981 | 0.400% | |
| TOTAL RESTRICTED FUNDS | | | <u>\$ 1,141,076</u> |
| TOTAL ALL FUNDS | | | <u><u>\$ 62,965,008</u></u> |

**TAHOE FOREST HOSPITAL DISTRICT
STATEMENT OF NET POSITION
KEY FINANCIAL INDICATORS
DECEMBER 2015**

| | Current Status | Desired Position | Target | Bond Covenants | FY 2016 Jul 15 to Dec 15 | FY 2015 Jul 14 to June 15 | FY 2014 Jul 13 to June 14 | FY 2013 Jul 12 to June 13 | FY 2012 Jul 11 to June 12 | FY 2011 Jul 10 to June 11 | FY 2010 Jul 09 to June 10 |
|---|-----------------------|-------------------------|---|---------------------------------|---|--|--|--|--|--|--|
| Return On Equity: Increase (Decrease) in Net Position Net Position | | ↑ | -3.1% (1) | -0.02 | 4.8% | 2.19% | .001% | -4.0% | 8.7% | 6.3% | 12.4% |
| Days in Accounts Receivable (excludes SNF & MSC) <u>Gross Accounts Receivable</u> 90 Days | | ↓ | FYE 63 Days | | 60 | 60 | 75 | 97 | 64 | 59 | 60 |
| <u>Gross Accounts Receivable</u> 365 Days | | | | | 60 | 62 | 75 | 93 | 64 | 59 | 59 |
| Days Cash on Hand Excludes Restricted: <u>Cash + Short-Term Investments</u> (Total Expenses - Depreciation Expense)/ by 365 | | ↑ | Budget FYE 158 Days Budget 2nd Qtr 151 Days Projected 2nd Qtr 164 Days | 60 Days BBB- 147 Days | 163 | 156 | 164 | 148 | 203 | 209 | 219 |
| Accounts Receivable over 120 days (excludes payment plan, legal and charitable balances) | | ↓ | 13% | | 17% | 18% | 22% | 29% | 15% | 11% | 13% |
| Accounts Receivable over 120 days (includes payment plan, legal and charitable balances) | | ↓ | 18% | | 22% | 23% | 25% | 34% | 19% | 16% | 18% |
| Cash Receipts Per Day (based on 30 day lag on Patient Net Revenue) excludes managed care reserve | | ↑ | FYE Budget \$303,615 End 2nd Qtr Budget \$304,654 End 2nd Qtr Actual \$330,795 | | \$295,124 | \$290,776 | \$286,394 | \$255,901 | \$254,806 | \$240,383 | \$256,059 |
| Debt Service Coverage: Excess Revenue over Exp + <u>Interest Exp + Depreciation</u> Debt Principal Payments + Interest Expense | | ↑ | Without GO Bond 2.01 With GO Bond 1.18 | 1.95 | 3.44 1.70 | 3.28 1.59 | 2.18 1.29 | .66 .89 | 4.83 2.70 | 4.35 2.45 | 3.48 3.00 |

Footnotes:

- (1) Target Return on Equity was established during the FY16 budgeting process. Fiscal year 2015 ended with a higher net income than projected. Based upon the actual fiscal year end net asset number, our Target Return on Equity was 2.15%.

TAHOE FOREST HOSPITAL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
DECEMBER 2015

| CURRENT MONTH | | | | Note | YEAR TO DATE | | | | PRIOR YTD DEC 2014 | |
|---|---------------|--------------|-----------|------|----------------|----------------|--------------|----------|-----------------------|----------------|
| ACTUAL | BUDGET | VAR\$ | VAR% | | ACTUAL | BUDGET | VAR\$ | VAR% | | |
| OPERATING REVENUE | | | | | | | | | | |
| \$ 20,039,954 | \$ 17,907,605 | \$ 2,132,349 | 11.9% | | \$ 107,421,803 | \$ 105,404,443 | \$ 2,017,360 | 1.9% | 1 | \$ 104,237,473 |
| Total Gross Revenue | | | | | | | | | | |
| Gross Revenues - Inpatient | | | | | | | | | | |
| \$ 1,844,437 | \$ 1,783,526 | \$ 60,911 | 3.4% | | \$ 9,957,949 | \$ 10,691,634 | \$ (733,685) | -6.9% | | \$ 10,244,519 |
| 4,407,055 | 3,986,991 | 420,065 | 10.5% | | 20,609,125 | 23,095,775 | (2,486,650) | -10.8% | | 24,581,893 |
| 6,251,492 | 5,770,516 | 480,976 | 8.3% | | 30,567,074 | 33,787,409 | (3,220,336) | -9.5% | 1 | 34,826,411 |
| Total Gross Revenue - Inpatient | | | | | | | | | | |
| 13,788,462 | 12,137,089 | 1,651,373 | 13.6% | | 76,854,730 | 71,617,034 | 5,237,696 | 7.3% | | 69,411,062 |
| 13,788,462 | 12,137,089 | 1,651,373 | 13.6% | | 76,854,730 | 71,617,034 | 5,237,696 | 7.3% | 1 | 69,411,062 |
| Total Gross Revenue - Outpatient | | | | | | | | | | |
| Deductions from Revenue: | | | | | | | | | | |
| 7,786,430 | 7,331,125 | (455,305) | -6.2% | | 43,332,543 | 43,221,901 | (110,641) | -0.3% | 2 | 41,433,398 |
| 582,220 | 585,016 | 2,796 | 0.5% | | 3,203,965 | 3,443,715 | 239,750 | 7.0% | 2 | 3,255,881 |
| 323,709 | - | (323,709) | 0.0% | | 323,709 | - | (323,709) | 0.0% | 2 | - |
| (172,248) | 432,055 | 604,302 | 139.9% | | (365,131) | 2,542,531 | 2,907,663 | 114.4% | 2 | 1,781,778 |
| (221,355) | - | 221,355 | 0.0% | | (221,398) | - | 221,398 | 0.0% | 2 | 298,924 |
| 8,298,757 | 8,348,195 | 49,439 | 0.6% | | 46,273,688 | 49,208,147 | 2,934,460 | 6.0% | | 46,769,981 |
| 86,744 | 59,160 | 27,584 | 46.6% | | 379,560 | 365,557 | 14,003 | 3.8% | | 476,705 |
| 800,716 | 588,595 | 212,120 | 36.0% | | 4,072,494 | 3,338,086 | 734,407 | 22.0% | 3 | 3,913,405 |
| 12,628,657 | 10,207,165 | 2,421,493 | 23.7% | | 65,600,169 | 59,899,939 | 5,700,230 | 9.5% | | 61,857,602 |
| TOTAL OPERATING REVENUE | | | | | | | | | | |
| OPERATING EXPENSES | | | | | | | | | | |
| 3,470,760 | 3,793,104 | 322,344 | 8.5% | | 21,202,796 | 21,565,812 | 363,016 | 1.7% | 4 | 20,451,366 |
| 1,520,290 | 1,037,223 | (483,067) | -46.6% | | 7,622,654 | 6,909,622 | (713,032) | -10.3% | 4 | 6,604,270 |
| 76,206 | 60,541 | (15,665) | -25.9% | | 318,275 | 363,245 | 44,970 | 12.4% | 4 | 277,356 |
| 698,999 | 750,099 | 51,100 | 6.8% | | 3,565,126 | 4,500,592 | 935,467 | 20.8% | 4 | 4,011,457 |
| 1,446,651 | 1,439,424 | (7,228) | -0.5% | | 8,954,870 | 8,421,953 | (532,916) | -6.3% | 5 | 10,980,344 |
| 1,553,317 | 1,297,683 | (255,634) | -19.7% | | 8,663,739 | 7,815,232 | (848,507) | -10.9% | 6 | 8,447,095 |
| 1,060,480 | 905,471 | (155,009) | -17.1% | | 5,301,254 | 5,261,755 | (39,499) | -0.8% | 7 | 5,589,075 |
| 611,483 | 467,271 | (144,212) | -30.9% | | 2,967,345 | 3,143,771 | 176,426 | 5.6% | 8 | 3,343,793 |
| 10,438,186 | 9,750,815 | (687,371) | -7.0% | | 58,596,059 | 57,981,983 | (614,076) | -1.1% | | 59,704,755 |
| 2,190,471 | 456,350 | 1,734,122 | 380.0% | | 7,004,110 | 1,917,956 | 5,086,154 | 265.2% | | 2,152,846 |
| TOTAL OPERATING EXPENSE | | | | | | | | | | |
| NET OPERATING REVENUE (EXPENSE) EBIDA | | | | | | | | | | |
| NON-OPERATING REVENUE/(EXPENSE) | | | | | | | | | | |
| 365,463 | 393,047 | (27,584) | -7.0% | | 2,333,682 | 2,347,683 | (14,001) | -0.6% | 9 | 2,211,343 |
| 392,691 | 392,691 | - | 0.0% | | 2,356,148 | 2,356,148 | - | 0.0% | | 2,363,420 |
| 30,467 | 20,561 | 9,905 | 48.2% | | 162,938 | 121,832 | 41,106 | 33.7% | 10 | 137,823 |
| 2,066 | 1,336 | 730 | 54.6% | | 14,197 | 9,563 | 4,634 | 48.5% | 10 | 20,509 |
| 46,980 | 34,671 | 12,309 | 35.5% | | 201,812 | 208,027 | (6,215) | -3.0% | 11 | 239,474 |
| - | (37,500) | 37,500 | 0.0% | | (41,525) | (75,000) | 33,475 | 0.0% | 12 | (67,418) |
| - | - | - | 0.0% | | - | - | - | 0.0% | 12 | - |
| - | - | - | 0.0% | | - | - | - | 0.0% | 13 | - |
| - | - | - | 0.0% | | - | - | - | 0.0% | 14 | - |
| (825,830) | (855,178) | 29,348 | 3.4% | | (5,105,908) | (5,131,069) | 25,160 | 0.5% | 15 | (4,690,156) |
| (116,420) | (115,726) | (694) | -0.6% | | (734,831) | (694,361) | (40,470) | -5.8% | 16 | (840,372) |
| (265,584) | (286,955) | 21,371 | 7.4% | | (1,163,546) | (1,086,733) | (76,813) | -7.1% | | (1,508,448) |
| (370,167) | (453,053) | 82,886 | 18.3% | | (1,977,033) | (1,943,910) | (33,123) | -1.7% | | (2,133,825) |
| TOTAL NON-OPERATING REVENUE/(EXPENSE) | | | | | | | | | | |
| \$ 1,820,304 | \$ 3,297 | \$ 1,817,007 | -55118.3% | | \$ 5,027,077 | \$ (25,954) | \$ 5,053,031 | 19469.3% | | \$ 19,021 |
| INCREASE (DECREASE) IN NET POSITION | | | | | | | | | | |
| NET POSITION - BEGINNING OF YEAR | | | | | 99,396,265 | | | | | |
| NET POSITION - AS OF DECEMBER 31, 2015 | | | | | \$ 104,423,342 | | | | | |
| 10.9% | 2.5% | 8.4% | | | 6.5% | 1.8% | 4.7% | | | 2.1% |
| RETURN ON GROSS REVENUE EBIDA | | | | | | | | | | |

TAHOE FOREST HOSPITAL DISTRICT
NOTES TO STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
DECEMBER 2015

1) Gross Revenues

Acute Patient Days were over budget 5.33% or 20 days. Swing Bed days were above budget 81.25% or 13 days. Ancillary revenue exceeded budget by 10.5% due to the increase in patient days.

Outpatient volumes were above budget in the following departments: Emergency Department visits, Home Health visits, Endoscopy procedures, Laboratory tests, Diagnostic Imaging, Mammography, Medical Oncology procedures, Radiation Oncology procedures, Nuclear Medicine, Ultrasounds, Cat Scans, Pharmacy units, Oncology Drugs, Respiratory Therapy, Physical Therapy, Speech Therapy, and Occupational Therapy.

| | Variance from Budget | |
|-----------------------------|----------------------|---------------------|
| | Fav / <Unfav> | |
| | DEC 2015 | YTD 2016 |
| Gross Revenue -- Inpatient | \$ 480,976 | \$ (3,220,336) |
| Gross Revenue -- Outpatient | 1,651,373 | 5,237,696 |
| Gross Revenue -- Total | <u>\$ 2,132,349</u> | <u>\$ 2,017,360</u> |

2) Total Deductions from Revenue

The payor mix for December shows a 4.75% decrease to Medicare, a 3.34% decrease to Medi-Cal, .24% increase to Other, a .02% decrease to County, and a 7.87% increase to Commercial when compared to budget. Contractual Allowances were slightly over budget due to the positive shift in payor mix despite revenues exceeding budget by 11.90%.

We continue to see a positive pickup in Bad Debt as work continues in the Business Office on Self Pay accounts and people continue to migrate to the Insurance Exchanges for coverage.

Positive variance in Prior Period Settlements related to a SNF Supplemental Reimbursement true-up from FY09-10 and receipt of the IVCH E.H.R. Incentive payment which came in higher than the estimated booked receivable at the close of FY2015.

| | | |
|-----------------------------|------------------|---------------------|
| Contractual Allowances | \$ (455,305) | \$ (110,641) |
| Charity Care | 2,796 | 239,750 |
| Charity Care - Catastrophic | (323,709) | (323,709) |
| Bad Debt | 604,302 | 2,907,663 |
| Prior Period Settlements | 221,355 | 221,398 |
| Total | <u>\$ 49,439</u> | <u>\$ 2,934,460</u> |

3) Other Operating Revenue

Pharmaceutical prescription volumes exceeded budget by 5.95%, creating a positive variance in Retail Pharmacy revenues.

IVCH ER Physician Guarantee is tied to collections which exceeded budget in December.

Children's Center revenue exceeded budget by 20.71%.

Positive variance in Miscellaneous related to the receipt of a Quality Assurance fee and rebates on FY15 prescription fees and long distance telephone charges.

Positive variance in Grants related to funds received from the California Department of Health for Small Rural Hospitals.

| | | |
|-----------------------------|-------------------|-------------------|
| Retail Pharmacy | \$ 84,252 | \$ 86,323 |
| Hospice Thrift Stores | (3,657) | 51,443 |
| The Center (non-therapy) | (2,646) | (8,904) |
| IVCH ER Physician Guarantee | 8,831 | 97,733 |
| Children's Center | 12,595 | 75,033 |
| Miscellaneous | 103,446 | 392,730 |
| Oncology Drug Replacement | - | - |
| Grants | 9,300 | 40,050 |
| Total | <u>\$ 212,120</u> | <u>\$ 734,407</u> |

4) Salaries and Wages

Positive variance in Salaries and Wages was offset by negative variances in PL/SL benefits.

| | | |
|-------|-------------------|-------------------|
| Total | <u>\$ 322,344</u> | <u>\$ 363,016</u> |
|-------|-------------------|-------------------|

Employee Benefits

Negative variance in Nonproductive connected with an employment related matters.

Negative variance in Other primarily related to employer payroll taxes.

| | | |
|-----------------------|---------------------|---------------------|
| PL/SL | \$ (278,894) | \$ (200,819) |
| Nonproductive | (9,575) | (146,419) |
| Pension/Deferred Comp | 372 | (7,114) |
| Standby | (29,103) | (74,794) |
| Other | (165,867) | (283,887) |
| Total | <u>\$ (483,067)</u> | <u>\$ (713,032)</u> |

Employee Benefits - Workers Compensation

| | | |
|-------|--------------------|------------------|
| Total | <u>\$ (15,665)</u> | <u>\$ 44,970</u> |
|-------|--------------------|------------------|

Employee Benefits - Medical Insurance

| | | |
|-------|------------------|-------------------|
| Total | <u>\$ 51,100</u> | <u>\$ 935,467</u> |
|-------|------------------|-------------------|

5) Professional Fees

The Center (includes OP Therapy) revenues exceeded budget by 26.01%, creating a negative variance in this category.

Negative variance in TFH/IVCH Therapy Services related to revenues exceeding budget by 18.50%.

Negative variance in Administration related to legal services, medical director stipends, and consulting services in connection with the therapies service line analysis.

Locum coverage and Medical Director fees for Medical Oncology and Radiation Oncology came in below budget.

Positive variance in Corporate Compliance related to decreased use in legal services.

| | | |
|----------------------------------|-------------|--------------|
| The Center (includes OP Therapy) | \$ (33,736) | \$ (188,951) |
| Miscellaneous | 8,249 | (177,380) |
| TFH/IVCH Therapy Services | (25,025) | (151,150) |
| Administration | (25,264) | (108,411) |
| Multi-Specialty Clinics | (5,426) | (54,448) |
| Information Technology | 437 | (28,934) |
| Financial Administration | 15,967 | (11,713) |
| Multi-Specialty Clinics Admin | (4,075) | (10,226) |
| Home Health/Hospice | (3,150) | (6,129) |
| TFH Locums | 5,336 | (5,805) |
| Managed Care | 5,050 | (1,865) |
| Patient Accounting/Admitting | - | - |
| Business Performance | - | - |
| IVCH ER Physicians | 71 | 269 |
| Respiratory Therapy | 100 | 650 |
| Sleep Clinic | 6,001 | 9,977 |

5) **Professional Fees (cont.)**

We also saw decreased use of legal and consulting services in Human Resources, creating a positive variance in this category.

| | | |
|------------------------|-------------------|---------------------|
| Medical Staff Services | (2,361) | 13,217 |
| Marketing | 2,375 | 14,250 |
| Oncology | 17,706 | 21,526 |
| Corporate Compliance | 19,045 | 44,221 |
| Human Resources | 11,471 | 107,986 |
| Total | \$ (7,228) | \$ (532,916) |

6) **Supplies**

Drugs Sold to Patients and Oncology Drugs Sold to Patients revenues exceeded budget by 31.10%, creating a negative variance in Pharmacy Supplies.

Small equipment purchases for SNF, Emergency Room, Surgery, Laboratory, Patient Financial Services, and Employee Housing created a negative variance in Minor Equipment.

Non-Medical Supply purchases for Retail Pharmacy, The Gift Tree, Personnel, and Engineering created a negative variance in Other Non-Medical Supplies.

| | | |
|----------------------------------|---------------------|---------------------|
| Pharmacy Supplies | \$ (247,485) | \$ (958,069) |
| Food | (4,683) | (53,390) |
| Office Supplies | (4,281) | (36,789) |
| Minor Equipment | (17,107) | (30,408) |
| Imaging Film | (162) | (1,587) |
| Other Non-Medical Supplies | (15,784) | 24,828 |
| Patient & Other Medical Supplies | 33,868 | 206,908 |
| Total | \$ (255,634) | \$ (848,507) |

7) **Purchased Services**

Negative variance in Miscellaneous for services provided to the Wellness Neighborhood, Laundry & Linen costs, EMR and Practice Management fees, employee health screenings, interim management for Materials Management, and services provided to Medical and Radiology Oncology for genomic sequencing.

Outsourced management oversight of the retail components at CHSP created a negative variance in The Center. Management fees are paid based on revenue capture at The Center.

District wide building maintenance created a negative variance in Department Repairs.

Laboratory volumes exceeded budget by 9.63% creating a negative variance in outsourced laboratory testing reads.

Positive variance in Patient Accounting related to collection agency fees falling short of budget projections.

Positive variance in Information Technology related to a decrease in services provided for Software and Network Maintenance.

| | | |
|-----------------------------------|---------------------|--------------------|
| Miscellaneous | \$ (143,061) | \$ (258,441) |
| The Center | (9,695) | (38,077) |
| Department Repairs | (18,367) | (29,396) |
| Laboratory | (20,402) | (28,411) |
| Diagnostic Imaging Services - All | 4,772 | (23,949) |
| Pharmacy IP | (5,277) | (5,952) |
| Human Resources | (710) | 1,503 |
| Community Development | 392 | 2,350 |
| Medical Records | 2,193 | 5,574 |
| Hospice | 1,982 | 10,410 |
| Multi-Specialty Clinics | 4,993 | 26,325 |
| Patient Accounting | 13,237 | 82,201 |
| Information Technology | 14,935 | 216,363 |
| Total | \$ (155,009) | \$ (39,499) |

8) **Other Expenses**

Rental of a temporary chiller unit at IVCH while a new unit was being secured and installed created a negative variance in Equipment Rent.

Negative variance in Human Resources Recruitment associated with the recruitment of the District's C.E.O. and Manager for Materials Management.

Negative variance in Miscellaneous is actually a positive for the District. During the FY16 budgeting process assumptions were made on the cost of human resources to upgrade the Laboratory and Surgery software systems. Labor costs that were budgeted to be capitalized as part of the projects came in below estimations.

| | | |
|------------------------------------|---------------------|-------------------|
| Equipment Rent | \$ (48,972) | \$ (49,212) |
| Dues and Subscriptions | (2,983) | (25,014) |
| Human Resources Recruitment | (27,356) | (12,317) |
| Other Building Rent | (1,815) | (11,602) |
| Multi-Specialty Clinics Bldg Rent | (1,568) | (9,088) |
| Multi-Specialty Clinics Equip Rent | (50) | (411) |
| Innovation Fund | - | - |
| Physician Services | 375 | 374 |
| Outside Training & Travel | 4,554 | 8,517 |
| Insurance | 4,206 | 27,455 |
| Marketing | 20,173 | 61,427 |
| Utilities | (3,481) | 78,669 |
| Miscellaneous | (87,296) | 107,628 |
| Total | \$ (144,212) | \$ 176,426 |

9) **District and County Taxes**

| | | |
|--------------|--------------------|--------------------|
| Total | \$ (27,584) | \$ (14,001) |
|--------------|--------------------|--------------------|

10) **Interest Income**

| | | |
|--------------|-----------------|------------------|
| Total | \$ 9,905 | \$ 41,106 |
|--------------|-----------------|------------------|

11) **Donations**

| | | |
|------------------|---------------|----------------|
| IVCH | \$ (3,297) | \$ 9,626 |
| Operational | 15,606 | (15,841) |
| Capital Campaign | - | - |
| Total | 12,309 | (6,215) |

12) **Gain/(Loss) on Joint Investment**

The District had not received the October and November financial statements from TSC, LLC by the time it closed its December books to record its 51% share in activities, therefore a positive variance is showing for the second quarter of FY2016.

| | | |
|--------------|------------------|------------------|
| Total | \$ 37,500 | \$ 33,475 |
|--------------|------------------|------------------|

13) **Gain/(Loss) on Sale**

| | | |
|--------------|-------------|-------------|
| Total | \$ - | \$ - |
|--------------|-------------|-------------|

15) **Depreciation Expense**







Depreciation was trued up at the close of December, creating a positive variance in Depreciation Expense.

| | | |
|--------------|------------------|------------------|
| Total | \$ 29,348 | \$ 25,160 |
|--------------|------------------|------------------|

16) **Interest Expense**

| | | |
|--------------|-----------------|--------------------|
| Total | \$ (694) | \$ (40,470) |
|--------------|-----------------|--------------------|

TAHOE FOREST HOSPITAL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
KEY FINANCIAL INDICATORS
DECEMBER 2015

| | Current Status | Desired Position | Target | <u>FY 2016</u> Jul 15 to Dec 15 | <u>FY 2015</u> Jul 14 to June 15 | <u>FY 2014</u> Jul 13 to June 14 | <u>FY 2013</u> Jul 12 to June 13 | <u>FY 2012</u> Jul 11 to June 12 | <u>FY 2011</u> Jul 10 to June 11 | <u>FY 2010</u> Jul 09 to June 10 |
|--|---|------------------|-------------------------------------|------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Total Margin: <u>Increase (Decrease) In Net Position</u> Total Gross Revenue |  | ↑ | FYE -1.4% 2nd Qtr -.0% | 4.7% | 1.0% | .01% | -2.2% | 5.3% | 3.6% | 5.8% |
| Charity Care: <u>Charity Care Expense</u> Gross Patient Revenue |  | ↓ | FYE 3.3% 2nd Qtr 3.3% | 3.3% | 3.1% | 3.2% | 3.2% | 2.6% | 3.0% | 3.1% |
| Bad Debt Expense: <u>Bad Debt Expense</u> Gross Patient Revenue |  | ↓ | FYE 2.4% 2nd Qtr 2.4% | .0% | 1.6% | 1.6% | 4.6% | 4.3% | 3.8% | 4.1% |
| Incline Village Community Hospital: EBIDA: Earnings before interest, Depreciation, amortization <u>Net Operating Revenue <Expense></u> Gross Revenue |  | ↑ | FYE 5.3% 2nd Qtr 7.8% | 15.8% | 9.1% | 4.9% | 11.5% | 10.8% | 12.3% | 6.7% |
| Operating Expense Variance to Budget (Under<Over>) |  | ↑ | -0- | \$(614,076) | \$(6,371,653) | \$2,129,279 | \$(1,498,683) | \$790,439 | \$15,188 | \$2,662,695 |
| EBIDA: Earnings before interest, Depreciation, amortization <u>Net Operating Revenue <Expense></u> Gross Revenue |  | ↑ | FYE 1.0% 2nd Qtr 1.8% | 6.5% | 3.5% | 2.0% | .9% | 5.6% | 5.1% | 6.6% |

INCLINE VILLAGE COMMUNITY HOSPITAL
STATEMENT OF REVENUE AND EXPENSE
DECEMBER 2015

| CURRENT MONTH | | | | Note | YEAR TO DATE | | | | PRIOR YTD DEC 2014 | |
|--|--------------|------------|---------|--|--------------|--------------|--------------|--------|-----------------------|--------------|
| ACTUAL | BUDGET | VAR\$ | VAR% | | ACTUAL | BUDGET | VAR\$ | VAR% | | |
| OPERATING REVENUE | | | | | | | | | | |
| \$ 1,465,852 | \$ 1,330,912 | \$ 134,940 | 10.1% | Total Gross Revenue | \$ 8,850,108 | \$ 7,845,105 | \$ 1,005,002 | 12.8% | 1 | \$ 7,473,577 |
| Gross Revenues - Inpatient | | | | | | | | | | |
| \$ - | \$ 3,513 | \$ (3,513) | -100.0% | Daily Hospital Service | \$ 16,574 | \$ 17,567 | \$ (993) | -5.6% | | \$ 15,190 |
| - | 5,301 | (5,301) | -100.0% | Ancillary Service - Inpatient | 24,146 | 26,504 | (2,358) | -8.9% | | 21,016 |
| - | 8,814 | (8,814) | -100.0% | Total Gross Revenue - Inpatient | 40,720 | 44,071 | (3,351) | -7.6% | 1 | 36,206 |
| 1,465,852 | 1,322,098 | 143,755 | 10.9% | Gross Revenue - Outpatient | 8,809,388 | 7,801,035 | 1,008,353 | 12.9% | | 7,437,371 |
| 1,465,852 | 1,322,098 | 143,755 | 10.9% | Total Gross Revenue - Outpatient | 8,809,388 | 7,801,035 | 1,008,353 | 12.9% | 1 | 7,437,371 |
| Deductions from Revenue: | | | | | | | | | | |
| 410,829 | 364,775 | (46,054) | -12.6% | Contractual Allowances | 2,744,665 | 2,153,885 | (590,780) | -27.4% | 2 | 2,171,149 |
| 48,160 | 46,273 | (1,887) | -4.1% | Charity Care | 295,658 | 273,036 | (22,622) | -8.3% | 2 | 241,343 |
| - | - | - | 0.0% | Charity Care - Catastrophic Events | - | - | - | 0.0% | 2 | - |
| 109,885 | 92,547 | (17,338) | -18.7% | Bad Debt | 355,662 | 546,072 | 190,411 | 34.9% | 2 | 613,975 |
| (58,345) | - | 58,345 | 0.0% | Prior Period Settlements | (58,345) | - | 58,345 | 0.0% | 2 | 43,278 |
| 510,530 | 503,596 | (6,934) | -1.4% | Total Deductions from Revenue | 3,337,640 | 2,972,994 | (364,646) | -12.3% | 2 | 3,069,745 |
| 71,325 | 63,160 | 8,165 | 12.9% | Other Operating Revenue | 504,840 | 384,235 | 120,605 | 31.4% | 3 | 424,883 |
| 1,026,648 | 890,476 | 136,171 | 15.3% | TOTAL OPERATING REVENUE | 6,017,308 | 5,256,346 | 760,962 | 14.5% | | 4,828,716 |
| OPERATING EXPENSES | | | | | | | | | | |
| 269,365 | 275,837 | 6,471 | 2.3% | Salaries and Wages | 1,496,803 | 1,583,975 | 87,172 | 5.5% | 4 | 1,472,009 |
| 95,738 | 71,090 | (24,649) | -34.7% | Benefits | 448,232 | 475,839 | 27,607 | 5.8% | 4 | 524,223 |
| 2,496 | 2,490 | (6) | -0.2% | Benefits Workers Compensation | 13,695 | 14,942 | 1,247 | 8.3% | 4 | 18,615 |
| 44,181 | 47,919 | 3,738 | 7.8% | Benefits Medical Insurance | 229,224 | 287,514 | 58,290 | 20.3% | 4 | 270,558 |
| 226,506 | 227,023 | 517 | 0.2% | Professional Fees | 1,422,323 | 1,407,694 | (14,629) | -1.0% | 5 | 1,203,468 |
| 63,857 | 52,869 | (10,989) | -20.8% | Supplies | 409,404 | 321,900 | (87,503) | -27.2% | 6 | 290,966 |
| 49,769 | 42,977 | (6,791) | -15.8% | Purchased Services | 245,758 | 246,728 | 970 | 0.4% | 7 | 247,454 |
| 99,866 | 52,870 | (46,996) | -88.9% | Other | 350,214 | 306,715 | (43,499) | -14.2% | 8 | 291,911 |
| 851,779 | 773,075 | (78,704) | -10.2% | TOTAL OPERATING EXPENSE | 4,615,653 | 4,645,307 | 29,654 | 0.6% | | 4,319,203 |
| 174,869 | 117,401 | 57,467 | 48.9% | NET OPERATING REV(EXP) EBIDA | 1,401,655 | 611,039 | 790,616 | 129.4% | | 509,512 |
| NON-OPERATING REVENUE/(EXPENSE) | | | | | | | | | | |
| 1,036 | 4,333 | (3,297) | -76.1% | Donations-IVCH | 35,626 | 26,000 | 9,626 | 37.0% | 9 | 12,474 |
| - | - | - | 0.0% | Gain/ (Loss) on Sale | - | - | - | 0.0% | 10 | - |
| (32,431) | (58,359) | 25,929 | -44.4% | Depreciation | (324,226) | (350,156) | 25,931 | -7.4% | 11 | (319,922) |
| (31,394) | (54,026) | 22,632 | 41.9% | TOTAL NON-OPERATING REVENUE/(EXP) | (288,600) | (324,156) | 35,557 | 11.0% | | (307,449) |
| \$ 143,474 | \$ 63,375 | \$ 80,099 | 126.4% | EXCESS REVENUE(EXPENSE) | \$ 1,113,055 | \$ 286,883 | \$ 826,172 | 288.0% | | \$ 202,064 |
| 11.9% | 8.8% | 3.1% | | RETURN ON GROSS REVENUE EBIDA | 15.8% | 7.8% | 8.0% | | | 6.8% |

**INCLINE VILLAGE COMMUNITY HOSPITAL
NOTES TO STATEMENT OF REVENUE AND EXPENSE
DECEMBER 2015**

| | | Variance from Budget | |
|--|----------------------------------|-----------------------------|---------------------|
| | | Fav<Unfav> | |
| | | DEC 2015 | YTD 2016 |
| 1) Gross Revenues | | | |
| Acute Patient Days were below budget by 1 at 0 and Observation Days were under budget by 1 at 1. | Gross Revenue -- Inpatient | \$ (8,814) | \$ (3,351) |
| | Gross Revenue -- Outpatient | 143,755 | 1,008,353 |
| | | <u>\$ 134,940</u> | <u>\$ 1,005,002</u> |
| Outpatient volumes were above budget in Emergency Department visits, Laboratory tests, Radiology exams, Cat Scans, and Physical Therapy. | | | |
| 2) Total Deductions from Revenue | | | |
| We saw a shift in our payor mix with an 2.57% increase in Commercial, Insurance, a 3.55% decrease in Medicare, a 3.56% increase in Medicaid, a 2.57% decrease in Other, and a .01% decrease in County. Negative variance in Contractual Allowances is a result of revenues exceeding budget by 10.1% | Contractual Allowances | \$ (46,054) | \$ (590,780) |
| | Charity Care | (1,887) | (22,622) |
| | Charity Care-Catastrophic Event | - | - |
| | Bad Debt | (17,338) | 190,411 |
| | Prior Period Settlement | 58,345 | 58,345 |
| | Total | <u>\$ (6,934)</u> | <u>\$ (364,646)</u> |
| Positive variance in Prior Period Settlements related to the IVCH E.H.R. Incentive payment which came in higher than the estimated booked receivable at the close of FY2015. | | | |
| 3) Other Operating Revenue | | | |
| IVCH ER Physician Guarantee is tied to collections which exceeded budget in December. | IVCH ER Physician Guarantee | \$ 8,831 | \$ 97,733 |
| | Miscellaneous | (666) | 22,872 |
| | Total | <u>\$ 8,165</u> | <u>\$ 120,605</u> |
| 4) Salaries and Wages | | | |
| Positive variance in Salaries and Wages was offset, in part, by an increase in use of Paid Leave. | Total | <u>\$ 6,471</u> | <u>\$ 87,172</u> |
| Employee Benefits | | | |
| Negative variance in Other related to employer payroll taxes. | PL/SL | \$ (10,012) | \$ 49,911 |
| | Standby | 785 | 9,502 |
| | Other | (15,440) | (24,724) |
| | Nonproductive | (351) | (9,492) |
| | Pension/Deferred Comp | 371 | 2,410 |
| | Total | <u>\$ (24,649)</u> | <u>\$ 27,607</u> |
| Employee Benefits - Workers Compensation | Total | <u>\$ (6)</u> | <u>\$ 1,247</u> |
| Employee Benefits - Medical Insurance | Total | <u>\$ 3,738</u> | <u>\$ 58,290</u> |
| 5) Professional Fees | | | |
| The charge out of MSC IM/Peds physicians to run the IVCH MSC created a negative variance over budget in Multi-Specialty Clinics. | Multi-Specialty Clinics | \$ (5,580) | \$ (14,074) |
| | Therapy Services | (3,492) | (10,385) |
| | Foundation | 3,620 | (1,184) |
| | Administration | (945) | (945) |
| IVCH Physical Therapy revenues exceeded budget by 5.23%, creating a negative variance in therapist fees. | IVCH ER Physicians | 71 | 269 |
| | Miscellaneous | 842 | 1,714 |
| | Sleep Clinic | 6,001 | 9,977 |
| | Total | <u>\$ 517</u> | <u>\$ (14,629)</u> |
| Sleep Clinic professional fees are tied to collections which fell short of budget estimations in December. | | | |
| 6) Supplies | | | |
| Oncology Drugs Sold to Patient's revenue exceeded budget by 29.89%, creating a negative variance in Pharmacy Supplies. | Pharmacy Supplies | \$ (9,216) | \$ (44,603) |
| | Patient & Other Medical Supplies | 3,966 | (22,738) |
| | Minor Equipment | (2,524) | (13,074) |
| | Food | (1,510) | (3,556) |
| Replacement of Thin Clients at IVCH Physical Therapy and Administration created a negative variance in Minor Equipment. | Non-Medical Supplies | (312) | (1,730) |
| | Office Supplies | (887) | (1,155) |
| | Imaging Film | (505) | (646) |
| | Total | <u>\$ (10,989)</u> | <u>\$ (87,503)</u> |

**INCLINE VILLAGE COMMUNITY HOSPITAL
NOTES TO STATEMENT OF REVENUE AND EXPENSE
DECEMBER 2015**

| | | Variance from Budget | |
|---|------------------------------------|-----------------------------|--------------------|
| | | Fav<Unfav> | |
| | | DEC 2015 | YTD 2016 |
| 7) <u>Purchased Services</u> | Laboratory | \$ (2,275) | \$ (16,242) |
| Laboratory volumes exceeded budget by 14.78%, creating a negative variance in outsourced lab testing. | EVS/Laundry | (1,619) | (4,530) |
| | Foundation | 959 | (2,557) |
| | Surgical Services | - | - |
| | Pharmacy | - | 614 |
| | Miscellaneous | 219 | 1,645 |
| | Multi-Specialty Clinics | 388 | 2,912 |
| | Department Repairs | (5,380) | 3,755 |
| | Engineering/Plant/Communications | (760) | 7,378 |
| | Diagnostic Imaging Services - All | 1,677 | 7,996 |
| | Total | \$ (6,791) | \$ 970 |
| 8) <u>Other Expenses</u> | Equipment Rent | \$ (52,891) | \$ (57,967) |
| Negative variance in Equipment Rent related to the rental of a temporary chiller unit while a new unit was being installed. | Utilities | 962 | (2,271) |
| | Other Building Rent | - | - |
| | Physician Services | - | - |
| | Multi-Specialty Clinics Equip Rent | - | - |
| Controllable costs continue to be monitored, creating positive variances in the remainder of the Other Expense categories. | Multi-Specialty Clinics Bldg Rent | - | - |
| | Miscellaneous | 1,209 | 775 |
| | Insurance | 223 | 1,337 |
| | Dues and Subscriptions | 886 | 1,692 |
| | Marketing | 313 | 4,954 |
| | Outside Training & Travel | 2,302 | 7,982 |
| | Total | \$ (46,996) | \$ (43,499) |
| 9) <u>Donations</u> | Total | \$ (3,297) | \$ 9,626 |
| 10) <u>Gain/(Loss) on Sale</u> | Total | \$ - | \$ - |
| 11) <u>Depreciation Expense</u> | Total | \$ 25,929 | \$ 25,931 |
| Depreciation was trued up to actual at the close of December, creating a positive variance in Depreciation Expense. | | | |

TAHOE FOREST HOSPITAL DISTRICT
STATEMENT OF CASH FLOWS

| | PRE-AUDIT | BUDGET | PROJECTED | ACTUAL | BUDGET | | ACTUAL | ACTUAL | PROJECTED | PROJECTED |
|------------------------------------|--------------|--------------|----------------|--------------|-------------|--------------|--------------|--------------|--------------|----------------|
| | FYE 2015 | FYE 2016 | FYE 2016 | DEC 2015 | DEC 2015 | DIFFERENCE | 1ST QTR | 2ND QTR | 3RD QTR | 4TH QTR |
| Net Operating Rev/(Exp) - EBIDA | \$ 7,190,440 | \$ 2,054,135 | \$ 7,128,457 | \$ 2,190,471 | \$ 456,350 | \$ 1,734,121 | \$ 4,890,732 | \$ 2,113,378 | \$ 1,133,045 | \$ (1,008,698) |
| Interest Income | 97,528 | 107,488 | 116,760 | - | - | - | 29,198 | 33,631 | 27,104 | 26,827 |
| Property Tax Revenue | 5,352,075 | 5,420,000 | 5,503,649 | - | - | - | 309,907 | 78,742 | 2,890,000 | 2,225,000 |
| Donations | 757,929 | 923,000 | 943,979 | 17,363 | 60,000 | (42,637) | 76,191 | 164,788 | 90,000 | 613,000 |
| Debt Service Payments | (3,505,561) | (3,565,581) | (3,388,711) | (247,479) | (247,478) | (0) | (1,069,568) | (742,436) | (870,355) | (706,351) |
| Bank of America - 2012 Muni Lease | (1,243,531) | (1,243,644) | (1,243,647) | (103,637) | (103,637) | (0) | (310,912) | (310,912) | (310,911) | (310,911) |
| Copier | (8,962) | (8,760) | (8,759) | (730) | (730) | 0 | (2,190) | (2,190) | (2,190) | (2,190) |
| 2002 Revenue Bond | (660,296) | (668,008) | (491,136) | - | - | - | (327,132) | - | (164,004) | - |
| 2006 Revenue Bond | (1,592,771) | - | - | - | - | - | - | - | - | - |
| 2015 Revenue Bond | - | (1,645,169) | (1,645,169) | (143,111) | (143,111) | (0) | (429,334) | (429,334) | (393,250) | (393,250) |
| Physician Recruitment | (155,902) | (311,000) | (282,669) | - | (10,000) | 10,000 | (216,785) | (5,884) | (30,000) | (30,000) |
| Investment in Capital | | | | | | | | | | |
| Equipment | (2,491,260) | (1,418,900) | (1,418,900) | (29,759) | (96,314) | 66,555 | (302,633) | (286,725) | (599,871) | (229,671) |
| Municipal Lease Reimbursement | - | 2,295,723 | 2,295,723 | - | - | - | 1,319,139 | - | 976,584 | - |
| GO Bond Project Personal Property | (186,062) | (500,180) | (500,180) | - | (12,677) | 12,677 | (8,587) | (8,029) | (273,424) | (210,140) |
| IT | (1,394,200) | (559,300) | (559,300) | (76,785) | (25,000) | (51,785) | (318,453) | (193,238) | (25,774) | (21,834) |
| Building Projects | (2,218,063) | (4,487,480) | (4,487,480) | (119,484) | (457,583) | 338,099 | (337,663) | (674,563) | (1,801,000) | (1,674,254) |
| Health Information/Business System | (230,852) | (500,000) | (500,000) | (13,736) | - | (13,736) | (1,623) | (18,375) | (230,002) | (250,000) |
| Capital Investments | | | | | | | | | | |
| Properties | (600,000) | - | - | - | - | - | - | - | - | - |
| Measure C Scope Modifications | - | (749,287) | (749,286) | (9,289) | (9,289) | 0 | - | (232,174) | (258,556) | (258,556) |
| Change in Accounts Receivable | 2,648,682 | 282,832 | N1 283,875 | (1,768,318) | (875,969) | (892,349) | 522,392 | (891,685) | 217,927 | 435,241 |
| Change in Settlement Accounts | (2,438,657) | 500,000 | N2 1,800,138 | (1,173,529) | (1,200,000) | 26,471 | 623,667 | (1,173,529) | 2,100,000 | 250,000 |
| Change in Other Assets | (1,717,188) | (768,000) | N3 (3,081,597) | (789,773) | 475,000 | (1,264,773) | (1,531,558) | (1,330,040) | (75,000) | (145,000) |
| Change in Other Liabilities | (30,538) | (71,000) | N4 109,448 | 128,100 | (200,000) | 328,100 | 247,630 | (648,182) | 275,000 | 235,000 |
| Change in Cash Balance | 1,078,371 | (1,347,550) | 3,229,825 | (1,892,218) | (2,142,961) | 250,743 | 4,247,906 | (3,814,322) | 3,545,678 | (749,437) |
| Beginning Unrestricted Cash | 50,951,760 | 52,227,897 | 52,227,897 | 54,553,699 | 54,553,699 | - | 52,227,897 | 56,475,803 | 52,661,481 | 56,207,159 |
| Ending Unrestricted Cash | 52,227,897 | 50,880,347 | 55,457,722 | 52,661,481 | 52,410,738 | 250,743 | 56,475,803 | 52,661,481 | 56,207,159 | 55,457,722 |
| Expense Per Day | 333,932 | 321,141 | 322,853 | 322,438 | 318,952 | 3,485 | 317,753 | 322,438 | 324,721 | 322,853 |
| Days Cash On Hand | 156 | 158 | 172 | 163 | 164 | (1) | 178 | 163 | 173 | 172 |

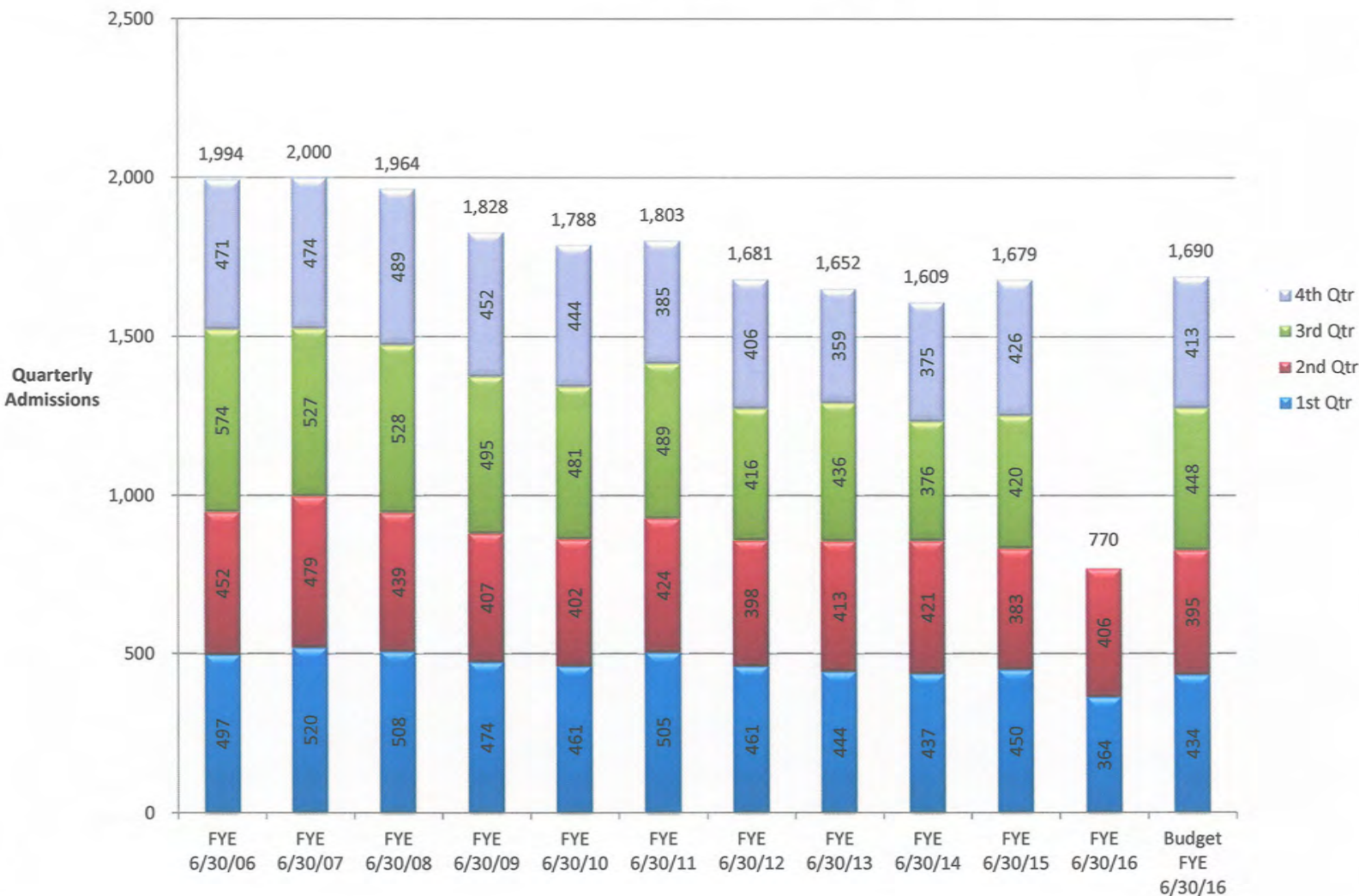
Footnotes:

- N1 - Change in Accounts Receivable reflects the 30 day delay in collections. For example, in July 2015 we are collecting June 2015.
- N2 - Change in Settlement Accounts reflect cash flows in and out related to prior year and current year Medicare and Medi-Cal settlement accounts.
- N3 - Change in Other Assets reflect fluctuations in asset accounts on the Balance Sheet that effect cash. For example, an increase in prepaid expense immediately effects cash but not EBIDA.
- N4 - Change in Other Liabilities reflect fluctuations in liability accounts on the Balance Sheet that effect cash. For example, an increase in accounts payable effects EBIDA but not cash.

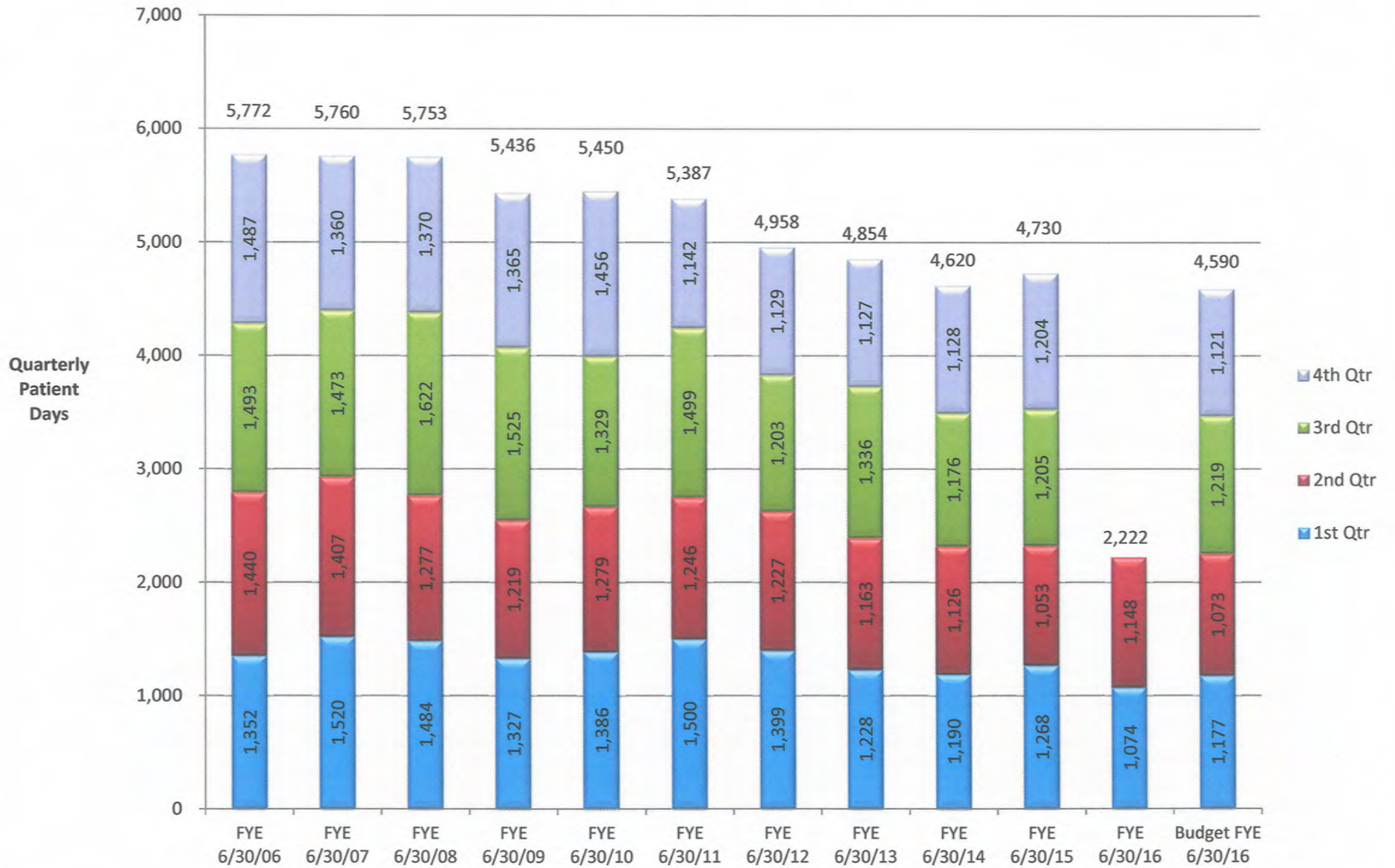
Incline Village Community Hospital
 Operating Indicators
 Month & YTD June 2016
 December 31, 2015

| | YTD Actual | YTD Budget | YTD Variance | YTD % Variance |
|-------------------------------|---------------|---------------|-----------------|-------------------|
| Admissions | 2 | 5 | -3 | -60.00% |
| Registrations | 4,825 | 5,090 | (265) | -5.21% |
| I/P Days | 6 | 5 | 1 | 20.00% |
| Observation Days | 14 | 14 | 0 | 0.00% |
| Total Days | 20 | 19 | 1 | 5.26% |
| Emergency Visits | 2,088 | 1,966 | 122 | 6.21% |
| <u>Surgical Services:</u> | | | | |
| Cases - Inpatient | 0 | 0 | 0 | 0.00% |
| Cases - Outpatient | 49 | 46 | 3 | 6.52% |
| Total Cases | 49 | 46 | 3 | 6.52% |
| Minutes | 15,454 | 13,731 | 1,723 | 12.55% |
| Laboratory Tests (inc EKG's) | 13,695 | 13,719 | (24) | -0.17% |
| Radiology - I / P Exams | 3 | 1 | 2 | 200.00% |
| Radiology - O / P Exams | 372 | 413 | (41) | -9.93% |
| Radiology - ER Exams | 939 | 799 | 140 | 17.52% |
| Radiology (inc mammos) Totals | 1,314 | 1,213 | 101 | 8.33% |
| CT - I / P Exams | 0 | 0 | 0 | 0.00% |
| CT - O / P Exams (Inc. U/S) | 64 | 82 | (18) | -21.95% |
| CT - ER Exams | 379 | 255 | 124 | 48.63% |
| Total Cat Scan Exams | 443 | 337 | 106 | 31.45% |
| Pharmacy - I/P units | 101 | 90 | 11 | 12.22% |
| Pharmacy - O/P units | 4,700 | 4,324 | 376 | 8.70% |
| Pharmacy Totals | 4,801 | 4,414 | 387 | 8.77% |
| IV's - Inpatient | 3 | 7 | (4) | -57.14% |
| IV's - Outpatient | 68 | 275 | (207) | -75.27% |
| Total IV's | 71 | 282 | (211) | -74.82% |
| RT - I/P Procedures | 58 | 0 | 58 | 0.00% |
| RT - O/P Procedures | 893 | 0 | 893 | 0.00% |
| R/T Totals | 951 | 0 | 951 | 0.00% |
| Sleep Clinic Visits | 88 | 83 | 5 | 6.02% |

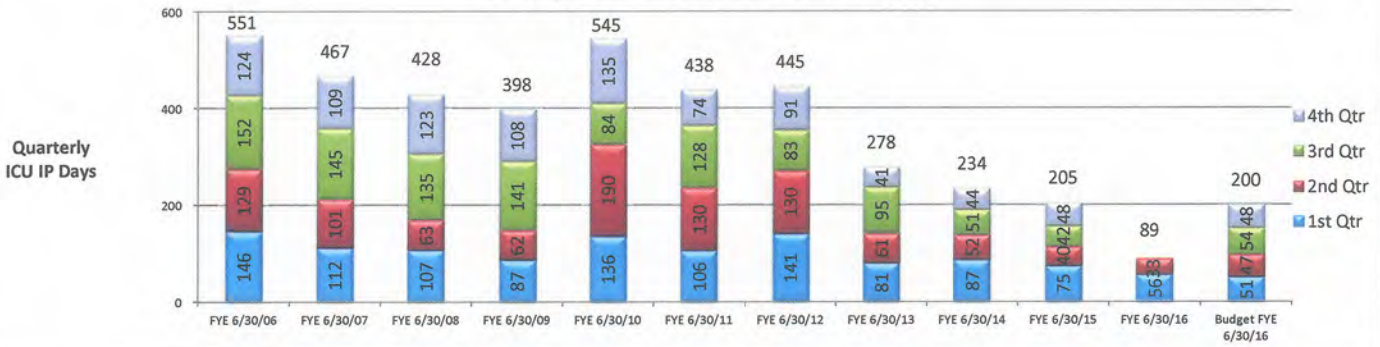
TOTAL TFH ADMISSIONS



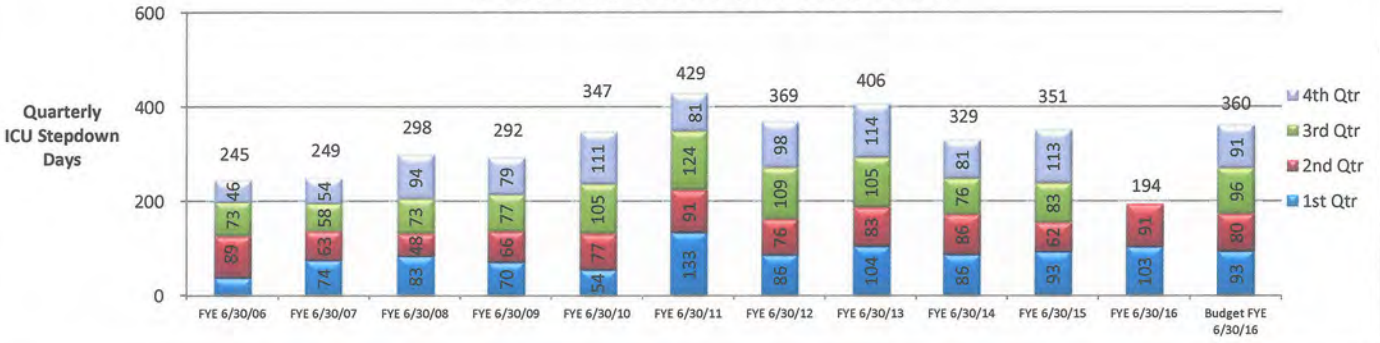
TOTAL TFH PATIENT DAYS



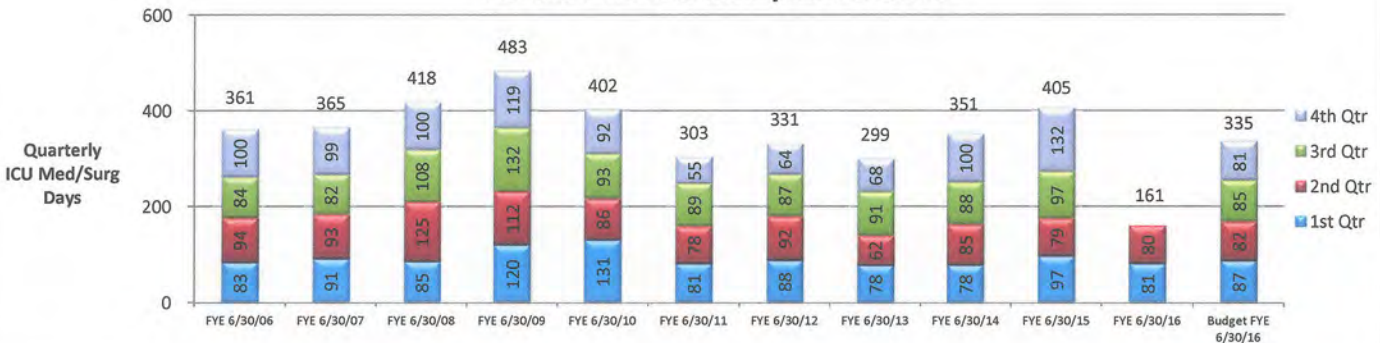
TOTAL TFH ICU INPATIENT DAYS



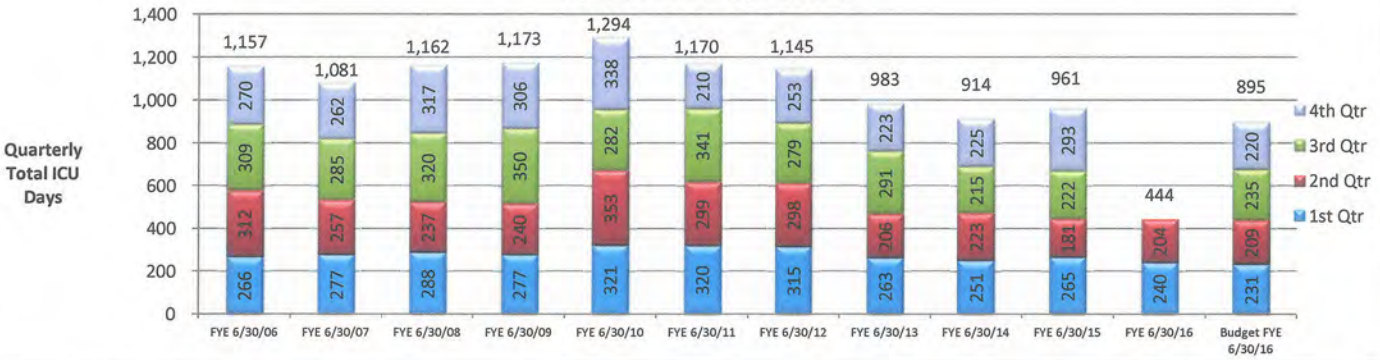
TOTAL TFH ICU STEPDOWN DAYS



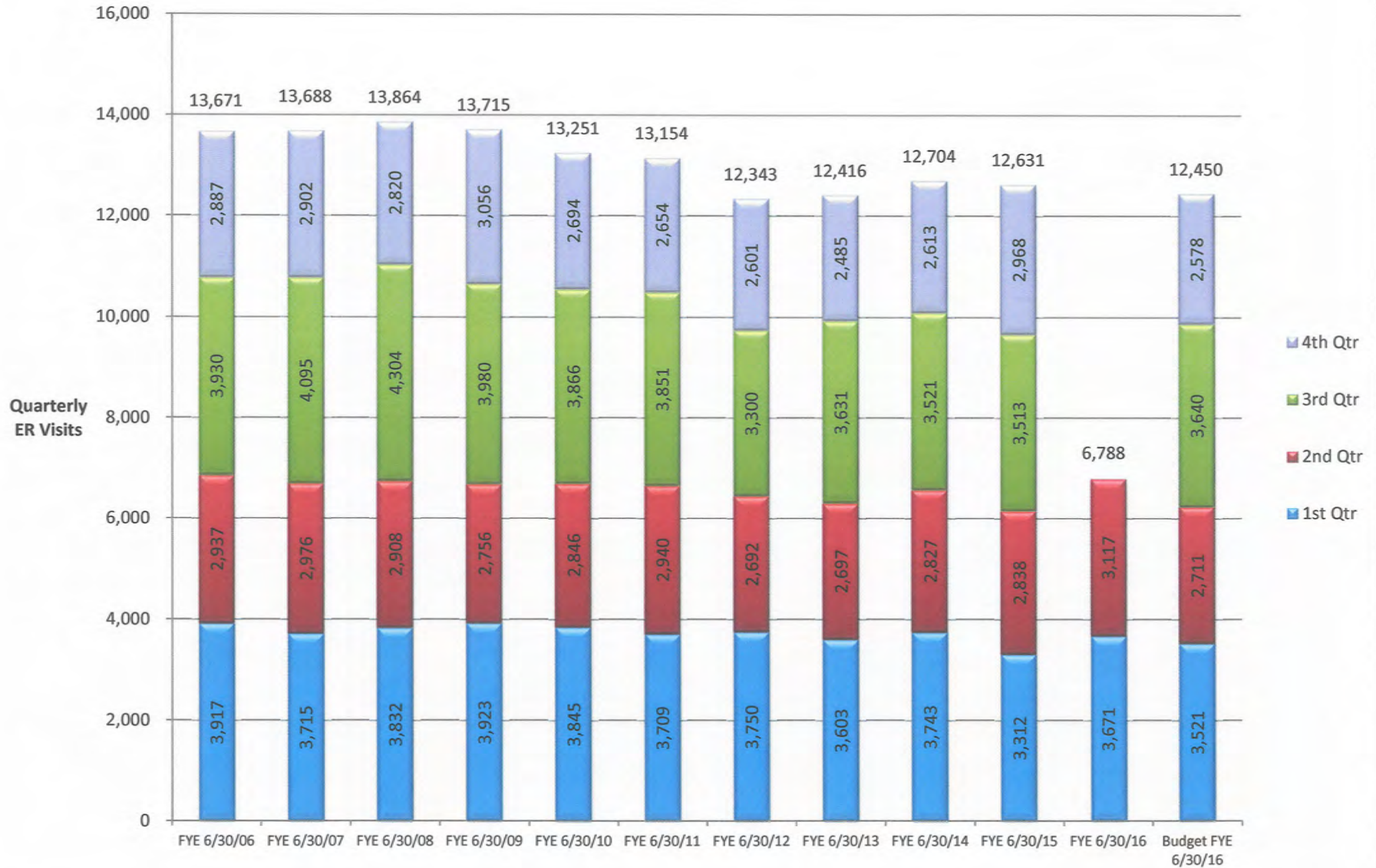
TOTAL TFH ICU MED/SURG DAYS



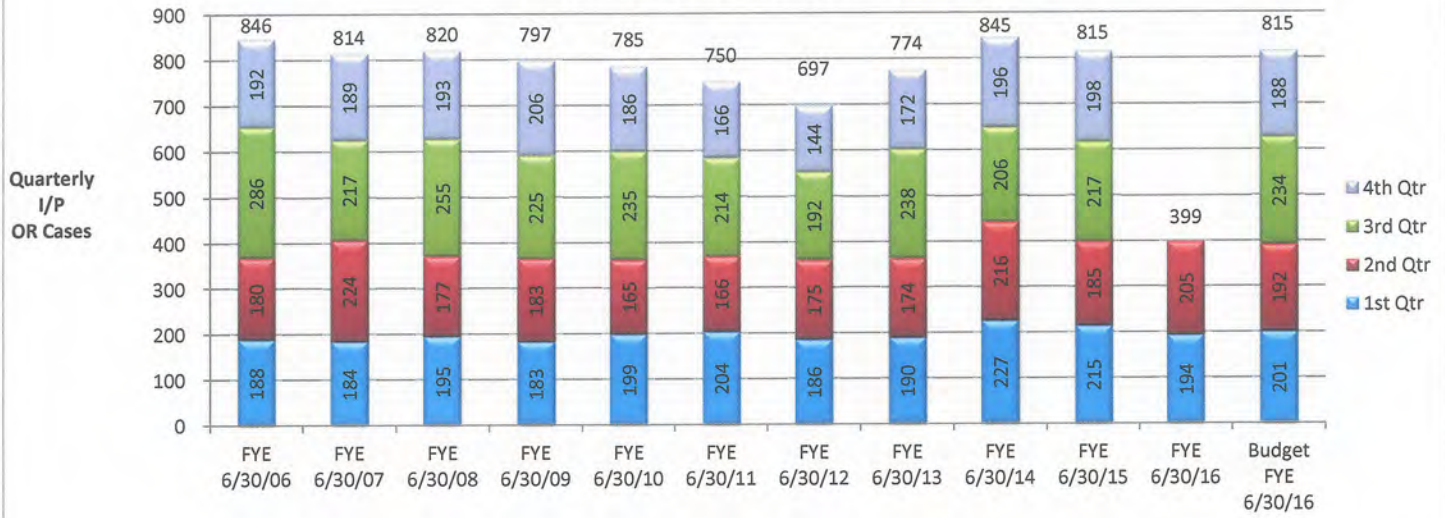
TOTAL TFH ICU DAYS



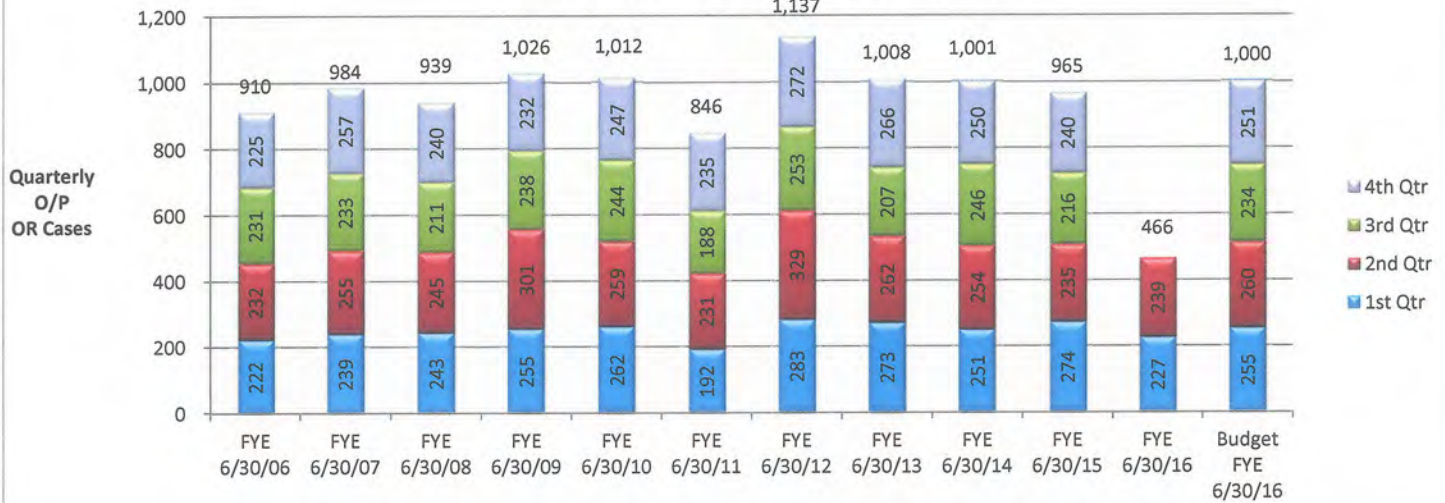
TOTAL TFH ER VISITS



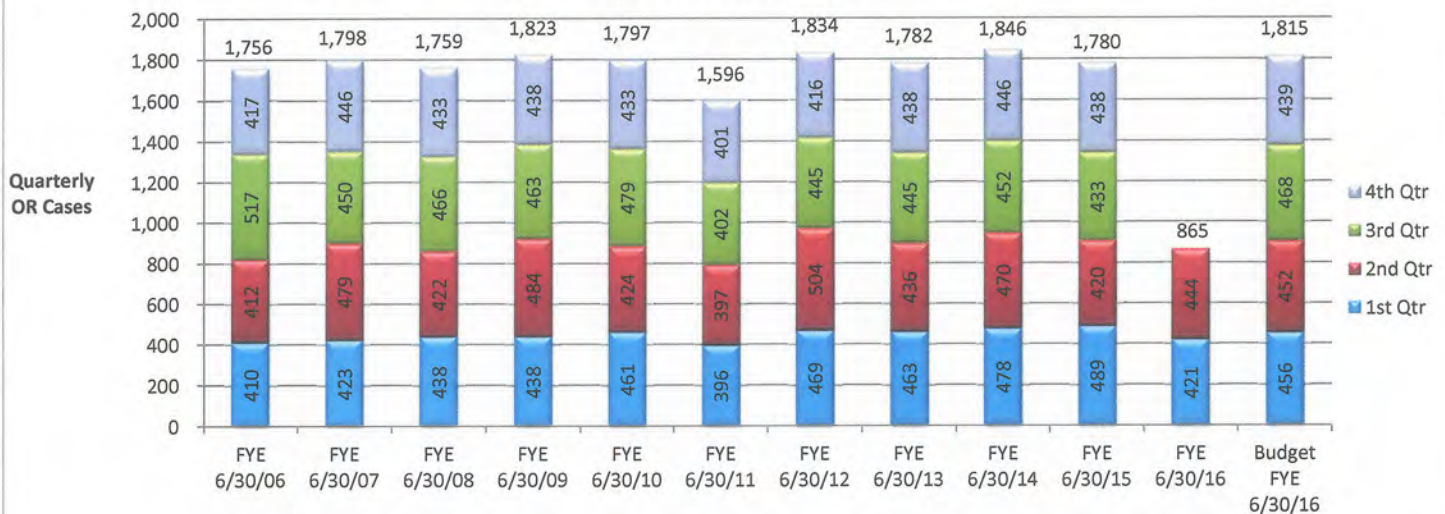
TOTAL TFH INPATIENT OR CASES



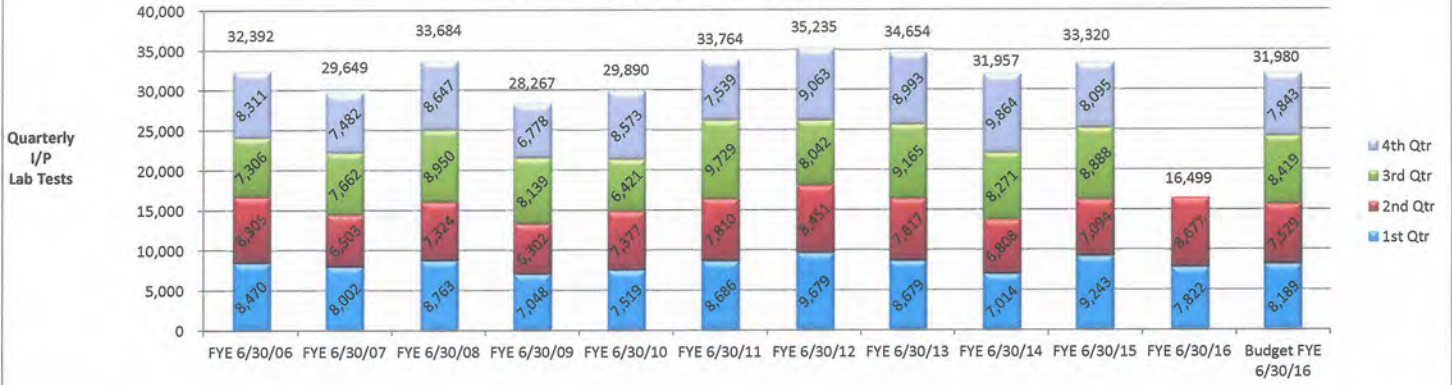
TOTAL TFH OUTPATIENT OR CASES



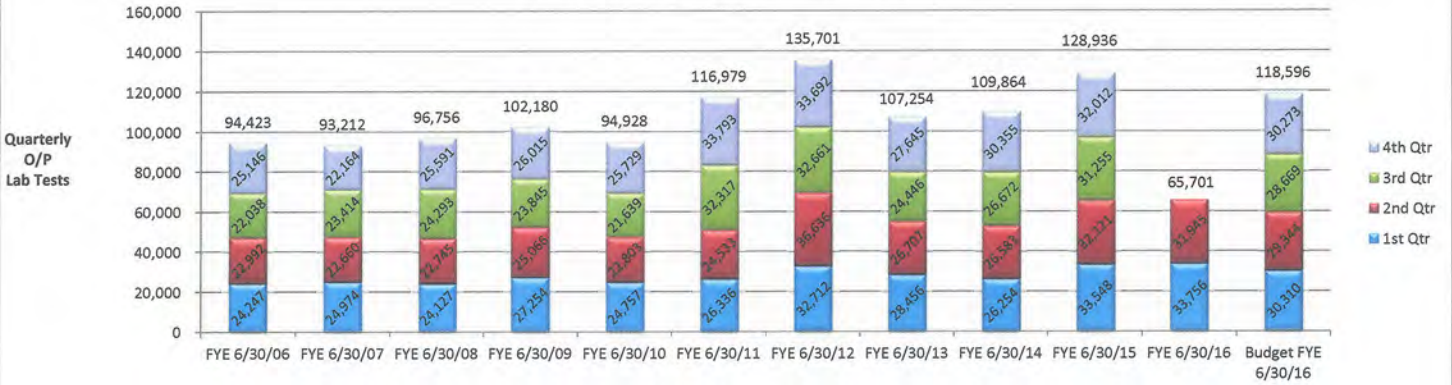
TOTAL TFH OR CASES



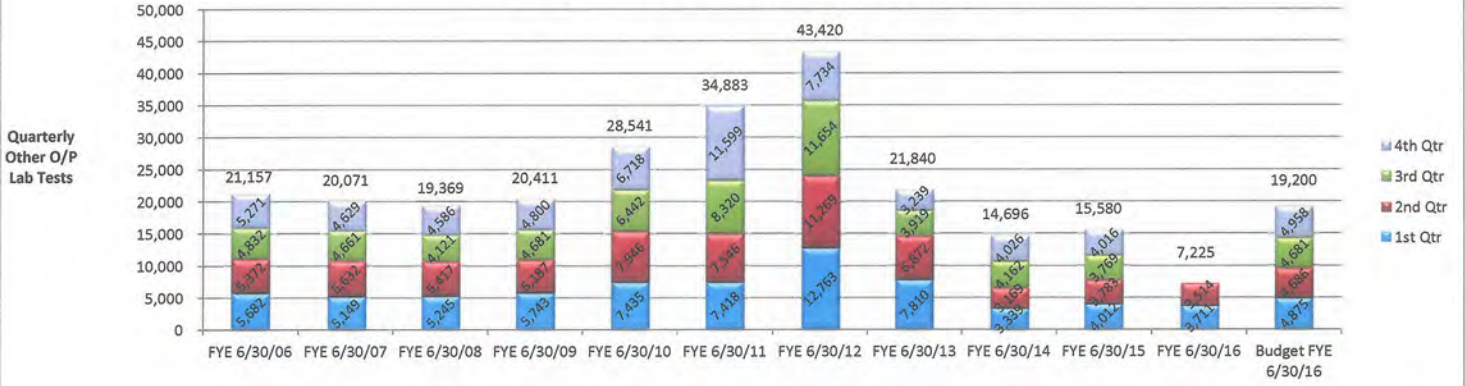
TOTAL TFH INPATIENT LAB TESTS



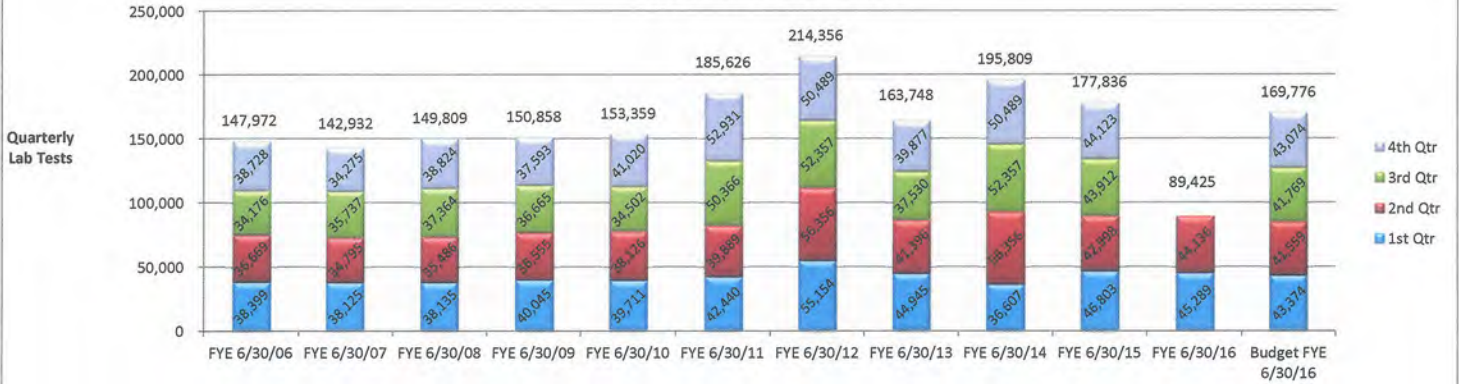
TOTAL TFH OUTPATIENT LAB TESTS



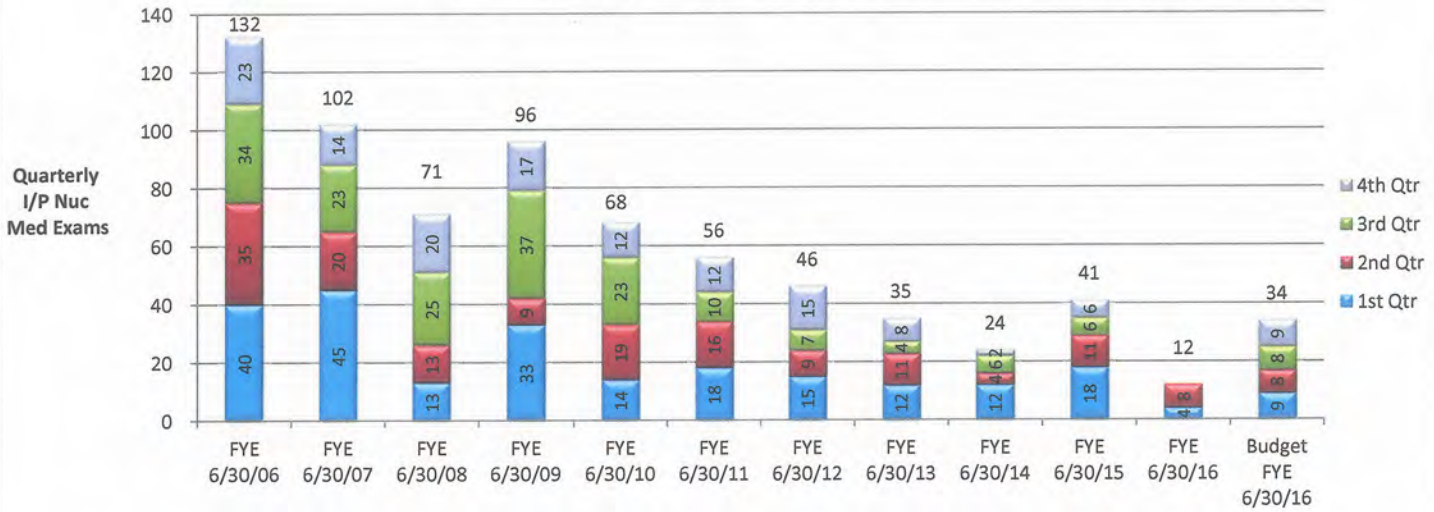
TOTAL TFH OTHER OUTPATIENT LAB TESTS



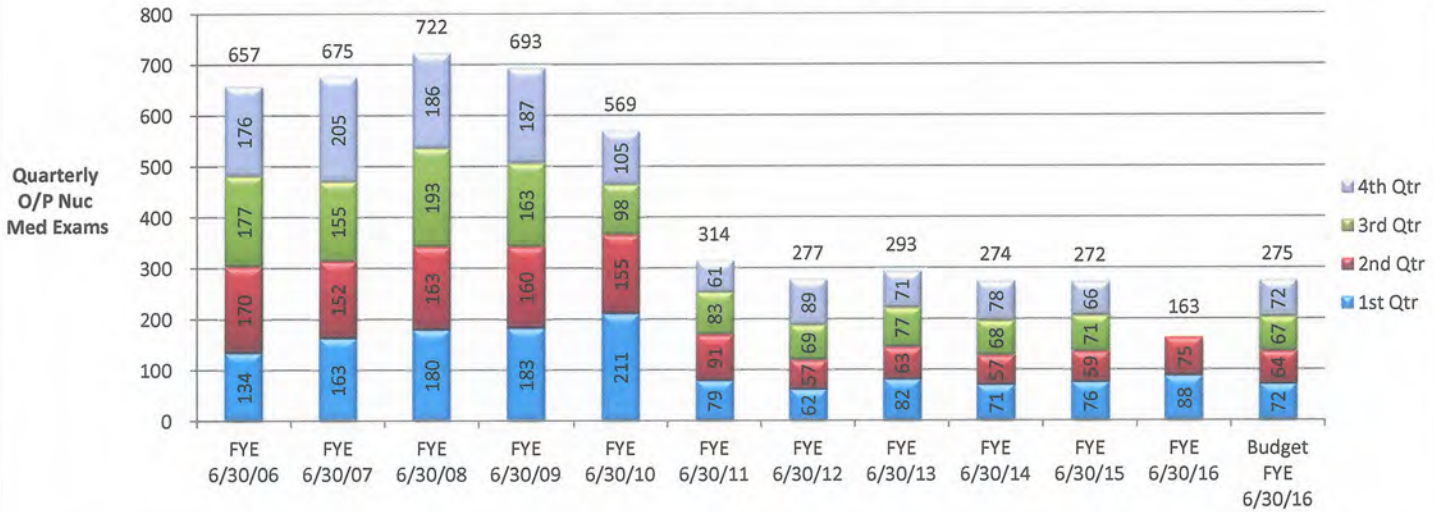
TOTAL TFH LAB TESTS



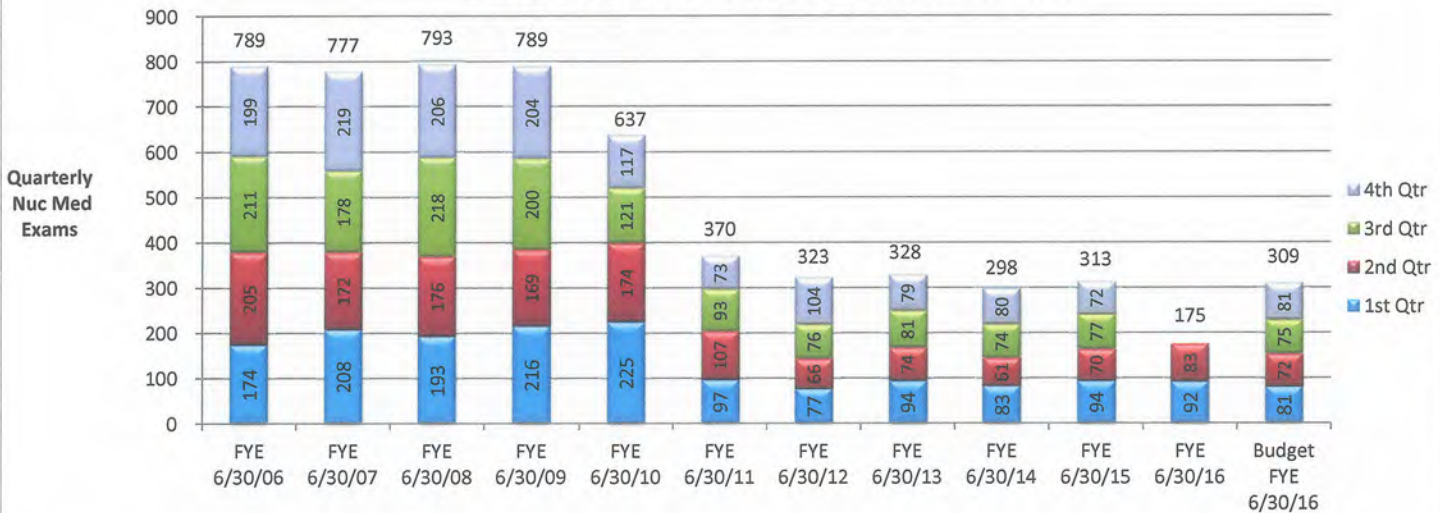
TOTAL TFH NUCLEAR MEDICINE INPATIENT EXAMS



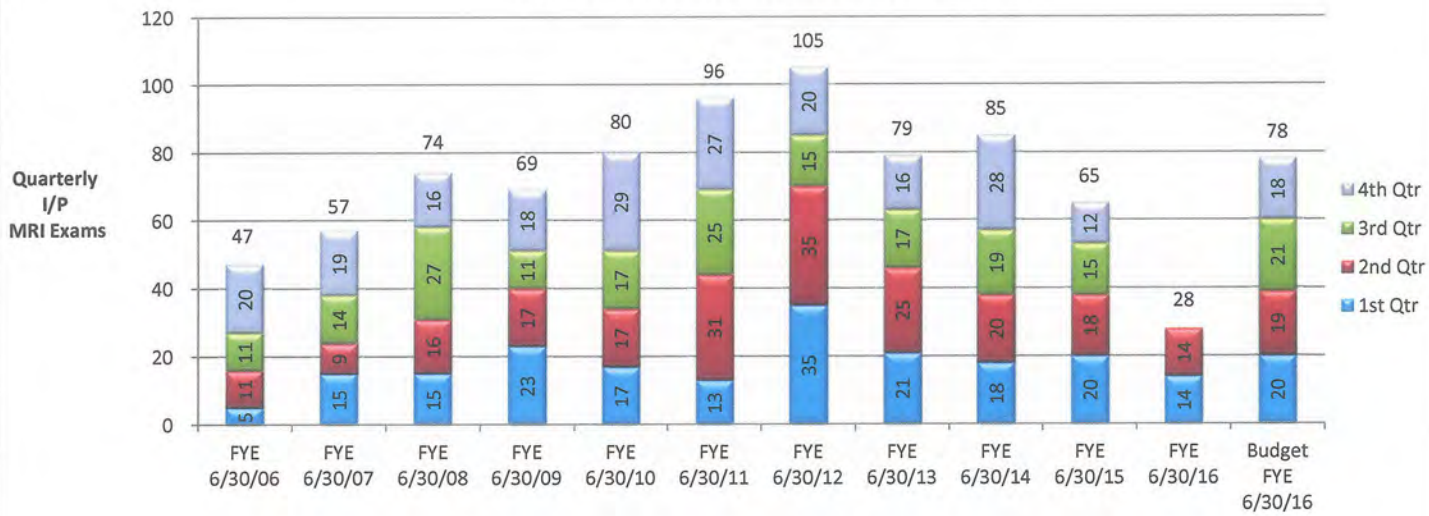
TOTAL TFH NUCLEAR MEDICINE OUTPATIENT EXAMS



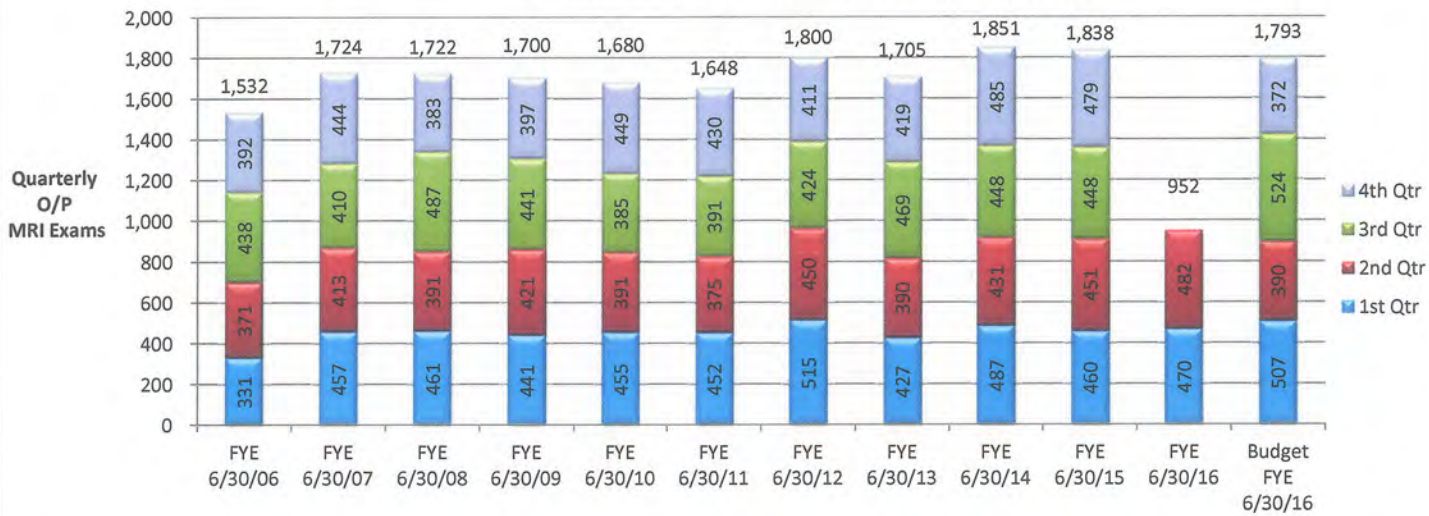
TOTAL TFH NUCLEAR MEDICINE EXAMS



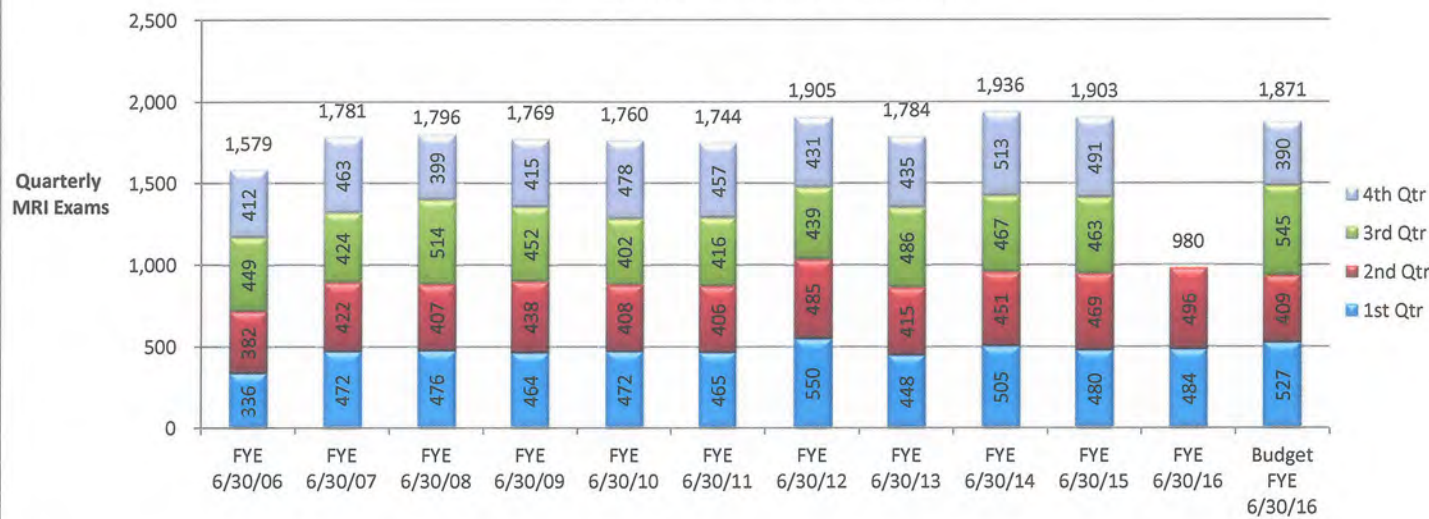
TOTAL TFH MRI INPATIENT EXAMS



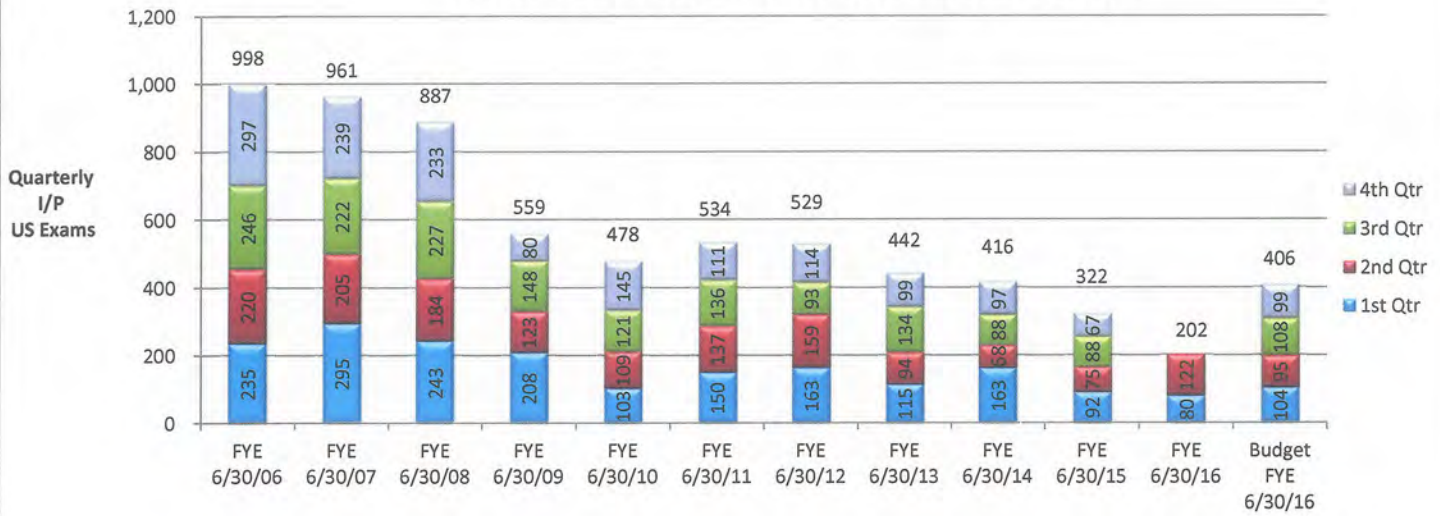
TOTAL TFH MRI OUTPATIENT EXAMS



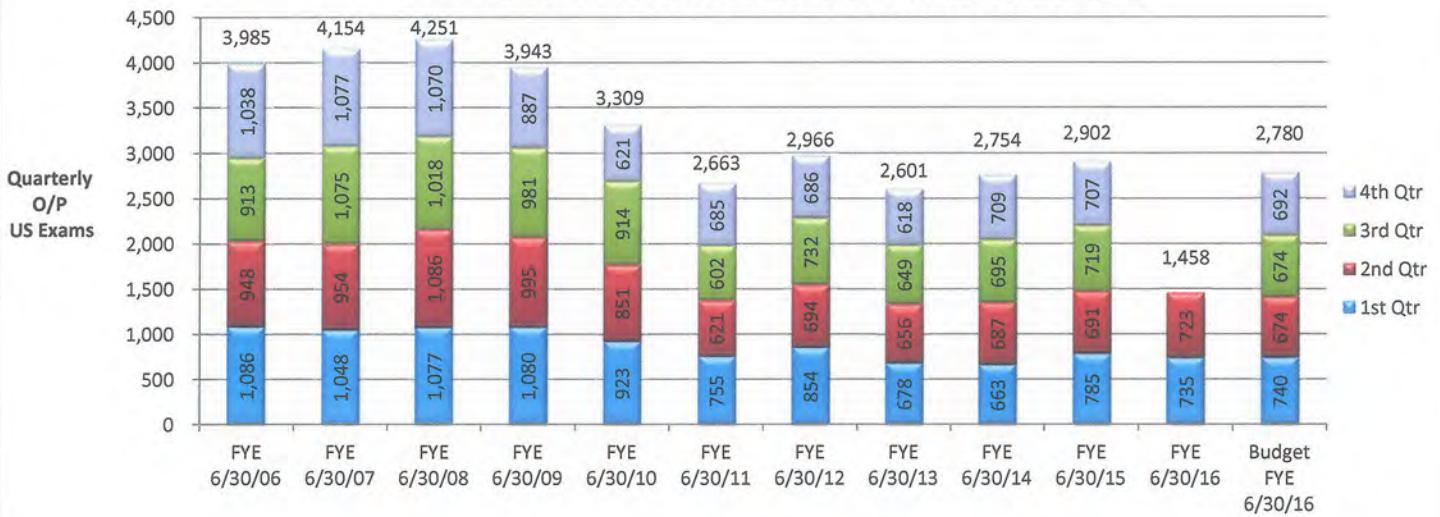
TOTAL TFH MRI EXAMS



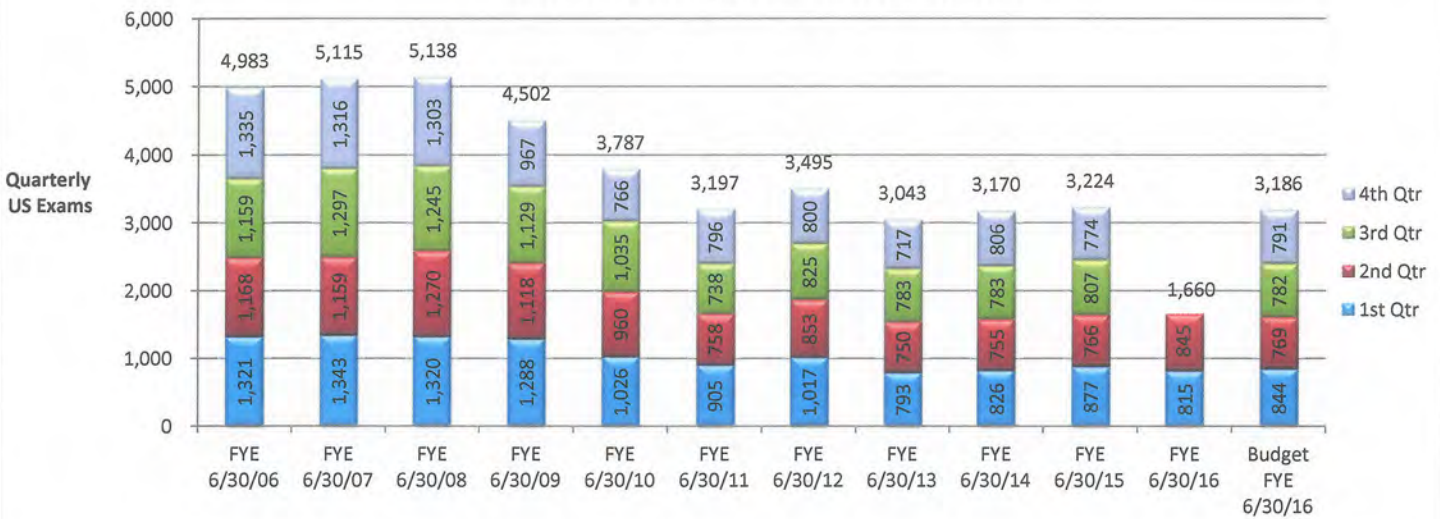
TOTAL TFH ULTRASOUND INPATIENT EXAMS



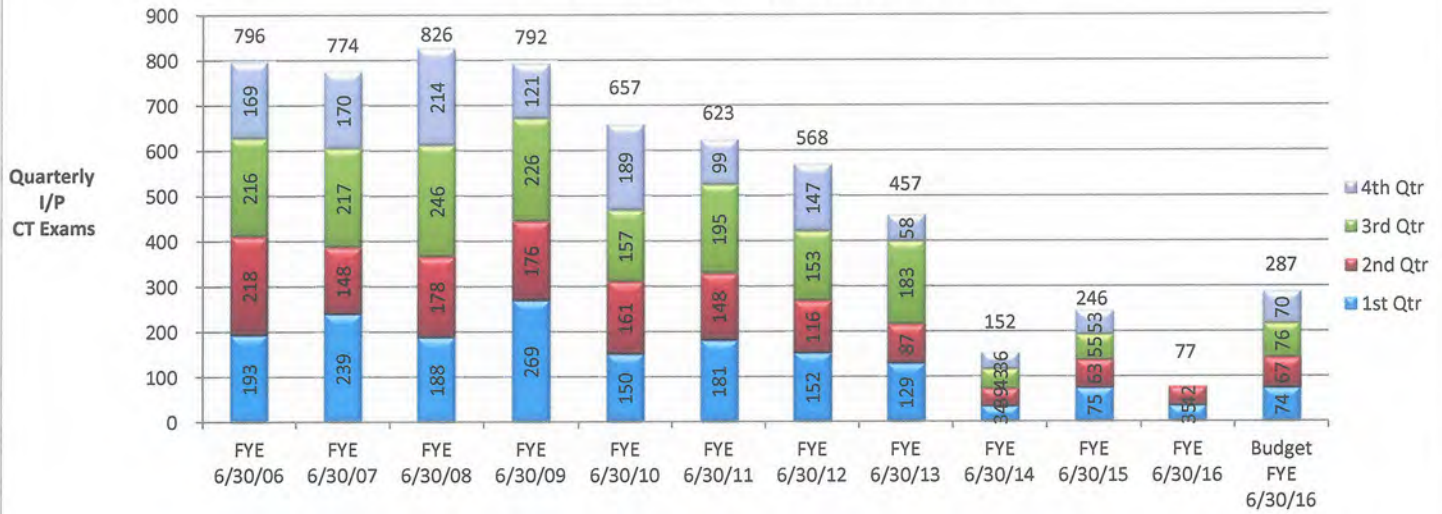
TOTAL TFH ULTRASOUND OUTPATIENT EXAMS



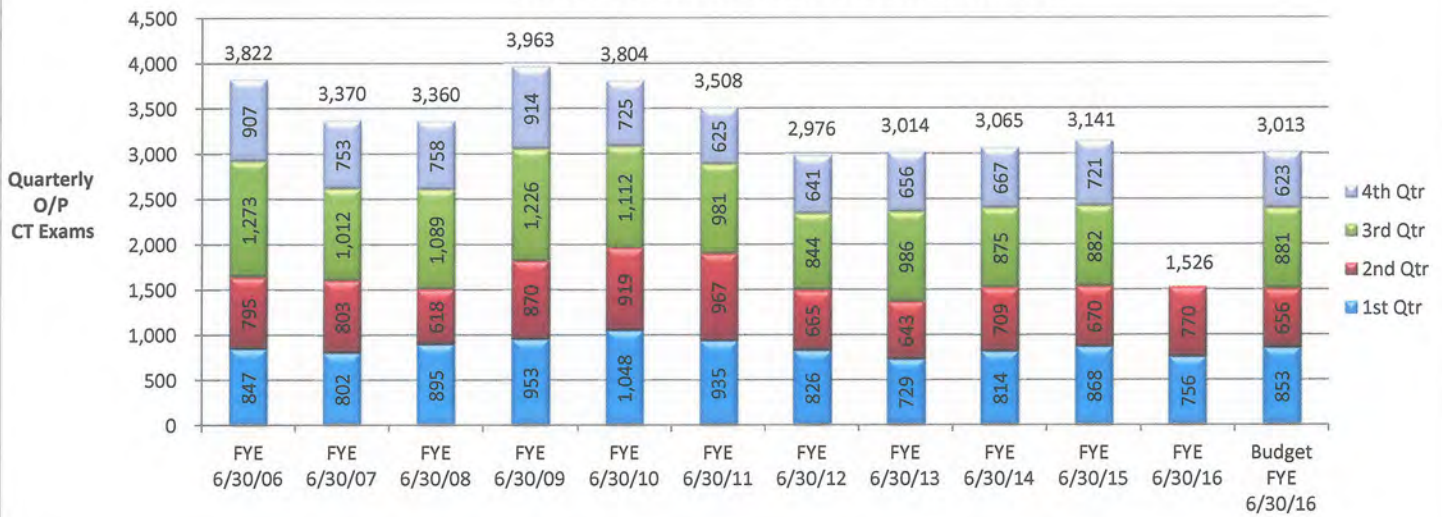
TOTAL TFH ULTRASOUND EXAMS



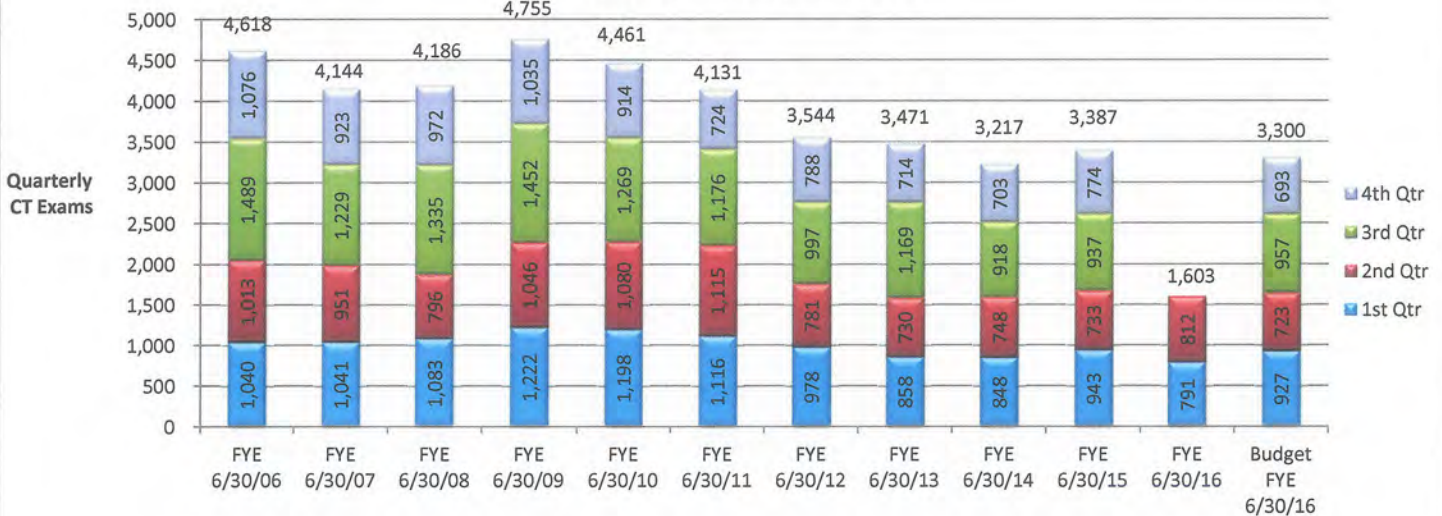
TOTAL TFH CT INPATIENT EXAMS



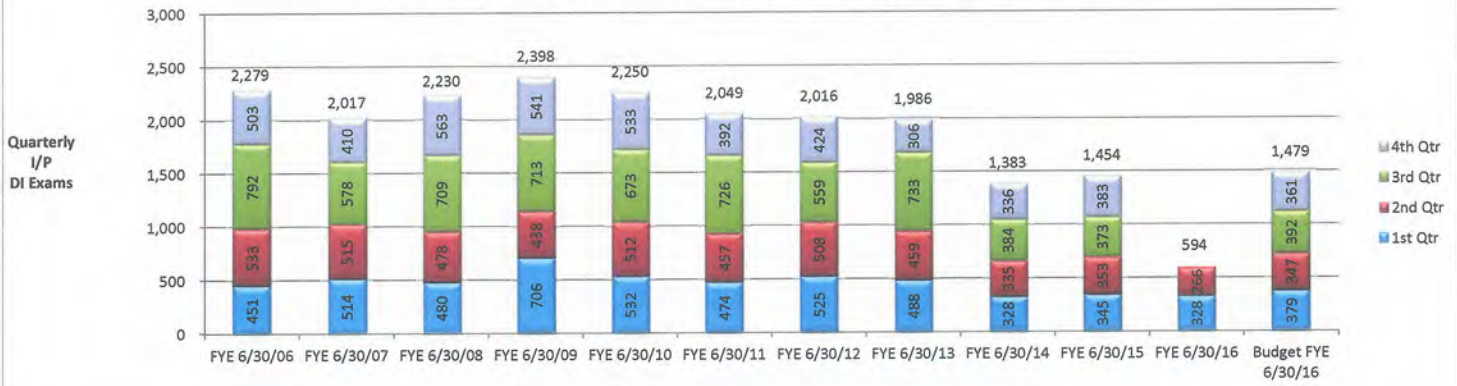
TOTAL TFH CT OUTPATIENT EXAMS



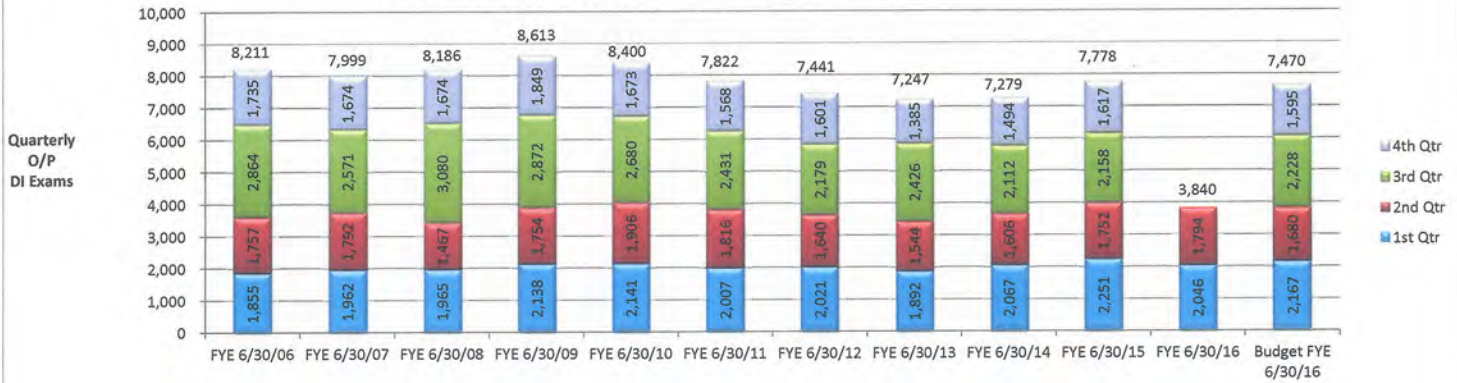
TOTAL TFH CT EXAMS



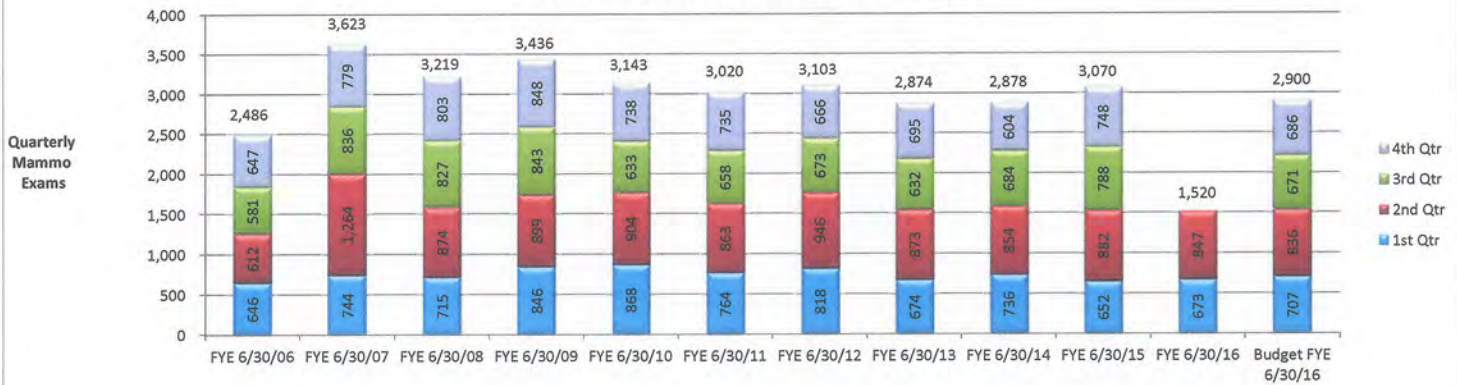
TOTAL TFH INPATIENT DIAGNOSTIC IMAGING EXAMS



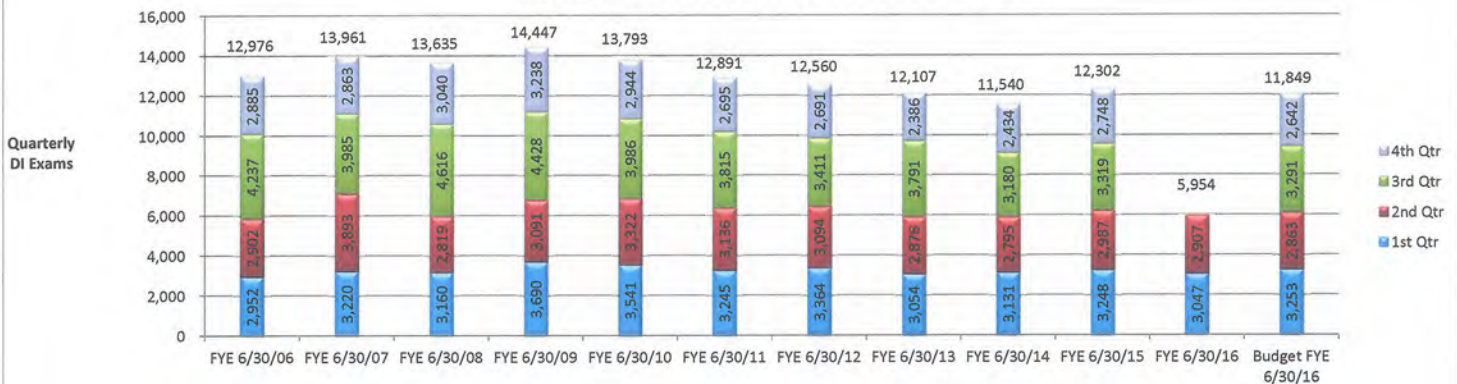
TOTAL TFH OUTPATIENT DIAGNOSTIC IMAGING EXAMS



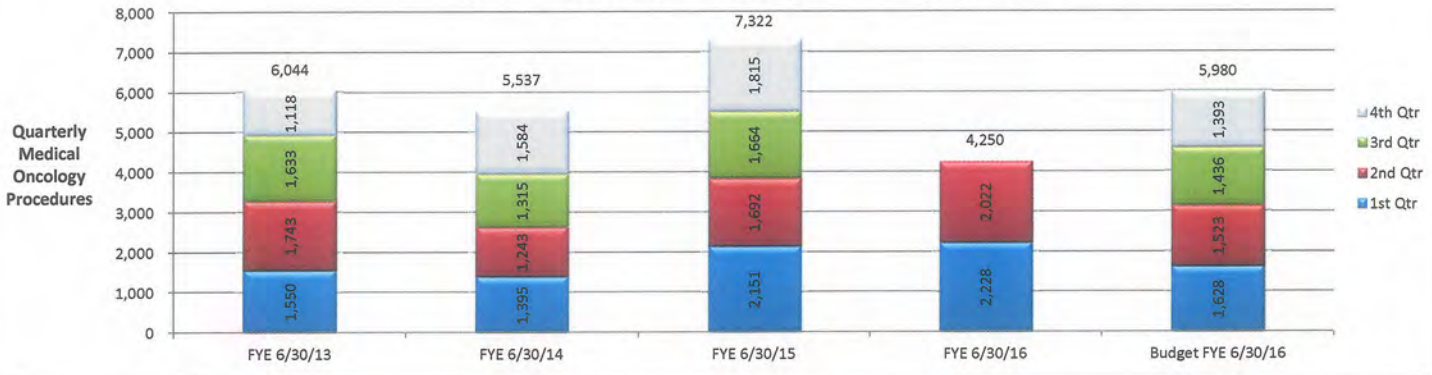
TOTAL TFH MAMMOGRAPHY EXAMS



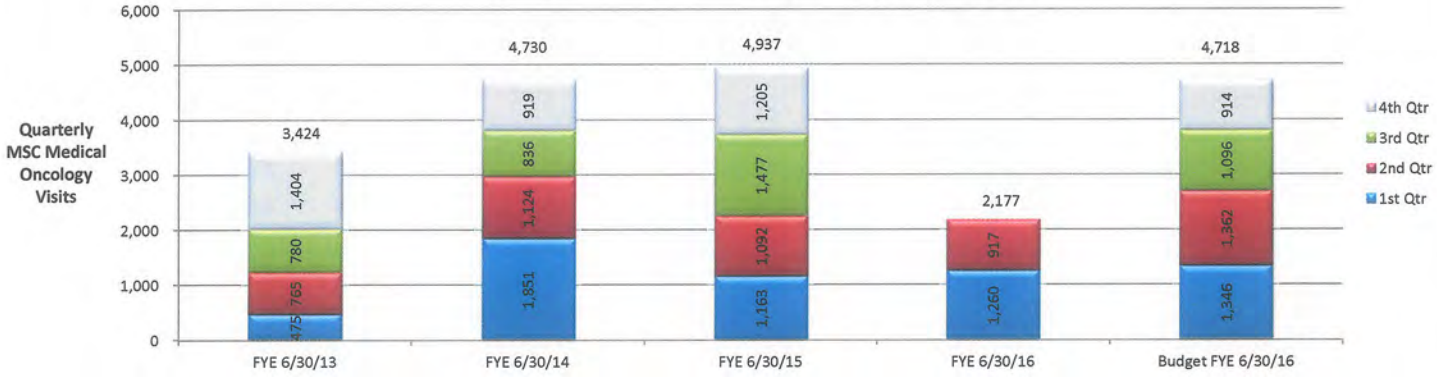
TOTAL TFH DIAGNOSTIC IMAGING EXAMS



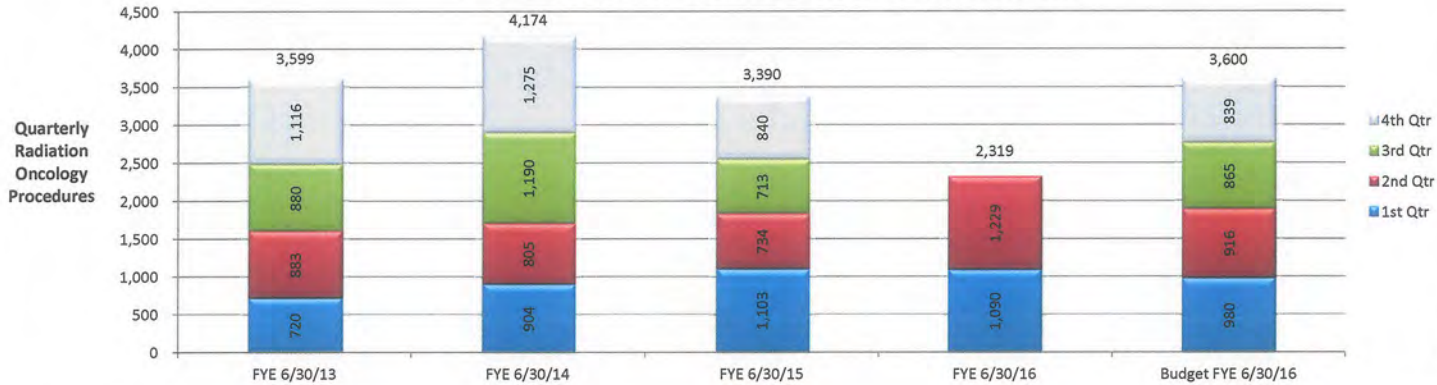
TOTAL TFH MEDICAL ONCOLOGY PROCEDURES



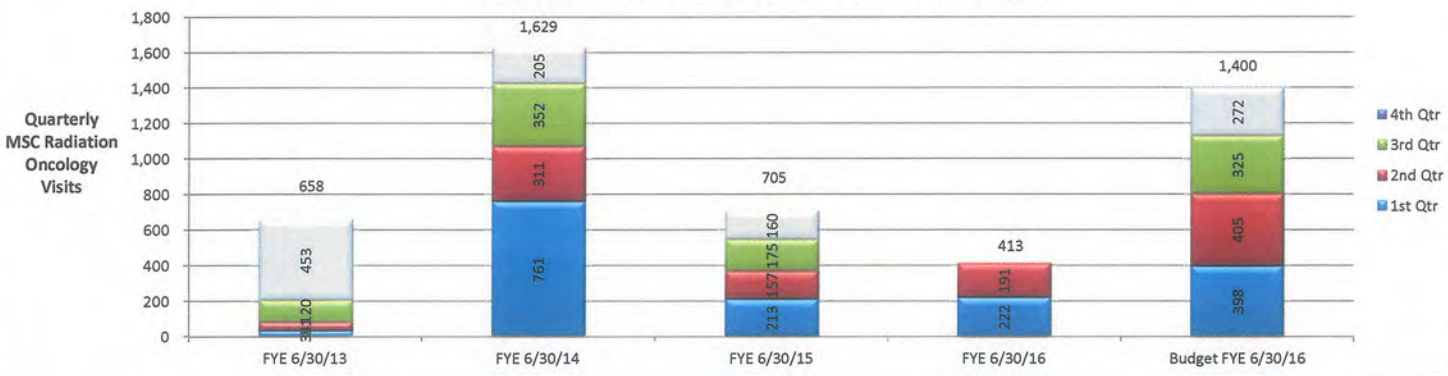
TOTAL TFH MSC MEDICAL ONCOLOGY VISITS



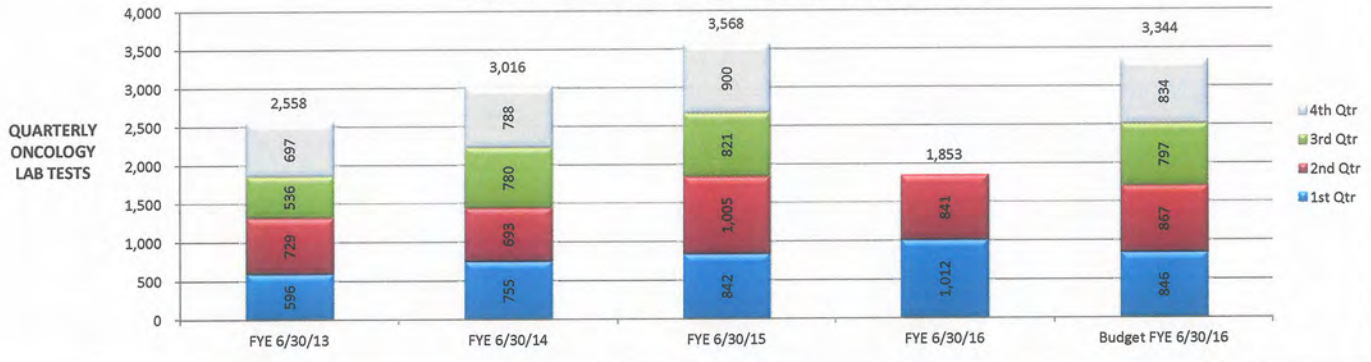
TOTAL TFH RADIATION ONCOLOGY PROCEDURES



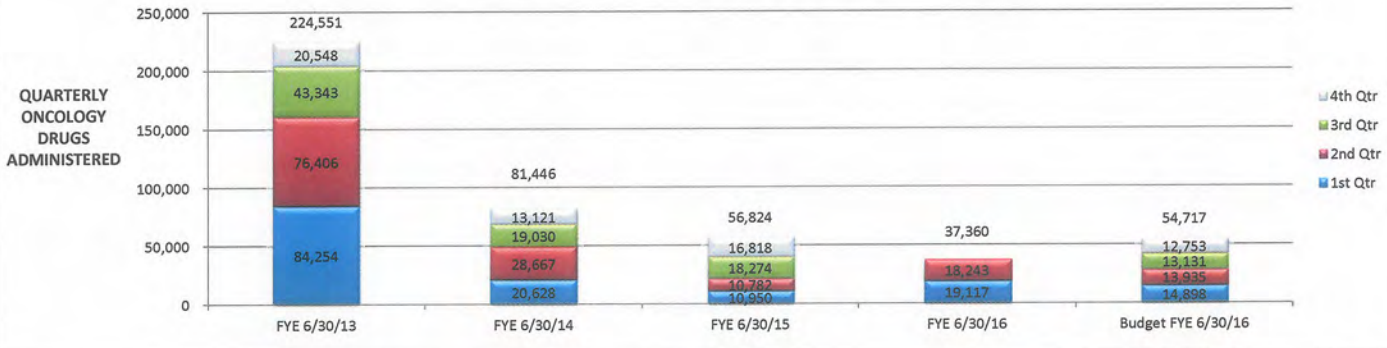
TOTAL TFH MSC RADIATION ONCOLOGY VISITS



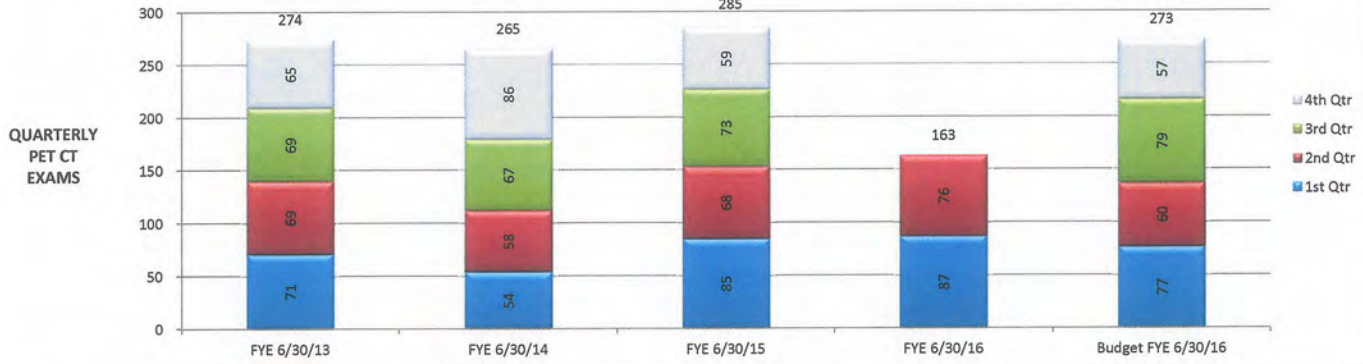
TOTAL TFH ONCOLOGY LABORATORY TESTS



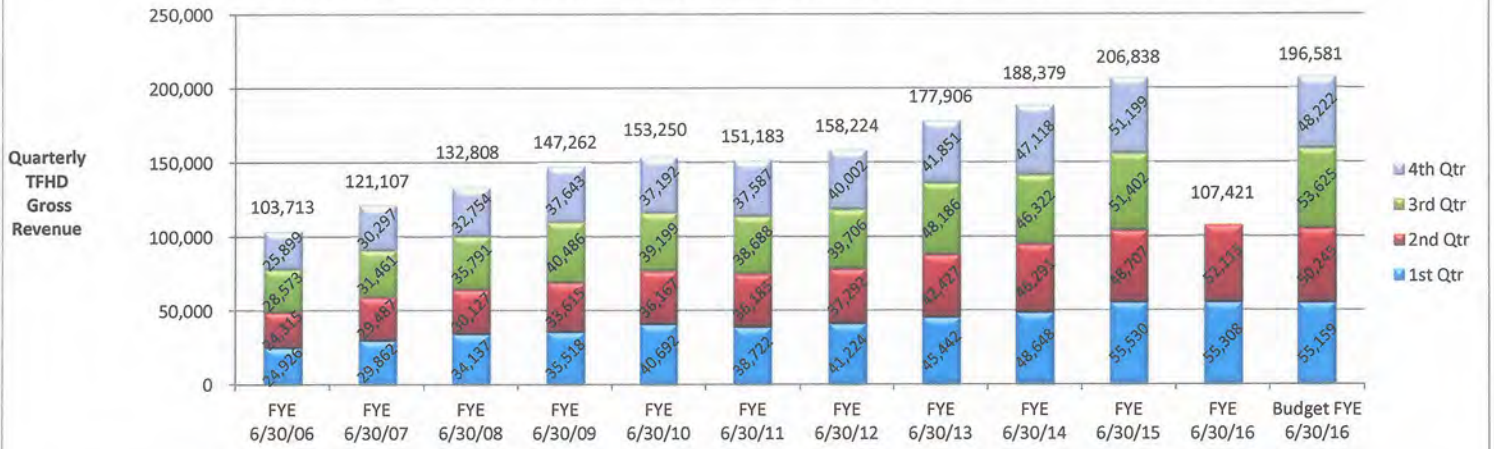
TOTAL TFH ONCOLOGY DRUGS SOLD TO PATIENTS



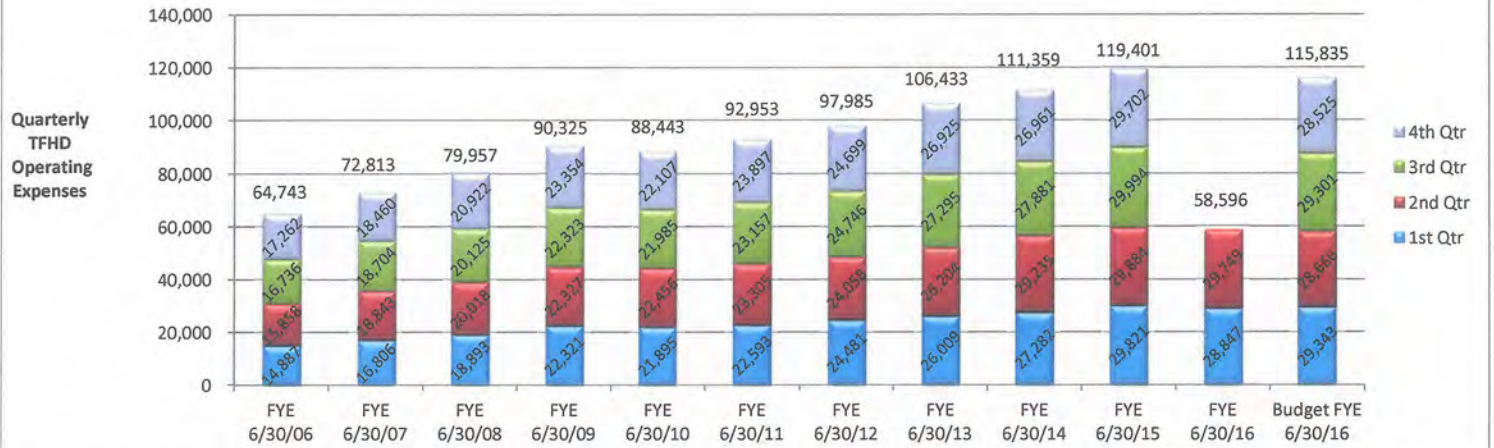
TOTAL TFH PET CT EXAMS



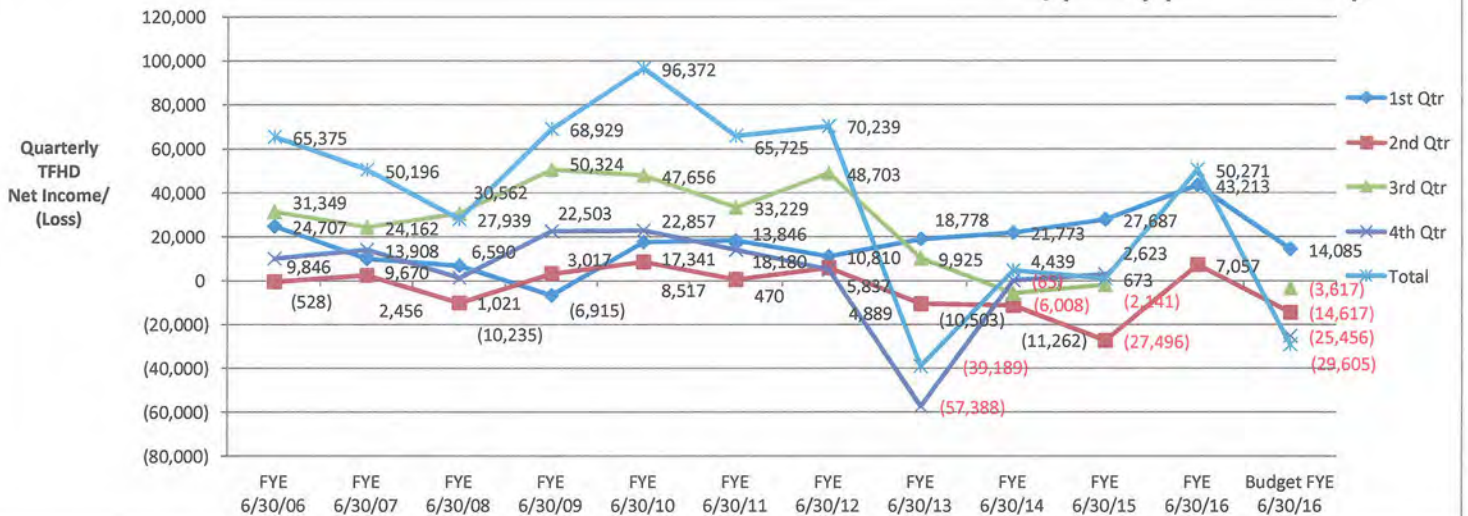
TAHOE FOREST HOSPITAL DISTRICT TOTAL GROSS REVENUE (In Thousands)



TAHOE FOREST HOSPITAL DISTRICT TOTAL OPERATING EXPENSES (In Thousands)





TAHOE FOREST HOSPITAL DISTRICT TOTAL NET INCOME/(LOSS) (In Hundreds)



14.3. Contracts

Contracts redacted.

Available for public viewing via a Public Records request.

| | | | | | |
|---|---------------|---|----------------------------|-----------------------------------|---|
|  | | Tahoe Forest Health System | | | |
| | | Title: Board Chief Executive Officer and Employee Performance Evaluation | | Policy/Procedure #: ABD-01 | |
| | | Responsible Department: Board of Directors | | | |
| Type of policy | | Original Date: | Reviewed Dates: | Revision Dates: |  |
| <input checked="" type="checkbox"/> | Board | 1/91 | 3/08; 2/10; 01/12; 1/14 | 7/04 | |
| <input type="checkbox"/> | Medical Staff | | | | |
| <input type="checkbox"/> | Departmental | | | | |
| Applies to: <input checked="" type="checkbox"/> System <input type="checkbox"/> Tahoe Forest Hospital <input type="checkbox"/> Incline Village Community Hospital | | | | | |

PURPOSE:

To establish a process or processes designed to ensure that all individuals who provide services on behalf of Tahoe Forest Hospital District be competent to provide such services.

POLICY:

- 1.0 Since the outcome of services rendered by Tahoe Forest Hospital District affects the quality of life of its patients and community, it is important that the delivery of these services be monitored. Inherent in this process is the periodic review of each individual providing service on behalf of Tahoe Forest Hospital District including its employees and professional contract providers of clinical care. Of equal importance is the Board of Directors' commitment to periodically review its own performance and that of the hospital's Chief Executive Officer.
- 2.0 Therefore, formal systems of performance evaluation shall be established to cover all such individuals. The usual period for which an evaluation is documented is one year. Nevertheless, the system should encourage continuing activity so as to effect performance improvement more quickly and to provide motivational rewards on a timely basis. The object of the formal performance evaluation system is:
 - 2.1 To reveal areas in which each team member can work to improve.
 - 2.2 To optimize the performance of each member of the Tahoe Forest Hospital District team.
 - 2.3 To provide a logical manner by which compensation decisions can be made, and thereby maximize the motivational value of the rewards.



PROCEDURE:

- 1.0 Employee Evaluation:
 - 1.1 All employees are regularly evaluated to document their compliance with TFHD goals, personal goals, TFHD policies and procedures and job performance. Evaluations are given at the end of the probationary period and annually thereafter. The quality of patient care services provided by these individuals is

reviewed as part of the hospital's quality assurance program. The procedure for this category of individuals is more fully delineated in the District policy [AHR-68 Performance Reviews](#).

- 1.2 On an annual basis, the department head of a clinical care area who engages the services of a professional contract provider will conduct and document a review of the services rendered by that professional contract provider.
- 2.0 Chief Executive Officer Performance Evaluation: The Chief Executive Officer's performance will be formally reviewed, based on pre-determined criteria, at least annually. The process will be accomplished by the full Board of Directors and will be documented through a written report.
 - 2.1 It is the responsibility of the hospital's Chief Executive Officer to prompt the scheduling of such a review through the timely placement of this item on the Closed Session agenda.
 - 2.2 In recognition that a performance appraisal is not intended to limit feedback to a once a year event, the District Directors are encouraged to provide regular feedback to the Chief Executive Officer relating to his/her performance in accomplishment of objectives.
- 3.0 Board Evaluation:
 - 3.1 The Board will monitor and discuss the Board's process and performance at least annually. The self-evaluation process will include comparison of Board activity to manner of governance policies. The process may include, but not be limited to:
 - 3.1.1 Evaluation of feedback gathered from surveys of Medical Staff, employees and community.
 - 3.1.2 Use of an appropriate Board self-evaluation tool.
 - 3.1.3 Achievements relative to the District's mission and strategic goals.

| |
|--|
| Related Policies/Forms: AHR-68 Performance Reviews |
| References: |
| Policy Owner: Michelle Cook , Clerk of the Board |
| Approved by: Bob Schapper , Chief Executive Officer |

| | | | | | |
|---|--|----------------|----------------------------------|-----------------|---|
|  | Tahoe Forest Health System | | | | |
| | Title: TFHD Chief Executive Officer Compensation | | Policy/Procedure #: ABD-2 | | |
| | Responsible Department: Board of Directors | | | | |
| Type of policy | | Original Date: | Reviewed Dates: | Revision Dates: |  |
| <input checked="" type="checkbox"/> | Board | 6/00 | 3/08; 1/10; 1/14 | | |
| <input type="checkbox"/> | Medical Staff | | | | |
| <input type="checkbox"/> | Departmental | | | | |
| Applies to: <input checked="" type="checkbox"/> System <input type="checkbox"/> Tahoe Forest Hospital <input type="checkbox"/> Incline Village Community Hospital | | | | | |

POLICY:

Tahoe Forest Hospital District Chief Executive Officer Compensation

PROCEDURE:

1.0 **Policy Statement**

Tahoe Forest Hospital District wants to ensure that the Chief Executive Officers compensation decisions are competitive, fair and equitable as well as compliant with appropriate regulatory guidelines and representative of best market practices. Compensation philosophy for all executives will tie to an overall organizational philosophy.

2.0 **Guiding Principles**

The Board of Directors of the Tahoe Forest Hospital District recognizes that if we are to achieve our goal to be the Best mountain community health care system in the country that we must attract and retain exceptional leaders. As elected trustees we also have the duty to appropriately care for the resources of the Tahoe Forest Hospital District on behalf of the community. It is the responsibility of the Board Personnel Committee to review executive compensation and to manage the Chief Executive Officer contract renewal process. The Board Personnel Committee is composed of two board members and is appointed annually by the Board President. An effort will be made to have the most independent Board Members serve on this committee during the Chief Executive Officer contract renewal process. In accordance with the California Brown Act, debate and decisions on executive compensation will be held in open and public meetings.



3.0 **Total Compensation**

Total compensation for the Chief Executive Officer position with TFHD may include:

- 3.1 Personal leave
- 3.2 Long Term Sick Leave
- 3.3 \$500,000 life insurance benefit
- 3.4 Automobile allowance
- 3.5 Housing assistance
- 3.6 Health, dental and vision insurance
- 3.7 Long Term Disability policy

- 3.8 Participation in Money Purchase Pension Plan
- 3.9 Employer match into 457 Deferred Compensation Plan
- 3.10 Discretionary deferred compensation
- 3.11 Incentive Compensation Plan
- 3.12 Severance agreement
- 4.0 **Markets**
 - 4.1 The Personnel Committee will review survey data from various sources including, but not limited to, the California Hospital Association Executive Compensation Survey and other targeted data. Reviews will take place one year prior to the contract expiration date of standing Chief Executive Officer and as needed for recruitment.
 - 4.2 Survey comparisons will be to like size healthcare systems. Review of stand alone facilities and healthcare systems will include the size of the organization, scope of services offered, gross/net revenue, operating expenses, number of FTE's, number of beds and scope of responsibility (e.g. Bi-state organizations, Multi-specialty Clinic services) and other applicable information.
- 5.0 **Target**
 - 5.1 The 50th percentile of current pay practices will be targeted to establish base compensation. "At Risk" compensation and other rewards will be targeted at above industry standards to off set base pay at the 50th percentile. It is our intention to provide total compensation comparable to industry standards with a focus on mountain community healthcare systems. Due to the housing market forces in our area, additional housing related benefits may be included in a total compensation package. These benefits may be more generous than industry standards due to local market and housing conditions.
 - 5.2 The Board maintains the discretion to pay base compensation in excess of the 50th percentile based on other factors such as experience and results and to pay total compensation up to the 100th percentile based on extraordinary results.
- 6.0 **Other factors**
 - 6.1 Other factors such as competitive market forces, each individual's job responsibilities are also considered in TFHD compensation and benefit decisions. These include:
 - 6.2 Organizational complexity (the number and variety of services and/or organizational units).
 - 6.3 Current and future management challenges (such as bankruptcies, major financing, construction projects, consolidations, increased competition, etc.).
 - 6.4 The availability or lack of availability of staff experts.
 - 6.5 The depth and breadth of the executive's knowledge and experience.
 - 6.6 The rate of organizational growth.
 - 6.7 The executive's value in the labor market as reflected, in part, by his salary history elsewhere.
 - 6.8 The hospital's prior success in recruiting and retaining competent executive personnel.
 - 6.9 Fees charged for comparable services by recognized hospital management companies.

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| Related Policies/Forms: |
| References: |
| Policy Owner: Michelle Cook , Clerk of the Board |
| Approved by: Bob Schapper , Chief Executive Officer |

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|---|----------------|--|-----------------|--|
|  | | Tahoe Forest Health System | | |
| | | Title: Conflict of Interest | | Policy/Procedure #: ABD-7 |
| | | Responsible Department: Board of Directors | | |
| Type of policy | Original Date: | Reviewed Dates: | Revision Dates: |  |
| <input checked="" type="checkbox"/> Board of Directors | 9/20/08 | 1/14 | 04/11; 1/12 | |
| <input type="checkbox"/> Medical Staff | | | | |
| <input type="checkbox"/> Departmental | | | | |
| Applies to: <input checked="" type="checkbox"/> System <input type="checkbox"/> Tahoe Forest Hospital <input type="checkbox"/> Incline Village Community Hospital | | | | |

PURPOSE:

- 1.0 To protect the interests of Tahoe Forest Hospital District (TFHD) when it is contemplating entering into a transaction or arrangement that has the potential for benefiting the private interests of a member of the Board of Directors (“Director”), committee member or other “Interested Person,” as defined below.
- 2.0 To educate and guide Directors and staff on the statutory Conflict of Interest policy which requires that public officials, whether elected or appointed, should perform their duties in an impartial manner, free from bias caused by their own financial interests or the financial interests of persons who have supported them, (Political Reform Act Cal. Gov. Code §§ 81000-81016 and Cal. Gov. Code §§1090-1098), and to supplement the multiple laws that govern conflicts of interest for public officials.
- 3.0 To guide, assist and protect TFHD in determining whether a conflict exists under these laws and what required steps, if any, must be taken.
- 4.0 To ~~assure~~ ensure that all individuals who, due to their position, can influence decisions affecting the business, operations, ethical, and/or competitive position of TFHD, perform their duties in an impartial manner free from any bias created by personal interests of any kind.
- 5.0 To clarify the duties and obligations of public officials, in the context of potential conflicts of interest and to provide them with a method for disclosing and resolving potential conflicts of interest.
- 6.0 To establish general principles for the management of conflicts of interest in order to protect against situations that could prevent a public official from acting in the best interest of the organization.

DEFINITIONS:

- 1.0 **Conflict of Interest:** An Interested Person has a Conflict of Interest with respect to a contract, transaction, or arrangement in which the District is (or would be, if approved) a party if the person has, directly or indirectly, through a business, investment, family, or other relationship:
 - 1.1 an ownership or investment interest in any entity involved in such contract, transaction, or arrangement.

- 1.2 a compensation arrangement with an individual or entity involved in such contract, transaction, or arrangement.
- 1.3 a potential ownership or investment interest in, or compensation arrangement with, an individual or entity with which the District is negotiating such contract, transaction, or arrangement.
- 1.4 a fiduciary position (e.g., member, officer, Director, committee member) with respect to an entity involved in such contract, transaction, or arrangement.
- 1.5 a non-economic affiliation or relationship, directly (or indirectly, through a third party) with an individual or entity with which the District is negotiating or maintains a contract, transaction, or arrangement such that the affiliation or relationship could render the Director incapable of making a decision with only the best interests of the District in mind.

A conflict of interest may exist when an obligation or situation resulting from an individual's personal activities or financial interest may adversely influence, or [reasonably](#) be perceived as influencing, the individual's judgment in the performance of duties to the District. For purposes of this policy, personal activities or financial interests include, but are not limited to, a business, commercial or financial interest, either of the Director or staff deriving from family or marital relationships, from friends, or from former, existing or prospective business associations.

- 2.0 **Interested Persons:** For purposes of applying this Policy to any contract, transaction, or arrangement involving TFHD, ~~the term "Interested Person"~~ shall mean any person in a position to exercise substantial influence over the District in the ~~five-year~~[twelve month](#) period ending on the date the proposed contract, transaction or arrangement is formally presented to the Board for approval. Interested Person includes, but is not limited to, Directors, any executive leader or manager, or members of a committee with board-delegated powers. The Board may also determine, based upon all the facts and circumstances (with the advice of legal counsel, if necessary) that a person other than an Interested Person shall be treated as an Interested Person with respect to a particular contract, transaction or arrangement.

POLICY:

- 1.0 It is the policy of TFHD to comply with all laws, including all conflict of interest rules and regulations.
- 2.0 Each person who is a [Board](#) Director, ~~Chief,~~ or [all employees](#) of TFHD shall exercise good faith and best efforts in the performance of his or her duties to TFHD and all entities affiliated with TFHD. In all dealings with and on behalf of TFHD or any affiliated entity, each such person shall be held to a strict rule of honest and fair dealing with TFHD and its affiliated entities, and no such person shall use his or her position, or knowledge gained there~~by~~[before](#), in such a manner as to create a conflict, or the appearance of a conflict, between the interest of TFHD or any affiliated entity and the interest of such person. The appearance of a conflict of interest is present if [a reasonable person would conclude](#) there is a potential for the personal interests of an individual to clash with his/her fiduciary duties. It is the policy of TFHD to require that any individual subject to this Policy promptly and fully disclose a written description of the material facts of the actual, apparent, or potential Conflict of Interest to the Board of Directors. The disclosure requirement is an ongoing responsibility as conditions change. [An oral statement reflected in the minutes of a meeting constitutes a written disclosure under this policy.](#)

- 3.0 TFHD will not engage in any contract, transaction, or arrangement involving a Conflict of Interest unless the disinterested members of the Board of Directors (acting at a duly constituted meeting thereof) (with the advice of legal counsel, if necessary) determine that appropriate safeguards to protect TFHD have been implemented, and the disinterested members approve the contract, transaction, or arrangement by a majority vote of a quorum of the Board or consistently with a rule of necessity provided under the Political Reform Act or other applicable law.
- 4.0 No person who is a Director, Chief, or employee of TFHD shall accept any ~~(material)~~ compensation, gift, or other favor which could influence or appear to a reasonable person to influence such person's actions affecting TFHD or any affiliated entity.
- 5.0 In compliance with the law, all Interested Persons and individuals occupying designated positions on TFHD's Conflict of Interest Code shall complete and file Statements of Economic Interest (Form 700) annually with TFHD. Disclosure is required as determined by the individual's Disclosure Category, which ~~are~~ is listed in the Conflict of Interest Code.

PROCEDURE:

1.0 Duty to Disclose.

- 1.1 An Interested Person has a continuing obligation to disclose (in the manner provided in this Policy) the existence and nature of any actual, apparent or potential conflict of interest he/she may have.
- 1.2 Whenever an Interested Person has a financial or personal interest, whether or not said matter is an actual, apparent or potential conflict of interest, in any matter coming before the Board of Directors, the affected person shall fully disclose the nature of the interest to the Board of Directors, and such disclosure shall be recorded in the minutes of the meeting, including enough of the material facts to adequately reflect the nature of the actual, apparent, or potential conflict of interest. The Statement of Disclosure may be oral or ~~printed~~ written.
- 1.2.1 TFHD Board of Director as an Interested Person.** If the Interested Person is a member of the TFHD Board of Directors, the Director:
- 1.2.1.1 Must publicly announce at a duly scheduled TFHD public meeting the specific financial interest that is the source of the disqualification, and
- 1.2.1.2 After announcing the financial interest, ~~may~~ must leave the room during any discussion or deliberations on the matter in question, ~~except to answer questions of the Board as may be necessary,~~ and may not participate in the decision or be counted for purposes of a quorum; as consent calendar items are not the subject of discussion or deliberation, a Director need not leave the room as to such items unless they are pulled from the consent calendar for discussion;
- 1.2.1.3 In the case of a closed session, the Director still must publicly declare his or her conflict in general terms but ~~need not refer to a specific financial interest~~ may do so in a way that does not disclose closed session information;
- 1.2.1.4 A disqualified Director may not attend a closed session or obtain any confidential information from the closed session.

All of these restrictions are separate and apart from the Director's right to appear in the same manner as any other member of the general public before an agency in the course of its prescribed governmental function solely to represent himself or herself on a matter which is related to his or her personal interests provided that such participation is permitted under applicable rules of the Fair Political Practices Commission.

1.2.2 All Other Interested Persons. All other Interested Persons, at the discretion of the Board of Directors, may be required to leave either the room or refrain from discussion during any discussion or deliberations on the matter in question or while the proposed contract, transaction or arrangement is discussed, and may not attend a closed session or obtain any confidential information from the closed session. The Interested Person shall leave the room while the matter is voted on and only disinterested Directors may vote to determine whether to approve the transaction or arrangement. No duty to leave the room shall apply to matters on the consent calendar which are not pulled from that calendar for discussion.

1.3 In determining whether and when to require ~~the an~~ Interested Person to leave the room during discussion of the proposed contract, transaction or arrangement, the disinterested Directors shall balance the need to facilitate the discussion by having such person on hand to provide additional information with the need to preserve the independence of the Board's decision determination process.

2.0 Determining Whether a Conflict Exists.

2.1 Generally, it is the legal responsibility of the Interest Person to comply with conflict of interest laws. However, when it has information that an Interest Person has an actual or potential conflict of interest with respect to one of its decisions and have not voluntarily abstained, the Board shall examine each transaction under its consideration in light of the relevant laws mandating impartiality and freedom from bias, and conduct an analysis of all the facts to determine if a conflict of interest exists which triggers a disqualification requirement.

2.2 At any time that an actual, apparent, or a potential Conflict of Interest is identified to the Board of Directors, whether through the voluntary submission of a Disclosure Statement, or by a disclosure by a person other than the subject Interested Person, the ~~remaining disinterested~~ Board ~~members~~ shall review the matter and determine by majority vote whether a Conflict of Interest exists. While the Board may not have the power to bar an interested Boardmember from participating in a discussion due to its conclusion he or she has a disqualifying conflict of interest, it can instruct its Clerk not to record the vote of a Director the Board determines on the advice of legal counsel to be disqualified from voting on a matter.

2.3 The Board shall evaluate whether a conflict of interest exists under the multiple laws governing conflicts by first applying ~~an eight~~ the four-step analysis promulgated by the Fair Political Practices Commission.

STEP 1: Is it reasonably foreseeable that the decision will have an effect on a financial interest of the individual a public official?

STEP 2: Is the public official making, participating in making, or influencing a governmental decision? If yes, is that effect material?

STEP 3: ~~Does the public official have one of the six qualifying types of economic interest, which creates the potential for a “material financial effect”?~~

~~2.3.1— Investments in business entities of \$2,000 or more held by the official;~~

~~2.3.2— Interests in real property of \$2,000 or more held by the official;~~

~~2.3.3— Sources of income to the official of \$500 or more;~~

~~2.3.4— Sources of gifts and their agents or intermediaries to the official of \$340 or more;~~

~~2.3.5— Positions with business organizations; and~~

~~2.3.6 Personal finances of the official and the official's immediate family. Will the official make, participate in making or use his or her official position to attempt to influence the decision?~~

STEP 4: ~~Is the economic interest directly or indirectly involved in the governmental decision? Is the effect on the public official's financial interest the same as its effect on the interests of the public generally?~~

STEP 5: ~~Will the governmental decision have a material financial effect on the public official's economic interests?~~

STEP 6: ~~Is it reasonably foreseeable that the economic interest will be materially affected?~~

STEP 7: ~~Is the potential effect of the governmental decision on the public official's economic interests distinguishable from its effect on the general public?~~

STEP 8: ~~Despite a disqualifying conflict of interest, is the public official's participation legally required (e.g., the public official is needed to establish a quorum)?~~

If the answer to the first three of these questions is “yes,” unless the answer to the fourth question is also yes, then the official may have a conflict of interest and be required to disqualify him/herself from all participation in that decision.

- 2.4 If disqualification of the Interested Individual is not required as a result of this analysis, the Board shall further evaluate whether a conflict exists or has arisen out of matters other than a financial interest, e.g., friendship, blood relationship, or general sympathy for a particular viewpoint. The potential for a conflict arises when a Board Member (or committee member) has, directly or through a family member, a material personal interest in a proposed contract, transaction, arrangement, or affiliation to which TFHD may be a party.
- 2.5 To the extent that other Federal or State laws may impose more restrictive conflict-of-interest standards (including more extensive disclosures of actual or potential conflicts of interest), the ~~Board of Directors shall modify the substantive and procedural terms of this Policy to assure compliance~~Board of Directors, the District and any Interested person shall also comply with such additional standards.
- 2.6 The following is a non-exclusive list of the **types of questions** the Board may use as part of ~~their~~its efforts to determine whether an Interested Person's interest constitutes a conflict of interest:

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- 2.6.1 With respect to an **ownership or investment interest**:
 - 2.6.1.1 The dollar value of the interest;
 - 2.6.1.2 The dollar value of the interest as a percentage of ownership interest in the entity;
 - 2.6.1.3 The perceived importance of the transaction or arrangement to TFHD and to the entity, respectively;
 - 2.6.1.4 Whether the transaction or arrangement can reasonably be expected to have a materially favorable impact on the value of the ownership or investment interest;
 - 2.6.1.5 The extent to which the ownership or investment interest might reasonably be expected to influence the entity in connection with its performance under the transaction or arrangement; and
 - 2.6.1.6 Other similar factors.
- 2.6.2 With respect to a **compensation arrangement**:
 - 2.6.2.1 The dollar value of the arrangement;
 - 2.6.2.2 The nature of the underlying compensation arrangement.
- 2.6.3 With respect to **public office and campaign contributions**:
 - 2.6.3.1 Whether a single official holds two public offices simultaneously;
 - 2.6.3.2 Whether jurisdiction overlaps;
 - 2.6.3.3 Whether there is a pending issuance of a license, permit or entitlement;
 - 2.6.3.4 Whether there is a receipt of contributions of \$250 or more from any affected person [in the 12 months before the decision](#);
 - 2.6.3.5 There is a receipt of gift(s);
 - 2.6.3.6 The date of contribution(s).
- 2.6.4 For **Vendors**:
 - 2.6.4.1 The dollar value of the services;
 - 2.6.4.2 The dollar value of the goods or services relative to the overall volume of goods or services: (i) purchased by TFHD in general; (ii) purchased by TFHD for this particular good or service, i.e., legal services, etc.; or (iii) provided by the Interested Person or Interested Person's affiliated entity in general;
 - 2.6.4.3 The Interested Person's position within the vendor entity, i.e., owner, partner, or employee;
 - 2.6.4.4 The impact the business relationship with TFHD has on the Interested Person's compensation from or career advancement within this entity;

- 2.6.4.5 Whether the Interested Person provides the services directly, supervises the delivery of services, or has no connection to the delivery of services; and
- 2.6.4.6 Where in the TFHD organizational hierarchy lays the decision to authorize the goods or services to be purchased from the Interested Person/vendor directly or indirectly.
- 2.6.5 With respect to **non-financial interests**:
 - 2.6.5.1 The materiality of the interest;
 - 2.6.5.2 The nature of the interest;
 - 2.6.5.3 The presence of specific factors that may prevent the Interested Person from acting in the best interests of TFHD in connection with the transaction or arrangement;
 - 2.6.5.4 With respect to multiple board memberships, the presence of specific factors indicating a potential whereby the Interested Person may subordinate his/her duty to TFHD to his/her duty to the other entity for which he serves as a board member; and
 - 2.6.5.5 Other similar factors.
- 2.7 Common **examples of financial interests** which could potentially create a conflict of interest, include, but are not limited to the following:
 - 2.7.1 An ownership or investment interest in a business involved in a contract, transaction or arrangement with TFHD;
 - 2.7.2 A compensation arrangement with an individual or entity involved in a contract, transaction or arrangement with TFHD;
 - 2.7.3 A potential ownership or investment in, or compensation arrangement with, an individual or entity with which the non-profit organization is negotiating a contract, transaction, or arrangement for services
- 2.8 Some **examples of non-financial interests** which could potentially create a conflict of interest, include, but are not limited to the following:
 - 2.8.1 Director A serves on the board of a hospital, which is considering an expansion of its community ambulatory surgery centers, while simultaneously serving on the board of a local community college, which plans on establishing medical clinics to serve the needs of students, faculty, employees and those living in the area;
 - 2.8.2 Foundation Director B simultaneously serves on the board of a Museum, both of which are considering the commencement of a capital campaign that will target the same community of potential donors;
 - 2.8.3 The brother of Hospital Director A serves as the uncompensated chairman of the board of physician group, which is considering an affiliation with the hospital.

A finding of conflict of interest is not contingent on willful wrongdoing, or upon whether an individual's judgment has **actually** been **factually** affected. A conflict of interest may exist regardless of whether a monetary advantage has been or may have been given to an individual.

2.9 The Board may request additional information from all reasonable sources and may involve General Counsel in its deliberations.

2.10 Once all necessary information has been obtained, the Board shall make a finding by majority vote as to whether a conflict of interest indeed exists.

3.0 Addressing the Conflict of Interest.

3.1 Once the disinterested members of the Board of Directors have determined that an actual conflict of interest exists with respect to a particular transaction or arrangement:

3.1.1 The disinterested members of the Board of Directors shall exercise due diligence to determine whether TFHD could obtain a more advantageous contract, transaction or arrangement with reasonable efforts under the circumstances and, if appropriate, shall appoint a non-Interested Person or committee to investigate [lawful](#) alternatives to the proposed contract, transaction or arrangement.

3.1.2 In considering whether to enter into the proposed contract, transaction or arrangement, the Board of Directors may approve such a contract, transaction or arrangement by a majority vote only if the disinterested Directors determine that:

3.1.2.1 The proposed contract, transaction or arrangement is in TFHD's best interests and for TFHD's own benefit; and

3.1.2.2 The proposed transaction is fair and reasonable to TFHD, taking into account, among other relevant factors, whether TFHD could obtain a more advantageous contract, transaction or arrangement with reasonable efforts under the circumstances.

4.0 Violations of the Conflicts of Interest Policy.

4.1 If the Board of Directors or committee has reason to believe that an Interested Person has failed to comply with the disclosure obligations of this Policy, the Board of Directors shall inform that person of the basis for its belief and provide that person an opportunity to address the alleged failure to disclose.

4.2 After hearing the response of such person and conducting such further investigation as may be warranted under the circumstances, the Board of Directors shall determine whether such person has, in fact, violated the disclosure requirements of this conflicts of interest policy.

4.3 If the Board determines that there has been a violation of the conflict of interest policy, the Board shall take appropriate disciplinary and corrective action, which may include removal from a Committee, if the Interested Person is a Board or committee member, or [disciplinary action up to and including](#) termination, if the Interested Person is an employee.

4.4 Board of Director violations of the conflict of interest policy may result in various consequences, such as citizen recall or criminal or civil sanctions or penalties imposed by the Fair Political Practices Commission (FPPC) for violations of the Political Reform Act.

5.0 Records of Proceedings.

The minutes of meetings of the Board of Directors and any committee with board delegated powers shall include:

- 5.1 the names of persons who disclosed or were otherwise found to have actual, apparent, or potential interests relevant to any matter under discussion at the meeting, a general statement as to the nature of such interest (e.g., employment arrangement, equity interest or board membership or officer position in another corporation), any action taken to determine whether a conflict of interest existed, and the board or committee's conclusion as to whether a conflict exists; and
- 5.2 the names of the persons (other than members of the general public) present for the discussions and votes relating to the transaction, or arrangement, a summary of the content of these discussions that contains the type of information regularly reported in board or committee minutes and identifies whether any alternatives were considered, and a record of any vote taken in connection therewith.

6.0 Annual Statements

6.1 Statement of Economic Interests (Form 700):

- 6.1.1 ~~The Human Resources Director~~Department shall notify aAll designated positions ~~shall be notified~~of the requirements for completion of the Statement of Economic Interests. For more information, access the form and user instructions at <http://fppc.ca.gov/index.php?id=755> <http://www.fppe.ca.gov/index.html?ID=500>
- 6.1.2 Each individual will complete the form as required and return to Administration or the Human Resources Department as requested;
- 6.1.3 All forms are maintained by Administration and/or the Human Resource Department as required by regulation.

6.2 Form 700 Filing Deadlines

- 6.2.1 Individuals required to complete and file Statements of Economic Interest (Form 700) must do so:
 - 6.2.1.1 Within thirty (30) days after the effective date of the adoption of the Conflict of Interest Code;
 - 6.2.1.2 Within thirty (30) days after assuming a position requiring filing such Statement;
 - 6.2.1.3 Within thirty (30) days after leaving a position requiring filing of such Statement; and,
 - 6.2.1.4 Annually, no later than April 1st, each year in which the individual occupies a position requiring filing of such Statement.
- 6.2.2 In the event the Statement of Economic Interest is not filed ~~by April 1st, a fine of ten dollars (\$10.00) per day for every day after the April 1st deadline shall be imposed. when due, the FPPC may impose fines or other civil and criminal sanctions for non-compliance.~~

6.3 Conflict-of-Interest ~~Disclosure Questionnaire and~~ Policy Acknowledgement:

Each person who is ~~a Director or Chief of TFHD, and those additional TFHD staff as the Board may determine, required to fill out a Form 700~~ shall review this

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Conflict of Interest Policy. Each of those individuals shall annually acknowledge that he/she:

- 6.3.1 has received a copy of this Policy;
- 6.3.2 has read and understands the Policy;
- 6.3.3 agrees to comply with the Policy;
- 6.3.4 understands that the Policy applies to [members of](#) committees and subcommittees;
- 6.3.5 agrees to report to the Board any change to matters disclosed on the Form 700.

The Conflict-of-Interest ~~Disclosure Questionnaire and~~ Policy Acknowledgement ~~(attached) shall be submitted annually with the Form 700 Statement of Economic Interests, or as otherwise directed by the TFHD Department of Human Resources is an available resource.~~

6.4 Monitoring and Auditing

The Corporate Compliance Officer shall conduct or oversee periodic auditing and monitoring of:

- 6.4.1 Timely filing of Form 700s and Conflict-of-Interest Policy ~~Disclosure Questionnaires~~ ~~Acknowledgement~~; -and
- 6.4.2 Submitted Statements of Economic Interests to determine if disclosures of actual, potential, or perceived conflicts of interest have been brought to the attention of the Board of Directors, and have been addressed, resolved, or removed.

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| Related Policies/Forms: Conflict of Interest Code ; Statement of Economic Interests (Form 700) ; Conflict-of-Interest Disclosure Questionnaire Policy Acknowledgement |
| References: Political Reform Act (Cal Gov. Code, §§ 87100 et seq.) The Brown Act (Cal Gov. Code, §§ 54950 et seq.) The Bagley Keene Open Meeting Act (Cal Gov. Code §§ 11120 et seq.) Public Reporting of Financial Interests Political Reform Act (Cal Gov. Code, §§ 87200-87313) Financial Interests in Contracts (Cal Gov. Code, §§ 1090 et seq.) Conflict of Interest Resulting from Campaign Contributions (Cal Gov. Code, § 84308) Prohibitions Applicable to Specified Officers (Cal Gov. Code §§ 1090-1099) Receipt of Direct Monetary Gain or Loss (Cal Gov. Code, § 8920) Transportation, Gifts or Discounts Cal. Const., art. XII, § 7 Incompatible Activities (Cal Gov. Code, §§ 1125 et seq.) (local officials); (Cal Gov. Code, § 19990) (state officials) Former State Officials and Their Former Agencies Political Reform Act (Cal Gov. Code, §§ 87400-87405) The Governance Institute |
| Policy Owner: Carl Blumberg , Corporate Compliance Officer |
| Approved by: Robert Schapper , Chief Executive Officer |



Conflict of Interest Disclosure Questionnaire and Policy Acknowledgement

Name _____

Position _____

The Conflict of Interest Policy adopted by the Tahoe Forest Hospital District (TFHD) Board of Directors requires disclosure of certain interests. To carry out the purpose of this Policy, you are required to disclose if you or your family members have affiliations, interests or relationships, and/or have taken part in transactions that, when considered in conjunction with your position with or relationship to TFHD (including any subsidiary or affiliate of TFHD), might possibly constitute or give rise to an actual, apparent, or potential conflict of interest as defined under the Policy.

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These individuals considered to be "family members" for purposes of this Policy include: your spouse (including a registered domestic partner), brothers or sisters (by whole or half blood), spouses of brothers or sisters, ancestors, children, grandchildren, great grandchildren, and spouses of children, grandchildren, and great grandchildren.

The following serves as a guideline for you to examine and explain any possible conflicts of interest, including all material facts. All actual, apparent, or potential conflicts of interest that existed or that exist since the filing of your last Form 700 (or since the beginning of your Board of Director tenure, employment, independent contractor, or agency relationship if no prior Form 700 was filed) should be reported on this disclosure. In addition, you must report to the TFHD Board of Directors any further financial interest, situation, activity, interest, or conduct that may develop before completion of the next annual Form 700.

I. OUTSIDE INTERESTS

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A. Do you or any of your family members hold, or within the past five (5) years have you or any of your family members held, directly or indirectly, (i) a position or (ii) a material financial non-publicly traded interest in any outside entity with which you or your family member have reason to believe TFHD (a) does business, including obtaining goods or services, or (b) provides services competitive with TFHD?

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A "material" financial interest is one which involves or has a fair market value of more than One Thousand Dollars (\$1,000.00) or which represents more than 5% of the total ownership interest in the outside entity.

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No Yes Explain below...

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1) Are you or any of your family members currently engaged, or within the past five (5) years have

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**Conflict-of-Interest Disclosure Questionnaire
and Policy Acknowledgement**

you or any of your family members been engaged, in any for-profit business outside of your duties with TFHD that in any way does business with or competes with activities with TFHD?

No Yes Explain below...

2) Are you or any of your family members, or within the past five (5) years have you or any of your family members been, an officer or director of any company or organization (for-profit or not-for-profit) other than TFHD that does business with or competes with TFHD?

No Yes Explain below...

3) Do you or any of your family members have, or within the past five (5) years have you or any of your family members had, any personal loans, advances, or borrowings from any customer or supplier who also does business with TFHD? (You may exclude charge cards and personal or mortgage loans at market rates at financial institutions such as banks, finance companies, insurance companies, and savings and loan associations.)

No Yes Explain below...

B. Do you or any of your family members compete, directly or indirectly, with TFHD in the purchase or sale of property rights, interests, or provision of ambulatory or ancillary medical services?

No Yes Explain below...

C. Do you or any of your family members render, or within the past five (5) years have you or any of your family members rendered, directive, managerial, consultative or other services to or on behalf of any outside entity that does business with or competes with the services of TFHD?

No Yes Explain below...

D. Do you or any of your family members employ or otherwise retain, or within the past five (5) years have you or any of your family members employed or otherwise retained, personnel of TFHD for work on non-corporate business done outside of TFHD?

No Yes Explain below...

E. Have you or any of your family members used property of TFHD to conduct business, which is not TFHD business, without prior approval of the TFHD Board of Directors?

No Yes Explain below...

F. Do you or any of your family members serve any other organization (public, private, or

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Conflict of Interest Disclosure Questionnaire and Policy Acknowledgement

charitable) as a director, trustee, officer, or in a similar capacity?

No Yes Explain below...

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G. Have you during the past five years been a party to any action, suit, or proceeding that might be deemed material to evaluating your ability or integrity?

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No Yes Explain below...

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H. Do you know of any recent or pending actions, suits, or proceedings in which you have an interest adverse to the interests of, or are a party adverse to TFHD?

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No Yes Explain below...

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H. INSIDE ACTIVITIES

A. Do you employ or otherwise retain any of your family members or other individuals with whom you have a business or personal relationship in your area of direct responsibility within TFHD? Have you or any of your family members attempted to influence TFHD concerning the employment or retention of any family member or other individual with whom you have a business or personal relationship?

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No Yes Explain below...

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B. Have you disclosed or used privileged information of TFHD for any personal profit or advantage, or the profit or advantage of any of your family members or individuals with whom you have a personal relationship?

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No Yes Explain below...

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III. GIFTS, GRATUITIES, AND ENTERTAINMENT

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A. Have you or any of your family members accepted gifts, entertainment, benefits, discounts, or other favors from any outside entity that does or is seeking to do business with, or is a competitor of, TFHD, under circumstances from which it might be inferred that such action was intended to influence or possibly would influence you in the performance of your duties? This does not cover or prohibit the acceptance of reasonable entertainment by suppliers or prospective suppliers, or items of nominal value that are clearly tokens of respect or friendship and not related to any particular transaction or activity, when the value of such entertainment or items does not exceed One Hundred Dollars (\$100.00). Note that gifts of more than \$50 in a calendar year must be reported on the annual Form 700 for those officers and employees of the District required to file that form.

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**Conflict of Interest Disclosure Questionnaire
and Policy Acknowledgement**

No Yes Explain below...

B. Have you or any of your family members accepted any gifts, honoraria, perquisites, favors, or benefits valued in excess of One Hundred Dollars (\$100.00) from customers, suppliers, or agents of TFHD?

No Yes Explain below...

In the space below, disclose any other interests, activities, investments, or involvement of or concerning you or your family members that you believe might be considered relevant for purposes of disclosure of all actual, apparent, or possible conflicts of interest (Use additional pages as necessary.)

ACKNOWLEDGMENT

I hereby state each of the following:

- (1) I have received a copy of the Conflicts of Interest Policy;
- (2) I have read and understand the Policy;
- (3) I agree to comply with the Policy;
- (4) I understand that the Corporation is a not for profit public benefit organization and that to maintain its federal tax exempt status it must engage primarily in activities which accomplish its tax exempt purposes;
- (5) I agree to report promptly to the Governance Committee of the Board of Directors of Tahoe Forest Hospital District any change in the responses to each of the foregoing questions which may result from changes in circumstances or any further financial interest, situation, activity, interest, or conduct that may develop before completion of my next annual questionnaire; and
- (6) The information contained herein is true and accurate to the best of my knowledge and belief as of this _____ day of _____, 20_____.

Signed: _____

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~~Conflict of Interest Disclosure Questionnaire
and Policy Acknowledgement~~

Print Name: _____

| | | | | |
|---|---|------------------|----------------------------|---|
|  | Tahoe Forest Health System | | | |
| | Title: Inspection and Copying of Public Records | | Policy/Procedure #: ABD-14 | |
| | Responsible Department: Board of Directors | | | |
| Type of policy | Original Date: | Reviewed Dates: | Revision Dates: |  |
| <input checked="" type="checkbox"/> Board | 4/97 | 1/10; 1/12; 1/14 | 9/04; 2/05; 2/14 | |
| <input type="checkbox"/> Medical Staff | | | | |
| <input type="checkbox"/> Departmental | | | | |
| Applies to: <input checked="" type="checkbox"/> System <input type="checkbox"/> Tahoe Forest Hospital <input type="checkbox"/> Incline Village Community Hospital | | | | |

PURPOSE:

RESOLUTION NO. 95-07

RESOLUTION ESTABLISHING PROCEDURES CONCERNING INSPECTION AND COPYING OF THE PUBLIC RECORDS OF THE TAHOE FOREST HOSPITAL DISTRICT AND FOR THE SETTING OF GUIDELINES FOR THE ACCESSIBILITY OF SUCH RECORDS

WHEREAS the Legislature of the State of California has enacted Chapter 3.5 of Division 7 (Section 6250 et seq.) of the Government Code of the State of California Public Records Act; and

WHEREAS said Act applies to the Tahoe Forest Hospital District, which is bound to comply with its mandatory provisions; and

WHEREAS Government Code Section 6253 as amended, provides that every agency (which includes Tahoe Forest Hospital District) may adopt regulations stating the procedures to be followed when making its records available in accordance with said Section; and

WHEREAS the Board of Directors of this District believes that access to information concerning the conduct of the people's business, including the business of the District, is a fundamental and necessary right of every person; and

WHEREAS the Board of Directors of this District is aware of the right of individuals to privacy, and in particular is aware that the disclosure of personnel, medical or similar information relative to individuals (except where required by law) would constitute an unwarranted invasion of such personal privacy; and

WHEREAS the Board of Directors of this District is aware of its obligation under the law and its duty to individuals concerned with District records to determine whether the public interest served by not making the records in question public, clearly outweighs the public interest served by disclosure of the records; and

WHEREAS the Board of Directors of this District desires to comply with Health and Safety Code Sections 443, et seq., known as the Health Data and Advisory Council Consolidation Act and to make timely and confidential submissions to the Office of Statewide Health Planning and Development; and

WHEREAS the Board of Directors of this District desires to set guidelines for the accessibility of its records and procedures for inspection and copying of such records which are determined to be accessible to the public;

NOW, THEREFORE, BE IT RESOLVED that the following procedures and guidelines are hereby enacted by the Board of Directors of the Tahoe Forest Hospital District:

Procedures Concerning Inspection and Copying of the Public Records of the Tahoe Forest Hospital District as set forth in Exhibit "A" attached hereto and by this reference incorporated herein.

Guidelines for the Accessibility of the Public Records of the Tahoe Forest Hospital District as set forth in Exhibit "B" attached hereto and by this reference incorporated herein.

Passed and adopted at a meeting of the Board of Directors of the Tahoe Forest Hospital District duly held on the 19th day of December 1995.

AYES: Shaheen, Boone, Nahser Martin, Falk, Eskridge
NOES: None
ABSENT: None

/s/ Laurie N. Martin

Secretary

APPROVED:

/s/ Rob Eskridge

President

/s/ Larry Long, CEO

PROCEDURE (EXHIBIT A of RESOLUTION):

- A. The following Procedures govern the inspection and copying of all of the public records of the Tahoe Forest Hospital District. These Procedures have been set by the Board of Directors of the District and are administered by the Administrator of the District under the Guidelines adopted by the Board of Directors.
- B. Definitions
 - B.1 "Person" includes any natural person, corporation, partnership, limited liability company, firm or association.
 - B.2 "Public records" includes any writing containing information relating to the conduct of the business of the Tahoe Forest Hospital District prepared, owned, used or retained by the District regardless of physical form or characteristics.
- C. Time of Inspection

The public records of the District subject to inspection and copying pursuant to the Guides For Accessibility Of The Public Records Of The Tahoe Forest Hospital District may be inspected at all times during the regular office hours of the administrative office of the District, i.e., on Monday through Friday (holidays excepted) during the hours of 9:00 AM until 5:00 PM.

D. Place of Inspection

The public records of the District may be inspected at the office of the administrator of the Tahoe Forest Hospital, Truckee, California.

E. Application For Inspection

Every person desiring to inspect the public records will be requested to fill out an Application For Inspection Or Copying Of Records form, which may be obtained at the place of inspection, and which form shall state:

- E.1 The name of the applicant. (The application may also ask applicant for the purpose of the request, but response to such question is optional. The purpose is not required, but would make it easier to weigh the public interest in disclosure versus nondisclosure cases [and to contact the applicant to discuss and clarify the request.](#))
- E.2 Date of the application.
- E.3 The address of the applicant [and, if the applicant desires, an email address.](#)
- E.4 The telephone number of the applicant.
- E.5 The date that inspection is requested.
- E.6 An exact as possible description of the records which the applicant desires to inspect.
- E.7 Whether the applicant desires a copy of such records, with the disclosure of costs to be borne by the applicant given.
- E.8 Whether the applicant has specific authorization to inspect the records (when such authorization is required pursuant to District Guidelines).

When specific written authorization is required to inspect the subject records, a copy of such authorization must accompany the application and shall be permanently affixed thereto.

F. District's Response to Application For Inspection

- F.1 Upon receipt of an Application for Inspection or Copying of Records [in the Administrative Office of the District](#), the District shall record the date that it receives the application and determine within ten (10) days after the receipt of such application whether [it has disclosable public records responsive to ~~comply with~~](#) the request. The District shall immediately thereafter notify the person making the application of the District's determination and the reasons therefore.
- F.2 In case of unusual circumstances, the ten (10) day time limit may be extended by written notice from the District Chief Executive Officer, or his designee, to the person making the application. Such notice shall set forth the reasons for the extension and the date on which a determination is expected to be made. Any such extension shall not exceed fourteen (14) days. As used in this paragraph, "unusual circumstances" means:
 - F.2.1 The need to search for and collect the requested records from field facilities;
 - F.2.2 The need to search for, collect and appropriately examine a voluminous amount of separate and distinct records demanded in a single request;

F.2.3 The need for consultation, which shall be conducted with practicable speed, with another agency having a substantial interest in the determination of the application or among two or more components of the District which have substantial interest in matters covered by the application.

F.2.4 The need to determine no violation of the Health Insurance Portability and Accountability Act (HIPAA) of 1996 [and other laws requiring confidentiality of District records](#).

G. Fee for Copying and Certifying Records

G.1 When the applicant desires a copy of an identifiable public record or information produced therefrom, the writing shall be copied (if it can be done so with equipment then available at the place of inspection) by the District for a charge of 10 cents (\$.10) per page, which shall be deposited prior to such copying. If such copying cannot be done by the District, ~~for technical reasons~~, an estimate of the cost of copying the same shall be obtained by the District from any available source and the applicant shall deposit the amount of such estimate with the District prior to such copying.

G.2 The copying of such records shall be accomplished by the District as soon as possible after the request therefore without disruption of the normal business of the District. The applicant shall be informed of the time necessary to accomplish such copying.

G.3 When the applicant desires a certification of such copy(ies) of such records, a fee of \$1.75 shall be paid for such certification.

H. Records Not to Be Removed

No records of any kind may be removed by an inspecting party from the place of inspection for any purpose whatsoever without an order of a court of competent jurisdiction.

I. Guidelines Available

A copy of the District's Guidelines for the Accessibility of the Public Records of the Tahoe Forest Hospital District is available upon request.

SPECIAL INSTRUCTIONS/DEFINITIONS ((EXHIBIT B of RESOLUTION):

GUIDELINES FOR THE ACCESSIBILITY OF THE PUBLIC RECORDS OF THE TAHOE FOREST HOSPITAL DISTRICT

The following Guidelines shall govern the accessibility for inspection and copying of all of the public records of the Tahoe Forest Hospital District. These Guidelines have been set by the Board of Directors of the District and are to be administered by the Chief Executive Officer of the District.

A. Purpose of Guidelines

The purpose of these Guidelines is to serve as general rules to be followed by those persons charged with administration of the Procedures Concerning Inspection and Copying of the Public Records of the Tahoe Forest Hospital District heretofore adopted by the Board of Directors. Certain requirements of the law must be observed relating to

the disclosure of records and to the protection of the confidentiality of records. These Guidelines set forth the general rules contained in such laws.

B. Definitions

- B.1 "Person" and "public records" are defined in the Procedures Concerning Inspection, etc., of the District and such definitions apply herein.
- B.2 "Writing" means handwriting, typewriting, printing, photostating, photographing, and every other means of recording upon any form of communication or representation, including letters, words, pictures, sounds, or symbols, or combination thereof, and all papers, maps, magnetic or paper tapes, photographic films and prints, magnetic or punched cards, discs, drums, and other documents.
- B.3 "~~Computer~~ Electronic Records." "Public records" stored or maintained ~~on~~ in an electronic format ~~computer~~ are subject to disclosure as otherwise required or exempted by these guidelines and the Public Records Act. However, computer software, including computer mapping systems, computer programs and computer graphics systems, developed by Tahoe Forest Hospital District, are not "public records," and are not subject to disclosure. The Hospital District may sell, lease, or license such software for commercial or noncommercial use but otherwise treats its proprietary software as a trade secret to retain its value for the benefit of the District and its taxpayers.

C. Questions of Interpretation

- C.1 In case of any question as to the accessibility of the records of the District under these Guidelines, records should not be made accessible to the public until the Chief Executive Officer has rendered a decision. Such decision may be reviewed by the Board of Directors upon its own initiative, or the applicant may petition the Board for review in a writing submitted to the Executive Secretary of the Board within seven days of the Chief Executive Officer's decision, which petition the Board may grant or reject. If no appeal is initiated or granted by the Board, the Chief Executive Officer's decision shall be final as to the District but subject to judicial review as provided in the Public Records Act, ~~until such question has been determined by the Chief Executive Officer of the District. The decision of the Chief Executive Officer is final. However, prior to the applicant being timely notified of the decision, the Board of Directors may, at its option, review decisions of the Chief Executive Officer. In such case, the decision of the Board of Directors will be the final decision.~~
- C.2 The District shall justify the withholding of any record by demonstrating that the record requested and withheld is exempt under Paragraph E of these Guidelines, or that on the facts of the particular case, the public interest served by not making the record public outweighs the public interest served by the disclosure of such record or withholding the record is otherwise required or authorized by law.
- C.3 In the case of any denial of an Application for Inspection or Copying of Records, the District shall, within the period allowed under Section E of Procedures Concerning Inspection, notify the applicant of the decision to deny the application for records and shall set forth the names and positions of each person responsible for the denial of the request.

D. Following Procedures for Inspection and Copying

The Procedures referred to hereinabove shall be followed in all of their specifics at all times. Records of inspections shall be accurately maintained.

E. Records Subject to Inspection

All public records of the District are subject to inspection pursuant to these Guidelines except as follows:

- E.1 Records set forth hereinafter as records subject to inspection only with authorization;
- E.2 Records NOT SUBJECT to inspection (unless by Court Order); or
- E.3 Records which may be withheld by exercise of judgment, pursuant to "I" below.

F. Records Subject to Inspection Only with Authorization

In accordance with the Health Insurance Portability and Accountability Act (HIPAA), any records relating to patients of the Tahoe Forest Hospital District (including but not limited to the patient's records of admission and discharge, medical treatment, diagnosis and other care and services) shall only be made available for inspection and/or copying under the following conditions:

- F.1 Upon presentation of a written authorization therefore signed by an adult patient, by the guardian or conservator of his person or estate, or, in the case of a minor, by a parent or guardian of such minor, or by the personal representative or an heir of a deceased patient, and then only upon the presentation of the same by such person above named or an attorney at law representing such person.
- F.2 Where records relating to a minor patient are sought by a representative, and the minor is authorized by law to consent to medical treatment, or the District determines that access to the information would have a detrimental effect on the patient-provider relationship or the minor's physical or psychological well-being, the District shall not permit inspection of such records, absent a court order.
- F.3 The following information must be provided:
 - F.3.1 The name of the patient whose records are requested.
 - F.3.2 The name and signature of the requestor.
 - F.3.3 A statement of the relationship to the patient, if the requestor is a patient representative.
 - F.3.4 Identification of the portion of the patient record to be inspected or copied.
 - F.3.5 The date of the request.
- F.4 Except when requested by a licensed physician, surgeon, or psychologist designated by request of the patient, the District may decline to permit inspection of mental health records sought by a patient or representative, if the District determines that access to records by the patient poses a substantial risk of significant adverse or detrimental consequences to the patient. The District must place a written record of the reason for refusal within the mental health records requested, including a description of the specific adverse or detrimental consequences, and a statement that refusal was made pursuant to Health and Safety Code Section 123115(b).
- F.5 Upon presentation of a written order therefore issued by a Court of the State of California or of the United States of America (see reference to Subpoena Duces

Tecum hereinafter) which specifically commands the District to disclose specified records.

F.6 Upon subpoena, when permitted under Paragraph J below.

G. Records Not Subject to Inspection (Unless by Court Order)

The following records of the District are not subject to inspection by any person without a written order therefore issued by a Court of the State of California or of the United States of America (see reference to Subpoena Duces Tecum hereinafter):

- G.1 Records of the proceedings or other records of an organized committee of medical or medical-dental staffs in the Tahoe Forest Hospital District having the responsibility of evaluation and improvement of the quality of care rendered in the Hospital.
- G.2 Records pertaining to pending litigation to which the District is a party, or to claims made pursuant to Division 3.6 (commencing with Section 810) of Title 1 of the Government Code of California, until such litigation or claim has been finally adjudicated or otherwise settled.
- G.3 Personnel, medical or similar files of non-patients, the disclosure of which would constitute an unwarranted invasion of personal privacy of the individual or individuals concerned.
- G.4 Records of complaints to or investigations conducted by, or investigatory or security files compiled by the District for correctional, law enforcement or licensing purposes.
- G.5 Test questions, scoring keys, and other examination data used to administer a licensing examination, examination for employment or academic examination.
- G.6 The contents of real estate appraisals, engineering or feasibility estimates and evaluations made for or by the District relative to the acquisition of property, or to prospective public supply and construction contracts, until such time as all of the property has been acquired or all of the contract agreement obtained.
- G.7 Records the disclosure of which is exempted or prohibited pursuant to provisions of federal or state law, including, but not limited to, provisions of the Evidence Code of California relating to privilege. (Privileges are conditionally provided for all communications between lawyer and client, physician and patient, and psychotherapist and patient, [among other things](#)).
- G.8 Library circulation records kept for the purpose of identifying the borrower of items available in any District libraries.
- G.9 Preliminary drafts, notes, or interdistrict, intradistrict or other memoranda, between districts, departments of the District, and/or other agencies, which are not retained by the District in the ordinary course of business, and provided that the public interest in withholding such records outweighs the public interest in disclosure.
- G.10 Records in the custody of or maintained by legal counsel to the District.

- G.11 Statements of personal worth or personal financial data required by any licensing agency and filed by an applicant with the licensing agency to establish his or her personal qualification for the license, certificate or permit applied for.
- G.12 Records relating to any contract or amendment thereof, for inpatient services governed by Articles 2.6, 2.8 and 2.91 of Chapter 7 of Division 9 of the Welfare and Institutions Code, pertaining to Medi-Cal provider contracting. However, except for the portion of the contract containing rates of payment, the record shall be open to inspection within one year after the contract is fully executed. Rate of payment portions shall be open to inspection within three years after the contract is fully executed. Records relating to contracts for inpatient services shall be disclosed to the Joint Legislative Audit Committee upon request.
- G.13 Records relating to any contract with insurers or nonprofit hospital services plans for inpatient or outpatient services for alternative rates pursuant to Sections 10133 or 11512 of the Insurance Code. However, the record shall be open to inspection within one year after the contract is fully executed.
- G.14 Records relating to any contract, or amendment thereof, with the Major Risk Medical Insurance Program for health coverage pursuant to Division 2, Parts 6.3 and 6.5, and Part 2, Chapter 14, of the Insurance Code. However, except for the portion of the contract containing rates of payment, the record shall be open to inspection within one year after the contract is fully executed. Rate of payment portions shall be open to inspection within three years after the contract is fully executed. Records relating to contracts for inpatient services shall be disclosed to the Joint Legislative Audit Committee upon request.
- G.15 "Trade secrets," including but not limited to any formula, plan, pattern, process, tool, mechanism, compound, procedure, production data, or compilation of information which is not patented, which is known only to certain individuals within the Hospital District who are using it to fabricate, produce, or compound an article or service having commercial value and which gives its user an opportunity to obtain a business advantage over competitors who do not know or use it.
- G.16 Records of state agencies related to activities governed by Articles 2.6, 2.8, and 2.91 of Chapter 7 of Part 3 of Division 9 of the Welfare and Institutions Code, pertaining to Medi-Cal provider contracting, which reveal the special negotiator's deliberative processes, discussions, communications, or any other portion of the negotiations with providers of healthcare services, impressions, opinions, recommendations, meeting minutes, research, work product, theories, or strategy, or which provide instruction, advice or training to employees.
- G.17 A final accreditation report of the American Osteopathic Association which has been transmitted to the State Department of Health Services pursuant to Subdivision (b) of Section 1282 of the Health and Safety Code.

~~G.17~~G.18 Any other record that the law requires or permits the District to withhold from public inspection.

H. Records Submitted to Agencies Which Are Exempted From Disclosure By District Hospitals

In addition to the limitations upon disclosure of public records otherwise set forth in these Guidelines, the District is not required to disclose public records, or permit the inspection of public records pertaining to financial or utilization data, other than such financial and

utilization data as is filed with the California Health Facilities Commission and/or the Office of Statewide Health Planning and Development. It is sufficient compliance with the law to permit inspection of financial and utilization information reported to the Office of Statewide Health Planning and Development pursuant to Division 1, Part 1.8 of the California Health and Safety Code. In case of doubt, consult the District legal counsel.

I. Discretionary Withholding of Records

In addition to the limitations upon disclosure of records set forth in these Guidelines, the District may, in its judgment, withhold inspection of any record or writing when the District determines that on the facts of the particular case the public interest served by not making the record public clearly outweighs the public interest served by disclosure of the record. Such judgment shall be exercised by the District by and through the Chief Executive Officer whose decision shall be final unless overruled by the Board of Directors [on a written request filed with the Executive Secretary of the Board within seven days of the Executive Director's decision.](#)

J. Compliance with Subpoena Duces Tecum

While a Subpoena Duces Tecum (a notice to appear and to bring records, or to produce records without appearance) is issued by a court, it is not an order of the court declaring that the particular records are subject to disclosure. Such records may still be subject to protection against disclosure by reason of the existence of a privilege or other legal excuse. Therefore, receipt of such a subpoena does not permit disclosure of records in and of itself and the following rules should be followed:

J.1 Subpoena in action where District is a party:

Immediately consult with legal counsel representing the District as to the proper response.

J.2 Subpoena in other actions:

J.2.1 If the records sought to be discovered (which are ordered to be produced) fall within one of the categories in Paragraphs F, G, or H above, consult with the District's counsel prior to responding to the subpoena.

J.2.2 If the records sought to be discovered are those which can be inspected, it is sufficient compliance with the subpoena (if it seeks only records and does not specify that "testimony" or "examination upon such records" will be required) to deliver a copy by mail or otherwise, following the procedure set forth in Exhibit "1" attached hereto.

J.3 If only a portion of the records may be disclosed or inspected:

If only portions of any requested records may be disclosed or inspected, any reasonably segregable portions shall be provided to the applicant after deletion of portions which are exempt and the segregated nondisclosable portions should be withheld unless and until a court orders their production.

HOW TO COMPLY WITH SUBPOENA DUCES TECUM

- A. Except as provided in Paragraph E hereafter, when a Subpoena Duces Tecum is served upon the custodian of records or other qualified witness of the District in an action in which the District is neither a party, nor the place where any cause of action is alleged to have arisen, and such subpoena requires the production of all or any part of the records of the District, it is sufficient compliance if the custodian or other qualified witness, within five days after the receipt of such subpoena, delivers by mail or otherwise, a true,



legible, and durable copy of all the records described in such subpoena to the clerk of the court, or to the judge if there is no clerk, or to the deposition officer set forth in said subpoena, together with the affidavit described in Paragraph C hereinafter.

- B. The copy of the records shall be separately enclosed in an inner envelope or wrapper, sealed, with the title and number of the action, name of witness, and date of subpoena clearly inscribed thereon; the sealed envelope or wrapper shall then be enclosed in an outer envelope or wrapper, sealed and directed as follows:
- a. If the subpoena directs attendance in court, to the clerk of such court or to the judge thereof if there is no clerk.
 - b. If the subpoena directs attendance at a deposition, to the officer before who the deposition is to be taken at the place designated in the subpoena for the taking of the deposition or at this place of business.
 - c. In other cases, to the officer, body or tribunal conducting the hearing, at a like address.
- C. The records shall be accompanied by the affidavit of the custodian or other qualified witness, stating in substance each of the following:
- a. The affiant is the duly authorized custodian of the records or other qualified witness and has authority to certify the records.
 - b. The copy is a true copy of all the records described in the subpoena.
 - c. The records were prepared by the personnel of the District in the ordinary course of business at or near the time of the act, condition, or event.
- D. If the District has none of the records described, or only part thereof, the custodian or other qualified witness shall so state in the affidavit, and deliver the affidavit and such records as are available in the manner provided in Paragraph B above.
- E. Notwithstanding the procedure for sending records described above, the personal attendance of the custodian or other qualified witness and the production of the original records is required at the time and place designated if the Subpoena Duces Tecum contains a clause which reads:
- “The personal attendance of the custodian or other qualified witness and the production of the original records is required by this subpoena. The procedure authorized pursuant to subdivision (b) of Section 1560, and Sections 1561 and 1562, of the Evidence Code will not be deemed sufficient compliance with this subpoena.”
- F. In addition to copying costs, if any, pursuant to Section F of Procedure Concerning Inspection, where the business records described in a subpoena are patient records of a hospital, or of a physician and surgeon, osteopath, or dentist licensed to practice in this State, or a group of such practitioners, and the personal attendance of the custodian of such records or other qualified witness is not required, the fee for complying with such subpoena is –0- dollars (\$0).
- G. Where the attorney or deposition officer, including, a licensed copyist, performs copying at the District’s facilities with their own copy equipment, the sole fee for complying with the subpoena is –0- dollars (\$0).
- H. In addition to copying costs, if any, pursuant to Section F of Procedures Concerning Inspection, when the personal attendance of the custodian of a record or other qualified

witness is required, he shall be entitled to reimbursement at the current IRS rate for mileage actually traveled, round trip, and to thirty-five dollars (\$35.00) for each day of actual attendance.

See also [Subpoenas AGOV-36](#).

| |
|---|
| Related Policies/Forms: Subpoenas AGOV-36 ; Release of Protected Health Information DHIM-3 ; TFHD Application Inspection and Copying of Records |
| References: TFHD BOD Resolution 12/19/1995 |
| Policy Owner: Michelle Cook , Clerk of the Board |
| Approved by: Robert Schapper , Chief Executive Officer |

| | | | | | |
|---|---------------|--|-----------------|-----------------------------------|--|
|  | | Tahoe Forest Health System | | | |
| | | Title: Manner of Governance For The Tahoe Forest Hospital District Board of Directors | | Policy/Procedure #: ABD-17 | |
| | | Responsible Department: Board of Directors | | | |
| Type of policy | | Original Date: | Reviewed Dates: | Revision Dates: |  |
| <input checked="" type="checkbox"/> | Board | 11/94 | 1/12; 1/14 | 3/08; 1/10; 6/14 | |
| <input type="checkbox"/> | Medical Staff | | | | |
| <input type="checkbox"/> | Departmental | | | | |
| Applies to: <input checked="" type="checkbox"/> System <input type="checkbox"/> Tahoe Forest Hospital <input type="checkbox"/> Incline Village Community Hospital | | | | | |

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PURPOSE:

To provide the framework within which the members of the Board of Directors of Tahoe Forest Hospital District will be guided in the execution of their fiduciary duties on behalf of the District.

To help assure awareness by the members of the Board of Directors of their basic fiduciary duties under state law, and that the actions, decisions and conduct of the members of the Board of Directors of the District are at all times consistent with their duties and obligations.

To assist the Board of Directors in the Board's exercise of oversight, by establishing confidentiality obligations of Board Members to protect and preserve the confidentiality of District information.

To create an environment of open and honest communication, mutual respect and clearly defined responsibilities among Board Members, administration, all employees, physicians, affiliates, customers and the community we serve.

To incorporate into the governance process the tenets of the Tahoe Forest Hospital District's Mission Statement:

Devoted to Excellence
 Your Health
 Your Life
 Our Passion

To incorporate into the governance process the tenets of the Tahoe Forest Hospital District's Vision Statement:

To be the Best Mountain
 Community Health System
 in the Nation

POLICY:

Members of the Board ~~shall are expected to-~~ act in accordance with the highest standards of personal integrity, avoiding any conflict of interest, all the while maintaining the letter, as well as the spirit, of California's Open Meeting Law, with due deference to information of a privileged or confidential nature.

PROCEDURE:

1.0 General Principals of Governance:

1.1 The Directors' Role. The Directors are those persons responsible for the ~~operation-policy-making and oversight~~ of the District; all District authority and affairs are to be managed by or under the direction of the Board of Directors. The Directors do not manage the day-to-day affairs of the District, but must exercise reasonable and prudent oversight with respect to District Chiefs, agents, and employees. In the performance of its duties, members of the Board of Directors may act in reliance on information and reports received from senior management as well as professional advisors and consultants whom the Board of Directors regard as reliable and competent with respect to the subject matter at issue.

1.2 Governance Commitment. The Board of Directors, on behalf of the beneficiaries of the mission of the District, will govern the District with a strategic perspective through a continuously improving commitment to the vision and values set forth in that mission.

1.3 Core Fiduciary Duties. The Board of Directors will effect its prescribed role and commitment in a manner consistent with all relevant law, and with the following core fiduciary duties:

1.3.1 Duty of Care. Each Director is obligated to exercise the proper level of care in the decision-making process, by acting (a) in "good faith" (i.e., in the absence of any personal benefit or self-dealing); (b) with that level of care that an ordinary prudent person would exercise in like circumstances (e.g., the obligations to be informed and to exercise reasonable inquiry); and (c) in a manner the Director reasonably believes is in the best interests of the District.

1.3.2 Duty of Loyalty. Each Director is obligated to exercise his/her obligations and powers in the best interests of the District and its mission, not in his/her own interest or in the interest of another entity or person. Each Director is obligated to affirmatively protect the interests of the District committed to his/her charge, and to refrain from doing anything that would work injury to the District, or to deprive it of profit or advantage which the Director's skill or ability might bring to it, or enable it to make in the reasonable and lawful exercise of its powers. Each Director is obligated to exercise an undivided and unselfish loyalty to the District and in doing so not to allow any conflict between duty and self-interest.

1.3.3 Duty of Obedience. Each Director is charged with the obligation to further the mission of the District as set forth in its Bylaws, to be faithful to its articulated purposes and goals, and to act in conformity with all laws affecting the District.

2.0 Governing Style, Focus. The Board will govern with an emphasis on outward vision rather than internal preoccupation; encouragement to express diversity in viewpoints;

and a proactive style. The Board will exercise its governance obligations in a manner that emphasizes candor; transparency; fairness; good citizenship; a commitment to compliance; and dedication to the mission of the District. In so doing, the Board of Directors shall foster a governance culture stressing constructive scrutiny and an active, independent oversight role.

2.1 The Board, with educated leadership, shall direct and inspire the organization through careful establishment of broadly written policies. The Board's major policy focus will be on the intended long-term impacts of policy decisions on the organization, not on the administrative functions. Policies will be statements of organizational values incorporating the Five Foundations of Excellence:

Quality – Provide excellence in clinical outcomes

Service – Best place to be cared for

People – Best place to work and practice

Finance – Provide superior financial performance

Growth – Meet the needs of the community

2.2 The Board will enforce upon itself whatever discipline is needed to govern with excellence. Self-discipline will apply to matters such as attendance, preparation for meetings, respect of individual and organizational roles, and ensuring continuance of governance capability. Any hospital employee, physician, affiliate, customer or community member may approach the Chief Executive Officer or President of the Board to express concerns related to an individual Board Member's conduct as it relates to this policy without fear of reprisal.

3.0 Board of Directors' Duties. In addition to the core duties set forth above, and in accordance with standards of California State law applicable to the Directors of a public agency, including districts, the Directors collectively shall perform and fulfill the following acts and duties in view of the manner in which persons of ordinary prudence, diligence, discretion, and judgment would act in the management of their own affairs. The Directors shall:

3.1 Oversee the implementation of the District's policies and procedures and take all steps necessary to ensure that the District is being managed in a manner consistent with its mission, that its assets are being managed prudently and only for the District's stated purpose, and that those policies are administered so as to provide quality health care in a safe environment.

3.2 Establish, review, and monitor the implementation of substantive strategic policies affecting the administration of the District such as its healthcare and financial objectives and other major plans and actions.

3.3 Oversee and monitor the management of the District's finances as described in the Bylaws, periodically reviewing financial projections, establishing and implementing fiscal controls, and re-evaluating the performance of the District and the degree of achievement of Board-approved objectives and plans. Particular oversight shall be made with respect to the integrity and clarity of the District's financial statements and financial reporting.

3.4 Acting as prudent fiduciaries of an institution requiring a professional and managerial expertise, exercise reasonable care, skill, and caution in selecting the CEO; and in accordance with the Bylaws, establishing, the scope and terms of

CEO's duties; periodically reviewing CEO's actions in order to monitor his/her performance and compliance with ~~B~~board directives, and fix the compensation of, and where appropriate, hire or replace the CEO.

- 3.5 Review and approve significant District actions.
- 3.6 Advise management on significant financial, operational, and mission-based issues facing the District.
- 3.7 Set limits on the means with which the CEO and District staff operate by establishing principles of prudence and ethics, forming the parameters for all management and staff practices, activities, circumstances, and methods.
- 3.8 Monitor Board directives to the CEO and professional consultants retained by the Board to ensure implementation in accordance with such directives.
- 3.9 Hold the CEO ~~and senior leadership team~~ accountable for ensuring compliance with applicable federal and state laws and regulations and court orders regarding the administration of the District, and for minimizing exposure to legal action.
- 3.10 Uphold and act in accordance with the provisions of the California Health and Safety Code §§32000 et seq. (the "Local Health Care District Law), ~~upon-under~~ which the District was established, with Government Code §§54950 et seq. (the "Ralph M. Brown Act") regarding open meetings, and with any and all other laws and regulations relating thereto.
- 3.11 The Directors ~~will do~~ not have day-to-day responsibility for the management of the District ~~and shall not interfere with the CEO's management of the District.~~ Directors shall not give direction to District employees and shall limit interactions with them to obtaining information. Individual boardmembers may take no action on behalf of the District unless authorized by the Board, in writing, to do so. Rather, Directors exercise authority only as a Board meeting as a body consistently consistently with the Ralph M. Brown Act.
- 3.12 **Chairperson's Role.** The Chairperson will be selected by the Board of Directors by majority vote. The Chairperson's primary role is the ~~integrity-management~~ of the Board's ~~process-meetings~~ and, secondarily, occasional representation of the Board to outside parties. The Chairperson is generally the Director authorized to speak for the Board (beyond simply reporting Board decisions). The job of the Chairperson is to ensure the Board behaves consistently with its own policies and rules.

4.0 Board Composition, Commitment.

- 4.1 **Structure.** The size, election, term and vacancy guidelines for the Board of Directors is defined in the Bylaws, and as prescribed by The Local Health Care District Law (CA Health & Safety Code Section 32100) and Vacancies of Public Officers (CA Govt Code Section 1780).
- 4.2 **Officers.** The officers of the District are members of the Board and are chosen as defined in the Bylaws, ~~although the Secretary may be the CEO.~~ An officer may resign at any time or be removed by the majority vote ~~of the other Directors then in office~~ at any regular or special meeting of the Board of Directors. Reason for action shall be given to the Board members ten (10) days prior to that action.
- 4.3 **Director Removal.**

- 4.3.1 A Board member may be removed by recall vote as set forth in CA Elections Code Section 2700, or as provided in The Local Health Care District Law (CA Health & Safety Code Section 32100.2) regarding meeting absences (See Section 4.4.2 below).
- 4.3.2 In accordance with CA Govt Code Sections 3000-3001, a Director forfeits his/her office upon conviction of designated crimes as specified in the Constitution and laws of the State. ~~Additionally, a Director intoxicated while discharging the duties of his/her office, or by reason of intoxication is disqualified from discharging or neglects his/her duties, is guilty of a misdemeanor. On conviction of such misdemeanor the Director forfeits his/her office, and the vacancy shall be filled in the same manner as if the Director had filed a resignation.~~
- 4.3.3 An accusation in writing against a Director for willful or corrupt misconduct in office, may be presented by the grand jury of the county in which the accused Director is selected or appointed. Prior to removal, the Director shall be entitled to due process in accordance with the provisions of CA Govt Sections 3060-3075. Removal shall occur only upon a conviction and court pronounced judgment. ~~A Director may be removed from office for willful or corrupt misconduct in office occurring at any time within the six years immediately preceding the presentation of an accusation by the grand jury.~~

4.4 Expectations of Commitment.

- 4.4.1 Directors of the District shall be expected to expend such amounts of time and energy in support of the oversight of the District's affairs as may be necessary for them to fully satisfy their fiduciary obligations as set forth above. Directors shall be entitled to maintain outside business and volunteer activities in a manner consistent with the District's policies on conflicts of interest and outside business opportunities.
- 4.4.2 Directors shall adhere to board and/or committee meeting attendance requirements. In accordance with The Local Health Care District Law, the term of any Director shall expire if he or she is absent from three consecutive regular meetings, or from three of any five consecutive meetings of the Board *and* the Board by resolution declares that a vacancy exists on the Board.
- 4.4.3 In the event a Board Member will be out of the area or unable to participate in a meeting, the Board Member is requested to provide notification to the Executive Assistant as described in the [Guidelines For the Conduct of Business By the TFHD Board of Directors](#).

4.5 Director Orientation and Continuing Education. Refer to [Orientation and Continuing Education](#) .

4.6 Self-Evaluation. Refer to [Board, Chief Executive Officer, & Employee Performance Evaluation](#).

4.7 Compensation. Refer to [Board Compensation and Reimbursement Policy](#).

5.0 Committee Principles. Notwithstanding the basic obligations of the Directors as set forth in this Policy, it is an appropriate exercise of the Board's fiduciary duty to delegate responsibility for certain matters to committees designated by the Board of Directors for

such purposes.

- 5.1 The Bylaws define and establish the Standing Committees, including composition, appointment term, and purpose, as well as the procedure for establishing Special Committees, formed to perform a specific or limited function.
- 5.2 A committee is a Board committee only if its existence and charge come from the Board, regardless of whether Directors sit on the committee. The only Board committees are those which are set forth in the bylaws of the District or as appointed by the President of the Board.
- 5.3 Board committees are to assist the Board of Directors in the performance of its duties, not to help the staff perform its duties. Committees ordinarily will assist the Board by preparing policy alternatives and implications for Board deliberation. Board committees are not to be created by the Board to advise staff.
- 5.4 Board committees may not speak or act for the Board except when formally given such authority by the Board in writing for specific and time-limited purposes. Expectations and authority will be carefully stated in order not to conflict with authority delegated to the CEO.
- 5.5 Board committees cannot exercise authority over staff. Because the CEO works for the full Board, he or she will not be required to obtain approval of a Board committee before taking an executive action. In keeping with the Board's broader focus, Board committees will not normally have direct dealings with current staff operations, although Board committees may include staff members.

6.0 Board Operations.

- 6.1 **Refer to [Guidelines for the Conduct of Business by the TFHD Board of Directors](#).**
- 6.2 **Agenda for Board Meetings.** It shall be the responsibility of the Chairman of the Board of Directors to set forth and distribute (and, to the extent practical, in advance) the agenda established for each meeting of the Board of Directors. The agenda shall set forth with sufficient clarity the topics and issues to be addressed at the meeting, those non-board members who will be in attendance, and specific action which may be requested to be taken by the Board of Directors.
- 6.3 **Board Materials.** It shall be the responsibility of senior executive management of the District to ~~assure-ensure~~ distribution of all materials, information, and data relevant for consideration by the Board of Directors at its next meeting, with sufficient advance notice and with a degree of clarity as to enable each Director to be informed with respect to all items scheduled to come before the Board. In the event that a meeting of the Board of Directors is called in exigent circumstances (e.g., a special meeting), such as to preclude advance distribution, the President of the Board of Directors shall allot such time as necessary during the course of the meeting to the review and discuss all materials, information, and data.
- 6.4 **Disclose Matters.** Members of the Board of Directors shall recognize and fulfill an obligation to disclose to the Board of Directors information and analysis of which they become aware which relates to the decision-making and oversight functions of the Board. Similarly, members of the senior executive management of the District shall also recognize and fulfill an obligation to disclose, to a supervising officer, the general counsel or to the Board of Directors or Committee

thereof, information and analysis relevant to the decision making and oversight functions of the Board.

6.5 Media. Board Members ~~will~~ are expected to maintain positive media and public relations through professional responses with all contacts, the following procedure will be followed in Board Member communications with the public and media:

6.5.1 When a member of the Board of Directors is addressing any audience, either through community involvement or media contact, it is essential that the Board Member clarify whether they are speaking as an individual or a spokesperson for the entire Board of Directors and shall not speak for the Board unless the Board has specifically authorized them to do so in a meeting of the Board conducted consistently with the Ralph M. Brown Act.

6.5.2 Any media/community interaction addressed to the Board of Directors as a whole should be directed to the President of the Board of Directors or Chief Executive Officer and Director of Marketing/Media Relations.

6.5.3 If a member of the media approaches an individual member of the Board of Directors ~~they he or she is~~ are free to interact with the media, but the media contact also should be referred to the President of the Board of Directors or Chief Executive Officer and Director of Marketing/Media Relations. The Chief Executive Officer or their designee can address the media in reference to standing policies of the Board of Directors.

6.5.4 As a courtesy, the Chief Executive Officer or their designee in the Chief Executive Officer's absence, should be informed by Board Members of contact from, or discussion with, the media or members of the community on District issues.

6.5.5 All proactive media contact should be reviewed with the Chief Executive Officer and Director of Marketing/Media Relations prior to contact with the media.

6.6 Complaints Addressed to the Board. Written comments or complaints addressed to any or all members of the Board that are received by Board members or any Health System staff member must be forwarded *immediately* to the Clerk of the Board. The Clerk of the Board will deliver copies of complaints to the Health System Patient Advocate, the Risk Manager and each member of the Board of ~~Directors~~ Directors in a timely manner. The Clerk of the Board will coordinate with the Chair of the Board an ~~appropriate~~ appropriate response. Complaints shall be addressed in accordance with the Health System Patient and Family Complaints/Grievances policy and procedure by either the Patient Advocate or the Risk Manager, as appropriate. Each member of the Board must be copied on complaint resolution correspondence to the complaining party.

7.0 Board Powers and Authority. The powers and authority of the Board are as defined in the Bylaws and the Local Health Care District Law (CA Health and Safety Code Sections 32121-32137)

8.0 Delegation To The Chief Executive Officer:

8.1 The Board delegates professional and administrative responsibility to the Chief Executive Officer for overall management of the organization, its licensed

facilities, and its personnel. The Board will instruct the Chief Executive Officer through written policies which prescribe the organizational goals to be achieved, and describe organizational situations and actions to be avoided, allowing the Chief Executive Officer to use any reasonable interpretation of these policies.

- 8.1.1 The Board will develop policies instructing the Chief Executive Officer to achieve certain results. These policies will be developed systematically from the broadest, most general level, to more defined levels.
- 8.1.2 As long as the Chief Executive Officer uses a reasonable interpretation of the Board's policies, the Chief Executive Officer is authorized to establish organizational policies, make decisions, take actions, establish practices and develop activities. The Chief Executive Officer has responsibility for oversight of the established policies and procedures.
- 8.1.3 The Chief Executive Officer shall be the principal or administrator responsible to fulfill State licensing and certification disclosure and reporting obligations for changes in dissolution and ownership, management, and medical staff leadership. (See Appendix A)
- 8.1.4 The Board may review and change the boundary between Board and Chief Executive Officer domains; and by doing so the Board changes the latitude of choice given to the Chief Executive Officer. But, as long as a particular delegation is in place, the Board will respect and support the Chief Executive Officer's choices.

8.2 To ensure that the Board's vision and goals are being carried out, and to identify discrepancies between policy and implementation, the Board will be provided all appropriate information by staff to ~~assure~~ ensure adequate implementation of Board policies and strategic plans. Such information can be utilized to promote the distinction between Board and staff roles. Simply, the Board expects full information, from which it develops policies, and based upon which staff will carry out the goals and policies of the Board.

9.0 **Indemnification.** To the fullest extent permissible under California law, the District shall indemnify and provide a defense to its current and former Board members with respect to any civil action or proceeding brought against him or her on account of an act or omission in the scope of employment or other duties with the District, provided that the District need not provide a defense when it determines that the member acted or failed to act because of actual fraud or corruption.

10.0 **Confidentiality.** District information includes, but is not limited to, protected health information, proprietary, trade secret, personal, privileged, closed session or otherwise sensitive data and information (collectively "Confidential Information").

10.1 Board Members shall be given access to Confidential Information for District purposes only and may not use or disclose Confidential Information for any purpose other than to conduct the business of the District in a manner consistent with its mission and corporate compliance plan.

10.2 Board Members shall be responsible for maintaining privacy of health information as specified in the privacy provisions of the Health Insurance Portability and Accountability Act of 1996 (HIPAA), and any subsequent statutes, regulations, and amendments thereto.

10.3 Board Members shall not disclose, share, copy, or transmit Confidential

Information to those not authorized to receive it.

- 10.4** At all times, Board Members shall protect the integrity, security, and confidentiality of Confidential Information which they may have access to or come into contact with which could be used in any reasonable way to negatively impact the District, its reputation, strategic position, or operations.
- 10.5** Information shall not be considered Confidential Information if it:
 - 10.5.1** is publicly known other than through acts or omissions attributable to the disclosing party;
 - 10.5.2** as demonstrated by prior written records, is already known to the disclosing party at the time of the disclosure;
 - 10.5.3** is disclosed in good faith to a recipient party by a third party other than a Director having a lawful right to do so;
 - 10.5.4** is subject of written consent to the District authorizing disclosure; or
 - 10.5.5** was independently developed by the disclosing party without reference to the District's Confidential Information.
- 10.6** Any action by a Board Member in violation of this policy may subject such individual to criminal and civil liability.
- 10.7** Board Members should be referred to Legal Counsel of the District for any questions they may have with respect to the application of this Policy in general or whether a particular item is Confidential Information.
- 10.8** Each Board Member shall sign a Pledge of Confidentiality (Appendix B) as acknowledgement and confirmation of the obligations contained herein.

Related Policies/Forms: [Guidelines For the Conduct of Business By the TFHD Board of Directors ABD-12](#); [Board, Chief Executive Officer, & Employee Performance Evaluation ABD-01](#); [Board Compensation and Reimbursement ABD-03](#); [Orientation and Continuing Education ABD-19](#)

References: Governance Institute; [42 CFR 485.627 - Condition of Participation: Organizational Structure](#)
Local Health Care District Law (CA Health and Safety Code §§32121-32137); Ralph M. Brown Act (CA Govt Code §§54950 et seq); Resignations and Vacancies (CA Govt Code §§1750-1782); Removal From Office (CA Government §§3000-3075); Uniform District Election Law (CA Elections Code §§10500-10556); Recall of Local Officers (CA Elections Code §§11200-11227); Liability of Public Employees (CA Govt Code §§820-825.6)
[Cal. Code. Regs. Title 22 Division 5](#) §70125; §70127; NRS 449.001 [Nevada Administrative Code \(NAC\) Chapter 449.0114](#)

Policy Owner: Clerk of the Board

Approved by: ~~Robert Schapper, Chief Executive Officer~~

Commented [A1]:

APPENDIX A

| | Type of Change | CALIFORNIA: Required Notifications/Disclosures submitted to the California Department of Public Health (CDPH) Licensing and Certification local office | NEVADA: Required Notifications/Disclosures submitted to the Nevada Division of Public Health Bureau of Health Care Quality and Compliance. |
|---------------|----------------|--|--|
| DEFINITIONS : | | <p>“Governing body” means the person, persons, board of trustees, directors or other body in whom the final authority and responsibility is vested for conduct of the hospital. (22 CA ADC § 70035)</p> <p>“Principal officer” means the officer designated by an organization who has legal authority and responsibility to act for and in behalf of that organization. (22 CA ADC § 70057)</p> <p><i>Skilled Nursing Facility:</i> “Administrator” means a person licensed as a nursing home administrator by the California Board of Examiners of Nursing Home Administrators or a person who has a state civil service classification or a state career executive appointment to perform that function in a state facility (Cal. Admin. Code tit. 22, § 72007).</p> <p><i>Home Health Agency:</i> “Administrator” means a person who is appointed in writing by the governing body of the home health agency to organize and direct the services and functions of the home health agency (Cal. Admin. Code tit. 22, § 74613).</p> <p>Primary Care Clinic: No “administrator” definition provided, but content of original application must contain name of the administrator and a description of the administrator’s experience and background and, where the same person is the administrator of more than one licensed clinic, the name of, and the number of hours spent in, each licensed clinic per week, and such other necessary information as may be required by CDPH. (Cal. Admin. Code tit. 22, § 75022)</p> | <p>“Administrator” means the person responsible for the day-to-day management of a facility. (NAC 449.0022)</p> <p><i>Hospice:</i> “Governing body” means the person or group of persons responsible for carrying out and monitoring the administration of a program of hospice care or for the operation of a facility for hospice care. (NAC 449.0173)</p> |

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|-----------------------------------|---|--|--|
| GENERAL ACUTE CARE HOSPITAL (CAH) | Change in Ownership, Services, and Location | <p>Notify CDPH in writing 30 days prior to change of ownership any time a <i>dissolution or transfer of ownership</i> occurs. (Cal Code of Reg §70125) Notify CDPH in writing any time a change of stockholder owning ten percent or more of the non-public corporate stock occurs. Such notice shall include the name and principal mailing address of the new stockholder. The notice must include the name and principal mailing address of a new owner. (Cal Code of Reg §70127)</p> <p>Notify CDPH in writing within ten (10) days prior to any change of the mailing address. (Cal Code of Reg §70127)</p> | <p>Notify the Health Division immediately of any change in the ownership of, the location of, or the services provided at, the facility. (NAC 449.0114(5))</p> |
| | Change in Administrative Leadership | <p>Notify CDPH in writing within ten (10) days of any change in the <i>principal officer</i>. Include the name and principal business address. (Cal Code of Reg §70127)</p> | <p>Notify the Bureau in writing within ten (10) days a change of administrator occurs. (NAC 449.0114(4)) (The notification must provide evidence that the new administrator is currently licensed pursuant to chapter 654 of NRS and the related regulations. For failure to notify the Health Division and submit an application for a new license within 10 days after the change, must pay to the Health Division a fee in an amount equal to 150 percent of the fee required for a new application.)</p> |
| SKILLED NURSING FACILITY | Change in Administrative Leadership | <p><i>Report of Changes:</i></p> <p>(a) Notify CDPH in writing of any changes in the information provided pursuant to Sections 1265 and 1267.5, Health and Safety Code, within 10 days of such changes. This notification shall include information and documentation regarding such changes.</p> <p>(b) When a change of <i>administrator</i> occurs, notify CDPH in writing within 10 days. Include the name and license number of the new administrator.</p> | N/A |

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|-------------|--|---|--|
| | | <p>(c) Notify CDPH within 10 days in writing of any change of the <i>mailing address</i>. Include the new mailing.</p> <p>(d) Notify CDPH in writing within ten (10) days when a <i>change in the principal officer</i> of a corporate licensee (chairman, president or general manager) occurs. Include the name and business address of such officer.</p> <p>(e) Notify CDPH in writing of any <i>decrease in licensed bed capacity</i> of the facility (result: in the issuance of a corrected license).</p> <p>(22 CA Cal Code of Reg § 72211)</p> | |
| HOME HEALTH | Change in Ownership and/or Administrative Leadership: Disclosure and Report of Changes | <p><i>Disclosure:</i> Disclose the following information to CDPH at the time of the home health agency's initial request for licensure, <i>at the time of each survey, and at the time of any change in ownership or management:</i></p> <p>(a) The name and address of each person with an ownership or control interest of five percent or greater in the home health agency.</p> <p>(b) The name and address of each person who is an officer, a director, an agent, or a managing employee of the home health agency.</p> <p>(c) The name and address of the person, corporation, association, or other company that is responsible for the management of the home health agency, and the name and address of the chief executive officer and the chairman of the board of directors of the corporation, association or other company responsible for the management of the home health agency.</p> | Same as for Hospital |

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|--|----------------|---|--|
| | | <p>(d) If any person described in (a), (b), or (c) has served as or currently serves as an administrator, general partner, trustee or trust applicant, sole proprietor or any applicant or licensee who is a sole proprietorship, executor, or corporate officer or director of, or has held a beneficial ownership interest of 5 percent or more in any other home health agency, health facility, clinic, hospice, Pediatric Day Health and Respite Care Facility, Adult Day Health Care Center, or any facility licensed by the Department of Social Services, the applicant shall disclose the relationship to the Department, including the name and current or last address of the facility and the date such relationship commenced and, if applicable, the date it was terminated. (22 CA Cal Code of Reg § 74665)</p> <p><i>Report of Changes:</i></p> <p>(a) Changes Requiring New Application. An application shall be submitted to the Department within 10 working days whenever a <i>change of ownership</i> occurs. A change of ownership shall be deemed to have occurred where, among other things, when compared with the information contained in the last approved license application of the licensee, there has occurred a transfer of 50 percent or more of the issued stock of a corporate licensee, a transfer of 50 percent or more of the assets of the licensee, a change in partners or partnership interests of 50 percent or greater in terms of capital or share of profits, or a relinquishment by the licensee of the management of the agency.</p> | |

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|---------|-------------------------------------|--|--|
| | | <p>(b) Changes Requiring Written Notice. The licensee shall, within 10 days, notify the Department in writing of the following:</p> <ul style="list-style-type: none"> (1) Change of name of home health agency. (2) Change of location and/or address of home health agency. (3) Change in the licensing information required by subsection (a) of Section 74661. (4) Change of the mailing address of the licensee. (5) Change in the principal officer (chairman, president, general manager) of the governing board. Such written notice shall include the name and principal business address of each new principal officer. (6) Change of the administrator including the name and mailing address of the administrator, the date the administrator assumed office and a brief description of qualifications and background of the administrator. (7) Change of Director of Patient Care Services including the name and mailing address of the Director of Patient Care Services, the date the Director of Patient Care Services assumed office and a brief description of qualifications and background of the Director of Patient Care Services. (8) Addition or deletion of services. <p>(22 CA Cal Code of Reg § 74667)</p> | |
| HOSPICE | Change in Ownership/ Administrative | Same as for Home Health | Immediately advise/notify the Health Division of any change in the ownership of the program and the |

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|----------------------|-------------------------------------|--|--|
| | Leadership: Disclose/Changes | | address of the principal office of the program. NAC 449.0183 |
| PRIMARY CARE CLINICS | Change in Administrative Leadership | <p><i>Report of Changes:</i></p> <p>(a) Any change in the principal officer such as chairperson, president, or general manager of the governing board shall be reported to CDPH in writing immediately, but in no case later than 10 days following such change. The notice shall include the name and principal business address of each new principal officer.</p> <p>(b) When a change of administrator occurs, notify CDPH in writing immediately, but in no case later than five (5) days following such change. The notification shall include the name of the new administrator, the mailing address, the date of assuming office and a brief description of his or her background and qualifications.</p> <p>(Cal. Admin. Code tit. 22, § 75025)</p> | Same as for Hospital |
| MEDICAL STAFF | Change in Med Staff Leadership | N/A | N/A |

APPENDIX B

**Tahoe Forest Hospital District Board of Directors
Pledge of Confidentiality**

In my role as a Member of the Board of Directors of Tahoe Forest Hospital District, I acknowledge that I am given access to Confidential Information.

“Confidential Information” means any non-public information related to the operations of the District, which is identified as confidential, or that by the nature of the information or the circumstances surrounding the disclosure of information, ought reasonably to be treated as confidential. Without limiting the generality of the foregoing, Confidential Information will be deemed to include, without limitation, information about the District’s business, healthcare operations, protected health information, services, employees, finances, costs, expenses, financial or competitive condition, trade secrets, policies practices, and other privileged, information discussed in lawful closed sessions of the Board, or otherwise sensitive data and information.

I agree to treat all such confidential and proprietary information as strictly confidential, and shall use the utmost care to prevent disclosure of such.

I acknowledge that I am given access to this Confidential Information for District purposes only and may not use or disclose Confidential Information for any purpose other than to conduct the business of the District in a manner consistent with its mission and corporate compliance plan.

I agree to protect the integrity, security, and confidentiality of Confidential Information which I have, or may have access to or come into contact with, and I shall not disclose, share, copy, or transmit Confidential Information to those not authorized to receive it.

I recognize that I may obtain access to patient protected health information provided under an assurance of confidentiality. I understand that I am prohibited from disclosing or otherwise releasing any personally identifying information, either directly or indirectly, about any individual or the individual’s health record. I acknowledge and understand that Tahoe Forest Hospital District has established written policies and procedures containing provisions for the security of personal health information and that I am bound by these policies and procedures. I acknowledge that I have reviewed the Tahoe Forest Hospital District privacy requirements

I acknowledge that I am responsible for maintaining privacy of health information as specified in the privacy provisions of the Health Insurance Portability and Accountability Act of 1996 (HIPAA), and any subsequent statutes, regulations, and amendments thereto.

I have been informed that I may direct any questions I have about my obligations under this Pledge of Confidentiality to the to Legal Counsel of the District with respect to the application of this Policy in general or whether a particular item is Confidential Information.

Should I be responsible for any breach of confidentiality, I understand that civil and/or criminal penalties may be brought against me. I acknowledge that my responsibility to maintain and protect Confidential Information and to ensure the privacy of protected health information contained in any electronic records, paper documents, or verbal communications to which I may gain access shall not expire, even after my term or affiliation with the District has terminated.



By my signature, I acknowledge that I have read, understand, and agree to comply with the terms, conditions, and obligations of this Confidentiality Agreement.

APPENDIX B

Printed Name Board of Director

Signature

Date

| | | | | | |
|---|---------------|--|-------------------|-----------------------------------|--|
|  | | Tahoe Forest Health System | | | |
| | | Title: Orientation And Continuing Education | | Policy/Procedure #: ABD-19 | |
| | | Responsible Department: Administration | | | |
| Type of policy | | Original Date: | Reviewed Dates: | Revision Dates: |  |
| <input checked="" type="checkbox"/> | Board | 8/90 | 3/08; 01/12; 1/14 | 1/10 | |
| <input type="checkbox"/> | Medical Staff | | | | |
| <input type="checkbox"/> | Departmental | | | | |
| Applies to: <input checked="" type="checkbox"/> System <input type="checkbox"/> Tahoe Forest Hospital <input type="checkbox"/> Incline Village Community Hospital | | | | | |

POLICY:

It is the policy of the Board of Directors of Tahoe Forest Hospital District to provide for the continuing education of all Board Members. It is also the policy to ensure that all new Board Members are appropriately oriented concerning the hospital's mission, organization, scope of services, long range plans, legal responsibilities, quality assurance program and the governing board and medical staff bylaws of the hospital.

PROCEDURE:

- 1.0 In carrying out the above policy concerning orientation of new Board Members, the following materials and information will be provided: An orientation to the physical plant of Districts' facilities. This will be conducted by the Chief Executive Officer or designees.
 - 1.1 Orientation materials will include a copy of the Mission Statement, Organizational Chart, Business Goals and Objectives/Strategic Plan, QA Plan, Guidelines for the Conduct of Business Policy, and other information pertinent to the role and responsibilities of the new Board Member. An overview of these documents discussing their importance, legal implications and relevance will be provided as well by the Chief Executive Officer. An additional manual will be made which will contain the Tahoe Forest Hospital District, Medical Staff and Auxiliary Bylaws, and the policies of the Board of Directors.
 - 1.2 A copy of the District's operating and capital expenditure plan for the current fiscal year for review with the Chief Executive Officer.
 - 1.3 Scheduling for attendance at a qualified AB1234 ethics training event.
 - 1.4 A copy of the current Quality Improvement Program of the District.
 - 1.5 The District has implemented a [Board Portal](#) to help board members organize and streamline the governance process, and to support best practices. The Portal contains:
 - 1.5.1 Board Meeting Books and the Board Manual;
 - 1.5.2 Committee Workrooms

- 1.5.3 Calendar
- 1.5.4 Directory; and
- 1.5.5 A Resource Library (including, but not limited to, relevant journals, texts and conference materials).

~~Access to the Portal is maintained by the Executive Assistant who assigns access permissions.~~

- 1.6 The District's Conflict Of Interest Code and Statement Of Economic Interest.
- 1.7 A meeting with the District's legal counsel. The purpose of this meeting will be to review in greater detail various aspects of hospital law that impact upon governing board members, including The Brown Act.
- 1.8 The standard agenda format for governing board meetings.
- 1.9 The District's most recently completed financial audit, as well as the current financial report on District's operations.
- 1.10 The system facility master plan.
- 1.11 The District's Foundations' Mission Statements.

2.0 Documentation Updates

- 2.1 Orientation/Board Reference Manual binders will be periodically updated and maintained.

~~3.0 Procedure For Providing Continuing Education~~

- ~~3.1 In carrying out the Board of Director's policy concerning continuing education, the following procedures will be offered:~~
- ~~3.2 Board Members are expected to expand their knowledge of District governance and key healthcare issues. Attendance at a relevant program at least annually will be encouraged. To ensure financial resources are spent in alignment with the Mission, Vision and Strategic Plan of the District, the Chief Executive Officer will apprise Board Members of educational opportunities as they arise.~~
- ~~3.3 As necessary, relevant in-service educational programs will be conducted in conjunction with the Board meeting scheduled for that month. The subjects that will be covered during this in service will relate to various medico-administrative issues, new technology, quality assurance, Board Member responsibilities, etc.~~
- ~~3.4 All reasonable expenses arising out of the continuing education and orientation activities required by this policy will be reimbursed using the procedures as outlined in the Board of Directors policy entitled Board of Directors Compensation and Reimbursement ABD 3.~~

Commented [RM1]: Content moving to Board Orientation Binder.

4.0 Documentation Procedure

- ~~4.1 In carrying out the governing board's policy concerning orientation and continuing education, the following documents will be maintained:~~
 - ~~4.1.1 A checklist documenting adherence to the governing board's policy on orientation will be maintained for each Board Member.~~

~~4.1.2 A file documenting formal continuing education attendance at the governing board level will also be maintained.~~

~~4.1.32.1.1 Upon completion of a Board Member's attendance at a seminar/course/workshop, the Board Member shall deliver an oral or written report to the Board as a whole so as to allow others to gain from the attendee's experience.~~

Commented [RM2]: Content moving to Board Orientation Binder.

| |
|---|
| Related Policies/Forms: |
| References: |
| Policy Owner: Michelle Cook , Clerk of the Board |
| Approved by: Robert Schapper , Chief Executive Officer |



Board Informational Report

By: Martha Simon

Director, Tahoe Forest Health System Foundation (TFHSF)

DATE: December 7, 2015

Quarterly Foundation Report

- The Foundation's Year-End Appeal was mailed the first week of December. We also coordinated an electronic version of our year-end appeal with Incline Village Community Hospital Foundation. Fundraising Goal: \$60,000
- Final Phase of the Circle of Life is underway. The Circle of Life is comprised of inlaid stonework which greets patients and families in the lobby of the Gene Upshaw Memorial Tahoe Forest Cancer Center. 82 spaces remain. Once all spaces have been sold, we plan to completely re-paint each name and seal it so that all engravings will be visible in perpetuity. Proceeds benefit the Community for Cancer Care Endowment. Fundraising Goal: \$167,500. www.endowment4cancercare.com
- Super Bowl Raffle. As of today's date, we have 11 tickets available to sell. Raffle tickets are \$100 each and only 300 are sold. Prize includes roundtrip coach airfare for two, 4 nights lodging and 2 premier tickets to Super Bowl 50 at Levi's Stadium February 2, 2016. Donated by NFL Foundation, proceeds from this raffle benefit the Gene Upshaw Memorial Fund. Fundraising Goal: \$30,000
- Best of Tahoe Chefs scheduled Sunday, May 15th at the Ritz-Carlton, Lake Tahoe. Tickets on sale now. www.bestoftahoechefs.org Sponsorship opportunities available. Fundraising Goal: \$165,000
- Gene Upshaw Memorial Golf Classic scheduled for July 17 & 18, 2016. Once again, Schaffer's Mill Golf & Lake Club will serve as the \$100,000 Presenting Sponsor. Golf Slots, Sponsorships available now. www.GU63.org Fundraising Goal: \$250,000
- Grateful Patient: The Foundation continually receives heartfelt testimonials from patients about their positive experiences at Tahoe Forest Health System. We have the honor of bestowing orange Guardian Angel name badges to the staff, physicians, nurses, & caregivers who receive accolades from grateful patients and family members.
- Three (3) new Restricted Funds have been established with the Tahoe Forest Health System Foundation:
 - The **Emergency Patient Assistance Fund** was launched with a lead gift from [It's My Community Store](http://www.itsmycommunitystore.com), Tahoe Forest's new office supply vendor. This vendor is committed to giving back to the Foundation up to 10% of the total dollar amount of office products ordered. The Emergency Patient Assistance Fund provides modest sums for food, a change of clothes, transportation and other essentials that make a difference for patients during a difficult moment in their lives. In certain instances, we can help individuals or families with bigger needs like rent, utilities and furniture to ensure patients return to a stable and healing home environment. In the saddest cases, we help with funeral expenses. Fundraising Goal: \$5,000 www.itsmycommunitystore.com
 - Former Auxiliary Advisory Council** (FAAC) wishes to establish a restricted fund with the Foundation with monies remaining from the closure of the Auxiliary. \$24,434.33 will be transferred to the Foundation to be used to support TFHD Volunteer Services (*pending review and approval by TFHSF Board at next quarterly meeting*).
 - The **Annalise King Hall Fund** established through a generous gift of a private donor who wishes to support Tahoe Forest Hospital's Women & Family Department These funds will be used specifically to purchase items that will assist families experiencing a loss of their newborn. (\$25,000)

Collaborations with Community Organizations

- TFHSF is participating in the 2nd Annual “Tahoe Gives Back” campaign through the Tahoe Truckee Community Foundation. 73 local nonprofits are sharing their missions and end-of-year goals to inspire full and part time residents, as well as all of the people who love to visit: <https://www.givebacktahoe.org/#npo/tahoe-forest-health-system-foundation>
- TFHSF and The Gift Tree will host the 2nd Annual Artisan Fair, December 10 at Tahoe Forest Hospital from 11am – 3PM. This event provides community members and TFHD employees an opportunity to showcase their talents and sell their hand-made items.
- The Foundation continues to work with Wellness Neighborhood staff to discuss and brainstorm our grant seeking strategic plan for the TNT Youth Health Initiative. This initiative emerged in 2014 from community-based collaborative efforts to address teen suicide and critical adolescent health needs in the Truckee-North Tahoe region of northern California. TNT Youth Health Initiative Partners include Tahoe Truckee Unified School District (TTUSD); Placer County Health and Human Services; Nevada County Health and Human Services; Wellness Neighborhood of Tahoe Forest Health System; Community Collaborative of Tahoe Truckee



INCLINE
VILLAGE
COMMUNITY
HOSPITAL
FOUNDATION

**FOUNDATION
BOARD**

Date: December 31, 2015

OFFICERS

To: Tahoe Forest Hospital District Board of Directors

Warren Kocmond
President

From: Dave Collins, Chair, Nominating and Governance Committee
Incline Village Community Hospital Foundation Board of Directors

Dave Collins
Past-President

Subject: Request for new Board Member Approval-Kevin Hanna and Board Member
Term Renewal Approval

Mary Ansari
Secretary

Dear District Board Members,

Gerry Eick
Treasurer

MEMBERS

At the December 14, 2015 meeting of the IVCH Foundation Board of Directors, the Nominating Committee brought forth Kevin Hanna as a potential new board member (bio attached). The full board then unanimously approved this nomination. This candidate will maintain the membership of the IVCH Foundation at 15 members. We hope to allow Mr. Hanna an official Board seat at the January 11, 2016 or March 14, 2016 IVCH Foundation Board meeting.

Gary Finch

Skip Heynen

We also request approval of IVCH Foundation Board Member term renewals. The unapproved minutes from the December 14 board meeting (attached) reflect the following action, approved unanimously by the IVCH Foundation Board:

Stuart Jed

Shane Johnson

Board Members whose terms were scheduled to expire in December 2015, but who have agreed to continue to serve another term include:

Roger Kahn

Bob Kennedy

- Dave Collins
- Gary Finch
- Shane Johnson
- Don Mason
- Jonathan Smith

Ralph Kuhn

Margo Lalchandani

Donald Mason

Jonathan Smith

Charles Zipkin, MD
TFHD

Nan Healy
NLTCHC Auxiliary

Respectfully submitted on behalf of the IVCH Foundation Nominating Committee (Dave Collins, Margo Lalchandani, Mary Ansari, Warren Kocmond, Shane Johnson, and Bob Kennedy).

Judy Newland
Administrator, IVCH

Betsy Kinsley
Foundation Director

cc: Judy Newland, IVCH Administrator
Betsy Kinsley, IVCH Foundation Director

Kevin Robert Hanna
1055 Flume Road
Incline Village Nevada 89451

- I 1978 Lewis and Clark College
 - a. Division II swimming scholarship

- II Professional Accomplishments
 - a. 1983 Professional Ski Patrol / Ski Incline
 - b. 1986 Tahoe Douglas Fire Protection District, Paramedic, Engineer, Captain, Battalion Chief. Retired 2009.
 - c. 1999 Founded Greenwood Homes INC. President & CEO

- III Personal Accomplishments
 - a. Married 27 years to Stacey Hanna, raised three wonderful children
 - b. Moved to Incline Village 36 years ago and never left
 - c. State of California lifeguard, Professional ski patrol, retired Fire Department Battalion Chief, local business owner Greenwood Homes
 - d. Thirty years working as a professional in the emergency medical field
 - e. Rotary Incline Village
 - f. St Francis Catholic Church Parish Council

Having moved to Incline Village 36 years ago I have a deep rooted imprint for the community, the town, and its people. I believe Incline Village is a "special place" and believe there is no better place in the world to live. I have been very fortunate to have traveled around the world with my wife and children, enjoying 6 out of the 7 continents. My family is my world, and I cannot say enough about them. As I get older my yearning to commit more time to Community Service gets stronger, and I look forward to giving time back to help others.

V. Committee Reports:

Nominating/Board Governance Committee

Dave said we have the results of the Self Evaluation survey. We had 8 people who participated we would appreciate if you have not filled out the form yet that you do so and send it to Betsy.

Dave said we need to appoint board members and elect officers. Included in the board package is a list of nominees, all are currently serving with the exception of Kevin Hanns (Bio attached). After discussion Jonathan Smith made a motion to nominate Kevin Hanna to the board, the motion was unanimously approved. This nomination will now need to go before the Tahoe Forest Hospital District board of directors for approval.

Warren asked for a motion to appoint the other board members, Dave Collins, Gary Finch, Shane Johnson, Don Mason & Jonathan Smith. Motion made, seconded and unanimously approved.

Dave Collins made a motion to reappoint the officers, Upon motion made, seconded and unanimously approved that; Warren Kocmond, President, Mary Ansari, Secretary & Gerry Eick , Treasurer.

DRAFT



CURRENT PROJECTS - NON QUALIFIED EXPENDITURES COST SUMMARY

| PROJECTS (*) | Current Project Estimate | Owner / Regulatory Scope Modifications | Board Approved Bid / Budget | Variance | Footnotes | Total Amount PTD (***) | Balance to Complete | % Complete | QTR Actual (Q3 2015) | Current Projects with Scope Modifications | Status/Notes |
|---|--------------------------|--|-----------------------------|-------------|-----------|------------------------|---------------------|------------|----------------------|---|---------------------------------|
| Current Projects - Non Qualified Expenditures | | | | | | | | | | | |
| ICU Renovations | | | | | | | | | | | |
| HARD COSTS: Construction Costs | \$ 629,394 | | \$ 629,394 | \$ - | | \$ 620,367 | \$ 9,027 | 99% | \$ 2,226 | \$ 629,394 | |
| SOFT COSTS | \$ 315,407 | | \$ 315,407 | \$ - | | \$ 315,407 | \$ - | 100% | \$ - | \$ 315,407 | |
| CONTINGENCY | \$ 89,374 | | \$ 89,374 | \$ - | | \$ 71,534 | \$ 17,840 | 80% | \$ - | \$ 89,374 | |
| SUBTOTAL PROJECT COSTS | \$ 1,034,175 | \$ - | \$ 1,034,175 | \$ - | | \$ 1,007,308 | \$ 26,867 | 97% | \$ 2,226 | \$ 1,034,175 | Construction Complete |
| CT Scanner Replacement | | | | | | | | | | | |
| HARD COSTS: Construction Costs | \$ 620,711 | | \$ 620,711 | \$ - | | \$ 613,843 | \$ 6,868 | 99% | \$ 76,426 | \$ 620,711 | |
| SOFT COSTS | \$ 1,542,926 | | \$ 1,542,926 | \$ - | | \$ 534,695 | \$ 1,008,231 | 35% | \$ - | \$ 1,542,926 | |
| CONTINGENCY | \$ 124,142 | | \$ 124,142 | \$ - | | \$ 108,637 | \$ 15,505 | 88% | \$ 29,307 | \$ 124,142 | |
| SUBTOTAL PROJECT COSTS | \$ 2,287,779 | \$ - | \$ 2,287,779 | \$ - | | \$ 1,257,175 | \$ 1,030,604 | 55% | \$ 105,733 | \$ 2,287,779 | Construction Complete |
| OR Exam Lights Replacement | | | | | | | | | | | |
| HARD COSTS: Construction Costs | \$ 651,766 | | \$ 651,766 | \$ - | | \$ 262,645 | \$ 389,121 | 40% | \$ 262,645 | \$ 651,766 | |
| SOFT COSTS | \$ 883,615 | | \$ 883,615 | \$ - | | \$ 626,318 | \$ 257,297 | 71% | \$ 94,170 | \$ 883,615 | |
| CONTINGENCY COSTS | \$ 97,765 | | \$ 97,765 | \$ - | | \$ 9,132 | \$ 88,633 | 9% | \$ 9,132 | \$ 97,765 | |
| SUBTOTAL PROJECT COSTS | \$ 1,633,146 | \$ - | \$ 1,633,146 | \$ - | | \$ 898,095 | \$ 735,051 | 55% | \$ 365,947 | \$ 1,633,146 | Construction in Progress |
| NPC-2 Filings | | | | | | | | | | | |
| HARD COSTS: Construction Costs | \$ - | | \$ - | \$ - | | \$ - | \$ - | 0% | \$ - | \$ - | |
| SOFT COSTS | \$ 100,000 | | \$ - | \$ - | | \$ 66,418 | \$ 33,582 | 66% | \$ - | \$ 100,000 | |
| CONTINGENCY COSTS | \$ - | | \$ - | \$ - | | \$ - | \$ - | 0% | \$ - | \$ - | |
| SUBTOTAL PROJECT COSTS | \$ 100,000 | \$ - | \$ - | \$ - | | \$ 66,418 | \$ 33,582 | 66% | \$ - | \$ 100,000 | Construction Complete |
| PROJECT SUMMARY COSTS (Hard Costs + Soft Costs + Contingency) **** | \$ 5,055,100 | \$ - | \$ 4,955,100 | \$ - | | \$ 3,162,578 | \$ 1,792,522 | 64% | \$ 473,906 | \$ 4,955,100 | |

Definitions:

Hard Costs = Administrative Requirements, Temporary Facilities, Execution Requirements, Site Construction, Concrete Construction, Masonry, Metals, Woods & Plastics, Thermal/Moisture Protection, Doors, Windows, Glazing, Finishes, Specialties, Equipment, Furnishings, Special Construction, Conveying Systems, Plumbing/Mechanical, Electrical.

Soft Costs = Equipment, Furniture, Signage, Preconstruction Services, Construction Scheduling, Architectural, Engineering, Testing & Inspections, IOR Testing, Agency Fees, State Review Fees (OSHPD), CM Fee, Insurance, Performance/Payment Bonding, Administrative Bond Contingency

Contingency Costs = Inflation, Unforeseen Conditions & Events

Footnotes:

(2) Overage includes additional equipment costs, related OSHPD Fees and other fee reallocations.

** FDP Report dated 9/30/2015

*** Reconciled with TFHD General Ledger dated September 30, 2015. Reference Application for Payment SOV located within applicable project section.

| |
|--------------------------|
| On or under budget |
| 1-5% over budget |
| 6% or beyond over budget |



MEASURE C PROJECTS COST SUMMARY

| PROJECTS (*) | Current FDP Estimate (**) | Owner / Regulatory Scope Modifications | Board Approved Bid / Budget | Variance | Footnotes | Total Amount PTD (***) | Balance to Complete (****) | % Complete | QTR Actual (Q3 2015) | FDP with Scope Modifications | Status/Notes |
|---|---------------------------------|--|--------------------------------|---------------------|-----------|------------------------------|----------------------------------|---------------|-------------------------|---------------------------------|------------------------------|
| Measure C Project Expenditures | | | | | | | | | | | |
| Cancer Center; Building + LINAC | | | | | | | | | | | |
| HARD COSTS: Construction Costs | \$ 10,217,781 | \$ 151,973 | \$ 10,369,754 | \$ - | | \$ 10,369,754 | \$ - | 100% | \$ - | \$ 10,369,754 | |
| SOFT COSTS | \$ 6,124,371 | | \$ 6,449,302 | \$ 324,931 | | \$ 6,124,371 | \$ - | 100% | \$ - | \$ 6,124,371 | |
| CONTINGENCY | \$ 1,017,160 | | \$ 1,036,975 | \$ - | | \$ 1,017,160 | \$ - | 100% | \$ - | \$ 1,017,160 | |
| SUBTOTAL PROJECT COSTS | \$ 17,359,312 | \$ 151,973 | \$ 17,856,031 | \$ 324,931 | | \$ 17,511,285 | \$ - | 100% | \$ - | \$ 17,511,285 | Construction Complete |
| Cancer Center; Sitework, Concrete Construction, Structural Steel | | | | | | | | | | | |
| HARD COSTS: Construction Costs | \$ 5,154,785 | | \$ 5,154,785 | \$ - | | \$ 5,139,922 | \$ 14,863 | 100% | \$ - | \$ 5,154,785 | |
| SOFT COSTS | \$ 4,421,594 | | \$ 5,018,684 | \$ 597,090 | | \$ 4,440,146 | \$ (18,552) | 100% | \$ - | \$ 4,421,594 | |
| CONTINGENCY | \$ 515,479 | | \$ 515,479 | \$ - | | \$ 511,790 | \$ 3,689 | 99% | \$ - | \$ 515,479 | |
| SUBTOTAL PROJECT COSTS | \$ 10,091,858 | \$ - | \$ 10,688,948 | \$ 597,090 | | \$ 10,091,858 | \$ - | 100% | \$ - | \$ 10,091,858 | Construction Complete |
| Utility Bypass, Phase I | | | | | | | | | | | |
| HARD COSTS: Construction Costs | \$ 522,092 | | \$ 522,092 | \$ - | | \$ 522,092 | \$ - | 100% | \$ - | \$ 522,092 | |
| SOFT COSTS | \$ 99,565 | | \$ 130,145 | \$ 30,580 | | \$ 99,565 | \$ - | 100% | \$ - | \$ 99,565 | |
| CONTINGENCY COSTS | \$ 78,314 | | \$ 78,314 | \$ - | | \$ 78,314 | \$ - | 100% | \$ - | \$ 78,314 | |
| SUBTOTAL PROJECT COSTS | \$ 699,971 | \$ - | \$ 730,551 | \$ 30,580 | | \$ 699,971 | \$ - | 100% | \$ - | \$ 699,971 | Construction Complete |
| Cancer Center; Utility Bypass, Phase II (Undergrounding) | | | | | | | | | | | |
| HARD COSTS: Construction Costs | \$ - | \$ 525,199 | \$ 544,877 | \$ (19,678) | | \$ 520,660 | \$ 4,539 | 99% | \$ - | \$ 525,199 | |
| SOFT COSTS | \$ - | \$ 349,974 | \$ 349,974 | \$ - | | \$ 354,513 | \$ (4,539) | 101% | \$ - | \$ 349,974 | |
| CONTINGENCY COSTS | \$ - | \$ 31,437 | \$ 31,437 | \$ - | | \$ 31,437 | \$ - | 100% | \$ - | \$ 31,437 | |
| SUBTOTAL PROJECT COSTS (Hard Costs+Soft Costs+Contingency Costs) | \$ - | \$ 906,610 | \$ 926,288 | \$ 19,678 | | \$ 906,610 | \$ - | 100% | \$ - | \$ 906,610 | Construction Complete |
| Cancer Center; Equipment Upgrades | | | | | | | | | | | |
| LINEAR ACCELERATOR EQUIPMENT | | \$ 860,000 | \$ 860,000 | \$ - | | \$ 860,000 | \$ - | 100% | \$ - | \$ 860,000 | |
| CT SIMULATOR (Pet CT) | | \$ - | \$ 82,528 | \$ 82,528 | | \$ - | \$ - | 0% | \$ - | \$ - | |
| CHILLER EQUIPMENT | | \$ 111,536 | \$ 143,679 | \$ 32,143 | | \$ 111,536 | \$ - | 100% | \$ - | \$ 111,536 | |
| IT EQUIPMENT | | \$ 58,211 | \$ 133,250 | \$ 75,039 | | \$ 58,211 | \$ - | 100% | \$ - | \$ 58,211 | |
| ADDITIONAL EQUIPMENT | | \$ - | \$ 69,633 | \$ 69,633 | | \$ - | \$ - | 0% | \$ - | \$ - | |
| SNOW MELT SYSTEM | | \$ 81,523 | \$ 71,904 | \$ (9,619) | | \$ 81,523 | \$ - | 100% | \$ - | \$ 81,523 | |
| SECURITY ACCESS SYSTEM | | \$ 99,257 | \$ 99,257 | \$ - | | \$ 99,257 | \$ - | 100% | \$ - | \$ 99,257 | |
| SUBTOTAL PROJECT COSTS | \$ - | \$ 1,210,527 | \$ 1,460,251 | \$ 249,724 | | \$ 1,210,527 | \$ - | 100% | \$ - | \$ 1,210,527 | Construction Complete |
| Cancer Center; CAC Recommended Upgrades | | | | | | | | | | | |
| HARD COSTS: Construction Costs | \$ - | \$ 838,256 | \$ 847,281 | \$ 9,025 | | \$ 838,256 | \$ - | 100% | \$ - | \$ 838,256 | |
| SOFT COSTS | \$ - | \$ 54,568 | \$ 59,864 | \$ 5,296 | | \$ 51,626 | \$ 2,942 | 95% | \$ - | \$ 54,568 | |
| CONTINGENCY COSTS | \$ - | \$ 84,728 | \$ 84,728 | \$ - | | \$ 87,670 | \$ (2,942) | 103% | \$ - | \$ 84,728 | |
| SUBTOTAL PROJECT COSTS | \$ - | \$ 977,552 | \$ 991,873 | \$ 14,321 | | \$ 977,552 | \$ - | 100% | \$ - | \$ 977,552 | Construction Complete |
| TOTAL PROJECT COSTS (Hard Costs + Soft Costs + Contingency) | \$ 28,151,141 | \$ 3,246,662 | \$ 32,653,942 | \$ 1,236,324 | | \$ 31,397,803 | \$ - | 100% | \$ - | \$ 31,397,803 | |
| Office Relocations | | | | | | | | | | | |
| HARD COSTS: Construction Costs | \$ 109,691 | \$ - | \$ 111,305 | \$ 1,614 | | \$ 109,691 | \$ - | 100% | \$ - | \$ 109,691 | |
| SOFT COSTS | \$ 281,988 | \$ - | \$ 281,995 | \$ 7 | | \$ 281,988 | \$ - | 100% | \$ - | \$ 281,988 | |
| CONTINGENCY COSTS | \$ - | \$ - | \$ - | \$ - | | \$ - | \$ - | 0% | \$ - | \$ - | |
| TOTAL PROJECT COSTS (Hard Costs + Soft Costs + Contingency) | \$ 391,680 | \$ - | \$ 393,300 | \$ 1,621 | | \$ 391,680 | \$ - | 100% | \$ - | \$ 391,680 | Construction Complete |



MEASURE C PROJECTS COST SUMMARY

| PROJECTS (*) | Current FDP Estimate (**) | Owner / Regulatory Scope Modifications | Board Approved Bid / Budget | Variance | Footnotes | Total Amount PTD (***) | Balance to Complete (****) | % Complete | QTR Actual (Q3 2015) | FDP with Scope Modifications | Status/Notes |
|--|---------------------------------|--|--------------------------------|-------------------|-----------|------------------------------|----------------------------------|---------------|-------------------------|---------------------------------|--------------------------------------|
| Measure C Project Expenditures | | | | | | | | | | | |
| IT Data Center | | | | | | | | | | | |
| HARD COSTS: Construction Costs | \$ 899,833 | | \$ 903,465 | \$ 3,632 | | \$ 899,833 | \$ - | 100% | \$ - | \$ 899,833 | |
| SOFT COSTS | \$ 299,483 | | \$ 301,122 | \$ 1,639 | | \$ 299,483 | \$ - | 100% | \$ - | \$ 299,483 | |
| CONTINGENCY COSTS | \$ 116,754 | | \$ 121,740 | \$ 4,986 | | \$ 116,754 | \$ - | 100% | \$ - | \$ 116,754 | |
| TOTAL PROJECT COSTS (Hard Costs + Soft Costs + Contingency) | \$ 1,316,070 | \$ - | \$ 1,326,327 | \$ 10,257 | | \$ 1,316,070 | \$ - | 100% | \$ - | \$ 1,316,070 | Construction Complete |
| Central Plant Upgrades & Relocations; Utility Spine | | | | | | | | | | | |
| HARD COSTS: Construction Costs | \$ 2,640,481 | | \$ 2,642,537 | \$ 2,056 | | \$ 2,640,481 | \$ - | 100% | \$ - | \$ 2,640,481 | |
| SOFT COSTS | \$ 694,681 | | \$ 824,282 | \$ 129,601 | | \$ 694,681 | \$ - | 100% | \$ - | \$ 694,681 | |
| CONTINGENCY COSTS | \$ 657,714 | | \$ 658,011 | \$ 297 | | \$ 657,714 | \$ - | 100% | \$ - | \$ 657,714 | |
| SUBTOTAL PROJECT COSTS | \$ 3,992,876 | \$ - | \$ 4,124,830 | \$ 131,954 | | \$ 3,992,876 | \$ - | 100% | \$ - | \$ 3,992,876 | Construction Complete |
| Central Plant Upgrades & Relocations; Generator Building | | | | | | | | | | | |
| HARD COSTS: Construction Costs | \$ 2,150,583 | \$ 20,772 | \$ 2,174,334 | \$ 2,979 | | \$ 2,171,355 | \$ - | 101% | \$ - | \$ 2,171,355 | |
| SOFT COSTS | \$ 1,612,171 | | \$ 1,655,159 | \$ 42,988 | | \$ 1,612,171 | \$ - | 100% | \$ - | \$ 1,612,171 | |
| CONTINGENCY COSTS | \$ 315,278 | | \$ 315,278 | \$ - | | \$ 315,278 | \$ - | 100% | \$ - | \$ 315,278 | |
| SUBTOTAL PROJECT COSTS | \$ 4,078,032 | \$ 20,772 | \$ 4,144,771 | \$ 45,967 | | \$ 4,098,804 | \$ - | 100% | \$ - | \$ 4,098,804 | Construction Complete |
| Central Plant Upgrades & Relocations; Modular Units, Phase I | | | | | | | | | | | |
| HARD COSTS: Construction Costs | \$ 418,497 | | \$ 422,030 | \$ - | | \$ 418,497 | \$ - | 100% | \$ - | \$ 418,497 | |
| SOFT COSTS | \$ 574,317 | | \$ 598,765 | \$ 24,448 | | \$ 574,317 | \$ - | 100% | \$ - | \$ 574,317 | |
| CONTINGENCY COSTS | \$ 245,335 | | \$ 245,887 | \$ 552 | | \$ 245,335 | \$ - | 100% | \$ - | \$ 245,335 | |
| SUBTOTAL PROJECT COSTS | \$ 1,238,149 | \$ - | \$ 1,266,682 | \$ 25,000 | | \$ 1,238,149 | \$ - | 100% | \$ - | \$ 1,238,149 | Construction Complete |
| Central Plant Upgrades & Relocations; Modular Units, Phase II | | | | | | | | | | | |
| HARD COSTS: Construction Costs | \$ 4,800,719 | | \$ 4,800,719 | \$ - | | \$ 4,800,719 | \$ - | 100% | \$ - | \$ 4,800,719 | |
| SOFT COSTS | \$ 1,083,872 | | \$ 1,189,314 | \$ 105,442 | | \$ 1,083,872 | \$ - | 100% | \$ - | \$ 1,083,872 | |
| CONTINGENCY COSTS | \$ 180,640 | | \$ 185,000 | \$ 4,360 | | \$ 180,640 | \$ - | 100% | \$ - | \$ 180,640 | |
| SUBTOTAL PROJECT COSTS | \$ 6,065,231 | \$ - | \$ 6,175,033 | \$ 109,802 | | \$ 6,065,231 | \$ - | 100% | \$ - | \$ 6,065,231 | Construction Complete |
| TOTAL PROJECT COSTS (Hard Costs + Soft Costs + Contingency) | \$ 15,374,288 | \$ 20,772 | \$ 15,711,316 | \$ 312,723 | | \$ 15,395,060 | \$ - | 100% | \$ - | \$ 15,395,060 | |
| Skilled Nursing Facility | | | | | | | | | | | |
| HARD COSTS: Construction Costs | \$ 3,372,928 | \$ 8,466 | \$ 3,422,324 | \$ 40,930 | | \$ 3,381,394 | \$ - | 100% | \$ - | \$ 3,381,394 | |
| SOFT COSTS | \$ 1,505,346 | | \$ 1,496,355 | \$ - | | \$ 1,505,346 | \$ - | 100% | \$ - | \$ 1,505,346 | |
| CONTINGENCY COSTS | \$ 342,232 | | \$ 342,232 | \$ - | | \$ 342,232 | \$ - | 100% | \$ - | \$ 342,232 | |
| SUBTOTAL PROJECT COSTS | \$ 5,220,506 | \$ 8,466 | \$ 5,260,911 | \$ 40,930 | | \$ 5,228,972 | \$ - | 100% | \$ - | \$ 5,228,972 | Construction Complete |
| Skilled Nursing; Storage TI at '66 Bldg | | | | | | | | | | | |
| HARD COSTS: Construction Costs | \$ - | \$ - | \$ - | \$ - | | \$ - | \$ - | 0% | \$ - | \$ - | |
| SOFT COSTS | \$ - | \$ - | \$ - | \$ - | | \$ - | \$ - | 0% | \$ - | \$ - | |
| CONTINGENCY COSTS | \$ - | \$ - | \$ - | \$ - | | \$ - | \$ - | 0% | \$ - | \$ - | |
| SUBTOTAL PROJECT COSTS | \$ - | \$ - | \$ - | \$ - | | \$ - | \$ - | 0% | \$ - | \$ - | Conceptual Design in Progress |
| TOTAL PROJECT COSTS (Hard Costs + Soft Costs + Contingency) | \$ 5,220,506 | \$ 8,466 | \$ 5,260,911 | \$ 40,930 | | \$ 5,228,972 | \$ - | 100% | \$ - | \$ 5,228,972 | |



MEASURE C PROJECTS COST SUMMARY

| PROJECTS (*) | Current FDP Estimate (**) | Owner / Regulatory Scope Modifications | Board Approved Bid / Budget | Variance | Footnotes | Total Amount PTD (***) | Balance to Complete (****) | % Complete | QTR Actual (Q3 2015) | FDP with Scope Modifications | Status/Notes |
|--|---------------------------------|--|--------------------------------|---------------------|-----------|------------------------------|----------------------------------|---------------|-------------------------|---------------------------------|--------------------------------------|
| Measure C Project Expenditures | | | | | | | | | | | |
| <i>ECC Flooring / Nurses Station</i> | | | | | | | | | | | |
| HARD COSTS: Construction Costs | \$ - | \$ 199,774 | \$ 217,550 | \$ 17,776 | | \$ 199,774 | \$ - | 92% | \$ - | \$ 199,774 | |
| SOFT COSTS | \$ - | | \$ - | \$ - | | \$ - | \$ - | 0% | \$ - | \$ - | |
| CONTINGENCY COSTS | \$ - | | \$ - | \$ - | | \$ - | \$ - | 0% | \$ - | \$ - | |
| TOTAL PROJECT COSTS (Hard Costs + Soft Costs + Contingency) | \$ - | \$ 199,774 | \$ 217,550 | \$ 17,776 | | \$ 199,774 | \$ - | 92% | \$ - | \$ 199,774 | Completed |
| <i>Infill Projects; Phase I Dietary / RT / MR / Dietary Office / Staff Lockers</i> | | | | | | | | | | | |
| HARD COSTS: Construction Costs | \$ 2,722,504 | | \$ 2,722,504 | \$ - | | \$ 2,665,549 | \$ 56,955 | 98% | \$ - | \$ 2,722,504 | |
| SOFT COSTS | \$ 1,699,858 | \$ 13,970 | \$ 1,713,828 | \$ - | | \$ 1,714,028 | \$ (200) | 100% | \$ - | \$ 1,713,828 | |
| CONTINGENCY COSTS | \$ 898,541 | \$ 29,052 | \$ 272,250 | \$ (655,343) | | \$ 910,180 | \$ 17,413 | 98% | \$ 1,570 | \$ 927,593 | |
| SUBTOTAL PROJECT COSTS | \$ 5,320,903 | \$ 43,022 | \$ 4,708,582 | \$ (655,343) | | \$ 5,289,757 | \$ 74,168 | 99% | \$ 1,570 | \$ 5,363,925 | Construction Complete |
| <i>Infill Projects; Interim Birthing at Western Addition</i> | | | | | | | | | | | |
| HARD COSTS: Construction Costs | \$ 1,309,206 | | \$ 1,309,206 | \$ - | | \$ 1,299,543 | \$ 9,663 | 99% | \$ - | \$ 1,309,206 | |
| SOFT COSTS | \$ 688,893 | | \$ 688,893 | \$ - | | \$ 675,130 | \$ 13,763 | 98% | \$ 14,393 | \$ 688,893 | |
| CONTINGENCY COSTS | \$ 130,921 | | \$ 130,921 | \$ - | | \$ 129,953 | \$ 968 | 99% | \$ - | \$ 130,921 | |
| SUBTOTAL PROJECT COSTS | \$ 2,129,020 | \$ - | \$ 2,129,020 | \$ - | | \$ 2,104,626 | \$ 24,394 | 99% | \$ 14,393 | \$ 2,129,020 | Construction Complete |
| <i>Infill Projects; Pharmacy Relocation</i> | | | | | | | | | | | |
| HARD COSTS: Construction Costs | \$ 652,777 | | \$ 652,777 | \$ - | | \$ 652,777 | \$ - | 100% | \$ - | \$ 652,777 | |
| SOFT COSTS | \$ 588,803 | | \$ 631,283 | \$ 42,480 | | \$ 588,803 | \$ - | 93% | \$ - | \$ 588,803 | |
| CONTINGENCY COSTS | \$ 95,724 | | \$ 127,292 | \$ 31,568 | | \$ 95,724 | \$ - | 75% | \$ - | \$ 95,724 | |
| SUBTOTAL PROJECT COSTS | \$ 1,337,304 | \$ - | \$ 1,411,353 | \$ 74,048 | | \$ 1,337,304 | \$ - | 95% | \$ - | \$ 1,337,304 | Construction Complete |
| <i>Infill Projects; Medical Records at '66 Building</i> | | | | | | | | | | | |
| HARD COSTS: Construction Costs | \$ - | \$ - | \$ - | \$ - | | \$ - | \$ - | 0% | \$ - | \$ - | |
| SOFT COSTS | \$ - | | \$ - | \$ - | | \$ - | \$ - | 0% | \$ - | \$ - | |
| CONTINGENCY COSTS | \$ - | \$ - | \$ - | \$ - | | \$ - | \$ - | 0% | \$ - | \$ - | |
| SUBTOTAL PROJECT COSTS | \$ - | \$ - | \$ - | \$ - | | \$ - | \$ - | 0% | \$ - | \$ - | Conceptual Design in Progress |
| <i>Infill Projects; Final Personnel Move TI Office Space</i> | | | | | | | | | | | |
| HARD COSTS: Construction Costs | \$ - | \$ 250,000 | \$ 250,000 | \$ - | | \$ 248,172 | \$ 1,828 | 99% | \$ 9,845 | \$ 250,000 | |
| SOFT COSTS | \$ - | \$ 125,000 | \$ 125,000 | \$ - | | \$ 122,808 | \$ 2,192 | 98% | \$ - | \$ 125,000 | |
| CONTINGENCY COSTS | \$ - | \$ 30,000 | \$ 30,000 | \$ - | | \$ 24,718 | \$ 5,282 | 82% | \$ - | \$ 30,000 | |
| SUBTOTAL PROJECT COSTS | \$ - | \$ 405,000 | \$ 405,000 | \$ - | | \$ 395,698 | \$ 9,302 | 0% | \$ 9,845 | \$ 405,000 | Ongoing |
| TOTAL PROJECT COSTS (Hard Costs + Soft Costs + Contingency) | \$ 8,787,227 | \$ 448,022 | \$ 8,653,955 | \$ (581,295) | | \$ 9,127,385 | \$ 107,864 | 105% | \$ 25,808 | \$ 9,235,249 | |
| <i>Emergency Department & Sterile Processing Department; Increment I</i> | | | | | | | | | | | |
| HARD COSTS: Construction Costs | \$ 2,593,743 | | \$ 2,593,743 | \$ - | | \$ 2,593,743 | \$ - | 100% | \$ - | \$ 2,593,743 | |
| SOFT COSTS | \$ 2,898,599 | | \$ 2,907,826 | \$ - | | \$ 2,898,599 | \$ - | 100% | \$ - | \$ 2,898,599 | |
| CONTINGENCY COSTS | \$ 236,999 | | \$ 236,999 | \$ - | | \$ 236,999 | \$ - | 100% | \$ - | \$ 236,999 | |
| EQUIPMENT UPGRADES - ATS Upgrades | | \$ 27,824 | \$ 27,824 | \$ - | | \$ 27,824 | \$ - | 100% | \$ - | \$ 27,824 | |
| SUBTOTAL PROJECT COSTS | \$ 5,729,341 | \$ 27,824 | \$ 5,766,392 | \$ - | | \$ 5,757,165 | \$ - | 100% | \$ - | \$ 5,757,165 | Construction Complete |



MEASURE C PROJECTS COST SUMMARY

| PROJECTS (*) | Current FDP Estimate (**) | Owner / Regulatory Scope Modifications | Board Approved Bid / Budget | Variance | Footnotes | Total Amount PTD (***) | Balance to Complete (****) | % Complete | QTR Actual (Q3 2015) | FDP with Scope Modifications | Status/Notes |
|--|---------------------------------|--|--------------------------------|-----------------------|------------|------------------------------|----------------------------------|---------------|-------------------------|---------------------------------|---------------------------------|
| Measure C Project Expenditures | | | | | | | | | | | |
| Emergency Department & Sterile Processing Department; Increment II | | | | | | | | | | | |
| HARD COSTS: Construction Costs | \$ 4,534,232 | | \$ 4,534,232 | \$ - | | \$ 4,534,232 | \$ - | 100% | \$ 97,891 | \$ 4,534,232 | |
| SOFT COSTS | \$ 2,135,294 | | \$ 2,135,294 | \$ - | | \$ 2,147,131 | \$ (11,837) | 101% | \$ 11,837 | \$ 2,135,294 | |
| CONTINGENCY COSTS | \$ 1,725,651 | | \$ 453,423 | \$ (1,272,228) | | \$ 1,725,651 | \$ - | 100% | \$ 124,285 | \$ 1,725,651 | |
| EQUIPMENT UPGRADES - Trump Exam Lights | \$ - | \$ 68,362 | \$ 68,362 | \$ - | | \$ 68,362 | \$ - | 100% | \$ - | \$ 68,362 | |
| UPGRADES - Flooring and Casework | | \$ 35,659 | \$ 35,659 | \$ - | | \$ 19,562 | \$ 16,097 | 55% | \$ 19,562 | \$ 35,659 | |
| SUBTOTAL PROJECT COSTS | \$ 8,395,177 | \$ 104,021 | \$ 7,226,970 | \$ (1,272,228) | | \$ 8,494,938 | \$ 4,260 | 118% | \$ 253,575 | \$ 8,499,198 | Construction Complete |
| TOTAL PROJECT COSTS (Hard Costs + Soft Costs + Contingency) | \$ 14,124,518 | \$ 131,845 | \$ 12,993,362 | \$ (1,272,228) | | \$ 14,252,103 | \$ 4,260 | 110% | \$ 253,575 | \$ 14,256,363 | |
| Fluoroscopy / Nuc Med Upgrades / Diagnostic Imaging Equipment Replacement | | | | | | | | | | | |
| HARD COSTS: Construction Costs | \$ 533,565 | | \$ 619,422 | \$ 85,857 | | \$ 533,565 | \$ - | 100% | \$ - | \$ 533,565 | |
| SOFT COSTS | \$ 1,616,669 | | \$ 1,575,493 | \$ (41,176) | | \$ 1,616,669 | \$ - | 100% | \$ - | \$ 1,616,669 | |
| CONTINGENCY COSTS | \$ 92,913 | | \$ 92,913 | \$ - | | \$ 92,913 | \$ - | 100% | \$ - | \$ 92,913 | |
| TOTAL PROJECT COSTS (Hard Costs + Soft Costs + Contingency) | \$ 2,243,147 | \$ - | \$ 2,287,828 | \$ 44,681 | (2) | \$ 2,243,147 | \$ - | 100% | \$ - | \$ 2,243,147 | Construction Complete |
| South Building; Birthing / Dietary Phase II | | | | | | | | | | | |
| HARD COSTS: Construction Costs | \$ 13,033,262 | | \$ 13,033,262 | \$ - | | \$ 5,968,629 | \$ 7,064,633 | 46% | \$ 2,287,524 | \$ 13,033,262 | |
| SOFT COSTS | \$ 5,355,106 | | \$ 5,355,106 | \$ - | | \$ 4,815,454 | \$ 539,652 | 90% | \$ 8,715 | \$ 5,355,106 | |
| CONTINGENCY COSTS | \$ 1,262,026 | | \$ 1,262,026 | \$ - | | \$ 456,788 | \$ 805,238 | 36% | \$ 159,331 | \$ 1,262,026 | |
| EQUIPMENT UPGRADES - Headwalls, Exam Lights, IT Equipment, A&E Fees | \$ - | \$ 307,465 | \$ 307,465 | \$ - | | \$ - | \$ 307,465 | 0% | \$ - | \$ 307,465 | |
| CMU Wall Upgrades at 52 Bldg | \$ - | \$ 150,000 | \$ 150,000 | \$ - | | \$ - | \$ 150,000 | 0% | \$ - | \$ 150,000 | |
| CMU Wall Upgrades at 66 Bldg | \$ - | \$ 150,000 | \$ 150,000 | \$ - | | \$ - | \$ 150,000 | 0% | \$ - | \$ 150,000 | |
| OSHPD CO #16; Dietary Revisions | \$ - | \$ 70,188 | \$ 70,188 | \$ - | | \$ - | \$ 70,188 | 0% | \$ - | \$ 70,188 | |
| OSHPD CO #18; 2nd Floor Layout Revisions | \$ - | \$ 186,184 | \$ 186,184 | \$ - | | \$ - | \$ 186,184 | 0% | \$ - | \$ 186,184 | |
| SUBTOTAL PROJECT COSTS | \$ 19,650,394 | \$ 863,837 | \$ 20,514,231 | \$ - | | \$ 11,240,871 | \$ 9,273,360 | 55% | \$ 2,455,570 | \$ 20,514,231 | Construction in Progress |
| South Building; Birthing Fourth LDR | | | | | | | | | | | |
| HARD COSTS: Construction Costs | \$ - | \$ 286,428 | \$ 286,428 | \$ - | | \$ - | \$ 286,428 | 0% | \$ - | \$ 286,428 | |
| SOFT COSTS | \$ - | \$ 187,720 | \$ 187,720 | \$ - | | \$ - | \$ 187,720 | 0% | \$ - | \$ 187,720 | |
| CONTINGENCY COSTS | \$ - | \$ 42,964 | \$ 42,964 | \$ - | | \$ - | \$ 42,964 | 0% | \$ - | \$ 42,964 | |
| SUBTOTAL PROJECT COSTS | \$ - | \$ 517,112 | \$ 517,112 | \$ - | | \$ - | \$ 517,112 | 0% | \$ - | \$ 517,112 | Construction in Progress |
| South Building; Phase 5 Interim Birthing | | | | | | | | | | | |
| HARD COSTS: Construction Costs | \$ - | \$ 359,951 | \$ 746,422 | \$ - | | \$ - | \$ 359,951 | 0% | \$ - | \$ 359,951 | |
| SOFT COSTS | \$ - | \$ 112,310 | \$ 172,765 | \$ - | | \$ - | \$ 112,310 | 0% | \$ - | \$ 112,310 | |
| CONTINGENCY COSTS | \$ - | \$ - | \$ 37,321 | \$ - | | \$ - | \$ - | 0% | \$ - | \$ - | |
| SUBTOTAL PROJECT COSTS | \$ - | \$ 472,261 | \$ 956,508 | \$ 484,247 | | \$ - | \$ 472,261 | 0% | \$ - | \$ 472,261 | Construction in Progress |
| South Building; Continuity Phase | | | | | | | | | | | |
| HARD COSTS: Construction Costs | | \$ 996,982 | \$ 996,982 | \$ - | | \$ 968,576 | \$ 28,406 | 97% | \$ - | \$ 996,982 | |
| SUBTOTAL PROJECT COSTS | \$ - | \$ 996,982 | \$ 996,982 | \$ - | | \$ 968,576 | \$ 28,406 | 97% | \$ - | \$ 996,982 | |
| TOTAL PROJECT COSTS (Hard Costs + Soft Costs + Contingency) | \$ 19,650,394 | \$ 2,850,192 | \$ 22,984,833 | \$ 484,247 | | \$ 12,209,447 | \$ 10,291,139 | 53% | \$ 2,455,570 | \$ 22,500,586 | |



MEASURE C PROJECTS COST SUMMARY

| PROJECTS (*) | Current FDP Estimate (**) | Owner / Regulatory Scope Modifications | Board Approved Bid / Budget | Variance | Footnotes | Total Amount PTD (***) | Balance to Complete (****) | % Complete | QTR Actual (Q3 2015) | FDP with Scope Modifications | Status/Notes |
|---|---------------------------------|--|--------------------------------|-------------------|-----------|------------------------------|----------------------------------|---------------|-------------------------|---------------------------------|----------------|
| <i>Measure C Project Expenditures</i> | | | | | | | | | | | |
| <i>Master Planning</i> | | | | | | | | | | | |
| SOFT COSTS | \$ 802,508 | | \$ 802,508 | \$ - | | \$ 802,508 | \$ - | 100% | \$ - | \$ 802,508 | |
| CONTINGENCY COSTS | \$ 81,951 | | \$ 81,951 | \$ - | | \$ 77,193 | \$ 4,758 | 94% | \$ - | \$ 81,951 | |
| CAMPUS SIGNAGE PLAN | | \$ 78,075 | \$ 85,000 | \$ 6,925 | | \$ 78,075 | \$ - | 100% | \$ - | \$ 78,075 | |
| SECURITY UPGRADES | | \$ 28,738 | \$ 75,000 | \$ 46,262 | | \$ 28,738 | \$ - | 100% | \$ - | \$ 28,738 | |
| TOTAL PROJECT COSTS (Hard Costs + Soft Costs + Contingency) | \$ 884,459 | \$ 106,813 | \$ 1,044,459 | \$ 53,187 | | \$ 986,514 | \$ 4,758 | 94% | \$ - | \$ 991,272 | Ongoing |
| PROJECT SUMMARY COSTS (Hard Costs + Soft Costs + Contingency) **** | \$ 96,143,430 | \$ 7,012,546 | \$ 103,527,783 | \$ 348,223 | | \$ 92,747,955 | \$ 10,408,021 | 90% | \$ 2,734,953 | \$ 103,155,976 | |

Definitions:

Hard Costs = Administrative Requirements, Temporary Facilities, Execution Requirements, Site Construction, Concrete Construction, Masonry, Metals, Woods & Plastics, Thermal/Moisture Protection, Doors, Windows, Glazing, Finishes, Specialties, Equipment, Furnishings, Special Construction, Conveying Systems, Plumbing/Mechanical, Electrical.

Soft Costs = Equipment, Furniture, Signage, Preconstruction Services, Construction Scheduling, Architectural, Engineering, Testing & Inspections, IOR Testing, Agency Fees, State Review Fees (OSHDP), CM Fee, Insurance, Performance/Payment Bonding, Administrative Bond Contingency

Contingency Costs = Inflation, Unforeseen Conditions & Events

Footnotes:

(2) Overage includes additional equipment costs, related OSHPD Fees and other fee reallocations.

* Project Descriptions located within applicable project section.

** FDP Report dated 9/30/2015

*** Reconciled with TFHD General Ledger dated September 30, 2015. Reference Application for Payment SOV located within applicable project section.

**** Total Owner Scope Modifications \$5,152,464 Regulatory Scope Modification \$1,860,082

*****Balance to Finish is calculated from FDP with Scope Modifications less Total Amount PTD

| |
|--------------------------|
| On or under budget |
| 1-5% over budget |
| 6% or beyond over budget |



MEASURE C PROJECTS - NON QUALIFIED EXPENDITURE COST SUMMARY

| PROJECTS (*) | Current FDP Estimate (**) | Owner / Regulatory Scope Modifications | Board Approved Bid / Budget | Variance | Footnotes | Total Amount PTD (***) | Balance to Complete | % Complete | QTR Actual (Q3 2015) | FDP with Scope Modifications | Status/Notes |
|--|---------------------------------|--|--------------------------------|---------------------|-------------|------------------------------|------------------------|---------------|-------------------------|---------------------------------|-----------------|
| <i>Measure C Projects - Non Qualified Expenditures</i> | | | | | | | | | | | |
| <i>Cancer Center; Building + LINAC</i> | | | | | | | | | | | |
| PERSONAL PROPERTY | | \$ 1,281,523 | \$ 1,246,012 | \$ (35,511) | | \$ 1,281,523 | \$ - | 100% | \$ - | \$ 1,281,523 | |
| SUBTOTAL PROJECT COSTS | \$ - | \$ 1,281,523 | \$ 1,246,012 | \$ (35,511) | | \$ 1,281,523 | \$ (35,511) | 100% | \$ - | \$ 1,281,523 | Complete |
| <i>Skilled Nursing Facility</i> | | | | | | | | | | | |
| PERSONAL PROPERTY | \$ - | \$ 56,582 | \$ 391,614 | \$ 335,032 | | \$ 56,582 | \$ - | 100% | \$ - | \$ 56,582 | |
| TOTAL PROJECT COSTS | \$ - | \$ 56,582 | \$ 391,614 | \$ 335,032 | | \$ 56,582 | \$ - | 100% | \$ - | \$ 56,582 | Complete |
| <i>Infill Projects; Phase I Dietary / RT / MR / Dietary Office / Staff Lockers</i> | | | | | | | | | | | |
| PERSONAL PROPERTY | \$ - | \$ 116,280 | \$ 116,280 | \$ - | | \$ 145,973 | \$ (29,693) | 126% | \$ - | \$ 116,280 | |
| SUBTOTAL PROJECT COSTS | \$ - | \$ 116,280 | \$ 116,280 | \$ - | | \$ 145,973 | \$ (29,693) | 126% | \$ - | \$ 116,280 | |
| <i>Infill Projects; Interim Birthing at Western Addition</i> | | | | | | | | | | | |
| PERSONAL PROPERTY | \$ - | \$ 49,180 | \$ 15,396 | \$ (33,784) | | \$ 49,180 | \$ - | 319% | \$ - | \$ 49,180 | |
| SUBTOTAL PROJECT COSTS | \$ - | \$ 49,180 | \$ 15,396 | \$ (33,784) | | \$ 49,180 | \$ - | 319% | \$ - | \$ 49,180 | |
| <i>Infill Projects; Pharmacy Relocation</i> | | | | | | | | | | | |
| PERSONAL PROPERTY | \$ - | \$ 5,477 | \$ 2,372 | \$ (3,105) | | \$ 5,477 | \$ (3,105) | 100% | \$ - | \$ 5,477 | |
| SUBTOTAL PROJECT COSTS | \$ - | \$ 5,477 | \$ 2,372 | \$ (3,105) | | \$ 5,477 | \$ (3,105) | 100% | \$ - | \$ 5,477 | |
| TOTAL PROJECT COSTS | \$ - | \$ 170,937 | \$ 134,048 | \$ (36,889) | | \$ 200,630 | \$ (32,798) | 117% | \$ - | \$ 170,937 | Complete |
| <i>Emergency Department & Sterile Processing Department; Increment 2</i> | | | | | | | | | | | |
| PERSONAL PROPERTY | \$ - | \$ 753,881 | \$ 708,123 | \$ (45,758) | | \$ 762,771 | \$ (54,648) | 108% | \$ 8,587 | \$ 753,881 | |
| TOTAL PROJECT COSTS | \$ - | \$ 753,881 | \$ 708,123 | \$ (45,758) | | \$ 762,771 | \$ (54,648) | 108% | \$ 8,587 | \$ 753,881 | |
| <i>Fluoroscopy / Nuc Med Upgrades / Diagnostic Imaging Equipment Replacement</i> | | | | | | | | | | | |
| PERSONAL PROPERTY | \$ - | \$ 5,500 | \$ 5,500 | \$ - | | \$ 5,500 | \$ - | 100% | \$ - | \$ 5,500 | |
| TOTAL PROJECT COSTS | \$ - | \$ 5,500 | \$ 5,500 | \$ - | | \$ 5,500 | \$ - | 100% | \$ - | \$ 5,500 | Complete |
| <i>South Building / Birthing / Dietary Phase II</i> | | | | | | | | | | | |
| PERSONAL PROPERTY | \$ - | \$ 750,272 | \$ 973,312 | \$ 973,312 | | \$ 17,380 | \$ 955,932 | 2% | \$ - | \$ 750,272 | |
| TOTAL PROJECT COSTS | \$ - | \$ 750,272 | \$ 973,312 | \$ 973,312 | | \$ 17,380 | \$ - | 0% | \$ - | \$ 750,272 | |
| <i>Non-Measure C Design Contingency</i> | | | | | | | | | | | |
| PERSONAL PROPERTY | \$ - | \$ 150,000 | \$ - | \$ - | | \$ - | \$ - | 0% | \$ - | \$ 150,000 | |
| TOTAL PROJECT COSTS | \$ - | \$ 150,000 | \$ - | \$ - | | \$ - | \$ - | 0% | \$ - | \$ 150,000 | |
| PROJECT SUMMARY COSTS | \$ - | \$ 2,414,814 | \$ 2,750,486 | \$ 1,235,944 | \$ - | \$ 1,561,615 | \$ (68,309) | 57% | \$ - | \$ 2,414,814 | |

* Project Descriptions located within applicable project section.

** FDP Report dated 9/30/2015

*** Reconciled with TFHD General Ledger dated September 30, 2015. Reference Application for Payment SOV located within applicable project section.

| |
|--------------------------|
| On or under budget |
| 1-5% over budget |
| 6% or beyond over budget |

Facilities Development Plan
Tahoe Forest Hospital District
September 30, 2015

STATUS SUMMARY

| | | |
|--|-----------|----------------|
| Measure C Projects | \$ | 96,143,430 |
| Owner Scope Modifications | \$ | 5,152,464 |
| Regulatory Scope Modifications | \$ | 1,860,082 |
| FDP with Scope Modifications / Total Projects Cost | \$ | 103,155,976 |
| Development Completed / Paid to Date (90%) | \$ | (92,747,955) |
| Balance to Complete | \$ | 10,408,021 |
| Project Fund Balance | | (9,609,813) |
| Projected Interest Earned | | TBD |
| Balance - TFHD Capital Budget | \$ | 798,208 |

- 14 of 15 Measure C Projects complete.
 - o South Building complete Summer 2016
 - o Remaining Projects within budget

- Campus-wide seismic compliance as of August 26, 2014.

- 233 prime contracts for construction issued to date and at present we are working with zero contractors regarding change order requests that are in dispute.

- Permitting
 - (11) OSHPD permits issued to date

 - (5) Town of Truckee permits issued to date

 - No further permitting is required

**TAHOE FOREST HOSPITAL SYSTEM
CORPORATE COMPLIANCE PROGRAM
2016 TFHS WORK PLAN**

Tahoe Forest Hospital System is committed to full compliance with all applicable laws, rules and regulations, and to conduct itself with the highest level of business and community ethics and standards.

Objectives identified for focus in the current year relate to the elements of an effective compliance program as defined in the Federal Sentencing Guidelines, items identified in the OIG’s 2016 Work Plan, and risk areas identified by the Tahoe Forest Health System.

| OBJECTIVE / ACTION | Assigned To | GOAL | ACTION COMPLETION TARGET | | | | STATUS |
|--|-------------|---|--------------------------|---------------------|---------------------|---------------------|--------|
| | | | 1 ST Qtr | 2 nd Qtr | 3 rd Qtr | 4 th Qtr | |
| 1. Policies & Procedures | | | | | | | |
| A. Identify, review and revise P&Ps related to Compliance 1. Code of Conduct/ Non-Retaliation policy 2. Refunds to Medicare within 60 days 3. Others | CHR/CFO/CCO | Policy approval | X | | | | |
| 2. High Level Oversight | | | | | | | |
| A. Corporate Compliance Officer provides annual compliance reports to the Governance Committee of the Board of Directors. Report forwarded to the Board. B. Board Evaluation of District Compliance Program | CEO/CCO | Annual report to Board/Evaluation of Compliance Program | X | | | | |
| 3. Education, Training, & Communication | | | | | | | |
| A. Education and Training to the Code of Conduct | CHR | | X | | | | |
| B. Review and revise employee orientation regarding the compliance program | CHR | | | X | | | |
| C. Review and revise Health Stream training content related to compliance and HIPAA | CHR | | | X | | | |

**TAHOE FOREST HOSPITAL SYSTEM
CORPORATE COMPLIANCE PROGRAM
2016 TFHS WORK PLAN**

| | | | ACTION COMPLETION TARGET | | | | STATUS |
|--|-------------|--|--------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| OBJECTIVE / ACTION | Assigned To | GOAL | 1 ST Qtr | 2 nd Qtr | 3 rd Qtr | 4 th Qtr | |
| D. BOD compliance training program | CCO | Annual training at Board of Directors Retreat. | X | | | | |
| E. Directors /Managers compliance training program | CCO | | X | | | | |
| F. Medical staff compliance orientation and compliance training | CEO | | | X | | | |
| G. Bi-monthly communication to staff using the pacesetter | CCO | | X | X | X | X | |
| H. Quarterly communication to physician using the Medical Staff news letter | CCO | | X | X | X | X | |
| 4. Monitor and Audit | | Audit and Monitoring Source | | | | | |
| | | Internal Audit | External Audit | 1ST Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr |
| A. Hospital: Patient admission Criteria/appropriate patient status (2 midnight rule) (OIG WP) | CNO | X | | | | X | |
| B. Hospital: Patient inpatient admission Criteria Certification (CAHS Guidance from CMS) | CNO | X | | | | | X |
| C. Hospital: Physician credentialing | CEO | | X | | | | X |
| D. Audit Skilled Nursing Facility Admission/Continued Stay Certification and documentation requirements (OIG WP) | CNO | X | | | | X | |
| E. Review billing for NPs and PAs for incident-to billing compliance. | CFO | X | | | X | | |

**TAHOE FOREST HOSPITAL SYSTEM
CORPORATE COMPLIANCE PROGRAM
2016 TFHS WORK PLAN**

| | | | ACTION COMPLETION TARGET | | | | STATUS |
|--|-------------|------------------------------------|--------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| OBJECTIVE / ACTION | Assigned To | GOAL | 1 ST Qtr | 2 nd Qtr | 3 rd Qtr | 4 th Qtr | |
| 4. Monitor and Audit (con't) | | Audit and Monitoring Source | | | | | |
| | | Internal Audit | External Audit | 1ST Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr |
| F. Physician payment audit (Medical Director/Preceptor, MSC physicians, ED on call, Hospitalist) | CFO/CCO | X | | X | X | X | X |
| G. Physician Compensation audit to compare collections to physician compensation for MSC and other physicians where TFHD collects for professional services | CFO/CCO | X | | | | X | |
| H. Home Health documentation for PPS (OIG) | CNO | X | | | | X | |
| I. Medical record documentation and CPT coding for prolonged E&M services. | CFO | | X | | X | | |
| J. External Audit for Coding for ICD 10 | CFO | | X | | X | | X |
| K. Annual Compliance Health Stream training (100% staff complete annual system-wide compliance training in Health Stream) | CHR | X | | | | | X |
| L. Annual MSC E/M billing and medical records audit | CFO | | X | | | | |
| 5. Response, Investigation, Corrective Action, Reporting | | | | | | | |
| A. Respond, investigate, and follow up all Hotline calls / complaints within 30 days. | CCO | 100% within 30 days | | | | | Ongoing |
| B. HIPAA 2015 annual report of unauthorized disclosures to HHS | CFO | Timely Submission | X | | | | Completed |

**TAHOE FOREST HOSPITAL SYSTEM
CORPORATE COMPLIANCE PROGRAM
2016 TFHS WORK PLAN**

| OBJECTIVE / ACTION | Assigned To | GOAL | ACTION COMPLETION TARGET | | | | STATUS |
|--|-------------|------------------------|--------------------------|---------------------|---------------------|---------------------|---------|
| | | | 1 ST Qtr | 2 nd Qtr | 3 rd Qtr | 4 th Qtr | |
| 6. Enforcement and Discipline | | | | | | | |
| A. Enforce Exclusion policy for employees, medical staff and vendors | CHR/CCO | 100% | | | | | Ongoing |
| 7. Responding Promptly to Detected Offenses and Undertaking Corrective Action | | | | | | | |
| A. Respond, investigate, and report to State and Federal authorities for HIPAA and other Compliance issues | CCO/CFO | 100% timely completion | | | | | Ongoing |



May 8, 2015

Ms. Crystal Betts
Chief Financial Officer
Tahoe Forest Hospital District
10121 Pine Avenue
Truckee, California 96161

Dear Crystal:

Kaufman, Hall & Associates, LLC ("Kaufman Hall") is pleased to present this proposal to provide Orthopedic business planning services to Tahoe Forest Hospital District (or "Tahoe Forest") as it builds upon the recent efforts of the Orthopedic Advisory Council (the "OAC").

Based on our recent conversation, it is our understanding that the OAC and Tahoe Forest have worked over the course of the last year to develop a vision for the development of an Orthopedics Center of Excellence (the "Orthopedics Center") to secure outstanding orthopedic care in the community. This work has included the formation of an advisory council, significant market analysis, and preliminary evaluation of the potential business case for orthopedic investment. The goal of this program is to accelerate programmatic development and improve the clinical and overall performance of orthopedics services within the community and across a broader regional/"destination" draw. Building upon these work efforts, the OAC and Tahoe Forest are seeking an experienced advisor to help develop a formal business plan for an Orthopedics Center (the "Client Project").

ENGAGEMENT OBJECTIVES

Based on our understanding of the current situation at Tahoe Forest and the goals of the OAC, we have identified the following key Phase I engagement objectives:

1. Review and confirm Tahoe Forest's and the OAC's vision [REDACTED]
2. Building upon the work completed to date, develop a shared, comprehensive analysis of the market, strategic, physician, and financial structure of Tahoe Forest and its orthopedic market. [REDACTED]
3. Develop a preliminary set of initiatives to operationalize the Orthopedics Center business plan [REDACTED]

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May 8, 2015
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Pending a go/no-go decision at the completion of Phase I, Tahoe Forest and the OAC will have the opportunity to conduct a deeper-dive evaluation of the priority options in Phase II. This evaluation will lead to a validation and finalization of the optimal strategy, including an articulation of the potential impacts related to volume, facility, capital, and quality of services provided as well as key risks and critical success factors in the business plan.

Below, we have outlined the proposed scope of services, estimated timing, and overall work plan associated with these objectives.

PROPOSED SCOPE OF SERVICES

Kaufman Hall will approach business plan development with a two-phased process. As part of the process, we see working with several groups that will provide input and drive the assessment and recommendations, including the OAC, interested potential physician/clinical partners, and other relevant parties.

Phase I: Review/Update Current State and Future Opportunity Assessment (COMPLETED)

[REDACTED]

Phase II: Recommended Strategy and Business Plan (pending outcome of Phase I)

This next phase of work is designed to identify, validate, and finalize the prioritized, optimal strategy based on the preliminary set of strategic options/alternatives. Kaufman Hall will work with Tahoe Forest and OAC leadership to articulate the Orthopedics Center's vision, strategies, and major initiatives and [REDACTED]

A description of the work associated with each of these components is presented below.

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

Phase II: Recommended Strategy and Business Plan

This next phase of work is designed to first identify, evaluate, and determine a range of prioritized courses of action for Tahoe Forest's Orthopedics service line and the proposed Orthopedics Center, then validate and finalize the optimal strategy. Kaufman Hall will work with Tahoe Forest leadership to articulate the appropriate Orthopedics service line vision, strategies, and major initiatives [REDACTED]

A. *Preliminary Evaluation of Programmatic Strategic Options and Alternatives*. Based upon the outcomes of the aforementioned work, we will work with Tahoe Forest and the OAC to evaluate the potential Orthopedics service line strategies and potential partnerships in support of the Orthopedics Center strategy. This preliminary scenario development exercise will be based upon a high-level evaluation of each alternative with consideration to:

- Mission impact
- Strategic impact
- Financial impact/capital and other resource requirements
- Market opportunity/competitive differentiation
- Physician capability and alignment

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- Patient care/clinical/quality implications
- Community benefit
- Execution risk

B. Recommended Strategy. Based on the foregoing analysis, Kaufman Hall, working closely with Tahoe Forest management and the OAC, will finalize an overall market, physician, organizational, and clinical strategy roadmap, which will address the following:

1. Vision. A vision of how Tahoe Forest intends to serve the region (and beyond) and the integrated care delivery model for orthopedics services in the near, intermediate, and long term.
2. Service Delivery System and Regional Strategy Definition. We will establish the near-, intermediate-, and longer-term Tahoe Forest Orthopedics service line delivery system model and high-level strategies.
3. Market-Specific. Program/Service-Specific. Physician-Specific. Operating-Specific. and Other Specific Initiatives that Comprise the Service Line and Orthopedics Center Development Plan. We will articulate the major initiatives defined to support the vision and system-wide strategic plan.
4. Operating/Governance Structure. We will outline the range of operational/governance structures that best support successful execution of the vision and strategic plan.

C. Incremental Orthopedics Service Line Financial Impact and Investment Analysis. Kaufman Hall will work with Tahoe Forest to provide high-level financial modeling for each of the core strategies/initiatives to include their expected incremental volumes, revenues, contribution margin, and operating/capital requirements. [REDACTED]

D. Sensitivity Analysis. The foregoing analysis will likely identify areas of sensitivity related to the regional strategies under consideration. Kaufman Hall will test these areas of sensitivity, evaluate the risks associated with the scenarios, and help refine the structure of the approach to implementing the Orthopedics regional strategy at Tahoe Forest.

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PROJECT TEAM

Kaufman Hall has assembled an experienced team, outlined below, to support this engagement. Additional staff resources will be assigned as needed.

| Name | Title | Role |
|------------------------|--------------------------|------------------------------|
| Jody Hill Mischel | Managing Director | Engagement Executive |
| Dan Majka | Managing Director | Financial Planning Lead |
| Walter Morrissey, M.D. | Senior Vice President | Engagement and Clinical Lead |
| Anand Krishnaswamy | Assistant Vice President | Project Manager |

Jody Hill-Mischel, *Managing Director*

Jody Hill-Mischel is a Managing Director of Kaufman Hall and is based in the Los Angeles office, which she directs. With more than 30 years in healthcare consulting, her expertise includes strategic financial and capital planning, strategic options assessment, merger, acquisition, divestiture, and partnership arrangements, and capital and financial advisory services. Ms. Hill-Mischel's clients include healthcare systems, academic medical centers, community medical centers, and physician groups.

Ms. Hill-Mischel has written for healthcare professional journals, including *hfm* magazine, and is a regular speaker on healthcare strategy and finance topics. Recent talks have included educational programs sponsored by the California Hospital Association, the Healthcare Financial Management Association, and the Society for Healthcare Strategy and Marketing Development. Additionally, Ms. Hill-Mischel has been a guest lecturer on healthcare management topics to graduate students at the University of Southern California Health Administration Program.

Prior to joining Kaufman Hall in 1987, Ms. Hill-Mischel was in the healthcare practice of Ernst & Young's Los Angeles office, where she was responsible for financial feasibility studies, business/product line evaluations, long-term care analyses, managed care studies, physician group planning, and capital financing projects. Prior to this, she worked in the finance departments of a major teaching hospital and a four-hospital healthcare system.

Ms. Hill-Mischel has an M.H.A. from Duke University and a B.A. from Cornell University. She also is a CPA.

Daniel Majka, *Managing Director*

Dan Majka is a Managing Director in Kaufman Hall's Los Angeles office and a member of the firm's Financial Planning, Financial Advisory, and Strategy practices. Mr. Majka consults on a national basis for clients, including regional healthcare systems, academic medical centers, and community hospitals. His areas of expertise include the preparation of integrated strategic and

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financial plans, development of capital allocation processes, financial advisory services for debt transactions, and merger and acquisition-related financial analyses. Mr. Majka also is actively involved in development efforts related to Kaufman Hall's ENUFF Software Suite®.

Mr. Majka is a frequent speaker at the meetings of professional associations in the healthcare industry, including the Healthcare Financial Management Association and the American College of Healthcare Executives. His topics include, among others, financial planning and capital allocation for healthcare organizations.

Mr. Majka has an M.B.A. and a Masters of Health Administration from The Pennsylvania State University, and a B.A. from the University of California at Santa Barbara.

Walter W. Morrissey, M.D., *Senior Vice President*

Walter Morrissey, Senior Vice President of Kaufman Hall, has more than 18 years of healthcare experience working as a clinician, strategic advisor, and administrator. He is a member of Kaufman Hall's Strategy practice, and is focused on assisting hospitals and health systems with designing and rationalizing regional delivery networks, clinical and physician alignment strategy, and integrated strategic and financial planning to prepare for the transition to value-based healthcare.

Prior to joining Kaufman Hall, Dr. Morrissey was a Vice President at Sg2, an international healthcare intelligence and consulting firm. He has worked with hospitals, health systems, device manufacturers, and venture firms both in the U.S. and around the world. Dr. Morrissey spent nearly 10 years practicing part-time as a board certified Internist at Hines VA Hospital.

Dr. Morrissey is a frequent speaker at conferences, national meetings, and industry events. He serves on the Clinical Advisory Panel of Sante Health Ventures, a healthcare venture capital firm in Austin, Texas. Dr. Morrissey sits on the Board of Directors of Algonquin State Bank in Algonquin, IL.

Dr. Morrissey received an M.D. from Loyola University Stritch School of Medicine and a Bachelor's degree, *cum Laude*, from the University of Notre Dame. He completed a residency in Internal Medicine at Loyola University Medical Center, and an additional year of clinical training in Loyola's Division of Cardiovascular Disease.

Anand Krishnaswamy, *Assistant Vice President*

Anand Krishnaswamy is an Assistant Vice President in Kaufman Hall's Strategy practice. His responsibilities focus on providing analytical support in the execution of transactions and technical/resource support for practice operation.

Mr. Krishnaswamy previously worked as a Senior Financial Analyst at Lehman Brothers, where he performed mark-to-market valuations for the firm's subprime mortgage lending business and for mergers and acquisitions in the consumer asset space. Mr. Krishnaswamy also was a Senior

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Associate Consultant at Mars & Co., where he modeled and analyzed cost optimization structures in the Northeast and Texas regions for a Fortune 500 consumer products company.

Mr. Krishnaswamy has a J.D. from the Gould School of Law and a Master's of Public Policy from the Sol Price School of Public Policy, both at the University of Southern California. He has a B.S. in Business Administration from Carnegie Mellon University.

PROFESSIONAL FEES, EXPENSES, AND TIMELINE

Given a focused and dedicated effort by all parties, we anticipate Phase I of the engagement can be completed within 90 days, with presentations and communication of the results ongoing after that timeframe as necessary. Total professional fees for Phase I will be \$150,000 and will be invoiced in three consecutive monthly installments of \$50,000 beginning in May 2015.

Upon completion of Phase I, Tahoe Forest and the OAC may decide to conduct a deeper dive and formalize the optimal business plan strategy in Phase II. We anticipate Phase II to be completed within 90 days of the completion of Phase I. Total professional fees for Phase II will be \$150,000 and will be invoiced in three consecutive monthly installments of \$50,000 beginning the month work on Phase II commences.

In addition to professional fees, Kaufman Hall charges for reimbursable travel and office expenses. Travel expenses are billed as incurred and are not subject to markup. Office expenses of \$1,050 per month include report preparation, communication expenses, and express shipments, among other overhead costs. Invoices are sent at the end of each month and are due upon receipt.

Should the scope of services change materially at the request of the Tahoe Forest and/or for reasons outside the control of Kaufman Hall, Kaufman Hall may be entitled to additional fees, but only upon the mutual agreement with Tahoe Forest.

[AUTHORIZATION PAGE FOLLOWS]

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AUTHORIZATION

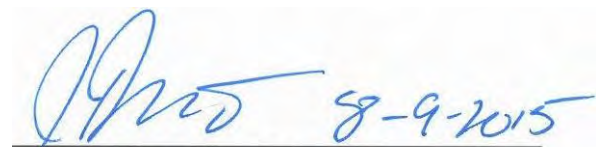
We sincerely appreciate the opportunity to support Tahoe Forest Hospital District and the Orthopedic Advisory Council in its Orthopedic planning process. Your signature below will indicate your agreement with this proposal and the attached terms and conditions, which are incorporated herein by reference. Please sign and return via email. If you have any questions regarding this proposal, please feel free to call us at (847) 441-8780.

Sincerely,
KAUFMAN, HALL & ASSOCIATES, LLC

Agreed To By:
TAHOE FOREST HEALTH SYSTEM



Jody Hill-Mischel
Managing Director



Authorizing Signature / Date

JAKE DORST / CEO

Printed Name / Title



Daniel Majka
Managing Director

JHM/DM:sd
Attachment

cc: Ken Kaufman
Walter W. Morrissey, MD

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STANDARD TERMS AND CONDITIONS FOR CONSULTING SERVICES

The following are the terms and conditions by which Kaufman, Hall & Associates, LLC ("Consultant") will provide services to Tahoe Forest Hospital District ("Tahoe Forest") pursuant to the engagement letter (the "Engagement Letter") to which these Standard Terms and Conditions relate. To the extent there is any conflict or discrepancy between the terms of the Engagement Letter and these Standard Terms and Conditions, these Standard Terms and Conditions shall control.

1. **Compensation.** Tahoe Forest shall pay Consultant the compensation for services and reimbursement for authorized expenses incurred in the performance of services as described in the Engagement Letter. Consultant shall submit invoices for fees and expenses once a month and such invoices shall be due and payable upon receipt thereof or within fifteen (15) days after resolution of invoice errors or disputes, whichever is later. Tahoe Forest will pay upon receipt all portions of an invoice that are not subject to Tahoe Forest's good faith dispute or objection due to error.
2. **Warranties.** Consultant warrants to Tahoe Forest that (i) Consultant will perform services in good faith with qualified personnel in a competent and professional manner in accordance with the terms of the Engagement Letter and these Standard Terms and Conditions and (ii) Consultant warrants that it is not excluded from participation in any federal or state healthcare program for the provision of items or services for which payment may be made under such federal or state healthcare program, and has not arranged or contracted with any employee, contractor, or agent that is excluded from participation in any federal or state healthcare program, to provide items or services hereunder.
3. **Ownership and Use of Materials.** In the course of rendering Services pursuant to the Engagement Letter and these Standard Terms and Conditions, Consultant may create and provide to Tahoe Forest documents which include (i) Client internal data, analyses, recommendations, and similar items (collectively, "Client Content"), and (ii) data and/or recommendations that have been created by Consultant for the benefit of Client as part of the consulting services (collectively, "Consulting Data"). In order to develop the Consulting Data, Consultant may use algorithms, software systems, plans, processes, tracking tools, contract assessment/modeling tools, formulas, or data from 3rd party vendors, and other intellectual property (including the format of Consultant's reports and any improvements or knowledge Consultant develops while performing the Services) that Consultant owns or has the right to use as of or after the date hereof (collectively, "Consultant Tools"). Tahoe Forest shall own, solely and exclusively, the Client Content delivered under the Engagement Letter and any and all of Tahoe Forest's Confidential Information (as defined below) or tangible or intangible property. Tahoe Forest agrees that Consultant shall own, solely and exclusively, all Consultant Tools and all intellectual property rights therein whether or not registerable (including without limitation patents and inventions, trademarks, service marks, logos and domain names and all associated goodwill, copyrights and copyrightable works and rights in data and databases, and trade secrets, know-how and other confidential information). With respect to any Consulting Data that is contained in any documents delivered by Consultant to Client, Consultant grants Tahoe Forest a royalty free, paid up, non-exclusive, perpetual license to use the Consulting Data solely in connection with Tahoe Forest's internal use of the documents and for no other purpose. Tahoe Forest acknowledges and agrees that all Consulting Data (including any advice, recommendations, information, or work product incorporated into the Consulting Data) provided to Tahoe Forest by Consultant in connection with the engagement is for the sole internal use of Tahoe Forest, including all subsidiaries of Tahoe Forest, and may not be used or relied upon by any third party; provided that Tahoe Forest may incorporate into documents that Tahoe Forest intends to disclose externally, Consultant summaries, calculations or tables based on Tahoe Forest information contained in Client Content, but not Consultant's recommendations or findings.

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4. **Confidentiality of Tahoe Forest Information.**

- a. Any and all documentation, data, opinions, information, and communications heretofore or hereafter made or furnished by Tahoe Forest to Consultant or any Consultant subcontractor in connection with the engagement shall remain proprietary to Tahoe Forest and shall be held by Consultant and any Consultant subcontractor in strict confidence and shall not be released, copied, or disclosed by Consultant or any Consultant subcontractor without the prior written consent of Tahoe Forest ("Tahoe Forest Confidential Information").
- b. Upon termination of the engagement, and upon Tahoe Forest's written request, Consultant shall return to Tahoe Forest (or destroy) all copies of Tahoe Forest's Confidential Information or tangible or intangible property provided to Consultant in the course of the engagement.
- c. Notwithstanding the foregoing, Consultant shall be permitted to retain for its records a copy of the Client Content and work papers created by Consultant in the provision of services to Tahoe Forest pursuant to the Engagement Letter for archival purposes. Consultant agrees to be bound by the confidentiality provisions herein for so long as Tahoe Forest's Confidential Information remains in Consultant's possession.
- d. In the event that Tahoe Forest's Confidential Information must be disclosed to comply with any applicable law, order, regulation, or ruling, Consultant shall (if not prohibited by the law, order, regulation, or ruling) give Tahoe Forest prompt notice of the same in order to allow Tahoe Forest to take necessary action, including to seek a protective order, as appropriate, and will cooperate with Tahoe Forest, at Tahoe Forest's expense, in protecting the confidentiality of the confidential information in a lawful manner. Nothing in these Standard Terms and Conditions shall prevent Consultant from complying with all such compelled legal disclosures.
- e. Tahoe Forest's Confidential Information shall not include any information that:
 - i. At the time of disclosure or thereafter is generally available to and known by the public (other than as a result of a disclosure by Consultant in violation of this agreement); or
 - ii. Is received by Consultant on a non-confidential basis from a third-party source which is not and was not bound by a confidentiality agreement with the other party or otherwise prohibited from transmitting such information to Consultant by a contractual, legal, or fiduciary obligation; or
 - iii. Is independently developed by Consultant without reliance on Tahoe Forest's confidential information.

5. **Confidentiality of Engagement Letter.** Tahoe Forest agrees to maintain as confidential, and not release or disclose, the Engagement Letter, including these Standard Terms and Conditions, without the prior written approval of the Consultant. Tahoe Forest agrees to use the same degree of care that Tahoe Forest employs to protect its own confidential information, but no less than a reasonable degree of care. In the event that Tahoe Forest is required to disclose the contents of the Engagement Letter or these Standard Terms and Conditions in order to comply with any applicable law, order, regulation, or ruling, Tahoe Forest shall (if not prohibited by the law, order, regulation, or ruling) give Consultant prompt notice of the same in order to allow Consultant to take necessary action including to seek a protective order, as appropriate, and Tahoe Forest will cooperate with Consultant in protecting the confidentiality of the confidential information in a lawful manner. Nothing in these Standard Terms and Conditions shall prevent Tahoe Forest from complying with all such compelled legal disclosures.

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6. **Audit.** Until the expiration of four (4) years after the furnishing of services pursuant to the engagement, Consultant shall make available upon request of the Secretary of Health and Human Services, or upon request of the Comptroller General, or any of their duly authorized representatives, the Engagement Letter, these Standard Terms and Conditions, books, documents, and records of Consultant that are necessary to certify the nature of the cost claimed to Medicare with respect to the services provided under the engagement.
7. **Independent Contractor.** It is understood and agreed that Consultant is an independent contractor and not an agent, employee, or representative of Tahoe Forest. Any conduct in which Consultant engages in connection with or in the performance of the engagement shall be solely in its capacity as an independent contractor, and nothing in the Engagement Letter or these Standard Terms and Conditions shall be construed to the contrary.
8. **Illinois Law Applies.** The Engagement Letter and these Standard Terms and Conditions shall be governed in accordance with the laws of the State of Illinois, without regard to conflicts of law provisions.
9. **Assignment.** Neither party may assign the Engagement Letter without the written consent of the other party; which consent will not be unreasonably withheld.
10. **Severability.** In the event that any term or provision of the Engagement Letter or these Standard Terms and Conditions shall be held to be invalid, void, or unenforceable, then the remainder of the Engagement Letter and these Standard Terms and Conditions shall not be affected. Upon such determination that any term or provision is invalid, void, or unenforceable, the parties shall negotiate in good faith to modify the affected term or provision to effect the original intent of the parties as closely as possible in a mutually acceptable manner so that the transactions contemplated thereby and hereby may be consummated as originally contemplated to the greatest extent possible.
11. **Waiver; Amendment.** The Engagement Letter and these Standard Terms and Conditions may only be amended, modified, or supplemented by an agreement in writing signed by the duly authorized representative of the parties. No waiver of breach of any provision of the Engagement Letter or these Standard Terms and Conditions by either Tahoe Forest or Consultant shall constitute a waiver of any subsequent breach of the same or any other provision, and no waiver shall be effective unless made in writing and signed by an officer of the other party.
12. **Entire Agreement.** It is understood and agreed that the Engagement Letter and these Standard Terms and Conditions, together with all exhibits and schedules herein, constitute the entire agreement between Tahoe Forest and Consultant regarding the engagement and supersede all other prior or contemporaneous oral and written representations, understandings, or agreements related thereto, including any confidentiality agreements previously entered into, none of which prior or contemporaneous matters shall be binding.
13. **Marketing and Advertising.** After completion of the engagement or upon public announcement, Tahoe Forest acknowledges that Consultant may use Tahoe Forest's name and description of Consultant's services in its marketing materials, or place an announcement in such newspapers, periodicals, and electronic media, including, but not limited to, website postings and other media as it may choose, stating that Consultant has acted as the advisor to Tahoe Forest in connection with the engagement contemplated herein. Tahoe Forest shall have the right to approve the first use of any such advertisement; however, Tahoe Forest agrees that such consent will not be required for Consultant to merely identify Tahoe Forest as a client or as a client in connection with the services.

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14. **Form of Signature.** The parties agree that the Engagement Letter and these Standard Terms and Conditions shall be deemed fully executed by affixing a duly authorized Tahoe Forest representative and a duly authorized Consultant representative signature to the Engagement Letter attached hereto, whether by original, electronic, or facsimile signature.
15. **Responsibilities, Liabilities, and Indemnification.** Tahoe Forest recognizes that this engagement is not intended to shift to Consultant risks that are normally borne by Tahoe Forest. It is therefore understood and agreed that:
 - a. Consultant's services may include advice and recommendations, but all decisions to implement or not implement any such advice and recommendations shall be the sole responsibility of, and made solely by, Tahoe Forest. Tahoe Forest shall make all management decisions on its own behalf and shall designate individual(s) who possess suitable skill, knowledge, and experience to oversee the engagement and evaluate Client Content on Tahoe Forest's own behalf. Tahoe Forest will cooperate with Consultant in the performance of services under the engagement and will provide or arrange to provide timely access to and use of Tahoe Forest personnel, facilities, equipment, data, and information to the extent necessary for Consultant to perform the services under the engagement. Tahoe Forest acknowledges that Consultant will base its conclusions and recommendations on the material, data, and information furnished by Tahoe Forest and third parties, and Consultant has no responsibility to independently validate such material, data, and other information, and may rely upon the accuracy and completeness of such data, material, and other information, and Consultant does not warrant that any particular result will occur.
 - b. Tahoe Forest further understands that certain statements and recommendations made by the Consultant will be based on or may contain projections and forward-looking statements, including, without limitation, statements as to trends, Tahoe Forest management's or the Consultant's beliefs and expectations regarding future circumstances and events, and opinions (based upon a number of assumptions and recommendations) that ultimately may prove to be inaccurate. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on current beliefs, expectations and events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Tahoe Forest's actual results may differ materially from those indicated in the forward-looking statements. Consultant undertakes no obligation to update any forward-looking statement.
 - c. Except as otherwise provided in Paragraph (d) below, in no event shall Consultant's liability to Tahoe Forest (whether for services provided under this engagement or otherwise) exceed the amount of payments that Consultant actually receives from Tahoe Forest for this engagement. Tahoe Forest agrees that this limitation applies: (i) regardless of the nature of the claim, whether alleged as a breach of contract, tort, negligence, strict liability, or any other legal theory; (ii) whether or not Tahoe Forest has been advised of the possibility of such damages; and (iii) notwithstanding any failure of essential purpose of any limited remedy provided. In no event shall Consultant be liable to Tahoe Forest for any lost profits, or for any indirect, special, consequential, reliance, incidental, or punitive damages whatsoever.
 - d. Consultant will indemnify, hold harmless, and defend (by employment of competent legal counsel selected by Consultant reasonably acceptable to Tahoe Forest), Tahoe Forest, and any of its employees, officers, directors, representatives, and other agents, from and against any and all claims, demands, actions, losses, liabilities, costs, and expenses of any kind or

KaufmanHall

nature whatsoever (including, without limitation, reasonable attorney's fees and expenses) (hereinafter individually and collectively referred to as "Claims") that arise out of, or are directly or indirectly related to, physical injury or damage to tangible personal property that is suffered by a third party and which is/are directly and proximately caused by the negligent or intentional act or omission of Consultant or any employee or agent of Consultant while physically present on the premises of Tahoe Forest.

- e. Tahoe Forest will indemnify, hold harmless, and defend (by employment of competent legal counsel selected by Tahoe Forest reasonably acceptable to Consultant) Consultant, and any of its employees, officers, directors, representatives, and other agents, from and against any and all Claims that arise out of, or are directly or indirectly related to the Client Project.
- f. Except as provided in Paragraph 15.d of these Standard Terms and Conditions, Tahoe Forest agrees to pay all costs and expenses that are incurred by Consultant (including expenses of Consultant's counsel) to deal with or otherwise respond to any regulatory inquiries, legal investigations, or other legal process of any kind that is connected with, arises out of, or relates to any services provided by Consultant to Tahoe Forest, unless Consultant is a party to the proceedings or is the subject of the investigation.
- g. Indemnifying party may not agree to settle or dispose of any claims against an indemnified party if such settlement or disposal imposes an affirmative obligation on the indemnified party, except with indemnified party's express written consent.

16. **Data Submissions.** Consultant may from time to time, in support of the Engagement, require data files from Tahoe Forest. Consultant and Tahoe Forest agree to the following:

- a. Consultant will not accept any file that contains a person's Social Security Number ("SSN") or patient name;
- b. Consultant will only accept Protected Health Information ("PHI" as defined by the HIPAA/HITECH rules 45 C.F.R. Parts 160 and 164) if such PHI is required to provide the consulting services described in the Engagement Letter;
- c. Files received by Consultant containing SSN, patient name, or unnecessary PHI will be deleted from all locations in the Consultant's email, network, website, and computers and Tahoe Forest will receive email notification of the steps taken;
- d. If Consultant has been or is granted access to PHI, Consultant and Tahoe Forest shall enter into a mutually agreeable, HIPAA/HITECH compliant Business Associate Agreement prior to Consultant receiving any data that includes PHI; and
- e. Consultant will only accept files containing PHI via Consultant's FTP site or Tahoe Forest's FTP site and:
 - 1. These files must require a password to open which needs to be sent to the Consultant representative via a separate email; and
 - ii. These files must contain only the minimum necessary data for Consultant to provide the services described in the Engagement Letter.

Failure by either party to comply with the provisions of this Section 16 may result in a Security Incident as such is defined in the HIPAA/HITECH rules.



GOVERNANCE COMMITTEE AGENDA

(Revised on 01/19/2016 at 9:59 a.m.)

Wednesday, January 20, 2016 at 12:00 p.m.
Tahoe Conference Room - Tahoe Forest Hospital
10054 Pine Avenue, Truckee, CA.

1. **CALL TO ORDER**

2. **ROLL CALL**

Karen Sessler, M.D., Chair; Greg Jellinek, M.D., Board Member

3. **CLEAR THE AGENDA/ITEMS NOT ON THE POSTED AGENDA**

4. **INPUT – AUDIENCE**

This is an opportunity for members of the public to address the Committee on items which are not on the agenda. Please state your name for the record. Comments are limited to three minutes. Written comments should be submitted to the Board Clerk 24 hours prior to the meeting to allow for distribution. Under Government Code Section 54954.2 – Brown Act, the Committee cannot take action on any item not on the agenda. The Committee may choose to acknowledge the comment or, where appropriate, briefly answer a question, refer the matter to staff, or set the item for discussion at a future meeting.

5. **APPROVAL OF MINUTES OF: 12/16/2015**

6. **CLOSED SESSION**

6.1. **Approval of Closed Session Minutes: 12/16/2015**

7. **ITEMS FOR COMMITTEE DISCUSSION AND/OR RECOMMENDATION**

7.1. **Governance Committee Education**

Hooper, Lundy & Bookman will present committee education on Physician Compensation and Fair Market Value.

7.2. **2016 Corporate Compliance Program Annual Work Plan Review..... ATTACHMENT**

Committee will review the proposed 2016 Corporate Compliance Program Annual Work Plan.

7.3. **Board Retreat Update**

Committee will receive an update on the February 1-2, 2016 Board Retreat.

7.4. **Contracts ATTACHMENT**

New, amended, and auto renewed contracts are submitted to the Governance Committee for review and consideration for recommendation of approval by the Board of Directors.

7.4.1. Wicks - Physician Recruitment Agreement for Conditional Loan Repayment 2016

7.4.2. Wicks - TFH Call Coverage Agreement 2016

7.4.3. Wicks - Professional Services Agreement-MultiSpecialty Clinics 2016

8. **REVIEW FOLLOW UP ITEMS / BOARD MEETING RECOMMENDATIONS**
9. **NEXT MEETING DATE**
10. **ADJOURN**

*Denotes material (or a portion thereof) may be distributed later.

Note: It is the policy of Tahoe Forest Hospital District to not discriminate in admissions, provisions of services, hiring, training and employment practices on the basis of color, national origin, sex, religion, age or disability including AIDS and related conditions.

Equal Opportunity Employer. The meeting location is accessible to people with disabilities. Every reasonable effort will be made to accommodate participation of the disabled in all of the District's public meetings. If particular accommodations for the disabled are needed (i.e., disability-related aids or other services), please contact the Executive Assistant at 582-3481 at least 24 hours in advance of the meeting.



PERSONNEL COMMITTEE AGENDA

Thursday, January 14, 2015 at 10:00 a.m.
Tahoe Conference Room, Tahoe Forest Hospital
10054 Pine Avenue, Truckee, CA

1. CALL TO ORDER

2. ROLL CALL

Charles Zipkin, M.D., Chair; Dale Chamblin, Board Member

3. CLEAR THE AGENDA/ITEMS NOT ON THE POSTED AGENDA

4. INPUT – AUDIENCE

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5. CLOSED SESSION

5.1. Approval of Closed Session Minutes of: 11/03/2015

6. OPEN SESSION

7. APPROVAL OF MINUTES OF: 11/03/2015..... ATTACHMENT

8. ITEMS FOR COMMITTEE DISCUSSION AND/OR RECOMMENDATION

8.1. Board Policy Review

Committee will review the following policies as part of the Board’s policy review:

8.1.1. ABD-01 Board CEO and Employee Performance Evaluation..... ATTACHMENT

8.1.2. ABD-02 TFHD Chief Executive Officer Compensation ATTACHMENT

8.1.3. AHR-107 Discretionary Incentive Compensation Plan ATTACHMENT

8.2. CEO Compensation Goals Review ATTACHMENT*

Committee will discuss and consider CEO’s Compensation Goals.

8.3. CEO Evaluation Process ATTACHMENT

Committee will discuss an improved process for the CEO evaluation tool.

8.4. Health Plan Changes ATTACHMENT

Committee will receive an update on the recent change in the District’s benefits administrator.

8.5. Employee Associations Update

Committee will receive an update on recent negotiations with the Employee Associations.

9. REVIEW FOLLOW UP ITEMS / BOARD MEETING RECOMMENDATIONS

10. NEXT MEETING DATE

-Personnel Committee will discuss a date for the Retirement Subcommittee to meet in February.

11. ADJOURN

*Denotes material (or a portion thereof) may be distributed later.

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Equal Opportunity Employer. The meeting location is accessible to people with disabilities. Every reasonable effort will be made to accommodate participation of the disabled in all of the District's public meetings. If particular accommodations for the disabled are needed (i.e., disability-related aids or other services), please contact the Executive Assistant at 582-3481 at least 24 hours in advance of the meeting.



FINANCE COMMITTEE AGENDA

Thursday, January 21, 2015 at 9:00 a.m.
Foundation Conference Room, Tahoe Forest Hospital
Donner Pass Road, Truckee, CA

1. **CALL TO ORDER**
2. **ROLL CALL**
Dale Chamblin, Chair; Greg Jellinek, M.D., Board Member
3. **CLEAR THE AGENDA/ITEMS NOT ON THE POSTED AGENDA**
4. **INPUT – AUDIENCE**
This is an opportunity for members of the public to address the Committee on items which are not on the agenda. Please state your name for the record. Comments are limited to three minutes. Written comments should be submitted to the Board Clerk 24 hours prior to the meeting to allow for distribution. Under Government Code Section 54954.2 – Brown Act, the Committee cannot take action on any item not on the agenda. The Committee may choose to acknowledge the comment or, where appropriate, briefly answer a question, refer the matter to staff, or set the item for discussion at a future meeting.
5. **APPROVAL OF MINUTES OF: 11/19/2015ATTACHMENT**
6. **ITEMS FOR COMMITTEE DISCUSSION AND/OR RECOMMENDATION**
 - 6.1. Financial Reports:
 - 6.1.1. Financial Report – December 2015ATTACHMENT
 - 6.1.2. Quarterly Review Financial Status of Separate EntitiesATTACHMENT
 - 6.1.3. Quarterly Review of Revenue Payor Mix.....ATTACHMENT
 - 6.1.4. TIRHR Expenditure Report.....ATTACHMENT
 - 6.2. Board Education and Updates
 - 6.2.1. Investment Information from Gary Hicks
7. **REVIEW FOLLOW UP ITEMS / BOARD MEETING RECOMMENDATIONS**
8. **AGENDA INPUT FOR NEXT FINANCE COMMITTEE MEETINGATTACHMENT**
9. **NEXT MEETING DATEATTACHMENT**
10. **ADJOURN**



Board Informational Report

By: Harry Weis
CEO

DATE: 1/21/16

First, I want to say a big thank you to our entire team including our physicians for the tremendous work and long hours in many cases to serve our communities and a very large increase in our local population due to great snow this winter. A lot of extra time has been expended even on Holidays to care for the healthcare needs of a greatly enlarged community. Our local area and our state badly need above average moisture for several years.

Important update from the Tahoe Institute for Rural Health Research, LLC (TIRHC).

The board of this LLC met, regarding cash call funding which is needed no later than 2/29/16 for one of the product innovations that the district owns a 49% interest in. I as CEO of TFHD recommended to this board that the hospital district not be asked to participate in this late February cash call. The LLC board voted to not ask TFHD for cash call funding which will lower the TFHD interest in this innovation several percentage points. This does not imply that this new healthcare tool that is being developed to improve rural and urban healthcare isn't a wonderful tool.

Important Objective – getting to know the TFHD team and the Community.

I continue to meet with many individuals in our community in one on one and in large group settings as we work to listen to their views of our strengths and weaknesses and to share that we are committed to the highest ethics, quality and compassion in all we do and to hear gaps or opportunities to improve in serving the healthcare needs of our community. We are also meeting with other healthcare providers/healthcare systems to contemplate areas of collaboration as well.

I have also met with the Health Department leadership this week from both Nevada and Placer Counties to discuss opportunities to work together to better meet healthcare needs in our region.

I'm actively going out to all of our care sites to visit our teams and have a bit more to do in this area, in addition to weekly rounding in our organization.

This objective will remain a very high priority for me as long as I work here at Tahoe Forest.

Strategic Initiative 5.3: Explore potential opportunities to collaborate with local medical providers to improve healthcare delivery.

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INCLINE VILLAGE COMMUNITY HOSPITAL • 880 ALDER AVENUE • INCLINE VILLAGE, NEVADA 89451-8215 • 775/833-4100

I have met with ECG Consulting to review their work on a new and improved, more aligned vertically integrated healthcare system, which in my view is an imperative for success in the years ahead even if the Affordable Care Act is repealed or if it moves forward to many new versions of care. This is a foundational model that will work well in all of these settings.

In addition late this week we are beginning a medical staff assessment of our strengths and weaknesses, as developing the “very best practice model” for Tahoe Forest Health System in our physician services programs is truly the most important strategy we can undertake and it has a very high urgency.

Also coupled very closely to working on our physician serviceline is developing rapidly a multi-year master plan for all of the clinical, physician and overhead services and parking needs that presently exist or will exist in the near future.

Strategic Initiative 4.1 & 4.3:

Develop a long range IT EMR plan (3 to 10 years) to optimize potential strategic technology investments and execute after approval from the Board of Directors.

I continue to work with our CIO and others on our team, and I want to thank our CIO for also stepping in and leading out in our physician service line as our Director of that area left a few weeks ago and we are actively looking for new interim to permanent, very experienced leadership in our physician services.

In IT we have many software applications in the works that are critical to our operations but most importantly we continue to work very hard on the very best electronic medical record with the lowest possible price that can seamlessly reach across our physician services, and any OP or IP hospital services. This area also remains a top priority.

Improvement Opportunities:

To follow up on a request by the board last month, we have reviewed best practices in our industry in the area of Compliance. We strongly believe, based on best practice information out there that the Compliance Committee as a critical multidisciplinary committee across system, should not have Board of Director membership on it and that the best practice role of the Board of Directors is to make sure that we spend sufficient time in our Governance Committee to cover any and all Compliance matters for the system.

My comfort level is really growing with the ongoing Compliance program here at TFHS and I’m pleased to see our Corporate Compliance Plan for 2016 as well. I also believe in a small system it’s optimal to have outsourced Compliance expertise where they are really staying up with all of the latest changes in rules and regulation in CA and across the country coupled with strong support staff here within our system. I believe this gives us a very strong program at an efficient cost level. The next few years will see the fast market force changes and possibly a quickened pace of regulatory changes as well.

We have had turnover in our Contracts oversight area and we have a new team member assisting in that area.

We have turnover in our medical staff so we are actively looking to recruit right now in Pediatrics and in ENT and we are also looking for a Urologist as well, a service gap we've had for many years.

Areas of Innovation:

Innovation and revolutionary change will be the key words to best describe the next 4 to 10 years in healthcare. So it's critical that we remain nimble, and fully willing to reinvent ourselves each and every year to provide optimal compassionate care for our patients and to be sustainable. I've seen many innovations over the years come from small settings that greatly assisted in improving the healthcare of that local region but also made a positive impact on healthcare nationwide. I believe our affiliation with UC Davis is very important, that our Rural Health Research Institute is very important and there are many dividends from having this affiliation with UC Davis only one of which that we are afforded an option to build a model of care with our physicians in a more aligned model of care based solely on the fact we have this relationship. I remain truly excited by the rare talent that exists in this community to pursue thoughtful innovations in healthcare.

Partial list of other activities in the weeks ahead:

CA has a new WAIVER agreement with the Centers for Medicare and Medicaid Services (CMS) that extends from 2016 to 2020 and we will rapidly learning as a team how we can participate in this as a District Hospital in CA. This is very important for us and for the UC Hospitals in CA, for County safety net hospitals in CA and for District hospitals in CA.

We will provide some education on this topic in the future as well as we are spending time to learn all of the attributes of this new program.

We have many more activities that have been noted in other sections above.



Board CNO/COO Report

By: Judith Newland

DATE: January, 2016

Strategic Initiative 1. Patient Safety and Quality

- Congratulations to the Tahoe Forest Health System's Women and Family Center who have been named with the Women's Choice Award for *America's Best Hospitals for Obstetrics*. This award is given to hospitals that demonstrate extraordinary service in meeting the needs of women and their families, and set higher healthcare standards by appreciating the unique needs and preferences of female patients. This is the second time Tahoe Forest Hospital has been named with the Women's Choice Award for *America's Best Hospitals for Obstetrics*. The Women and Family Center has a family-centered focus and has a comprehensive perinatal services program that provides individualized support services, teaching, referrals and consultations to expectant mothers and their families. Thank you to the hospital and medical staff of the Women and Family Center for their commitment and dedication to providing this outstanding service to our community, patients and families.

Strategic Initiative 1.2. Conduct patient satisfaction, Achieve HCAHPS 90% top box

- The Service Excellence Performance Improvement Team has been active to continually improve our patient satisfaction scores. A focused area has included providing a quiet environment for the patient. The Nursing Quality Council is developing a policy and procedure for a hush hour mid day in which all staff and visitors respect quiet time for the patient. The ICU has implemented processes to decrease noise of the unit.

Strategic Initiative 7.3. Develop and expand philanthropic and volunteer service.

- Updating of the second floor medical office space continues at Incline Village Community Hospital. The updated is supported by the generosity of the Incline Village Community Hospital Foundation (IVCHF). The update is to increase access to healthcare, redesign office workflow and improve population health. Phase I of the project has been completed with the increase and redesign of exam room space along with facility improvements such as flooring and painting. Next steps in the construction project is improving the HVAC system for the patient isolation room and waiting rooms along with improvement of the nurse's stations. Thank you to the IVCHF and the community of Incline Village/Crystal Bay for their ongoing commitment and support towards the improvements of IVCH.



By: Jake Dorst
CIO

DATE: 12/16/2015

STRATEGIC INITIATIVE 4.0

Gaffey

- Working with Iatric/Gaffey and Business office. Built the spreadsheets for CPSI to run a script to set all Bad Debt with a credit code so we have a flag to identify them and separate them from the AR.

CPSI/Evident patch Testing

- We will not get the lab tab back before beginning of March when the Lab system goes Live.
- DRG reports for ICD-10 do not work. Patch will correct the issues in March.

Share Point and InfoPath

- Building test server.
- Project request for Policy Tech sent to Project team.

Security

- Password Change-
 - First Group completed
 - Preparing for the next group on the January 25th
 - 90 Day policy will be applied.
- Network team is doing the four hour sequester to work on their projects from 12:30pm to 4:00pm each day.

Equipment

- Working on a plan to roll out PC's in the Business Office with the new image if CER is approved. We will have to image the new ones and pull out the ones that have been deployed and then reimage those. Will improve productivity in BO.

RFI

- Renown-
Site visit for Surgical Services (January 14) went well. Feedback was positive. Nothing was identified as a problem.
- Physicians Site visit (Feb 9) planning underway.
- First meeting to discuss Data Conversion needs scheduled
- To meet with Renown Cornerstone Consultants next week

Varian Unexpected Downtime due to Server Crash

- Cross training Mark Brown's role to Sarah and Barb. Found that we have too many areas where Mark is the only resource for the software. Scheduled for next week. Written root cause and future mitigation plan to be developed

Soft Lab Project

- Possibly delay due to lab resources for testing. Two members of the validation team may have to staff lab due to an unexpected LOA and FMLA in lab.
- Build and interface work underway.

PICIS Scheduling for SurgiCenter

- Awaiting pricing from PICIS after call on 1/7/16 for full PICIS assistance on set up.
- Kate is researching standalone systems including MedBridge which is their billing software.

Varian Direct Messaging for MU2

- Troubleshooting blank documents

VSS Pro→Schedule Anywhere

- Per Hospitalists meeting the physicians do not like the use of this for their on call scheduling.
- Jen to meet with Judy and Kathryn and see what options are.

M Modal Computer Assisted Coding

- Live with E Forms interface this week.
- To be fully live on Jan 19th.

MediMobile

- Dr. Barta, Dr. Samelson and Dr. Standteiner agreed to become the pilot group.
- Jen gave brief overview at Hospitalist meeting
- Webex demo completed

Automate Varian Pharmacy Charges

- Beginning project to automate pharmacy charges Varian to CPSI.
- Currently chemo and all pharmacy changes for Cancer center manually entered into CPSI.

Tahoe Forest Hospital District

Board of Directors Meeting Evaluation Form

Meeting Date: _____

Return completed form to the Board President

| | | Exceed Expectations [5] | [4] | Meets Expectations [3] | [2] | Below Expectations [1] |
|---|--|-------------------------------|-----|------------------------------|-----|------------------------------|
| 1 | Overall, the meeting agenda is clear and includes appropriate topics for Board consideration | 5 | 4 | 3 | 2 | 1 |
| 2 | The consent agenda includes appropriate topics and worked well | 5 | 4 | 3 | 2 | 1 |
| 3 | The Board packet & handout materials were sufficiently clear and at a 'governance level' | 5 | 4 | 3 | 2 | 1 |
| 4 | Discussions were on target | 5 | 4 | 3 | 2 | 1 |
| 5 | Board members were prepared and involved | 5 | 4 | 3 | 2 | 1 |
| 6 | The education was relevant and helpful | 5 | 4 | 3 | 2 | 1 |
| 7 | Board focused on issues of strategy and policy | 5 | 4 | 3 | 2 | 1 |
| 8 | Objectives for meeting were accomplished | 5 | 4 | 3 | 2 | 1 |
| 9 | Meeting ran on time | 5 | 4 | 3 | 2 | 1 |

Please provide further feedback here: