



TAHOE FOREST HOSPITAL DISTRICT

# 2016-06-15 Board Governance Committee

Wednesday, June 15, 2016 at 8:00 a.m.

Tahoe Conference Room - Tahoe Forest Hospital

10054 Pine Avenue, Truckee, CA 96161

# Meeting Book - 2016-06-15 Board Governance Committee

06/15/16 Governance Committee

## AGENDA

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### 7.2. Committee Education

Materials will be distributed at (or prior to if available) the meeting. Item will be pulled if materials from counsel are not ready.

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# GOVERNANCE COMMITTEE

## AGENDA

Wednesday, June 15, 2016 at 8:00 a.m.  
Tahoe Conference Room - Tahoe Forest Hospital  
10054 Pine Avenue, Truckee, CA 96161

1. **CALL TO ORDER**

2. **ROLL CALL**

John Mohun, 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. **CLOSED SESSION**

5.1. **Approval of Closed Session Minutes: 04/20/2016**

6. **APPROVAL OF MINUTES OF: 05/18/2016**

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

7.1. **Contracts**

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.

- 7.1.1. **John Foley, M.D. – Physician Professional Services Agreement** ..... ATTACHMENT
- 7.1.2. **Christopher Arth, M.D. – Physician Professional Services Agreement**..... ATTACHMENT
- 7.1.3. **Else Uglum, M.D. – Physician Professional Services Agreement** ..... ATTACHMENT
- 7.1.4. **Oleg Vayner, M.D. – Physician Professional Services Agreement** ..... ATTACHMENT
- 7.1.5. **Lisanne Burkholder, M.D. – Amendment to Professional Services Agreement for Multi-Specialty Clinics and Hospitalist Services** ..... ATTACHMENT
- 7.1.6. **Joshua Scholnick, M.D. – Second Amendment to Professional Services Agreement for Multi-Specialty Clinics and Hospitalist Services** ..... ATTACHMENT
- 7.1.7. **Sierra MultiSpecialty Medical Group, Inc. – Second Amendment to Professional Services Agreement for Multi-Specialty Clinics and Hospitalist Services** ..... ATTACHMENT
- 7.1.8. **Greg Tirdel, M.D. – Second Amendment to Professional Services Agreement for Multi-Specialty Clinics and Hospitalist Services** ..... ATTACHMENT
- 7.1.9. **Nina Winans, M.D. – Amendment to Professional Services Agreement for Multi-Specialty Clinics**..... ATTACHMENT

- 7.1.10. **Stephen Forner, M.D. – Amendment to Professional Services Agreement for Multi-Specialty Clinics**..... ATTACHMENT
- 7.1.11. **Ellen Cooper, M.D. – Amendment to Agreement to Provide Coverage of Emergency Department Professional Services** ..... ATTACHMENT
- 7.1.12. **Jeff Camp, M.D. – Second Amendment to Provide Coverage of Emergency Department Professional Services** ..... ATTACHMENT
- 7.1.13. **Silver State Hearing and Balance, Inc. – Amendment to Professional Services Agreement for Multi-Specialty Clinics**..... ATTACHMENT

**7.2. Committee Education**

- 7.2.1. **Health & Safety Code § 32125(b)** ..... ATTACHMENT\*

**8. REVIEW FOLLOW UP ITEMS / BOARD MEETING RECOMMENDATIONS**

**9. NEXT MEETING DATE**

The next Governance Committee meeting is scheduled for July 20, 2016 at 8:00 a.m.

**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.



# GOVERNANCE COMMITTEE

## DRAFT MINUTES

Wednesday, May 18, 2016 at 12:00 p.m.  
Tahoe Conference Room - Tahoe Forest Hospital  
10054 Pine Avenue, Truckee, CA 96161

### 1. CALL TO ORDER

Meeting was called to order at 12:02 p.m.

### 2. ROLL CALL

Board: John Mohun, Chair; Greg Jellinek, M.D., Board Member

Staff: Harry Weis, CEO; Jake Dorst, CIO; Judy Newland, CNO/COO; Ted Owens, Director of Governance; Stephanie Hanson, Compliance Analyst; Tammi Allowitz, Contracts Coordinator; Gayle McAmis, MSC; Martina Rochefort, Clerk of the Board

Other: David Ruderman, Assistant General Counsel; Jim Hook, The Fox Group

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

No changes were made.

### 4. INPUT – AUDIENCE

No public comment was received.

### 5. APPROVAL OF MINUTES OF: 04/20/2016

Director Mohun approved the April 20, 2016 Governance Committee minutes.

### 6. ITEMS FOR COMMITTEE DISCUSSION AND/OR RECOMMENDATION

#### 6.1. Committee Education

##### 6.1.1. Health and Safety Code § 32125(b)

General Counsel provided the Governance Committee with education on Health and Safety Code § 32125(b).

Director Jellinek provided historical background on the question of whether or not a discount could be offered to local taxpayers.

General Counsel spoke with David Henninger of Hooper, Lundy & Bookman about the code which has been in existence since 1945.

State statutes are trumped by Federal laws and Federal laws are trumped by the Constitution.

Matter of equal protection cannot distinguish between residents and non-residents.

The District has contracts with insurance companies and is obligated under Medicare and Medi-Cal to charge the same. There are contractual and regulatory reasons the District would not offer a discount to local residents.

Mr. Ruderman stated Mr. Henninger at Hooper, Lundy and Bookman had cited the Anti-Kickback statute has been interpreted to apply to benefits as well. There are no safe harbors under the Anti-Kickback statute.

There are restrictions in the form of the Anti-Kickback statute as well as Medi-Cal and Medicare statutes.

Director Jellinek asked if the discount could be limited to commercial or cash patients.

Director Mohun stated the statute is still valid and would like a memo from legal counsel to make the Board Members job easier when speaking with the public.

Changes to the Health and Safety Code have occurred since its inception. Counsel would need to do more research on the legislative intent.

Discussion was held about having a written legal opinion so that Board Members have the information when taxpayers inquire about a discount.

Director Mohun commented the District may need to reevaluate its contract with insurance companies.

General Counsel will prepare a written opinion per the Governance Committee's direction.

Director Jellinek stated the District already has different rates for commercial and cash payors. CEO responded that the retail charge structure is identical but reimbursement payments to the District could be different. The District has a robust charity policy. The District's charges meet the Federal criteria of Title 18 and Title 19.

Jim Hook provided a real world example of 2 pharmacies in a small town that was charging cash payors differently.

Public comment was received from Mark Spohr, Lynn Larson and Gaylan Larson.

Director Jellinek commented most hospitals do not post their prices. CEO responded that the State of California has a process for posting pricing. The public is able to see the District's prices and view pricing for the top 25 procedures.

Director Mohun felt the standard is moving toward price transparency.

Public comment was received from Mark Spohr and Lynn Larson.

Governance Committee directed General Counsel to opine on offering a discount to local taxpayers.

## **6.2. Contracts**

### **6.2.1. Presentation on Upcoming Physician Contract Renewal Structure**

Gayle McAmis presented *Physician Compensation FY17 Overview of the Options*.

The goals of compensation model have not changed.

Ms. McAmis reviewed how the District's current compensation model stacked up:

- All contracts built on the current platform have been within Fair Market Value (FMV).
- Current model does not have benefits built in which makes it difficult to attract and retain physicians.
- Current model is aligned with productivity goal but lack incentives to encourage and reward quality.
- The model has applied to all physicians working more than half time.
- The benefit allowance is not well understood.
- Current model is not perceived as a production-based model.

Director Mohun commented that no other hospitals can employ physicians.  
CEO replied that other hospitals offer benefits through a managed group.

Director Jellinek inquired if a benefits package would flow with the 1206b clinic set up.

CEO stated as the District matures its model (i.e. Newco) a benefit structure could be put in place to give them group buying power.

Director Mohun commented that the ratio of those who leave us to those that stay is low.

CEO spoke of a recent IVCH physician that recently left for Renown Medical Center in Reno. Physicians are concerned for quality of life and their last 10 years of practice.

Director Mohun stated it is a great idea to give physicians a pool to access benefits as we do not have an economy of scale.

Director Jellinek inquired how the District should generate huge income streams when it is rural.

Ted Owens commented that Truckee is not as rural as we think. The District could serve 40,000 on a Wednesday and then have to flex on a weekend to serve 140,000 people.

Ms. McAmis highlighted the 15% benefit allowance made the Pediatric physicians (for example) feel like they were getting paid fairly at 100% of MGMA even though they did not have benefits.

Director Jellinek stated the quality of life offered by the surrounding area should be worth something.

CEO spoke of state legislation coming up for Critical Access Hospitals to be able to employ physicians.

Specific changes made to the model will be to use National rather than Western Region data and use the published median ratio of compensation to WRVUs rather than median compensation divided by median WRVUs. There is opportunity to incorporate incentives for patient satisfaction, quality and

operational metrics.

Ms. McAmis discussed how the transition to a new model would be managed when physician anxiety is already at a high level and an overhaul of the compensation model could further increase anxiety. The solution was to offer the physicians a choice between compensation models. Feedback from physicians was that they would like a multi-year deal.

Director Mohun felt the physicians should be educated as to how contracts are decided by the Board. He also felt the FMV report should be disclosed to the physicians and that they should not have any anxiety.

Ms. McAmis described the two options presented to the physicians.

Option A is payment per WRVU with a customized benefit allowance and incentive component.

The benefit allowance (reviewed by ECG and Hooper, Lundy & Bookman) has a fixed amount covering malpractice allowance, taxes, health insurance, CME and life/disability/other insurance. The benefit allowance also includes a variable amount for retirement and Medicare taxes.

Option B has the same structure as the current compensation platform; however, there is an optional reduction to base compensation to fund a bonus pool (up to \$7,500) which is matched by the hospital.

The Option B incentive bonus uses four key metrics: Meaningful Use, patient satisfaction, timely chart completion and PQRS. The idea is that what is measured is what matters.

Each physician has been presented with this information.

Director Jellinek asked if the model would be going forward or retro. Ms. McAmis clarified the model is for new contract renewals coming up in July.

There is a “slacker” clause which addresses if a physician fell below 90% of their production target.

Administration believes 8 or 9 physicians out of 12 will choose option A.

The goal is to reward progress. This change in physician compensation will create changes to workflow that will improve results and financial incentives that will change behavior.

#### **6.2.2. Gerald Schaffer – Professional Services Agreement Amendment**

The amendment for Dr. Schaffer is an extension of his current contract.

Dr. Shaffer previously expressed he would like to reduce to part time once the District recruits a Gastroenterologist.

*Director Jellinek departed the meeting at 1:46 p.m.*



### **6.2.3. Ellen Cooper – Professional Services Agreement Amendment**

Dr. Cooper's Professional Services Agreement Amendment is similar to Dr. Schaffer's amendment.

The amendment is a two year extension of the current contract.

*Director Jellinek returned to the meeting at 1:49 p.m.*

Tom Wright stated it was prudent for the General Surgeons to have a contract that is not production based as they do not control surgery production.

CEO stated the District would not be able to retain General Surgeons if they were forced into a production contract.

The amendment has a pay increase of 3.6%. Ms. McAmis confirmed this increase is still within Fair Market Value.

### **6.2.4. Julie Conyers – Professional Services Agreement Amendment**

Discussion was held that Dr. Conyers' Professional Services Agreement Amendment is the same as Dr. Cooper.

## **6.3. Policy Review**

### **6.3.1. ABD-21 Physician and Professional Service Agreements**

Discussion was held on ABD-21 Physician and Professional Service Agreements policy.

The policy is currently a work in process. A phrase was added regarding the CEO not signing a contract until after the Board approves it.

Director Mohun inquired if the wording under section 2.2.2.7.1. should be locked in. Ms. McAmis clarified it refers to base compensation.

Discussion was held about changing "shall" to "may" under section 2.2.2.3.

Director Mohun inquired if production based language should be addressed.

## **6.4. Corporate Compliance Program**

### **6.4.1. 1<sup>st</sup> Quarter 2016 Corporate Compliance Program Report**

No discussion was held due to meeting time limit.

*Corporate Compliance Program Report will be heard at May 26, 2016 Board of Directors Meeting.*

## **7. CLOSED SESSION**

No discussion was held due to meeting time limit.

## **8. REVIEW FOLLOW UP ITEMS / BOARD MEETING RECOMMENDATIONS**

No discussion was held due to meeting time limit.

**9. NEXT MEETING DATE**

The next Governance Committee meeting will be June 15, 2016 at 8:00 a.m.

**10. ADJOURN**

**Meeting adjourned at 2:01 p.m.**

*Corporate Compliance Program Report will be heard at May 26, 2016 Board of Directors Meeting. The Committee will review the Closed Session minutes at the June Governance Committee meeting.*

DRAFT

### **7.1. Contracts**

Contracts redacted.

Available for public viewing via a Public Records request.