



**BOARD OF DIRECTORS**  
**SPECIAL BOARD MEETING MINUTES**

AGENDA ITEM	DISCUSSIONS/CONCLUSIONS	ACTIONS/FOLLOW-UP/ RESPONSIBLE PARTY
<b>PRESENT AT MEETING:</b>	<p><b>Board Members:</b> John Mohun, President; Larry Long, Vice President; Karen Sessler, M.D., Secretary; Dale Chamblin, Treasurer; Roger Kahn, Board Member</p> <p><b>Staff:</b> Bob Schapper, Chief Executive Officer; Virginia Razo, PharmD, Chief Operating Officer; Crystal Betts, Chief Financial Officer; Caroline Ford, Director of Wellness Neighborhood; Ted Owens, Director of Community Development; Jaye Chasseur, Controller; Paige Thomason, Director of Marketing;</p> <p><b>Others:</b> Steve Gross, Legal Counsel; Larry Larson, Physical Therapy Manager</p>	
1. <b>Call to Order</b>	Mr. Mohun called the meeting to order at 1:04 p.m.	
2. <b>Roll Call</b>	The Roll Call reflected that all Board members were present.	
3. <b>Clear the Agenda/Items Not On the Posted Agenda</b>	The agenda was cleared. There were no changes made to the posted agenda.	
4. <b>Input -- Audience Employee Associations</b>	Audience input was asked, but none was offered.	
5. <b>Closed Session:</b>	The meeting proceeded into closed session at 3:38 p.m.	
a. <b>Government Code Section 54957: Chief Executive Officer Monthly Performance Evaluation</b>	Discussion was held on a privileged matter.	
b. <b>Government Code Section 54957.6, Conference with Labor Negotiator, Agency Designated Representative: Roger Kahn; Unrepresented employee: CEO.</b>	Discussion was held on a privileged matter.	
6. <b>Open Session:</b>	Mr. Mohun called the open session to order at 4:14 p.m.	



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7. Report of Actions Taken in Closed Session:		It was reported that the Board authorized payment to Procopio Law Firm up to, and capped at, \$25,000 for legal services.
8. Items for Board Discussion And/Or Action:		
a. Approval of FY 15-17 Strategic Plan Documents	<p>Mr. Schapper reviewed the history of incorporating the three year Strategic Plan document into the Rolling Budget. He reviewed the Special Strategic Plan meeting held by the Board on 04/24/14, noting that the Board's requests for changes had been incorporated into the document. Provided there was no further feedback from the Board Mr. Schapper requested approval of the Strategic Plan and Budget.</p> <p>Prior to a motion, discussion was held as follows:</p> <ul style="list-style-type: none"> <li>• Mr. Long requested clarification on the reference to the Market Share, and if it was based on the Market Share Analysis from 2010. Ms. Betts replied that yes it was.</li> <li>• Dr. Sessler requested clarification on Dr. Forner's position. Mr. Schapper responded that Dr. Forner was a neurologist, and his position would be corrected in the document.</li> </ul>	<p><u>Dr. Sessler moved to approve the three year Strategic Plan document with the one correction noted in discussion. Mr. Chamblin seconded the motion.</u></p> <p><u>Motion passed unanimously.</u></p>



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<p><b>b. Approval of TFHD Budget FY 2015</b></p>	<p>Ms. Betts reviewed the TFHD FY 2015 Budget with highlights as follows:</p> <ul style="list-style-type: none"> <li>• The Executive Summary highlights the past FY and current FY challenges.</li> <li>• The Statement of Revenue and Expense tab – page 13                             <ul style="list-style-type: none"> <li>○ Targeting and EBIDA of \$2 million, 1 percent return on gross revenue.</li> <li>○ Figures are based on projected volumes in the Volumes Tab, with incorporating the proposed rate increase to be effective 08/01/14.</li> <li>○ Deductions from revenue are: contractual allowances, charity care, and bad debt.</li> <li>○ The FTE perspective has remained fairly neutral.</li> <li>○ Workers Compensation costs have decreased.</li> <li>○ Health Insurance costs, and Employee Health costs will increase slightly.</li> <li>○ Professional Fees and supply costs are projected to decrease slightly.</li> <li>○ Working on strategies to improve the loss numbers that are currently projected on the joint venture with the Truckee Surgery Center.</li> <li>○ Mr. Mohun questioned the decrease in purchased services relating to Jacobus. Ms. Betts responded that the initial phases of their work such as the SWAT Team fell under the purchased services category, as they progress through their scope of work the services become professional service fees.</li> <li>○ Mr. Chamblin questioned if the listed Stop Loss Insurance was a per occurrence or an aggregate. Ms. Betts responded that it is both.</li> </ul> </li> </ul>	<p><u>Mr. Kahn moved to approve the FY 2015 Budget as presented. Dr. Sessler seconded the motion.</u></p> <p><u>Motion passed unanimously</u></p>



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	<ul style="list-style-type: none"> <li>○ Page 17 demonstrated previously audited periods of times, as well as recent activity.</li> <li>○ Page 18 further breaks down the information showing 33.5% inpatient, 66.5% outpatient, and the contractual adjustments.</li> <li>○ Mr. Kahn questioned the Bad Debt and Charity Care numbers, and how they should be affected by the Affordable Care Act (ACA). Ms. Betts explained the very conservative approach taken on the budget due to higher deductible plans on the Exchange and continued consumer confusion. In addition this budget will reflect the first full budget year impacted by the ACA.</li> <li>● Further discussion was held regarding salaries and wages</li> <li>● Dr. Sessler stated clarifications on the budget:                         <ul style="list-style-type: none"> <li>○ No major change in the payor mix is expected.</li> <li>○ A better winter season will not dramatically affect the budgeted numbers.</li> <li>○ Conservative budget produced that allows for more upside potential than downside potential.</li> <li>○ Ms. Betts affirmed the clarifications adding that the numbers may shift more to the upside as Medical Managed Care contracts are still being negotiated.</li> </ul> </li> <li>● Discussion was held regarding each clinic and department, and exploring rural health clinic status.</li> <li>● Discussion was held regarding overhead allocation and home base costs.</li> <li>● Discussion was held regarding the Tahoe Institute of Rural Health Research.</li> <li>● The Wellness Neighborhood and Community Programming Tab Page 28 was discussed:</li> </ul>	



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	<ul style="list-style-type: none"> <li>○ The TFH Foundation Board met to talk about community health goals.</li> <li>○ Ms. Ford is optimistic about future grant writing. She has been very conservative when considering the possibility of grants or donation to aid with community health needs.</li> <li>○ The Community Health Needs Assessment is on target.</li> <li>● The Cash Flow and Capital Tab – page 55 was discussed as follows:                             <ul style="list-style-type: none"> <li>○ The starting balance of days cash on hand is based on close of FY 2014.</li> <li>○ Various expenditures were reviewed. The biggest issues in FY 2015 are the capital appetite of equipment not related to Measure C projects, most notably the CT Scanner purchase.</li> <li>○ There is potential for some items to be purchased in FY 2016</li> <li>○ IT expenditures are listed on pages 63-64, including the next phases of EMR Implementation, and the Cisco Interchange.</li> <li>○ Building projects expenditures are listed on pages 65-68, including the ICU renovations. Portions of the necessary equipment has already been paid for under the municipal lease.</li> <li>○ Page 76 addresses estimated budget shortcomings for FY 2016.</li> </ul> </li> </ul>	
<p><b>c. Approval of TFHD Rate Increase Proposal</b></p>	<p>Ms. Betts introduced and reviewed the proposal for a 5% rate increase with discussion as follows:</p> <ul style="list-style-type: none"> <li>● The Gross Revenue in the FY 2015 demonstrates changes</li> </ul>	



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	<p>in the payor mix. The proposed rate increase effective 08/01/14 is incorporated into the budget.</p> <ul style="list-style-type: none"> <li>• The proposed rate increase will assist with the restructuring discussed earlier in the budget.</li> <li>• There is a requirement to notice the State 30 days prior to a room and board rate increase, so if approved, this rate increase could not become affective until 08/01/14.</li> <li>• One particular commercial payor is contracted on a February cycle. Individual discussions would need to be held with that payor.</li> <li>• Even with a 5% increase, TFHD will still be in the lower percentages of pricing for the cohort of California hospitals.</li> </ul> <p>Further discussion was held regarding this topic:</p> <ul style="list-style-type: none"> <li>• Mr. Mohun questioned if TFHD was looking at the Market Share migration before looking at increasing 5% across the board. Ms. Betts responded that Jacobus is performing a secondary pricing study that addresses the “sweet spot” for pricing. Some services is OB and ICU may need to be priced higher because we will not have the volume to sustain them. The study looks at what prices can be increased without losing market share.</li> <li>• Mr. Schapper noted that inpatient services like ER are more elastic, while outpatient services like mammography and colonoscopy is more inelastic.</li> <li>• Mr. Mohun stated he would like to see the Jacobus study completed before considering a 5% increase.</li> <li>• Mr. Kahn noted that TFHD had in previous years not increased the price, but that cannot sustain the health system.</li> </ul> <p>Discussion continued on out migration, referrals, pricing, and</p>	<p><u>Mr. Kahn moved to approve the 5% rate increase as presented. Mr. Chamblin seconded.</u></p> <p><u>Discussion was held as noted</u></p> <p><u>A call for vote was requested</u></p> <p><u>Motion passed 4-1-0, with Mr. Mohun voting no.</u></p>



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	<p>proximity.</p> <ul style="list-style-type: none"> <li>Ms. Betts reviewed that TFHD may not price any lower than what Medi-Care would pay for the services. TFHD is able to demonstrate that as a 24/7 hospital in California we are not too expensive. Outpatient services in Nevada at an 8 hour, 5 days per week facility are not comparable.</li> </ul> <p>Extensive discussion was held regarding public perception, and how an increase of 5% will be viewed, received, and affect future migration.</p> <ul style="list-style-type: none"> <li>Mr. Mohun stated that he doesn't believe the public will support a 5% rate increase. He would like to continue the rate increase until after the Jacobus study was completed. He is believes the 5% aggregate to be the biggest issue, and feels the study may show by department increases, decreases, or maintenance is needed. He doesn't believe the information from the cohort of California hospitals accurately reflects the situation.</li> <li>Mr. Chamblin shares Mr. Mohun's concerns regarding the 5% aggregate, but is looking more globally at the cohort of California hospitals.</li> <li>Mr. Long supports the 5% aggregate increase, and would like to see the Jacobus study as soon as possible. After reviewing the Jacobus study he would like to address individual service line pricing.</li> <li>Mr. Mohun commented on consumer perspective and the most recent rate increase five months ago.</li> <li>Mr. Long commented that he does not believe it is overly visible to the consumer, and prior to that the most recent rate increase was seven years ago.</li> <li>Dr. Sessler commented that until the Board directs staff to</li> </ul>	
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	<p>change the services the hospital provides then the Board needs to approve rates that will make the hospital sustainable. She noted that the staff has produced a budget that reflects a positive EBIDA, but is close to break even; this is not a budget or rate increase that profits the District millions on the backs of it's residents.</p>	
<p><b>d. Approval of TFHD 3 year Capital Plan – FY 16-18</b></p>	<p>No discussion was held.</p>	<p><u>Mr. Long moved to approve the Capital Plan as presented. Mr. Chamblin seconded.</u></p> <p><u>Motion passed unanimously.</u></p>
<p><b>e. Resolution 2014-01 Determining to Consolidate the Hospital District General Election with the Statewide General Election and Authorizing the Canvass of Returns by the Respective Boards of Supervisors of Placer and Nevada Counties, California.</b></p>	<p>Attachment was provided</p> <p>Mr. Gross addressed the Board regarding the requirement from Nevada County to add the language in Paragraph 5 prior to submittal to the County Elections Office.</p> <p>Mr. Chamblin noted a typo, and requested a change from "Friday" to "Tuesday" November 4, 2014.</p>	<p><u>Dr. Sessler moved to approve resolution 2014-01 with corrections as discussed. Mr. Long seconded.</u></p> <p><u>Roll Call Vote:</u>  <u>Dr. Sessler – Aye</u>  <u>Mr. Mohun – Aye</u>  <u>Mr. Long – Aye</u>  <u>Mr. Chamblin – Aye</u>  <u>Mr. Kahn – Aye</u>  <u>Motion passed unanimously.</u></p>
<p><b>9. Adjourn</b></p>	<p>The meeting adjourned at 4:16 p.m.</p>	

smj