



TAHOE FOREST HOSPITAL DISTRICT

2016-01-14 Board Personnel Committee

2016-01-14 10:00 AM

Tahoe Conference Room

Meeting Book - 2016-01-14 Board Personnel Committee

01/14/16 Personnel Committee Agenda

Agenda

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7. APPROVAL OF MINUTES

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8. ITEMS FOR COMMITTEE DISCUSSION AND/OR RECOMMENDATION

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8.1.2. ABD-02 TFHDChiefExecutiveOfficerCompensation.doc Page 8

8.1.3. AHR-107 Incentive Compensation Policy Draft Revision 1 8 16.docx Page 10

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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

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 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.

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

DRAFT MINUTES

Tuesday, November 3, 2015 at 8:00 a.m.
Eskridge Conference Room, Tahoe Forest Hospital
10121 Pine Avenue, Truckee, CA

1. CALL TO ORDER

Meeting was called to order at 8:00 a.m.

2. ROLL CALL

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

Staff: Jayne O'Flanagan, CHRO; Martina Rochefort, Clerk of the Board

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

No changes were made to the agenda.

4. INPUT – AUDIENCE

None.

5. APPROVAL OF MINUTES OF: 09/09/2015

Director Chamblin, seconded by Director Zipkin, recommended approval of the minutes from September 09, 2015 Personnel Committee.

Open Session recessed at 8:01 a.m.

6. CLOSED SESSION

Discussion held on privileged matters.

7. OPEN SESSION

Open Session reconvened at 9:06 a.m.

8. REVIEW FOLLOW UP ITEMS / BOARD MEETING RECOMMENDATIONS

Update for CEO contract negotiation process at Special Board Meeting on November 9, 2015.

9. NEXT MEETING DATE

Retirement subcommittee will meet during first quarter of 2016.

10. ADJOURN

Meeting adjourned at 9:10 a.m.

		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.

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

		Tahoe Forest Health System			
		Title: Discretionary Incentive Compensation Plan		Policy/Procedure #: AHR-107	
		Responsible Department: Human Resources			
Type of policy		Original Date:	Reviewed Dates:	Revision Dates:	Page 1 of 32
<input checked="" type="checkbox"/>	Administrative		10/97, 4/03	9/11, 5/12, 2/15, 1/16	
<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 provide a discretionary incentive plan for key personnel to encourage achievement of overall objectives and reward individuals who significantly impact results.

POLICY:

- 1.0 Incorporation of an incentive compensation program will aid in the recruitment and retention of key staff and encourage increased teamwork among leaders within the system.
- 2.0 Key staff achieving fiscal and personal goals may be eligible to participate in a discretionary incentive compensation plan on an annual basis.

PROCEDURE:

- 1.0 Plan Administration
 - 1.1 The plan will be administered by Human Resources and Finance. The CEO will approve any awards made under this program.
- 2.0 Discretionary Nature of the Plan
 - 2.1 This plan is discretionary.
 - 2.2 There is no guarantee that payment will be made even if all targets are met.
- 3.0 Eligibility
 - 3.1 Key staff that may be eligible to participate in the plan shall be selected at the sole discretion of the CEO.
 - ~~3.2~~ 3.2 To receive an incentive award, a participant must have been in an eligible position for at least six (6) consecutive months during the fiscal year. ~~In addition, the participant must have been rated as at least a good solid performer.~~
 - ~~3-23.3~~ 3-23.3 Participants must achieve at least a satisfactory performance evaluation to be eligible for award.

4.0 Time Frame

- 4.1 The financial targets are based on a fiscal year.
- 4.2 The payouts will be determined after the acceptance of the audited financial statement by the Board of Directors.
- 4.3 The CEO, COO, CNO, CHRO and CFO will meet on an annual basis to determine individual incentive compensation awards.
- 4.4 Payouts will be made no later than three months after the Board of Directors acceptance of the financial statements.
- 4.5 The awardees must be a current employee in active status at the time of the payout.

Commented [OJ1]: Need to identify specific targets- overall budget? EBIDA?

5.0 Form of Incentive Award Payments

- 5.1 Incentive award payments will be made in a payroll supplemental check and subject to all appropriate taxes.

6.0 Targets

- 6.1 The District must reach budgeted financial targets for awards to be considered.
- 6.2 ~~Management participants must meet. The plan calls for incentive awards based on the achievement of~~ annual goals and strategic objectives that have been approved in advance by the responsible Chief.
- 6.3 ~~All participants~~ Management in the plan must participants must develop and meet two key individual objectives which must be approved by the responsible Chief.
- 6.4 CEO Targets
 - ~~6.36.4.1~~ The Board of Directors will meet with the CEO on an annual basis develop goals and strategic objectives .

7.0 Award Calculations

- 7.1 50% of award will be based on District reaching targeted financial goals
- 7.2 25% of award will be based on achievement of annual goals and objectives
- 7.3 25% of award will be based on overall performance

~~7.08.0~~ Payment Targets

- ~~7.48.1~~ Chiefs- up to 15% of base compensation during fiscal year.
- ~~7.28.2~~ Directors-up to 6% of base compensation during fiscal year.
- ~~7.38.3~~ Managers-up to 3% of base compensation during fiscal year.

Related Policies/Forms:
References:
Policy Owner: CHRO
Approved by: Personnel Committee

To: Personnel Committee
From: Jayne O'Flanagan, CHRO
Subject: CEO Evaluation Process
Date: January 11, 2016

In 2014 a discussion was held regarding a better tool for the CEO evaluation process. The board members present at the discussion asked for a method to bring the board to consensus without having to go back and forth with written opinions/documents.

The current process is as follows:

- The strategic plan is reviewed and accepted by the Board of Directors
- Next fiscal year goals are set for CEO
- Personnel Committee (PC) reviews evaluation process and revises as necessary
- PC requests CEO to provide written self-evaluation and overall score on a range from 1-5
- PC solicits input from medical staff members
- PC solicits input from all board members
- PC summarizes input from CEO, board members and medical staff into a draft evaluation document
- PC distributes draft document to entire board for review and comment
- Board reviews and finalizes CEO evaluation
- Board presents evaluation to CEO prior to December 1

The areas that could be improved include

- Opportunity to reach consensus as a group, perhaps with a facilitated discussion
- Clear, separate goals for evaluation and Incentive Compensation award
- Medical staff participation extended to a broader number of members
- Board members to see all responses from medical staff members, not just a summary
- Determine evaluation period for CEO evaluation, fiscal year or calendar year

Recommended changes

If fiscal year evaluation period:

- Address timing of goal setting. Strategic plan is usually reviewed in the spring about the same time the budget is reviewed and approved, goals to be used in evaluation should be set at this time
- Solicit input from CEO, all board members and physicians on April 1 to be returned by the beginning of May
- PC to develop a draft evaluation by the beginning of June and provide it to board members along with all input from CEO, physicians and other board members
- Schedule a facilitated meeting to reach consensus on evaluation no later than the middle of June
- Provide CEO with evaluation at June or July's regularly scheduled board meeting
- Set next year's evaluation goals
- Review achievement of Incentive Compensation goals in November following final audit report
- Set new IC goals at November board meeting
- Award IC payment with first payperiod in December

If calendar year evaluation period:

- Solicit input from CEO, all board members and physicians on August 1 to be returned by the beginning of September

- PC to develop a draft evaluation by the beginning of October and provide it to board members along with all input from CEO, physicians and other board members
- Schedule a facilitated meeting to reach consensus on evaluation no later than the middle of October
- Provide CEO with evaluation at November's regularly scheduled board meeting
- Set next year's evaluation goals
- Review achievement of Incentive Compensation goals in November following final audit report
- Set new IC goals at November board meeting
- Award IC payment with first payperiod in December



Memorandum

To: Personnel Committee
From: Jayne O'Flanagan, CHRO
Subject: Change in Health Plan TPA and Providers
Date: January 11, 2016

On January 1, 2016, we made some significant changes in the administration of our health and prescription plans. Keenan Healthcare took over as our third party administrator to replace BRMS. Keenan will be responsible for the processing of claims, eligibility, authorizations and management of contracts with other providers. In addition Keenan Healthcare is able to offer us a broad level of support in the management of our health plan including a robust Wellness program and medical management services.

The provider network has moved from First Health to Anthem Blue Cross also as of January 1. Our local provider network remains in place and will be administered by Keenan as a standalone network. Prescription services have moved from Magellan to Express Scripts. No changes have been made to dental as we do not have a local dental provider network and VSP will continue to cover eye care needs.

Keenan was extremely helpful with the transition. Keenan representatives were present at the Benefit Fairs and the telephone services have been well received by employees. With a decrease in large claims and anticipated savings from network, reinsurance and pharmacy changes Keenan anticipates an 8.4% reduction in health plan funding costs in 2016.

<u>Monthly funding rates</u>	Monthly 2015 rates	Monthly 2016 rates
Employee only	\$911.85	\$893.36
Employee and spouse	\$1,847.21	\$1,803.43
Employee and child(ren)	\$1,686.95	\$1,646.49
Employee and family	\$2,328.01	\$2,313.29

Enrollment at time of funding review:

Employee only	183
Employee and spouse	106
Employee and child(ren)	67
Employee and family	171