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Business Session Agenda  
Wednesday, November 15, 2017

<b><u>Call to Order:</u></b>	3:30
<b><u>Employee and Team of the Quarter:</u></b>	3:31
<b><u>Patient Story:</u></b> Brandie Manuel, Chief Patient Care Officer	3:40
<b><u>Approve Agenda:</u></b>	3:45
<b><u>Minutes:</u></b> Action Requested	3:47
• November 1 Regular Session (pg. 2-3)	
<b><u>Required Approvals:</u></b> Action Requested	3:50
• October Warrants and Adjustments	
• 2017-41 Cancel Warrants (pg. 4)	
<b><u>Budget Hearing for Fiscal Year 2018:</u></b> Hilary Whittington, CAO/CFO	3:55
• 2018 Operations Budget Summary	
• 2018 Capital Budget Summary	
• Public Comment	
• Commission Discussion	
<b><u>Adopt Resolutions:</u></b> Action Requested	4:20
• Resolution 2017-42 With/Without Property Tax Increase (pg. 5-7)	
• Resolution 2017-43 Fiscal Year 2018 Budget (pg. 8)	
<b><u>Financial Report:</u></b> Hilary Whittington, CAO/CFO	4:30
• October	
<b><u>Administrator's Report:</u></b> Mike Glenn, CEO	4:50
<b><u>Chief Medical Officer Report:</u></b> Joe Mattern, MD, CMO	5:10
<b><u>Board Report :</u></b> No Action Requested	5:30
• 2017-40 Meeting Change Resolution (pg. 9)	
<b><u>Executive Session:</u></b>	5:40
• CEO Evaluation Format	
<b><u>Conclude:</u></b>	6:00

This Regular Session will be officially audio recorded.  
Times shown in agenda are estimates only.

**Jefferson County Public Hospital District No.2**  
**Board of Commissioners, Regular Session Minutes**  
**Wednesday, November 1, 2017**  
**Victor J. Dirksen Conference Room**

**Call to Order:**

The meeting was called to order at 3:30pm by Board Chair, Commissioner Buhler. Additional Commissioners present were Dressler, De Leo, Kolff, and Ready. Also present were Mike Glenn, Chief Executive Officer, Brandie Manuel, Chief Patient Care Officer, Lisa Holt, Chief Ancillary and Specialty Services Officer, Jenn Wharton, Chief Ambulatory and Medical Group Officer, Caitlin Harrison, Chief Human Resources Officer, and Alyssa Rodrigues, Administrative Assistant. This meeting was officially audio recorded by Jefferson Healthcare.

**Approve Agenda:**

Commissioner Dressler made a motion to approve the agenda. Commissioner De Leo seconded.

**Action:** Motion passed unanimously.

**Patient Story:**

Brandie Manuel, Chief Patient Care Officer, read aloud a patient letter regarding the patient's visit to our Jefferson Healthcare Orthopedic Center and her encounter with Orthopedic surgeon, Dr. Naumann, the hospital staff she had met throughout her stay, and wound care provider Patti Hoyecki, ARNP. The patient wrote that all the staff were fabulous and kind, ending her letter with "please tell administration what an incredible place you have and keep up the great work."

**Minutes:**

- October 18 Regular Session minutes

Commissioner De Leo made a motion to approve the July 19 Regular Session minutes. Commissioner Dressler seconded.

**Action:** Motion passed unanimously.

- October 26 Special Session minutes

Commissioner De Leo made a motion to approve the July 19 Regular Session minutes. Commissioner Dressler seconded.

**Action:** Motion passed unanimously.

**Required Approvals:**

- Medical Staff Credentials/Appointments/Reappointments
- Medical Staff Policy
- 2017-39 Surplus Equipment

Commissioner De Leo made a motion to approve Medical Staff Credentials/Appointments/Reappointments, Medical Staff Policy, and 2017-39 Surplus Equipment as presented. Commissioner Dressler seconded the motion.

**Action:** Motion passed unanimously.

**Debrief October 4, 2017 Special Session Board Retreat:**

Commissioners discussed packet materials that were created by Karma Bass, consultant, Via Healthcare Consulting, after the October 4 Special Session took place, which included, board evaluation summary, board meeting action plan, new meeting times, and presentation templates.

Discussion ensued.

Commissioners discussed how feedback was to be given to presenters.

Commissioners continued to discuss packet materials created by Karma Bass, consultant, Via Healthcare Consulting, which included the board education and topic calendar, CEO assessment and evaluations along with the timeline to complete by December 20 business meeting.

Commissioners and Mike Glenn discussed legislative visits and the new Community Health Improvement Plan (CHIP) Executive Director starting on November 13, 2017.

Discussion ensued.

**Board Reports:**

No board reports were given.

**Conclude:**

Commissioner Dressler made a motion to conclude the meeting. Commissioner Kolff seconded the motion.

**Action:** Motion passed unanimously.

Meeting concluded at 4:12pm.

Approved by the Commission:

President of Commission: Jill Buhler \_\_\_\_\_

Secretary of Commission: Marie Dressler \_\_\_\_\_

**JEFFERSON HEALTHCARE  
834 SHERIDAN AVENUE  
PORT TOWNSEND, WA 98368**

**TO: BOARD OF COMMISSIONERS  
FROM: HILARY WHITTINGTON, CFO  
RE: OCTOBER 2017 WARRANT SUMMARY**

**The following items need to be approved at the next commission meeting:**

General Fund Warrants & ACH Transfers	<b>\$9,350,043.91</b>	(Provided under separate cover)
Bad Debt / Charity	<b>\$460,720.68</b>	(Attached)
Canceled Warrants	<b>\$383.77</b>	(Attached)

**JEFFERSON HEALTHCARE  
834 SHERIDAN AVENUE  
PORT TOWNSEND, WA 98368**

**TO: BOARD OF COMMISSIONERS  
FROM: HILARY WHITTINGTON, CFO  
RE: OCTOBER 2017 GENERAL FUND WARRANTS & ACH  
FUND TRANSFERS**

**Submitted for your approval are the following warrants:**

**GENERAL FUND:**

<b>239998 - 240808</b>	<b>\$5,484,114.23</b>
<b>ACH TRANSFERS</b>	<b><u>\$3,865,929.68</u></b>
	<b><u>\$9,350,043.91</u></b>
<b>YEAR-TO-DATE:</b>	<b><u><u>\$80,652,967.62</u></u></b>

Warrants are available for review if requested.

JEFFERSON HEALTHCARE  
834 SHERIDAN AVENUE  
PORT TOWNSEND, WA 98368

TO: BOARD OF COMMISSIONERS  
FROM: HILARY WHITTINGTON, CFO  
RE: OCTOBER 2017 BAD DEBT, ADMINISTRATIVE, AND CHARITY CARE WRITE OFFS

Submitted for your approval are the following:

	OCTOBER	OCTOBER YTD	OCTOBER YTD BUDGET
Bad Debts:	\$284,424.62	\$2,470,423.76	\$2,597,925.50
Charity Care:	\$128,689.56	\$945,144.78	\$1,095,415.23
Other Administrative Adjustments:	\$47,606.50	\$391,757.85	\$197,313.81
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TOTAL FOR MONTH:	\$460,720.68	\$3,807,326.39	\$3,890,654.54
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JEFFERSON HEALTHCARE  
834 SHERIDAN AVENUE  
PORT TOWNSEND, WA 98368

TO: BOARD OF COMMISSIONERS  
FROM: HILARY WHITTINGTON, CFO  
RE: OCTOBER 2017 WARRANT CANCELLATIONS

State law requires you to pass a resolution canceling any warrants which are not presented to the Treasurer for payment within one year of issue.

DATE	WARRANT	AMOUNT
10/11/2016	231011	\$ 7.02
10/11/2016	231043	\$ 71.55
10/24/2016	231378	\$ 305.20

TOTAL: \$ 383.77

	October 2017 Actual	October 2017 Budget	Variance Favorable/ (Unfavorable)	%	October 2017 YTD	October 2017 Budget YTD	Variance Favorable/ (Unfavorable)	%	October 2016 YTD
<b>Gross Revenue</b>									
Inpatient Revenue	4,408,734	3,440,801	967,932	28%	37,785,192	33,742,040	4,043,152	12%	28,063,203
Outpatient Revenue	14,713,237	14,416,995	296,242	2%	136,610,187	141,379,525	(4,769,337)	-3%	115,059,668
<b>Total Gross Revenue</b>	<b>19,121,971</b>	<b>17,857,796</b>	<b>1,264,174</b>	<b>7%</b>	<b>174,395,380</b>	<b>175,121,565</b>	<b>(726,186)</b>	<b>0%</b>	<b>143,122,871</b>
<b>Revenue Adjustments</b>									
Cost Adjustment Medicaid	2,348,747	2,191,686	(157,061)	-7%	16,601,518	21,492,655	4,891,137	23%	16,006,865
Cost Adjustment Medicare	6,052,436	5,885,349	(167,087)	-3%	61,580,794	57,714,374	(3,866,420)	-7%	46,509,288
Charity Care	128,690	111,704	(16,986)	-15%	945,145	1,095,415	150,270	14%	823,007
Contractual Allowances Other	1,496,825	1,251,241	(245,584)	-20%	13,353,647	12,270,230	(1,083,417)	-9%	10,533,471
Administrative Adjustments	47,607	20,121	(27,486)	-137%	391,758	197,314	(194,444)	-99%	162,437
Adjust Bad Debt	284,425	264,920	(19,505)	-7%	2,470,424	2,597,926	127,502	5%	2,244,437
<b>Total Revenue Adjustments</b>	<b>10,358,728</b>	<b>9,725,020</b>	<b>(633,708)</b>	<b>-7%</b>	<b>95,343,284</b>	<b>95,367,913</b>	<b>24,629</b>	<b>0%</b>	<b>76,279,504</b>
<b>Net Patient Service Revenue</b>	<b>8,763,243</b>	<b>8,132,776</b>	<b>630,466</b>	<b>8%</b>	<b>79,052,095</b>	<b>79,753,652</b>	<b>(701,557)</b>	<b>-1%</b>	<b>66,843,367</b>
<b>Other Revenue</b>									
340B Revenue	287,858	260,239	27,619	11%	2,806,524	2,552,017	254,508	10%	2,436,334
Meaningful Use Ehr Incentive	-	3,397	(3,397)	-100%	136,784	33,315	103,469	311%	46,750
Other Operating Revenue	146,568	112,961	33,607	30%	1,338,441	1,107,751	230,690	21%	941,715
<b>Total Operating Revenues</b>	<b>9,197,668</b>	<b>8,509,373</b>	<b>688,295</b>	<b>8%</b>	<b>83,333,844</b>	<b>83,446,734</b>	<b>(112,890)</b>	<b>0%</b>	<b>70,268,166</b>
<b>Operating Expenses</b>									
Salaries And Wages	4,304,326	4,211,112	(93,214)	-2%	40,787,650	41,296,054	508,404	1%	34,242,162
Employee Benefits	994,542	1,040,237	45,694	4%	10,070,282	10,201,026	130,744	1%	8,370,759
Professional Fees	443,189	290,474	(152,715)	-53%	4,213,131	2,848,521	(1,364,610)	-48%	3,017,481
Purchased Services	549,796	539,994	(9,802)	-2%	5,053,436	5,295,421	241,985	5%	4,694,840
Supplies	1,693,209	1,212,418	(480,791)	-40%	13,141,905	11,889,515	(1,252,390)	-11%	10,624,328
Insurance	49,650	57,753	8,103	14%	514,895	566,356	51,461	9%	547,890
Leases And Rentals	108,323	147,734	39,411	27%	1,135,082	1,448,747	313,665	22%	1,164,115
Depreciation And Amortization	386,854	312,906	(73,948)	-24%	3,565,398	3,068,496	(496,902)	-16%	3,143,045
Repairs And Maintenance	60,418	77,228	16,811	22%	458,785	757,335	298,550	39%	566,860
Utilities	114,804	78,128	(36,677)	-47%	848,392	766,154	(82,238)	-11%	671,146
Licenses And Taxes	60,487	46,565	(13,922)	-30%	541,709	456,636	(85,073)	-19%	528,748
Other	155,676	174,830	19,154	11%	1,314,744	1,714,463	399,719	23%	1,404,326
<b>Total Operating Expenses</b>	<b>8,921,274</b>	<b>8,189,379</b>	<b>(731,895)</b>	<b>-9%</b>	<b>81,645,408</b>	<b>80,308,723</b>	<b>(1,336,686)</b>	<b>-2%</b>	<b>68,975,701</b>
<b>Operating Income (Loss)</b>	<b>276,394</b>	<b>319,995</b>	<b>(43,600)</b>	<b>-14%</b>	<b>1,688,436</b>	<b>3,138,011</b>	<b>(1,449,576)</b>	<b>-46%</b>	<b>1,292,465</b>
<b>Non Operating Revenues (Expenses)</b>									
Taxation For Maint Operations	51,447	17,156	34,291	200%	203,184	168,241	34,943	21%	180,456
Taxation For Debt Service	57,562	19,003	38,559	203%	221,525	186,356	35,169	19%	266,226
Investment Income	51,778	6,582	45,196	687%	187,722	64,548	123,174	191%	94,861
Interest Expense	(64,270)	(85,615)	21,345	25%	(548,121)	(839,583)	291,462	35%	(396,448)
Bond Issuance Costs	-	(12,740)	12,740	100%	(10,000)	(124,932)	114,932	92%	0
Gain or (Loss) on Disposed Asset	13,483	-	13,483	0%	(25,556)	0	(25,556)	0%	46,749
Contributions	9,655	11,890	(2,235)	-19%	349,619	116,603	233,016	200%	43,060
<b>Total Non Operating Revenues (Expenses)</b>	<b>119,655</b>	<b>(43,723)</b>	<b>163,377</b>	<b>374%</b>	<b>378,372</b>	<b>(428,767)</b>	<b>807,139</b>	<b>188%</b>	<b>234,904</b>
<b>Change in Net Position (Loss)</b>	<b>396,049</b>	<b>276,272</b>	<b>119,777</b>	<b>43%</b>	<b>2,066,808</b>	<b>2,709,244</b>	<b>(642,436)</b>	<b>-24%</b>	<b>1,527,370</b>

JEFFERSON COUNTY PUBLIC HOSPITAL DISTRICT NO. 2

RESOLUTION 2017-41

A RESOLUTION CANCELING SAID WARRANTS IN  
THE AMOUNT OF \$383.77

WHEREAS warrants of any municipal corporation not presented within one year of their issue, or, that have been voided or replaced, shall be canceled by the passage of a resolution of the governing body.

NOW, THEREFORE BE IT RESOLVED THAT:

In order to comply with RCW 36.22.100, warrants indicated below in the total amount of \$383.77 be canceled.

<b>Date of Issue</b>	<b>Warrant #</b>	<b>Amount</b>
10/11/2016	231011	7.02
10/11/2016	231043	71.55
10/24/2016	231378	305.20
<b>Total</b>		<b>383.77</b>

APPROVED THIS 15th day of November, 2017.

JEFFERSON COUNTY PUBLIC HOSPITAL DISTRICT NO. 2

APPROVED BY THE COMMISSION:

Commission Chair – Jill Buhler: \_\_\_\_\_

Commission Secretary – Marie Dressler: \_\_\_\_\_

Attest:

Commissioner – Anthony De Leo: \_\_\_\_\_

Commissioner – Kees Kolff: \_\_\_\_\_

Commissioner – Matt Ready: \_\_\_\_\_

**Jefferson County Public Hospital District No. 2**

**RESOLUTION 2017-42  
PROPERTY TAX INCREASE RESOLUTION**

WHEREAS the Board of Commissioners has properly given notice of the public hearing held November 15, 2017, to consider the Hospital District's current expense budget for the 2018 calendar year, pursuant to RCW 84.55.120; and

WHEREAS the Board of Commissioners, after hearing, and after duly considering all relevant evidence and testimony presented, has determined that Jefferson County Public Hospital District No.2 requires no increase in property tax revenue from the previous year, in addition to the increase resulting from the addition of new construction and improvements to property and any increase in the value of state-assessed property, in order to discharge the expected expenses and obligations of Jefferson County Public Hospital District No. 2 and in its best interest;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners, that no increase in the regular property tax levy, in addition to any amount resulting from the addition of new construction and improvements to property, refunds from the previous year, and any increase in the value of state-assessed property is hereby authorized for the 2018 levy of \$429,621.82 which is a percentage increase of 1 percent (\$4,253.68) from the previous year (see RCW 84.55.092).

ADOPTED and APPROVED by the Board of Commissioners of Public Hospital District No. 2, Jefferson County, Washington, at an open public meeting, the following Commissioners being present and voting in favor of the resolution.

APPROVED THIS 15<sup>th</sup> day of November, 2017

APPROVED BY THE COMMISSION:

Commission Chair – Jill Buhler: \_\_\_\_\_

Commission Secretary – Marie Dressler \_\_\_\_\_

Attest:

Commissioner – Anthony De Leo: \_\_\_\_\_

Commissioner – Matt Ready: \_\_\_\_\_

Commissioner – Kees Kolff: \_\_\_\_\_

**Jefferson County Public Hospital District No. 2**

**RESOLUTION 2017-42  
PROPERTY TAX INCREASE RESOLUTION**

WHEREAS the Board of Commissioners has properly given notice of the public hearing held November 15, 2017, to consider the Hospital District's current expense budget for the 2018 calendar year, pursuant to RCW 84.55.120; and

WHEREAS the Board of Commissioners, after hearing, and after duly considering all relevant evidence and testimony presented, has determined that Jefferson County Public Hospital District No.2 requires no increase in property tax revenue from the previous year, in addition to the increase resulting from the addition of new construction and improvements to property and any increase in the value of state-assessed property, in order to discharge the expected expenses and obligations of Jefferson County Public Hospital District No. 2 and in its best interest;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners, that no increase in the regular property tax levy, in addition to any amount resulting from the addition of new construction and improvements to property, refunds from the previous year, and any increase in the value of state-assessed property is hereby authorized for the 2018 levy of \$457,270.75 which is a percentage increase of 7.5 percent (\$31,902.61) from the previous year (see RCW 84.55.092).

ADOPTED and APPROVED by the Board of Commissioners of Public Hospital District No. 2, Jefferson County, Washington, at an open public meeting, the following Commissioners being present and voting in favor of the resolution.

APPROVED THIS 15<sup>th</sup> day of November, 2017

APPROVED BY THE COMMISSION:

Commission Chair – Jill Buhler: \_\_\_\_\_

Commission Secretary – Marie Dressler \_\_\_\_\_

Attest:

Commissioner – Anthony De Leo: \_\_\_\_\_

Commissioner – Matt Ready: \_\_\_\_\_

Commissioner – Kees Kolff: \_\_\_\_\_

**Jefferson County Public Hospital District No. 2**

**RESOLUTION 2017-42  
WITHOUT PROPERTY TAX INCREASE RESOLUTION**

WHEREAS the Board of Commissioners has properly given notice of the public hearing held November 15, 2017, to consider the Hospital District’s current expense budget for the 2018 calendar year, pursuant to RCW 84.55.120; and

WHEREAS the Board of Commissioners, after hearing, and after duly considering all relevant evidence and testimony presented, has determined that Jefferson County Public Hospital District No.2 requires no increase in property tax revenue from the previous year, in addition to the increase resulting from the addition of new construction and improvements to property and any increase in the value of state-assessed property, in order to discharge the expected expenses and obligations of Jefferson County Public Hospital District No. 2 and in its best interest;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners, that no increase in the regular property tax levy, in addition to any amount resulting from the addition of new construction and improvements to property, refunds from the previous year, and any increase in the value of state-assessed property is hereby authorized for the 2018 levy of \$425,638.14 which is a percentage increase of 0 percent (\$0.00) from the previous year (see RCW 84.55.092).

ADOPTED and APPROVED by the Board of Commissioners of Public Hospital District No. 2, Jefferson County, Washington, at an open public meeting, the following Commissioners being present and voting in favor of the resolution.

APPROVED THIS 15<sup>th</sup> day of November, 2017

APPROVED BY THE COMMISSION:

Commission Chair – Jill Buhler: \_\_\_\_\_

Commission Secretary – Marie Dressler \_\_\_\_\_

Attest:

Commissioner – Anthony De Leo: \_\_\_\_\_

Commissioner – Matt Ready: \_\_\_\_\_

Commissioner – Kees Kolff: \_\_\_\_\_

**Jefferson County Public Hospital District No. 2**

**RESOLUTION 2017-43  
ADOPT FISCAL YEAR 2018 BUDGET**

WHEREAS the Board of Commissioners has properly given notice of the public hearing held November 15, 2017, to consider the Hospital District's current expense budget for the 2018 calendar year, pursuant to RCW 84.55.120;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of Jefferson County Public Hospital District No. 2, that the Operations and Capital Budget for fiscal year 2018 as presented to the Board, as hereto attached, is hereby approved.

ADOPTED and APPROVED by the Board of Commissioners of Public Hospital District No. 2, Jefferson County, Washington, at an open public meeting, the following Commissioners being present and voting in favor of the resolution.

APPROVED THIS 15<sup>th</sup> day of November, 2017

APPROVED BY THE COMMISSION:

Commission Chair – Jill Buhler: \_\_\_\_\_

Commission Secretary – Marie Dressler: \_\_\_\_\_

Attest:

Commissioner – Anthony De Leo: \_\_\_\_\_

Commissioner – Matt Ready: \_\_\_\_\_

Commissioner – Kees Kolff: \_\_\_\_\_

**Jefferson County Public Hospital District No. 2**

**RESOLUTION 2017-40**

The Commissioners of Jefferson County Public Hospital District No. 2 have mutually agreed to change the regular meeting time to start at 2:000pm on the fourth Wednesday of each month, beginning January 24, 2017.

APPROVED THIS 20<sup>th</sup> day of December, 2017.

APPROVED BY THE COMMISSION:

Commission Chair – Jill Buhler: \_\_\_\_\_

Commission Secretary –Marie Dressler: \_\_\_\_\_

Attest:

Commissioner – Anthony De Leo : \_\_\_\_\_

Commissioner –Matt Ready: \_\_\_\_\_

Commissioner –Kees Kolff: \_\_\_\_\_