Call to Order:
The meeting was called to order at 3:31 by Commissioner Buhler. Present were Commissioners Buhler, Dressler, De Leo, Kolff, and Ready. Also present were Mike Glenn, Chief Executive Officer, Hilary Whittington, Chief Administrative Officer/Chief Financial 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, Joe Mattern, Chief Medical 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, reported on a patient complaint regarding discharge planning that helped Jefferson Healthcare start implementing a new discharge planning tool to help all patients.

Minutes:
- June 28 Special Session minutes
  Commissioner De Leo made a motion to approve the June 28 Special Session Minutes. Commissioner Dressler seconded.
  Action: Motion passed unanimously.
- July 5 Regular Session minutes
  Commissioner De Leo made a motion to approve the July 5 Regular Session minutes. Commissioner Dressler seconded.
  Action: Motion passed unanimously.

Required Approvals:
- June Warrants and Adjustments
- Resolution 2017-34 Cancel Warrants
Commissioner Dressler made a motion to approve June Warrants and Adjustment and Resolution 2017-34 Cancel Warrants as presented. Commissioner De Leo seconded the motion.
Action: Motion passed unanimously.

Public Comment:
Public comment was made.
**Patient Advocate Report:** Jackie Levin, Patient Advocate, gave a presentation on the 2nd quarter patient advocate report.

Discussion ensued.

**Primary Care Access:** Jenn Wharton, Chief Ambulatory and Medical Group Officer, and Caitlin Harrison, Chief Human Resources Officer, presented on Primary Care Access.

Discussion ensued.

**Board Challenge:** Stacey Larsen, Director, Port Townsend School District Nutrition Services, gave a presentation on the 5210 board challenge.

Discussion ensued.

Commissioner Kolff made a motion to join the 5210 challenge. Commissioner Ready seconded the motion.

**Action:** Motion passed unanimously.

**Financial Report:** Hilary Whittington, Chief Administrative Officer /Chief Financial Officer, presented the June financial report.

Discussion ensued.

**Administrator’s Report:** Mike Glenn, Chief Executive Officer, gave his administrator’s report.

Discussion ensued.

**Chief Medical Officer Report:** Joe Mattern, Chief Medical Officer, was excused. No report given.

**Board Reports:** Commissioner Buhler distributed the April 20 and June15 Board of Health meetings.

**Conclude:**
Commissioner Dressler made a motion to conclude the meeting. Commissioner De Leo seconded the motion.

**Action:** Motion passed unanimously.

Meeting concluded at 6:18pm.

Approved by the Commission:

President of Commission: Jill Buhler

Secretary of Commission: Marie Dressler
Patient Advocate Report
Second Quarter, 2017
Presented to the Board of Commissioners July 19, 2017

Agenda

- The Highlights
- Responsiveness to Patient Feedback
- Nature of Concerns Reported
- Breakdown of Care Provider Concerns
- Trends by Service Area
The Highlights

- The average time to close cases was 17 days, meeting our target of 30 days or less
- The total number of complaints decreased by 19% in the second quarter (down from the first quarter)
- The top reported issue *over time* is related to care provider issues, although this *decreased* significantly in the second quarter
- The top reported issue *this quarter* is related to access and service delivery – which has *increased* slightly over last quarter
- Communication continues to be an area of opportunity
  - *MyChart responses*
  - *Prescription refills*
  - *Return phone calls*
  - *Provider communication*

Responsiveness to Concerns

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Target</th>
<th>Low</th>
<th>High</th>
<th>Avg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Days to Acknowledgement</td>
<td>7</td>
<td>0</td>
<td>8</td>
<td>2.7</td>
</tr>
<tr>
<td>Days to Closure</td>
<td>30</td>
<td>0</td>
<td>64</td>
<td>17</td>
</tr>
</tbody>
</table>

Comments:

- Concerns may be resolved in the same day that they were reported – reflected in the ‘zero days’ data
- Some cases required a longer time to closure due to the nature and the complexity of the concern:
  - Nine total cases were closed > 30 days
  - One case was closed > 50 days
Top Concerns Overall Over Time  
*Second Quarter, 2016 to Second Quarter, 2017*

Trends in the Nature of Concerns Reported
Overall Perception of Access (Clinic-Based)

Specific Provider Feedback

- The number of provider complaints decreased by 38% this quarter
- The top reported issue continued to be related to provider communication
Provider Specific Trends 2016-2017

Overall perception of Provider Communication
Trends by Area of Service

<table>
<thead>
<tr>
<th>Department</th>
<th>Patient Advocate Feedback Trend</th>
<th>NRC 75th Percentile</th>
<th>Q2 2017</th>
<th>Q1 2017</th>
<th>Q4 2016</th>
<th>Q3 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clinics</td>
<td>🔻</td>
<td>89.6</td>
<td>89.7</td>
<td>86.0</td>
<td>86.0</td>
<td>88.2</td>
</tr>
<tr>
<td>Emergency</td>
<td>🔺</td>
<td>68.1</td>
<td>68.4</td>
<td>69.1</td>
<td>80.4</td>
<td>85.4</td>
</tr>
<tr>
<td>ACU/Observation</td>
<td>🔻</td>
<td>75.8</td>
<td>84.8</td>
<td>78.4</td>
<td>74.1</td>
<td>72.8</td>
</tr>
<tr>
<td>Outpatient Rehab</td>
<td>🔫</td>
<td>87.0</td>
<td>84.6</td>
<td>82.1</td>
<td>88.9</td>
<td>88.9</td>
</tr>
<tr>
<td>Outpatient Surgery</td>
<td>🔫</td>
<td>90.0</td>
<td>85.7</td>
<td>85.3</td>
<td>82.3</td>
<td>85.7</td>
</tr>
<tr>
<td>Outpatient Testing</td>
<td>🔫</td>
<td>86.7</td>
<td>80.4</td>
<td>79.2</td>
<td>72.0</td>
<td>82.3</td>
</tr>
<tr>
<td>Home Health</td>
<td>🔫</td>
<td>86.2</td>
<td>80.0</td>
<td>84.2</td>
<td>84.2</td>
<td>69.2</td>
</tr>
</tbody>
</table>

“Would you recommend this facility/provider” responses by department

Report generated July 19, 2017
Primary Care Service Line
Creating Radical Convenience to Care

National Access Crisis
Access Crisis: National and Local

Our Strategy

Early Wins and Challenges

Our Vision

Questions and Discussion

Access Crisis
National: Statistics

<table>
<thead>
<tr>
<th>Workforce Concern</th>
<th>Metric</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office visits for PC</td>
<td>56%</td>
</tr>
<tr>
<td>Physicians who practice PC medicine</td>
<td>37%</td>
</tr>
<tr>
<td>Clinics not accepting new patients</td>
<td>22%</td>
</tr>
<tr>
<td>Average third next available appointment</td>
<td>31 days</td>
</tr>
<tr>
<td>ED visit that could have been handled by a PC visit</td>
<td>46%</td>
</tr>
<tr>
<td>ED visit that cold have been avoided by a PC visit</td>
<td>27%</td>
</tr>
<tr>
<td>Population growth &amp; aging estimated to increase the workload of PC (2005-2025)</td>
<td>29%</td>
</tr>
<tr>
<td>Medical students planning careers in adult PC</td>
<td>7%</td>
</tr>
<tr>
<td>Estimated growth of PC physicians (2005-2025)</td>
<td>2-7%</td>
</tr>
<tr>
<td>Projected estimated shortage of adult PCP</td>
<td>35-44,000</td>
</tr>
</tbody>
</table>
### Access Crisis

#### Local: Statistics

<table>
<thead>
<tr>
<th>Workforce Concern</th>
<th>Metric</th>
</tr>
</thead>
<tbody>
<tr>
<td>US population that live in a rural areas</td>
<td>27% (65M)</td>
</tr>
<tr>
<td>PC practitioners who practice in rural areas</td>
<td>10%</td>
</tr>
<tr>
<td>Additional PC practitioners needed to meet rural demand</td>
<td>16,000</td>
</tr>
<tr>
<td>Additional JHC PCP needed to meet current demand</td>
<td>9</td>
</tr>
<tr>
<td>JHC PC service line TNAA</td>
<td>17 days</td>
</tr>
<tr>
<td>JHC PCP not accepting new patients</td>
<td>37%</td>
</tr>
</tbody>
</table>

### Access Crisis

#### Local: Causes

- Affordable Care Act
- Social Security
- Baby Boomers
Access Crisis
Local: Causes

PANEL SIZE
How Many Patients Can One Doctor Manage?
Our Strategy
Leadership: Fill the Red Box!

Chief Ambulatory and Medical Group Officer
Leadership is the Capacity to Translate Vision into Reality.

~Warren Bennis

Our Strategy
Leadership: Dyad Partners

Our Strategy
Build a Foundation: Structure Dictates Function
Our Strategy
Author of our Future: Strategic Plan

- Shared Trust
- Shared Vision
- Shared Responsibility
- Unified Goals
- Cascade and Align
- Nimble

Our Strategy
Author of our Future: Define our Barriers to Success

Exceptional Primary Care

Use Continuous Improvement to remove small obstacles
Use Hoshin
Break Through Objective

Starting Point
Our Strategy
Author of our Future: Laser Focus

What Exactly is 'Hoshin Planning'?

Before we get ahead of ourselves, a few key terms and definitions:

'Vision' = whatever you do, done to perfection.

'Breakthrough' = a radical and dramatic improvement in one or more organizational competency. Probably a long-term effort, and will require a fundamental re-thinking of the affected processes and systems.

'Hoshin' = the most important annual objective towards the breakthrough.

Our Strategy
Author of our Future: Relentless Pursuit of Excellence

Why Use Hoshin Planning?

To Align Targets and Means throughout the Organization

- Performance Excellence
- System: The way we do business
- Processes: The way we operate
- People: The way we work together

Outcomes:
- Financial Profitability
- Customers & Employees Satisfaction
- Growth & Innovation
Our Strategy
Implement the Plan: Governance Foundation

Primary Care Executive Committee (PCEC)

Access Committee  Quality Committee  Effectiveness Committee  People Pillar

Medical Director  Clinic Manager

Providers & Staff

Our Strategy
Implement the Plan: Access Committee

Physician Leader: Dr. Gary Forbes
Members: Dr. Stephen Erickson, Dr. Shannon Kirchner, Dr. Steven Butterfield, Sara Katz, PA-C, Jenn Wharton, and Dunia Faulx

Top Projects
- Hospital and ED Discharges
- Identify Panel Size
- Provider Pairing
- Provider Care Teams
- Scheduling Templates (established and new patients)
- Telephone and Scheduling Process (Access Hub)
- Telemedicine
- My Chart
- E=Visits
Our Strategy
Implement the Plan: Quality Committee

Physician Leader: Dr. Molly Parker

Members: Dr. Judy Gayne, Dr. Joe Mattern, Wes Schott, PA-C, Jaimie Hoobler, Dunia Faulx

Top Projects
• Tactical Visits
• ID Quality Metrics for Provider Compensation
• Chronic Pain
• Refill Visits Protocol
• Preventative Care

Our Strategy
Implement the Plan: Effectiveness Committee

Physician Leader: Dr. Molly Hong

Members: Dr. Rachel Bickling, Dr. Claus Janssen, Cory Asbell, PA-C, Angela Pieratt, PA-C, Tammey Newton

Top Projects
• EPIC Training
• Job Task and Workflows
• Business Metrics
• Medical Group Dashboard
• Medical Group Dashboard v 2
Our Strategy
Develop High Performing Teams of Excellence: Fill the Box!

Provider Recruiter

<table>
<thead>
<tr>
<th>Year and Provider</th>
<th>Count</th>
<th>JHC Attrition %</th>
<th>National Average %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016 Physician</td>
<td>0</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td>2017 Physician</td>
<td>1</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>2016 APP</td>
<td>1</td>
<td>7</td>
<td>11</td>
</tr>
<tr>
<td>2017 APP</td>
<td>2</td>
<td>14</td>
<td>11</td>
</tr>
</tbody>
</table>
Our Strategy
Develop High Performing Teams of Excellence: Care Teams

Our Strategy
Develop High Performing Teams of Excellence: Top of Licensure
Our Strategy
Organizational Plan: Integrated System

Care Coordination
Care Integration
Care Continuum

Our Strategy
Organizational Plan: Immediate Care

Immediate Clinic
**Early Wins**

1. Dyad
2. Physician Leadership
3. Clinic Leadership
4. Dedicated Provider Recruitment
5. Hope
6. Scheduling Process for Same Days and Hospital/ED Discharges
7. Business Metrics:
   - ED and Hospital Discharge:
   - Volume
   - Net Revenue
   - Business Model
Early Wins:
Business Metrics

<table>
<thead>
<tr>
<th>Metric</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospital &amp; ED D/C within 7 Days</td>
<td>23%</td>
<td>92%</td>
</tr>
<tr>
<td>Volume YTD</td>
<td>5109</td>
<td>5462</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gross Revenue YTD Variance</th>
<th>Expense Revenue YTD Variance</th>
<th>Net Revenue YTD Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>($350,422)</td>
<td>($367,287)</td>
<td>$24,629</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Metric</th>
<th>Before Coleman</th>
<th>2016</th>
<th>2017 YTD</th>
<th>ECG Median Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expense % of Gross Revenue</td>
<td>62%</td>
<td>45%</td>
<td>31%</td>
<td>52%</td>
</tr>
</tbody>
</table>

Challenges

1. Recruitment:
   • Providers
   • Staff
2. Teams of Excellence
3. Building the Plane while Flying
   • Bandwidth
   • Resilience and Endurance
   • Changes in Healthcare
4. Hardwiring Change is Hard Work!
Our Vision

The Primary Care service line provides high quality, safe, compassionate care grounded in best practices. Care is radically easy to access and provided by engaged, competent clinicians and staff working to their highest level of training in a supportive, efficient work environment. Clinicians and staff have the tools, data and processes needed to provide coordinated, exceptional patient care.
Our Vision:
Radical Convenience to Care

Third Next Available Appointment:
- New Patients – 7 days
- Established Patient – 10 days or per Plan of Care
- Same Day Service

E-Visits
Telemedicine
Home Visits

Right Time, Right Place, Right Provider, Right Care!
AGENDA

- Overview of June
  - Knowledge Sharing: Depreciation
  - June’s performance
  - Monthly Service Line Highlight: Clinic at 934 Sheridan
  - Where are the gaps?
  - Cash management
- July preview
What is Depreciation?

Definition
- Reduction of an asset's value during its useful life.
- Historic Cost of asset is divided up over the asset's estimated life.
- Different methods (formulas) used to calculate depreciation can lead to variations in the balance sheet value of a fixed asset and in the amount expensed each period.

Straight-Line Method
- A depreciation method that gives you the same deduction, year after year, over the asset's useful life.
- The deduction amount is simply the asset's cost basis divided by its years of useful life.

Half-Year Convention
- A depreciation schedule that treats all assets acquired in a year as being acquired exactly in the middle of the year.
- Only half of the full-year depreciation is allowed in the first year.
- The remaining balance is deducted in the final year of the depreciation schedule, or the year that the property is sold.

KNOWLEDGE SHARING EXAMPLE

- Asset Cost: $120,000
- Useful Life: 10 Years x 12 = 120 months
- Monthly Depreciation Expense: $1,000
- Annual Depreciation Expense: $12,000
- First and Last Year's Expense is half of the annual expense: $6,000
- Accumulated Depreciation increases as the Book Value decreases.
OVERVIEW OF JUNE

- Strong volumes and revenue month; inpatient and outpatient revenues both exceeded budget
- Operating expenses were 2% above budget, while revenues were 4% above budget
- We had another strong month and continued to recover some of the YTD gap from Feb-Apr

JUNE CENSUS

AVERAGE DAILY CENSUS = 15.73
JULY CENSUS
AVERAGE DAILY CENSUS = 16.00

YEAR TO DATE CENSUS
AVERAGE DAILY CENSUS = 15.22
## Operating Statistics
### June 2017

<table>
<thead>
<tr>
<th>STATISTIC DESCRIPTION</th>
<th>JUNE BUDGET</th>
<th>JUNE ACTUAL</th>
<th>QUANTITY VARIANCE</th>
<th>% VARIANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICU Patient Days (IP + Observation, Midnight Census)</td>
<td>79</td>
<td>93</td>
<td>14</td>
<td>17%</td>
</tr>
<tr>
<td>ACU Patient Days (IP + Observation, Midnight Census)</td>
<td>308</td>
<td>356</td>
<td>50</td>
<td>16%</td>
</tr>
<tr>
<td>Swing IP Patient Days (Midnight Census)</td>
<td>57</td>
<td>32</td>
<td>(25)</td>
<td>-44%</td>
</tr>
<tr>
<td>Patient Days (ACU, ICU, Swing), Includes Observation</td>
<td>443</td>
<td>481</td>
<td>38</td>
<td>9%</td>
</tr>
<tr>
<td>Births</td>
<td>9</td>
<td>27</td>
<td>18</td>
<td>210%</td>
</tr>
<tr>
<td>Surgery Minutes (in OR)</td>
<td>8,287</td>
<td>9,141</td>
<td>854</td>
<td>10%</td>
</tr>
<tr>
<td>Special Procedure Cases</td>
<td>123</td>
<td>77</td>
<td>(46)</td>
<td>-37%</td>
</tr>
<tr>
<td>Recovery Minutes</td>
<td>6,521</td>
<td>3,058</td>
<td>(3,463)</td>
<td>-39%</td>
</tr>
<tr>
<td>Lab Billable Tests</td>
<td>15,748</td>
<td>17,552</td>
<td>804</td>
<td>5%</td>
</tr>
<tr>
<td>Total Blood Units Matched</td>
<td>45</td>
<td>47</td>
<td>2</td>
<td>3%</td>
</tr>
<tr>
<td>Total Radiology Tests</td>
<td>1,352</td>
<td>1,257</td>
<td>(95)</td>
<td>-10%</td>
</tr>
<tr>
<td>MRI Completed</td>
<td>160</td>
<td>161</td>
<td>1</td>
<td>1%</td>
</tr>
<tr>
<td>CT Scans Completed</td>
<td>363</td>
<td>439</td>
<td>76</td>
<td>21%</td>
</tr>
<tr>
<td>Ultrasounds Completed</td>
<td>253</td>
<td>287</td>
<td>34</td>
<td>14%</td>
</tr>
<tr>
<td>NUC Med Tests</td>
<td>38</td>
<td>19</td>
<td>(19)</td>
<td>-50%</td>
</tr>
<tr>
<td>Total Diagnostic Imaging Tests</td>
<td>2,205</td>
<td>2,163</td>
<td>(42)</td>
<td>-2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>STATISTIC DESCRIPTION</th>
<th>JUNE BUDGET</th>
<th>JUNE ACTUAL</th>
<th>QUANTITY VARIANCE</th>
<th>% VARIANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Pharmacy Units</td>
<td>10,916</td>
<td>22,462</td>
<td>11,546</td>
<td>100%</td>
</tr>
<tr>
<td>Total Respiratory Therapy Procedures</td>
<td>2,804</td>
<td>2,873</td>
<td>69</td>
<td>2%</td>
</tr>
<tr>
<td>ER Census</td>
<td>988</td>
<td>1,044</td>
<td>56</td>
<td>6%</td>
</tr>
<tr>
<td>SOC Patient Visits (Encounters)</td>
<td>171</td>
<td>175</td>
<td>4</td>
<td>2%</td>
</tr>
<tr>
<td>JHPC &amp; JMPG Patient Visits (Encounters)</td>
<td>2,481</td>
<td>2,840</td>
<td>359</td>
<td>14%</td>
</tr>
<tr>
<td>JHPM Patient Visits (Encounters)</td>
<td>1,245</td>
<td>1,083</td>
<td>(162)</td>
<td>-13%</td>
</tr>
<tr>
<td>JHFM Patient Visits (Encounters)</td>
<td>587</td>
<td>757</td>
<td>170</td>
<td>29%</td>
</tr>
<tr>
<td>Total Rural Health Clinic Visits</td>
<td>4,480</td>
<td>4,505</td>
<td>25</td>
<td>0%</td>
</tr>
<tr>
<td>JHPC Patient Visits (Encounters)</td>
<td>460</td>
<td>428</td>
<td>(32)</td>
<td>-7%</td>
</tr>
<tr>
<td>Gen Surg Patient Visits</td>
<td>339</td>
<td>235</td>
<td>(104)</td>
<td>-31%</td>
</tr>
<tr>
<td>Ortho Patient Visits</td>
<td>1,608</td>
<td>678</td>
<td>(930)</td>
<td>-58%</td>
</tr>
<tr>
<td>Infusion Center Visits</td>
<td>454</td>
<td>617</td>
<td>163</td>
<td>36%</td>
</tr>
<tr>
<td>Wound Care Visits</td>
<td>303</td>
<td>295</td>
<td>(8)</td>
<td>-3%</td>
</tr>
<tr>
<td>Oncology Visits</td>
<td>382</td>
<td>293</td>
<td>(89)</td>
<td>-23%</td>
</tr>
<tr>
<td>Anti Coag Visits</td>
<td>534</td>
<td>520</td>
<td>(14)</td>
<td>-3%</td>
</tr>
<tr>
<td>Sleep Clinic Visits</td>
<td>205</td>
<td>135</td>
<td>(70)</td>
<td>-34%</td>
</tr>
<tr>
<td>CaroHology Clinic</td>
<td>198</td>
<td>162</td>
<td>(36)</td>
<td>-18%</td>
</tr>
<tr>
<td>Womens Clinic</td>
<td>144</td>
<td>250</td>
<td>106</td>
<td>74%</td>
</tr>
</tbody>
</table>
### June Revenues and Adjustments

<table>
<thead>
<tr>
<th></th>
<th>June 2017 Actual</th>
<th>June 2017 Budget</th>
<th>Variance (Favorable/Unfavorable)</th>
<th>% Variance</th>
<th>June 2017 YTD</th>
<th>June 2017 YTD (Favorable/Unfavorable)</th>
<th>% Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resident Revenue</td>
<td>3,228,040</td>
<td>3,228,855</td>
<td>805 ($205)</td>
<td>-3%</td>
<td>21,446,860</td>
<td>21,446,860 (-$72)</td>
<td>-0.3%</td>
</tr>
<tr>
<td>Outpatient Revenue</td>
<td>14,118,867</td>
<td>15,118,867</td>
<td>1,000,000</td>
<td>8%</td>
<td>88,150,351</td>
<td>88,150,351 (-$1,000)</td>
<td>-0.001%</td>
</tr>
<tr>
<td>Total Gross Revenue</td>
<td>15,346,807</td>
<td>18,347,720</td>
<td>3,000,000</td>
<td>16%</td>
<td>110,597,211</td>
<td>110,597,211 (-$3,000)</td>
<td>-0.0027%</td>
</tr>
</tbody>
</table>

### June Expenses, Nonoperating Activities, and Change in Net Position

<table>
<thead>
<tr>
<th></th>
<th>June 2017 Actual</th>
<th>June 2017 Budget</th>
<th>Variance (Favorable/Unfavorable)</th>
<th>% Variance</th>
<th>June 2017 YTD</th>
<th>June 2017 YTD (Favorable/Unfavorable)</th>
<th>% Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and Wages</td>
<td>6,078,143</td>
<td>6,078,143</td>
<td></td>
<td></td>
<td>22,056,625</td>
<td>22,056,625 (-$600)</td>
<td>-0.0027%</td>
</tr>
<tr>
<td>Supplies</td>
<td>2,118,134</td>
<td>2,118,134</td>
<td></td>
<td></td>
<td>7,072,414</td>
<td>7,072,414 (-$600)</td>
<td>-0.0009%</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>8,196,277</td>
<td>8,196,277</td>
<td></td>
<td></td>
<td>29,129,039</td>
<td>29,129,039 (-$600)</td>
<td>-0.0009%</td>
</tr>
</tbody>
</table>

### Change in Net Position

<table>
<thead>
<tr>
<th></th>
<th>June 2017 Actual</th>
<th>June 2017 Budget</th>
<th>Variance (Favorable/Unfavorable)</th>
<th>% Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income</td>
<td>815,699</td>
<td>871,087</td>
<td>55,388</td>
<td>6.6%</td>
</tr>
</tbody>
</table>
FINANCIAL SNAPSHOT
JUNE, MONTH AND YEAR TO DATE

### June Revenue
$182,415

### June Expenses
$55,025

### Net Income
$127,390

### Providers:
- Stephen Erickson, MD
- Deborah Nighswonger, ARNP

---

### June's Monthly Service Line Highlight

**JH - CLINIC AT 934 SHERIDAN**
**LEGAL NAME: JH INTERNAL MEDICINE**

- **934 Sheridan Street**
- **Hours:** Weekdays – 8 am to 5 pm (Primary Care) Weekends: 9 am to 6 pm (walk-in service by PA/ARNP)

---

### June 2017 Actual vs. June 2017 Budget

<table>
<thead>
<tr>
<th>Metric</th>
<th>June 2017 Actual</th>
<th>June 2017 Budget</th>
<th>Variance ( Favorable / Unfavorable )</th>
<th>%</th>
<th>June 2017 YTD</th>
<th>June 2017 Budget YTD</th>
<th>Variance ( Favorable / Unfavorable )</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenue</td>
<td>3,028,840</td>
<td>3,200,000</td>
<td>-171,160 Unfavorable</td>
<td>-5.4%</td>
<td>22,845,800</td>
<td>23,003,822</td>
<td>251,022 Favorable</td>
<td>-1.1%</td>
</tr>
<tr>
<td>Net patient revenue</td>
<td>2,223,362</td>
<td>2,170,421</td>
<td>52,941 Favorable</td>
<td>2.4%</td>
<td>18,028,859</td>
<td>17,484,355</td>
<td>544,504 Favorable</td>
<td>3.1%</td>
</tr>
<tr>
<td>Deductions as % gross revenue</td>
<td>55.2%</td>
<td>56.5%</td>
<td>-1.3% Unfavorable</td>
<td>-2.3%</td>
<td>55.9%</td>
<td>54.5%</td>
<td>1.4% Favorable</td>
<td>2.6%</td>
</tr>
<tr>
<td>Charity as % gross revenue</td>
<td>8.2%</td>
<td>8.7%</td>
<td>-0.5% Unfavorable</td>
<td>-6.1%</td>
<td>8.2%</td>
<td>8.6%</td>
<td>0.4% Favorable</td>
<td>4.8%</td>
</tr>
<tr>
<td>Bad Debt as % gross revenue</td>
<td>1.4%</td>
<td>1.5%</td>
<td>-0.1% Unfavorable</td>
<td>-6.7%</td>
<td>1.2%</td>
<td>1.6%</td>
<td>0.4% Favorable</td>
<td>26.7%</td>
</tr>
<tr>
<td>Salaries &amp; Benefits as % net pr. revenue</td>
<td>61.0%</td>
<td>64.4%</td>
<td>-3.4% Unfavorable</td>
<td>-5.4%</td>
<td>64.1%</td>
<td>64.6%</td>
<td>0.5% Favorable</td>
<td>8.0%</td>
</tr>
</tbody>
</table>
JH - Internal Medicine

Financial Results:

- Increased appointment availability, reduced no shows and cancellations, and utilized no show and cancellation space when possible.
- Monthly reviews of financial reports, review variance reports, communication with finance team, and understanding of our financials.
- Team Effort: Everyone – Providers, front desk, medical support staff, clinic manager and even the finance team.
- Increased access with a dedication to patient satisfaction, partnering, and stewardship of our finances.

Success Story:
JUNE
FTE TRENDS

8/3/2017

JUNE
ADJUSTED PATIENT DAYS
**WHERE ARE THE GAPS?**

**CONTRIBUTION MARGIN VARIANCE BY DEPARTMENT**

<table>
<thead>
<tr>
<th>Dept</th>
<th>Department Description</th>
<th>Variance</th>
<th>YTD Variance</th>
<th>Variance</th>
<th>YTD Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>6030</td>
<td>ICU</td>
<td>4,224</td>
<td>(220,849)</td>
<td>122,127</td>
<td>224,853</td>
</tr>
<tr>
<td>6040</td>
<td>ICU</td>
<td>7,716</td>
<td>(150,118)</td>
<td>99,954</td>
<td>99,954</td>
</tr>
<tr>
<td>6070</td>
<td>Newborn</td>
<td>5,386</td>
<td>18,896</td>
<td>72,307</td>
<td>72,307</td>
</tr>
<tr>
<td>6100</td>
<td>Surgical Services</td>
<td>34,530</td>
<td>401,313</td>
<td>116,145</td>
<td>116,145</td>
</tr>
<tr>
<td>6120</td>
<td>Operating Room</td>
<td>21,593</td>
<td>58,684</td>
<td>3,978</td>
<td>3,978</td>
</tr>
<tr>
<td>7020</td>
<td>SICU</td>
<td>47,002</td>
<td>208,389</td>
<td>40,573</td>
<td>121,045</td>
</tr>
<tr>
<td>7030</td>
<td>General Surgery</td>
<td>293,540</td>
<td>(299,151)</td>
<td>174,112</td>
<td>216,767</td>
</tr>
<tr>
<td>7040</td>
<td>Surgery-Spec Proc</td>
<td>99,087</td>
<td>510,762</td>
<td>10,590</td>
<td>14,653</td>
</tr>
<tr>
<td>7050</td>
<td>Pre/Post Op</td>
<td>78,269</td>
<td>(150,162)</td>
<td>12,661</td>
<td>23,000</td>
</tr>
<tr>
<td>7060</td>
<td>Anesthesiology</td>
<td>5,325</td>
<td>409,106</td>
<td>70,279</td>
<td>115,690</td>
</tr>
<tr>
<td>7070</td>
<td>Central Supply</td>
<td>94,882</td>
<td>219,559</td>
<td>57,121</td>
<td>588,203</td>
</tr>
<tr>
<td>7080</td>
<td>Lab</td>
<td>76,952</td>
<td>346,339</td>
<td>56,593</td>
<td>1,158</td>
</tr>
<tr>
<td>7090</td>
<td>Blood Bank</td>
<td>21,255</td>
<td>(79,868)</td>
<td>43,534</td>
<td>1,906,050</td>
</tr>
<tr>
<td>7110</td>
<td>Cardiac Services</td>
<td>4,930</td>
<td>(48,927)</td>
<td>30,292</td>
<td>790,686</td>
</tr>
<tr>
<td>7120</td>
<td>MRI</td>
<td>5,652</td>
<td>(292,619)</td>
<td>5,646</td>
<td>22,607</td>
</tr>
<tr>
<td>7130</td>
<td>CT Scan</td>
<td>287,617</td>
<td>(679,619)</td>
<td>103,350</td>
<td>26,881</td>
</tr>
<tr>
<td>7140</td>
<td>Radiology</td>
<td>71,706</td>
<td>393,763</td>
<td>46,962</td>
<td>42,951</td>
</tr>
<tr>
<td>7142</td>
<td>Echo</td>
<td>30,729</td>
<td>101,570</td>
<td>81,143</td>
<td>195,968</td>
</tr>
<tr>
<td>7143</td>
<td>Ultrasound</td>
<td>46,070</td>
<td>102,146</td>
<td>22,697</td>
<td>112,587</td>
</tr>
<tr>
<td>7180</td>
<td>Nephrology</td>
<td>22,523</td>
<td>(33,996)</td>
<td>23,169</td>
<td>699,000</td>
</tr>
<tr>
<td>7190</td>
<td>Neurology</td>
<td>48,663</td>
<td>(112,618)</td>
<td>50,111</td>
<td>(1,469,950)</td>
</tr>
<tr>
<td>7170</td>
<td>Pharmacy</td>
<td>(143,095)</td>
<td>(1,329,679)</td>
<td>36,659</td>
<td>599,717</td>
</tr>
<tr>
<td>7191</td>
<td>Pharmacy Staff</td>
<td>11,654</td>
<td>345,813</td>
<td>67,147</td>
<td>988,382</td>
</tr>
<tr>
<td>7180</td>
<td>Respiratory Therapy</td>
<td>17,643</td>
<td>(64,688)</td>
<td>3,901</td>
<td>12,214</td>
</tr>
<tr>
<td>7182</td>
<td>Pulmonary Edema</td>
<td>1,371</td>
<td>(3,954)</td>
<td>2,614</td>
<td>22,269</td>
</tr>
<tr>
<td>7190</td>
<td>Physical Therapy</td>
<td>15,601</td>
<td>(203,944)</td>
<td>13,595</td>
<td>24,144</td>
</tr>
<tr>
<td>7200</td>
<td>Physical Therapy</td>
<td>75,761</td>
<td>391,756</td>
<td>77,257</td>
<td>67,013</td>
</tr>
<tr>
<td>7201</td>
<td>Occupational Therapy</td>
<td>17,765</td>
<td>(88,961)</td>
<td>37,622</td>
<td>899,855</td>
</tr>
<tr>
<td>7210</td>
<td>Special Therapy</td>
<td>14,704</td>
<td>(79,999)</td>
<td>5</td>
<td>409</td>
</tr>
</tbody>
</table>

**DAYS OF CASH**

**TOTAL CASH / AVERAGE EXPENDITURES PER DAY**

![Graph showing Days of Cash from 2016 to 2017](image)
### DAYS IN ACCOUNTS RECEIVABLE

**CAH West Average**: 60 days (2015)

**QHI Network Average**: 54.48 days (2016)

### 2017 BOARD BUDGET

The table below shows the budget details for various departments:

<table>
<thead>
<tr>
<th>Department Description</th>
<th>Rev/Exp</th>
<th>Account</th>
<th>Account Description</th>
<th>June</th>
<th>June Budget</th>
<th>Variance</th>
<th>YTD Actual</th>
<th>YTD Budget</th>
<th>YTD Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>HQ BOARD</td>
<td></td>
<td></td>
<td>MANAGEMENT &amp; SUPERVISION WAGES</td>
<td>4,700</td>
<td>4,496</td>
<td>205</td>
<td>25,964</td>
<td>27,135</td>
<td>(231)</td>
</tr>
<tr>
<td>601200 CONSULT MINIWST FEE</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>601200 AUDIT FEE</td>
<td>-</td>
<td>2,877</td>
<td>(2,877)</td>
<td>30,962</td>
<td>17,316</td>
<td>13,626</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>604200 CATERING</td>
<td>134</td>
<td>96</td>
<td>0</td>
<td>1,042</td>
<td>977</td>
<td>657</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>604200 OFFICE SUPPLIES</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>328</td>
<td>328</td>
<td>328</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>604200 MINOR EQUIPMENT</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>604200 COMPUTER EQUIPMENT</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>604200 OTHER NON-MEDICAL SUPPLIES</td>
<td>-</td>
<td>-</td>
<td>300</td>
<td>-</td>
<td>300</td>
<td>300</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>604200 OTHER PURCHASED SERVICES</td>
<td>-</td>
<td>822</td>
<td>(822)</td>
<td>930</td>
<td>4,555</td>
<td>4,025</td>
<td>30</td>
<td></td>
<td></td>
</tr>
<tr>
<td>608100 LEASES/RENTALS-BUILDINGS</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>608200 LEASES/RENTALS - EQUIPMENT</td>
<td>-</td>
<td>-</td>
<td>74</td>
<td>-</td>
<td>74</td>
<td>74</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>608200 LICENSE LICENSES AND TAXES</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>609400 TRAVEL/METINGS/TRAINING</td>
<td>-</td>
<td>1644</td>
<td>(1644)</td>
<td>2805</td>
<td>9,918</td>
<td>7,113</td>
<td>2051</td>
<td></td>
<td></td>
</tr>
<tr>
<td>609900/FISC OTHER EXP</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>4,876</strong></td>
<td><strong>6,937</strong></td>
<td><strong>(1,110)</strong></td>
<td><strong>62,868</strong></td>
<td><strong>59,945</strong></td>
<td><strong>2,923</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Grand Total**

| | 4,876 | 6,937 | (1,110) | 62,868 | 59,945 | 2,923 |

---

38
$16,800,000 in HB charges
- Average: $545,000/day (HB only)
- Budget: $560,500/day

$6,400,000 in HB cash collections
- Average: $222,000/day (HB only)
- Goal: $255,000/day
Administrative Report

July 19, 2017

Consulting Engagement with Via Healthcare

Deliverables:

• Develop a customized board self assessment questionnaire and perform individual Board member interviews.

• Facilitate board discussion on its performance based on the results of the questionnaire and Board member interviews.

• Identify areas of potential enhancement for board effectiveness and develop an action plan for the coming year.
Consulting Engagement with Via Healthcare

• Provide education and guidance on Board’s fundamental fiduciary duties and best practices in hospital governance with a particular focus on the roles and responsibilities of an elected/appointed Board.

• Provide education about healthcare industry trends and discuss the resulting impact on Jefferson.

Work Plan

1. Review various documents to ensure a thorough grounding in Jefferson’s current situation, especially regarding its governance structures and functioning by laws, strategic plan, governance documents, recent board agendas and minutes.

2. Conduct structured, confidential telephone interviews with each Board member and up to four Jefferson executive and/or medical staff leaders to determine the strengths, weaknesses and any areas of concern regarding functioning, and to identify specific areas for enhancement.

3. Customize a board self-assessment questionnaire to Jefferson’s governance situation and administer the survey via e-mail link to a secure Web site to all five Board members.
Work Plan

4. Review various documents to ensure a thorough grounding in Jefferson’s current situation, especially regarding its governance structures and functioning bylaws, strategic plan, governance documents, the board book, recent board agendas and minutes.

5. Develop a presentation focused on educational topics identified by the CEO and Board members during the self-assessment process, including best practices for public hospital district boards. The presentation will also include a summary of our conclusions about the Board’s strengths, weaknesses and areas for enhancement based on the self-assessment results.

6. Facilitate a one-day Board Retreat
   • Conduct an interactive presentation of fundamental fiduciary duties and governance best practices in governance specific to an elected public hospital district boards as well as healthcare industry trends relevant to Jefferson;
   • Present the results of the Jefferson Board’s customized Board self-assessment;
   • Share Via Healthcare Consulting's summary observations regarding the Board’s strengths/weaknesses/areas of concern and possible actions for improvement;
   • Facilitate an open discussion regarding the gap between the Board’s current situation and the desired advanced practices and reach agreement on a limited number (e.g., 5-7) of actions for enhancing Jefferson’s governance in the next year.

7. Provide a brief report on the decisions made during the Board Retreat. This will identify the 3-5 priority actions the Board can pursue for Board enhancement in the coming year.

8. Be available for follow up questions and other engagement related issues.
Advocacy Update

Washington DC:

• The Senate version of “repeal and replace” the affordable care act, The Better Care Reconciliation Act is dead.

• This act would have been catastrophic consequence to Jefferson Healthcare and Jefferson County.

• The uninsured rate, which reduced from 16.8% in 2013 to 7.2% in 2016, would increase.

• Washington State would have lost $33.5 billion in federal funds between 2020 and 2026 from expansion related changes and the per capita cap.

• If Washington decided to keep the expansion and maintain its current Medicaid expansion program, it would have to increase it’s own spending by $13.7 billion through 2026, or about 33%.

Advocacy Update

Olympia:

• On June 30, the legislators passed and the governor signed a $34 billion operating budget narrowly avoiding a partial shut down of state services.

• On the whole, the operating budget is fair to hospitals and health care.

• As of today, there is no agreement on capital budget for the 2017-19 biennium and it is unclear if there will be agreement this session.
Jefferson Healthcare is a Most Wired Hospital... Again

How do you become a Most Wired Hospital?

• Hospitals complete a 88 question survey setting specific requirements in 4 focus areas:
  • Infrastructure and security
  • Business and administrative management
  • Clinic quality and safety (inpatient/outpatient)
  • Clinic Integration (Ambulatory/Physician/ Patient Community)
American College of Surgeons Cancer Accreditation Survey

- Gold standard for cancer program
- Same accreditation sought by Seattle Cancer Care Alliance, Swedish Medical Center, and Virginia Mason.
American College of Surgeons Cancer Accreditation Survey

Preliminary results... We did great and will hear back in 4-6 weeks.

Organizational Chart

• One more proposed revision:
  • Since Risk Management is an enterprise wide function. I propose it moves from Nursing to Administration and report directory to the CEO.

• Employee Engagement Survey:
  • Propose the Employee Engagement survey be administered biennially.
### Important Dates and Events

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saturday July 22</td>
<td>Employee Appreciation Picnic at HJ Carrol Park 11:30-4:00pm</td>
</tr>
<tr>
<td>Monday, August 14</td>
<td>Clinic Opening of New Port Ludlow Clinic</td>
</tr>
<tr>
<td>Friday, August 18</td>
<td>Grand Opening Celebration, 3:00-5:00pm</td>
</tr>
<tr>
<td>Thursday, September 14</td>
<td>Provider Engagement Dinner featuring David Montgomery, author of &quot;A Growing Revolution&quot;</td>
</tr>
<tr>
<td>Friday, September 15</td>
<td>Healthcare and Wellness Committee Tour</td>
</tr>
<tr>
<td></td>
<td>Dirksen Conference Room 11:00-1:00pm</td>
</tr>
<tr>
<td>Friday, October 6</td>
<td>Swedish Symposium</td>
</tr>
<tr>
<td></td>
<td>Northwest Maritime Center 9:00-3:00pm</td>
</tr>
</tbody>
</table>

### Questions & Comments

Jefferson Healthcare

live here. thrive here.
Pedometer Challenge

2017

5210JEFFERSON.ORG
5-2-1-0

- 5 or more fruit and vegetables
- 2 hours or less of recreational screen time
- 1 hour or more physical activity
- 0 sugary drinks, more water

Port Townsend School District
Partnership in Health

- This foundational statement provides for the idea that our schools will create and enable the culture, competence, and conditions to ensure each student is prepared for meaningful work and engaged citizenship in our diverse and rapidly changing world.

- Increasing healthy eating and physical activity in school to create a healthier school environment

- Providing leadership to improve the health, wellness and vitality of our community

The Challenge

- 6 weeks-4 active weeks of wearing the pedometers
- Jefferson Healthcare vs Port Townsend School District
- CEO vs Superintendent
- Teachers vs doctors
- Food Service Directors
- Classrooms against other classrooms
- How far across WA will we walk?
Why

• FUN!
• Prizes
• Oh and the health of our community and instilling positive behaviors for life