Jefferson County Public Hospital District No.2  
Board of Commissioners, Regular Session Minutes  
Wednesday, October 18, 2017  
Victor J. Dirksen Conference Room

Call to Order:  
The meeting was called to order at 3:30pm 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, Lisa Holt, Chief Ancillary and Specialty Services Officer, Jenn Wharton, Chief Ambulatory and Medical Group Officer, Joe Mattern, MD, Chief Medical Officer, Kent Smith, DO, Medical Staff Director, and Alyssa Rodrigues, Administrative Assistant. This meeting was officially audio recorded by Jefferson Healthcare.

Approve Agenda:  
Commission Dressler made a motion to approve the agenda. Commissioner Ready seconded.  
Action: Motion passed unanimously.

Patient Story:  
Brandie Manuel, Chief Patient Care Officer, read aloud a patient letter regarding a patient who had to have an emergency surgery after hours on a weekend and the lack of communication given to the family regarding the patient’s whereabouts. She explained that as a result of this letter new electronic processes have been put in place to help improve the communication that family members receive when their loved one is receiving care after regular work hours.

Minutes:  
- September 20 Regular Session minutes  
Commissioner Ready made a motion to approve the September 6 Regular Session Minutes. Commissioner Dressler seconded.  
Action: Motion passed unanimously  
- October 4 Special Session Minutes  
Commissioner Ready made a motion to approve the October 4 Special Session Minutes. Commissioner Dressler seconded.  
Action: Motion passed unanimously  
- October 6 Special Session Minutes  
Commissioner Ready made a motion to approve the October 6 Special Session Minutes. Commissioner Dressler seconded.  
Action: Motion passed unanimously.

Required Approvals:  
- September Warrants and Adjustments  
- Medical Staff Credentials/ Appointments/ Reappointments/ Medical Staff Policy  
- Resolution 2017-38 Cancel Warrants
Commissioner Buhler included Medical Staff Policy to the list of recommended approvals.

Commissioner Kolff made a motion to approve September Warrants and Adjustment, Medical Staff Credentials/ Appointments/ Reappointments and Medical Staff Policy, and Resolution 2017-38 Cancel Warrants as presented. Commissioner De Leo seconded the motion.

**Action:** Motion passed unanimously.

**Public Comment:**
Public comment was made.

**Jefferson County Proposition 1: Resolution 2017-36:** Action Requested
A Resolution Regarding the Creation of the Jefferson County Home Opportunity Fund.

Commissioner Ready made a motion to approve Resolution 2017-36. Commissioner Kolff seconded the motion.

Discussion ensued.

Commissioner Kolff made an amended motion to change Resolution 2017-36 title to “Regarding Proposition 1 which creates a Jefferson County Home Opportunity Fund” Commissioner Ready seconded.

**Action:** Motion passed 3 to 2. Commissioner De Leo, Kolff, and Ready in favor, Commissioner Dressler and Buhler abstained.

Discussion ensued.

Public comment was made.

**Action:** Resolution 2017-36 failed due to lack of majority of the full board voting in favor of passage. Commissioners Ready and Kolff voted in favor, Commissioner De Leo opposed, Commissioner Dressler and Buhler abstained.

**Critical Access Hospital Report:**
Brandie Manuel, Chief Patient Care Officer, presented the Critical Access Hospital Report

Discussion ensued.

Commissioner Ready made a motion to approve the Critical Access Hospital report. Commissioner Dressler seconded.

**Action:** Motion passed unanimously.

**Financial Report:**
Discussion ensued.

Administrator's Report:
Mike Glenn, CEO, gave the administrator's report.

Discussion ensued.

Chief Medical Officer Report:
CMO, Joe Mattern, gave his report on ACO updates, Provider Engagement, Provider Recruitment, and the Palliative Care pilot.

Board Reports:
Commissioner Buhler asked Mike Glenn, CEO, for his recommendation for an independent auditor.

Mike Glenn, CEO, recommended Dingus, Zarecor, and Associates (DZA).

Commissioner Dressler made a motion to appoint DZA to be the independent auditor and also allow Administration to use DZA for the Cost Reports. Commissioner De Leo seconded.

Discussion ensued.

Action: Motion passed 4 to 1. Commissioner De Leo, Dressler, Ready, Buhler in favor, Commissioner Kolff abstained.

Commissioner De Leo reported that he had attended the Executive Quality Committee meeting and mentioned how proud he is of the work our organization does to be safe and compliant.

Conclude:
Commissioner Dressler made a motion to conclude the meeting. Commissioner De Leo seconded the motion.
Action: Motion passed unanimously.

Meeting concluded at 5:38pm.

Approved by the Commission:

Chair of Commission: Jill Buhler

Secretary of Commission: Marie Dressler
2016 Critical Access Hospital Report

Jefferson Healthcare

Prepared for the Board of Commissioners

October 18, 2017

CMS Condition of Participation Standard
Survey Procedures (Questions that CMS asks to support compliance) Periodic Review evidence of compliance Additional Comments

§485.641(a)
The CAH carries out or arranges for a periodic evaluation of its total program. The evaluation is done at least once a year.
How is the information obtained and how is the evaluation conducted? Who is responsible for the periodic evaluation?
Information is obtained via: epic reports, cost center reports, quality and medical staff reports, public reporting data. The Executive Director of Patient Safety and Quality is responsible for the periodic evaluation.
Periodic Review presented to the Board of Commissioners on October 18th, 2017

§485.641(a)(1)(i)
The utilization of CAH services, including at least the number of patients served and the volume of services provided.
How does the CAH ensure that the yearly program evaluation includes a review of all CAH services, the number of patients served and the volume of services provided?
The utilization statistics are provided on slides 3-5 of the periodic evaluation report. The yearly evaluation also considers quality/PI activity of non-clinical departments and includes a brief report of their services. For example, PI, revenue cycle, and clinical informatics updates.

§485.641(a)(1)(ii)
A representative sample of both active and closed clinical records;

“A representative sample of both active and closed clinical records” means not less than 10 percent of both active and closed patient records.

§485.641(a)(1)(iii)
The CAH’s health care policies.
What evidence demonstrates that the health care policies of the CAH are evaluated, reviewed and/or revised as part of the annual program evaluation?
Slides 15-16 outline the review of both open and closed clinical records. The criteria utilized in the review of the records are listed on slide #10.

§485.641(a)(2)
The purpose of the evaluation is to determine whether the utilization of services is appropriate, that the established policies were followed, and any changes are needed.
How does the CAH use the results of the yearly program evaluation? Were policies, procedures, and/or facility practices added, deleted or revised as a result of the yearly program evaluation if needed?
Quality and performance improvement are ongoing at Jefferson Healthcare. As opportunities are identified, plans are developed to improve the process, changes are implemented, the data/process is studied and acted upon. The yearly program evaluation is a summary of this process. Policies and procedures may be created, revised, or retired based on the needs of the organization and in compliance with regulatory requirements, and adherence to internal policies.

UTILIZATION OF SERVICES

Acute, Swing Bed, and Observation

Departments and Services
- Departments and Services
- 2016 Annual Volumes

Transfers
- Transfer Statistics
- Top Transfer Diagnoses

Payor Mix
- 55.49% Medicare
- 24.63% Private Insurance
- 18.56% Medicaid
- 1.33% Private Pay
Utilization of Services

- **Outpatient**
  - 7679 Home Visits
  - 4603 Hospice Admissions
- **Observation**
  - 413 Observation Days
- **Inpatient Hospice**
  - 83 Patient Days
  - Average LOS 4.25 days
- **Pharmacy**
  - 126,413 Doses Dispensed
- **Swing Bed**
  - 214 Swing Bed Days

*Average IP Length of Stay* 69.84 hours

2016 Inpatient Census

*Average Daily Census: 12.69*

- **FBC**
- **ACU**
- **ICU**
- **Swing**

25 beds were not exceeded in 2016
### Departments and Services

<table>
<thead>
<tr>
<th>Department</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emergency Department Visits</td>
<td>8,652</td>
<td>9,244</td>
<td>10,444</td>
<td>11,657</td>
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<tr>
<td>Family Birthing Center Births</td>
<td>112</td>
<td>107</td>
<td>125</td>
<td>99</td>
</tr>
<tr>
<td>Acute Care Unit Patient Days</td>
<td>3,318</td>
<td>2,646</td>
<td>3,928</td>
<td>3,480</td>
</tr>
<tr>
<td>Intensive Care Unit Patient Days</td>
<td>815</td>
<td>776</td>
<td>902</td>
<td>956</td>
</tr>
<tr>
<td>Operating Room Cases</td>
<td>1,079</td>
<td>1,865</td>
<td>1,040</td>
<td>807</td>
</tr>
<tr>
<td>Outpatient Testing</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Diagnostic Imaging</strong></td>
<td>24,457</td>
<td>22,874</td>
<td>23,164</td>
<td>24,200</td>
</tr>
<tr>
<td><strong>Laboratory</strong></td>
<td>178,436</td>
<td>185,784</td>
<td>175,333</td>
<td>186,584</td>
</tr>
<tr>
<td>OP Rehab Visits</td>
<td>29,790</td>
<td>34,950</td>
<td>15,500</td>
<td>13,217</td>
</tr>
<tr>
<td>Rural Health Clinic Visits</td>
<td>51,767</td>
<td>57,264</td>
<td>58,869</td>
<td>56,005</td>
</tr>
<tr>
<td>JH Clinic Visits</td>
<td>26,791</td>
<td>29,881</td>
<td>22,374</td>
<td></td>
</tr>
</tbody>
</table>

11,657 Patients were seen in the Emergency Department in 2016
15.5% were kept for observation, admitted, or transferred

### Emergency Department

<table>
<thead>
<tr>
<th>Disposition</th>
<th>Visits</th>
<th>Percentage of Total Visits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admitted Inpatient</td>
<td>1072</td>
<td>9.2%</td>
</tr>
<tr>
<td>Held for OP/Observation</td>
<td>277</td>
<td>2.38%</td>
</tr>
<tr>
<td>Left Against Medical Advice</td>
<td>40</td>
<td>0.34%</td>
</tr>
<tr>
<td>Left Without Being Seen</td>
<td>208</td>
<td>1.79%</td>
</tr>
<tr>
<td>Transfer</td>
<td>457</td>
<td>3.92%</td>
</tr>
</tbody>
</table>

11,657 Patients were seen in the Emergency Department in 2016
15.5% were kept for observation, admitted, or transferred
Top Ten Reasons for Transfer

January 1 to December 31, 2016
457 patients were transferred from the Emergency Department in 2016

Quality & Appropriateness of Care

Process used to evaluate the quality and appropriateness of care furnished by providers:

- **Case Management Review:**
  - Case Management reviews all inpatient, observation, and swing bed records for quality and appropriateness of care

- **Quality and Safety Teams:**
  - Stroke and Cardiac Quality Teams
  - Patient Safety Committee
  - Clinical Emergency Quality Committee
  - Department Quality Reporting
  - Surgical Quality Committee
  - Antimicrobial Stewardship Team

- **Medical Executive Committee:**
  - Department meetings and case review
  - Professional Practice Excellence Committee
  - External Peer Review

The Executive Quality Council provides oversight for the quality and safety of services provided at Jefferson Healthcare
Medical Records, Policies, and Procedures

§485.641(a)(1)(ii) A representative sample of both active and closed clinical records

RECORD REVIEW

Medical Record Review

Record Review:
- Does the patient meet the criteria for the services being provided?
- Is the written communication clear between team members?
- Are we meeting Regulatory Requirements?
- Is the record complete?
- Does the documentation support the coding and billing?
- Did we provide evidence based medicine to the best of our ability?
- Was the standard of care met?
- Were there opportunities for improvement?

Record Review Completed:
Critical Access Hospitals are required to review 10% of their records for quality, appropriateness of services, and compliance

- Jefferson Healthcare Exceeded this goal in 2016
  - Quality Review
  - Risk Management Review
  - Utilization Review
  - Infection Control
  - Medical Staff Review
  - Compliance Review
Medical Record Review

Medical Group Review:

In 2016, specific quality indicators were selected for review in the primary care setting.

These included:
- Vaccines
- Refills
- Documentation
- Result notes
- Nurse visits
- Triage
- Hospital Follow up
- OB Chart review
- TDap in pregnancy
- Call response time
- Scheduling

Primary Care Records reviewed 4446

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Quantity</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Observation</td>
<td>277</td>
<td>Appropriateness of patient status; review of non-billable services;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>identify delays in patient flow; compliance with Observation notice</td>
</tr>
<tr>
<td>Utilization Review</td>
<td>1072</td>
<td>Appropriateness of level of care, discharge planning, readmission risk</td>
</tr>
<tr>
<td>Readmissions</td>
<td>190</td>
<td>Each potential readmission is screened x 2 (original admission and</td>
</tr>
<tr>
<td></td>
<td></td>
<td>subsequent readmission)</td>
</tr>
<tr>
<td>Infection Control</td>
<td>1474</td>
<td>Open and closed record review active surveillance</td>
</tr>
<tr>
<td>Restraints</td>
<td>175</td>
<td>100% of restraint episodes are audited</td>
</tr>
<tr>
<td>EDTC</td>
<td>180</td>
<td>Sample size: 15 records per month</td>
</tr>
<tr>
<td>GPRO</td>
<td>1411</td>
<td>ACD Quality reporting</td>
</tr>
<tr>
<td>Stroke</td>
<td>33</td>
<td>GWTG Stroke Reporting</td>
</tr>
<tr>
<td>Chest pain/STEMI</td>
<td>60</td>
<td>Public reporting/collaborative quality - Harrison</td>
</tr>
<tr>
<td>Mortality</td>
<td>57</td>
<td>100% review of inpatient deaths</td>
</tr>
<tr>
<td>PPEC</td>
<td>86</td>
<td>Medical Staff-led Peer Review</td>
</tr>
<tr>
<td>Patient Falls</td>
<td>29</td>
<td>100% of patient fall reviews</td>
</tr>
<tr>
<td>OB Roadmap</td>
<td>99</td>
<td>WSHA OB Roadmap quality indicators - 100% of deliveries reported</td>
</tr>
<tr>
<td>Subtotal*</td>
<td>5143</td>
<td>*Does not include additional audits for patient complaints and</td>
</tr>
<tr>
<td></td>
<td></td>
<td>billing compliance</td>
</tr>
</tbody>
</table>
Medical Staff Policies

Policies Reviewed
- Autopsy Policy
- Ongoing Monitoring of State licensure, sanctions
- Practitioner Rights
- Verification of Licensure, Malpractice Coverage and DEA
- History and Physical
- New Technology/Procedures
- Scope of Practice for Medical Students, Physician Assistant Students and NP Students
- Pathological Examination of Tissue and Cytology
- Anesthesia Staffing
- Verbal/Telephone Computerized Physician Order Entry

Policies Revised or Created
- New Policies
- Revised Policies

Contracts, Policies and Procedure Review & Creation

- Retired Documents:
  - 63 Contracts
  - 126 Policies and Procedures
- New Documents:
  - 45 new contracts
  - 142 new policies
- Review of Documents:
  - 148 contracts reviewed
  - 607 policies reviewed
New and Enhanced Services Added in 2016

NEW SERVICES

New Services and Updates

- Respiratory Therapy
  - PFT Lab preparing for accreditation
  - Implemented Masimo end tidal CO2 monitoring
- Lab
  - New PCR technology in Microbiology for Blood Cultures
    - Faster more sensitive testing methodology to facilitate quicker TAT
- Pharmacy
  - Managing lovenox for bridging therapy
- Orthopedics 2.0
  - Pursuit of HKRC through DNV
- Behavioral Health
  - TelePsychiatry
  - Secure Hold Rooms
  - Collaboration with DBH
  - EMDR training for MSWs
- Emergency Department
  - Point of Care Ultrasound
- Surgery
  - Orthopedics, endoscopy podiatry, urology, general surgery
  - Full service central processing
New Services and Updates

Care Coordination for 100 high risk patients in ACO

Concussion committee and algorithm
Oncology/UE lymphedema patients
Pelvic dysfunction program (male and female)

Two full time certified hand therapists
One full time general OT

Project kicked off with nursing to enhance oral hygiene and reduce risk of aspiration

Epic New & Enhanced Services

Epic support:
- Completed 30+ Internal Epic enhancement projects
- Double Upgrade (From version 2015 to 2017)
- 4 Major Optimization updates
- Closed 4,000 Tickets since Jan 2016
- Answered 1300+ Helpdesk calls since May 2017
- Supported multiple moves and service growth initiatives

Epic Modules & Major Safety Initiatives:
- Implemented Healthy Planet (Population health)
- Integrated anesthesia monitors
- Patient Clinical photos using Haiku
- Over 2,000 customized orders for Jefferson
- POC Ultrasound in the Emergency room
- 4 Physician led Epic Optimization groups
- Added five new credentialed trainers
2016 Medical Staff Updates

- Evaluation of Credentialing/Privileging Process
  - Selection of credentialing and peer review software
- Deployment of Medical Staff Credentials Committee
- Primary Care Executive Committee

- 14% increase in medical staff members
  - 107 Reappointments
  - Total AHP on staff: 27
  - Total providers on staff: 211
- Policies
  - Review of ten medical staff policies
  - Creation of two new policies
  - Revision of one policy

Welcome to...
- Irick, Sarah, ARNP – Primary Care
- Griffin, David, CRNA
- Robinson, Gene, MD – General Surgery
- Cheng, Stephanie, MD – Tele- Radiology
- Clark, Derek, MD – TeleStroke (Neurology)
- Eismann, Edward, MD – Orthopedic Surgery
- Fournier, Alethea, ARNP – Psychiatry
- Herrick, Kory, MD – TeleStroke (Neurology)
- Jacus, Ellen, PA-C – JH Family Medicine
- Johns, Michael, MD – FP/Hospitalist
- McCormick, Kelley, PA-C – Walk in Clinic, Madrona FM Clinic
- Naumann, Paul, MD – Orthopedic Surgery
- Nighswonger, Deborah, ARNP – Madrona FM Clinic
- Penn, Justin, MD – Cardiology (remote reads only) HHP Cardiovascular Consultants
- Shah, Nirav, MD – TeleStroke (Neurology)
- Squire, Michael, MD – Tele-Radiology
- Stickler-Ivie, Jodi, PA-C – Orthopedics
- Wilke, Andrew, MD – Emergency Medicine

Resignations
- David King, MD, Orthopedics
- Diana Rosati, CRNA
- Rebecca Corley, MD
- Jena Lopez, MD, ER

2016 had a 14% net increase in Medical Staff Membership
2016 Highlights from Quality and Performance Improvement Work

PERFORMANCE IMPROVEMENT, COMMUNITY ENGAGEMENT, ACHIEVEMENTS

Leadership Development
• Noteworthy 2016 PI Projects

- PI: Revised Performance Improvement Request Process
- Oncology/Infusion/Wound Clinics: Implemented clinical competency program for medical assistants
- JHSA: Improved referrals process—Decreased referrals in the work queue by 50%
- Surgery: Full implementation of TeamSTEPPS tools to enhance the culture of safety
- Rehab Therapy: Implementation of concussion protocol
- Launch of Blood Utilization and Management Committee
  - Massive Transfusion Protocols
  - Process Improvement
  - Clinical Drills

• Patient and Family Engagement

- The Centers for Medicare & Medicaid Services (CMS) has advanced a vision of a safer, more equitable and person-centered health care system transformed by meaningful person and family engagement (PFE).

- Jefferson Healthcare was recognized as a leader in Patient and Family Engagement by WSHA.

- 2016 Marked Year Two for our Patient and Family Advisory Council.

- Committee Membership:
  - Ethics Committee
  - Quiet at Night Committee
  - Healthcare Equality Committee

- Performance Improvement:
  - Primary Care Call Center Kaizen
  - Secret Sleeper
  - Diabetes Education

- Policy Review:
  - Advance Directives Policy

- Patient Way-Finding:
  - Signage-New Building

- Training:
  - Attendance at the Beryl Institute Patient Experience Conference
Community Engagement

- Open enrollment for Health Insurance
- Sponsored Second Sunday Swims
- WellHearts Luncheon
- Girl’s Night Out
- Boiler Room Annual Auction
- Relay for Life
- Rhody Run
- Kick Butts Day
- Aging Mastery Program
- Cooking Demos
- Port Townsend Farmer’s Market
- Tour de Forts
- Hospice Foundation Breakfast
- ...and so many more!

2016 Accomplishments

- HEI Leader 2016
- DOH Antimicrobial Stewardship Honor Roll
- First time HIMSS Stage 6
- HHN Most Wired Small/Rural Hospitals
- AHA GWTG Gold Award
- Quality Health Indicators (Qhi) ‘Top Performer’ Designation
- Successful DNV Survey
- Selected as a National Viewing site for Being Mortal – Hospice Foundation of America
  - Two screenings with 120+ participants
Finance Report

September 2017

Presented to the Board of Commissioners
October 18, 2017

Finance Report: Agenda

Overview of September
- September’s performance
- Monthly Service Line Highlight: Emergency Room
- Cash management

October preview

Audit season... again

Budget update
- Process
- Pricing
OVERVIEW OF SEPTEMBER

September is generally a lower volumes month - this was no exception

Accrued payable for 2017 interim Medicare cost report and settled a 2014 Medicaid audit.

Expenses exceeded revenues - September was a net loss month.

SEPTEMBER CENSUS

AVERAGE DAILY CENSUS = 14.13
OCTOBER CENSUS
AVERAGE DAILY CENSUS = 16.93

YEAR TO DATE CENSUS
AVERAGE DAILY CENSUS = 15.13
September’s Monthly Service Line Highlight

Word of mouth → Primary Care Physician appointment times → Increased visibility

Revenue & Expense Trend

- Revenue
- Expenses
- Budget
- Sep-17 Actual
- Sep-17 Budget
- Sep-16 Actual

Revenue & Expense Trend:

- Jan
- Feb
- Mar
- Apr
- May
- Jun
- Jul
- Aug
- Sep

Revenue:
- Actual
- Budget

Expense:
- Actual
- Budget

Revenue Expenses:
- Sep-17 Actual
- Sep-17 Budget
- Sep-16 Actual

Keeping a close eye on the team's hours & FTE and sharing the data with the team.

Nurse order: Insha Duerr & Dr. Kent Smith
Patient follow-up: Donita French
ED team working together

Facilitated workflow by adjusting nurse processes & shifts
Reporting & posting statistics & customer service
### Operating Statistics
#### September 2017

<table>
<thead>
<tr>
<th>STATISTIC DESCRIPTION</th>
<th>September Budget</th>
<th>September Actual</th>
<th>QUANTITY VARIANCE</th>
<th>% VARIANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICU Patient Days (IP + Observation, Midnight Census)</td>
<td>82</td>
<td>73</td>
<td>(9)</td>
<td>-11%</td>
</tr>
<tr>
<td>ACU Patient Days (IP + Observation, Midnight Census)</td>
<td>316</td>
<td>340</td>
<td>44</td>
<td>8%</td>
</tr>
<tr>
<td>Swing IP Patient Days (Midnight Census)</td>
<td>59</td>
<td>5</td>
<td>(54)</td>
<td>-92%</td>
</tr>
<tr>
<td>Patient Days (ACU, ICU, Swing), Includes Observation</td>
<td>458</td>
<td>418</td>
<td>(40)</td>
<td>-9%</td>
</tr>
<tr>
<td>Births</td>
<td>9</td>
<td>9</td>
<td>(0)</td>
<td>-13%</td>
</tr>
<tr>
<td>Surgery Minutes (In Or)</td>
<td>8,563</td>
<td>8,337</td>
<td>(226)</td>
<td>-3%</td>
</tr>
<tr>
<td>Special Procedure Cases</td>
<td>127</td>
<td>51</td>
<td>(76)</td>
<td>-60%</td>
</tr>
<tr>
<td>Recovery Minutes</td>
<td>6,738</td>
<td>6,219</td>
<td>(519)</td>
<td>-8%</td>
</tr>
<tr>
<td>Lab Billable Tests</td>
<td>17,395</td>
<td>16,001</td>
<td>(1,394)</td>
<td>-8%</td>
</tr>
<tr>
<td>Total Blood Bank Units Matched</td>
<td>47</td>
<td>36</td>
<td>(11)</td>
<td>-23%</td>
</tr>
<tr>
<td>Total Radiology Tests</td>
<td>1,438</td>
<td>1,209</td>
<td>(229)</td>
<td>-16%</td>
</tr>
<tr>
<td>MRI Completed</td>
<td>185</td>
<td>220</td>
<td>35</td>
<td>33%</td>
</tr>
<tr>
<td>CT Scans Completed</td>
<td>375</td>
<td>365</td>
<td>(10)</td>
<td>-3%</td>
</tr>
<tr>
<td>Ultrasounds Completed</td>
<td>291</td>
<td>251</td>
<td>(40)</td>
<td>-4%</td>
</tr>
<tr>
<td>NICU Med Tests</td>
<td>39</td>
<td>17</td>
<td>(22)</td>
<td>-56%</td>
</tr>
<tr>
<td>Total Diagnostic Imaging Tests</td>
<td>2,278</td>
<td>2,062</td>
<td>(216)</td>
<td>-9%</td>
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</table>

<table>
<thead>
<tr>
<th>STATISTIC DESCRIPTION</th>
<th>September Budget</th>
<th>September Actual</th>
<th>QUANTITY VARIANCE</th>
<th>% VARIANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Pharmacy Units</td>
<td>11,280</td>
<td>15,331</td>
<td>4,071</td>
<td>72%</td>
</tr>
<tr>
<td>Total Respiratory Therapy Procedures</td>
<td>2,897</td>
<td>2,407</td>
<td>(490)</td>
<td>-17%</td>
</tr>
<tr>
<td>ER Census</td>
<td>1,024</td>
<td>1,142</td>
<td>118</td>
<td>12%</td>
</tr>
<tr>
<td>SOC Patient Visits (Encounters)</td>
<td>177</td>
<td>70</td>
<td>(107)</td>
<td>-60%</td>
</tr>
<tr>
<td>JHPC &amp; JMHG Patient Visits (Encounters)</td>
<td>2,563</td>
<td>2,680</td>
<td>76</td>
<td>3%</td>
</tr>
<tr>
<td>JHFM Patient Visits (Encounters)</td>
<td>1,267</td>
<td>1,023</td>
<td>(244)</td>
<td>-21%</td>
</tr>
<tr>
<td>JHIM Patient Visits (Encounters)</td>
<td>807</td>
<td>561</td>
<td>(246)</td>
<td>-30%</td>
</tr>
<tr>
<td>Total Rural Health Clinic Visits</td>
<td>4,635</td>
<td>4,294</td>
<td>(341)</td>
<td>-7%</td>
</tr>
<tr>
<td>JHPLC Patient Visits (Encounters)</td>
<td>475</td>
<td>460</td>
<td>(15)</td>
<td>-3%</td>
</tr>
<tr>
<td>Gen Surg Patient Visits</td>
<td>350</td>
<td>221</td>
<td>(129)</td>
<td>-37%</td>
</tr>
<tr>
<td>Ortho Patient Visits</td>
<td>1,042</td>
<td>692</td>
<td>(350)</td>
<td>-34%</td>
</tr>
<tr>
<td>Infusion Center Visits</td>
<td>462</td>
<td>487</td>
<td>25</td>
<td>4%</td>
</tr>
<tr>
<td>Wound Care Visits</td>
<td>313</td>
<td>266</td>
<td>(47)</td>
<td>-15%</td>
</tr>
<tr>
<td>Oncology Visits</td>
<td>353</td>
<td>308</td>
<td>(45)</td>
<td>-13%</td>
</tr>
<tr>
<td>Anti Coag Visits</td>
<td>552</td>
<td>464</td>
<td>(88)</td>
<td>-16%</td>
</tr>
<tr>
<td>Sleep Clinic Visits</td>
<td>212</td>
<td>157</td>
<td>(55)</td>
<td>-26%</td>
</tr>
<tr>
<td>Cardiology Clinic</td>
<td>208</td>
<td>170</td>
<td>(38)</td>
<td>-18%</td>
</tr>
<tr>
<td>Women’s Clinic</td>
<td>149</td>
<td>256</td>
<td>107</td>
<td>-72%</td>
</tr>
</tbody>
</table>
### SEPTEMBER REVENUES AND ADJUSTMENTS

<table>
<thead>
<tr>
<th>September 2017 Actual</th>
<th>September 2017 Budget</th>
<th>Variance Favorable/ (Unfavorable)</th>
<th>% Change</th>
<th>September 2017 YTD</th>
<th>Variance Favorable/ (Unfavorable)</th>
<th>% Change</th>
<th>September 2017 YTD</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>Salaries and Wages</td>
<td>4,095,143</td>
<td>4,076,266</td>
<td>+0.4%</td>
<td>36,803,226</td>
<td>36,844,042</td>
<td>+0.1%</td>
<td>321,115,364</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>604,508</td>
<td>605,564</td>
<td>-0.1%</td>
<td>6,691,880</td>
<td>6,723,188</td>
<td>-0.4%</td>
<td>71,950,088</td>
</tr>
<tr>
<td>Total Gross Revenue</td>
<td>4,699,651</td>
<td>4,681,830</td>
<td>+0.3%</td>
<td>43,495,106</td>
<td>43,567,230</td>
<td>+0.2%</td>
<td>393,065,452</td>
</tr>
</tbody>
</table>

### SEPTEMBER EXPENSES, NONOPERATING ACTIVITIES, AND CHANGE IN NET POSITION

<table>
<thead>
<tr>
<th>September 2017 Actual</th>
<th>September 2017 Budget</th>
<th>Variance Favorable/ (Unfavorable)</th>
<th>% Change</th>
<th>September 2017 YTD</th>
<th>Variance Favorable/ (Unfavorable)</th>
<th>% Change</th>
<th>September 2017 YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Operating Expenses</td>
<td>3,817,457</td>
<td>3,792,188</td>
<td>+0.6%</td>
<td>37,724,340</td>
<td>37,711,564</td>
<td>+0.0%</td>
<td>331,175,296</td>
</tr>
<tr>
<td>Net Income (Loss)</td>
<td>-65,268</td>
<td>-68,150</td>
<td>-4.2%</td>
<td>-5,045,796</td>
<td>-5,097,508</td>
<td>-1.0%</td>
<td>-43,094,140</td>
</tr>
</tbody>
</table>

---

**Note:** The tables above represent financial data for September along with year-to-date comparisons. The figures indicate changes in revenues, expenses, and operating income, reflecting the financial performance of the entity for the specified period.
## Financial Snapshot
### September, Month and Year to Date

### September 2017 Actual vs. September 2017 Budget

<table>
<thead>
<tr>
<th>Operating Margin</th>
<th>%</th>
<th>%</th>
<th>%</th>
<th>%</th>
<th>%</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>516.43</td>
<td>-6.3%</td>
<td>516.11</td>
<td>2.3%</td>
<td>2.3%</td>
<td>3.3%</td>
<td>3.3%</td>
</tr>
</tbody>
</table>

### Total Revenues

- **Operating Revenue**
  - 2,919,995
  - 3,293,805
  - 4,372,481
  - 5,309,469
  - 6,312,030
  - 7,288,059
  - 8,668,012

- **Gross Revenue**
  - 2,919,995
  - 3,293,805
  - 4,372,481
  - 5,309,469
  - 6,312,030
  - 7,288,059
  - 8,668,012

### Financial Indicators

- **Operating margin**
  - 516.43%
  - 516.11%

- **Total margin**
  - 516.43%
  - 516.11%

- **Budget margin**
  - 516.43%
  - 516.11%

### Budget vs. Actual FTE Trends

- Budget FTE = 511.8
- Actual FTE = 466.76
- Actual Productive FTE = 466.42
- Budget FTE = 511.8
- Budget Productive FTE = 466.76

### Key Dates

- 4/1/2017
- 4/15/2017
- 4/29/2017
- 5/13/2017
- 5/27/2017
- 6/10/2017
- 6/24/2017
- 7/8/2017
- 7/22/2017
- 8/5/2017
- 8/19/2017
- 9/2/2017
- 9/16/2017
- 9/30/2017
SEPTEMBER
ADJUSTED PATIENT DAYS

Days of Cash 6 Month Average
Targeted Days of Cash

END OF 10/31/16
END OF 11/30/16
END OF 12/31/16
END OF 01/31/17
END OF 02/28/17
END OF 03/31/17
END OF 04/30/17
END OF 05/31/17
END OF 06/30/17
END OF 07/31/17
END OF 08/31/17
END OF 09/30/17

END OF 10/31/16
END OF 11/30/16
END OF 12/31/16
END OF 01/31/17
END OF 02/28/17
END OF 03/31/17
END OF 04/30/17
END OF 05/31/17
END OF 06/30/17
END OF 07/31/17
END OF 08/31/17
END OF 09/30/17
CASH RESERVES
BOARD DESIGNATED AND TOTAL NET CASH EQUIVALENTS

<table>
<thead>
<tr>
<th>Date</th>
<th>Board Designated Cash and Investments</th>
<th>Net Cash Equivalents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ending 10/31/16</td>
<td>22,712,646</td>
<td>23,254,970</td>
</tr>
<tr>
<td>Ending 11/30/16</td>
<td>23,348,340</td>
<td>23,348,340</td>
</tr>
<tr>
<td>Ending 12/31/16</td>
<td>21,512,884</td>
<td>20,059,981</td>
</tr>
<tr>
<td>Ending 01/31/17</td>
<td>19,953,081</td>
<td>18,760,045</td>
</tr>
<tr>
<td>ending 02/28/17</td>
<td>19,591,991</td>
<td>18,790,972</td>
</tr>
<tr>
<td>ending 03/31/17</td>
<td>19,603,003</td>
<td>18,790,072</td>
</tr>
<tr>
<td>ending 04/30/17</td>
<td>18,870,061</td>
<td>18,790,072</td>
</tr>
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<td>16,333,968</td>
<td>18,790,072</td>
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<tr>
<td>ending 06/30/17</td>
<td>13,053,522</td>
<td>18,790,072</td>
</tr>
<tr>
<td>ending 07/31/17</td>
<td>13,614,528</td>
<td>18,790,072</td>
</tr>
<tr>
<td>ending 08/31/17</td>
<td>16,673,976</td>
<td>18,790,072</td>
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<tr>
<td>ending 10/31/19</td>
<td>22,712,646</td>
<td>23,254,970</td>
</tr>
</tbody>
</table>

CASH RESERVES
EXCLUDING 3RD PARTY PAYOR SETTLEMENTS

2016 Medicare cost report receivable and Medicaid enhancement payments recorded in May 2017
OCTOBER PREVIEW

REVENUES

$17,600,000 in HB charges
  Average: $565,000/day (HB only)
  Budget: $560,500/day

$7,900,000 in HB cash collections
  Average: $253,000/day (HB only)
  Goal: $255,000/day

53.7 Days in A/R

REVIEW OF DZA’S 2016 FINANCIAL STATEMENT AUDIT

State Auditors Office review
  Review of DZA’s 2016 financial statement audit

State Auditors Office audit
  Accountability audit, testing compliance with RCWs and PHD requirements

Medicare audit
  2016 Medicare cost report and compliance with grouping and timing requirements (mostly ESSB and bad debt related)

Sound Health audit
  Reviewing payments and compliance with Sound Health insurance plan.

Audit season, round 2.
Let's change gears...

THE BUDGET:
PROCESS AND PRICING UPDATE.

2018 Budget Process

July

Solidify the vision.
SLG meets with each of their
department leaders to develop
da draft budget for 2018

July - August

Preparation
Finance team compiles June
year-to-date information and
delivers electronic database to
all JH leaders

start here
August – September

Let the meetings begin
Each department meets with their SLG member, CFO and Controller to share the vision and walk through budget assumptions.

Mid-October

Early October
Hit “enter”
Add all of the departments together, calculate contractual adjustment and benefits, incorporate depreciation.

Scrub.
Differentiate the “nice to have” versus “must have” expenses and review revenue expectations.
Refine pricing assumptions.

November 15

Final budget presented to the Board and shared with the County Treasurer and DOH when approved.

November 16

Budget hearing
Final budget presented to the Board and shared with the County Treasurer and DOH when approved.

The accounting team goes on vacation*
* vacation = SAO audit prep

2018 Budget Process, cont’d.
Pricing Review

Developing a pricing strategy is difficult but very important work.

How much should we charge for services?

• As much as other hospitals?
• As much as other healthcare providers?
• As much as it costs us (+ a little)?

Rebalancing pricing is going to be an art. We will know more when we see the analysis.

Rinse and repeat.

Analyzing the data, line by line, will take a couple of weeks. We are working to get OMC’s pricing also.

Review the strategy.
Considering where we want to be closer to Seattle, Harrison, or rural WA

Rinse and repeat.
Rebalancing pricing is going to be an art. We will know more when we see the analysis.

Develop an implementation plan.
Rebalancing pricing is going to be an art. We will know more when we see the analysis.

The process:

Hide in a room and crunch numbers.

Review the strategy.

Rinse and repeat.
The ground rules:

• Focus on facility fees for this first review – professional fees will be more of a focus for 2019
• Don’t price outside the market, based on 50%ile where exact prices are not available
• If the market is split, aim in between the prices considering if we have a cost model that demands a higher price than other facilities
• If the change is more than 25%, aim to split the change over 2-3 years (positive or negative)
• Generally cap decreases or increases to 10% to phase in, with the exception of highly sensitive areas (imaging)
• Consider the sensitivity of the price in the market in which we operate, not just comparisons to other hospitals

What the data tells us:

If our commitment and strategy is to be aligned in the market, that logic causes prices to move both ways.
2018 Pricing Adjustments

Downward
- CT
- MRI
- Ultrasound
- Imaging
- Lab

Upward
- ED (level 1 and 2)
- Sleep
- Mammo
- Echo

Changes in imaging with a few stages:
- ~ -7-10% in most imaging areas the first year
- ~ -3% average decrease in lab

Evolving to additional decreases in the next 2 years

Increasing ~8% in ED and 10% in sleep (which still leaves us 50% below market) – additional increases will be considered mid and end of year with additional market data

Thanks

ANY QUESTIONS OR COMMENTS?
Proposal to Revise Board Meeting Schedule

• Reschedule business meeting to occur 4th Wednesday of the month.
  • 2:00-3:15pm Education
  • 3:30-5:30pm Business meeting

• Reorient staff presentations to allow more time & space for questions and dialogue.

• Embed board educational content within the meeting agenda.

• Reserve the right to call a special meeting when necessary.
Proposal to Revise Board Meeting Schedule

• Administration will present a formal resolution at November meeting.

• Board will vote on resolution at December meeting.

• If passed, revised schedule will begin January 2018.

WSMA Recognition

• Jefferson Healthcare was awarded the Washington State Medical Associations 2017 William O. Robertson, MD, Patient Safety award for our work on Improved Teamwork and Collaboration.
New Developments in Port Ludlow

• Digital x-ray is now available at the Port Ludlow Clinic.

• Orthopedics will begin seeing patients at the Port Ludlow Clinic on November 8.

• Cardiology will begin seeing patients at the Port Ludlow Clinic on October 31.

Other Updates

• Behavioral Health:
  • Affiliation work/discussions are ongoing with DBH.
  • Substance abuse treatment program development underway.
  • Integrated behavioral health/ primary care program development underway.

• Dental Care:
  • Closely monitoring capital budgets process in Olympia.
  • Beginning design work for dental suites.
  • Beginning to develop a staffing plan for dental services.
CHIP Executive Director

- Candidate in interview process.
- All parities participating in the interviews.