

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:

Commissioner 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:

Hilary Whittington, CAO/CFO presented the September Financial Report and the Pricing Review and Adjustment Recommendations.

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

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CMS Condition of Participation	Standard	Survey Procedures (Questions that CMS asks to support compliance)	Periodic Review evidence of compliance:	Additional Comments:
		C-0331		
§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 does the CAH conduct the evaluation? Who is responsible for the periodic evaluation?	Periodic Review presented to the Board of Commissioners on October 18th, 2017	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.
		C-0332		
§485.641(a)(1)(i)	The utilization of CAH services, including at least the number of patients served and the volume of services;	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/Pt activity of non-clinical departments and includes a brief report of their services. For example, PT, revenue cycle, and clinical informatics updates.
		C-0333		
§485.641(a)(1)(ii)	A representative sample of both active and closed clinical records; and	Who is responsible for the review of both active and closed clinical records? How are records selected in the periodic evaluation?	Slides 13-14 outline the review of both open and closed clinical records. The criteria utilized in the review of the records are listed on slide #10.	As discussed in the presentation, records are selected by pre-determined criteria, patient advocate referral, or quality/safety activity from the organization. Indicators are linked with the strategic plan, as well as regulatory requirements.
	"A representative sample of both active and closed clinical records" means not less than 10 percent of both active and closed patient records.	How does the evaluation process ensure that the sample is representative of the services furnished? What criteria are utilized in the review of both active and closed records?		
		C-0334		
§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	The process for policy review, and the considerations for review were discussed during the presentation. These include a review for accuracy, compliance with regulatory requirements, and adherence to best practices.
		C-0335		
§485.641(a)(2)	The purpose of the evaluation is to determine whether the utilization of services was appropriate, 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 upon the needs of the organization and the opportunities within the quality management system. This work is ongoing.

The state operations manual, containing the CMS Critical Access Periodic Review (annual report) can be found here: https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/cam17tra_w_cah.pdf

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UTILIZATION OF SERVICES



Acute, Swing Bed, and Observation



Departments and Services

- Departments and Services
- 2016 Annual Volumes



Transfers

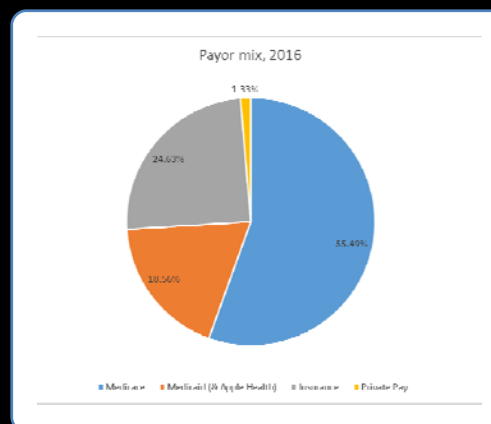
- Transfer Statistics
- Top Transfer Diagnoses

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Payor Mix

- 55.49% Medicare
- 24.63% Private Insurance
- 18.56% Medicaid
- 1.33% Private Pay



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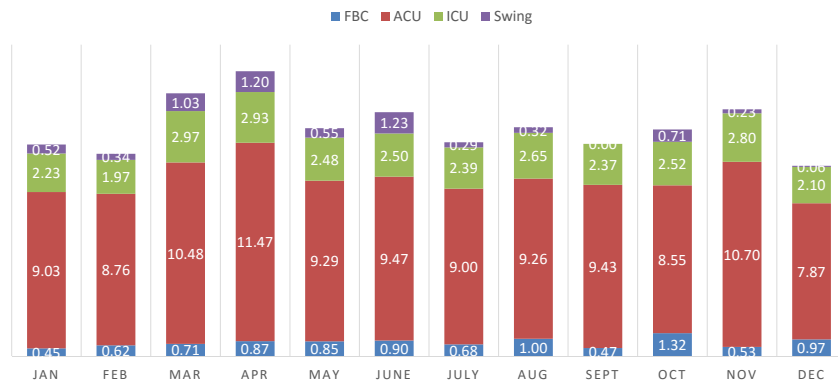
Utilization of Services

- 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



25 beds were not exceeded in 2016

Departments and Services

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

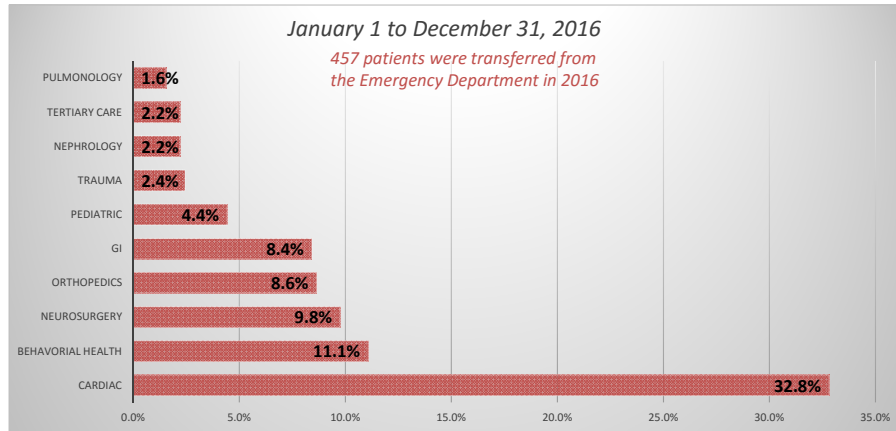


Emergency Department

Disposition	Visits	Percentage of Total Visits
Admitted Inpatient	1072	9.2%
Held for OP/Observation	277	2.38%
Left Against Medical Advice	40	0.34%
Left Without Being Seen	208	1.79%
Transfer	457	3.92%

*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



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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)(iii) A representative sample of both active and closed clinical records

RECORD REVIEW

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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

2016 Results			
	Quantity	Frequency	Total
Medical Assistants			
Vaccine Admin	10	year	260
Refill	2	month	624
Documentation-visit	2	month	624
Result Notes	1	month	312
Registered Nurse			
Vaccine Admin	10	year	65
Refill	2	month	190
Documentation-visit	2	month	125
Result Notes	1	month	96
Nurse Visit	1	month	75
Triage	2	month	210
Hospital Follow Up	2	month	105
Provider			
APP Sup chart review	10	month	1080
OB chart review	2	month	120
Quality			
Tdap in pregnancy	all OB	quarterly	125
Hospital follow up	all discharges	weekly	75
Call response time	random	weekly	260
Scheduling	random	weekly	100

Primary Care Records reviewed 4446

Medical Record Review

2016 Medical Record Review

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

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

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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

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Care Transformation Team

- Care Coordination for 100 high risk patients in ACO

Physical Therapy

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

Occupational Therapy

- Two full time certified hand therapists
- One full time general OT

Speech Therapy

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

New Services and Updates




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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



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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

2016 Medical Staff Updates

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)
- Eissmann, 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

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Leadership Development



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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!



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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

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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

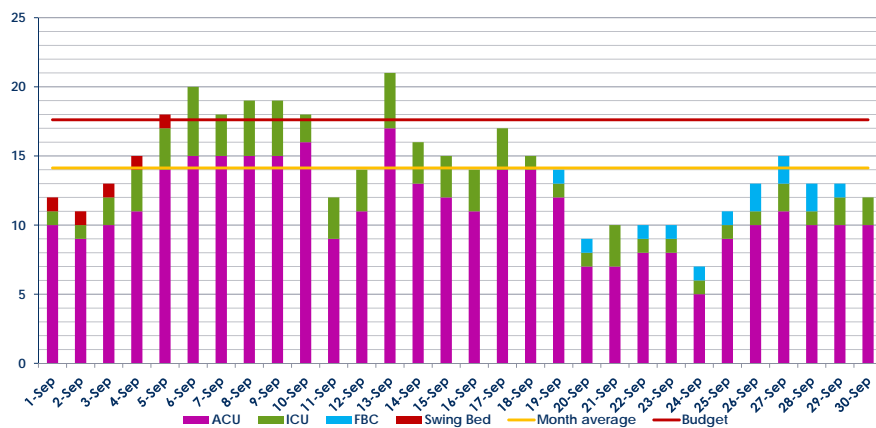
September is generally a lower volumes month – this was no exception

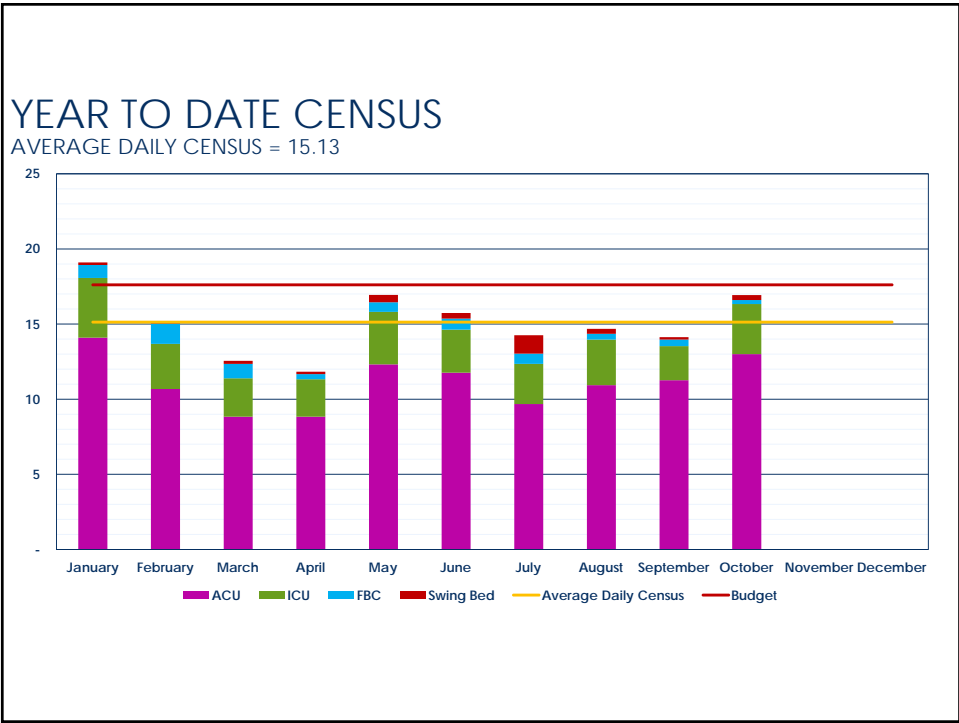
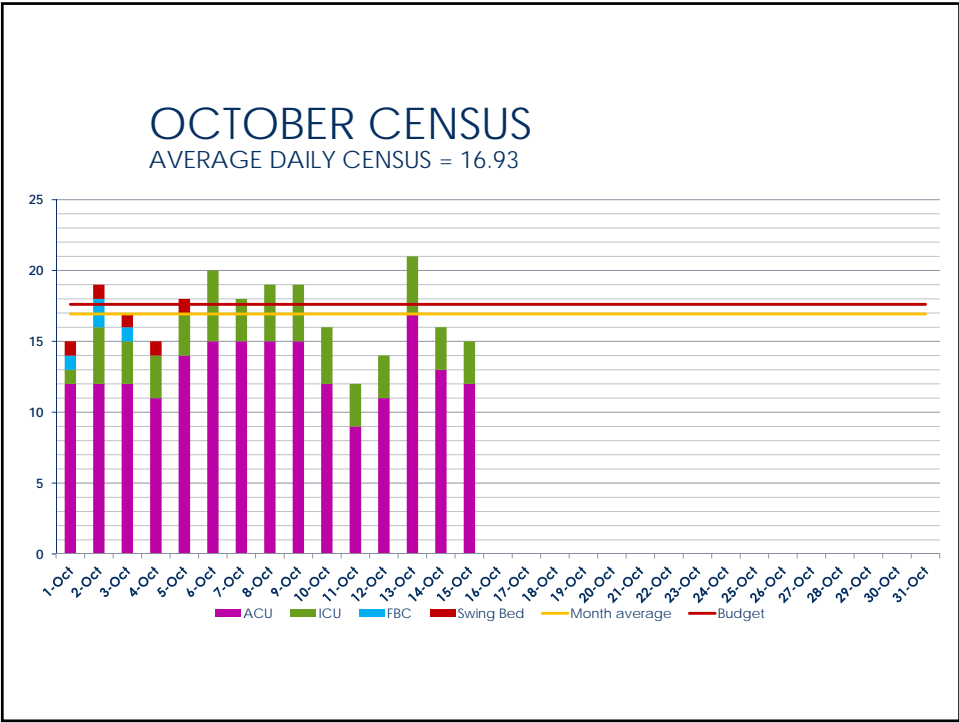
Accrued payable for 2017 interim Medicare cost report and settled a 2014 Medicaid audit

Expenses exceeded revenues – September was a net loss month

SEPTEMBER CENSUS

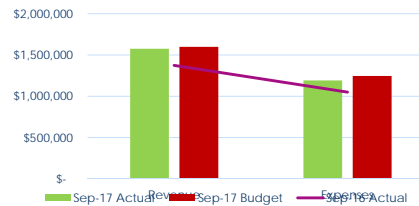
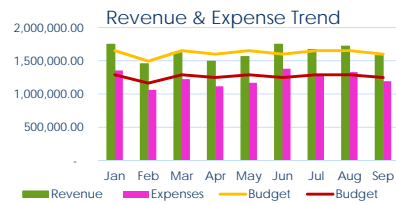
AVERAGE DAILY CENSUS = 14.13





September's Monthly Service Line Highlight

EMERGENCY ROOM



Word of mouth



Primary Care
Physician
appointment
times



Increased visibility

EMERGENCY ROOM

BASIC LIFE SUPPORT



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



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



Facilitated work flow by adjusting nurse processes & shifts
Reporting & posting statistics & customer service

OPERATING STATISTICS

SEPTEMBER 2017

STATISTIC DESCRIPTION	September BUDGET	September ACTUAL	QUANTITY VARIANCE	% VARIANCE
ICU PATIENT DAYS (IP + OBSERVATION, MIDNIGHT CENSUS)	82	73	(9)	-11%
ACU PATIENT DAYS (IP + OBSERVATION, MIDNIGHT CENSUS)	316	340	24	8%
SWING IP PATIENT DAYS (MIDNIGHT CENSUS)	59	5	(54)	-92%
PATIENT DAYS (ACU, ICU, SWING), INCLUDES OBSERVATION	458	418	(40)	-9%
BIRTHS	9	6	(3)	-33%
SURGERY MINUTES (IN OR)	8,563	8,337	(226)	-3%
SPECIAL PROCEDURE CASES	127	51	(76)	-60%
RECOVERY MINUTES	6,738	6,219	(519)	-8%
LAB BILLABLE TESTS	17,306	16,061	(1,245)	-7%
TOTAL BLOOD BANK UNITS MATCHED	47	36	(11)	-23%
TOTAL RADIOLOGY TESTS	1,438	1,209	(229)	-16%
MRIs COMPLETED	165	220	55	33%
CT SCANS COMPLETED	375	365	(10)	-3%
ULTRASOUNDS COMPLETED	261	251	(10)	-4%
NUC MED TESTS	39	17	(22)	-56%
TOTAL DIAGNOSTIC IMAGING TESTS	2,278	2,062	(216)	-9%

OPERATING STATISTICS

SEPTEMBER 2017

STATISTIC DESCRIPTION	September BUDGET	September ACTUAL	QUANTITY VARIANCE	% VARIANCE
TOTAL PHARMACY UNITS	11,280	19,351	8,071	72%
TOTAL RESPIRATORY THERAPY PROCEDURES	2,897	2,407	(490)	-17%
ER CENSUS	1,021	1,142	121	12%
SOCO PATIENT VISITS (ENCOUNTERS)	177	70	(107)	-60%
JHPC & JMPG PATIENT VISITS (ENCOUNTERS)	2,564	2,640	76	3%
JHFM PATIENT VISITS (ENCOUNTERS)	1,287	1,023	(264)	-21%
JHIM PATIENT VISITS (ENCOUNTERS)	607	561	(46)	-8%
TOTAL RURAL HEALTH CLINIC VISITS	4,635	4,294	(341)	-7%
JHPLC PATIENT VISITS (ENCOUNTERS)	475	460	(15)	-3%
GEN SURG PATIENT VISITS	350	221	(129)	-37%
ORTHO PATIENT VISITS	1,042	692	(350)	-34%
INFUSION CENTER VISITS	469	487	18	4%
WOUND CARE VISITS	313	266	(47)	-15%
ONCOLOGY VISITS	395	308	(87)	-22%
ANTI COAG VISITS	552	464	(88)	-16%
SLEEP CLINIC VISITS	212	157	(55)	-26%
CARDIOLOGY CLINIC	205	176	(29)	-14%
WOMENS CLINIC	149	256	107	72%

SEPTEMBER REVENUES AND ADJUSTMENTS

	September 2017 Actual	September 2017 Budget	Variance Favorable/ (Unfavorable)	%	September 2017 YTD	September 2017 Budget YTD	Variance Favorable/ (Unfavorable)	%	September 2016 YTD
Gross Revenue									
Inpatient Revenue	2,919,995	3,329,805	(409,810)	-12%	33,376,459	30,301,239	3,075,220	10%	25,096,171
Outpatient Revenue	13,577,821	13,951,918	(374,097)	-3%	121,896,950	126,962,530	(5,065,580)	-4%	103,553,573
Total Gross Revenue	16,497,816	17,281,723	(783,907)	-5%	155,273,409	157,263,769	(1,990,360)	-1%	128,649,744
Revenue Adjustments									
Cost Adjustment Medicaid	793,092	2,120,984	1,327,892	63%	14,252,771	19,300,969	5,048,198	26%	14,320,975
Cost Adjustment Medicare	6,966,443	5,695,494	(1,270,949)	-22%	55,528,358	51,829,025	(3,699,333)	-7%	41,854,275
Charity Care	91,250	108,100	16,850	16%	816,455	983,712	167,256	17%	712,431
Contractual Allowances Other	1,423,826	1,210,877	(212,949)	-18%	11,856,822	11,018,989	(837,833)	-8%	9,221,615
Administrative Adjustments	51,000	19,472	(31,528)	-62%	344,151	177,193	(166,958)	-94%	148,447
Adjust Bad Debt	98,237	256,374	158,137	62%	2,185,999	2,333,005	147,006	6%	2,164,381
Total Revenue Adjustments	9,423,847	9,411,302	(12,546)	0%	84,984,556	85,642,893	658,337	1%	68,422,123
Net Patient Service Revenue	7,073,969	7,870,421	(796,452)	-10%	70,288,853	71,620,876	(1,332,023)	-2%	60,227,621
Other Revenue									
340B Revenue	243,165	251,844	(8,679)	-3%	2,518,667	2,291,778	226,889	10%	2,253,596
Meaningful Use Ehr Incentive	-	3,288	(3,288)	-100%	136,784	29,918	106,866	357%	21,250
Other Operating Revenue	102,201	109,317	(7,117)	-7%	1,191,873	994,789	197,083	20%	757,984
Total Operating Revenues	7,419,335	8,234,870	(815,535)	-10%	74,136,176	74,937,361	(801,185)	-1%	63,260,450

SEPTEMBER EXPENSES, NONOPERATING ACTIVITIES, AND CHANGE IN NET POSITION

	September 2017 Actual	September 2017 Budget	Variance Favorable/ (Unfavorable)	%	September 2017 YTD	September 2017 Budget YTD	Variance Favorable/ (Unfavorable)	%	September 2016 YTD
Operating Expenses									
Salaries And Wages	4,891,113	4,075,266	(15,847)	0%	36,483,324	37,084,942	601,618	2%	30,526,778
Employee Benefits	975,471	1,006,680	31,209	3%	9,075,740	9,160,789	85,049	1%	7,499,072
Professional Fees	427,788	281,104	(146,684)	-52%	3,769,942	2,558,046	(1,211,896)	-47%	2,725,257
Purchased Services	395,726	522,574	126,848	24%	4,503,640	4,755,427	251,787	5%	4,193,031
Supplies	1,300,129	1,173,307	(126,822)	-11%	11,448,696	10,677,097	(771,599)	-7%	9,017,043
Insurance	83,574	55,890	(27,683)	-50%	465,245	508,603	43,358	9%	489,887
Rentals And Rentals	108,355	142,968	34,614	24%	1,026,759	1,301,013	274,254	21%	1,042,351
Depreciation And Amortization	351,188	302,812	(54,376)	-18%	3,176,544	2,759,590	(422,954)	-13%	2,654,682
Repairs And Maintenance	17,979	74,737	56,758	76%	398,367	680,106	281,739	41%	482,033
Utilities	72,120	75,607	3,487	5%	733,587	688,026	(45,561)	-7%	585,241
Licenses And Taxes	58,545	45,063	(13,483)	-30%	481,222	410,071	(71,150)	-17%	474,702
Other	129,470	169,190	39,720	23%	1,159,068	1,539,633	380,565	25%	1,253,238
Total Operating Expenses	8,017,457	7,925,198	(92,259)	-1%	72,724,135	72,119,344	(604,791)	-1%	60,943,316
Operating Income (Loss)	(598,122)	309,672	(907,794)	-293%	1,412,041	2,818,017	(1,405,976)	-50%	2,317,135
Non Operating Revenues (Expenses)									
Gain (Loss) On Disposed Asset	(30)	16,603	(16,633)	-100%	151,737	151,085	652	0%	130,610
Investment Income	(25,935)	18,390	(44,325)	-241%	163,963	167,353	(3,390)	-2%	190,460
Interest Expense	16,057	6,370	9,687	152%	135,944	97,966	37,978	335%	80,866
Other	(65,146)	(82,854)	17,708	21%	(483,851)	(753,968)	270,117	36%	(370,238)
Gain (Loss) On Disposed Asset	-	(12,329)	12,329	100%	(10,000)	(112,192)	102,192	91%	-
Contributions	(41,672)	-	(41,672)	0%	(39,039)	0	(39,039)	0%	46,749
Total Non Operating Revenues (Expenses)	11,712	11,507	206	2%	339,964	104,712	235,252	225%	35,025
Change in Net Position (Loss)	(105,014)	(42,313)	(62,701)	-148%	258,718	(385,044)	643,762	167%	113,472

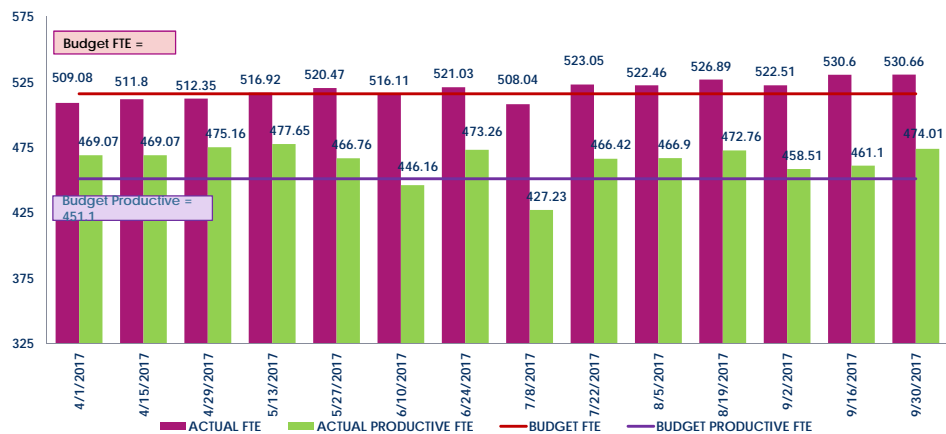
FINANCIAL SNAPSHOT

SEPTEMBER, MONTH AND YEAR TO DATE

	September 2017 Actual	September 2017 Budget	Variance Favorable/ (Unfavorable)	%	September 2017 YTD	September 2017 Budget YTD	Variance Favorable/ (Unfavorable)	%	September 2016 YTD
Operating Margin	-8.1%	3.8%	-11.8%	-314.4%	1.9%	3.8%	-1.86%	-49.4%	3.7%
Total margin	-9.5%	3.2%	-12.7%	-391.9%	2.3%	3.2%	-0.99%	-30.6%	3.8%
Inpatient gross revenue	2,919,995	3,329,805	(409,810)	-12.3%	33,376,459	30,301,239	3,075,220	10.1%	25,096,171
Outpatient gross revenue	13,577,821	13,951,918	(374,097)	-2.7%	121,896,950	126,962,530	(5,065,580)	-4.0%	103,553,573
Net patient revenue	7,073,969	7,870,421	(796,452)	-10.1%	70,288,853	71,620,876	(1,332,023)	-1.9%	60,227,621
Deductions as a % of gross revenue	-57.1%	-54.5%	-2.7%	-4.9%	-54.7%	-54.5%	-0.27%	-0.5%	-53.2%
Charity as a % of gross revenue	-0.6%	-0.6%	0.1%	11.6%	-0.5%	-0.6%	0.10%	15.9%	-0.6%
Bad Debt as a % of gross revenue	-0.6%	-1.5%	0.9%	59.9%	-1.4%	-1.5%	0.08%	5.1%	-1.7%
Salaries & Benefits as a % of net pt. service rev.	-71.6%	-64.6%	-7.1%	-10.9%	-64.8%	-64.6%	-0.25%	-0.4%	-63.1%

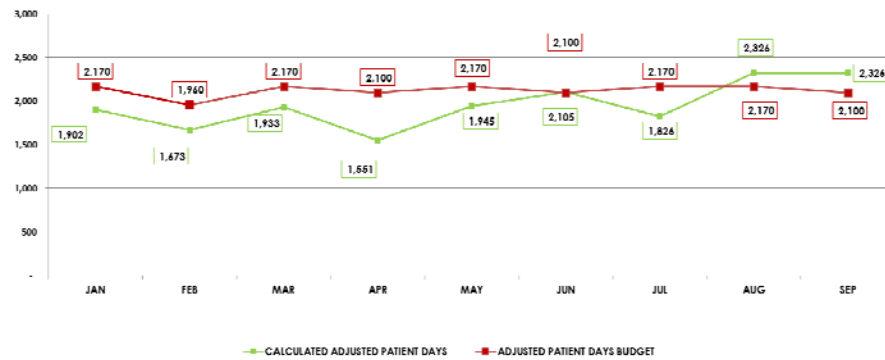
SEPTEMBER

FTE TRENDS



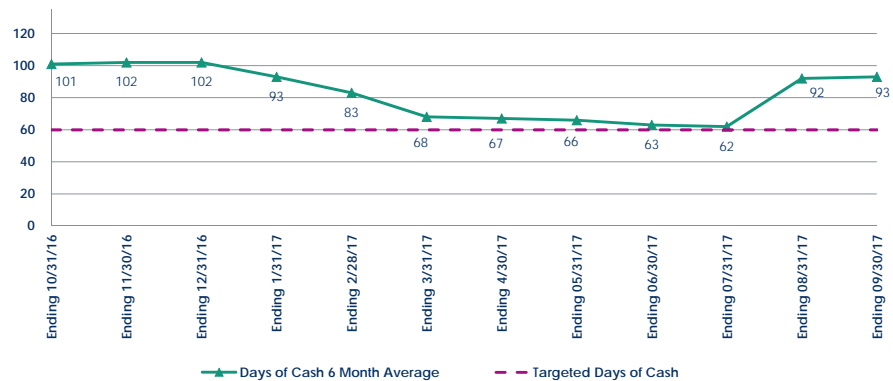
SEPTEMBER

ADJUSTED PATIENT DAYS



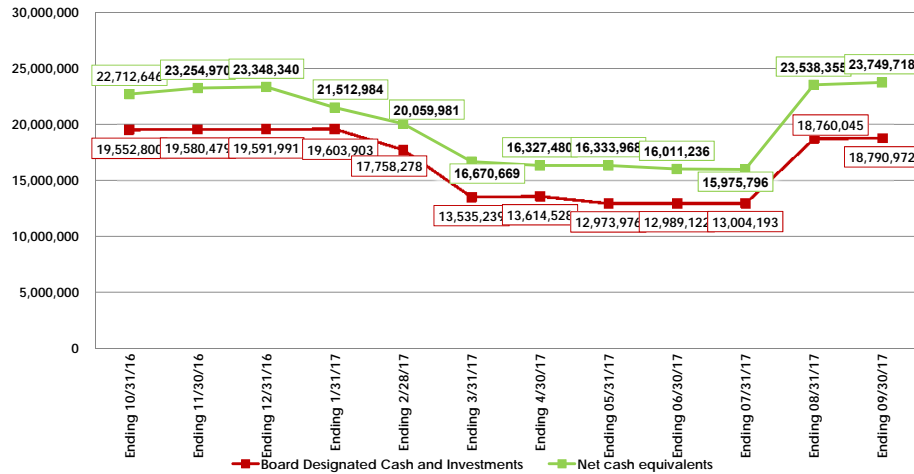
DAYS OF CASH

TOTAL CASH / AVERAGE EXPENDITURES PER DAY



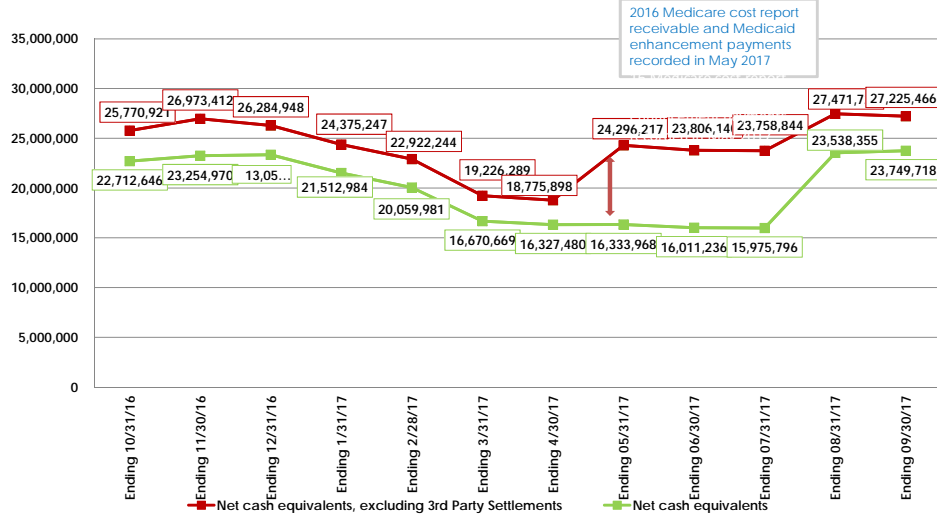
CASH RESERVES

BOARD DESIGNATED AND TOTAL NET CASH EQUIVALENTS

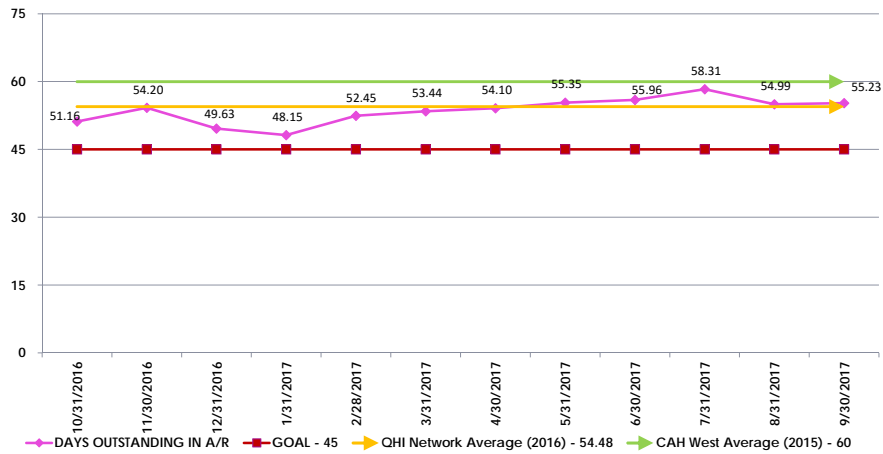


CASH RESERVES

EXCLUDING 3RD PARTY PAYOR SETTLEMENTS

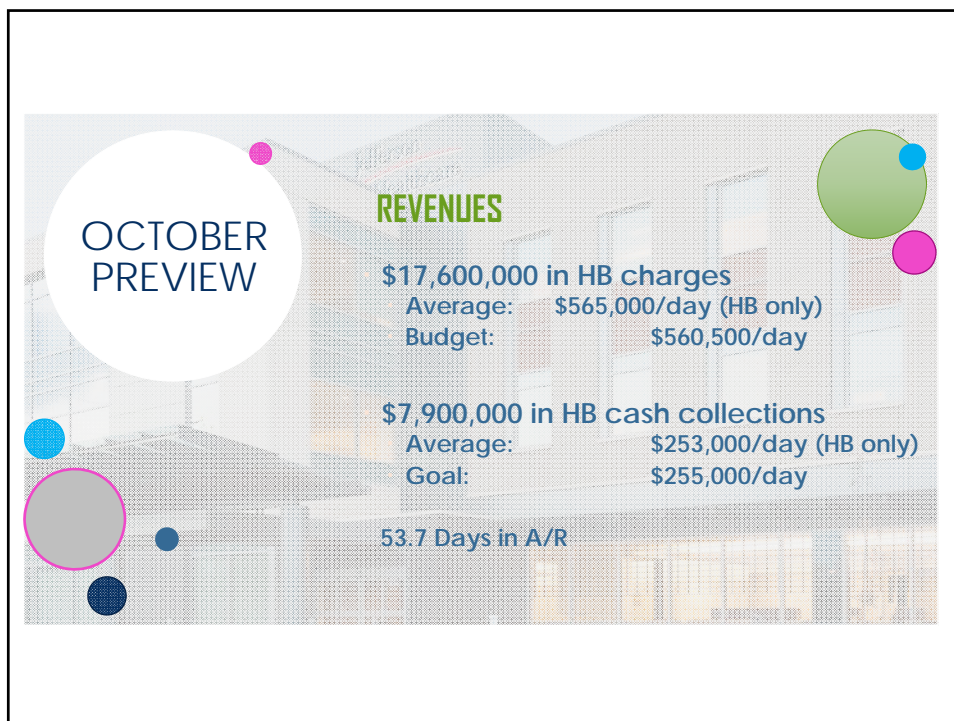


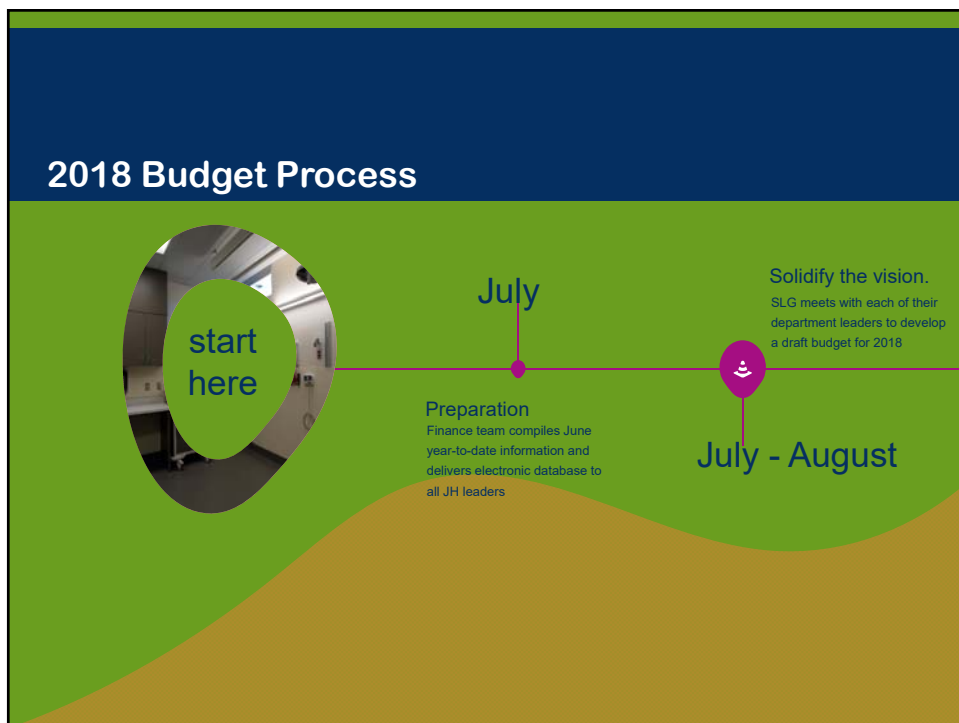
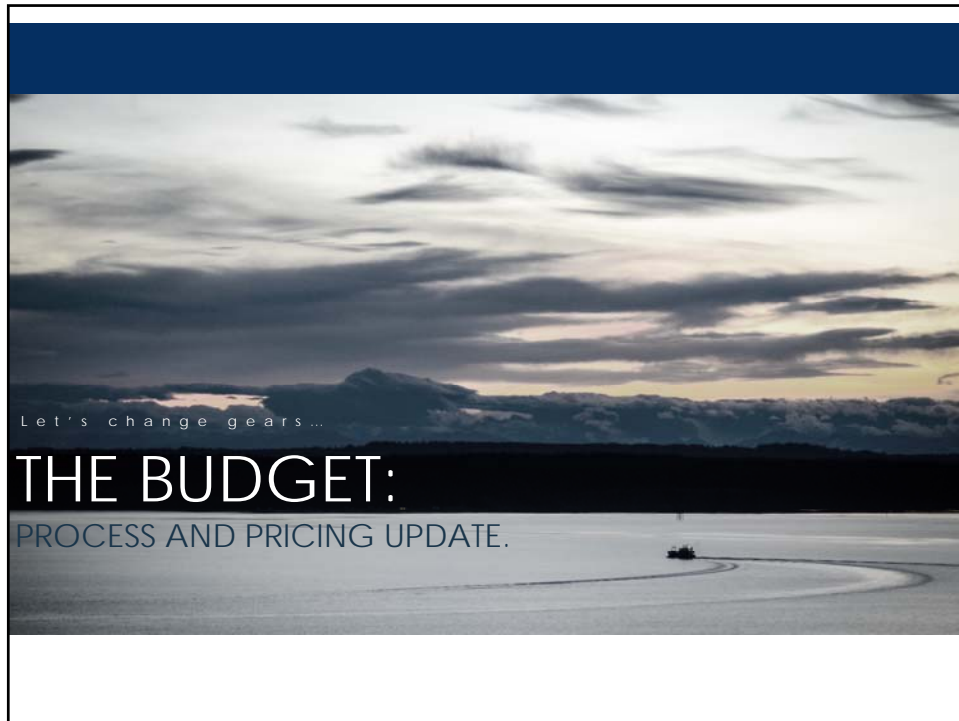
DAYS IN ACCOUNTS RECEIVABLE



2017 BOARD BUDGET

Department		Rev/Exp	Account	Account Description	SEPTEMBER			YTD		
Department	Description				SEPTEMBER	Budget	Variance	YTD Actual	Budget	Variance
8612	BOARD	Exp	600010	MANAGEMENT & SUPERVISION WAGES	4,088.00	4,498.00	(410.00)	40,084.00	40,928.00	(844.00)
			602300	CONSULT MINGMT FEE	-	-	-	-	-	-
			602500	AUDIT FEES	-	2,877.00	(2,877.00)	30,982.00	26,178.00	4,804.00
			604200	CATERING	33.00	96.00	(63.00)	1,207.00	870.00	337.00
			604500	OFFICE SUPPLIES	-	-	-	128.00	-	128.00
			604800	MINOR EQUIPMENT	-	-	-	-	-	-
			604850	COMPUTER EQUIPMENT	-	-	-	-	-	-
			604900	OTHER NON-MEDICAL SUPPLIES	-	-	-	3.00	-	3.00
			606500	OTHER PURCHASED SERVICES	-	822.00	(822.00)	930.00	7,479.00	(6,549.00)
			608100	LEASES/RENTALS-BUILDINGS	-	-	-	-	-	-
			608200	LEASES/RENTALS - EQUIPMENT	-	-	-	74.00	-	74.00
			609200	LICENSE LICENSES AND TAXES	-	-	-	-	-	-
			609400	TRAVEL/MEETINGS/TRAINING	-	1,644.00	(1,644.00)	7,974.00	14,959.00	(6,985.00)
			609900	MISC OTHER EXP	-	-	-	-	-	-
		Exp Total			4,121.00	9,937.00	(5,816.00)	81,382.00	90,414.00	(9,032.00)
		BOARD Total			4,121.00	9,937.00	(5,816.00)	81,382.00	90,414.00	(9,032.00)
Grand Total					4,121.00	9,937.00	(5,816.00)	81,382.00	90,414.00	(9,032.00)







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)?

The process:



Hide in a room and crunch numbers.

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.

Item	Code	Description	Unit	Price	Cost	Margin	Notes
1	10000	10000	1	100.00	50.00	50.00	
2	20000	20000	1	200.00	100.00	50.00	
3	30000	30000	1	300.00	150.00	50.00	
4	40000	40000	1	400.00	200.00	50.00	
5	50000	50000	1	500.00	250.00	50.00	
6	60000	60000	1	600.00	300.00	50.00	
7	70000	70000	1	700.00	350.00	50.00	
8	80000	80000	1	800.00	400.00	50.00	
9	90000	90000	1	900.00	450.00	50.00	
10	100000	100000	1	1000.00	500.00	50.00	

Line by line review

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:

We are 15+% higher than market	We are 5-15% higher than market	We are close	We are 5-15% lower than the market	We are 15+ % lower than the market
MRI	Laboratory	Blood bank	EKG	Mammography
CT Scan	Respiratory Therapy	Pharmacy	ECHO	Physical Therapy
Radiology	Pulmonary Rehab	Cardiac rehab	Diabetic Ed	Speech Therapy
Ultrasound	Other OP services (infusions and wound)		Occupational Therapy	Emergency Room
Nuclear Medicine				Emergency Room Physicians
				Sleep

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

Phasing in changes with a few stages –
~ -7-10% in most imaging areas the first year
~ -3% average decrease in lab
stepping in 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?

Administrative Report

October 18, 2017

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 parties participating in the interviews.