

COVID-19 Notice

No in-person attendance allowed, pursuant to Governor Inslee's Proclamation 20-28.

All meeting attendees, including Board of Commissioners, staff and members of the public must participate virtually. No physical meeting location will be provided.

To attend the meeting, dial Phone Conference Line: (509) 598-2842
When prompted, enter Conference ID number: 383682973

Jefferson County Public Hospital District No.2
Board of Commissioners, Regular Session Minutes
Wednesday, July 28, 2021

Call to Order:

The meeting was called to order at 2:00pm by Board Chair Buhler Rienstra. Present by phone and video were Commissioners Dressler, Kolff, McComas and Ready. Also, in attendance by phone were Mike Glenn, CEO, Tyler Freeman, Chief Financial Officer, Jon French, Chief Legal Officer, Jake Davidson, Chief Ancillary & Specialty Services Officer, Caitlin Harrison, Chief Human Resources Officer, Dr. Joseph 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 McComas seconded.

Action: Motion passed unanimously

Board Governance Education

The Commissioners discussed upcoming Retreats.

Education Topic:

- Independent Auditors Report
 - Tom Dingus, CPA, Dingus, Zarecor & Associates PLLC

Tom Dingus provided the Independent Auditors Report.

Discussion ensued.

The Board recessed for break at 3:08pm.

The Board reconvened from break at 3:30pm

Team, Employee, Provider of the Quarter:

Caitlin Harrison, Chief Human Resources Officer announced the Employee of Quarter, Jeremiah Fountain, Provider of the Quarter, Kevin Hines, PA, Team of Quarter, Dietary and Leader of the Quarter, Jaimie Hoobler, RN.

Minutes:

- June 15, 2021, Special Session Minutes
- June 17, 2021, Special Session Minutes
- June 23, 2021, Regular Session Minutes

Commissioner Kolff made a motion to approve the June 15, 2021, Special Session Minutes, June 17, 2021, Special Session Minutes, and June 23, 2021 Regular Session Minutes. Commissioner Dressler seconded.

Action: Motion passed unanimously.

Required Approvals: Action Requested

- June Warrants and Adjustments
- Medical Staff Credentials/Appointments/Reappointments
- Medical Staff Policies

Commissioner Dressler made a motion to approve the June Warrants and Adjustments, Medical Staff Credentials/ Appointments/ Reappointments, Medical Staff Policies. Commissioner Ready seconded.

Action: Motion passed unanimously.

Compliance Report:

Jon French, Chief Legal Officer presented the Compliance Report.

Discussion ensued.

Financial Report:

Tyler Freeman, CFO, presented the June Financial Report.

Discussion ensued.

Administrative Report

Mike Glenn, CEO, presented the July Administrative report which included updates on Vaccine, Volumes, Hospital Expansion Project, Campus Parking Modification, Mandatory Vaccines, and Recognition of Native Land.

Discussion ensued.

CMO Report

Dr. Joe Mattern, CMO, provided the CMO report which included updates on Hospital Bed Availability, Increase in COVID Cases, Employee Exposure, Nursing Hotline, Testing Program, and Vaccine Mandate

Discussion ensued.

Board Business:

- Board of Health Report

Commissioner Kolff gave the Board of Health Report which included an introduction of Dr. Allison Berry as the new Public Health Officer for Jefferson and Clallam County. Dr. Locke will be Deputy Health Officer for Clallam and Jefferson County. He also explained Vicki Kirkpatrick as Director of Jefferson County Public Health has retired and is being replaced by Apple Martine.

Meeting Evaluation:

Commissioners evaluated the meeting.

Conclude:

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

Action: Motion passed unanimously.

Meeting concluded at 5:26 pm.

Approved by the Commission:

Chair of Commission: Jill Buhler Rienstra _____

Secretary of Commission: Marie Dressler _____



DINGUS | ZARECOR & ASSOCIATES PLLC
Certified Public Accountants

Board of Commissioners
Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Port Townsend, Washington

We have audited the financial statements of Jefferson County Public Hospital District No. 2 doing business as Jefferson Healthcare (the District) for the year ended December 31, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, and *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 3, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2020. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were:

- Management's estimate of allowances for uncollectible accounts and contractual adjustments – Estimates for the allowances for uncollectible accounts and contractual adjustments are based on experience, third-party payor collections history and agreed rates, and an analysis of the collectibility of individual accounts.
- Management's estimate of third-party payor settlements – Estimates related to third-party payor settlements are based on correspondence with third-party payors related to settlements for current and prior periods, Medicare cost reports, patient service revenues, and patient days.
- Management's estimate of CARES Act Provider Relief Fund revenue – Estimates for CARES Act Provider Relief Fund revenue are based on COVID-19 attributable expenses and lost revenues.

We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has determined that the exclusion of Jefferson Healthcare Foundation, and Hospice Foundation of Jefferson Healthcare from the financial statements is immaterial to the financial statements taken as a whole. Jefferson Healthcare Foundation's and Hospice Foundation of Jefferson Healthcare's total assets at December 31, 2020, were approximately \$1,141,000 and \$534,000, respectively.

We have also concluded that the exclusion of Jefferson Healthcare Foundation and Hospice Foundation of Jefferson Healthcare from the financial statements is immaterial to the financial statements taken as a whole.

In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 20, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We were engaged to report on the schedule of expenditures of federal awards which accompanies the financial statements but is not required supplementary information. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board of Commissioners and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

Dingus, Zarecor & Associates PLLC

Spokane Valley, Washington
July 20, 2021

**Jefferson County
Public Hospital District No. 2
doing business as
Jefferson Healthcare**

Basic Financial Statements and
Independent Auditors' Reports

December 31, 2020 and 2019



DINGUS | ZARECOR & ASSOCIATES PLLC
Certified Public Accountants

Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Port Townsend, Washington

Report on the Financial Statements

We have audited the accompanying financial statements of Jefferson County Public Hospital District No. 2 doing business as Jefferson Healthcare (the District) as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2020 and 2019, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters for the year ended December 31, 2020. We issued a similar report for the year ended December 31, 2019, dated June 12, 2020, which has not been included with the 2020 financial and compliance report. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing for each year, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Dingus, Zarecor & Associates PLLC

Spokane Valley, Washington
July 20, 2021

Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Statements of Net Position
December 31, 2020 and 2019

ASSETS	2020	2019
<i>Current assets</i>		
Cash and cash equivalents	\$ 26,778,722	\$ 8,201,804
Receivables:		
Patient accounts, net	14,270,732	15,665,721
Estimated third-party payor settlements	2,686,078	4,388,214
Pharmacies	98,163	411,866
Grants	1,415,599	-
Other	413,608	319,051
Inventories	4,278,467	2,423,450
Prepaid expenses	1,212,853	1,047,875
Cash and cash equivalents restricted or limited as to use	29,737,965	22,009,774
Taxes receivable restricted or limited as to use	10,940	11,249
Total current assets	80,903,127	54,479,004
<i>Noncurrent assets, capital assets, net</i>	40,598,319	42,652,692
Total assets	\$ 121,501,446	\$ 97,131,696

See accompanying notes to basic financial statements.

Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Statements of Net Position (Continued)
December 31, 2020 and 2019

LIABILITIES AND NET POSITION	2020	2019
<i>Current liabilities</i>		
Accounts payable	\$ 3,386,406	\$ 1,947,897
Accrued payroll and related liabilities	4,313,145	3,098,602
Accrued paid time off	3,720,081	3,158,913
Accrued interest payable	304,560	313,083
Electronic health records incentive payback	276,085	276,085
Current maturities of long-term debt	1,299,820	1,252,146
Current maturities of capital lease obligations	186,573	-
Medicare accelerated payments payable	18,041,170	-
Total current liabilities	31,527,840	10,046,726
<i>Noncurrent liabilities</i>		
Long-term debt, less current maturities	25,915,642	27,226,625
Capital lease obligations, less current maturities	897,628	-
Total noncurrent liabilities	26,813,270	27,226,625
Total liabilities	58,341,110	37,273,351
<i>Net position</i>		
Net investment in capital assets	11,994,096	13,860,838
Restricted under bond agreements	600,498	565,410
Unrestricted	50,565,742	45,432,097
Total net position	63,160,336	59,858,345
Total liabilities and net position	\$ 121,501,446	\$ 97,131,696

See accompanying notes to basic financial statements.

Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended December 31, 2020 and 2019

	2020	2019
<i>Operating revenues</i>		
Net patient service revenue	\$ 116,672,812	\$ 117,158,625
Pharmacies	3,694,223	4,254,470
Grants	725,587	88,943
Other	1,355,056	1,667,646
Total operating revenues	122,447,678	123,169,684
<i>Operating expenses</i>		
Salaries and wages	65,363,392	57,874,283
Employee benefits	14,861,194	13,754,925
Professional fees	3,034,303	6,575,946
Purchased services	8,330,773	6,534,407
Supplies	24,818,051	23,375,062
Insurance	897,784	697,227
Leases and rentals	1,616,221	1,631,572
Depreciation and amortization	4,759,009	4,743,342
Repairs and maintenance	1,081,618	677,721
Utilities	1,201,686	1,175,553
Licenses and taxes	790,425	743,041
Other	1,800,438	2,442,598
Total operating expenses	128,554,894	120,225,677
<i>Operating income (loss)</i>	(6,107,216)	2,944,007
<i>Nonoperating revenues (expenses)</i>		
Taxation for maintenance and operations	473,070	502,746
Taxation for debt service	11,165	11,165
Investment income	192,944	506,074
Interest expense	(1,000,775)	(1,008,452)
Loss on disposal of capital assets	-	(61,507)
Contributions	103,811	206,054
COVID-19 grants	1,299,835	-
CARES Act Provider Relief Fund	8,329,157	-
Total nonoperating revenues, net	9,409,207	156,080
Excess of revenues over expenses before capital grants	3,301,991	3,100,087
<i>Capital grants</i>	-	1,430,700
Change in net position	3,301,991	4,530,787
Net position, beginning of year	59,858,345	55,327,558
Net position, end of year	\$ 63,160,336	\$ 59,858,345

See accompanying notes to basic financial statements.

Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	2020	2019
<i>Increase (Decrease) in Cash and Cash Equivalents</i>		
<i>Cash flows from operating activities</i>		
Cash received from and on behalf of patients	\$ 119,769,937	\$ 117,071,060
Cash received from electronic health records incentive payback	-	85,000
Cash received from pharmacies	4,007,926	4,115,765
Cash received from other revenue	1,260,499	1,543,125
Cash received from operating grants	323,167	88,943
Cash paid to and on behalf of employees	(78,448,875)	(71,411,496)
Cash paid to suppliers and contractors	(44,152,785)	(45,311,165)
Net cash provided by operating activities	2,759,869	6,181,232
<i>Cash flows from noncapital financing activities</i>		
Taxes received for maintenance and operations	473,070	502,746
Cash received from contributions	103,811	206,054
Cash received from COVID-19 grants	286,656	-
Cash received from CARES Act Provider Relief Fund	8,329,157	-
Cash received from Medicare accelerated payments	18,041,170	-
Net cash provided by noncapital financing activities	27,233,864	708,800
<i>Cash flows from capital and related financing activities</i>		
Cash received from capital grants	-	1,430,700
Purchase of capital assets	(1,487,364)	(4,471,246)
Principal payments on long-term debt and capital lease obligations	(1,385,216)	(1,227,543)
Interest paid	(1,020,462)	(1,027,871)
Taxes received for bond principal and interest	11,474	11,279
Net cash used in capital and related financing activities	(3,881,568)	(5,284,681)
<i>Cash flows from investing activities, interest received</i>	192,944	506,074
Net increase in cash and cash equivalents	26,305,109	2,111,425
Cash and cash equivalents, beginning of year	30,211,578	28,100,153
Cash and cash equivalents, end of year	\$ 56,516,687	\$ 30,211,578

See accompanying notes to basic financial statements.

Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Statements of Cash Flows (Continued)
Years Ended December 31, 2020 and 2019

	2020	2019
<i>Reconciliation of Cash and Cash Equivalents to the Statements of Net Position</i>		
Cash and cash equivalents	\$ 26,778,722	\$ 8,201,804
Cash and cash equivalents restricted or limited as to use	29,737,965	22,009,774
Total cash and cash equivalents	\$ 56,516,687	\$ 30,211,578
<i>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</i>		
Operating income (loss)	\$ (6,107,216)	\$ 2,944,007
<i>Adjustments to reconcile operating income (loss) to net cash provided by operating activities</i>		
Depreciation and amortization	4,759,009	4,743,342
Provision for bad debts	2,858,231	4,156,476
(Increase) decrease in assets:		
Receivables:		
Patient accounts, net	(1,463,242)	(6,484,271)
Estimated third-party payor settlements	1,702,136	2,240,230
Pharmacies	313,703	(138,705)
Grants	(402,420)	-
Other	(94,557)	(124,521)
Inventories	(1,855,017)	(287,078)
Prepaid expenses	(164,978)	(299,027)
Increase (decrease) in liabilities:		
Accounts payable	1,438,509	(871,933)
Accrued payroll and related liabilities	1,214,543	317,854
Accrued paid time off	561,168	(100,142)
Electronic health records incentive payback	-	85,000
Net cash provided by operating activities	\$ 2,759,869	\$ 6,181,232

Noncash Capital and Related Financing Activities

During the year ended December 31, 2020, the District financed approximately \$1,217,000 for medical equipment through various capital lease agreements.

See accompanying notes to basic financial statements.

Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Notes to Basic Financial Statements
Years Ended December 31, 2020 and 2019

1. Reporting Entity and Summary of Significant Accounting Policies:

a. Reporting Entity

Jefferson County Public Hospital District No. 2 doing business as Jefferson Healthcare (the District) is organized as a municipal corporation pursuant to the laws of the state of Washington for municipal corporations. The primary purpose of the District is to operate Jefferson Healthcare (the Hospital), the principal provider of acute healthcare services for Port Townsend and surrounding communities. Port Townsend is located on Washington State Highway 20 at the northeast corner of the Olympic Peninsula. The District also operates six rural health clinics, one of which offers dental services. Four of these clinics are in Port Townsend, and the remaining two are located in Quilcene, Washington and Port Ludlow, Washington. The District also operates a retail pharmacy in Port Ludlow, Washington.

The Hospital is a critical access hospital with 25 set-up acute care beds. Members of the medical staff include specialists in each of the service lines provided by the District.

The District is not a component unit of Jefferson County. The District does not have any material component units.

As organized, the District is exempt from federal income tax. The Board of Commissioners is made up of five community members elected to six-year terms.

b. Summary of Significant Accounting Policies

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Enterprise fund accounting – The District's accounting policies conform to accounting principles generally accepted in the United States of America as applicable to proprietary funds of governments. The District uses enterprise fund accounting. Revenue and expenses are recognized on the accrual basis using the economic resources measurement focus.

Cash and cash equivalents – Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less. Cash receipts are deposited directly to the District's depository accounts at a bank. Periodically, such cash is transferred to the operating accounts held by the Jefferson County Treasurer (County Treasurer), and warrants are issued against these accounts.

Grants receivable – Receivables arising from revenue from government agencies are stated at net realizable value. Management believes the amounts to be fully collectible.

Inventories – Inventories consist of medical supplies, drugs, and food and are stated at cost using the first-in, first-out method.

Assets restricted or limited as to use – Assets restricted or limited as to use include assets set aside by the Board of Commissioners for future capital improvements and other uses over which the Board retains control and could subsequently use for other purposes; and assets set aside for repayment of principal and interest on bond indebtedness.

Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2020 and 2019

1. Reporting Entity and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued)

Compensated absences – The District’s employees earn paid time off (PTO) for vacation, holidays, and short-term illnesses based upon years of service. The related liability is accrued during the period in which it is earned. Depending on years of service, PTO accrues from 0711 to 1365 per hour worked each year. The District’s policy is to permit employees to accumulate up to a maximum of 428 hours. Upon reaching 428 hours, any excess PTO earned that would extend an employee over the stated maximum is not paid to the employee.

In response to the COVID-19 pandemic, in April 2020 the District suspended its policy limiting employees to accumulate up to a maximum of 428 PTO hours.

In December of each year, employees can elect to cash out up to 60 hours of PTO the following May and December for an annual maximum of 120 hours, as long as a minimum of 200 hours of PTO is retained. Employees can also elect to defer up to 60 hours of PTO into their 457 plan, as long as a minimum of 200 hours of PTO is retained.

Net position – Net position of the District is classified into three components. *Net investment in capital assets* consists of capital assets net of accumulated depreciation and reduced by the balances of any outstanding borrowings used to finance the purchase or construction of those assets. *Restricted net position* is noncapital net position that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the District. *Unrestricted net position* is the remaining net position that does not meet the definition of *net investment in capital assets* or *restricted*.

Operating revenues and expenses – The District’s statements of revenues, expenses, and changes in net position distinguish between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions, including grants for specific operating activities associated with providing healthcare services — the District’s principal activity. Nonexchange revenues, including taxes and contributions received for purposes other than capital asset acquisition, are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide healthcare services, other than financing costs.

Restricted resources – When the District has both restricted and unrestricted resources available to finance a particular program, it is the District’s policy to use restricted resources before unrestricted resources.

Grants and contributions – From time to time, the District receives grants from the state of Washington and others as well as contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are restricted to specific capital acquisitions are reported after nonoperating revenues and expenses. Grants that are for specific projects or purposes related to the District’s operating activities are reported as operating revenue. Grants that are used to subsidize operating deficits are reported as nonoperating revenue. Contributions, except for capital contributions, are reported as nonoperating revenue.

Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2020 and 2019

1. Reporting Entity and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued)

Upcoming accounting standard pronouncements – In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases*, which increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible asset representing the lessee's right to use the leased asset, thereby enhancing the relevance and consistency of information about governments' leasing activities. The new guidance is effective for the District's year ending December 31, 2022, although earlier application is encouraged.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The new guidance is effective for the District's year ending December 31, 2021. Management is currently evaluating the effect this statement will have on the financial statements and related disclosures.

Subsequent events – The District has evaluated subsequent events through July 20, 2021, the date on which the financial statements were available to be issued.

2. Bank Deposits and Investments:

The Revised Code of Washington (RCW), Chapter 39, authorizes municipal governments to invest their funds in a variety of investments including federal, state, and local government certificates, notes, or bonds; the Washington State Local Government Investment Pool; savings accounts in qualified public depositories; and certain other investments. The District has elected to use the County Treasurer to be its treasurer to issue warrants and make investments. Amounts invested in the Washington State Local Government Investment Pool at December 31, 2020 and 2019, were \$47,763,798 and \$21,969,828, respectively. The Washington State Local Government Investment Pool consists of investments in federal, state, and local government certificates and savings accounts in qualified public depositories.

All cash and cash equivalents held by the County Treasurer or deposited with qualified public depositories are protected against loss by the State of Washington Public Deposit Protection Commission, as provided by RCW Chapter 39.58, subject to certain limitations. Qualified public depositories, including First Federal and Union Bank, pledge securities with this commission, which are available to insure public deposits within the state of Washington. The cash on deposit with these banks is also insured through the Federal Deposit Insurance Corporation (FDIC).

Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2020 and 2019

2. Bank Deposits and Investments (continued):

Custodial credit risk – The risk that, in the event of a failure of the counterparty, the District will not be able to recover the value of the deposits or investments that are in the possession of an outside party. All District deposits are entirely covered by the FDIC or by collateral held in a multiple-financial institution collateral pool administered by the Washington Public Deposit Protection Commission, and all investments are insured, registered, or held by the District's agent in the District's name at qualified public depositories. The District's investment policy does not contain policy requirements that would limit the exposure to custodial risk for investments.

Credit risk – The risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is typically measured by the assignment of a rating by a nationally recognized statistical rating organization. The District does not have a policy specifically requiring or limiting investments of this type.

Concentration of credit risk – The inability to recover the value of deposits, investments, or collateral securities in the possession of an outside party caused by a lack of diversification (investments acquired from a single issuer). The District does not have a policy limiting the amount it may invest in any one issuer or multiple issuers.

Interest rate risk – The possibility that an interest rate change could adversely affect an investment's fair value. The District does not have a policy specifically managing its exposure to fair value losses arising from changing interest rates.

3. Patient Accounts Receivable:

Patient accounts receivable are reduced by an allowance for uncollectible accounts. In evaluating the collectibility of accounts receivable, the District analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for uncollectible accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for uncollectible accounts. For receivables associated with services provided to patients who have third-party coverage, the District analyzes contractually due amounts and provides an allowance for uncollectible accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely). For receivables associated with self-pay patients (which include both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the District records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for uncollectible accounts.

The District's allowance for uncollectible accounts for self-pay patients has not changed significantly from the prior years.

Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2020 and 2019

3. Patient Accounts Receivable (continued):

Patient accounts receivable reported as current assets consisted of these amounts:

	2020	2019
Patients and their insurance carriers	\$ 9,747,073	\$ 11,737,477
Medicare	6,924,106	6,298,963
Medicaid	1,377,553	1,646,281
	18,048,732	19,682,721
Less allowance for uncollectible accounts	(3,778,000)	(4,017,000)
Patient accounts receivable, net	\$ 14,270,732	\$ 15,665,721

4. Assets Restricted or Limited as to Use:

The composition of assets restricted or limited as to use was as follows:

	2020	2019
<i>Cash and cash equivalents</i>		
Restricted under 2013 limited tax general obligation bond agreement for principal and interest payment	\$ 46,495	\$ 46,215
Restricted under 2017 limited tax general obligation bond agreement for principal and interest payment	548,949	513,891
Internally designated by the Board for capital improvements, home health and hospice operations, and other purposes	29,142,521	21,449,668
Total cash and cash equivalents restricted or limited as to use	\$ 29,737,965	\$ 22,009,774
<i>Taxes receivable</i>		
Restricted under 2013 limited tax general obligation bond agreement for principal and interest payment	\$ 5,054	\$ 5,304
Internally designated by the Board for capital improvements, home health and hospice operations, and other purposes	5,886	5,945
Total taxes receivable restricted or limited as to use	\$ 10,940	\$ 11,249

Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2020 and 2019

5. Capital Assets:

The District capitalizes assets whose costs exceed \$5,000 and have an estimated useful life of more than one year; lesser amounts are expensed. Capital assets are stated at cost or estimated fair value at the date of donation. Expenditures for maintenance and repairs are charged to operations as incurred; betterments and major renewals are capitalized. When such assets are disposed of, the related costs and accumulated depreciation are removed from the accounts and the resulting gain or loss is classified in nonoperating revenues or expenses.

All capital assets, other than land and construction in progress, are depreciated using the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Amortization of assets subject to leases is reported with depreciation expense. Useful lives have been estimated as follows:

Land improvements	5 to 25 years
Buildings and improvements	5 to 40 years
Equipment	3 to 25 years
Leasehold improvements	3 to 15 years

Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2020 and 2019

5. Capital Assets (continued):

Capital asset additions, retirements, transfers, and balances were as follows:

	Balance December 31, 2019	Additions	Retirements	Transfers	Balance December 31, 2020
<i>Capital assets not being depreciated</i>					
Land	\$ 1,549,711	\$ -	\$ -	\$ 165,620	\$ 1,715,331
Construction in progress	493,251	1,095,773	-	(593,780)	995,244
Total capital assets not being depreciated	2,042,962	1,095,773	-	(428,160)	2,710,575
<i>Capital assets being depreciated</i>					
Land improvements	4,028,158	-	-	-	4,028,158
Buildings and improvements	40,757,241	-	-	-	40,757,241
Equipment	39,493,280	1,608,863	-	428,160	41,530,303
Leasehold improvements	1,361,180	-	-	-	1,361,180
Total capital assets being depreciated	85,639,859	1,608,863	-	428,160	87,676,882
<i>Less accumulated depreciation for</i>					
Land improvements	(1,515,043)	(251,000)	-	-	(1,766,043)
Buildings and improvements	(20,142,436)	(1,722,816)	-	-	(21,865,252)
Equipment	(22,593,911)	(2,666,216)	-	-	(25,260,127)
Leasehold improvements	(778,739)	(118,977)	-	-	(897,716)
Total accumulated depreciation	(45,030,129)	(4,759,009)	-	-	(49,789,138)
Total capital assets being depreciated, net	40,609,730	(3,150,146)	-	428,160	37,887,744
Capital assets, net	\$ 42,652,692	\$ (2,054,373)	\$ -	\$ -	\$ 40,598,319

Construction in progress as of December 31, 2020, consisted primarily of small projects, which are expected to be completed throughout 2021 and do not have significant costs to complete, both individually and in the aggregate.

Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2020 and 2019

5. Capital Assets (continued):

	Balance December 31, 2018	Additions	Retirements	Transfers	Balance December 31, 2019
<i>Capital assets not being depreciated</i>					
Land	\$ 718,068	\$ -	\$ (7,604)	\$ 839,247	\$ 1,549,711
Construction in progress	1,536,972	3,030,884	-	(4,074,605)	493,251
Total capital assets not being depreciated	2,255,040	3,030,884	(7,604)	(3,235,358)	2,042,962
<i>Capital assets being depreciated</i>					
Land improvements	4,028,158	-	-	-	4,028,158
Buildings and improvements	39,695,927	-	(60,660)	1,121,974	40,757,241
Equipment	38,625,118	1,114,692	(2,308,525)	2,061,995	39,493,280
Leasehold improvements	1,292,256	17,535	-	51,389	1,361,180
Total capital assets being depreciated	83,641,459	1,132,227	(2,369,185)	3,235,358	85,639,859
<i>Less accumulated depreciation for</i>					
Land improvements	(1,260,239)	(254,804)	-	-	(1,515,043)
Buildings and improvements	(18,295,333)	(1,847,103)	-	-	(20,142,436)
Equipment	(22,327,543)	(2,504,115)	2,237,747	-	(22,593,911)
Leasehold improvements	(641,419)	(137,320)	-	-	(778,739)
Total accumulated depreciation	(42,524,534)	(4,743,342)	2,237,747	-	(45,030,129)
Total capital assets being depreciated, net	41,116,925	(3,611,115)	(131,438)	3,235,358	40,609,730
Capital assets, net	\$ 43,371,965	\$ (580,231)	\$ (139,042)	\$ -	\$ 42,652,692

6. Electronic Health Records Incentive Payback:

Medicaid electronic health records (EHR) incentive payments are provided to incent hospitals and eligible providers to become meaningful users of EHR technology, not to reimburse providers for the cost of acquiring EHR assets. EHR incentive payments are therefore reported as operating revenue.

The District's final Medicaid incentive payments were recognized as revenue in 2015. An audit of the District's Medicaid EHR incentive payments in 2018 resulted in a \$276,085 payback, which was recorded as a liability at December 31, 2020 and 2019.

There were no Medicaid incentive payments relating to eligible providers in the rural health clinics recognized as revenue in 2020 or 2019.

Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2020 and 2019

7. Long-term Debt and Capital Lease Obligations:

A schedule of changes in the District's long-term debt and capital lease obligations is as follows:

	Balance December 31, 2019			Additions	Reductions	Balance December 31, 2020	Amounts Due Within One Year
<i>Bonds and notes payable</i>							
Note payable to individuals	\$	3,984,880	\$	-	\$ (440,567)	\$ 3,544,313	\$ 463,915
2013 LTGO bonds		810,000		-	(190,000)	620,000	195,000
2017 LTGO bonds		4,911,935		-	(125,819)	4,786,116	129,759
2017 Revenue bonds		18,728,228		-	(495,759)	18,232,469	511,146
Bond premiums		43,728		-	(11,164)	32,564	-
Total bonds and notes payable		28,478,771		-	(1,263,309)	27,215,462	1,299,820
<i>Capital lease obligations</i>							
		-		1,217,272	(133,071)	1,084,201	186,573
Total long-term debt and capital lease obligations	\$	28,478,771	\$	1,217,272	\$ (1,396,380)	\$ 28,299,663	\$ 1,486,393

	Balance December 31, 2018			Additions	Reductions	Balance December 31, 2019	Amounts Due Within One Year
<i>Bonds and notes payable</i>							
Note payable to individuals	\$	16,601	\$	-	\$ (16,601)	\$ -	\$ -
Note payable to individuals		4,403,274		-	(418,394)	3,984,880	440,567
2013 LTGO bonds		1,000,000		-	(190,000)	810,000	190,000
2017 LTGO bonds		5,033,802		-	(121,867)	4,911,935	125,819
2017 Revenue bonds		19,208,909		-	(480,681)	18,728,228	495,760
Bond premiums		54,893		-	(11,165)	43,728	-
Total long-term debt	\$	29,717,479	\$	-	\$ (1,238,708)	\$ 28,478,771	\$ 1,252,146

Long-term debt – The terms and due dates of the District's long-term debt are as follows:

- Note payable, dated July 2, 2012, in the original amount of \$6,630,000, for the purchase of a building. The note is due in monthly installments of \$53,036, including interest at 5.175 percent, through July 2027. The note is secured by the related land and building.
- LTGO Refunding Bonds, dated April 16, 2013, in the original amount of \$2,050,000, for the purpose of refinancing the District's existing LTGO Bonds, dated June 1, 2004. The bonds are payable annually on December 1 in the remaining principal amounts ranging from \$195,000 to \$220,000 through 2023. The bonds are subject to redemption prior to their stated maturities. Interest at rates from 3.0 percent to 4.0 percent is due semiannually on June 1 and December 1. The District has irrevocably pledged to include in its budget and levy taxes annually on all of the property within the District subject to taxation in amounts that will be sufficient to pay the principal and interest on the bonds as they become due.

Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2020 and 2019

7. Long-term Debt and Capital Lease Obligations (continued):

Long-term debt (continued) –

- 2017 LTGO Bonds:
 - LTGO Bond, 2017A, dated July 26, 2017, in the original amount of \$1,250,000, for the purpose of refinancing the District's interim financing LTGO Bond, dated May 6, 2015, for the construction of the District's emergency and specialty services building. The bond is payable annually on July 26 in the remaining principal amounts ranging from \$43,400 to \$47,200. Interest at a rate of 2.89 percent is due semiannually on January 26 and July 26. The bond is subject to a mandatory tender for purchase by the District on July 26, 2025, for the remaining principal balance of \$948,000. The registered owner of the bond is Key Government Finance, Inc.
 - LTGO Bond, 2017C, dated July 26, 2017, in the original amount of \$3,900,000, for the purpose of refinancing the District's interim financing LTGO Bond, dated May 6, 2015, for the construction of the District's emergency and specialty services building. The bond is payable semiannually on January 26 and July 26 in installments of \$102,258, including interest at 3.25 percent, through July 26, 2047. The registered owner of the bond is the United States Department of Agriculture (USDA).
- 2017 Revenue Bonds:
 - Hospital Revenue Bond, 2017B, dated July 26, 2017, in the original amount of \$6,030,000, for the purpose of refinancing the District's interim financing revenue bond anticipation note, dated May 6, 2015, for the construction of the District's emergency and specialty services building. The bond is payable annually on July 26 in the remaining principal amounts ranging from \$209,000 to \$227,800. Interest at a rate of 2.89 percent is due semiannually on January 26 and July 26. The bond is subject to a mandatory tender for purchase by the District on July 26, 2025, for the remaining principal balance of \$4,564,300. The registered owner of the bond is Key Government Finance, Inc.
 - Hospital Revenue Bond, 2017D, dated July 26, 2017, in the original amount of \$1,945,000, for the purpose of refinancing the District's interim financing revenue bond anticipation note, dated May 6, 2015, for the construction of the District's emergency and specialty services building. The bond is payable semiannually on January 26 and July 26 in installments of \$50,998, including interest at 3.25 percent, through July 26, 2047. The registered owner of the bond is the USDA.
 - Hospital Revenue Bond, 2017E, dated July 26, 2017, in the original amount of \$6,000,000. The bond is payable semiannually on January 26 and July 26 in installments of \$157,320, including interest at 3.25 percent, through July 26, 2047. The registered owner of the bond is the USDA.
 - Hospital Revenue Bond, 2017F, dated July 26, 2017, in the original amount of \$5,700,000. The bond is payable semiannually on January 26 and July 26 in installments of \$149,454, including interest at 3.25 percent, through July 26, 2047. The registered owner of the bond is the USDA.

Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2020 and 2019

7. Long-term Debt and Capital Lease Obligations (continued):

Long-term debt (continued) – Aggregate annual principal and interest payments over the terms of long-term debt are as follows:

Years Ending December 31,	LTGO Bonds			Revenue Bonds and Notes Payable			Total Long-term Debt		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 324,759	\$ 175,588	\$ 500,347	\$ 975,061	\$ 743,062	\$ 1,718,123	\$ 1,299,820	\$ 918,650	\$ 2,218,470
2022	338,788	163,705	502,493	1,015,645	702,538	1,718,183	1,354,433	866,243	2,220,676
2023	358,011	151,293	509,304	1,058,057	660,209	1,718,266	1,416,068	811,502	2,227,570
2024	142,329	138,148	280,477	1,102,276	615,991	1,718,267	1,244,605	754,139	1,998,744
2025	1,046,245	133,668	1,179,913	5,478,386	569,798	6,048,184	6,524,631	703,466	7,228,097
2026-2030	541,672	480,908	1,022,580	2,860,668	1,724,735	4,585,403	3,402,340	2,205,643	5,607,983
2031-2035	636,418	386,162	1,022,580	2,226,646	1,351,073	3,577,719	2,863,064	1,737,235	4,600,299
2036-2040	747,735	274,845	1,022,580	2,616,115	961,604	3,577,719	3,363,850	1,236,449	4,600,299
2041-2045	878,523	144,057	1,022,580	3,073,706	504,013	3,577,719	3,952,229	648,070	4,600,299
2046-2047	391,636	16,005	407,641	1,370,222	55,997	1,426,219	1,761,858	72,002	1,833,860
	\$ 5,406,116	\$ 2,064,379	\$ 7,470,495	\$ 21,776,782	\$ 7,889,020	\$ 29,665,802	\$ 27,182,898	\$ 9,953,399	\$ 37,136,297

Capital lease obligations – During the year ended December 31, 2020, the District entered into two capital lease obligations with Siemens Financial Services, Inc., with rates of interest of 4.97 percent and 5.954 percent, respectively. At December 31, 2020, the capitalized cost and accumulated amortization of the assets were \$1,217,272 and \$150,561, respectively.

Aggregate annual principal and interest payments over the terms of capital lease obligations are as follows:

Years Ending December 31,	Capital Lease Obligations		
	Principal	Interest	Total
2021	\$ 186,573	\$ 54,462	\$ 241,035
2022	196,719	44,316	241,035
2023	207,423	33,612	241,035
2024	218,718	22,317	241,035
2025	135,151	11,917	147,068
2026-2027	139,617	5,585	145,202
	\$ 1,084,201	\$ 172,209	\$ 1,256,410

Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2020 and 2019

8. Commitments Under Noncancelable Operating Leases:

Following is a summary of future minimum obligations under noncancelable operating leases for equipment and buildings:

Years	Amount
2021	\$ 963,843
2022	810,364
2023	499,581
2024	368,321
2025	224,373
	\$ 2,866,482

9. Net Patient Service Revenue:

The District recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients who do not qualify for charity care, the District recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of the District's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the District records a significant provision for bad debts related to uninsured patients in the period the services are provided. In response to the COVID-19 pandemic, the District updated its self-pay collections policy in March 2020 to stop all outstanding accounts from being sent to collections. As a result of this change, the District's provisions for bad debts and writeoffs decreased in 2020. The District has not changed its charity care or uninsured discount policies during 2020 or 2019. Patient service revenue, net of contractual adjustments and discounts (but before the provision for bad debts), recognized in the period from these major payor sources, is as follows:

	2020	2019
Patient service revenue (net of contractual adjustments and discounts):		
Medicare	\$ 68,695,511	\$ 65,072,726
Medicaid	13,873,894	14,850,767
Other third-party payors	36,464,673	40,582,585
Patients	3,355,100	3,942,669
	122,389,178	124,448,747
Less:		
Charity care	(2,858,135)	(3,133,646)
Provision for bad debts	(2,858,231)	(4,156,476)
Net patient service revenue	\$ 116,672,812	\$ 117,158,625

Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2020 and 2019

9. Net Patient Service Revenue (continued):

The District has agreements with third-party payors that provide for payments to the District at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

- *Medicare* – The District has been designated a critical access hospital by Medicare and is reimbursed for inpatient and outpatient services and rural health clinic visits on a cost basis as defined and limited by the Medicare program. Physician services outside the rural health clinic are paid on a fee schedule. Home health and hospice services are reimbursed on a prospective rate per episode of care. The District is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicare administrative contractor.
- *Medicaid* – Medicaid beneficiaries receive coverage through either the Washington State Health Care Authority (HCA) or Medicaid managed care organizations (MCOs). The District is reimbursed for MCO-covered inpatient and outpatient services on a prospectively determined rate that is based on historical revenues and expenses of the District. The District is reimbursed by the HCA for inpatient and outpatient services under a cost reimbursement methodology. The District is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the District and review by HCA. Rural health clinic services are paid on a prospectively set rate per visit.
- *Other commercial payors* – The District also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the District under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Laws and regulations governing Medicare, Medicaid, and other programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Net patient service revenue increased by approximately \$769,000 and \$114,000 in 2020 and 2019, respectively, due to differences between original estimates and final settlements or revised estimates.

The District provides charity care to patients who are financially unable to pay for the healthcare services they receive. The District's policy is not to pursue collection of amounts determined to qualify as charity care. Accordingly, the District does not report these amounts in net operating revenues or in the allowance for uncollectible accounts. The District determines the costs associated with providing charity care by aggregating the applicable direct and indirect costs, including salaries and wages, benefits, supplies, and other operating expenses, based on data from its costing system. The costs of caring for charity care patients for the years ended December 31, 2020 and 2019, were approximately \$1,447,000 and \$1,453,000 respectively. The District did not receive any gifts or grants to subsidize charity services during 2020 and 2019.

Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2020 and 2019

10. Property Taxes:

The Jefferson County Treasurer acts as an agent to collect property taxes levied in the County for all taxing authorities. Taxes are levied annually on January 1 on property values listed as of the prior May 31. Assessed values are established by the County Assessor at 100 percent of fair market value. A revaluation of all property is required every four years.

Taxes are due in two equal installments on April 30 and October 31. Collections are distributed monthly to the District by the County Treasurer.

The District is permitted by law to levy up to \$0.75 per \$1,000 of assessed valuation for general District purposes. Washington State Constitution and Washington State Law, RCW 84.55.010, limit the rate. The District may also levy taxes at a lower rate. Further amounts of tax must be authorized by the vote of the people.

The District's portion of the regular tax levy available for maintenance and operations was \$0.04351 and \$0.04416 per \$1,000 on a total assessed valuation of \$5,958,029,807 and \$5,523,406,411, for a total regular levy of \$259,227 and \$243,895 in 2020 and 2019, respectively.

The District's portion of the regular levy pledged for the Limited Tax General Obligation (LTGO) bond repayment was \$0.03733 and \$0.04129 per \$1,000 on a total assessed valuation of \$5,958,029,807 and \$5,523,406,411, for a total pledged portion of the regular levy of \$222,400 and \$228,100 in 2020 and 2019, respectively.

Property taxes are recorded as receivables when levied. Since state law allows for sale of property for failure to pay taxes, no estimate of uncollectible taxes is made.

11. CARES Act Provider Relief Fund:

In April 2020, the District received \$8,329,157 of funding from the CARES Act Provider Relief Fund. These funds are required to be used to reimburse the District for healthcare-related expenses or lost revenues that are attributable to coronavirus. The District has recorded these funds as unearned grant revenue until eligible expenses or lost revenues are recognized. During the year ended December 31, 2020, the District recognized \$8,329,157 of grant revenue from these funds on the basis of lost revenues that are attributable to coronavirus.

12. Deferred Compensation Plan and Pension Plan:

The District has a deferred compensation plan created in accordance with Internal Revenue Code §457. The name of the plan is Jefferson Healthcare §457 Deferred Compensation Plan (the Compensation Plan). The Compensation Plan is available to eligible employees and permits them to defer a portion of their salary until withdrawn in future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Employee contributions to the Compensation Plan totaled approximately \$3,071,000 and \$3,045,000 for the years ended December 31, 2020 and 2019, respectively.

Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2020 and 2019

12. Deferred Compensation Plan and Pension Plan (continued):

The District provides a 401(a) profit-sharing pension plan for all employees with at least two years of service. The name of the plan is Jefferson Healthcare Employee's Retirement Plan (the Profit-Sharing Plan). The District makes nonelective contributions to the Profit-Sharing Plan of 7 percent for certain members of the medical staff's salaries annually and 5 percent for all other eligible employees' salaries. The District funds all retirement contributions and employees are not allowed to contribute to the Profit-Sharing Plan. Contributions to the Profit-Sharing Plan totaled approximately \$2,238,000 and \$2,218,000 for the years ended December 31, 2020 and 2019, respectively.

The District has an additional deferred compensation plan for members of the Hospital's strategic leadership group (SLG) in their first two years of employment, prior to being eligible to participate in the Profit-Sharing Plan described above. The name of the plan is Jefferson Healthcare Strategic Leadership Group Deferred Compensation Plan (the SLG Compensation Plan). The District makes nonelective contributions to the SLG Compensation Plan of 11 percent for all eligible employees' salaries annually. The District funds all retirement contributions and employees are not allowed to contribute to the SLG Compensation Plan. Contributions to the Plan totaled approximately \$45,000 for both the years ended December 31, 2020 and 2019. Once an SLG member has attained two years of service, employer contributions are then made to the Profit-Sharing Plan described above.

The plans are administered by the District. The District has the authority to amend the plans.

13. Risk Management and Contingencies:

Medical malpractice claims – The District has professional liability insurance coverage with Physicians Insurance. The policy provides protection on a "claims-made" basis whereby claims filed in the current year are covered by the current policy. If there are occurrences in the current year, these will only be covered in the year the claim is filed if claims-made coverage is obtained in that year or if the District purchases insurance to cover prior acts. The current professional liability insurance provides \$1,000,000 per claim of primary coverage with an annual aggregate limit of \$5,000,000. The policy has no deductible.

The District also has excess professional liability insurance with Physicians Insurance on a "claims-made" basis. The excess malpractice insurance provides \$15,000,000 per claim of primary coverage with an aggregate limit of \$15,000,000. The policy has no deductible.

Risk management – The District is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Self-insurance risk pools – The District has a self-insured workers' compensation plan and a self-insured unemployment plan for its employees. The District participates in the Public Hospital District Workers' Compensation Trust and the Public Hospital District Unemployment Trust, which are self-insurance risk pools administered by the Washington State Hospital Association. The District pays its share of actual workers' compensation claims, unemployment claims, maintenance of reserves, and administrative expenses.

Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2020 and 2019

13. Risk Management and Contingencies (continued):

Industry regulations – The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditations, and government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government activity continues with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the District is in compliance with fraud and abuse statutes, as well as other applicable government laws and regulations.

While no regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

Litigation – A judgement was entered against defendant (the District) in December 2019 following a civil jury trial in state court, brought by three plaintiffs who alleged that the District was negligent. The jury awarded total damages that exceed policy limits. The trial judge ruled that the District is not required to post any bond following the verdict. The District has appealed the judgment on the basis of several errors of law and procedure made by the trial court. Since it is not possible to determine the outcome of the pending appeal or any subsequent court proceeding, the judgment amount is not reflected in the financial statements. No amount is currently due or payable.

14. Concentration of Risk:

Patient accounts receivable – The District grants credit without collateral to its patients, most of whom are local residents, and are insured under third-party payor agreements. The majority of these patients are geographically concentrated in and around eastern Jefferson County.

The mix of receivables from patients was as follows:

	2020	2019
Medicare	52 %	47 %
Medicaid	9	12
Other third-party payors	26	30
Patients	13	11
	100 %	100 %

Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2020 and 2019

14. Concentration of Risk (continued):

Collective bargaining unit – The District has two collective bargaining agreements with the United Food and Commercial Workers Local 21:

- Effective February 27, 2019, the District renewed its contract with the labor union for its clinic, professional, technical, service and maintenance, business office, and medical records employees. The contract is effective through October 31, 2021.
- Effective February 27, 2019, the District renewed its contract with the labor union for its nursing employees. The contract is effective through October 31, 2021.

As of December 31, 2020 and 2019, approximately 62 and 64 percent, respectively, of the District's employees were represented by the union under these collective bargaining agreements with United Food and Commercial Workers Local 21.

15. COVID-19 Pandemic:

The COVID-19 pandemic created economic uncertainties which negatively impacted the District's financial position during the year ended December 31, 2020. Beginning in March 2020, the District began experiencing significant declines in revenues due to the state of Washington temporarily suspending all elective surgeries and other elective procedures, which resumed in June 2020. Additionally, the District experienced declines in volumes of outpatient and ancillary services, such as radiology, laboratory, emergency department, and clinic visits.

The District received government grants as described in Note 11 above, as part of the federal government's response to the pandemic. Medicare sequestration has been suspended from May 1, 2020 through December 31, 2021, which increases Medicare reimbursement by 2 percent.

Additionally, the District also received Medicare accelerated payments of \$18,041,170, which will be paid back over 17 months with no interest beginning in April 2021.

The District has also implemented cost containment and revenue enhancement efforts in response to COVID-19.

SINGLE AUDIT

AUDITORS' SECTION



DINGUS | ZARECOR & ASSOCIATES PLLC
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Commissioners
Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Port Townsend, Washington

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Jefferson County Public Hospital District No. 2 doing business as Jefferson Healthcare (the District) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents, and have issued our report thereon dated July 20, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dingus, Zarecor & Associates PLLC

Spokane Valley, Washington
July 20, 2021

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Commissioners
Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Port Townsend, Washington

Report on Compliance for the District's Major Federal Program

We have audited Jefferson County Public Hospital District No. 2 doing business as Jefferson Healthcare's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended December 31, 2020. The District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of audit findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the District's major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the District's Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2020.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Dingus, Zarecor & Associates PLLC

Spokane Valley, Washington
July 20, 2021

Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Schedule of Audit Findings and Questioned Costs
Year Ended December 31, 2020

Section I – Summary of Auditors’ Results

Type of auditors’ report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

_____ yes X no
 _____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

Federal Awards:

Internal control over major federal program:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

_____ yes X no
 _____ yes X none reported

Type of auditors’ report issued on compliance for major federal program:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ yes X no

Identification of major program:

CFDA Number(s)

Name of Federal Program or Cluster

97.036

Disaster Grants - Public Assistance
 (Presidentially Declared Disasters)

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?

_____ yes X no

Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Schedule of Audit Findings and Questioned Costs (Continued)
Year Ended December 31, 2020

Section II — Financial Statement Findings

No matters were reported. Therefore, no corrective action plan is necessary, nor has one been prepared.

Section III — Federal Award Findings and Questioned Costs

No matters were reported. Therefore, no corrective action plan is necessary, nor has one been prepared.

AUDITEE'S SECTION

Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2020

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Entity Identification Number	Total Federal Expenditures
U.S. Department of Homeland Security			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		
Pass-through program from: Washington State Military Department		D20-313	\$ 1,173,287
Total U.S. Department of Homeland Security			1,173,287
U.S. Department of Health and Human Services			
Small Rural Hospital Improvement Grant Program	93.301		
Pass-through program from: State of Washington Department of Health		HSP24498-0	11,549
Small Rural Hospital Improvement Grant Program - COVID-19	93.301		
Pass-through program from: State of Washington Department of Health		HSP25244-0	83,136
Program total			94,685
Grants to States to Support Oral Health Workforce Activities	93.236		
Pass-through program from: State of Washington Department of Health		HSP24759	200,000
Opioid STR	93.788		
Pass-through program from: Peninsula Community Health Services		2020-003-JHC	30,750
ASPR Science Preparedness and Response Grants	93.081		
Pass-through program from: Washington State Hospital Association		U3REP200635	20,000
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement	93.912		
Pass-through program from: Jefferson County Public Health		G25RH32956	24,282
Total U.S. Department of Health and Human Services			369,717
U.S. Department of the Treasury			
Coronavirus Relief Fund	21.019		
Pass-through program from: Jefferson County		AD-20-213	120,000
Total U.S. Department of the Treasury			120,000
Total expenditures of federal awards			\$ 1,663,004

See accompanying independent auditors' report. The accompanying notes are an integral part of this schedule.

Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2020

1. Basis of Presentation:

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of Jefferson County Public Hospital District No. 2 doing business as Jefferson Healthcare (the District) under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presented only a selected portion of the operations of the District, it is not intended to and does not present the net position, changes in net position, or cash flows of the District.

2. Summary of Significant Accounting Policies:

Expenditures reported on this Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2020

The audit for the year ended December 31, 2019, reported no audit findings, nor were there any unresolved prior year findings for years ended December 31, 2018, or prior. Therefore, there are no matters to report in this schedule for the year ended December 31, 2020.

Jefferson County Public Hospital District No. 2
doing business as
Jefferson Healthcare

Financial Indicators

December 31, 2020



DINGUS | ZARECOR & ASSOCIATES PLLC
Certified Public Accountants

Comparative Hospitals

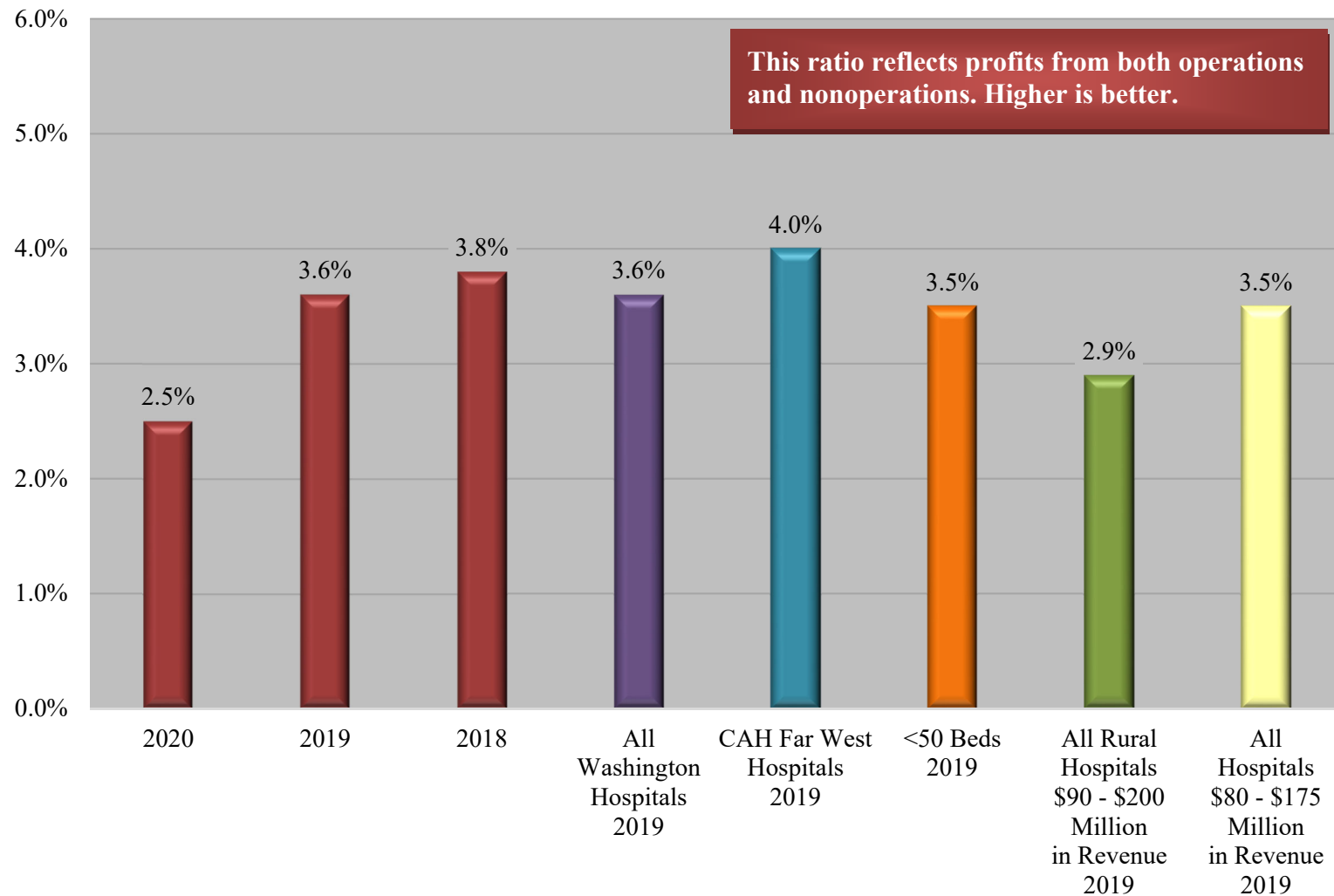
Reference in Graphs	Hospital Type	State	Net Patient Service Revenue (Rounded)
Jefferson Healthcare	CAH	WA	\$ 116,670,000
Hospital A	CAH	WA	\$ 87,710,000
Hospital B	CAH	WA	\$ 74,830,000
Hospital C	CAH	WA	\$ 59,410,000
Hospital D	PPS	NM	\$ 58,780,000
Hospital E	CAH	MT	\$ 75,130,000
Hospital F	CAH	OR	\$ 105,270,000
Hospital G	CAH	CO	\$ 71,850,000
Hospital H	CAH	OR	\$ 106,540,000

Jefferson County Public Hospital District No. 2
doing business as
Jefferson Healthcare

Total Margin

Change in Net Position

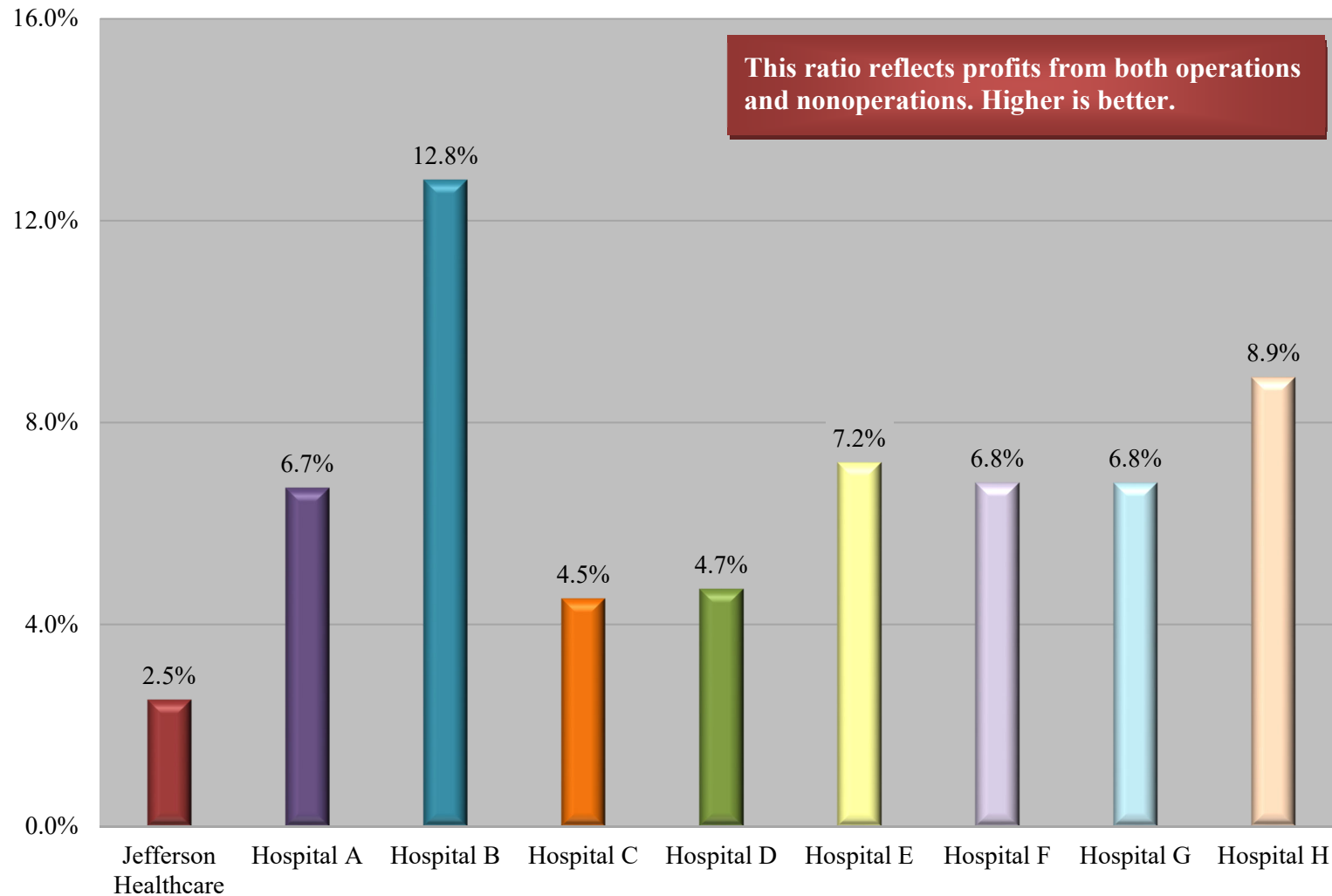
Total Revenues



Jefferson County Public Hospital District No. 2
doing business as
Jefferson Healthcare

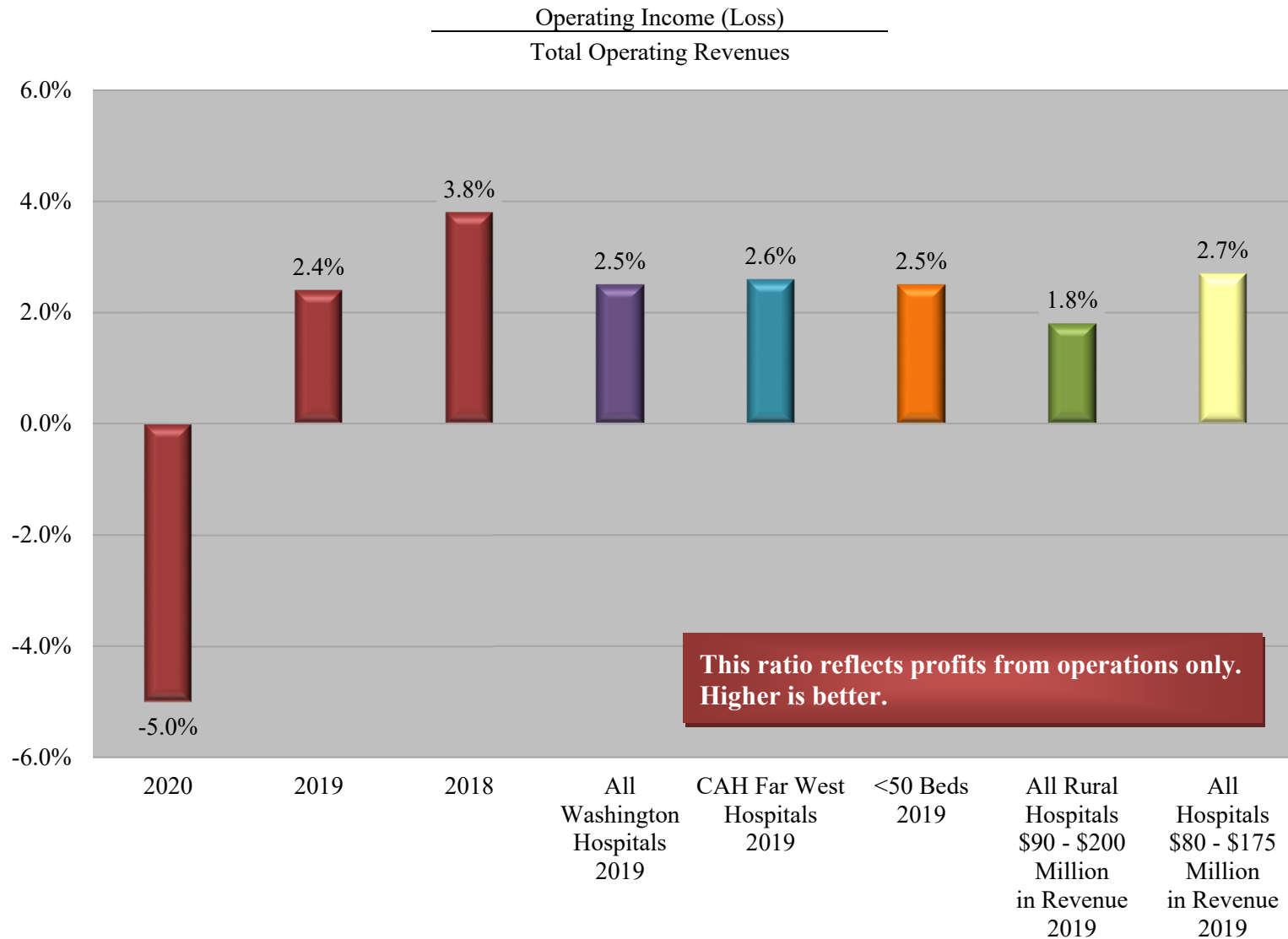
Total Margin

$$\frac{\text{Change in Net Position}}{\text{Total Revenues}}$$



Jefferson County Public Hospital District No. 2
doing business as
Jefferson Healthcare

Operating Margin

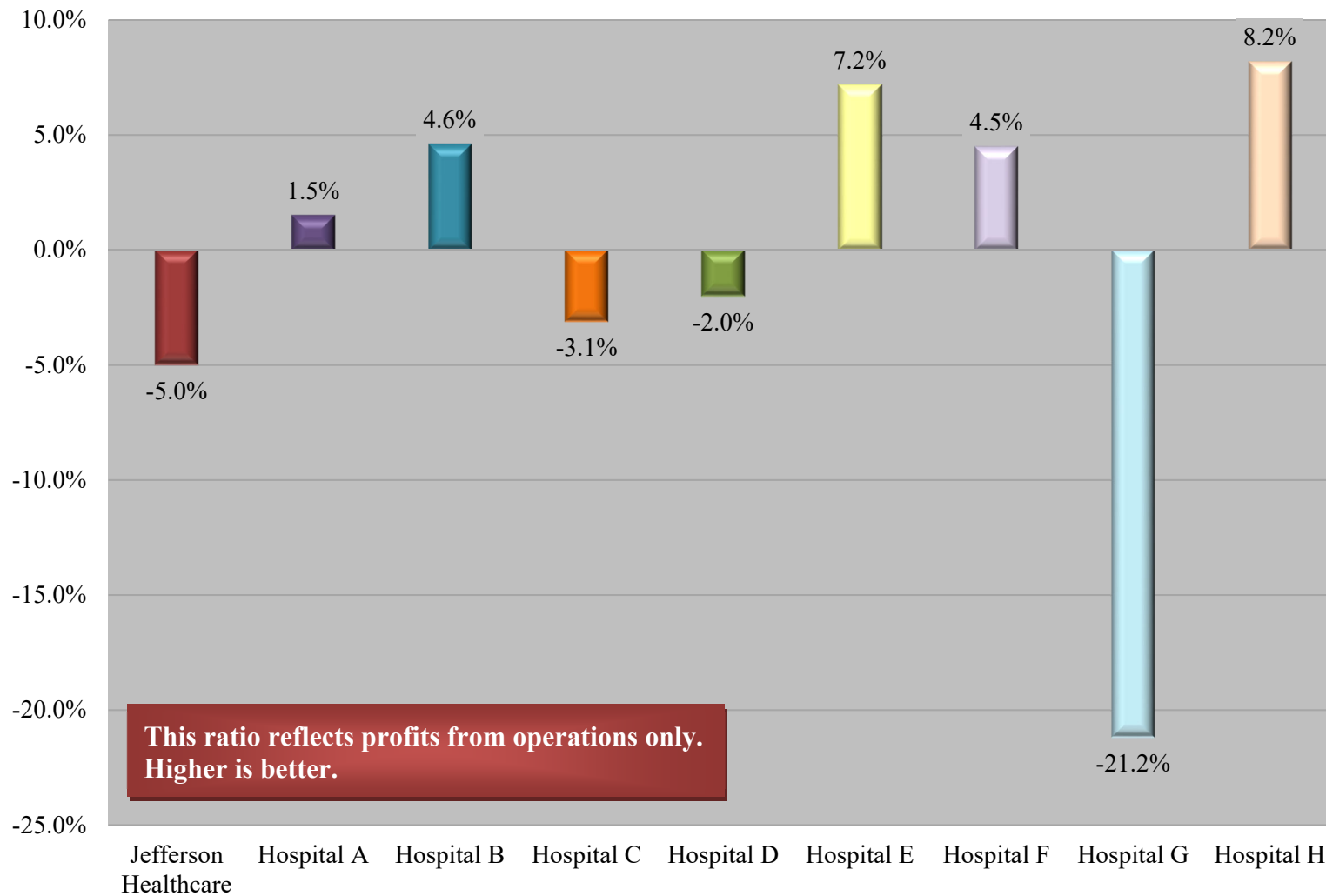


Jefferson County Public Hospital District No. 2
doing business as
Jefferson Healthcare

Operating Margin

Operating Income (Loss)

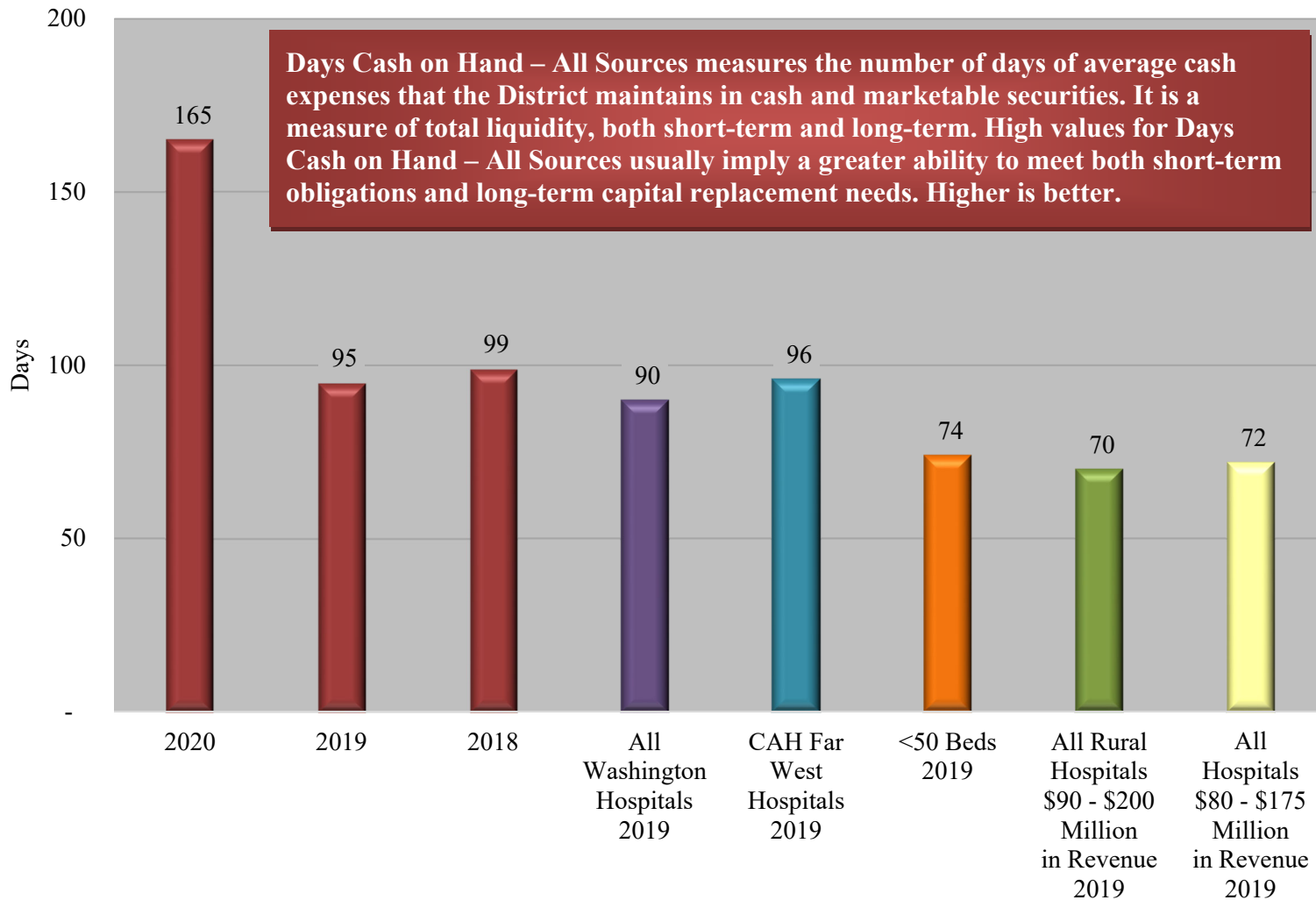
Total Operating Revenues



Jefferson County Public Hospital District No. 2
doing business as
Jefferson Healthcare

Days Cash on Hand – All Sources

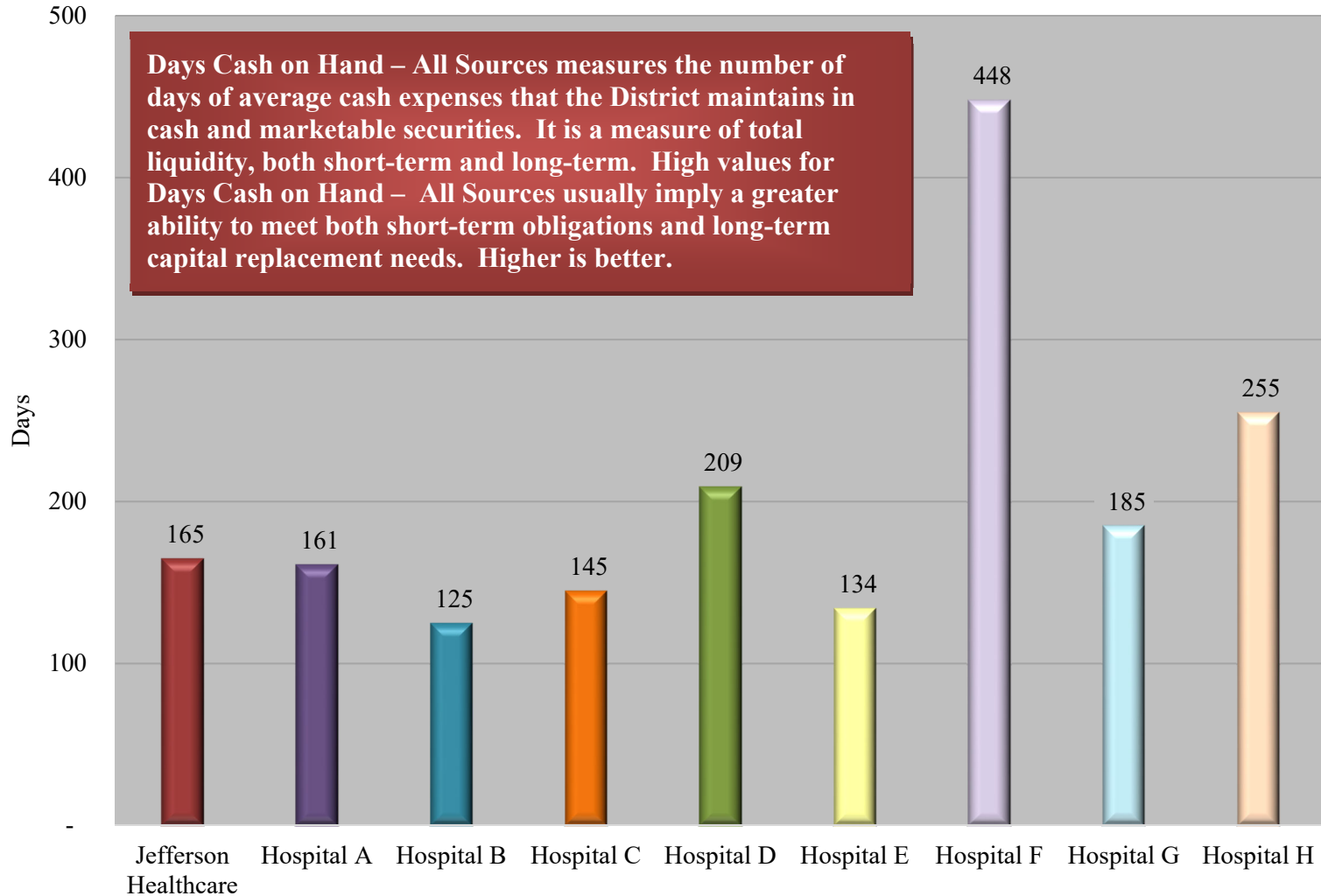
$$\frac{\text{Cash} + \text{Short-Term Investments} + \text{Unrestricted Long-Term Investments}}{(\text{Total Expenses} - \text{Depreciation}) / 365}$$



Jefferson County Public Hospital District No. 2
doing business as
Jefferson Healthcare

Days Cash on Hand – All Sources

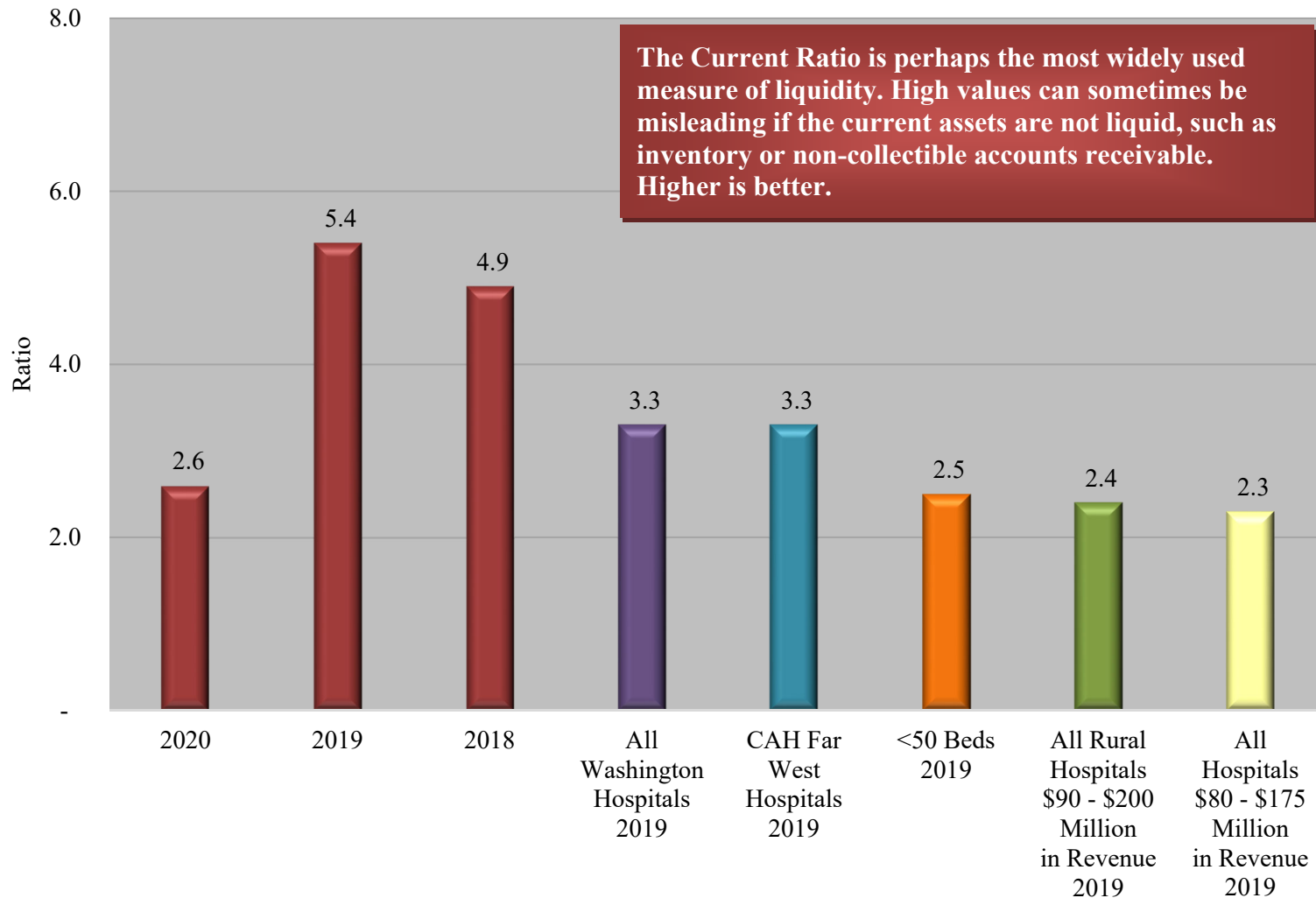
$$\frac{\text{Cash} + \text{Short-Term Investments} + \text{Unrestricted Long-Term Investments}}{(\text{Total Expenses} - \text{Depreciation}) / 365}$$



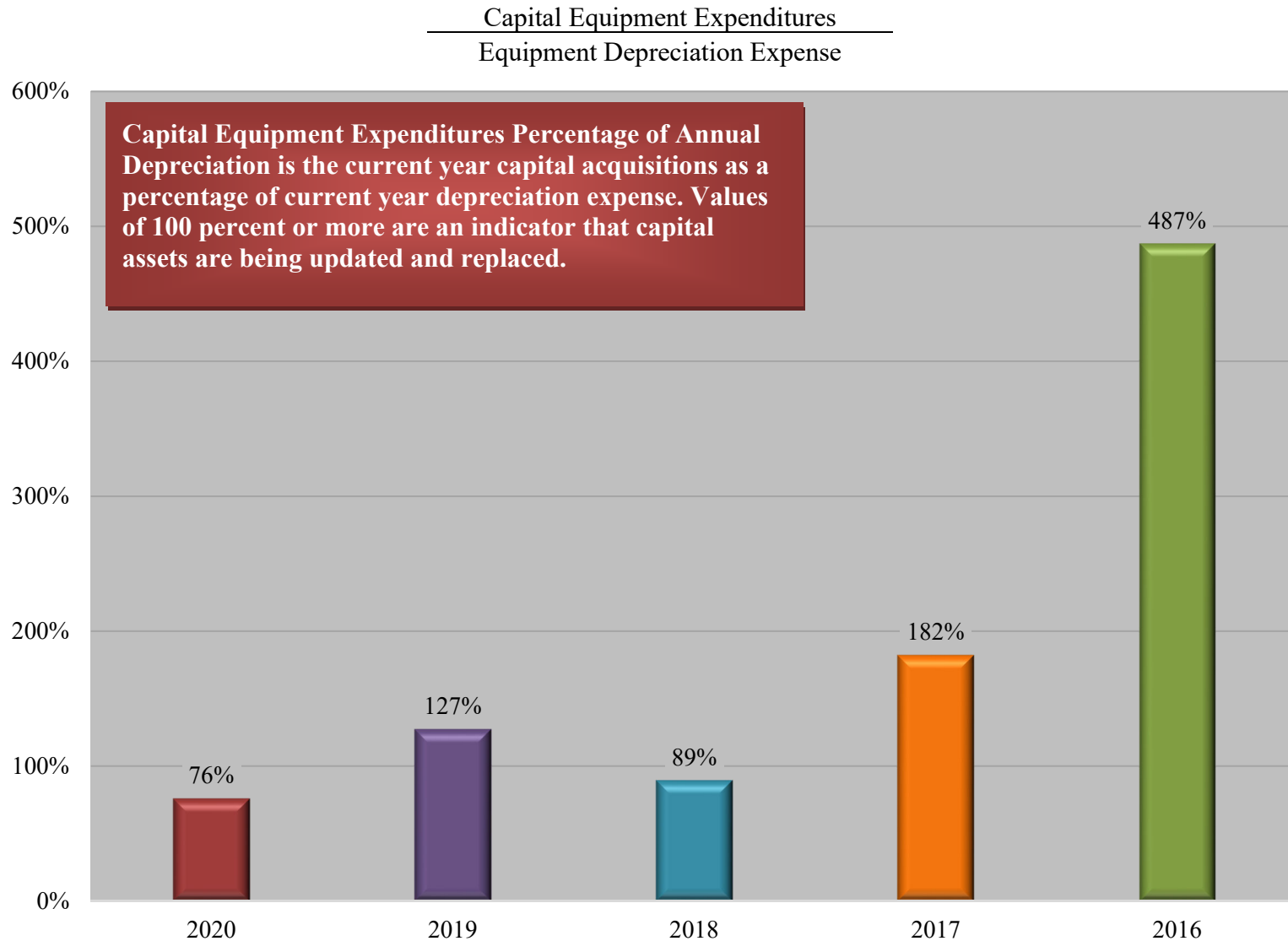
Jefferson County Public Hospital District No. 2
doing business as
Jefferson Healthcare

Current Ratio

$$\frac{\text{Current Assets}}{\text{Current Liabilities}}$$

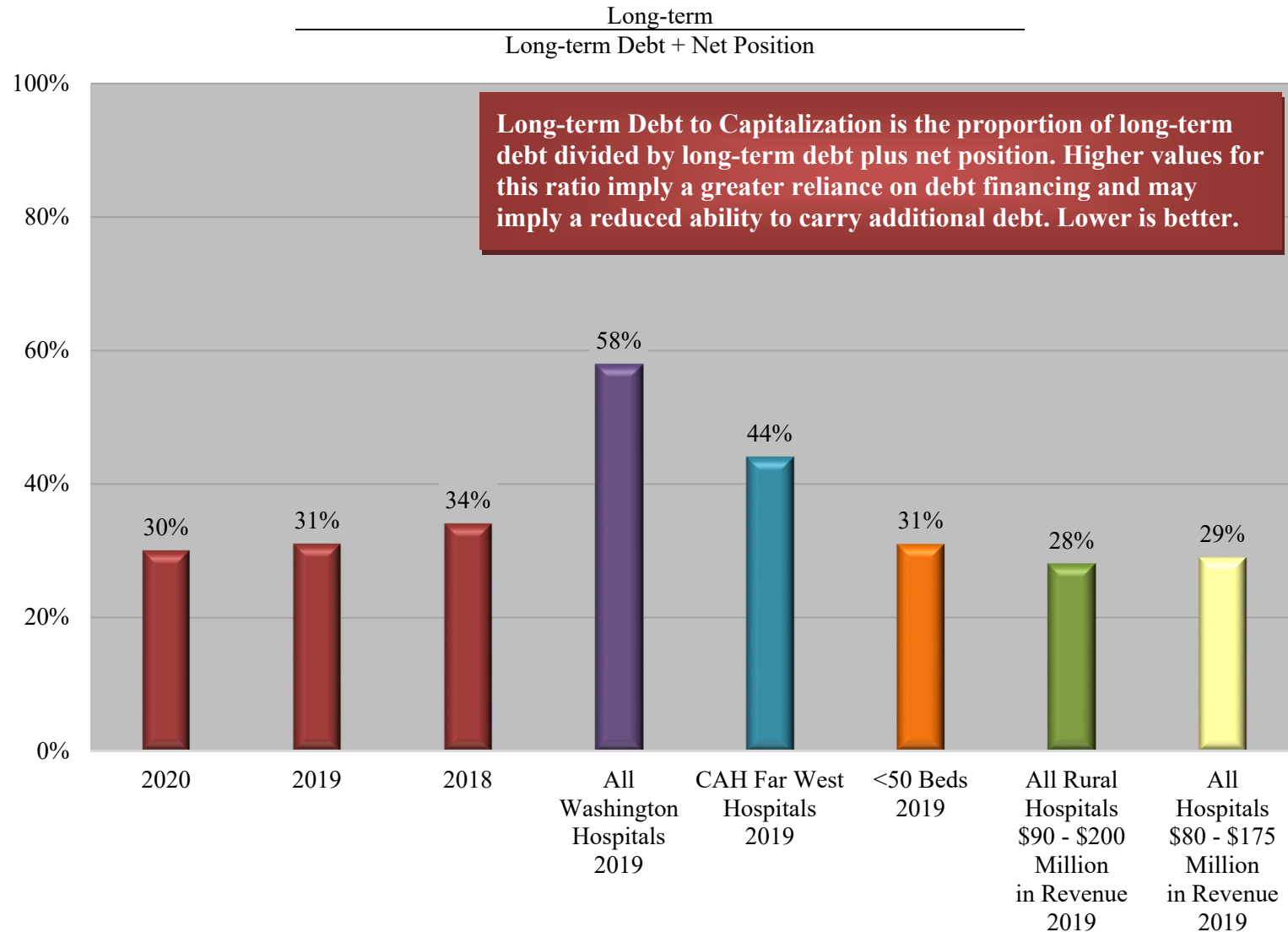


Capital Equipment Expenditures Percentage of Annual Depreciation



Jefferson County Public Hospital District No. 2
doing business as
Jefferson Healthcare

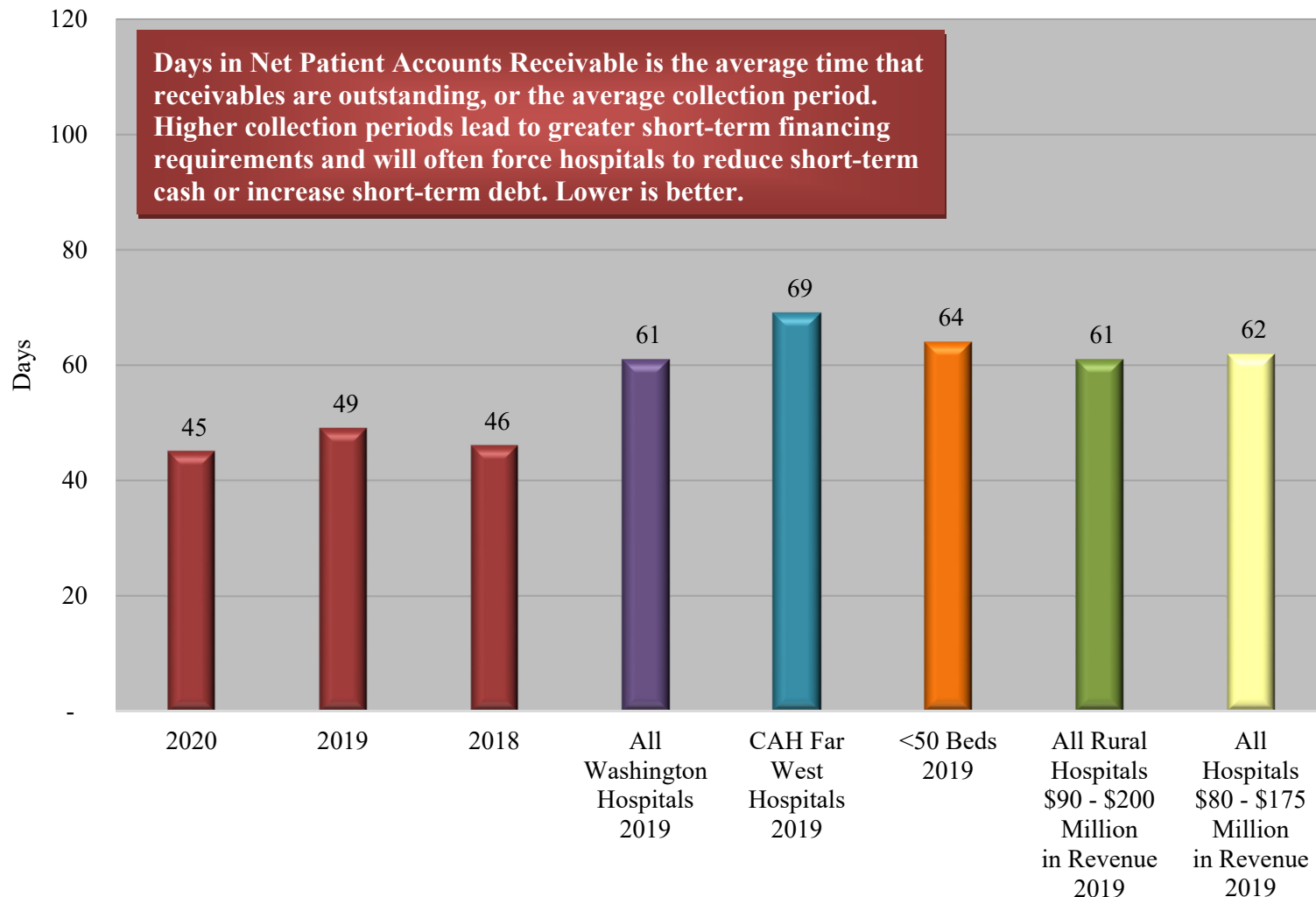
Long-term Debt to Capitalization



Jefferson County Public Hospital District No. 2
doing business as
Jefferson Healthcare

Days in Net Patient Accounts Receivable

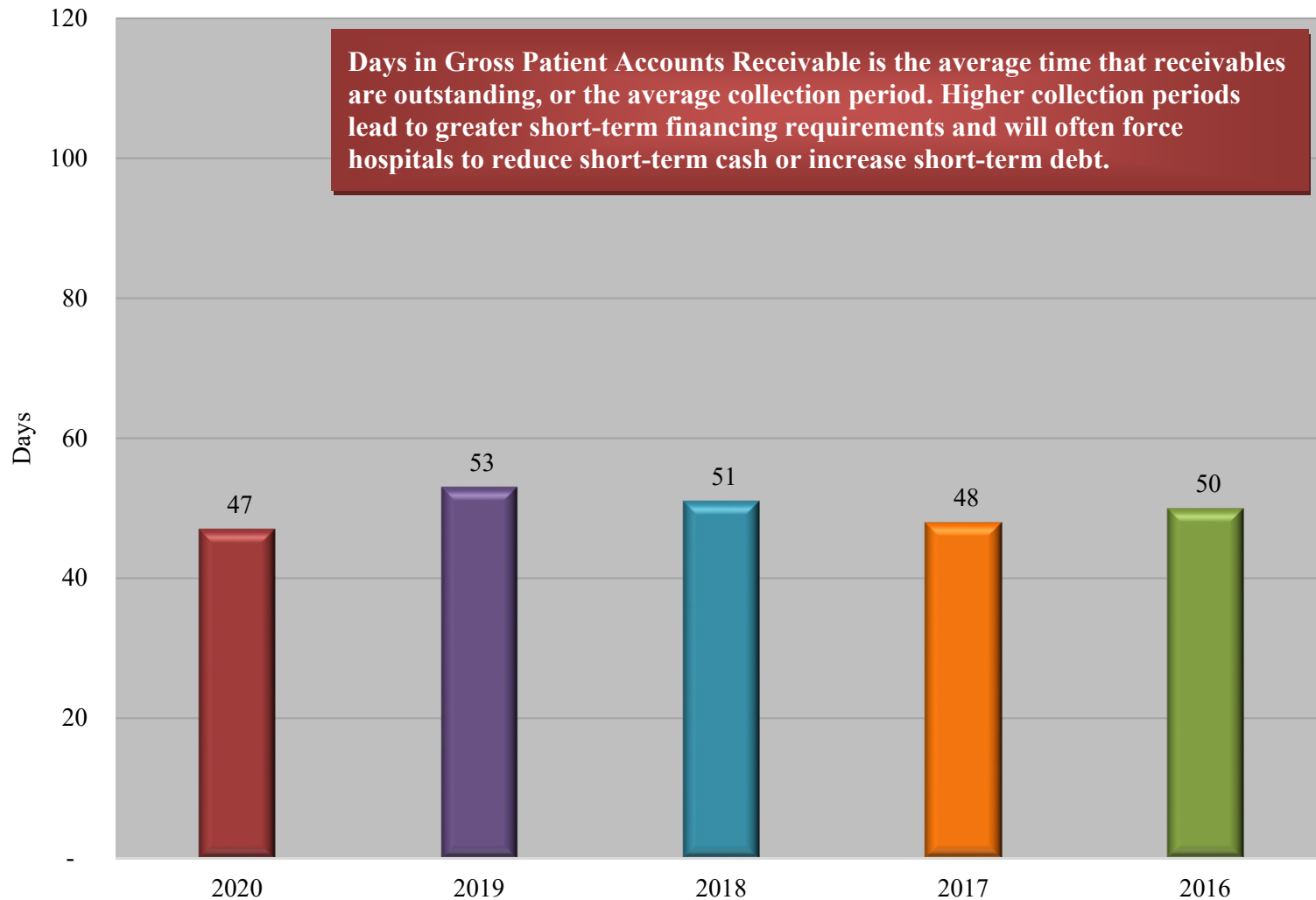
Net Patient Accounts Receivable
Net Patient Service Revenue / 365



Jefferson County Public Hospital District No. 2
doing business as
Jefferson Healthcare

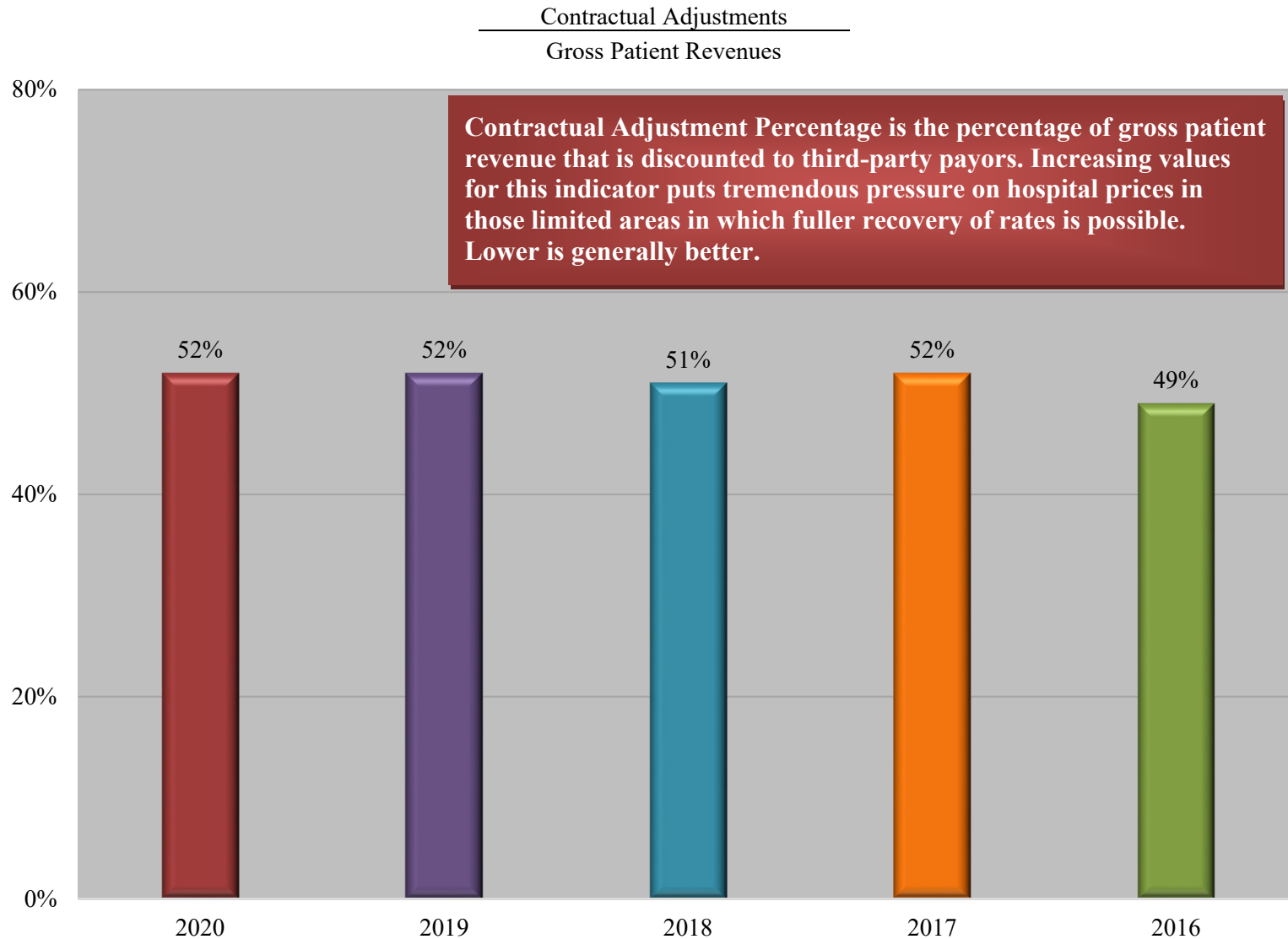
Days in Gross Patient Accounts Receivable

$$\frac{\text{Gross Patient Accounts Receivable}}{\text{Gross Patient Service Revenue} / 365}$$

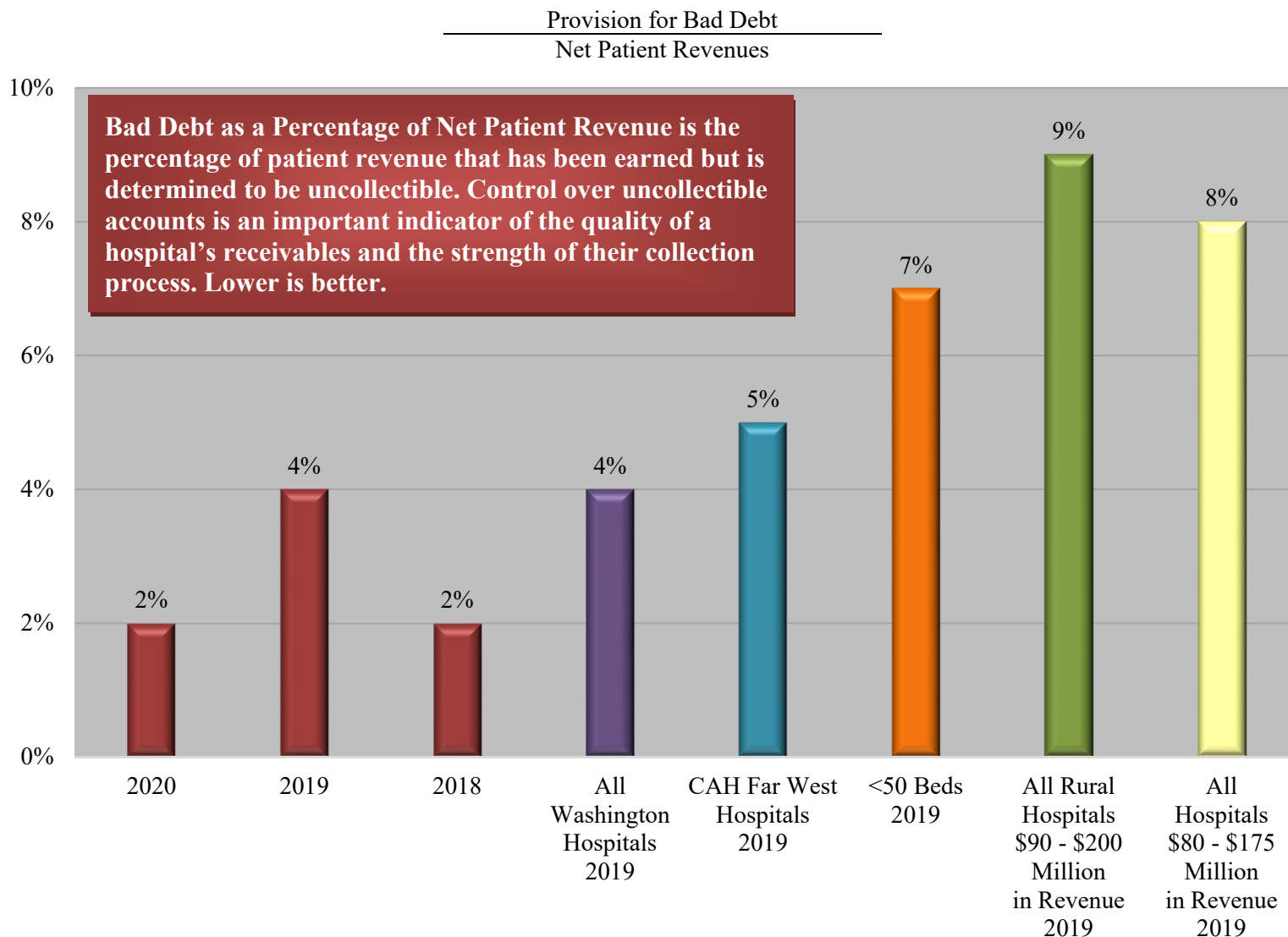


Jefferson County Public Hospital District No. 2
doing business as
Jefferson Healthcare

Contractual Adjustment Percentage



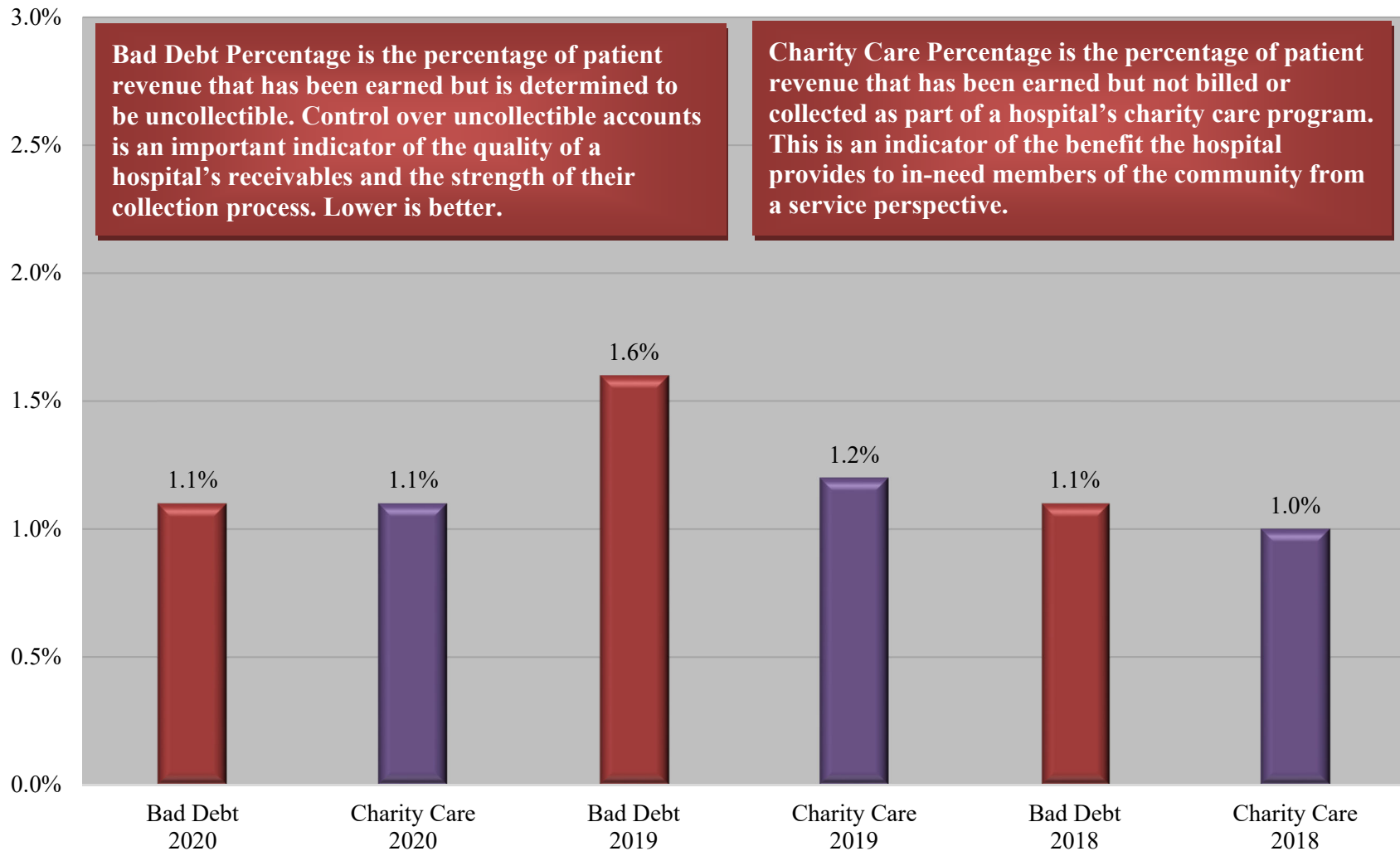
Bad Debt as a Percentage of Net Patient Revenue



Jefferson County Public Hospital District No. 2
doing business as
Jefferson Healthcare

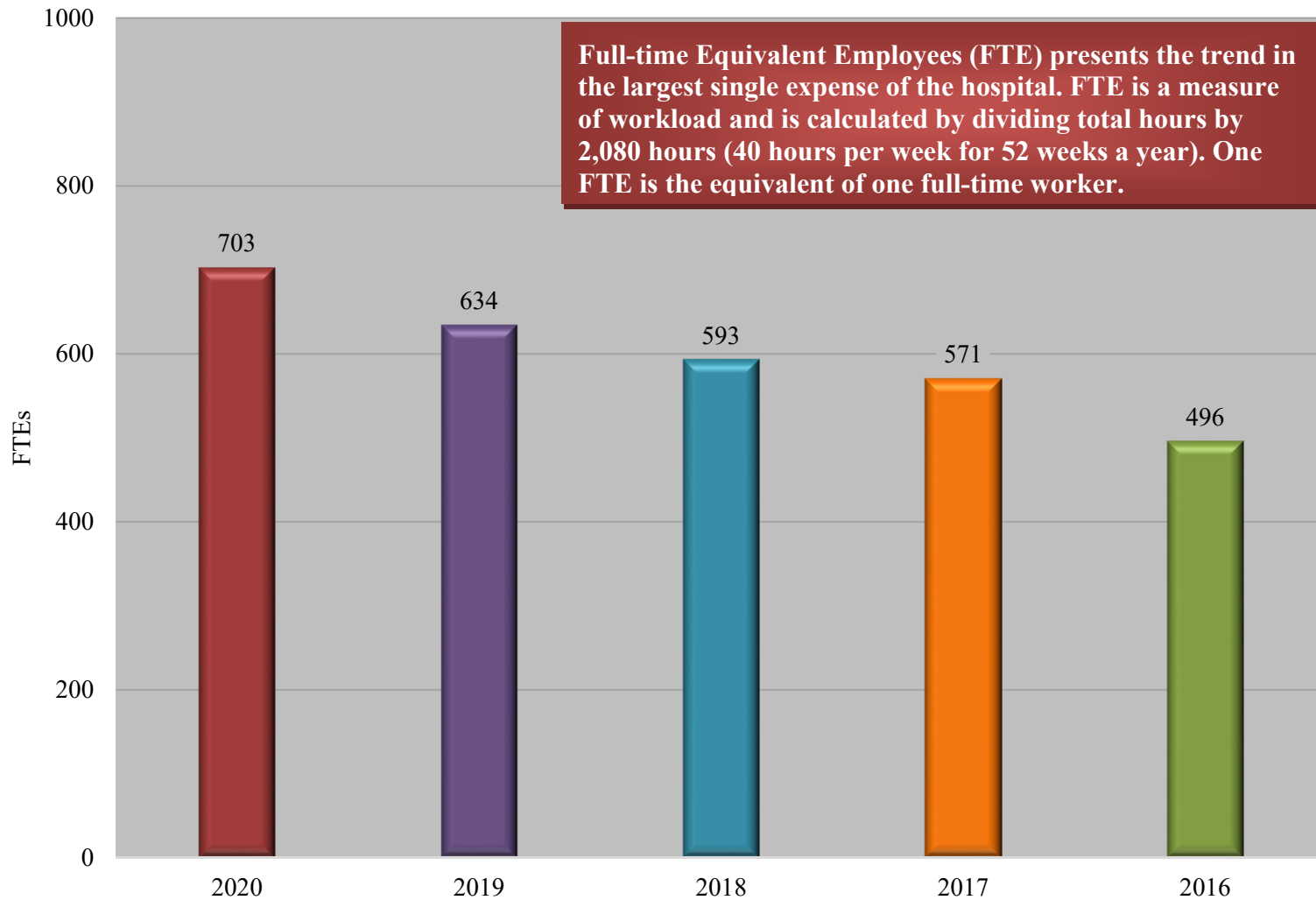
Bad Debt And Charity Care Percentage

Provision for Bad Debt or Charity Care
Gross Patient Revenues



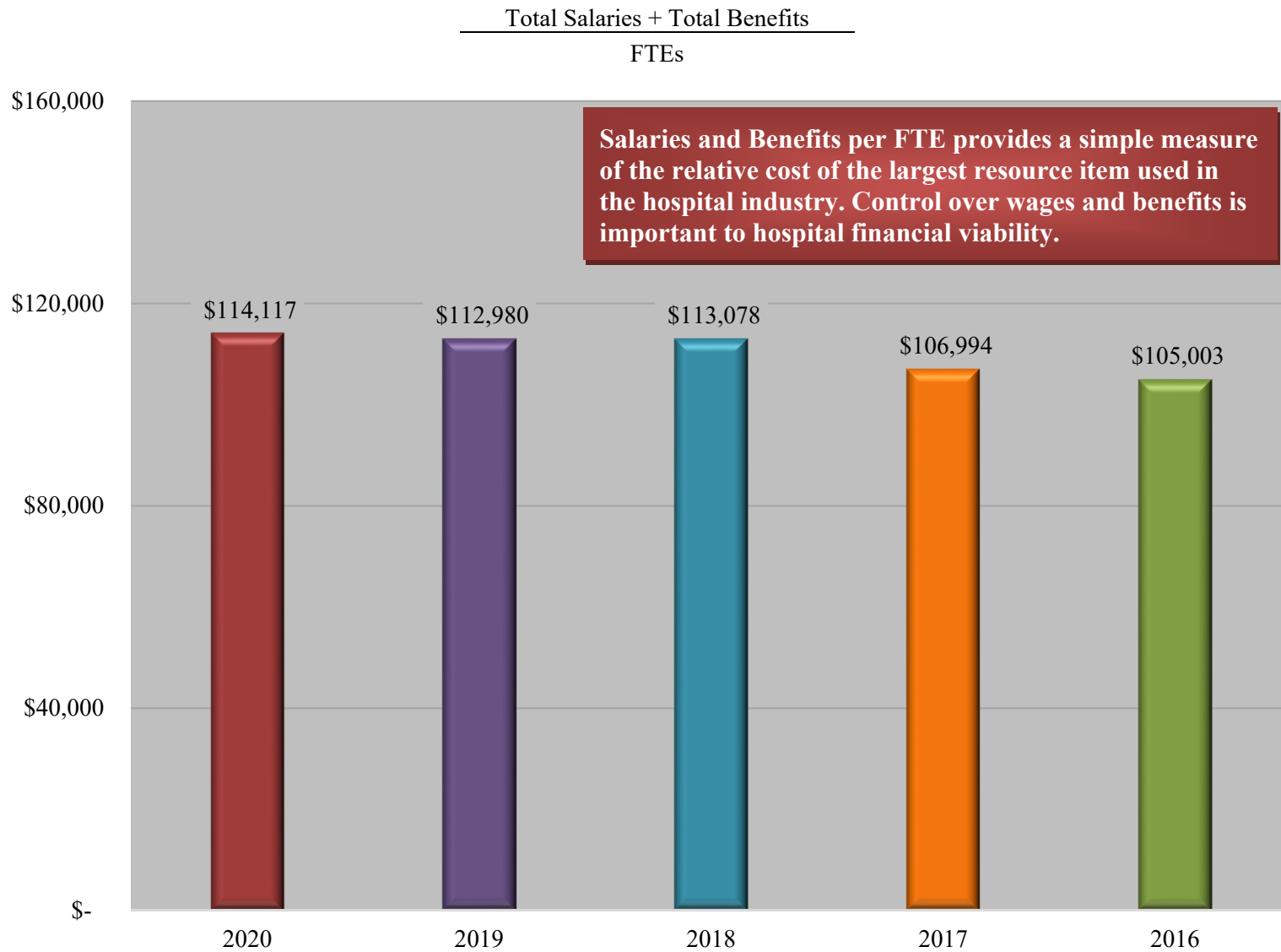
Jefferson County Public Hospital District No. 2
doing business as
Jefferson Healthcare

Full-time Equivalent Employees (FTE)



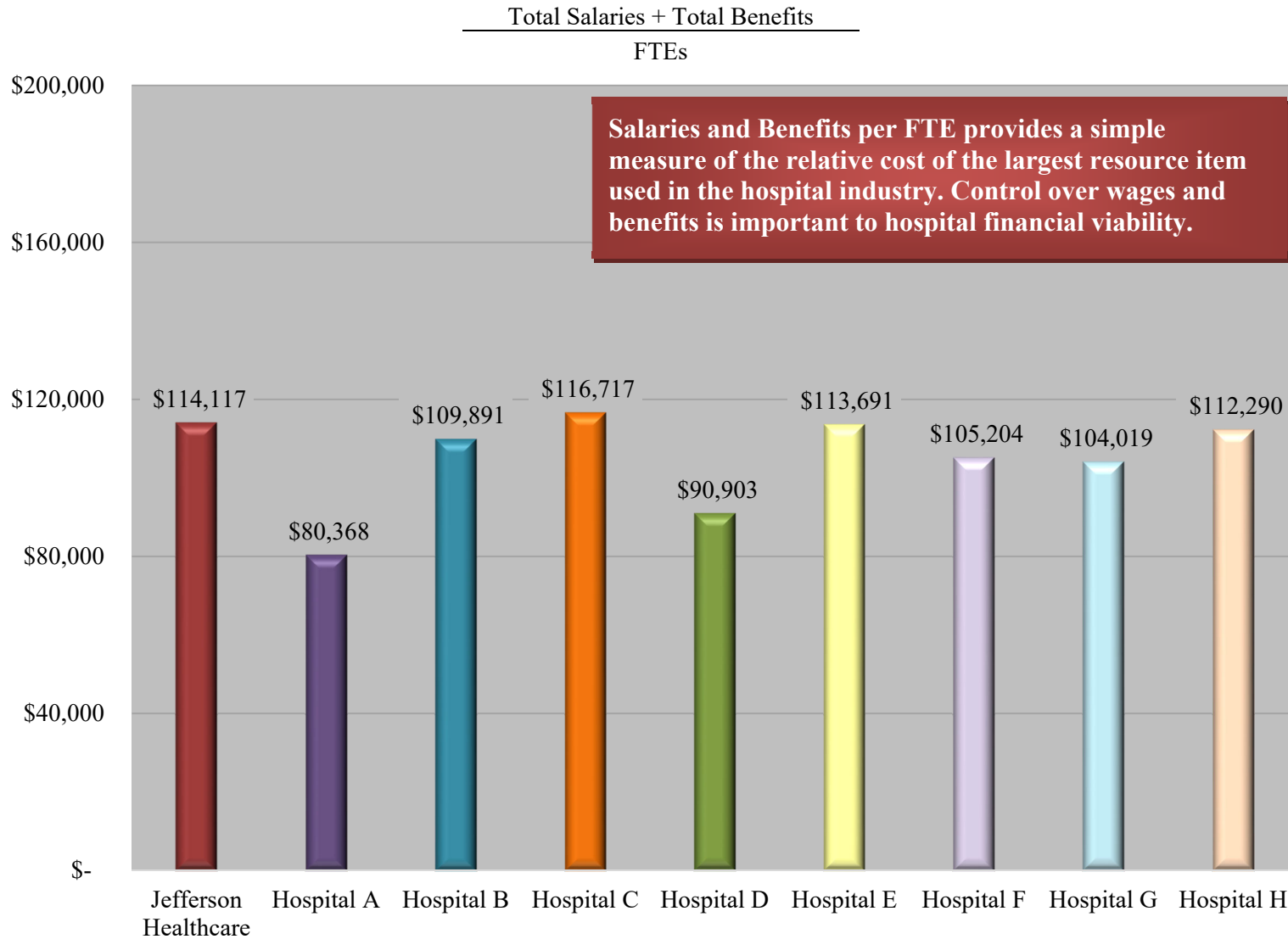
Jefferson County Public Hospital District No. 2
doing business as
Jefferson Healthcare

Salaries and Benefits per FTE



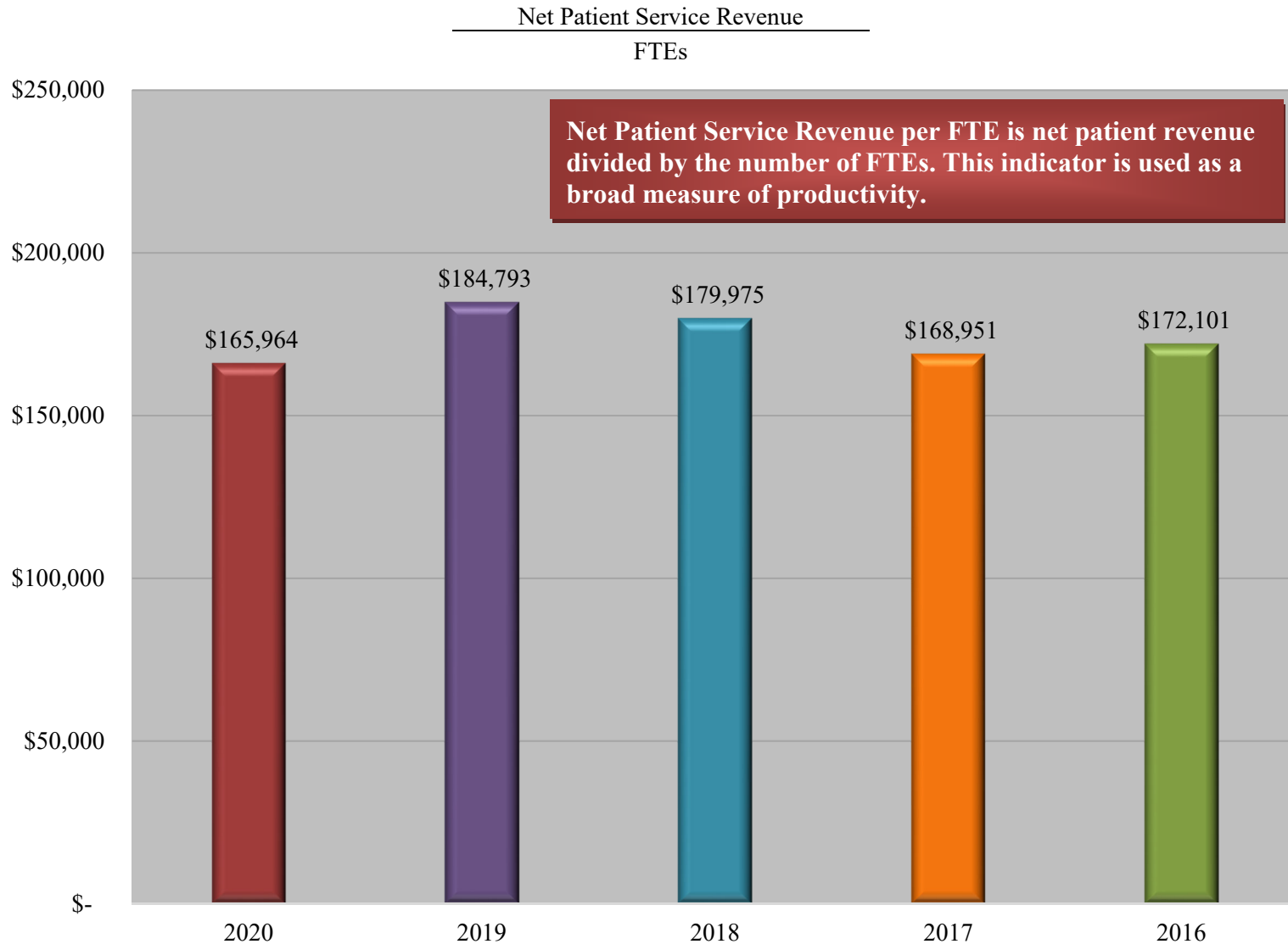
Jefferson County Public Hospital District No. 2
doing business as
Jefferson Healthcare

Salaries and Benefits per FTE



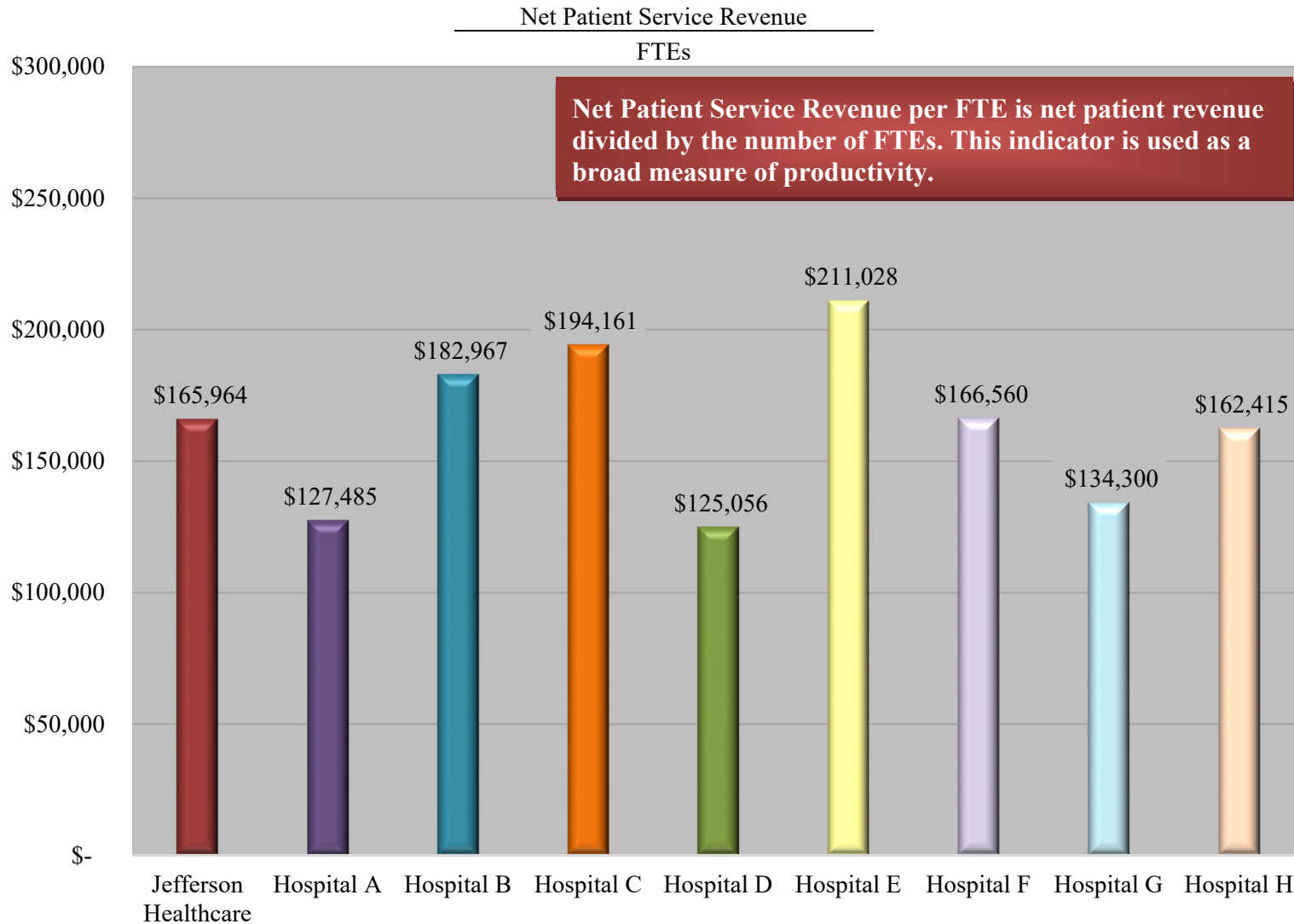
Jefferson County Public Hospital District No. 2
doing business as
Jefferson Healthcare

Net Patient Service Revenue per FTE



Jefferson County Public Hospital District No. 2
doing business as
Jefferson Healthcare

Net Patient Service Revenue per FTE



Employee of the Quarter

Jeremiah Fountain

“Jeremiah is passionate about the department and keeps everyone positive and upbeat. He communicates with all staff members of Radiology and Physicians/nurses with the same level of respect and positivity... [and} speaks to patients and staff alike with a gentleness and humor that consistently meets the target. [He] is always willing to help if you have a problem. We are all proud of him, and think he deserves recognition.”



Imaging Tech Lead - Diagnostic Imaging

Second Quarter 2021

Provider of the Quarter

Kevin Hines, PA-C

“Kevin consistently works closely with our surgeons, office staff and hospital staff to ensure our patients get excellent medical care.... [His] respect for the role his co-workers play in the patient process is clear everyday. ... His attitude in the office is always positive, consistent and professional. ... [and his] focus centers on the patient. Plain and simple, Kevin Hines is a not only an excellent PA-C, he is a good man and Jefferson Healthcare is [lucky] to have him!"



Medical Group
Second Quarter 2021

Team of the Quarter

Dietary Team

"This team is phenomenal. They go above and beyond to meet the special requests of our patients and their families. Always friendly and helpful, they work with our [clinical] team to keep everyone well fed and happy. They often bring late requests for food and beverages to the ICU/ACU floor themselves, eager to help during our busy times. They set a high standard for professionalism and courteousness at all times."

Second Quarter 2021

Jennifer Brown
Nicholas Collier
Ananda Coyle
Michael Gomez
Chris Harris
Kimberly Hodges
Tina Holeman
Chanda Johnson
Sherri Kilmer
Daniel Knudson
Steve Larkin

Marianne Muck
Cynthia
Nighswonger
Michelle Perry
Mary Rome
Jimmy Snyder
Eileen Steimle
Kimberly Taylor
Caleb Wogberg

Leaders: Robert Deen
& Arran Stark

Leader of the Quarter

Jaimie Hoobler

“Our ability to provide our community with COVID services was an exceptional team effort, ... and Jaimie was the glue that successfully bound the teams. She coordinated processes across departments... [and] was a trusted clinical partner to our COVID physician leaders. She was the ultimate ambassador for the COVID work. Through these challenges, her professionalism never wavered. ... We successfully served our community because of her leadership and dedication.”



RN, Clinical Manager - Medical Group

Second Quarter 2021

Compliance Report

Jon French
CHIEF LEGAL OFFICER
& COMPLIANCE OFFICER

7.28.2021

Agenda

- Brief Review of Program Structure and Goals
- Program Status – How Are We Doing?
- Key Risk Areas and Opportunities
- Additional Compliance Initiatives

Compliance Program Structure



The SEVEN ELEMENTS*

- 1 Standards, policies and procedures
- 2 Compliance leaders and resources
- 3 Screening and evaluation of personnel
- 4 Communication, education and training
- 5 Monitoring, auditing, reporting systems
- 6 Investigation and remediation processes
- 7 Discipline and enforcement processes

PLUS

Periodic review and reporting to
Executive Quality Council (EQC) and
Board of Commissioners

**Source: Office of Inspector General (OIG), U.S. Department of Health and Human Services*

Key Compliance Laws + Policies

JH Code of Conduct
(The Cornerstone)

JH Conflicts
of Interest &
Disclosure Policy

HIPAA
Privacy, Security &
Patient Rights

EMTALA

Fraud, Waste &
Abuse
in Healthcare
Payments

Antikickback
Statute & Physician
Self-Referral
(Stark Law)

False Claims Act

How and When
to Report Possible
Misconduct

Whistleblower
Protection

Current Status: Active

PolicyStat ID: 10152672



Origination: 02/2014
Last Approved: 07/2021
Last Revised: 07/2021
Next Review: 07/2022
Owner: Jonathan French:
Chief Legal Officer /
Compliance Officer

Policy Area: Compliance Policies
Standards & Regulations:
References:

Compliance and Integrity Program

POLICY:

Jefferson Healthcare (JH) shall ensure that all services and activities of the organization and its employees, commissioners, consultants, contractors, medical staff, students and volunteers ("JH personnel") that are in the scope of their duties as JH personnel are conducted in full compliance with JH's ethical standards, policies and procedures, and with applicable federal and Washington State laws and regulations.

PURPOSE:

To promote a culture of ethical behavior and to support the organization's financial, operational and strategic goals, JH recognizes the vital importance of maintaining standards and systems to prevent, detect and correct unethical and criminal conduct, and to promote self-monitoring, reporting and voluntary disclosure of violations. JH's Compliance and Integrity Program ("CIP"), outlined in this policy, incorporates elements and guidance from the U.S. Department of Health and Human Services (DHHS) Office of the Inspector General (OIG), the U.S. Sentencing Commission's Federal Sentencing Guidelines, and other governmental sources. At minimum, the CIP shall include the following elements:

- A. **Standards, Policies and Procedures:** JH's Code of Conduct, Medical Staff Bylaws and Rules, and other written policies and procedures that are periodically updated and made available to all JH personnel, who are required to understand and abide by them;
- B. **Compliance Program Administration:** Designation of a Compliance Officer and a Compliance Support Team (CST), with appropriate autonomy, resources and support from JH leadership and the Board of Commissioners;
- C. **Screening and Evaluation of Personnel:** Procedures and processes to lawfully detect and address concerns related to background, licensure, exclusion from participation in government programs, sanctions, history of unethical conduct, etc. by current and prospective employees, providers and vendors.
- D. **Communication, Education and Training:** Initial and continuing compliance education and training for all JH personnel that is both general and job-specific, along with appropriate documentation of completion; formal channels for information-sharing and a JH-wide reporting hotline;
- E. **Monitoring, Auditing and Internal Reporting Systems:** Planned and ongoing monitoring and auditing activities across the organization to identify actual and potential compliance concerns, and ensure reporting integrity;

Program Status

1 Standards, policies and procedures

- All required compliance policies are in place and current

2 Compliance leaders and resources

3 Screening and evaluation of personnel

4 Communication, education and training

5 Monitoring, auditing, reporting systems

6 Investigation and remediation processes

7 Discipline and enforcement processes

- New internal policies (in development):

- Fraud, Waste and Abuse Policy
- Compliance Risk Assessment Policy

- All compliance policies reviewed at least annually

- Pending review: comprehensive assessment and consolidation of all HIPAA Privacy-related policies

- All compliance policies continually updated, as needed

Program Status (cont.)

- 1 Standards, policies and procedures
- 2 Compliance leaders and resources**
- 3 Screening and evaluation of personnel
- 4 Communication, education and training
- 5 Monitoring, auditing, reporting systems
- 6 Investigation and remediation processes
- 7 Discipline and enforcement processes

➤ Compliance Committee Attrition

- Numerous replacements needed due to turnover, competing duties/commitments
- Recommended appointments:
 - Joe Huang - Director of RCI
 - Shayna Lemke, DO – Hospitalist
 - Information Security Officer
 - Privacy Officer/HIM Supervisor
 - Director of Nursing Support Services
 - Human Resources representative
 - Internal Communications representative

**Compliance Support Team (CST) Charter
Jefferson Healthcare**

<p>Committee Name:</p> <p>Compliance Support Team (CST)</p>	<p>Chair: Jon French, Chief Legal Officer/Compliance Officer/Interim Privacy Officer</p> <p>Core Members:</p> <p>Rena Sleight, Director of Risk Management</p> <p><i>Mary Fortman, Manager, Case Management</i> <i>Laurie Tinker, Director of Nursing Support Services</i> <i>TBD, Revenue Cycle Operations Director</i> <i>TBD, Internal Audit representative</i> <i>TBD, Privacy Officer</i> <i>TBD, HIM Supervisor</i> <i>TBD, Human Resources representative - Investigations</i> <i>TBD, Training representative</i> <i>TBD, Internal Communications representative</i></p> <p>Ad Hoc Members:</p> <p>Tyler Freeman, Chief Financial Officer <i>John Nowak, Information Security Officer and IT Director (Interim)</i> Tina Toner, Chief Nursing Officer Brandie Manuel, Chief Patient Care Officer Amy Yaley, <u>PR</u> and Marketing Director - Internal Communications</p>	<p>Reporting To: Board of Commissioners Executive Quality Council (EQC) JH Administration</p> <p>Reporting Frequency: Biannually, and as needed</p> <p>Expected End Date: Ongoing</p>
<p>Purpose:</p> <p>Guide and implement the Compliance and Integrity Program (CIP) at Jefferson Healthcare and support all areas of the organization in regulatory compliance and corporate ethics, including:</p> <ul style="list-style-type: none"> Standards of Conduct Policies and Procedures Education and Training Monitoring and Auditing Reporting and Investigation Enforcement and Discipline Response and Prevention, Self-Reporting 	<p>Resources Needed: (equipment, personnel, etc.):</p> <p>Equipment:</p> <ul style="list-style-type: none"> Computer and projector <p>Materials:</p> <ul style="list-style-type: none"> Agenda and reading materials prepared and delivered to CST members one week prior to meeting 	<p>Metrics for CST Effectiveness:</p> <ul style="list-style-type: none"> Meets regularly and as <u>needed</u> Completes assigned work on time and as <u>expected</u> Delivers proactive support to all JH departments and <u>areas</u> Each Core Member actively leads/engages in CIP <u>activities</u> Annual CIP education and training plan completed and <u>implemented</u> Annual compliance audit plan completed and <u>executed</u> Monthly (at minimum) communication with all JH personnel to ensure CIP <u>awareness</u>
<p>Areas Affected (Stakeholders):</p> <p>All JH departments, services, <u>employees</u> and providers</p>		<p>Level of Access to Agendas, Charters, Minutes, and Tracking Data:</p> <p>All Core Members have full <u>access</u></p>

Program Status (cont.)

- 1 Standards, policies and procedures
- 2 Compliance leaders and resources
- 3 Screening and evaluation of personnel**
 - 100% of new hires screened against OIG exclusion lists prior to commencing employment
 - 100% of patient-facing personnel re-screened at least annually
 - BEST PRACTICE: all personnel re-screened annually, with preference for quarterly or monthly
 - HR intends to implement by Q1 2022
- 4 Communication, education and training
- 5 Monitoring, auditing, reporting systems
- 6 Investigation and remediation processes
- 7 Discipline and enforcement processes

Program Status (cont.)

- | | |
|---|--|
| <div>1</div> Standards, policies and procedures | ➤ <u>0</u> : number of <i>live</i> compliance training sessions in 2021 (goal: 2 or more per quarter) |
| <div>2</div> Compliance leaders and resources | ○ NEO video presentation and deck UPDATED Jul 2021 |
| <div>3</div> Screening and evaluation of personnel | |
| <div>4</div> Communication, education and training | ➤ <u>100%</u> of new hires who reviewed compliance NEO training materials and policies during onboarding |
| <div>5</div> Monitoring, auditing, reporting systems | ➤ <u>100%</u> of new hires who completed Webinservice compliance training within first 90 days |
| <div>6</div> Investigation and remediation processes | |
| <div>7</div> Discipline and enforcement processes | ➤ ____% of all staff who completed annual Webinservice compliance refresher training by Oct 31 (2020) |

Program Status (cont.)

- 1 Standards, policies and procedures
- 2 Compliance leaders and resources
- 3 Screening and evaluation of personnel
- 4 Communication, education and training
- 5 Monitoring, auditing, reporting systems**
- 6 Investigation and remediation processes
- 7 Discipline and enforcement processes

- 0 : Investigations (or reports) of misconduct involving senior/key staff
- 1: pending investigation of compliance matters involving federal/state agencies
 - OCR investigation (self-reported) regarding Nov 2020 data breach incident – no significant findings or enforcement action anticipated
- 0: new investigations involving federal/state agencies
- Internal Audit Function – Additional Resources Needed?
 - IA Team meetings paused due to other key responsibilities
 - No compliance-specific audits completed since Jan 2020
 - Unannounced audits not reported to Compliance
- Hotline Replacement – Researching Vendors

Program Status (cont.)

- 1 Standards, policies and procedures
- 2 Compliance leaders and resources
- 3 Screening and evaluation of personnel
- 4 Communication, education and training
- 5 Monitoring, auditing, reporting systems
- 6 Investigation and remediation processes**
- 7 Discipline and enforcement processes**

➤ 5 : 2021 Investigations of Suspected Non-Compliance by JH personnel

- Type: 5 HIPAA
- Results:
 - 2 substantiated
 - 1 no violation found
 - 1 resignation prior to completion of investigation
 - 1 pending
- Corrective Actions:
 - 1 termination (prior warning on file)
 - 1 verbal warning/additional education

Key Risk Areas

➤ Risk Areas and Opportunities

- Leader Turnover and Attrition
 - Finance/RCI Leadership
 - Privacy Officer/HIM Supervisor (JF acting as interim for Privacy)
- Internal Audit personnel likely overstretched due to COVID response duties
- Cybersecurity
 - Basic security steps (e.g. locking computer workstations when not in use) could use reinforcement
 - OCR investigation - still pending; no update on anticipated completion

Additional Compliance Initiatives

- External Risk Assessment Due – researching vendor
- Culture of Compliance Survey – Q4?
- 2021-2022 Compliance Work Plan
 - Will be developed based on external/internal risk assessments, enforcement agency (e.g. OIG) workplans
 - Anticipated emphasis areas:
 - Increased live training sessions on compliance topics
 - Cybersecurity
 - Telehealth
 - End of pandemic – removal of 1135 waivers (e.g. EMTALA)
 - Increased awareness / communication regarding compliance topics

Questions

Jefferson Healthcare

June 2021 Finance Report

July 28, 2021

Tyler Freeman, CFO

June 2021

Operating Statistics

STATISTIC DESCRIPTION	JUNE 2021						JUNE 2020					
	MO ACTUAL	MO BUDGET	% VARIANCE	YTD ACTUAL	YTD BUDGET	% VARIANCE	MO ACTUAL	% VARIANCE	YTD ACTUAL	% VARIANCE	YTD ACTUAL	% VARIANCE
FTEs - TOTAL (AVG)	592	625	5%	609	625	3%	608	3%	596	-2%	596	-2%
ADJUSTED PATIENT DAYS	3,737	2,161	73%	16,540	13,040	27%	1,904	96%	10,799	53%	10,799	53%
ICU PATIENT DAYS (IP + OBSERVATION, MIDNIGHT CENSUS)	87	73	19%	421	441	-5%	66	32%	351	17%	351	17%
ACU PATIENT DAYS (IP + OBSERVATION, MIDNIGHT CENSUS)	349	320	9%	1,581	1,930	-18%	267	31%	1,467	7%	1,467	7%
PATIENT DAYS (ACU, ICU, SWING), INCLUDES OBSERVATION	443	415	7%	2,097	2,505	-16%	340	30%	1,926	8%	1,926	8%
SURGERY CASES (IN OR)	151	123	23%	789	744	6%	130	16%	592	25%	592	25%
SPECIAL PROCEDURE CASES	96	75	28%	451	451	0%	68	41%	296	34%	296	34%
LAB BILLABLE TESTS	23,356	20,874	12%	131,060	125,939	4%	20,772	12%	98,930	25%	98,930	25%
TOTAL DIAGNOSTIC IMAGING TESTS	3,440	3,046	13%	18,549	18,371	1%	2,791	23%	14,802	20%	14,802	20%
PHARMACY MEDS DISPENSED	22,856	23,663	-3%	116,997	142,764	-18%	19,390	18%	106,148	9%	106,148	9%
RESPIRATORY THERAPY PROCEDURES	3,072	3,607	-15%	16,031	21,760	-26%	2,486	24%	14,923	7%	14,923	7%
REHAB/PT/OT/ST RVUs	9,339	8,920	5%	53,297	53,822	-1%	7,764	20%	42,205	21%	42,205	21%
ER CENSUS	1,105	1,074	3%	5,528	6,479	-15%	833	33%	5,193	6%	5,193	6%
DENTAL CLINIC	512	385	33%	2,282	2,325	-2%	222	131%	1,267	44%	1,267	44%
TOTAL RURAL HEALTH CLINIC VISITS	6,741	6,261	8%	36,059	37,776	-5%	5,268	28%	29,185	19%	29,185	19%
TOTAL SPECIALTY CLINIC VISITS	3,800	3,348	14%	21,092	20,202	4%	3,473	9%	16,672	21%	16,672	21%

June 2021

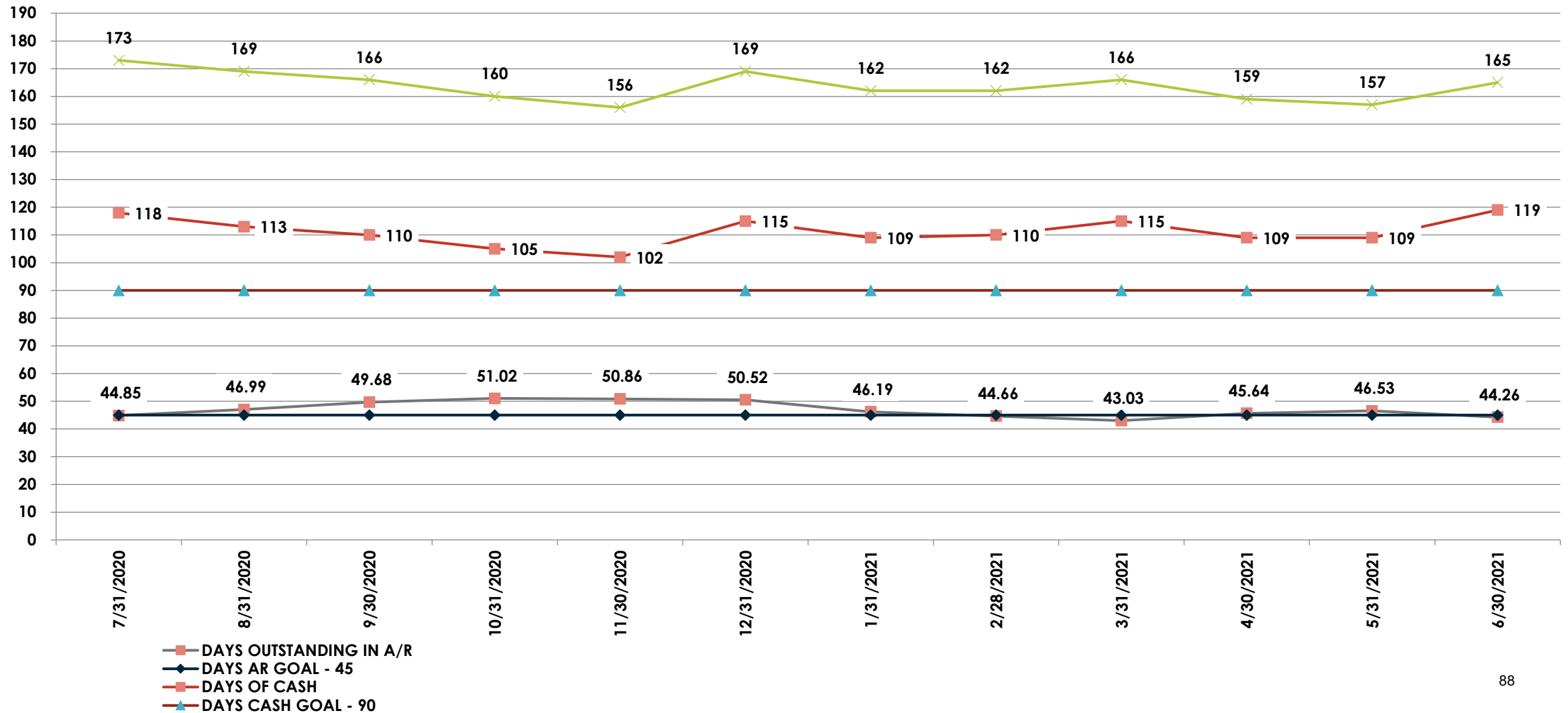
Income Statement Summary

	June 2021 Actual	June 2021 Budget	Variance Favorable/ (Unfavorable)	%	June 2021 YTD	June 2021 Budget YTD	Variance Favorable/ (Unfavorable)	%	June 2020 YTD
Operating Revenue									
Gross Patient Service Revenue	27,660,465	24,505,752	3,154,714	13%	147,867,773	143,872,477	3,995,296	3%	116,980,308
Revenue Adjustments	16,117,289	13,036,660	(3,080,629)	-24%	81,281,220	76,537,812	(4,743,408)	-6%	65,532,366
Charity Care Adjustments	109,175	233,043	123,868	53%	1,612,948	1,368,188	(244,760)	-18%	1,400,911
Net Patient Service Revenue	11,434,001	11,236,048	197,952	2%	64,973,605	65,966,477	(992,872)	-2%	50,047,031
Other Revenue	1,354,399	549,833	804,566	146%	4,200,669	3,228,050	972,619	30%	10,997,728
Total Operating Revenue	12,788,400	11,785,881	1,002,519	9%	69,174,274	69,194,527	(20,254)	0%	61,044,759
Operating Expenses									
Salaries And Wages	5,453,206	5,796,936	343,731	6%	34,331,694	34,033,626	(298,068)	-1%	31,804,588
Employee Benefits	1,206,953	1,487,709	280,756	19%	8,215,628	8,734,293	518,666	6%	7,635,050
Other Expenses	4,303,782	4,146,853	(156,928)	-4%	24,778,224	24,346,041	(432,183)	-2%	22,217,850
Total Operating Expenses	10,963,941	11,431,499	467,558	4%	67,325,546	67,113,960	(211,585)	0%	61,657,488
Operating Income (Loss)	1,824,459	354,382	1,470,077	415%	1,848,728	2,080,567	(231,839)	-11%	(612,729)
Total Non Operating Revenues (Expenses)	(87,916)	(500)	(87,416)	-17480%	(139,477)	(2,936)	(136,541)	-4650%	(83,597)
Change in Net Position (Loss)	1,736,543	353,882	1,382,661	391%	1,709,251	2,077,631	(368,381)	-18%	(696,325)
Operating Margin	14.3%	3.0%	11.3%	374.5%	2.7%	3.0%	-0.33%	-11.1%	-1.0%
Total margin	13.6%	3.0%	10.6%	352.2%	2.5%	3.0%	-0.53%	-17.7%	-1.1%
Salaries & Benefits as a % of net pt svc rev	-58.2%	-64.8%	6.6%	10.2%	-65.5%	-64.8%	-0.65%	-1.0%	-78.8%

June 2021

Cash and Accounts Receivable

Days Cash and Accounts Receivable



June 2021

Board Financial Report

Department	Account	Description	June Actual	June Budget	June Variance	2021 YTD Actual	2021 YTD Budget	YTD Variance
BOARD	600010	MANAGEMENT & SUPERVISION WAGES	4,434	4,670	236	24,418	27,420	3,001
	601100	BENEFITS FICA	294	284	(10)	1,722	1,666	(56)
	601150	BENEFITS WA F&MLA	2	7	5	29	40	11
	601400	BENEFITS MEDICAL INS-UNION	4,880	4,671	(208)	29,459	27,425	(2,034)
	601600	BENEFITS RETIREMENT	-	229	229	-	1,344	1,344
	601900	BENEFITS EMPLOYEE ASSISTANCE	0	8	8	0	49	49
	602300	CONSULT MNGMT FEE	-	1,661	1,661	-	9,750	9,750
	602500	AUDIT FEES	-	3,838	3,838	35,000	22,530	(12,470)
	604200	CATERING	-	90	90	-	531	531
	604500	OFFICE SUPPLIES	-	-	-	-	-	-
	604850	COMPUTER EQUIPMENT	-	-	-	-	-	-
	606500	OTHER PURCHASED SERVICES	-	849	849	-	4,986	4,986
	609400	TRAVEL/MEETINGS/TRAINING	-	1,274	1,274	-	7,479	7,479
	609,999	CLEARING	-	-	-	-	-	-
BOARD Total			9,609	17,581	7,972	90,628	103,220	12,592

July 2021

Preview — (*as of 0:00 7/27/21)

- **\$24,736,236 in Projected HB charges**
 - Average: \$797,943/day (HB only)
 - Budget: \$766,899/day
 - 104% of Budget
- **\$9,711,806 in HB cash collections**
 - Average: \$313,284/day (HB only)
 - Goal: \$338,386/day
- **44.5 Days in A/R**
- **Questions**

Jefferson Healthcare

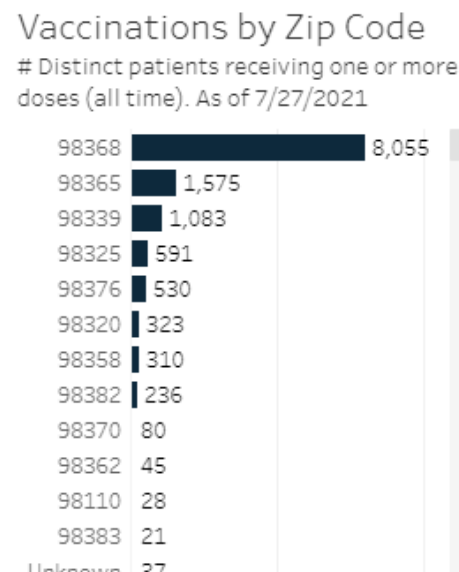
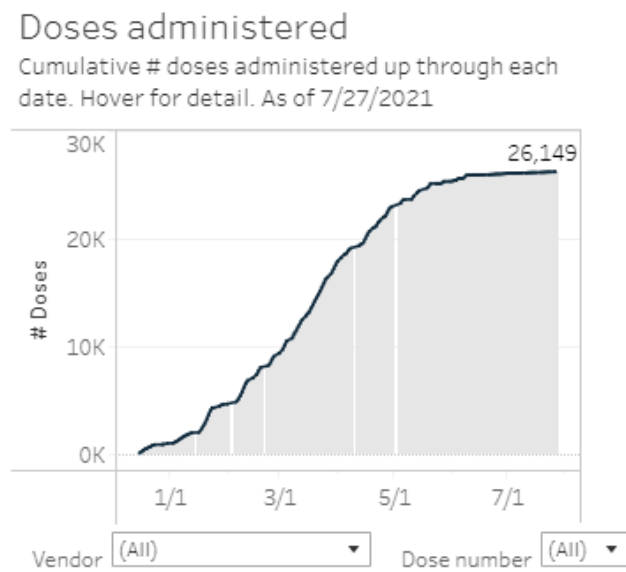
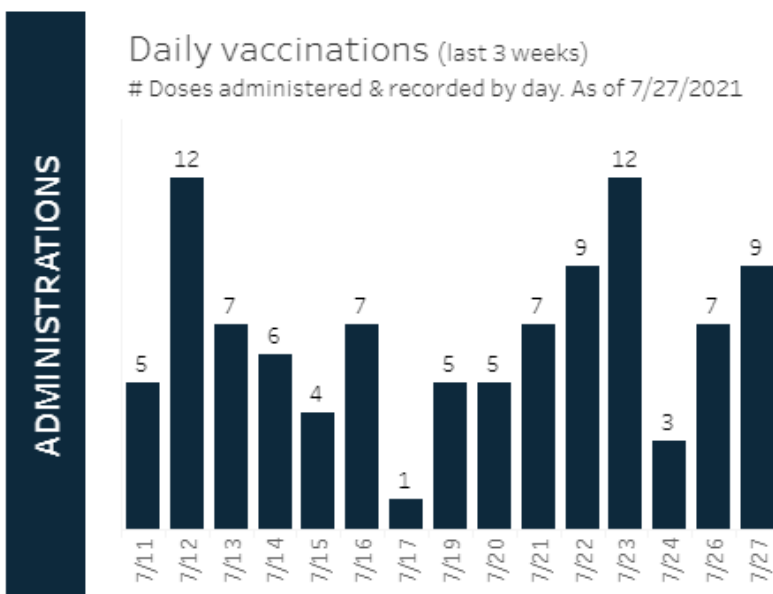
Administrative Report

July 28, 2021

Mike Glenn, CEO

Jefferson Healthcare Vaccination Update

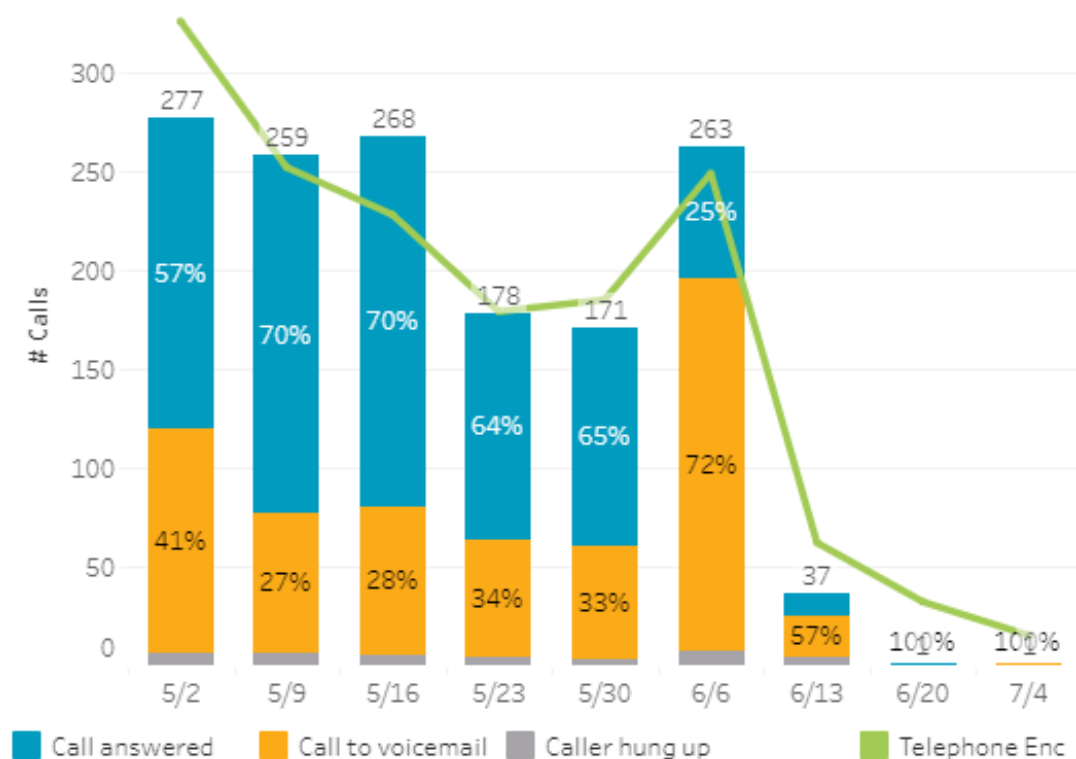
Doses administered Total # doses given & recorded (all time). As of 7/27/2021 26,149	Patients receiving 1st dose # Patients receiving <u>at least</u> their 1st dose. As of 7/27/2021 13,316	Patients completing series # Patients receiving all doses in a series. As of 7/27/2021 12,981	Wasted (all time) % Doses unviable (436 doses). Uses vials-to-doses factors. As of 7/27/2021 1.37%
Latest inventory (Pfizer) # Vials from physical inventory. As of 7/26/2021 245 vials	Latest inventory (Moderna) # Vials from physical inventory. As of 7/26/2021 416 vials	Latest inventory (Johnson) # Vials from physical inventory. As of 7/26/2021 19 vials	Doses on hand (all vendors) Uses vials-to-doses factors. As of 7/26/2021 5,725



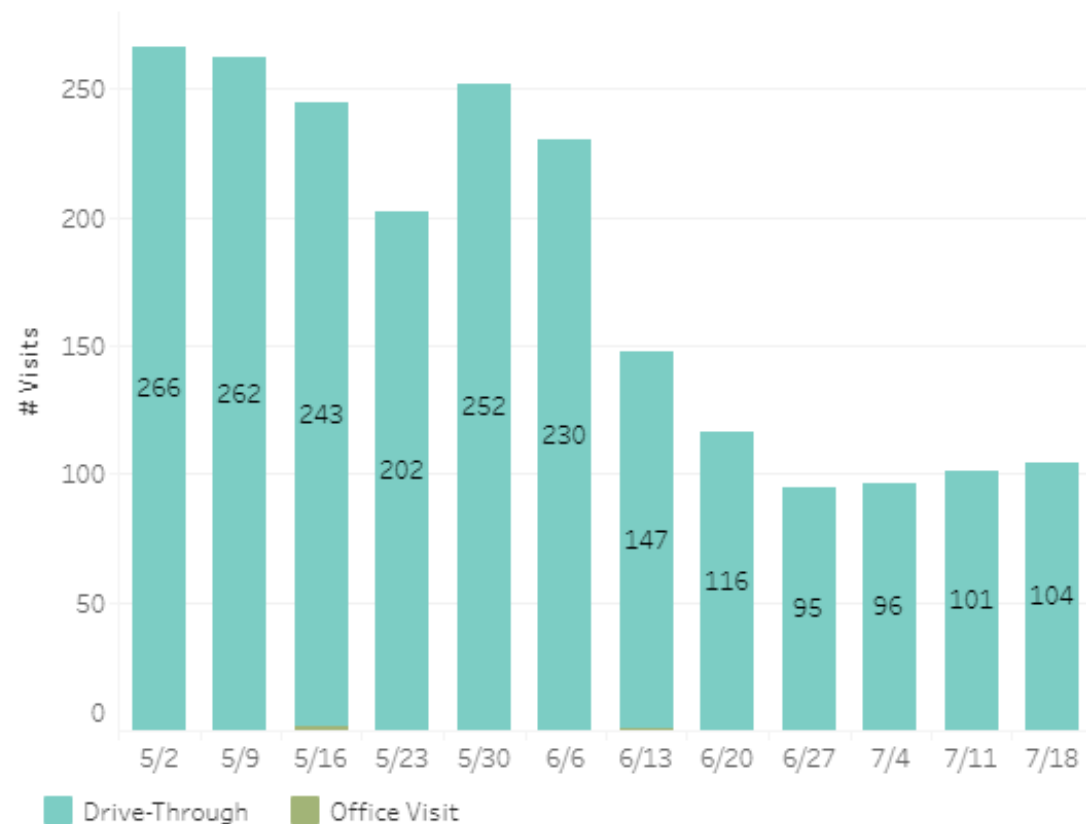
Jefferson Healthcare Volumes

COVID-19 Phone Line and Clinic Visit Volumes

Respiratory nurse line calls and telephone encounters - by week
Last 12 weeks of respiratory phone line call data (bars) and telephone encounters created (line), excluding partial weeks.



Respiratory Clinic visit volumes - by week
Last 12 weeks of visits in the Respiratory Eval Clinic, excluding partial weeks.



Total call volume since launch of triage line

Inbound Calls	239,334
Calls Answered	184,278
# Telephone Encounters	59,419

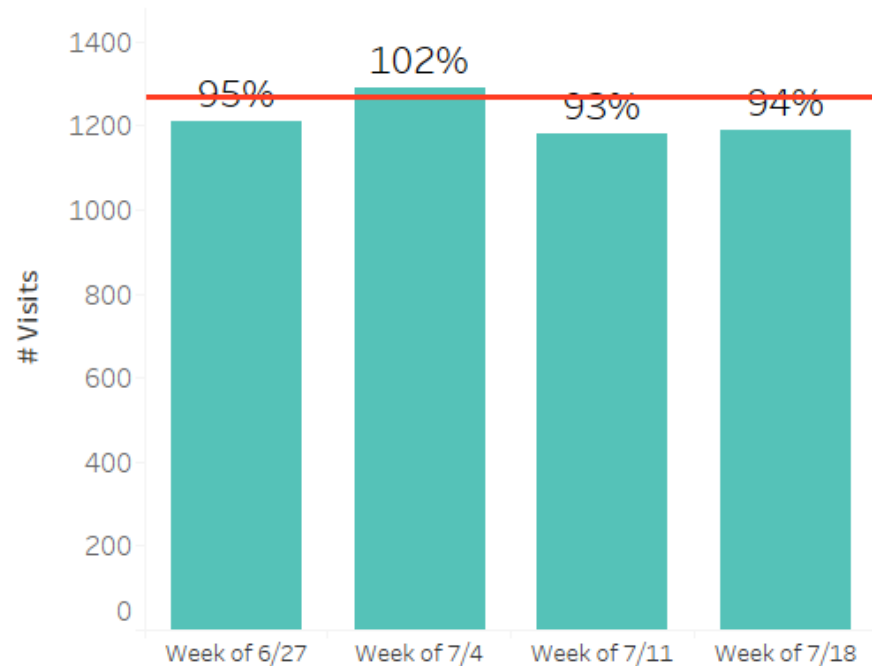
Total Respiratory Evaluation Clinic visits - all time

Drive-Through	12,992
Office Visit	4,319
Total	17,311

Jefferson Healthcare Volumes

Primary Care variance to budgeted visits

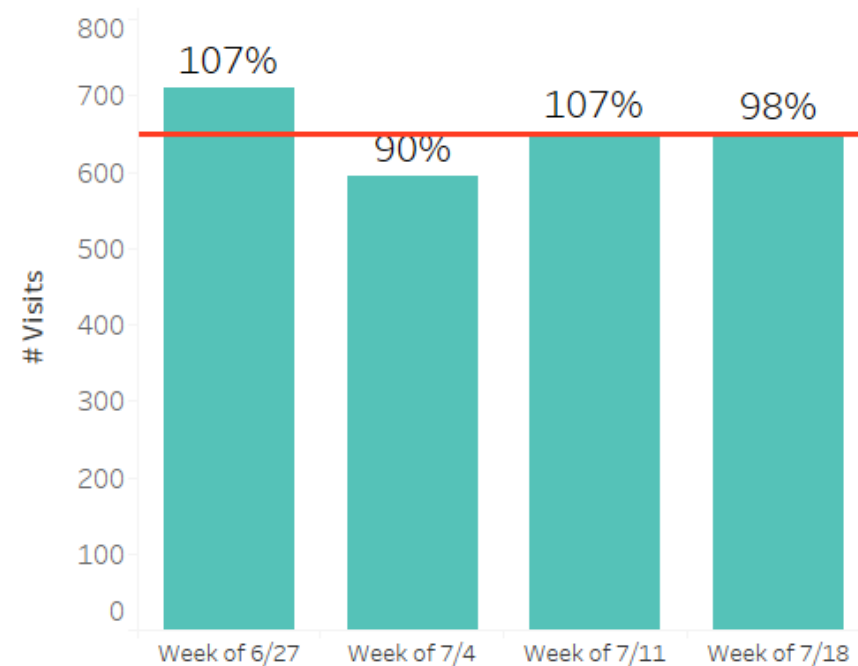
Visit volumes in the five primary care and Dental clinics. Red line indicates weekly visit budget based on 2021 annual budgets. The labels are % volume to budget for the selected clinics.



Includes visits in: Sheridan, Watership, Townsend, Port Ludlow and South County primary care clinics and the Dental Clinic.

Specialty clinic variance to budgeted visits

Visit volumes in Medical Group's specialty clinics. Red line indicates weekly visit budget based on 2021 annual budgets. The labels are % volume to budget for the selected clinics.



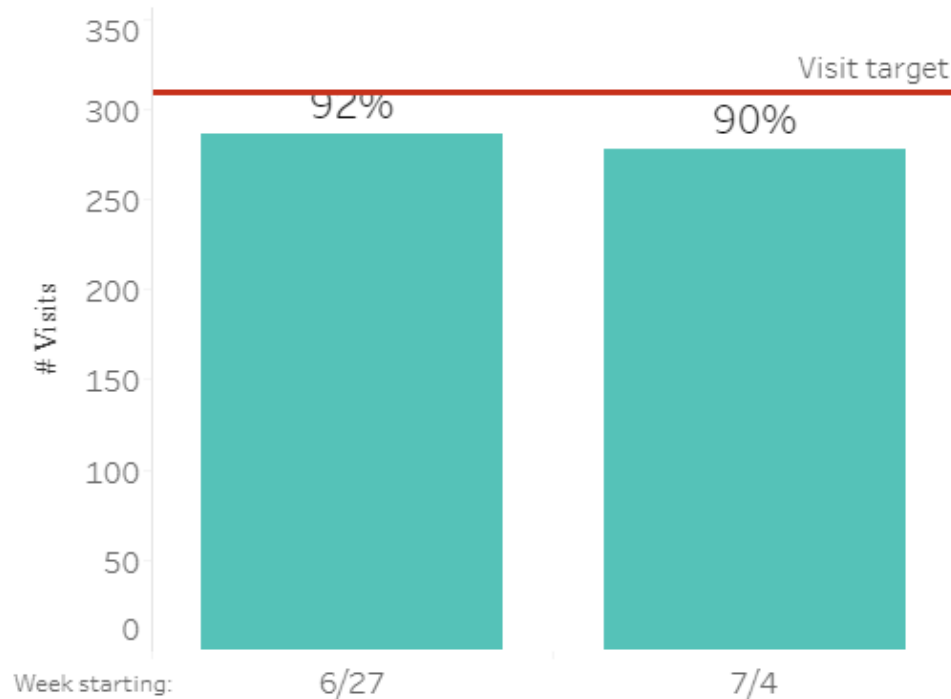
Includes visits in: JHSA clinic, Sleep Medicine, Urology, Women's Clinic, Wound Care and the Port Townsend components of Cardiology, Dermatology and Orthopedics (Port Ludlow components, if any, are not included).

Jefferson Healthcare Volumes

Oncology/Infusion variance to target visits

Visit volumes in Oncology Clinic and Infusion Center. Red line indicates weekly visit target based on annual targets. The % labels are the variances of actual to target visits.

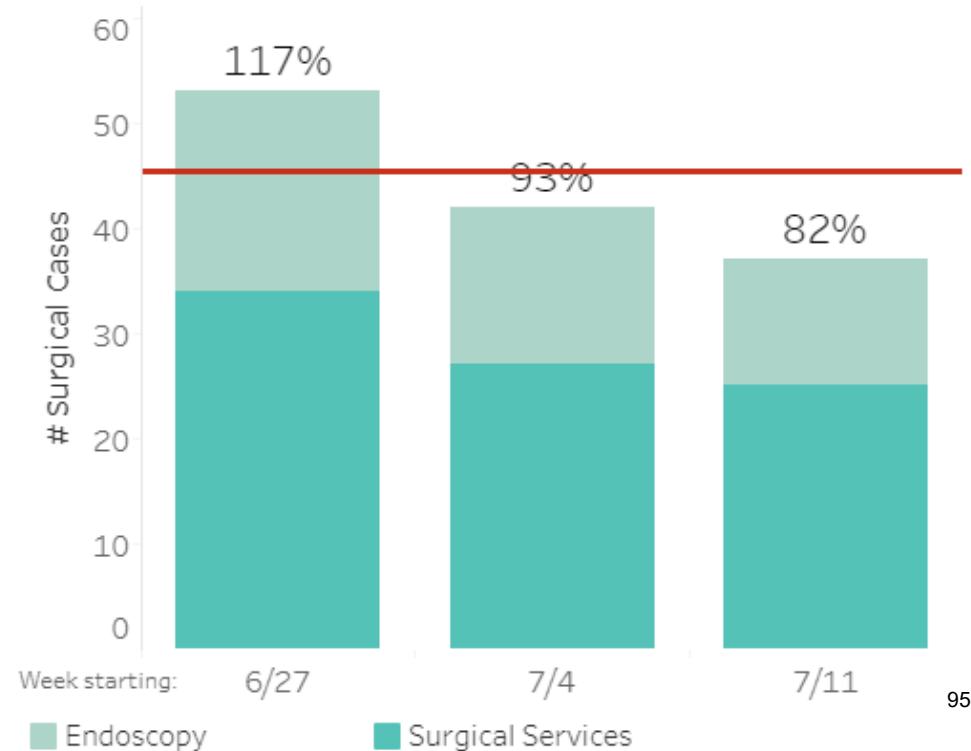
Note: This chart was previously called "Hospital Outpatient variance to target visits" and included Wound Clinic, Sleep Clinic and Sleep Study.



Surgical case variance to target cases

Surgical case volumes in the hospital OR. Red line indicates weekly combined case target based on annual targets for endoscopy and surgical services. The % labels are the variances of actual to target surgical case volume.

Includes surgical cases performed in the hospital OR. Does not include the endoscopy suite at JHSA.



Jefferson Healthcare Volumes

Emergency Department and Express Clinic Volume

Week in Focus

Hover over a week below to view underlying data.

10/25/2020

Total	303
Express Clinic	109
Emergency	194

Total Visits, 1/1/2020 to 7/25/2021

Select a department to bring in focus.

Emergency Dept

17,110

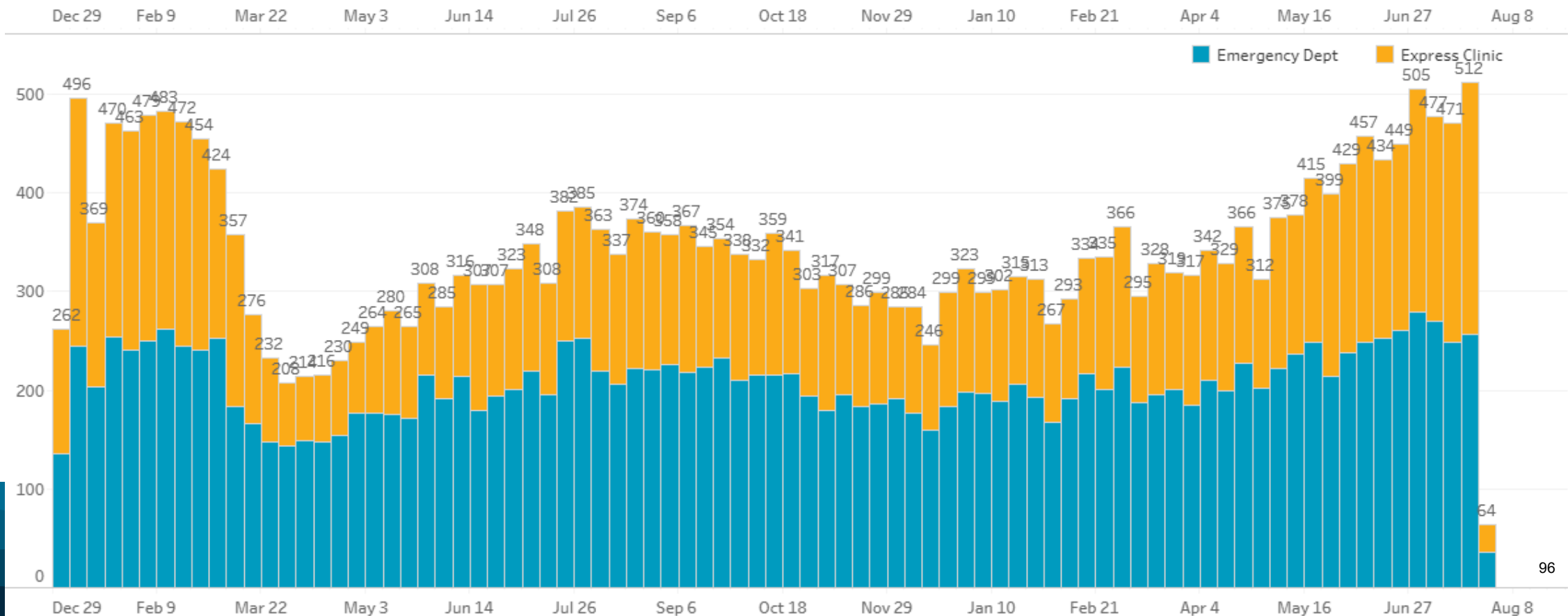


Express Clinic

11,296



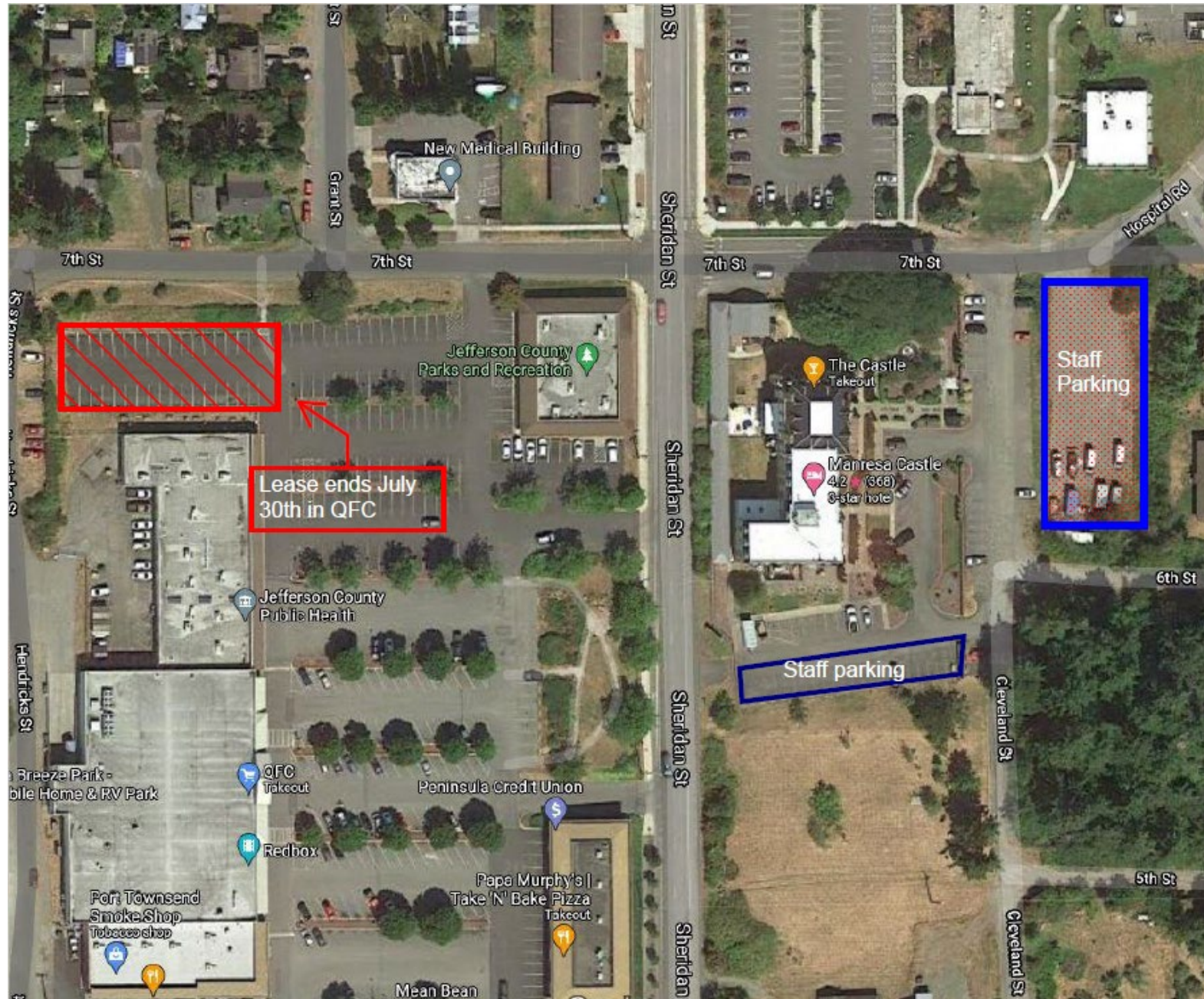
Volumes by Arrival Department and Week, 2020 - 2021



Hospital Expansion Project Update

- Project Update
- 2 Phases
- Board Retreat to discuss DRAFT Master Site Plan

Campus Parking Modifications



American Hospital Association Proclamation

Vaccinations

Approved by the Board of Trustees

July 21, 2021

America's hospitals and health systems are committed to protecting the health and well-being of health care personnel and the patients and communities that they serve. The best available scientific evidence indicates that:

- COVID-19 vaccinations are safe.
- COVID-19 vaccinations are effective at reducing both the risk of becoming infected and spreading the infection to others.
- COVID-19 has a significant risk of transmission both before the onset of symptoms and in the absence of symptoms. These risks are substantially higher among unvaccinated individuals.
- Among unvaccinated individuals, COVID-19 infections pose a substantial risk of severe illness and death and may lead to long-term adverse impacts to health. These risks are higher among those individuals with certain underlying health conditions, like many patients in hospitals or who are seen in hospital-based ambulatory settings.

To protect all patients, communities and personnel from the known and substantial risks of COVID-19, the American Hospital Association (AHA) strongly urges the vaccination of all health care personnel. COVID-19 vaccines protect health care personnel when working both in health care facilities and in the community. They provide strong protection against workers unintentionally carrying the disease to work and spreading it to patients and peers.

The AHA also supports hospitals and health systems that adopt mandatory COVID-19 vaccination policies for health care personnel, with local factors and circumstances shaping whether and how these policies are implemented. The AHA encourages hospitals and health systems implementing mandatory COVID-19 vaccination policies to:

- Provide exemptions for medical reasons and accommodations consistent with Federal Equal Employment Opportunity Commission guidelines (e.g., a sincerely held religious belief, practice or observance);
- Follow relevant Centers for Disease Control & Prevention (CDC) infection control guidelines, Occupational Safety and Health Administration requirements, and other federal and state regulations regarding use of personal protective equipment and other infection control practices for unvaccinated staff receiving an exemption or accommodation. For example, unvaccinated personnel may be required to wear a mask at all times even if CDC guidelines and OSHA requirements were to relax mask requirements for vaccinated personnel;
- Ensure the policy is implemented in a manner consistent with local and state laws;
- Follow requirements and guidelines from the Food and Drug Administration (FDA) and CDC on which individuals are eligible and should be prioritized for vaccination;
- Monitor national safety and efficacy data for all FDA authorized or approved vaccines in use;
- Continue providing education about the efficacy and safety of COVID-19 vaccines to encourage staff to obtain the vaccine voluntarily; and
- Offer scheduling flexibility and/or time off to ensure personnel have time to obtain the vaccine and recover from its possible side effects.

Vaccinations

Washington State Hospital Association Proclamation



This morning at a special WSHA Board of Directors meeting, the following motion was approved unanimously:

The WSHA board urges all member hospitals to adopt a policy that health care workers shall be vaccinated against COVID-19, or if they are not vaccinated, take alternate steps as determined by the hospital's infection control, human resources, and other relevant policies.

Vaccinations

Jefferson Healthcare

We have commenced a review of establishing a conditional vaccination mandate at Jefferson Healthcare.

Recognition of Native Land

- Statement

“ We acknowledge that Jefferson Healthcare is on the ancestral and contemporary homelands of the S’Klallam, Chemakum, Twana and other indigenous nations and we recognize the tribal sovereignty across the region.”

- Website, Board Packet, etc.

Questions

