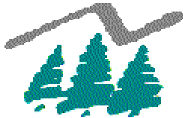
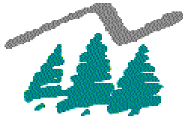




# BOARD OF DIRECTORS
# BOARD MEETING MINUTES

| AGENDA ITEM | DISCUSSIONS/CONCLUSIONS | ACTIONS/FOLLOW–UP/ RESPONSIBLE PARTY |
|---|---|---|
| **PRESENT AT MEETING:** | **Board Members:** Ken Cutler, M.D., President; Roger Kahn, Vice President; Karen Sessler, M.D., Board Member<br>**Staff:** Bob Schapper, CEO; Virginia Razo, PharmD, Chief Operating Officer; Crystal Betts, Chief Financial Officer; Jeanne McAuliffe, Executive Assistant | |
| 1. **Call to Order** | Dr. Cutler called the meeting to order at 5:35 p.m. | |
| 2. **Roll Call** | It was noted that Mr. Mohun and Mr. Long were unable to attend, but a quorum of the Board was present. | |
| 3. **Clear the Agenda/Items Not On the Posted Agenda** | The agenda was cleared. There were no changes to the agenda as posted. | |
| 4. **Input -- Audience Employee Associations** | Audience input was sought, but none was offered. There were no employee association representatives were present. | |
| 5. **Closed Session:** | The meeting proceeded into closed session at 5:36 p.m. | |
| **A. Approval of closed session minutes of 11/27/12** | A copy of the attachment is in the closed session packet. | The minutes were approved as presented. |
| **B. Health & Safety Code Section 32155: Medical Staff Credentials** | Dr. Coll and Ms. Schnieder joined the meeting for this agenda item.<br>Dr. Coll presented the Medical Staff credentials as recommended for approval by the Medical Staff Executive Committee. | It was moved by Mr. Kahn and seconded by Dr. Sessler to approve the Medical Staff Credentials as presented and recommended for approval by the Medical Staff Executive Committee. Motion carried unanimously. |
| **C. Health & Safety Code Section 32106: Trade Secrets–Proposed New Service, Estimated Date of** | Discussion was held. | |





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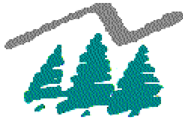
| **Public Disclosure, 7/24/13** | | |
| 6. **Open Session Call To Order** | Dr. Cutler called the open session to order at 6:10 p.m. | |
| **PRESENT FOR OPEN SESSION:** | **Board Members:** Ken Cutler, M.D., President; Roger Kahn, Vice President; Karen Sessler, M.D., Board Member<br>**Staff:** Bob Schapper, CEO; Virginia Razo, PharmD, Chief Operating Officer; Crystal Betts, Chief Financial Officer; Joan Sevy-Majers; Terri Schnieder; Paige Thomason, Director of Marketing & Communications; Lynn Barr, Chief Innovation Officer; Jeanne McAuliffe, Executive Assistant<br>**Others Present:** Shawni Coll, D.O.; Brad Thomas, M.D. | |
| 7. **Clear The Agenda/Items Not on the Posted Agenda** | The agenda was cleared. Dr. Cutler asked if there were any changes to the posted agenda. | |
| 8. **Input Audience** | Audience input was sought. | |
| 9. **Employee Associations** | There were no Employee Association representatives present. | |
| 10. **Continuation of Public Hearing on Possible Closure of Anesthesia Department** | • Dr. Cutler opened the continuation of the Public Hearing for comment;<br>• Ms. Razo read a second letter, a copy of which is attached to these minutes and incorporated herein;<br>• There was one written comment from Dr. Paul Krause, which Ms. McAuliffe read, a copy of which is in the packet;<br>• In response to Dr. Krause's comment, Ms. Razo stated that currently, the Hospital doesn't use nurse anesthetists;<br>• Dr. Coll stated that this doesn't have anything to do with closing the anesthesia department;<br>• Dr. Thomas asked when the letter was received from Dr. Krause; | |





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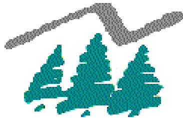
| | • Ms. McAuliffe responded that it was received on 12/12/12;<br>• Dr. Thomas stated that he has since spoken with Dr. Krause and believes he answered many of his questions;<br>• Dr. Cutler asked if there was further comment;<br>• There was none;<br>• Dr. Cutler closed the Public Hearing. | |
| 11. **Medical Staff Report** | • There was no Medical Staff Report;<br>• Dr. Cutler thanked Dr. Coll for her leadership and service as Chief of Staff over the last couple of years and expressed the Board's appreciation;<br>• He presented Dr. Coll with a Certificate of Appreciation and a gift card. | |
| 12. **Consent Calendar:**<br>A. Minutes of Meeting of 11/27/12<br>B. Foundation Restricted Funds and Grants Policy (Revised)<br>C. Contracts<br>a. Multispecialty Clinic Agreements<br>i. New PSA for Crystine M. Lee, M.D.<br>ii. Renewal with Revisions for Joy Koch, M.D.<br>iii. Sierra Nevada Nephrology<br>b. Medical Staff Department Chair and Officers Agreements 2013:<br>i. Chief of Staff: Gina Barta, M.D. | • Dr. Sessler asked that the minutes be pulled from the consent calendar;<br>• O page 9, item 13 under Ms. Sevy-Majers' report, first check mark should read: "There have been <u>no</u> transfers due to staffing or bed availability." | <u>It was moved by Mr. Kahn and seconded by Dr. Sessler to approve all items listed on the agenda under B and C. Motion carried unanimously.</u><br><u>It was moved by Dr. Sessler and seconded by Mr. Kahn to approve the minutes of 11/17/12 with the correction as noted. Motion carried unanimously.</u> |





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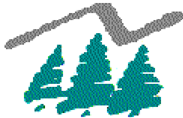
| ii. Vice Chief of Staff: Jeff Dodd, M.D.<br>iii. Other Medical Staff Officers: Secretary/Treasurer, Brad Thomas, M.D.; Member at Large: Erin Winter, M.D.<br>iv. Staff Department Chair Agreements: Department of Surgery, David Kitts, M.D. (Renewal); Department of Emergency Medicine, Syndi Keats, M.D.; Department of Medicine, J. Timothy Lombard, M.D., dba Sierra Multi-Specialty Medical Group (SMSMG) (Renewal); Department of OB/Peds, Steve Thompson, M.D.; IVCH Committee: Joy Koch, M.D. (Renewal); DI Committee: Myron Kamenetsky, M.D.; Anesthesia Department: Ricki Alpert, M.D.; Committee Chair, IDPC, Medical Advisor–Allied Health Professional | | |





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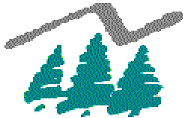
| Oversight, Reini Jensen, M.D. (auto-renewal no changes)<br>c. New Contracts<br>i. Medical Director, Occupational Health Clinic, Susan Marron M.D.<br>ii. Rural PRIME Site Preceptor Agreement for David Kitts, M.D.<br>iii. Rural PRIME Community Project Site Director/ Director/ Preceptor, Reini Jensen, M.D.<br>d. Medical Director Agreements– Auto Renewals<br>i. Tahoe Center for Health & Sports Performance Medical Director Agreements for: Chris Arth, M.D.; Reini Jensen, M.D.; Nina Winans, M.D.<br>ii. Oncology, Laurence Heifetz, M.D.<br>iii. Incline Village Family Health Clinic, Joy Koch, M.D.<br>iv. Cardiac Rehab, J. Timothy Lombard, M.D. | | |





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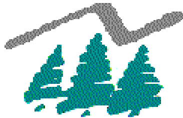
| v. Infection Control, J. Timothy Lombard, M.D.<br>vi. Intensive Care Unit, Greg Tirdel, M.D.<br>e. Auto Renewal Contracts<br>i. Orthopedic Locums Agreement for Nathan Hart, M.D.<br>ii. Orthopedic Emergency Coverage for: Jeff Dodd, M.D., Jay Foley, M.D., Patrick Osgood, M.D.<br>iii. Pediatric Emergency Coverage Agreements for: Chris Arth, M.D., Deborah Brown, M.D., and Else Uglum, M.D.<br>iv. Medicine/Intensive Care Emergency Coverage Agreement for Greg Tirdel, M.D.<br>v. Medicine Emergency Coverage, J. Timothy Lombard, M.D.<br>vi. Ophthalmology Emergency Coverage, Jeff Camp, M.D.<br>vii. Surgery Emergency Coverage for David Kitts, M.D. | | |





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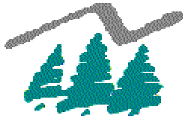
| viii. Wellness Exams–Occ Health for J. Timothy Lombard, M.D.<br>ix. Medical Staff Physician Health & Advocacy Medical Director Agreements: Ed Heneveld, M.D., Reini Jensen, M.D., Tom Specht, M.D.<br>f. Contract Renewals With No Revisions<br>i. Pharmacy Medical Advisor Agreement for Paul Krause, M.D.<br>ii. Medicine Emergency Coverage: Gina Barta, M.D., Rick Ganong, M.D., Reini Jensen, M.D., Paul Krause, M.D., Jeanne Plumb, M.D.<br>g. Contract Renewal With Revision: Memorandum of Understanding, TFHS Foundation | | |
| 13. **Board Committee Reports/ Recommendations & Board Action**<br>**Governance Committee Meeting – 12/11/12**<br>**a. California Emergency** | • Dr. Cutler stated:<br>✓ Governance Committee met on 12/11 and reviewed mostly contracts, which were approved this evening;<br>✓ He asked Dr. Sessler to report;<br>• Dr. Sessler reported | |





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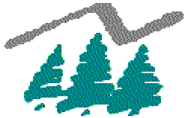
| **Physicians Medical Group – TFH**<br>**b. Michael B. MacQuarrie, M.D., dba North Tahoe Emergency Physician's Medical Corporation -- IVCH** | ✓ The Board asked Governance Committee to start the review of the Mission Statement and to come up with a plan;<br>✓ It is the recommendation of the committee to have an agenda item to discuss the Mission Statement at the Strategic Planning meeting, to be held in the near future<br>✓ We no longer have a strategic planning committee, but the Board agreed to meet quarterly for this purpose;<br>✓ It was suggested that an ad hoc committee be put together to guide the Mission Statement process;<br>• Mr. Kahn stated that the goal was that the strategic planning process would be handled by the full Board and it would include medical staff and others;<br>• Dr. Cutler stated:<br>✓ There were two contracts that Governance Committee didn't feel belonged on the consent calendar, which are listed on the agenda;<br>✓ He asked Ms. Razo to lead the discussion regarding the ER contracts;<br>• Ms. Razo reported:<br>✓ Over the years, through Governance as contracts are evaluated, it is part of the process to determine if an existing contract or service serves our purpose today as well as in the future;<br>✓ There has been a lot of conversation with Dr. MacQuarrie about succession planning and the way the contract was structured, it may not serve the District well;<br>✓ Over the last year, a contract was put in place with a company called Quality Matters; | |





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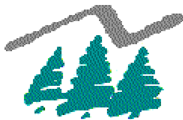
|---|---|---|
| | ✓ Through that company, the organization has worked with Shari Welsh to look at our emergency services,<br>✓ Many options were reviewed and feedback was solicited from various groups, as well as the emergency room physicians;<br>✓ Ms. Welsh introduced the organization to a group called CEP America, which primarily works in California, but has branched out throughout the US;<br>✓ With Ms. Welsh's help and the emergency physicians, it was agreed that we should contract with CEP America;<br>✓ It is an organization that is owned by practicing emergency room physicians;<br>✓ CEP has much to offer in terms of bench mark data, policies & procedures and best practices;<br>✓ CEP determines what is working best in a certain location and works to duplicate those practices in other areas;<br>✓ They will do the professional billing as Dr. MacQuarrie has done in the past;<br>✓ CEP has also determined that they have some leverage to improve contract negotiations that were previously negotiated by Dr. MacQuarrie for the emergency department;<br>✓ CEP has agreed to take all insurance contracts that the hospital does;<br>✓ The emergency room physicians recognize that there is extreme value in joining a larger group;<br>✓ CEP America allowed all our existing emergency physicians join as partners, which is important;<br>✓ It is a win-win situation for the District and the physicians; | |





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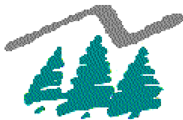
| | ✓ It was recommended that the District move forward with this agreement effective 1/1/13;<br>• Mr. Kahn stated:<br>✓ He attended the physician's Holiday Party and spoke with some of the physicians about this and they were excited about the change and especially about a group that can bring in best practices as well;<br>✓ One he spoke with was a physician that has been here a very long time, it was encouraging;<br>• Dr. Cutler stated that it sounds like CEP is a good choice;<br>• Ms. Razo continued:<br>✓ Because Incline Village physicians are more part-time and there are more of them, CEP could not bring them in as partners;<br>✓ Dr. MacQuarrie's corporation will continue to support IVCH over the next year;<br>✓ CEP will support IVCH and assist in bringing best practices and policies and procedures that can be implemented there as well;<br>✓ Dr. MacQuarrie will continue to manage this, but CEP will support behind the scenes;<br>✓ Discussions are underway about what kinds of changes can be made to have CEP manage both locations;<br>• Dr. Coll asked about the one Board Certified Family Practice Physician in the ER, will he be a partner;<br>• Ms. Razo stated that physicians just need to be Board Certified and none of the TFH physicians were excluded;<br>• Dr. Sessler asked about the term of the agreement;<br>• Ms. Razo responded that the IVCH agreement is a one year | |





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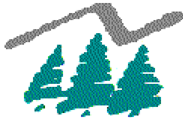
| | agreement and CEP is a 3 year agreement;<br>• Mr. Schapper stated:<br>✓ Over the last few years, we have only had one-year contracts with Dr. MacQuarrie with the intent to bring in best practices and that the emergency room would take all insurance contracts as the hospital;<br>✓ This process has been very positive and accomplished all these elements;<br>✓ The physicians in the practice at TFH are very happy;<br>✓ The old agreement structure was that the physicians were essentially sub-contractors to Dr. MacQuarrie's agreement for many years;<br>✓ Everyone seems comfortable with this change;<br>• Dr. Coll stated:<br>✓ What stood out at the MEC presentation is that CEP benchmarks quality and if they find that they are below in quality, they work to improve it;<br>✓ The concern from the Medical Staff is if the emergency room gets really busy and they call in another physician there might be a compensation issue in bringing someone else in;<br>✓ But if it is a quality issue, an evaluation would be done and improvements made; | It was moved by Dr. Sessler and seconded by Mr. Kahn to approve the California Emergency Physicians Medical Group Agreement for Tahoe Forest Hospital District. Motion carried unanimously.<br><br>It was moved by Dr. Sessler and seconded by Mr. Kahn to approve Michael B. MacQuarrie, M.D., dba North Tahoe Emergency Physician's Medical Corporation Agreement for Incline Village Community Hospital. Motion carried unanimously. |
| 14. **Items for Board Discussion And/ Or Action** | | |
| **A. Closure of Anesthesia Department/Enter Into Exclusive Contract** | • Ms. Razo stated:<br>✓ You have heard comments and the recommendation by the Medical Executive Committee and District staff to close the Anesthesia Department; | |





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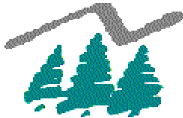
| | ✓ There is a Resolution before you;<br>✓ The Resolution was read;<br>✓ This is the Resolution that Administration recommends be adopted which would close the Anesthesia Department;;<br>• Mr. Schapper suggested two edits to the Resolution:<br>1) Under the first WHEREAS, it should read: "the number of full-time equivalent anesthesiologists …" and<br>2) Under Findings, paragraph 1. To address concerns that we would exclude nurse anesthetists, he suggested that the paragraph read, "… services be provided by qualified anesthesiologists **and/or nurse anesthetists.";**<br>• Mr. Gross concurred that those revisions are appropriate;<br>• Dr. Cutler stated that, we don't need to include this in the Resolution, but another Finding is that it is a benefit to patients if all anesthesiologists take the same insurance as the hospital does;<br>• Dr. Sessler stated that she agrees, that has been a complaint heard quite often from our patients;<br>• Mr. Schapper stated that another benefit is that the anesthesiologists must take all payor types, including Charity Care;<br>• Dr. Sessler stated:<br>✓ The Findings don't specifically mention quality initiatives, but hopefully that will be included in the agreement;<br>✓ In dealing with a group, versus individual providers it will be much more effective to deal with;<br>• Mr. Gross also stated that the last Resolved should read:, "… authorized to negotiate on behalf of the District … and bring back to the Board for approval." Delete "subject to the review | |





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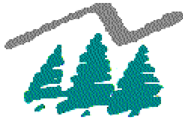
| | and approval of legal counsel for the District."<br>• Mr. Schapper recommended that the Service Agreement still be effective 1/1/13;<br>• The Board will meet at the earliest convenience in January to approve the Service Agreement in order to give the two Board Members who are not present this evening an opportunity to review the Agreement;<br>• Dr. Thomas stated:<br>✓ He believes that it is a good idea to have the full Board weigh in on the Agreement;<br>✓ However, he is stressed about the timing of this;<br>✓ The anesthesia group is moving forward, but they don't have a contract;<br>✓ They have a locums scheduled in January under their contract, he isn't sure how it will work;<br>• Mr. Schapper stated:<br>✓ There will be coverage, post-January 1st, which means that that the cost will be covered in the reconciliation at the end of the month of January on the assumption that we approve an agreement, effective 1/1/13;<br>✓ It will cover the costs associated with the locums arrangement, unless an agreement can't be reached;<br>• Mr. Kahn stated that even if an agreement isn't reached in January, the payment of the locums would be paid by the District, not the anesthesiologists;<br>• Ms. Razo stated that we have not cancelled any of the locum tenens agreements, so she believes it is covered;<br>• Mr. Schapper stated that the Surgery Center is separate from the hospital, so the anesthesiologists will have to have a | It was moved by Dr. Sessler and seconded by Mr. Kahn to approve Resolution No. 2012-07 with the changes noted in the minutes. The following roll call vote was taken:<br>AYES: Sessler, Kahn, Cutler<br>NAYS: None<br>ABSENT: Mohun, Long<br>Motion carried. |





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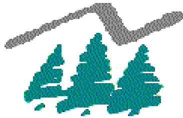
| | separate agreement with them;<br>• Dr. Cutler commented that in the Public Hearing there was substantial evidence that closing the anesthesia department is in the best interest of the District;<br>• Mr. Kahn and Dr. Sessler agreed. | |
| **B. North Tahoe Anesthesia Group Service Agreement** | This was covered above. | |
| **C. Sierra Crest ACO/MOU** | • Mr. Schapper stated:<br>✓ In his written report last month, he reported that the District has been engaged as an organization on multiple levels attempting to decipher the Government Codes as they unfold;<br>✓ One of the elements we've been most concerned about is that we have concluded that rural hospitals cannot create their own ACO organizations to be able to manage and control the fee for service Medicare eligible's that qualify for those programs;<br>✓ So we have been looking at ways to put mechanisms in place to gain better control of that market;<br>✓ One of the options has been to jointly participate with a tertiary provider, who might have a broader regional based ACO with multiple providers, including not only physicians and hospitals in an ACO network;<br>✓ We have coined a phrase, Sierra Crest Hospitals;<br>✓ We have looked at the type and scope of referrals from the S. Inyo market place up to Susanville and we learned that effectively the primary tertiary referral source is Renown Medical Center;<br>✓ We have been discussing a collaborative way to work | |





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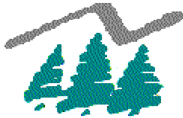
| | with Renown to develop a strategy to allow each of our institutions to participate through that collaboration;<br>✓ Tonight, management is looking for approval from the Board to continue these discussions more formally and move forward;<br>✓ TFH would not only participate with these entities, but also for us to represent, through staff, which is obviously an effort Ms. Barr has been putting forward as one of her primary duties, with negotiations with Renown on how we might, as a collaborative group, put together a model that would end up qualifying for a more clinically oriented ACO Model;<br>✓ In order to be able to accomplish this, there are some minimal elements in the MOU, we're asking hospitals who have an interest to sign it, with non-binding arrangements;<br>✓ All recognize that TFH, in the beginning, will put support forward, but in the next stages of activity all hospitals will be asked to contribute some costs that we incur for staff work and legal counsel and other organizations we have work with us;<br>✓ The request is for authorization to proceed;<br>✓ He asked Ms. Barr to give greater detail;<br>• Ms. Barr stated:<br>✓ There are 12 hospitals that all refer into Renown;<br>✓ The idea is clinical integration to provide a good transfer of knowledge when patients leave the community for specialty and tertiary care and when they come back;<br>✓ We have a number of questions and various areas to explore with Renown to determine if this would be a better | |





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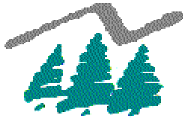
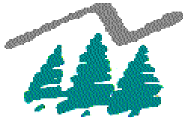
|---|---|---|
| | way to improve patient care, as well as the financials of the District;<br>• Mr. Kahn confirmed that the MOU is with the 12 hospitals, not Renown. Ms. Barr confirmed;<br>• Ms. Barr stated that a meeting was held with Renown and the CEO's of the various hospitals;<br>• Mr. Kahn asked if we aren't able to move forward with Renown, would we have a framework for an ACO of our own;<br>• Ms. Barr responded that we can't participate unless we have specialties and tertiary care providers in our group;<br>• Dr. Sessler asked if the thought is that there would be a basic ACO and a separate one with the Sierra Crest;<br>• Ms. Barr responded that it would be one big ACO.<br>• Dr. Sessler asked if Renown could have two ACO's;<br>• Ms. Barr responded that they can only have one;<br>• Mr. Schapper stated:<br>✓ This is not foreign to managed care markets;<br>✓ Physician and Hospital organizations were formed;<br>✓ He explained how this works in a larger market;<br>✓ We could be a great performer in the TF geographic area and have bunch of bad performers;<br>✓ In mature markets, this type of model is very common;<br>• Mr. Kahn asked if the benefit to Renown is that those patients are being taken care of locally;<br>• Ms. Barr responded that is the case;<br>• Mr. Schapper stated:<br>✓ Patients can elect to be treated wherever they chose;<br>✓ The advantage for Renown is they get to lock in with a | |





**BOARD OF DIRECTORS**
**BOARD MEETING MINUTES**

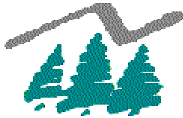
| AGENDA ITEM | DISCUSSIONS/CONCLUSIONS | ACTIONS/FOLLOW–UP/ RESPONSIBLE PARTY |
|---|---|---|
| | partner the ability to see more referrals and the local entities would be able to capture and manage the Medicare population rather than having them re-distributed to Reno markets or wherever they may be;<br>✓ It allows us to focus close to home how we manage patients;<br>• Discussion was held;<br>• Mr. Schapper stated that tonight we're looking for Board approval to move forward;<br>• Mr. Gross stated:<br>✓ In reviewing the MOU, it states that an Advisory Committee would be created;<br>✓ This would be a Brown Act body and may create some hurdles;<br>✓ If the intent is not to create a Brown Act body, then the MOU should be modified to delete the statement that the MOU will be governed by this advising body;<br>✓ He suggested it read: "all signatories will give TFH the lead and will report back to the others";<br>✓ If the Advisory Body is created by the MOU, you've created a Brown Act body;<br>• Mr. Schapper asked Mr. Gross to research this;<br>• Mr. Gross stated that if the MOU is revised as he said above, that would take care of it;<br>• Mr. Schapper stated:<br>✓ Tahoe Forest Hospital doesn't want to be responsible for everything;<br>✓ We don't want anyone to be able to come back to the District and sue us; | |





**BOARD OF DIRECTORS**
**BOARD MEETING MINUTES**

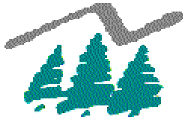
| AGENDA ITEM | DISCUSSIONS/CONCLUSIONS | ACTIONS/FOLLOW–UP/ RESPONSIBLE PARTY |
|---|---|---|
| | • Ms. Barr stated:<br>✓ At this time, we're just looking at a structure;<br>✓ Each hospital will have to negotiate with Renown individually;<br>✓ The intent is to create a framework to use, some of the entities are Districts, others are not;<br>• Mr. Schapper stated we don't want to be put in a position where they say, TFH, you did this and we don't like that;<br>• The following changes will be made to the MOU:<br>✓ Remove the sentence "This MOU will be governed by an Advisory Board … "<br>✓ Replace the two Advisory Boards with "participating members who have approved and executed this MOU". | It was moved by Mr. Kahn and seconded by Dr. Sessler to approve the Sierra Crest ACO/ MOU with changes as noted in the minutes. Motion carried. |
| 15. **Agenda Input For Upcoming Committee Meetings** | None. | |
| 16. **Items for Next Meeting** | Joint Board/Medical Staff Meeting. | |
| 17. **Board Members Reports/Closing Remarks** | • Dr. Cutler stated:<br>✓ Dr. Milman has left to go to Seattle and he was offered the position as Acting Health Officer, which will be effective 1/1/13;<br>✓ He will be moving out of the District boundaries and unable to continue on the Board;<br>✓ He is resigning effective 12/31/12;<br>✓ He was jotting down some of the things the Board has done since he has been a member::<br>➢ Opening of the cancer center;<br>➢ Established TIRHR;<br>➢ Facilitated improvement on the IVCH campus; | |





**BOARD OF DIRECTORS**
**BOARD MEETING MINUTES**

| AGENDA ITEM | DISCUSSIONS/CONCLUSIONS | ACTIONS/FOLLOW–UP/ RESPONSIBLE PARTY |
|---|---|---|
| | ➢ Established a Quality Medical Director;<br>➢ Acquired a controlling interest in the Surgery Center;<br>➢ Added quality to our website;<br>➢ Completed Community Health Needs Assessment;<br>➢ Improved Board education<br>➢ Stabilized Pediatrics in the community;<br>➢ Improved physician communication;<br>➢ Established the Wellness Neighborhood;<br>➢ Tonight the Anesthesia Department was closed;<br>➢ Implemented EMR within the District;<br>✓ There is a lot more work to be done, but a lot has been accomplished during his time;<br>• Dr. Sessler thanked Dr. Cutler for his service and stated:<br>✓ He has been the champion for health and quality initiatives;<br>✓ He has always been very attentive to the details while maintaining the eye on the broader needs of the community;<br>✓ It has been a pleasure serving with you;<br>✓ She asked Dr. Cutler to appoint an ad hoc committee to deal with the vacancy as his last official duty on the Board;<br>• Dr. Cutler appointed Dr. Sessler and Mr. Long to handle the Board vacancy;<br>• Mr. Kahn stated that he will be missed. He has been an outstanding Board Member.<br>• Dr. Cutler stated that he looks forward to working with this community in the role of community health;<br>Open session concluded at 7:43 p.m. | |





**BOARD OF DIRECTORS**
**BOARD MEETING MINUTES**

| AGENDA ITEM | DISCUSSIONS/CONCLUSIONS | ACTIONS/FOLLOW–UP/ RESPONSIBLE PARTY |
|---|---|---|
| 18. **Continuation of closed session, if necessary** | The meeting reconvened into closed session at 7:44 p.m.<br>The closed session minutes were approved as presented.. | It was moved by Dr. Sessler and seconded by Mr. Kahn to approve the closed session minutes of 11/27/12 as presented. Motion carried. |
| 19. **Open Session** | The meeting reconvened into open session at 7:54 p.m. | |
| 20. **Report of any Reportable Actions Taken in closed session, if any** | None. | |
| 21. **Adjourn** | The meeting adjourned at 7:55 p.m. | |

jlm

Virginia A. Razo
10121 Pine Ave
Truckee, CA 96161

December 18, 2012

Tahoe Forest Hospital District
Board of Directors,

Re: Fair Market Value Analysis

*Situation/Background*

In June, 2012, the Anesthesiologists approached Administration to discuss existing economic and market characteristics that were making it difficult for the current providers to continue working at TFHD locations full-time. Administration was informed that one of the five (5) full-time anesthesiologists were leaving the area. The remaining four (4) anesthesia providers reviewed the current schedule with Administration and demonstrated that four (4) providers were not adequate to cover the existing business models. However, reduced volumes are making it difficult to attract and retain qualified anesthesiologists in the market. In fact, many of the four (4) remaining physicians were currently working out of the area to earn the necessary income to continue to reside and work here full time. After our discussion, Administration was faced with the problem of: If Tahoe Forest Hospital District (TFHD) is unable to stabilize the economic and market characteristics associated with anesthesia services, it risks losing additional anesthesiologists, which could cause a significant disruption of services necessary to provide surgical services for its patients. Additionally, the services and coverage gaps caused by any reduction of full-time anesthesiologists would have to be covered by locum tenens. As indicated below, this coverage is very expensive.

On December 11, 2012, I provided a letter of evidence supporting the closure of TFHD's Anesthesia department. In addition to the factors supporting closure of the Department set forth my previous letter, the Board should consider the potential cost to the District should it not succeed in stabilizing coverage of anesthesia services through an exclusive contract.

*Assessment*

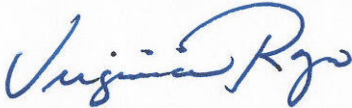
As is the case with any contract with physicians, compensation must be at fair market value. In reviewing this issue with legal counsel, it is my understanding that the determination of fair market value is a somewhat ambiguous process. Counsel advises that it is generally defined as the amount that would result from bona fide bargaining between well-informed buyers and sellers who are not otherwise in a position to generate business for the other party. Under that concept, the determination of the fair market value for compensating the anesthesiologists seems to be the amount that the District would have to pay in the alternative if it is unable to come to an agreement with the anesthesiology group. Presumably we would lose one or more additional anesthesiologists through relocation; and we would potentially suffer more if the remaining anesthesiologists expanded the volume of work they perform elsewhere. The resulting coverage gap would have to be filled through locums.

With this in mind, I asked our consultant on this subject, Paige Covell, to review potential sources and costs of obtaining locums coverage. He surveyed six agencies that provide locum's coverage in Northern California. In summary, he found the cost for a qualified locum's anesthesiologist ranges between $1475 to $4000 for an 8 hour day. This cost does not include travel and lodging, and it does not include the cost for 24-hour call. We can speculate about how much we might have to employ locums to fill a coverage gap, but clearly if TFHD does not take the necessary steps to stabilize the Department, it could be faced with paying large fees for locum's coverage that far exceeds the cost of stabilizing the Anesthesia Department through an exclusive agreement. Further, in addition to locums coverage being more costly, the use of locums has the potential to cause incontinuity of care that could lead to diminution of quality.

*Recommendation:*

Absent an exclusive agreement, the number of anesthesiologists practicing at the hospital locations may become unstable, and necessitate filling the gaps by locums. After hearing input from the public and medical staff members; Administration is recommending that the Board act to close the Anesthesia department and authorize Administration to enter into an exclusive Agreement with a qualified Anesthesia group meeting the coverage and quality requirements set forth in the Request for Proposal.

Very Truly Yours,



Virginia A. Razo
Chief Operating Officer
Tahoe Forest Hospital District

# Anesthesia Locum Tenens FMV Study
# Tahoe Forest Hospital District

Truckee, California
17 December 2012

In order to determine the Fair Market Value (FMV) for locum tenens anesthesiologists and CRNA's, I selected six locum tenens placement companies at random.

- All companies ensure licensure and malpractice coverage.
- All companies said the "client" (hospital or group) picks up the tab for all expenses (travel, lodging).
- All companies allow the client to retain the billing and case revenue.
- All companies cover Northern California
- The price for an MD ranged from $1475 to $4000 for an 8-hour day.
- The price for a CRNA ranged from $960 to $1360 for an 8-hour day.
- Should you decide you'd like to invite a locum to become a full staff member, each company charges a placement fee. For an MD, this fee ranged from $24k to $35k. For a CRNA the range was $15k to 20k.
- One company required a $15k retainer fee.
- One company said they require 30 days' notice if the locum is dismissed before the end of the assignment. The client would have to pay for the remainder of the contract, maximum of 30 days' pay.

2811 Garibaldi Av., San Luis Obispo, CA 93401 ☎ [805] 544-5566
paigecovell@gmail.com

Barton Associates (978-867-2820) Patrick Solenuk

Price for an MD/DO runs $250-500/hour ($2000-$4000/day)
Price for a CRNA is $160-180/hour ($1280-1440/day)

LocumTenens.com (800-930-0748) Nick Porsio

Price for an MD/DO runs $1725/day; placement fee $28,000
Price for a CRNA is $1125/day; placement fee $13,000
Retainer fee of $15,000

Staffing Care (469-759-8907) Ron Valderama

Price for an MD/DO runs $1650-1800/day; placement fee $35,000
Price for a CRNA is $980-1100/day; placement fee $20,000

Jackson & Coker (866-456-0882) Karen Little

Price for an MD/DO runs $1475-1695/day; placement fee $24,000-30,000
Price for a CRNA is $960-1080/day; placement fee $15,000

Comp Health (866-321-5177) Chris Brown

Price for an MD/DO runs $1800/day; placement fee $25,000
CRNA coverage not available

Locum Tenens USA (800-809-6588) Robert Berton

Price for an MD/DO runs $1500-1700/day; placement fee $24,000
CRNA coverage not available

**FINDINGS AND RESOLUTIONS OF THE BOARD OF DIRECTORS OF TAHOE FOREST HOSPITAL DISTRICT**
**December 18, 2012**

**WHEREAS,** the number of anesthesiologists on the medical staff for both Tahoe Forest Hospital and Incline village Community Hospital has been reduced from five to four within the past year, and

**WHEREAS,** despite the best efforts of Administration and the medical staff of the Hospital, efforts to recruit a replacement anesthesiologist have been unsuccessful; and

**WHEREAS,** coverage of surgeries on a twenty-four hour, seven-day-a-week basis by the remaining anesthesiologists on staff is not feasible, resulting in necessary coverage being provided by extensive use of *locum tenens* physicians, which is expensive; and

**WHEREAS,** coverage of needed anesthesia services could be further de-stabilized and cause great cost if additional anesthesiologists relocate away from the local community; and

**WHEREAS,** one avenue for stabilizing the provision and cost of anesthesia coverage would be to close the Department of Anesthesiology and contract with one person or organization to guarantee full coverage at a negotiated price; and

**WHEREAS,** the Medical Executive Committee appointed an *ad hoc* committee to investigate whether an exclusive contract for anesthesiology services would be in the best interest of the quality, cost, and coverage of patient care services, which met and received comments and information from members of the medical staff and Hospital Administration; and

**WHEREAS,** the *ad hoc* committee recommended that the Department of Anesthesiology be closed through an exclusive contract; and

**WHEREAS,** the Chief of the Medical Staff, in consideration of the recommendation of the *ad hoc* committee and further discussion by the Medical Executive Committee, recommended to this Board that the Department of Anesthesiology be closed through an exclusive contract; and

**WHEREAS,** This Board, following the provision of notice to all members of the Medical Staff, including all physicians with privileges to provide anesthesia services, and to the public, conducted an open hearing to receive and consider written and verbal comments and information regarding the proposal to close the Department of Anesthesiology through an exclusive contract; and

**WHEREAS,** the Board has considered all of the comments provided, it now takes the following action:

**FINDINGS**

1. Closure of the Department of Anesthesiology would improve patient care by imposing a requirement through an exclusive contract that each anesthesiologist be board certified, or qualified for board certification, and that all professional anesthesiology services be provided by qualified anesthesiologists.

2. Closure of the Department would improve the organization of anesthesia services because the anesthesiologists providing professional services would devote their full attention to serving the needs of patients of District facilities; would be familiar with policies, procedures, staff and equipment; develop a routine; and function as part of a team.

3. Closure of the Department would improve patient care through strengthening the role of the Medical Director for the Department, thus insuring control and standardization of procedures which benefit the patient.

4. Closure of the Department shifts responsibility for providing coverage to the contractor, thus assuring continuous availability for consultation and coverage at all hours. It would stabilize the coverage of anesthesia services, and reduce the likelihood that coverage would become more dependent upon *locum tenens*.

5. A closed-staff arrangement would promote cooperation by simplifying and permitting more flexibility in scheduling, and promoting convenience to patients and more efficient use of equipment and personnel.

6. A closed staff arrangement for the Anesthesia Department would be more economical to patients and to the District. The contractor would work more closely with Hospital Administration to manage the resources of the Department, develop budgets, and perform medical administrative functions. Additionally, the District would not have to rely heavily on expensive *locum tenens* coverage, and its costs for coverage for anesthesia services would be stabilized and reduced.

7. Operating the Department of Anesthesiology through a closed staff arrangement is common for acute hospitals, and has proven through experience to be an advantageous method of operation for many hospitals.

8. A closed staff arrangement will allow members of the Department to keep up with current cases and techniques, and create a pool of medical knowledge available to all members of the medical staff.

## RESOLUTIONS

**RESOLVED,** the Department of Anesthesiology is hereby closed, which shall be effective upon the full execution of a contract with a qualified provider of professional anesthesia services;

**RESOLVED,** Hospital Administration is authorized to negotiate and execute, on behalf of the District, an exclusive contract with a qualified **provider** of professional anesthesia services, subject to the review and approval of legal counsel for the District.



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