TAHOE FOREST HOSPITAL DISTRICT

Regular Meeting of the Board of Directors

Jun 30, 2015 at 04:00 PM - 10:00 PM

TTUSD

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Meeting Book - 2015 Jun 30 Regular Meeting of the Board of Directors

Agenda Packet Contents

REGULAR MEETING OF THE BOARD OF DIRECTORS

AGENDA

Tuesday, June 30, 2015 at 4 p.m.

Tahoe Truckee Unified School District (TTUSD) Office
11603 Donner Pass Rd, Truckee, CA

1. **CALL TO ORDER**

2. **ROLL CALL**

3. **CLEAR THE AGENDA/ITEMS NOT ON THE POSTED AGENDA**

4. **INPUT AUDIENCE:**

5. **CLOSED SESSION:**
   - **5.1. Approval of Closed Session Minutes of:**
     05/01/01; 05/13/2015; 05/26/2015; 06/05/2015; 06/10/2015; and 06/18/2015
   - **5.2. Public Employee Appointment (Gov. Code § 54957)**
     Title: Chief Executive Officer
   - **5.3. Public Employee Performance Evaluation (Gov. Code § 54957)**
     Title: Interim Chief Executive Officer
   - **5.4. Medical Staff Credentials (Health & Safety Code § 32155**)

6. **DINNER BREAK**

   APPROXIMATELY 6:00 P.M.

7. **OPEN SESSION – CALL TO ORDER**

8. **CLEAR THE AGENDA/ITEMS NOT ON THE POSTED AGENDA**

9. **INPUT – AUDIENCE**
   This is an opportunity for members of the public to address the Board on items which are not on the agenda. Please state your name for the record. Comments are limited to three minutes. Written comments should be submitted to the Board Clerk 24 hours prior to the meeting to allow for distribution. Under Government Code Section 54954.2 – Brown Act, the Board cannot take action on any item not on the agenda. The Board may choose to acknowledge the comment or, where appropriate, briefly answer a question, refer the matter to staff, or set the item for discussion at a future meeting.

10. **INPUT FROM EMPLOYEE ASSOCIATIONS**
    This is an opportunity for members of the Employee Associations to address the Board on items which are not on the agenda. Please state your name for the record. Comments are limited to three minutes.

11. **MEDICAL STAFF REPORT** ◈
    - **11.1. Medical Staff Report** ..... ATTACHMENT

◈ Denotes Action Item

12. CONSENT CALENDAR ◈

These items are expected to be routine and non-controversial. They will be acted upon by the Board at one time without discussion. Any Board Member, staff member or interested party may request an item to be removed from the Consent Calendar for discussion prior to voting on the Consent Calendar.

12.1. Approval of Minutes of Meetings:
05/01/01; 05/13/2015, 05/26/2015, 06/05/2015; 06/10/2015 and 06/18/2015 ..... ATTACHMENT

13. ITEMS FOR BOARD DISCUSSION AND ACTION

13.1. CEO Search
An update related to the CEO Search will be provided.

13.2. Policy ABD-21 ◈ ..... ATTACHMENT
**** scheduled item commencing at 6:20 p.m.***
As follow up to the May board meeting, section 2.0 of the board policy ABD-21 has been updated to reflect the agreed upon physician compensation methodology.

13.3. Resolution 2015-04 ◈ ..... ATTACHMENT
Resolution stating Intention of the Board To Maintain The Level Of Service Provided To The Community And To Maintain Best Practices Regarding Physician Compensation.

13.4. Physician and Hospital Alignment Models ◈ ..... ATTACHMENT
Board will consider engagement of outside consultant to assist with assessment and education related to practice management models

13.5. Quarterly Facilities Update ..... ATTACHMENT
The quarterly update of the Facilities Development Plan (FDP) will be provided; includes updates pertaining to the Measure C Projects and related Owner and Regulatory Scope Modifications.

13.6. Approved FY2016 Budget
A report out from the June 18, 2015 Special Meeting of The Board of Directors meeting related to the following topics will be provided:
a. TFHD Budget FY 2016
b. TFHD Rate Increase Proposal
c. TFHD 3 Year Capital Plan – FY 17-19

13.7. Financial Report ◈ May 2015 Financials ..... ATTACHMENT

13.8. Contracts ◈ ..... ATTACHMENT
The Board is asked to review the terms and conditions of the following contract prior to processing agreement for physician signature and final approval.
13.8.1. *TBD_TFHD_MDA_For_Antimicrobial_Stewardship_Program_2015*

14. BOARD COMMITTEE REPORTS/RECOMMENDATIONS FOR DISCUSSION AND/OR ACTION

14.1. Quality Committee – 06/09/2015 ..... ATTACHMENT
14.1.1. 2015 Quality Committee Goals ◈

14.2. Governance Committee Meeting – 06/10/2015 ..... ATTACHMENT

14.3. Personnel/Retirement Committee Meeting – 6/18/2015 ..... ATTACHMENT

14.4. Community Benefit Committee – No meeting

14.5. Finance Committee Meeting – No meeting

15. INFORMATIONAL REPORTS

15.1. Strategic Initiatives Update ..... ATTACHMENT

Staff reports will provide updates related to key strategic initiatives.

16. AGENDA INPUT FOR UPCOMING COMMITTEE MEETINGS

17. ITEMS FOR NEXT MEETING

18. BOARD MEMBERS REPORTS/CLOSING REMARKS

19. CLOSED SESSION CONTINUED, IF NECESSARY

20. OPEN SESSION

21. REPORT OF ACTIONS TAKEN IN CLOSED SESSION

22. MEETING EFFECTIVENESS ASSESSMENT..... ATTACHMENT

The Board will identify and discuss any occurrences during the meeting that impacted the effectiveness and value of the meeting.

23. ADJOURN

The next regularly scheduled meeting of the Board of Directors of Tahoe Forest Hospital District is July 28, 2015, 11603 Donner Pass Rd., Truckee, CA. A copy of the Board meeting agenda is posted on the District's web site (www.tfhd.com) at least 72 hours prior to the meeting or 24 hours prior to a Special Board Meeting.

◈ Denotes Action Item

*Denotes material (or a portion thereof) may be distributed later.

Note: It is the policy of Tahoe Forest Hospital District to not discriminate in admissions, provisions of services, hiring, training and employment practices on the basis of color, national origin, sex, religion, age or disability including AIDS and related conditions.

Equal Opportunity Employer. The meeting location is accessible to people with disabilities. Every reasonable effort will be made to accommodate participation of the disabled in all of the District's public meetings. If particular accommodations for the disabled are needed (i.e., disability-related aids or other services), please contact the Executive Assistant at 582-3481 at least 24 hours in advance of the meeting.

MEDICAL EXECUTIVE COMMITTEE'S
RECOMMENDATIONS FOR APPROVAL BY THE BOARD OF DIRECTORS - OPEN MEETING
JUNE 30, 2015

CONSENT AGENDA ITEM	REFERRED BY:	RECOMMEND/ ACTION
Discussion Items	Medical Executive Committee	
1. Chief of Staff	Dr. Dodd reported on the following: • Next Quarterly General Medical Staff Meeting is scheduled for 8/13/15. Items for discussion TBD. • Reviewed redlined Board Resolution document. Approved by MEC	Information
2. Medical Staff Financial Update	MEC approved financial assistance for two students, Alejandro Feria and Alex Cramer, in the amount of $1500 each.	Information
3. Strategic Planning – Medical Staff Tactics	Dr. Coll reported on the following: • Reviewed Rules & Regulation additions related to Strategic Planning Committee. Approved by MEC. • Communications related to physicians adding medical staff email listing to cell phones was discussed. List should include phone numbers and go out to all physicians and AHP's.	Information
4. Chief Nursing Officer	Ms. Newland reported on the following: • Thanked Medical Staff for their support of Nurse of the Year Award. • The recent Town Halls held for employees were successful. Just Culture training was provided.	Information
5. Chief Operating Officer	Ms. Newland, on behalf of Mr. Dorst, reported on the following: • EMR continued review. • Wellness Neighborhood update provided. Wellness project is being transferred to Karen Gancitano, RN for post acute community health. Will continue to assess community needs such as chronic disease management, evaluate wound care, A Care Coordinator will be hired to facilitate outpatient services to decrease readmissions.	Information
6. Board Report	Dr. Sessler reported on the following: • Regular Board meeting – 5/26/2015 #8 • Special Board meeting – 6/5/2015 #9 • Special Board meeting – 6/10/15 #10	Information

MEDICAL EXECUTIVE COMMITTEE'S
RECOMMENDATIONS FOR APPROVAL BY THE BOARD OF DIRECTORS - OPEN MEETING
JUNE 30, 2015

CONSENT AGENDA ITEM	REFERRED BY:	RECOMMEND/ ACTION
	• Draft developed on criteria for a new CEO, provided by Don Whiteside. There are 20 good candidates to date. Board continues to evaluate criteria.	
Consent Approval Items		Information
1. Department of OB/PEDS	The Department of OB/PEDS recommended approval via email of the following privileges: ➢ Pediatric privileges: Addition of tongue tie clipping privilege The Department of OB/PEDS recommended approval of the following at their meeting on 6/10/15: ➢ Neonate - Critical Congenital Heart Screening – Reorganized document	Approval
2. Pharmacy and Therapeutics	The P&T Committee recommended approval via email of the following: Policies: ➢ Emergency Room Discharge Prescriptions Policy – Change in labeling requirements ➢ Pharmacy Organization Policy – Revision for HFAP to state that we will follow all State and Federal Laws and that the Director of Pharmacy must be a registered pharmacist. ➢ Compounding Sterile Products Policy – Revision for HFAP to state that pharmacy will mix all compounded sterile products unless not feasible Orders: ➢ Enternal Feeding Physician Orders – Form simplified ➢ Patient Controlled Analgesia Orders (PCA) – Changes made to accommodate new pumps ➢ Ortho Surgery total Knee Post-Op Orders – Removal of CPM orders, approved by all 3 Ortho Surgeons ➢ Physicians Pre-Op Testing/Admission Orders – Change of UA to UACXI (approved by Surgery Dept).	Approval

MEDICAL EXECUTIVE COMMITTEE'S
RECOMMENDATIONS FOR APPROVAL BY THE BOARD OF DIRECTORS - OPEN MEETING
JUNE 30, 2015

CONSENT AGENDA ITEM	REFERRED BY:	RECOMMEND/ ACTION
	➢ Newborn Admission Orders – Revision to state that initial temp is rectal (approved by OB/PED Dept). ➢ C-section Post-Op Orders – Addition of order to leave wound vac on (approved by OB/PED Dept). ➢ Magnesium Sulfate Administration Order – Revision to reference new name of Pre-eclampsia order set which is Hypertension (approved by OB/PED Dept). ➢ OB Triage Order – Addition of option to order CBC w/diff and DI for cervical length (approved by OB/PED Dept). OB Nurse Override List: ➢ Addition of Nifedipine for emergent use in pre-term labor (approved by OB/PED Dept).	
3. Infection Control	The Infection Control Committee recommended approval via email of the following: ➢ ECC Enhanced Standard Precautions – New policy	Approval
4. Department of Surgery	The Department of Surgery recommended approval via email of the following: ➢ Pre-Op Testing/Admission Orders – Changed the UA to UACXI	Approval
5. Quality Assurance Committee	The QA Committee recommended approval via email of the following: ➢ Anesthesia Consent Form	Approval

TAHOE FOREST HOSPITAL DISTRICT

SPECIAL MEETING OF THE BOARD OF DIRECTORS

DRAFT MINUTES

Friday, May 1, 2015 at 4:00 p.m.

Eskridge Conference Room,
Tahoe Forest Hospital, 10121 Pine Avenue, Truckee, CA

1. **CALL TO ORDER**
   Meeting called to order at 4:00 p.m.

2. **ROLL CALL**
   All present

3. **CLEAR THE AGENDA/ITEMS NOT ON THE POSTED AGENDA ◈**
   None.

   Director Sessler indicated that Closed Session item 7.2 would be moved to the end of the meeting.

4. **INPUT – AUDIENCE**
   None.

5. **INPUT FROM EMPLOYEE ASSOCIATIONS**
   None.

6. **DESIGNATE LABOR NEGOTIATOR FOR ADDENDUM TO EMPLOYMENT AGREEMENT OF CIO TO SERVE IN DUAL CAPACITY AS INTERIM CEO AND CIO**
   Discussion took place regarding the ability to appoint more than a single negotiator and whether, in this case, a negotiator need be appointed.

   ACTION: Motion made by Director Sessler, seconded by Chamblin, to appoint Director Jellinek and CHRO as labor negotiators for the employ. Motion withdrawn.

   ACTION: Motion made by Director Sessler, seconded by Director Zipkin, to appoint the Chief Human Resources Officer as labor negotiator. Roll call vote taken. Approved by a vote of 4-0-1.
   Mohan - abstained
   Zipkin - Aye
   Sessler - Aye
   Jellinek - Aye
   Chamblin - Aye

   Director Mohun requested to have a board member appointed as a second negotiator.

ACTION: Motion made by Director Mohun, seconded by Director Chamblin, to appoint Director Jellinek as second labor negotiator for the employment of the interim CEO. Roll call vote taken. Approved unanimously.

7. CLOSED SESSION

Discussion held on privileged matters

8. OPEN SESSION

Open session reconvened at 4:51 p.m.

9. ITEMS FOR BOARD DISCUSSION AND POSSIBLE ACTION

9.1. Addendum to Employment Agreement of CIO to serve in dual capacity as Interim CEO and CIO

Chief Human Resources Officer (CHRO) provided an update related to the status of the transition of Interim CEO and present proposed contract addendum for approval.

The proposed addendum will amend the CIO's current contract to reflect that the employee will work as the interim CEO for a period of time up to six months. Director of Zipkin asked for clarification on the process should an interim CEO be needed beyond the six months and it was confirmed that a new agreement would need to be negotiated at that time.

Mr. Dorst confirmed for Director Mohun that he has the bandwidth to absorb the additional role as interim CEO for the next six months.

ACTION: Motion made by Director Jellinek, seconded by Director Mohun, to approve the addendum to amend the CIO contract. Roll call vote taken. Approved unanimously.

9.2. Agreement with HFS Consulting for CEO Search and Discussion of CEO Search and Selection Process

The Board discussed formalizing the engagement of HFS Consulting and reviewed the preliminary steps and process related to the recruitment of the Chief Executive Officer.

Discussion took place related to the reference to average CEO salary and how this is determined. The CHRO provided clarification and noted that TFHD is set at the mid range at $277k annually.

Mr. Whiteside, HFS Consulting, had referenced in his earlier presentation to the Board that it was his practice not to solicit his newly placed CEO for future opportunities. Director Mohun recommends language reflecting this commitment be included in the contract and that the period on non-solicitation be extended beyond the industry standard of one year to reflect three years.

Discussion took place regarding a potential delay in the search process caused by negotiating the contract to include this language. It was noted that Mr. Whiteside had indicated that this was his personal practice and not a policy of HFS Consulting.

ACTION: Motion made by Director Sessler, seconded by Director Jellinek, to approve the contract with HFS Consulting with an amendment to include language that they will not solicit the CEO placed with THFD for a period of 3 years

Motion amended to include authorization to sign the agreement.

ACTION: Motion made by Director Chamblin, seconded by Director Zipkin, to approve the contract with HFS Consulting with an amendment to include language that they will not solicit the CEO placed with THFD for a period of 3 years, and to authorize the Board President to execute the agreement. Roll call vote taken. Approved unanimously

Discussion took place related to the formation of an advisory group to assist with the search. Director Zipkin indicated that the hospital advisory group would meet with Mr. Whiteside to advise on criteria being sought in a CEO and would not be an official committee. This would be an internal group and would not remove the possibility of engaging the community nor reduce or change Mr. Whiteside's approach to speaking with staff, physicians, public, etc.

Director Jellinek shared feedback from community member, Gaylan Larson, requesting that someone from his community group be put on the advisory group. Director Chamblin recommends keeping the advisory group to strictly employees.

Community member, Randy Hill, shared that he has conducted executive recruitment for over 30 years and shared his experience in using a group to develop a profile compiled from all stakeholder groups. At no time did anyone see candidate's names and participants should be required to sign confidentiality agreements.

The advisory group will be comprised of primarily members of the Board Personnel Committee with the addition of the Chief of Staff, Jeffrey Dodd, and Dr. Shawni Coll.

Director Mohun inquired if physicians that are not part of the MSC are to be included. It was confirmed that neither Dr. Dodd nor Dr. Coll are part of the MSC.

CHRO shared that she had reached out to Mr. Whiteside and he has agreed to change the contract as requested by the Board.

9.3. Updated TF2020 Contract Template and Routing Form

Interim CEO provided the board a summary of the updates made to the TF2020 contract template and Contract Routing Form and requested feedback.

Director Mohun indicated his core concern relates to verification of commercial reasonableness. Discussion took place related to how the scope of services will be measured. The Fox Group will be providing back up related the number of their clients who have these types of contracts.

Interim CEO requested that the Board, as a professional courtesy, call him prior to the board meeting to address issues in advance of the meeting. The types of issues brought up during the meetings can

be addressed in advance or the topic pulled pending further review in order to make better use of time available during the board meeting.

10. AGENDA INPUT FOR UPCOMING COMMITTEE MEETINGS

CEO evaluation

11. ITEMS FOR NEXT MEETING

Potential special session to be scheduled on June 18th for budget review.

Open session recessed at 5:35 p.m.

12. BOARD MEMBERS REPORTS/CLOSING REMARKS

13. CLOSED SESSION CONTINUED, IF NECESSARY

14. OPEN SESSION

Open session reconvened at 6:06 p.m.

15. REPORT OF ACTIONS TAKEN IN CLOSED SESSION

No reportable items out of closed session.

16. MEETING EFFECTIVENESS ASSESSMENT

The Board will identify and discuss any occurrences during the meeting that impacted the effectiveness and value of the meeting.

17. ADJOURN

Meeting adjourned at 6:06 p.m.

SPECIAL MEETING OF THEBOARD OF DIRECTORS
DRAFT MINUTES

Wednesday, May 13, 2015 at 2:00 p.m.

Eskridge Conference Room,
Tahoe Forest Hospital, 10121 Pine Avenue, Truckee, CA

1. **CALL TO ORDER**
   Meeting called to order at 2:02 p.m.

2. **ROLL CALL**
   Board: Karen Sessler, President; Chuck Zipkin, Vice President; Greg Jellinek, Secretary; Dale Chamblin, Treasurer; John Mohun, Director

   Staff: Jake Dorst, Interim Chief Executive Officer; Crystal Betts, Chief Financial Officer; Judy Newland, Chief Nursing/Operations Officer; Jayne O'Flanagan, Director Human Resources; Patricia Barrett, Clerk of the Board

   Other: Steve Gross, General Counsel, participated via teleconference.

3. **CLEAR THE AGENDA/ITEMS NOT ON THE POSTED AGENDA** ◈
   None.

4. **INPUT – AUDIENCE**
   Dr. Kamenetsky addressed the board and shared that Dr. Greg Mohr is leaving their group. Contract with the hospital is up in September. Hope to expedite the contract process so that there is something in place as it is a concern for candidates that a position will be available. Requests the negotiation of the contract be moved up.

5. **INPUT FROM EMPLOYEE ASSOCIATIONS**
   None.

6. **OPEN SESSION**

7. **APPROVAL OF MINUTES OF:** 02/04/2015 and 02/12/2015

   ACTION: Motion made by Director Zipkin, seconded by Director Jellinek, to approve the minutes of 2/4/15 and 2/12/15 as presented. Roll call vote taken. Approved unanimously.

8. **ITEMS FOR BOARD DISCUSSION AND POSSIBLE ACTION**
   8.1. Contracts ◈
   8.1.1. **Samelson_Physician_Retention_Agreement_2015**

◈ Denotes Action Item

Interim CEO provided a review of the materials provided to the board for review and consideration. Reviewed and signed off on FMV and CR.

Discussion took place related to the requirement that he sees medical patients. Concerns related to this as TTMG does not take medical.
The contract is related to his hospitalists' duties only and not outside of that role. Dr. Coll indicated the physician will assist with locating a physician that accepts medical.

ACTION: Motion made by Director Zipkin, seconded by Director Jellinek to approve the Samelson and authorizes the CEO to ratify contract as presented. Roll call vote taken. Approved unanimously.

Director Mohun indicated that the motion should have included verbiage to authorize the CEO to sign the agreement.

ACTION: Motion made by Sessler, seconded by Zipkin to authorize the interim CEO to sign the retention agreement with Dr. Samelson. Roll call vote taken. Approved unanimously.

8.1.2. **TF2020 Agreement for Medical Advisor Services EHR Technology Council**

a. Laird_TF2020_Agreement_for_Medical_Advisor_Services_EHR_Technology_Council_2015
b. Lombard_TF2020_Agreement_for_Medical_Advisor_Services_EHR_Technology_Council_2015
c. Meredith_TF2020_Agreement_for_Medical_Advisor_Services_EHR_Technology_Council_2015
d. Scholnick_TF2020_Agreement_for_Medical_Advisor_Services_EHR_Technology_Council_2015
e. Thompson_TF2020_Agreement_for_Medical_Advisor_Services_EHR_Technology_Council_2015

Interim CEO provided review of the changes made to the agreements per the Board's request.

ACTION: Motion made by Director Jellinek, seconded by Director Chamblin, to approve contracts in compliance with ABD 21 and authorize the Interim CEO to sign the agreement. Roll call vote taken. Approved unanimously.

Discussion took place regarding the issue of the contracts not being signed. Director Mohun noted that policy ABD 21 requires the contracts be signed before presentation to the Board for approval.

ACTION: Motion made by Director Sessler to rescind the approval of contracts 8.1.2 a – e, seconded by Director Chamblin. Roll call vote taken. Approved unanimously.

ACTION: Motion made by Director Sessler, seconded by Director Chamblin, to approve the terms of the contracts as presented. Roll call vote taken. Approved unanimously.

8.1.3. **TF2020 Agreement Wellness Neighborhood**

f. Arth_TFHD_TF2020_Agreement_Wellness_Neighborhood_2015

g. *Barta_TF2020_Agreement_for_Medical_Advisor_Services_Wellness_Neighborhood_and_EHR_Technology_Council_2015*
h. *Gustafsson_TFHD_TF2020_Agreement_Wellness_Neighborhood_2015*
i. *Jensen_First_Amendment_to_TFHD_Wellness_Neighborhood_Medical_Advisor_Services_Agreement_ for_Disparities_Group_2015*

Item 8.1.3.g. Barta contract pulled by Director Sessler due to a potential of a perceived conflict of interest.

Interim CEO provided a review of the changes to the agreements made per the request of the Board.

Issue of policy ABD 21 requiring that contracts be signed before presentation to the Board for approval was again raised by Director Mohun followed by discussion of the Board.

ACTION: Motion made by Director Jellinek, seconded by Director Chamblin, to approved the terms of the contracts 8.1.3. f, h & i as presented with the contract to be brought back with signature for approval. Roll call vote taken. Approved.

Director Sessler left the meeting at 2:32

ACTION: Motion made by Director Zipkin, seconded by Director Chamblin, to approve the terms of the contract 8.1.3.g as presented with the contract to be brought back with signature for approval. Roll call vote taken. Approved unanimously by those board members voting. Director Sessler abstained.

Director Sessler addressed the Board related to whether there is a need for ongoing inclusion of a Hooper Lundy & Bookman (HLB) email as part of the contract packet. It was agreed the email is not a value added benefit and the Board directs staff to no longer include an email from HLB as part of the contract packet.

8.2. Community Benefit/Wellness Neighborhood Budgetary Discussion

The Board will review and discussed the 2015 proposed budget for the Community Benefit/Wellness Neighborhood program.

The Interim CEO provided background related to the timing and planning for the priority initiatives identified in the community needs assessment and inquired as to whether the Board would be receptive to having a budget place holder provided until the specific programs can be more thoroughly developed.

Direction provided from the Board is to continue to work on a budget that would be neutral to last year's budget for the Community Wellness programs. YTD the Community Wellness program has spent approximately $800k. If initiation of other programs is decided on they will be presented to the Board as a variance with a fully vetted business plan.

Discussion took place related to the need to put metrics to the programs to ensure they dollars spent are having an impact. The public needs to know that their tax dollars are going toward community programs.

Director Chamblin inquired about Executive Director, Caroline Ford's, willingness to give up certain programs in support of others. Karen Gancitano, Director of Acute Services, shared that she has worked with Caroline Ford to identify more metric driven programs and has prioritized some of the programming. In addition, Ms. Gancitano has been asked to look at the sustainability of various programs and how they are currently integrated into the community.

Open session recessed at 2:55 p.m.

General Counsel read the Board into closed session.

9. **CLOSED SESSION:**
   Discussion held on a privileged matter.

10. **OPEN SESSION**
    Open session reconvened at 3:27 p.m.

11. **REPORT OF ACTIONS TAKEN IN CLOSED SESSION**
    None.

12. **AGENDA INPUT FOR UPCOMING COMMITTEE MEETINGS**

13. **ITEMS FOR NEXT MEETING**

14. **BOARD MEMBERS REPORTS/CLOSING REMARKS**

15. **MEETING EFFECTIVENESS ASSESSMENT**
    The Clerk of the Board will distribute the meeting assessment form electronically for feedback.

16. **ADJOURN**
    Meeting adjourned at 3:33 p.m.

TAHOE FOREST HOSPITAL DISTRICT

REGULAR MEETING OF THE BOARD OF DIRECTORS
DRAFT MINUTES

Tuesday, May 26, 2015 at 4 p.m.
Tahoe Truckee Unified School District (TTUSD) Office
11603 Donner Pass Rd, Truckee, CA

1. **CALL TO ORDER**
   Meeting called to order at 4:02 p.m.

2. **ROLL CALL**
   Board: Karen Sessler, President; Chuck Zipkin, Vice President; Greg Jellinek, Secretary; Dale Chamblin, Treasurer; John Mohun, Director

   Staff: Jake Dorst, Interim Chief Executive Officer; Jayne O'Flanagan, Director Human Resources; Patricia Barrett, Clerk of the Board

   Other: Michael Colantuono, acting General Counsel

3. **CLEAR THE AGENDA/ITEMS NOT ON THE POSTED AGENDA**
   None.

4. **INPUT AUDIENCE:**
   None.

5. **Identification of district designated labor negotiator**
   The Board will identify the Chief Human Resources Officer (CHRO) as the District's designated negotiator for negotiations with the Employees' Association (EA) and Employees' Association of Professionals (EAP)

   The CHRO provided background related to need for negotiation with the employee associations.

   Director Mohun joined the meeting at 4:05 p.m.

   ACTION: Motion made by Director, seconded by Director Chamblin, to appoint Jayne O'Flanagan, CHRO, as labor negotiator. Roll call vote taken. Approved unanimously.

   Mr. Colantuono read the Board into Closed Session.
   Open session recessed at 4:06 p.m.

6. **CLOSED SESSION:**
   Discussion held on privileged matters.

7. **DINNER BREAK**

APPROXIMATELY 6:00 P.M.

◈ Denotes Action Item

8. OPEN SESSION – CALL TO ORDER

Open Session reconvened at 6:00 p.m.

9. CLEAR THE AGENDA/ITEMS NOT ON THE POSTED AGENDA

Director Sessler indicated that two items are time sensitive and will commence at the time noted on the agenda.

The Public was reminded that the meeting is televised and of the importance of keeping comments respectful.

10. INPUT – AUDIENCE

Michael O'Malley commented on the request for a medical director at the April board meeting. Mr. O'Malley shared that he had spoken with a representative with the UC Davis clinical trials and this individual indicated it is not true that another director was required or affiliation would be lost if not done. Mr. O'Malley believes this illustrates that Board members have no interest in watching out of the District and called for Director Sessler to step down immediately. Mr. O'Malley further indicated that he has forwarded the matter to the Nevada County DA's office.

Dr. Heifetz responded to Mr. O'Malley's statements by reading an email form the individual who had from UC Davis who had spoken with Mr. O'Malley expressing that she was extremely uncomfortable with the conversation and had concerns that her comments would be misrepresented.

Greg Tirdel introduced himself as a physician practicing in community for 19 years. Dr. Tirdel is concerned that something is being lost in all these Board meetings; THFD is a great hospital district providing great patient care. Steps have been taken to make this the best mountain hospital as noted by the shared achievements and awards received by the hospital. The Board needs to start coming together; be constructive, be involved, and help not hurt.

Pete Forni commented that the Board made a point in December or January about being transparent. It is important that the Board have transparency to the public. Noticed as of last week the last set of minutes posted is from March and there has been little or no feedback from the Board in response to public comments. Mr. Forni recommends incorporating a response into the minutes. Mr. Forni also stated that he is not sure if the Board is aware of the problem with the pricing of oncology drugs. If a cap is put in place TFHD will be in trouble. The positive flow from the drug revenue will become negative. Some attention needs to be paid to the pricing strategy.

> The Clerk of the Board responded to Mr. Forni's comments related to the posting of minutes indicating that the April minutes are included in the May agenda packet (today's meeting) for approval and will be finalized for uploading following approval.

Samara Kemp introduced herself as a concerned citizen. Ms. Kemp has been monitoring the Board meetings recently and heard comments that the physicians should be giving the hospital there time for meetings for nothing. Ms. Kemp reviewed some of her personal medical bills and identified how much of each charge was actually paid to the physicians. The myriad of meetings that these physicians go to does

not allow them to make money at their practice and they should not be asked to provide their expertise without compensation.

Community member shared his experience with TFHD and a life saving event involving TFH and Dr. Tirdel. Physicians are highly valued in our community.

Pete Rivera indicated he has been coming to meetings for the last eight months. His has criticism about how the hospital is being run stating that this is a public hospital and everything that goes on is public. Mr. Rivera mentioned the previous CEO and the related allegations of a conflict of interest. Mr. Rivera believes the Board attempted to pacify the public by saying there was not enough evidence and feels the public should get to see the report: the Board needs to start doing their job.

Conrad Snover [sic] expressed concern about hearing that some desire to have the hospital go back to basics and only provide core services. Mr. Snover is concerned that as the community is growing and evolving and believes the hospital should be doing the same thing. Mr. Snover indicated that he heard from Director Jellinek that he would not take any action that would negatively impact services and inquired as to whether Director Jellinek is in alignment with the physicians who have elected him to the Board or if his position has changed? Mr. Snover does not want to loose his physician and encourages the Board to find way to help physicians by functioning as a unified board. Mr. Snover encourages the Board to move ahead in a positive problem solving manner; consolidate strategy on record and support the CEO in executing that strategy.

11. INPUT FROM EMPLOYEE ASSOCIATIONS

Barbara Wong, President of Employee Association (non-licensed). The employees appreciate the turn that has occurred. A little more communication such as it relates to the Organizational Chart would be appreciated. She acknowledged the hospital employees and stressed that all staff contribute to the awards received by the Hospital.

12. MEDICAL STAFF REPORT ◈

12.1. Medical Staff Report

Dr. Dodd provided a summary of the MEC meeting and presented items for approval.

ACTION: Motion made by Director Sessler, Second by Director Mohun, to approve MEC consent items 1 – 2. Roll call vote taken. Approved unanimously.

13. CONSENT CALENDAR ◈

13.1. Approval of Minutes of Meetings:
04/02/2015, 04/13/2015 and 04/28/2015

13.2. Financial Report: April 2015 Financials

13.3. Contracts

13.3.1. **MacQuarrie_dba_NTEP_Emergency_Services_Agreement_IVCH_2015**

13.3.2. **North_Tahoe_Orthopedic_Call_Coverage_Agreement 2015**

13.3.3. **TF2020 Agreement for Medical Advisor Services EHR Technology Council**

a. Laird_TF2020_Agreement_for_Medical_Advisor_Services_EHR_Technology_Council_2015

b. Lombard_TF2020_Agreement_for_Medical_Advisor_Services_EHR_Technology_Council_2015

c. Meredith_TF2020_Agreement_for_Medical_Advisor_Services_EHR_Technology_Council_2015
d. Scholnick_TF2020_Agreement_for_Medical_Advisor_Services_EHR_Technology_Council_2015
e. Thompson_TF2020_Agreement_for_Medical_Advisor_Services_EHR_Technology_Council_2015

13.3.4. **TF2020 Agreement Wellness Neighborhood**

f. Arth_TFHD_TF2020_Agreement_Wellness_Neighborhood_2015
g. Barta_TF2020_Agreement_for_Medical_Advisor_Services_Wellness_Neighborhood_and_EHR_Technology_Council_2015
h. Gustafsson_TFHD_TF2020_Agreement_Wellness_Neighborhood_2015
i. Jensen_First_Amendment_to_TFHD_Wellness_Neighborhood_Medical_Advisor_Services_Agreement_ for_Disparities_Group_2015

Director Sessler pulled minutes of 4/15 and 4/28 for minor changes.
Director Mohun pulled item 13.3.1 for discussion.

Director Sessler introduced Michael Colantuono who will be acting General Counsel for the May and June regular Board meetings in Mr. Gross' absence.

ACTION: Motion made by Director Chamblin, seconded by Director Jellinek, to approve consent items not pulled for discussion. Roll call vote taken. Approved unanimously

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The minutes of April 13, 2015 will be corrected to reflect the motion under item 8.2.1 was made by Director Zipkin; and a spelling error will be corrected in the April 28, 2015 minutes.

ACTION: Motion made by Director Sessler, seconded by Director Chamblin, to approve the minutes 4/13/2015 with noted change. Roll call vote taken. Approved unanimously.

ACTION: Motion made by Director Sessler, seconded by Director Chamblin, to approve the minutes 4/28/2015 with noted change. Roll call vote taken. Approved unanimously.

Director Mohun addressed the MacQuarrie contract submitted for approval under item 13.3.1. He inquired of the CFO if she could comment to the significant increase. It was noted that the Fair Market Value (FMV) evaluation indicated the existing contract was under market. CNO, Judy Newland, shared background related to what prompted the FMV review at that time; noting the review also looked at comparisons in the state of Nevada.

ACTION: Motion made by Director Mohun, seconded by Director Zipkin, to approve Consent item 13.3.1. Roll call vote taken. Approved unanimously.

14. ITEMS FOR BOARD DISCUSSION

14.1. CEO Search

Timed item commenced at 6:45 p.m.

Director Sessler introduced Don Whiteside with HFS Consultants. Mr. Whiteside is conducting the CEO search and provided an updated related to the CEO search process and progress. Mr. Whiteside indicated that he was in town this week to gather the input required to put together the job specification. Mr. Whiteside shared locations and times of where he will be available to meet with

stakeholders interested in providing constructive feedback. In addition, Mr. Whiteside will be holding individual meetings with the Board members, the CEO, and members of the community. For those note available to meet with Mr. Whiteside in person, an email address has been established to receive written feedback. Email: TahoeForestCEOSearch@gmail.com.

Director Chamblin expressed an interest in attending the community forum meetings and inquired as to the appropriateness of having a board member present. Discussion took place regarding whether board presence would inhibit comment by the public. An agenda may be posted to allow more than two members of the Board to attend. Verbiage will be included on the agenda to indicate the meeting is being held "simply to allow board members to attend. We do not intend to conduct business of the Board and no minutes will be taken."

Discussion took place regarding the notification to the public regarding the feedback forums. Director of Marketing, Paige Thomason, indicated that the timing of the press release and holiday impeded the information being included in the Friday Sierra Sun. Email notifications were sent to various groups and interested parties in town.

14.2. Physician Contracting

Timed item commenced at 7:00 p.m.

Director Sessler provided a review of the process for working through the following agenda items. Question by the public will be taken at the conclusion of all three items.

a. *Physician Compensation Methodology*
Gayle McAmis, with the MSC Business Office, introduced herself and provided as summary of the physician compensation methodology education being provided.

The goals of MSC physician compensation program

- Pay within Fair Market Value
- Pay a sufficient amount to recruit and retain physicians
  - May not be the same amount
- Maintain internal equity between physicians
  - Both within and between specialties
- Align physicians with the organization's productivity and quality goals
- Simple, clear and understandable to all parties

A review of the MSC core model and an overview of the Medical Group Management Association (MGMA) whose survey is used to identify the base compensation based on a 3 year medium compensation reported in the survey were provided.

An explanation of the Work Relative Value Units (WRVUs) was provided

Discussion took place related to the number of independent contract physicians included in the MGMA data and whether this would skew the data at all. MGMA does not report the names of organizations that respond to their survey but the data does include both large and small entities.

A review of the ECG valuation and how it compares with the MSC model as well as FMV comparisons was provided.

Director Sessler inquired as to why the District needed the MSC's. Ms. McAmis shared that the model came into being as a couple of physicians were not earning an income near what they would/could make in an area as close as Reno. The trend nation wide is that physicians are less interested in running their own practice and would rather focus on the practice of medicine rather than the business of medicine.

Director Mohun indicated the model presented reflects only the clinical MSC practice and not contracts related to medical directorships, TF2020's etc.

b. Medical Staff Outlook

Dr. Shawni Coll, private practice OBGYN and Medical Director of Strategic Planning and Innovation provided input related to where the medical staff wants to be in the next 5 to 15 years. Dr. Coll shared that physicians can earn 30 – 50% more income if working in Reno and that they stay in Truckee to serve the community, their neighbors, and coworkers.

Dr. Coll expanded on the question raised by Dr. Sessler related to why the MSCs were first started, indicated that in 2006 as a physician could not make ends meet with his practice if he stayed in Truckee. The alternative to subsidizing the physician would have been to loose the physician and income brought into the District. It was noted that the MSCs are not a losing prospect, and those services operating in the negative are services wanted in the community and require a 1 and 3 call burden.

Physician leaders are concerned with recent comments being attributed to members of the Board and are requesting clarification from the Board regarding their vision and intended approach to physician contracting.

Dr. Coll spoke to the progress made with physician alignment over the last 10 – 15 years and work being done by physicians in pushing Just Culture, lean principles, six sigma and other standards to improve alignment.

Dr. Coll shared concerns related to comments made at the last board meeting related to the cost of medical directorships. Physicians are feeling attacked and working within a hostile work environment. Physicians stay here because of the hospital, the amazing nursing staff, unit clerks and staff from front line to leadership. Physicians feel they are being attacked via emails from community members saying they are neither needed nor valued.

Physicians need from the Board a strategic direction. Concerns related to comments made by the Board indicating a desire to bring the hospital back to primary care without specialist is a concern. Physicians whose contracts come up for renewal in 2016 need to understand the Board's intent to allow them time to find other jobs.

Director Mohun indicated he was not aware there was such anxiety amongst the physicians and appreciates the points made by Dr. Coll related to the value the MCSs bring to the organization. Discussion took place related to physician alignment and quality. Dr. Coll shared that the medical staff has an extremely robust peer review to ensure the highest quality is provided. The medical staff strategic plan focuses on quality metrics as well and there are opportunities to provided program and service line projects to enhance clinical work for physician's not meeting the WRVUs.

Director Chamblin stated that there is little the Board can due to address the community critics; they can, however, provide an administrative policy or plan to illustrate the Board's support of physicians.

Discussion took place regarding the purpose of the MSC and whether there may be other models to better meet the needs of the community. Dr. Coll reminded the Board of the request presented to the Board at a previous meeting for approval of funding to engage ECG to conduct a study to help identify alternate physician and hospital alignment models. An outside consultant is needed due to the complexity and to ensure that the physicians trust the models identified. All physicians would be invited to participate; both private practice and the MSC physicians.

Dr. Dodd responded to Director Mohun's comments, stating that physicians are already being paid on quality measures and it would not be necessary to build additional language around this into contracts as it already impacts payments. Director Mohun agreed, indicating that the contracts have a quality component already included as required by CMS.

The Interim CEO added that any alignment model needs to relate to ICD10 EMR and other initiatives.

c. *Financial Impacts of Physician Transitions*
Tim Garcia-jay, Executive Director of Clinics, introduced Lori McGuire with PhysiciansXL.

Ms. MacGuire provided board education related to the financial impacts of physicians transitions.

It was noted that TFHD has a difficult and onerous call schedule which is one of the components that would be looked at by the consultant (ECG) if engaged.

Director Sessler commented on the importance of an aligned integrated system and appropriate physician compensation that may enable the District to avoid multiple contracts with individual physicians.

Director Jellinek addressed the comments made earlier regarding the rumors circulating amongst the physicians related to board comments pertaining to the intended direction for the hospital. Director Jellinek believes these rumors to be inaccurate.

Director Zipkin expressed that this is a community of medically savvy members and to say we need a typical rural essential care hospital is 50 years behind the times. Physicians incentivized to come to this community are earning this money.

Director Mohun indicated the issue is not about money. It is about the best interest of the District, not to increase or decrease someone's livelihood. The Board wants a full 100 percent alignment with the physicians. All the nonsense and rumors can be dismissed. Encourages physicians to assist the Board help them work through this process in the next couple of months.

It was noted that there is a fine line between administrative responsibilities and those of the Board; the Board approves the methodology and does not get into the weeds.

Ann Liston spoke to the Board regarding her mild TBI received as a result of an accident and the high quality of care she has received from Dr. Winans. Ms. Liston shared that due to her TBI, she experienced difficulty with driving which made her thankful that she could receive treatment locally.

Dr. Johanna Koch with Incline Village shared that she appreciated some of the things said to day and wanted to clarify a few things. Dr. Koch believes the role of the Board has become confused and the Board has become the defacto administration. Director Mohun's comments that money is not the concern is not accurate as money is what the public expresses as the primary concern. The Board has not adequately expressed clearly what their direction is; the Board needs to own responsibility and take action.

Dr. Josh Scholnick shared a summary of the types of services provided in his practice and the related benefit to community. Dr. Scholnick believes that if the certainty of a salary goes away, the doctors will as well.

Dr. Nina Winans practices sports medicine; non-surgical orthopedic care. She is a MSC physician and medical director. Dr. Winans acknowledged the amazing strides that have been made though community collaboration to improve the safety and health of youth sports. In response to discussions related to physician alignment and compensation, Dr. Winans noted that she and many other physicians participate in meetings in addition to their clinical and medical director roles at the request of administration to provide their expertise.

Erin Koppel, Oncologist, addressed the Board based on the potential that the Board is considering limiting MSC physician contracts or compensation. Requiring patients to drive to Sacramento, or in limited cases to Reno, is unacceptable.

Sam Smith, PA at TFH shared his experience of having worked in Reno and the Bay Area. High value care is of the utmost importance. NPs and PAs hold a key piece in providing care in the new health care climate. Having quality physicians to provide oversight is important. It is imperative to have the highest quality physicians and if specialists are forced out he would be

concerned for the patients. Sees administration falling apart and feels the Board has the wrong focus by taking aim at physicians rather than focusing on growing the District.

Artim [sic], a five year Truckee resident and former cancer patient shared his experiences with Drs. Tirdel and Dodd. Is concerned that, as an outsider reading all the rumors in the newspaper and online, there is not a clear direction of what this board wants to do. Shared experience with his wife who was pregnant with triplets and experienced complications three months prior to delivery date. He believes he would have lost his wife and three children if the hospital and its services were not available. There needs to be a clear message of the future provided to the community. The Board needs to be careful not to scare the physicians away; they are needed and provide vital services.

Randy Hill commented that it is sad, disgusting, and embarrassing that physicians have had to stand up and defend themselves. The physicians are not being overpaid. The Board represents thousands, "not the handful of misanthropes that speak at the meetings." Mr. Hill, speaking on behalf of a number of community members, implores the Board to cut through the nonsense; it is time to govern.

Greg Tirdel, Medical Director of MSC, addressed the inference that the angst of physicians is caused only by rumors. The physicians did not create the comments; these were made by the Board. Physicians need to understand that they have the support of the Board.

Melissa Kaime, Oncologist at the Cancer Center, commented that the District has a Quality team at the hospital and was recently awarded a 5 start rating by CMS; what else does the Board want? Dr. Kaime encourages the Board to take some time and get to know the quality being provided and not to mess with something that is not broken. The Board does not need to fix the hospital; it needs to enhance it, make it better, and speak of it positively and not tear it down in their public comments.

Dr. Jerry Schaffer came to TFH from Berkley part time after having been encouraged by Dr. Zipkin to come augment his practice. Dr. Schaffer made the transition to full time in the summer of 2013 after realizing that the medical community, primary care specifically, in our community is exceptional. Primary care physicians go into the hospital to see their patients and are supported by the specialists, as they are supported by primary care physicians. Physicians are being demeaned in this community now. Hospital could fail if the subspecialists who support the primary care patients were to leave.

Pam Hobday, speaking as a community advocate and part of the TFHD family, shared that it is very difficult to read that two physicians received what she believes are demeaning communications that constitute a hostile work environment. This is a tipping point for the Board this evening and she hopes the Board will give a direction on what their next steps will be; the community is asking for governance and strategic direction. Paint the picture of what the hospital of the future will look like; physicians and the community deserve the truth. She wants to hear it soon, before 2016.

Sandy Spaitch addressed the Board related to the questions related to quality. Ms. Spaitch shared that TFH has one of the most engaged medical staff's she has worked with. They engage quality even more than the Board can appreciate and are more engaged than other medical staffs she has worked with. The Board needs to appreciate the quality that they have in their physicians. They drive quality, they are quality.

Jay Gustafson, community member. It is no loner a one horse town or one stop sign town. He has heard each of the Board members agree the comments related to compensation and services are rumors and that the services are needed in the community. The Board needs to be proud of the hospital and physicians in our community.

Rob Webb, patient and community member shared his hope the Board allows the physicians to keep up the good work. Encourages the board to listen to the doctors and community. Don't lose it, improve on it.

Dr. Julie Conyers introduced herself as a new physician to TFH. She came to this community because the Hospital blew her socks off due to the culture of quality from all layers of the organization. It is one of the best places she has ever worked. Dr. Conyers shared her experience in urban environments and what she described the Physician fugitives running from their background and lacking board certification who would be willing to work for the reduced compensation that has been referenced recently by Board members. The culture of quality is very unique to this organization; it is working and not broken.

15. BOARD COMMITTEE REPORTS/RECOMMENDATIONS FOR DISCUSSION AND/OR ACTION

15.1. Governance Committee Meeting – 05/13/15

This topic was taken out of order to accommodate a scheduled item.

Director Sessler provided an update related to the committee's May meeting. The Committee discussed coordination of a follow up meeting to the Board retreat which is tentively schedule in September. At part of the compliance plan, the Board directed the Fox Group to conduct quarterly contract compliance audits. Contracts reviewed as part of the initial audit were compliant for signature and contract routing form. Review of the policy is underway. Director Jellinek applauded the Fox Group for the work they have done for the District. The committee is looking at education options and new forms to track board goals under development.

Director Sessler commented that one of the Board's priority roles is to provide strategic direction. It is clear the Board is being asked to do so and provide direction on its priorities. The Board's job is to think to the future, informed by the past, and provide direction to management staff who then takes on the task of accomplishing those goals. Director Sessler shared that she believes strongly in the Speak Your Peace campaign; the right to disagree and the right to your own opinion but not your own facts. She believes in the physicians and agrees that the District and physicians should investigate other alignment models that include fair compensation and production based quality standards. The comments related to what essential services include needs to be broad as it will mean something different to each individual. Dr. Sessler expressed her support of the physicians.

Director Chamblin would like to agendize this issue at the next meeting to put the topic to rest and provide certainty to everyone involved.

Director Zipkin thanked those in attendance for providing feedback. The impacts on the broader community if the District does not provide certain services are significant. He encourages those who hear a rumor that is not believed to be correct, to call the Board on it.

Director Mohun indicated it is important to have a robust discussion. He is in agreement with many of the comments made today. The confusion is in that the Board has an obligation to have oversight over the regulatory controls and ensure the highest level of compliance. As a Board member he appreciates everything the doctors do and the services provided.

Discussion took place related to how this feedback and the requests of Dr. Coll and other audience members need to be agendized at the next meeting.

Mr. Colantuono recommended the Board consider adopting a resolution that responds to the fear by saying that Board does not intend to reduce the level of service provided to the community. Financial viability and impact on the organization are considerations.

Staff will draft a resolution for Board adoption consideration.

15.2. Finance Committee Meeting – 05/21/15

15.2.1. **Refinancing of 2006 Revenue Bonds – Update**

Director Chamblin provided an overview of the direction given to the CFO to pursue refinancing of the revenue bonds. CFO recognized for her successful efforts. Director Zipkin asked for clarification of how the funds are paid down. CFO provided education related will save the district approximately $200k per year.

15.3. Personnel/Retirement Committee Meeting – No Meeting

15.4. Quality Committee – No Meeting

15.5. Community Benefit Committee – No Meeting

16. INFORMATIONAL REPORTS

16.1. Strategic Initiatives Update

This topic was taken out of order to accommodate a scheduled item.

Director Sessler reviewed the format of the reports and asked the Board if they had any questions related to the information provided.

Discussion proceeded to topic of CEO Search Update

17. AGENDA INPUT FOR UPCOMING COMMITTEE MEETINGS

Finance Committee – cash in investments and security of those investments.

18. ITEMS FOR NEXT MEETING

Policy to reflect approved compensation methodology

Establish board strategic direction around physicians contracting – certainly of scope of services.

Engagement of consultant to assess hospital and physician alignment models
CEO Search

19. BOARD MEMBERS REPORTS/CLOSING REMARKS
None.

20. CLOSED SESSION CONTINUED, IF NECESSARY

21. OPEN SESSION

22. REPORT OF ACTIONS TAKEN IN CLOSED SESSION
None.

23. MEETING EFFECTIVENESS ASSESSMENT..... ATTACHMENT
The Board will identify and discuss any occurrences during the meeting that impacted the effectiveness and value of the meeting.

24. ADJOURN
Meeting adjourned at 9:34 p.m.

TAHOE FOREST HOSPITAL DISTRICT

SPECIAL MEETING OF THEBOARD OF DIRECTORS
DRAFT MINUTES

Friday, June 5, 2015 at 3:00 p.m.
Eskridge Conference Room,
Tahoe Forest Hospital, 10121 Pine Avenue, Truckee, CA

1. **CALL TO ORDER**
   Called to order at 3:00 p.m.

2. **ROLL CALL**
   Board: Karen Sessler, President; Chuck Zipkin, Vice President; Greg Jellinek, Secretary; Dale Chamblin, Treasurer; John Mohun, Director

   Staff: Jake Dorst, Interim Chief Executive Officer; Crystal Betts, Chief Financial Officer; Judy Newland, Chief Nursing/Operations Officer; Patricia Barrett, Clerk of the Board

   Other: Steve Gross, General Counsel; Jim Hook, The Fox Group;
   David Henninger, Hooper Lundy & Bookman attended via teleconference

3. **CLEAR THE AGENDA/ITEMS NOT ON THE POSTED AGENDA**
   None.

4. **INPUT – AUDIENCE**
   None.

5. **INPUT FROM EMPLOYEE ASSOCIATIONS**
   None.

   General Counsel read the board into Closed Session.
   Open session recessed at 3:03 p.m.

6. **CLOSED SESSION**
   Discussion held on a privileged matter.

7. **OPEN SESSION**
   Open session reconvened at 4:53 p.m.

8. **REPORT OF ACTIONS TAKEN IN CLOSED SESSION**
   None.

9. **ITEMS FOR NEXT MEETING**
   Draft CEO job specifications – topic will be agendized as a scheduled item during the 6/10/15 special meeting of the Board of Directors.

10. BOARD MEMBERS REPORTS/CLOSING REMARKS

None.

11. MEETING EFFECTIVENESS ASSESSMENT

The Board will identify and discuss any occurrences during the meeting that impacted the effectiveness and value of the meeting.

12. ADJOURN

Meeting adjourned at 4:57 p.m.

TAHOE FOREST HOSPITAL DISTRICT

SPECIAL MEETING OF THE BOARD OF DIRECTORS
DRAFT MINUTES

Wednesday, June 10, 2015 at 3:00 p.m.

Eskridge Conference Room,
Tahoe Forest Hospital, 10121 Pine Avenue, Truckee, CA

1. **CALL TO ORDER**

   Meeting called to order at 3:01 p.m.

2. **ROLL CALL**

   All board members present

3. **CLEAR THE AGENDA/ITEMS NOT ON THE POSTED AGENDA** ◈

   None.

4. **INPUT – AUDIENCE**
   None.

5. **INPUT FROM EMPLOYEE ASSOCIATIONS**
   None.

   General Counsel read the board into Closed Session.

   Meeting recessed to Closed Session at 3:03 p.m.

6. **CLOSED SESSION:**
   Discussion held on privileged matters.

7. **OPEN SESSION:**
   Scheduled item scheduled to commence at 5:00 p.m.
   Open session called to order at 5:06 p.m.

   Don Whiteside with HFS Consultants joined the meeting.

   7.1. CEO Search

   The Board reviewed a draft Chief Executive Officer job specification compiled by HFS Consultants.

   Don Whiteside provided a review of the process of compiling the CEO position specification which included feedback from community groups, individuals, staffs, physicians and individual board members.

   It was noted that until final candidates are being interviewed, additional input can be received and considered. The job specification document will be refined ongoing as needed.

Director Chamblin suggested Mr. Whiteside to reach out directly to Dr. Ganong.

Discussion took place related to including information related to the community needs assessment, housing information and audit information. Mr. Whiteside shared that he is attempting to keep the job specification document from becoming too large and that additional data will be provided to candidates to augment the job specification document.

The Interim CEO/CIO requested that a candidate's having knowledge and understanding of information technology needs to be stressed and fully vetted. Reference to IT and data will be included on the list.

The reference to the District at the top of the document will be updated to reflect "Tahoe Forest Hospital District."

The Board is in agreement that the job specification document with noted updates can now be distributed to candidates.

Open session recessed at 5:19 p.m.
Open session reconvened at 6:11 p.m.

8. REPORT OF ACTIONS TAKEN IN CLOSED SESSION
None.

9. ITEMS FOR NEXT MEETING
None.

10. BOARD MEMBERS REPORTS/CLOSING REMARKS
None.

11. MEETING EFFECTIVENESS ASSESSMENT
The Board will identify and discuss any occurrences during the meeting that impacted the effectiveness and value of the meeting.

12. ADJOURN
Meeting adjourned at 6:11 p.m.

SPECIAL MEETING OF THE BOARD OF DIRECTORS
DRAFT MINUTES

Thursday, June 18, 2015 at 3:00 p.m.

Eskridge Conference Room,
Tahoe Forest Hospital, 10121 Pine Avenue, Truckee, CA

1. **CALL TO ORDER**
   Meeting called to order at 3:00 p.m.

2. **ROLL CALL**
   Board: Karen Sessler, President; Chuck Zipkin, Vice President; Greg Jellinek, Secretary; Dale Chamblin, Treasurer; John Mohun, Director

   Staff: Crystal Betts, Chief Financial Officer; Judy Newland, Chief Nursing/Operations Officer; Jayne O'Flanagan, Chief Human Resources Officer; Patricia Barrett, Clerk of the Board

   Other: Steve Gross, General Counsel

3. **CLEAR THE AGENDA/ITEMS NOT ON THE POSTED AGENDA ◈**
   None.

4. **INPUT – AUDIENCE**
   None.

5. **INPUT FROM EMPLOYEE ASSOCIATIONS**
   None.

   General Counsel read the board into Closed Session.
   Open session recessed at 3:02 p.m.

6. **CLOSED SESSION:**
   Discussion held on a privileged mater.

7. **OPEN SESSION:**
   Open session called to order at 3:10 p.m.

   Report out from Closed Session:
   On February 24, 2015, by unanimous vote of the Board, the Board determined it was in the best interest of the District to purchase Medical Office Building (MOB) unit #210 owned by David G. Kitts MD, Inc. and authorized Mr. McConn to negotiate the purchase agreement. On April 28, 2015, by unanimous vote of the Board, the Board authorized Mr. McConn to execute the agreement on behalf of the District.

8. **CONSENT CALENDAR ◈**
   8.1. Resolution Authorizing The Purchase Of Medical Office Building Condominium Unit #210, 10956 Donner Pass Road, Truckee, California and Authorizing a Signatory On Behalf Of

The District

General Counsel indicated that the resolution will reflect February 24, 2015 as the date the board determined to purchase the office space, and May 5, 2015 as the date the Purchase and Sale Agreement (reflecting the date of the last signature).

ACTION: Motion made by Director Zipkin, seconded by Director Chamblin, to approve Resolution 2015-03 Authorizing The Purchase Of Medical Office Building Condominium Unit #210, 10956 Donner Pass Road, Truckee, California And Authorizing A Signatory On Behalf Of The District. Roll call vote taken. Passed unanimously.

9. ITEMS FOR BOARD DISCUSSION AND ACTION ◈

9.1. Approval of TFHD Budget FY 2016

The CFO provided a review of Fiscal Year (FY) 2014-15 financials and the FY 2015-16 operating and capital budget.

The operating and capital budget for Fiscal Year (FY) 2015-16 was prepared in collaboration with the Administrative Council and the Department Directors of Tahoe Forest Hospital District (TFHD). The budget assumptions were the guidelines the Finance Department used in building this budget.

FY 2014-15 was another challenging year for TFHD. Management focused on effectively controlling operating expenses, while navigating through a terrible winter season, all in an effort to balance the TFHD's financial position. The year was plagued by multiple challenges in market conditions. Notwithstanding the dismal winter season, TFHD's market began to realize the impact of the second year implementation of the Affordable Care Act with the continuation of both the California and Nevada Insurance Exchanges, as well as the expansion of the California MediCal program, and its transition to MediCal managed care. Statewide, Tahoe Forest and similar hospitals with Distinct Part Skilled Nursing Facilities (DP/NF) worked diligently to mitigate the threat of retroactive reimbursement reductions, and are still faced with these threats in FY 2015-16.

A significant change to the organization's payor mix continues to be seen, driven primarily by the Insurance Exchanges, MediCal expansion, and aging population utilizing Medicare.

The 2015-16 fiscal year is an aggressive year. Management is projecting earnings from operations (EBIDA) of only around $2 million and a drop in cash reserves of approximately $1.4 million, however, the day's cash on hand target remains at 157 days due to a reduction in our expense per day. Management is projecting $8.5 million in favorable cash flow from operations, philanthropic activities and property tax revenues.

The largest impact on cash is the exceptional number of capital projects that are scheduled to be staged during the fiscal year. The scope of projects includes the continuation of information system transitions, funding of personal property for Measure C project occupancies, installation of the surgical lights and booms, replacement of the nurse call system, and significant projects for Incline Village Community Hospital. The IVCH projects include the replacement of the siding, enhancements to the HV AC system for the isolation room, second floor upgrades that will be funded by donor

support, replacing the 30 year old chiller system, and replacing a portion of the roof. Just these noted capital projects exceed over $6.5 million in capital investment for the District. Combined with the phase-in of the third year of the Affordable Care Act and the predictable pressure on shifting payor reimbursements associated with the new large deductible commercial products, management will continue its efforts to reduce overall operating expense to maintain level operating margins.

Budget assumptions for FY 2015-16 have been carefully constructed to balance key investments with a conservative approach to the maintenance of a strong, yet fragile capital structure. To complement this approach, management will continue to take an aggressive and proactive position on managing controllable expenses in FY 2015-16 to assure that we are able to balance our budget in this dynamic era of health reform. Balance sheet management and organization redesign will continue to be dominant themes as we lead TFHD through these challenging times.

9.2. Approval of TFHD Rate Increase Proposal

The CFO provided a review of current room rates and indicated that District management proposes a 5% rate increase in room rates for only specific areas, and an increase to Emergency Department (ED) Level charges to take effect August 1, 2015 in order to gain gross revenue. This equates to approximately a $750k increase in net revenue.

Discussion took place related to the cohort report data comparison. Data reflected for California is one year old and data reflected for Nevada hospitals is two years old. The CFO provided an overview of the proposed Emergency Department Level charge increases and how they compare to other hospitals in the cohort.

Discussion took place related to out migration of patients as a result of costs.

Discussion took place related to what ED levels are seen at THF. The CFO indicated that TFH follows a bell curve and most often sees levels 1 – 3.

Director Jellinek shared concerns expressed by the public related to the amount of charges incurred during ED visits.

Director Mohun expressed concern related to out migration of patients seen for levels 1 – 3 services; indicating that adding a 5% increase at this point and time sends the wrong message.

The CFO shared that outmigration is not normally related to ED visits, rather primarily related to outpatient services. Director Sessler clarified that outpatient costs remain static and that no adjustments have been made in this area.

Discussion took place related to urgent care services compared to emergency room services. Director Jellinek inquired about the benefits of engaging a consulting firm to assess the out migration issue for the District. Discussion took place related to outmigration and the lack of available data pertaining to outpatient services. The interim CEO has been looking at physician referral data which may help to inform on what may be going on with patients.

Discussion took place related to payor mix and charity care.

CFO provided an explanation as to what is included in the ED level charge; facility, staff time, and minor supplies that cannot be billed.

Discussion took place related to the survey data used to identify annual salary increases included in the MOU for each employee association; anomalies in the survey data resulted in unusually high percentage increases. It was noted that the District needs to remain on a competitive level in order to recruit and retain employees.

Discussion took place related to work being done to push down costs of orthopedics and the impact on these reductions should the Board decide to increase room rates more rather than increasing ED level charges. The CFO noted that the supply cost reductions are a first step in price decline methodology; there is a potentially strong impact for being able to provide this type of service at a reduced cost with high quality.

The following corrections to the budget packet were noted:

- Page 22 will be corrected to reflect ENT versus Enterology.
- The color coding on page 39 will be corrected.

Discussion took place related to the focus by the Wellness Neighborhood. The Wellness Neighborhood currently provides services to help progress the organization and community toward the triple aim component related to wellness.

Karen Gancitano, Director of Acute Services, provided an overview of the Wellness Neighborhood budget identified for FY 2016 noting the program's goals are aligned with the Triple Aim.

9.3. Approval of TFHD 3 Year Capital Plan – FY 17-19

The District has restricted capacity to fund any capital expenditures from operations for FY 2016 after performing a detailed analysis of the Statement of Cash Flows for FY 2016.

Of the capital requests for FY 2016, the following are recommended for approval as the 2016 Capital Budget:

1) Prioritized capital requests up to $1,418,900, of which $1,250,000 is funded by the municipal lease
2) IT Infrastructure and other prioritized projects up to $559,300
3) Health Information (EMR)/Business Systems totaling $500,000
4) Building projects for TFH & IVCH totaling $4,487,480
5) GO Bond project personal property not funded by Measure C totaling $500,180
6) Measure C Scope Modifications not funded by Measure C totaling $749,287

Meeting recessed at 5:05 p.m.
Meeting reconvened at 5:10 p.m.

It is recommended that District management be provided the discretion to prioritize and approve any capital item request, provided the cash position of the District reflects the ability to due so and as long as it's within the scope described above.

A summary of professional fees was provided.

Public comment:
Gaylan Larson addressed the Board expressing pleasure about decreasing costs to patients. He shared that he is discouraged by comments made related to costs for services and feels data previously reported was not accurate. Mr. Larson stated his belief that management is either lying, they don't know, or both. Raising rates is a big deal for some and the Board will get a lot of push back from the community. Mr. Larson addressed payor contracts and indicated his understanding that the discounts given by TFHD are significantly different than those given to other hospitals.

> The CFO responded that the market share data reported was what was available at that time; there was no lie as the data is always two years behind. Discussion took place related to availability of data.

Dr. Spohr thanked the CFO for presenting complex information thoroughly. Dr. Spohr shared that he has a couple of concerns related to the MSC clinics loosing money each year. The Board needs to look at how to increase revenue or decrease expenses. The cost of cancer drugs are another area of concern. The hospital currently charges 5 ½ times the cost, and he believes this to be egregious. Medicare allows for a 6% mark up. Hospital is exploiting the patient. It is immoral.

Jack Cashton echoed what Dr. Spohr stated related to the profit on cancer drugs and losses by the MSC. The Board and the new CEO need to look at all of the programs and identify what is essential for the community and do some serious cost cutting.

ACTION: Motion made by Director Chamblin, seconded by Director Zipkin, to approve the selective 5% increase as presented.

Discussion on the motion:
Director Jellinek expressed concern related to the public perception and that the community will be unhappy with the proposed increase. Director Chamblin indicated that he shares Director Jellinek's concern.

Director Mohun believes there is opportunity to offset the $750k through a reduction in pro fees rather than through rate increases. He is concerned that rate increases may result in an outmigration of ED patients.

Director Sessler feels positive that the CFO has brought a budget without a 5% across the board increase; this is a budget that strikes an acceptable balance. Director Jellinek agrees, and stated the importance of how this is presented to the community. Director

Chamblin echoes Director Sessler's comments indicating the presentation to the public is going to be important to ensure their understanding.

Director Zipkin expressed that the best way to serve the community is to keep this hospital financial viable.

The CFO reminded the Board that orthopedics is phase 1 of the pricing reduction strategy. There is a need to make changes in a sustainable manner and adjustments must be made in balance and cannot be done all at once.

Roll call vote taken. Approved unanimously.

ACTION: Motion made by Director Chamblin, seconded by Director Zipkin, to approve the FY2016 Budget.

Discussion on the motion:
Director Mohun asked for confirmation that that future budget variances would not be coming to the Board.

The CFO stated that there has only been one request for a budget variance in the past 11 years. The FY2016 Budget includes everything she and her staff are currently aware of and reminded the Board that the Wellness Neighborhood budget is not yet confirmed and the budget reflects a place holder amount as previously directed by the Board. Future variance requests related to the Wellness Neighborhood will need to be evaluated by the Board.

Roll call vote taken. Approved unanimously.

ACTION: Motion made by Director Sessler, seconded by Director Zipkin, to approve the three year capital budget as presented. Roll call vote taken. Approved unanimously.

10. REPORT OF ACTIONS TAKEN IN CLOSED SESSION
Report out from Closed Session took place at the beginning of open session.

11. ITEMS FOR NEXT MEETING
None.

12. BOARD MEMBERS REPORTS/CLOSING REMARKS
The CFO recognized and thanked Jaye Chasseur and the management team that supported the budgeting process. Director Jellinek reinforced the CFO's comments.

13. MEETING EFFECTIVENESS ASSESSMENT
The Board will identify and discuss any occurrences during the meeting that impacted the effectiveness and value of the meeting.

14. ADJOURN

Meeting adjourned at 6:03 p.m.

TAHOE FOREST HOSPITAL DISTRICT

Board Executive Summary

By: Jake Dorst
Interim Chief Executive Officer

DATE: June 25, 2015

ISSUE:
The Board directed staff to prepare a policy to reflect the physician compensation methodology as approved by the Board at the April 28, 2105 regular meeting of the Board of Directors.

BACKGROUND:

For ease of reference and to avoid redundancy, section 2 of policy *ABD-21 Physician and Professional Service Agreements* has been updated to reflect the approved physician compensation methodology.

ACTION REQUESTED:
Approval of updated board policy, ABD-21 Physician and Professional Service Agreements.

Alternatives:
A separate policy specific to physician compensation methodology can be created and the related section in ABD-21 can be removed.

	Tahoe Forest Health System				
	Title: Physician and Professional Service Agreements			**Policy/Procedure #:** ABD-XX	
	Responsible Department: Board of Directors				
Type of policy		Original Date:	Reviewed Dates:	Revision Dates:	
☒	Board	1/90	5/00; 01/12; 1/14	3/08; 01/10; 02/14; 06/15	
☐	Medical Staff				
☐	Departmental				
Applies to: ☒ System ☐ Tahoe Forest Hospital ☐ Incline Village Community Hospital					

PURPOSE:

This policy is intended to provide the District's Chief Executive Officer a general framework for professional services contracting and recognizes that flexibility may be required due to the broad scope of professional services that may be covered. Further, to insure that the professional service provider is meeting the needs of Tahoe Forest Hospital District and the community that it serves, as well as allowing the provider to update the actual services performed, a formal service review process will be utilized.

POLICY:

Written professional service agreements will be prepared for all physicians and health professionals who qualify as independent contractors and who provide diagnostic or therapeutic services to Tahoe Forest Hospital District's patients, or who provide certain medico-administrative duties within a hospital department or service. The following list exemplifies physicians and health professionals who will be covered by this policy including but not limited to:

A. Anesthesiologists
B. Medical Directors of specific departments/services
C. Nuclear Medicine Specialists
D. Emergency Services physicians
E. Occupational therapists
F. Pathologists
G. Physical therapists
H. Radiologists
I. Respiratory therapists
J. Speech pathologists
K. Emergency and urgent care providers
L. Mid-level practitioners

M. Multi-specialty Clinic Physicians

N. Hospitalists

O. Other contracted physicians

All professional service agreements will be developed between the District's Chief Executive Officer and health professionals. Once agreement is reached between the District's Chief Executive Officer and health professional, and the health professional signs the agreement indicating his or her acceptance of the included terms, the District's Chief Executive Officer will place the agreement on the agenda of the District Board of Directors for their consideration. The professional service agreement will become effective following the Board of Directors' ratification, subject to the contract term identified in the agreement. Professional service agreements committing less than $25,000 per twelve-month period of District funds can be authorized by the District's Chief Executive Officer without Board approval so long as funds have been authorized in the District's operating budget for that fiscal year.

The following Section I describes general provisions which apply, and should be included, in all professional service agreements. Sections 2 and 3 describe provisions which apply to professional service agreements with physicians and non-physicians respectively. It is the Board of Director's policy that these provisions be addressed by all professional service agreements. Section 4 describes the procedure for physician and professional service agreement contract and service review.

PROCEDURE:

1.0 General Provisions: Physician and Non-Physician Professional Service Agreements

1.1 Professional Service Duties and Responsibilities: Each agreement will include a detailed and specific delineation of the duties and responsibilities to be performed by the health professional as well as the District. For example, extensive detail will be provided regarding:

1.1.1 Diagnostic and therapeutic services to be provided

1.1.2 Medico-administrative services to be provided

1.1.3 Coverage obligations to be assumed

1.1.4 The rights and obligations of the District and the health professional with regard to providing space, equipment, supplies, personnel and technicians.

1.2 Standards Of Practice: Each agreement shall specify that the health professional will provide the service in accord with the standards of the Healthcare Facilities Accreditation Program (HFAP) and in any applicable specialty college or society or governmental regulation.

1.3 Medicare and Medicaid Enrollment: Each agreement shall specify that the health professional is duly enrolled in the federal Medicare program and the applicable State Medicaid program and eligible to seek reimbursement under such programs for covered services rendered by the provider to beneficiaries of such programs;

1.1 Quality Assessment: Professional service agreements shall require the health professional to participate in the Health System, Quality Improvement Program to

ensure that the quality, safety and appropriateness of healthcare services are monitored and evaluated and that appropriate actions based on findings are taken to promote quality patient care. Furthermore, each agreement shall specify a process designed to assure that all individuals who provide patient care services under service agreements, but who are not subject to the Medical Staff privilege delineation process, are competent to provide such services. Whenever possible, information from customer satisfaction surveys shall be incorporated into the Quality Improvement Program for said service. Agreements which provide for Directorship responsibilities over a department or service shall require the health professional "Director" to be responsible for implementing a monitoring and evaluation process designed to improve patient care outcomes and which is integrated with the Health System Quality Improvement Program.

1.2 Assignability: It is desirable that all professional service agreements be non-assignable unless important to the successful negotiation of a contract where higher priority objectives may be achieved. Where assignability becomes necessary, assignability shall be allowed only with the condition that prior written consent of the Board of Directors be obtained.

1.3 Contract Term: Professional service agreements shall specify a specific term and termination date (i.e., not automatically renewable for successive years). In considering the term of the agreement, the termination date of related agreements should be considered by the District Chief Executive Officer so as to minimize the likelihood of multiple agreements coming due on the same date or year. The length of the term shall be negotiable. Professional service contracts will typically range from one to four years in duration.

1.4 Professional Liability: In all cases, the health professional will be responsible for providing adequate professional liability insurance coverage at the health professional's expense. Limits of coverage for physicians will be a minimum of $l,000,000 per occurrence, $3,000,000 aggregate. For non-physicians, the minimum limits of coverage may vary depending on the standard established for that health profession. The agreement shall also specify that the contracting health professional will, in turn, either require or arrange for professional liability insurance coverage for all sub-contracting health professionals. Furthermore, the professional liability insurance policy must be obtained from a professional liability insurer which is authorized to transact the business of insurance in the State of California (or Nevada in the case of professional services provided at the District's Community Hospital in Incline Village, Nevada). Also, the professional services agreement must require that the selected insurer will be responsible for notifying the District of any cancellation or reduction in coverage within thirty days of said action.

1.5 Regulatory Compliance: The agreement should include provisions in which both the District and the health professional commit to full compliance with all federal, state, and local laws. The contracting party should agree to keep confidential any financial, operating, proprietary, or business information relating to the District and to keep confidential, and to take the usual precautions to prevent the unauthorized use and disclosure of any and all Protected Health Information. The agreement should include provisions for amendment to the agreement in furtherance of maintaining compliance in the event of the adoption of subsequent legislation and/or regulations.

1.6 Recitals: Exclusive professional service agreements should include a carefully developed description of the rationales for exclusivity in a particular clinical service or department. Furthermore, if the agreement does assign exclusive responsibility for a particular service, it should state so expressly not leaving this to inference or interpretation.

1.7 Professional Relationships: The agreement should specify that the health professional is an independent contractor and is not an employee of the District.

1.8 Government Audit: The agreement should include the standard provision recognizing that the agreement and certain other materials will be subject to audit and inspection by certain federal authorities with regard to payments made for Medicare services.

1.9 Standard Contractual Language: The agreement should include certain standard provisions to the effect that the provisions of the contract are severable and, therefore, the ruling that any one of them is void does not invalidate the entire agreement, and that the waiver of breach of one provision does not constitute a continuing waiver, and that the written agreement constitutes the entire contract between the parties.

1.10 Managed Care: The physician or health professional agrees to participate as a preferred provider with all of the managed healthcare plans (PPOs and HMOs) that the District has agreements with including agreements with insurance companies, health maintenance organizations and direct contracting with self-funded employers. Any deviation of this policy must be approved by District Administration and the Board of Directors.

2. Compensation under Professional Service Agreements With Physicians Only.
In all cases, the contract will specify the financial arrangements related to the provision of physician professional services. The following methodologies may be utilized:

2.1. Hourly rates. Hourly rates are the preferred compensation method for administrative duties such as medical directorships, medical staff leadership positions, or committee attendance. Hourly rates or "per shift" rates with hours of coverage and response time specified are the preferred compensation method for on-call and hospitalist coverage.

2.1.1. Physicians shall be required to document the date, hours spent, and a description of work completed for all administrative duties.

2.1.2. On call calendars maintained by the medical staff office may be utilized as documentation for on-call and hospitalist agreements.

2.1.3. MSC physicians may receive RVU credit for administrative duties in lieu of cash compensation.

2.2. Base compensation plus bonus. Payment of a fixed base compensation plus bonus is the preferred compensation method for multi-specialty clinic (MSC) physicians who are working more than half time. A consistent model for the compensation of MSC physicians shall be utilized, which may be subject to modification annually.

2.2.1. Management shall endeavor to create a model that is aligned with the following organizational goals, recognizing that simultaneous achievement of all goals may not be possible in all cases; however the first of these goals (paying within fair market value) cannot be compromised in any circumstance.

2.2.1.1. Pay within constraints of fair market value

2.2.1.2. Maintain internal equity within and between specialties

2.2.1.3. Provide sufficient compensation to recruit and retain physicians

2.2.1.4. Encourage quality and productivity

2.2.1.5. Clear and understandable to all parties

2.2.2. Base compensation shall be established based on an agreed upon percentage of the median compensation from one or more published compensation surveys, adjusted for the physician's FTE status.

2.2.2.1. FTE status shall be based on agreed number of days of work and/or hours of clinical availability, which may vary by specialty but which shall be consistent within each specialty.

2.2.2.2. The survey to be utilized shall be the MGMA Physician Compensation and Production Survey.

2.2.2.3. The Western Region median shall be utilized.

2.2.2.4. Data shall be smoothed by utilizing a 3-year average of the median from the 3 most recently published surveys.

2.2.2.5. In the event that, in management's professional opinion, the data from the MGMA survey in the Western Region is unreliable due to the low number of respondents or other factors, management may utilize the national median and/or data from other published surveys.

2.2.2.6. Survey data shall be adjusted for inflation that has occurred since the data was collected.

2.2.2.7. The percentage of median may be adjusted based on the physician's historic productivity, years of experience, special expertise, or the difficulty of recruiting a particular specialty to the area. However:

2.2.2.7.1. In no case shall the percentage of median compensation paid as base compensation (before FTE adjustment) fall below 70% nor shall it exceed 130% of the median.

2.2.2.7.2. In no case shall a physician's base compensation be decreased relative to the prior year unless either:

2.2.2.7.2.1. Physician's FTE status has changed

2.2.2.7.2.2. Physician's prior year productivity has fallen below 90% of the prior year's target, and physician failed to reach this productivity level due to factors that are under the physician's control, such as leaving early or taking excessive time off. Determination of the reasons for any such failure shall be reviewed by a panel that includes the Executive Director (or designee), the Medical Director and at least one other physician.

2.2.3. The costs of malpractice insurance and benefits that are borne by the physicians shall be considered based on such reasonable methodology as may be developed by management, which may include but is not limited to:

2.2.3.1. Adding the estimated costs of malpractice insurance, health insurance, retirement benefits, employer-paid payroll taxes, and other benefits that are customarily paid by organizations with the ability to employ physicians.

2.2.3.2. Reducing the WRVU target by an amount that would enable physicians to earn all or a portion of those costs by reaching a production level that is commensurate with their compensation.

2.2.4. Physician contracts may include a production and/or quality incentive, to encourage physicians to work to their full capacity, provided:

2.2.4.1. Productivity is measured in Work Relative Value Units (WRVUs), unless physician works in a specialty for which WRVU benchmark data is either unavailable or insufficient, in which case an alternate measure such as visits may be utilized.

2.2.4.2. The production incentive is in no way tied to referrals or to use of Tahoe Forest Hospital facilities.

2.2.4.3. The production target is set based on the same survey benchmarks utilized for compensation, and is set at a level that is proportionate to base salary.

2.2.4.4. Quality incentives, if any, are measurable and linked to factors that are within the physician's control.

2.2.4.5. The total projected compensation, including incentives, does not exceed fair market value.

2.3. Rate per Work Relative Value Unit (WRVU). Payment at a set rate per Work Relative Value Unit (WRVU) is the preferred compensation method for multi-specialty clinic (MSC) physicians who are working less than half time.

2.3.1. The rate per RVU shall be based on the same compensation and production survey data that is utilized for physicians working half time or more, and may include an allowance for malpractice and benefits.

2.4. Percentage of professional fee collections. Payment based on a percentage of professional fees collected may be utilized for physicians who are not part of the MSC in those instances where the District accepts responsibility for billing and collecting from the patient or any third party payer for professional services and is able to separately bill for professional service fees.

2.4.1. Remuneration based upon a percentage of combined facility and professional gross charges or collections is prohibited.

2.4.2. The District will remit the amounts collected, depending upon the agreement, to the physician, deducting a percentage to account for the estimated expenses of the District's billing and collection services and other administrative and support services, if provided.

2.4.3. If the payment to the healthcare provider is based upon billings rather than collections, a further percentage will be deducted so to account for the estimated incidents of bad debts and contractual allowances. Furthermore, if the payment to the healthcare provider is based upon billings rather than collections, a revenue collection analysis will be performed at least annually to ensure compliance to the above compensation provision.

2.4.4. All professional fee schedules shall be made a part of the agreement and appropriately referenced. Professional fee schedules may be revised annually. Any changes to the professional fee schedule must be discussed between the District Chief Executive Officer and requesting physician prior to becoming effective. Requests shall conform to the following criteria:

2.4.4.1. Should provide sufficient detail to fully describe the professional services, relevant code numbers and professional fees;

2.4.4.2. All professional fees shall be reasonable and customary and comparable to professional fees charged by their peers within our region. The mechanism for determining compliance to this criteria will be determined on a case by

case basis between the professional provider and District Chief Executive Officer.

2.4.4.3. Other relevant information should also be provided, e.g., changes required as a result of regulatory mandates; requests from individual physicians and Medical Staff; new service charges or extraordinary changes in provider costs not previously anticipated.

2.4.4.4. Written agreement reflecting mutual acceptance of the proposed revisions as meeting the above criteria shall be required prior to the changes becoming effective.

2.5. Payment per service. Payment at a specified rate per service is the preferred method for limited scope agreements in which the physician is providing clearly delineated clinical services. Examples include EKG interpretations, audiology reviews, and other services that are billed on a global basis by the hospital.

2.6. Specialty call activation fee. In specialties where a regular on-call panel is either infeasible due to the number of physicians on the medical staff within that specialty or the low incidence of emergency need for that specialty, a specialty activation fee may be offered in the event that physician is called in to respond to an emergency.

2.7. Fair Market Value. In all cases, physician's compensation must be within fair market value and must be determined to be commercially reasonable.

2.7.1. Fair market value for any individual contract shall generally be defined as an amount equal to or less than the 75th percentile of compensation, considering the physician's FTE status and production levels.

2.7.2. However management shall endeavor to design a compensation model that maintains the average physician's compensation within +/- 10% of the median (or between the 40th and 60th percentiles?).

2.8. Multiple agreements. Nothing in this policy shall prohibit the hospital from entering into multiple agreements with physicians; provided however that the designated hours of service are clearly segregated.

2.8.1. Physicians whose MSC duties are typically during regular Monday through Friday daytime hours may be paid for on-call coverage during evenings, weekends, and scheduled days off and/or for administrative duties performed during lunch or after regular clinic hours.

2.8.2. MSC physicians who provide hospitalist, on-call, or administrative services during normal scheduled clinic time shall receive WRVU credit in lieu of cash payment.

2.8.3. The physician may perform administrative duties while on call, as long as clinical duties are not needed. If the physician is need for

clinical duties, they must not bill administrative time when performing clinical duties.

2.9 Physician Qualifications: Professional service agreements with physicians shall require:

2.9.1 A valid and unrestricted license to practice medicine in the state issued by the applicable state Medical Board;

2.9.2 All appropriate certifications, registrations and approvals from the Federal Drug Enforcement Administration and any other applicable federal or state agency necessary to prescribe and dispense drugs under applicable federal and state laws and regulations, in each case without restriction;

2.9.3 Prompt disclosure of the commencement or pendency of any action, proceeding, investigation or disciplinary proceeding against or involving Physician, including, without limitation, any medical staff investigation or disciplinary action;

2.9.4 Prompt written notice of any threat, claim or legal proceeding against TFHD that Physician becomes aware of, and cooperate with TFHD in the defense of any such threat, claim or proceeding and enforcing the rights (including rights of contribution or indemnity) that TFHD may have against other parties or through its insurance policies;

2.9.5 No discrimination against a patient based on race, creed, national origin, gender, sexual orientation, disability (including, without limitation, the condition(s) for which the patient seeks professional services from Physician), ability to pay or payment source.

2.10 Physician Qualifications In Coordination With Medical Staff Bylaws: Professional service agreements with physicians shall require their membership on the District's Medical Staff with appropriate privileges pertinent to the duties and responsibilities described by the professional service agreement. Termination of the agreement will cause the physician to lose the "right" to provide the services which are described in the agreement. However, this would not mean that the physician would lose his Medical Staff membership and privileges; he/she would simply lose the right to gain access to the service or department which is the subject of the exclusive agreement.

2.11 Contract Termination Clause: In all cases, professional service agreements shall provide for a termination clause which allows for termination by either party without cause upon prior written notice. The following language will be utilized: "For cause" termination of a physician contract during the first year of its term; "No cause" termination following the first year of its term. The timeframe for prior written notice may range from 60-180 days. Further, termination of the agreement does not afford the physician the right to request a medical staff hearing or any other review pursuant to the Medical Staff By-Laws.

3.0 Provisions For Non-Physician Professional Service Agreements

3.1 Compensation: In all cases, the contract will specify the financial arrangements related to the provision of professional services. It is desirable that remuneration be based upon a set professional fee schedule rather than a percentage of gross or net patient charges. However, it is recognized that a wide variety of other

mechanisms may be utilized and such other mechanisms are left to the discretion of the District Chief Executive Officer and Board of Directors.

3.2 Professional Fee Schedule: When reimbursement is based upon professional fee schedules, said fee schedule shall be made a part of the agreement with the health professional. When provided for by agreement, professional fee schedule revisions will be considered once annually in a timeframe that coincides with the District's operating budget. Requests for revisions must be submitted to the District Chief Executive Officer by April of each year for implementation by July. The request should provide sufficient detail to fully describe the professional services, relevant code numbers and professional fees requested. The District Chief Executive Officer will determine the acceptability of the proposed changes.

3.3 Health Professional Qualifications in Coordination with Medical Staff By-Laws: Professional service agreements may require certain health professionals to be members of the District's allied health professional staff with appropriate privileges pertinent to the duties and responsibilities described by the professional service agreement. Should a health services agreement be cancelled involving an allied health professional, termination of the agreement will cause the health professional to lose the "right" to provide the services which are described in the agreement. However, this would not mean that the health professional would lose his allied health professional appointment or related privileges.

3.4 Contract Termination Clause: In all cases, professional service agreements shall provide for a termination clause which allows for termination by either party without cause upon written notice. The timeframe for prior written notice may range from 60-180 days. When the health professional is required to be an allied health professional, termination of the agreement will not afford the allied health professional the right to request the due process hearing described by the Medical Staff rules and regulations for allied health professionals.

4.0 Physician and Professional Service Agreement Contract and Service Review

4.1 Prior to the end of a contract period, the Chief Executive Officer may choose to conduct a *contract review.* Further, the Chief Executive Officer may choose to conduct a *contract review* at any time during the contract period. The Board of Director's can recommend that a *contract review* be done prior to most contract renewals but allows the Chief Executive Officer discretion to forego the review if the contract renewal is on an annual basis or if other factors indicate that the review is not necessary prior to that particular contract renewal.

4.2 At a minimum of every five years, the Chief Executive Officer will conduct a *service review* of the contract service provided by the physician, physician group and/or other professional service. The Chief Executive Officer will undertake the *service review* and a report based upon this *service review* will be made to the Board of Directors.

5.0 Contract Review

5.1 Ensure that the terms of the contract are being met as outlined in the service agreement.

5.2 Review the service as it relates to consistency with the District's compliance program.

5.3 Assessment of patient, physician and staff opinions/input/complaints.

6.0 Service Review

6.1 As part of the *service review,* the Chief Executive Officer will request feedback from the medical and clinical staff regarding the following:

6.1.1 Quality of care being provided based on the specialty's identified standards of care.

6.1.2 Availability and responsiveness.

6.1.3 Consistency with the District's compliance program.

6.1.4 Patient, physician and staff opinions/inputs/complaints.

6.2 In addition the Chief Executive Officer will:

6.2.1 Ensure that the terms of the contract are being met as outlined in the service agreement.

6.2.2 Review market conditions with appropriate benchmarking and make recommendations as to the continuation of the current contract.

6.2.3 Ensure that the fee schedule is appropriate for current market conditions.

6.2.4 Take in to consideration elements of the contractor's relationships with service providers, the District and the community.

6.2.5 Review standards and best practice recommendations set by professional and specialty organizations with appropriate consideration of our community and Hospital District.

6.3 The Chief Executive Officer will compile a report based upon the *service review* and present it to the Board of Directors with recommendations related to continuation of the contract or consideration of a Request For Proposal (RPF) process.

Related Policies/Forms:
References:
Policy Owner: Clerk of the Board
Approved by: Chief Executive Officer

	Tahoe Forest Health System				
	Title: Physician and Professional Service Agreements			**Policy/Procedure #:** ABD-XX	
	Responsible Department: Board of Directors				
Type of policy		Original Date:	Reviewed Dates:	Revision Dates:	
☒	Board	1/90	5/00; 01/12; 1/14	3/08; 01/10; 02/14; 06/15	
☐	Medical Staff				
☐	Departmental				
Applies to: ☒ System ☐ Tahoe Forest Hospital ☐ Incline Village Community Hospital					

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F. Pathologists
G. Physical therapists
H. Radiologists
I. Respiratory therapists
J. Speech pathologists
K. Emergency and urgent care providers
L. Mid-level practitioners

M. Multi-specialty Clinic Physicians

N. Hospitalists

O. Other contracted physicians

All professional service agreements will be developed between the District's Chief Executive Officer and health professionals. Once agreement is reached between the District's Chief Executive Officer and health professional, and the health professional signs the agreement indicating his or her acceptance of the included terms, the District's Chief Executive Officer will place the agreement on the agenda of the District Board of Directors for their consideration. The professional service agreement will become effective following the Board of Directors' ratification, subject to the contract term identified in the agreement. Professional service agreements committing less than $25,000 per twelve-month period of District funds can be authorized by the District's Chief Executive Officer without Board approval so long as funds have been authorized in the District's operating budget for that fiscal year.

The following Section I describes general provisions which apply, and should be included, in all professional service agreements. Sections 2 and 3 describe provisions which apply to professional service agreements with physicians and non-physicians respectively. It is the Board of Director's policy that these provisions be addressed by all professional service agreements. Section 4 describes the procedure for physician and professional service agreement contract and service review.

PROCEDURE:

1.0 General Provisions: Physician and Non-Physician Professional Service Agreements

1.1 Professional Service Duties and Responsibilities: Each agreement will include a detailed and specific delineation of the duties and responsibilities to be performed by the health professional as well as the District. For example, extensive detail will be provided regarding:

1.1.1 Diagnostic and therapeutic services to be provided

1.1.2 Medico-administrative services to be provided

1.1.3 Coverage obligations to be assumed

1.1.4 The rights and obligations of the District and the health professional with regard to providing space, equipment, supplies, personnel and technicians.

1.2 Standards Of Practice: Each agreement shall specify that the health professional will provide the service in accord with the standards of the Healthcare Facilities Accreditation Program (HFAP) and in any applicable specialty college or society or governmental regulation.

1.3 Medicare and Medicaid Enrollment: Each agreement shall specify that the health professional is duly enrolled in the federal Medicare program and the applicable State Medicaid program and eligible to seek reimbursement under such programs for covered services rendered by the provider to beneficiaries of such programs;

1.1 Quality Assessment: Professional service agreements shall require the health professional to participate in the Health System, Quality Improvement Program to

ensure that the quality, safety and appropriateness of healthcare services are monitored and evaluated and that appropriate actions based on findings are taken to promote quality patient care. Furthermore, each agreement shall specify a process designed to assure that all individuals who provide patient care services under service agreements, but who are not subject to the Medical Staff privilege delineation process, are competent to provide such services. Whenever possible, information from customer satisfaction surveys shall be incorporated into the Quality Improvement Program for said service. Agreements which provide for Directorship responsibilities over a department or service shall require the health professional "Director" to be responsible for implementing a monitoring and evaluation process designed to improve patient care outcomes and which is integrated with the Health System Quality Improvement Program.

1.2 Assignability: It is desirable that all professional service agreements be non-assignable unless important to the successful negotiation of a contract where higher priority objectives may be achieved. Where assignability becomes necessary, assignability shall be allowed only with the condition that prior written consent of the Board of Directors be obtained.

1.3 Contract Term: Professional service agreements shall specify a specific term and termination date (i.e., not automatically renewable for successive years). In considering the term of the agreement, the termination date of related agreements should be considered by the District Chief Executive Officer so as to minimize the likelihood of multiple agreements coming due on the same date or year. The length of the term shall be negotiable. Professional service contracts will typically range from one to four years in duration.

1.4 Professional Liability: In all cases, the health professional will be responsible for providing adequate professional liability insurance coverage at the health professional's expense. Limits of coverage for physicians will be a minimum of $l,000,000 per occurrence, $3,000,000 aggregate. For non-physicians, the minimum limits of coverage may vary depending on the standard established for that health profession. The agreement shall also specify that the contracting health professional will, in turn, either require or arrange for professional liability insurance coverage for all sub-contracting health professionals. Furthermore, the professional liability insurance policy must be obtained from a professional liability insurer which is authorized to transact the business of insurance in the State of California (or Nevada in the case of professional services provided at the District's Community Hospital in Incline Village, Nevada). Also, the professional services agreement must require that the selected insurer will be responsible for notifying the District of any cancellation or reduction in coverage within thirty days of said action.

1.5 Regulatory Compliance: The agreement should include provisions in which both the District and the health professional commit to full compliance with all federal, state, and local laws. The contracting party should agree to keep confidential any financial, operating, proprietary, or business information relating to the District and to keep confidential, and to take the usual precautions to prevent the unauthorized use and disclosure of any and all Protected Health Information. The agreement should include provisions for amendment to the agreement in furtherance of maintaining compliance in the event of the adoption of subsequent legislation and/or regulations.

1.6 Recitals: Exclusive professional service agreements should include a carefully developed description of the rationales for exclusivity in a particular clinical service or department. Furthermore, if the agreement does assign exclusive responsibility for a particular service, it should state so expressly not leaving this to inference or interpretation.

1.7 Professional Relationships: The agreement should specify that the health professional is an independent contractor and is not an employee of the District.

1.8 Government Audit: The agreement should include the standard provision recognizing that the agreement and certain other materials will be subject to audit and inspection by certain federal authorities with regard to payments made for Medicare services.

1.9 Standard Contractual Language: The agreement should include certain standard provisions to the effect that the provisions of the contract are severable and, therefore, the ruling that any one of them is void does not invalidate the entire agreement, and that the waiver of breach of one provision does not constitute a continuing waiver, and that the written agreement constitutes the entire contract between the parties.

1.10 Managed Care: The physician or health professional agrees to participate as a preferred provider with all of the managed healthcare plans (PPOs and HMOs) that the District has agreements with including agreements with insurance companies, health maintenance organizations and direct contracting with self-funded employers. Any deviation of this policy must be approved by District Administration and the Board of Directors.

2. Compensation under Professional Service Agreements With Physicians Only.
In all cases, the contract will specify the financial arrangements related to the provision of physician professional services. The following methodologies may be utilized:

2.1. Hourly rates. Hourly rates are the preferred compensation method for administrative duties such as medical directorships, medical staff leadership positions, or committee attendance. Hourly rates or "per shift" rates with hours of coverage and response time specified are the preferred compensation method for on-call and hospitalist coverage.

2.1.1. Physicians shall be required to document the date, hours spent, and a description of work completed for all administrative duties.

2.1.2. On call calendars maintained by the medical staff office may be utilized as documentation for on-call and hospitalist agreements.

2.1.3. MSC physicians may receive RVU credit for administrative duties in lieu of cash compensation.

2.2. Base compensation plus bonus. Payment of a fixed base compensation plus bonus is the preferred compensation method for multi-specialty clinic (MSC) physicians who are working more than half time. A consistent model for the compensation of MSC physicians shall be utilized, which may be subject to modification annually.

2.2.1. Management shall endeavor to create a model that is aligned with the following organizational goals, recognizing that simultaneous achievement of all goals may not be possible in all cases; however the first of these goals (paying within fair market value) cannot be compromised in any circumstance.

2.2.1.1. Pay within constraints of fair market value

2.2.1.2. Maintain internal equity within and between specialties

2.2.1.3. Provide sufficient compensation to recruit and retain physicians

2.2.1.4. Encourage quality and productivity

2.2.1.5. Clear and understandable to all parties

2.2.2. Base compensation shall be established based on an agreed upon percentage of the median compensation from one or more published compensation surveys, adjusted for the physician's FTE status.

2.2.2.1. FTE status shall be based on agreed number of days of work and/or hours of clinical availability, which may vary by specialty but which shall be consistent within each specialty.

2.2.2.2. The survey to be utilized shall be the MGMA Physician Compensation and Production Survey.

2.2.2.3. The Western Region median shall be utilized.

2.2.2.4. Data shall be smoothed by utilizing a 3-year average of the median from the 3 most recently published surveys.

2.2.2.5. In the event that, in management's professional opinion, the data from the MGMA survey in the Western Region is unreliable due to the low number of respondents or other factors, management may utilize the national median and/or data from other published surveys.

2.2.2.6. Survey data shall be adjusted for inflation that has occurred since the data was collected.

2.2.2.7. The percentage of median may be adjusted based on the physician's historic productivity, years of experience, special expertise, or the difficulty of recruiting a particular specialty to the area. However:

2.2.2.7.1. In no case shall the percentage of median compensation paid as base compensation (before FTE adjustment) fall below 70% nor shall it exceed 130% of the median.

2.2.2.7.2. In no case shall a physician's base compensation be decreased relative to the prior year unless either:

2.2.2.7.2.1. Physician's FTE status has changed

2.2.2.7.2.2. Physician's prior year productivity has fallen below 90% of the prior year's target, and physician failed to reach this productivity level due to factors that are under the physician's control, such as leaving early or taking excessive time off. Determination of the reasons for any such failure shall be reviewed by a panel that includes the Executive Director (or designee), the Medical Director and at least one other physician.

2.2.3. The costs of malpractice insurance and benefits that are borne by the physicians shall be considered based on such reasonable methodology as may be developed by management, which may include but is not limited to:

2.2.3.1. Adding the estimated costs of malpractice insurance, health insurance, retirement benefits, employer-paid payroll taxes, and other benefits that are customarily paid by organizations with the ability to employ physicians.

2.2.3.2. Reducing the WRVU target by an amount that would enable physicians to earn all or a portion of those costs by reaching a production level that is commensurate with their compensation.

2.2.4. Physician contracts may include a production and/or quality incentive, to encourage physicians to work to their full capacity, provided:

2.2.4.1. Productivity is measured in Work Relative Value Units (WRVUs), unless physician works in a specialty for which WRVU benchmark data is either unavailable or insufficient, in which case an alternate measure such as visits may be utilized.

2.2.4.2. The production incentive is in no way tied to referrals or to use of Tahoe Forest Hospital facilities.

2.2.4.3. The production target is set based on the same survey benchmarks utilized for compensation, and is set at a level that is proportionate to base salary.

2.2.4.4. Quality incentives, if any, are measurable and linked to factors that are within the physician's control.

2.2.4.5. The total projected compensation, including incentives, does not exceed fair market value.

2.3. Rate per Work Relative Value Unit (WRVU). Payment at a set rate per Work Relative Value Unit (WRVU) is the preferred compensation method for multi-specialty clinic (MSC) physicians who are working less than half time.

2.3.1. The rate per RVU shall be based on the same compensation and production survey data that is utilized for physicians working half time or more, and may include an allowance for malpractice and benefits.

2.4. Percentage of professional fee collections. Payment based on a percentage of professional fees collected may be utilized for physicians who are not part of the MSC in those instances where the District accepts responsibility for billing and collecting from the patient or any third party payer for professional services and is able to separately bill for professional service fees.

2.4.1. Remuneration based upon a percentage of combined facility and professional gross charges or collections is prohibited.

2.4.2. The District will remit the amounts collected, depending upon the agreement, to the physician, deducting a percentage to account for the estimated expenses of the District's billing and collection services and other administrative and support services, if provided.

2.4.3. If the payment to the healthcare provider is based upon billings rather than collections, a further percentage will be deducted so to account for the estimated incidents of bad debts and contractual allowances. Furthermore, if the payment to the healthcare provider is based upon billings rather than collections, a revenue collection analysis will be performed at least annually to ensure compliance to the above compensation provision.

2.4.4. All professional fee schedules shall be made a part of the agreement and appropriately referenced. Professional fee schedules may be revised annually. Any changes to the professional fee schedule must be discussed between the District Chief Executive Officer and requesting physician prior to becoming effective. Requests shall conform to the following criteria:

2.4.4.1. Should provide sufficient detail to fully describe the professional services, relevant code numbers and professional fees;

2.4.4.2. All professional fees shall be reasonable and customary and comparable to professional fees charged by their peers within our region. The mechanism for determining compliance to this criteria will be determined on a case by

case basis between the professional provider and District Chief Executive Officer.

2.4.4.3. Other relevant information should also be provided, e.g., changes required as a result of regulatory mandates; requests from individual physicians and Medical Staff; new service charges or extraordinary changes in provider costs not previously anticipated.

2.4.4.4. Written agreement reflecting mutual acceptance of the proposed revisions as meeting the above criteria shall be required prior to the changes becoming effective.

2.5. Payment per service. Payment at a specified rate per service is the preferred method for limited scope agreements in which the physician is providing clearly delineated clinical services. Examples include EKG interpretations, audiology reviews, and other services that are billed on a global basis by the hospital.

2.6. Specialty call activation fee. In specialties where a regular on-call panel is either infeasible due to the number of physicians on the medical staff within that specialty or the low incidence of emergency need for that specialty, a specialty activation fee may be offered in the event that physician is called in to respond to an emergency.

2.7. Fair Market Value. In all cases, physician's compensation must be within fair market value and must be determined to be commercially reasonable.

2.7.1. Fair market value for any individual contract shall generally be defined as an amount equal to or less than the 75th percentile of compensation, considering the physician's FTE status and production levels.

2.7.2. However management shall endeavor to design a compensation model that maintains the average physician's compensation within +/- 10% of the median (or between the 40th and 60th percentiles?).

2.8. Multiple agreements. Nothing in this policy shall prohibit the hospital from entering into multiple agreements with physicians; provided however that the designated hours of service are clearly segregated.

2.8.1. Physicians whose MSC duties are typically during regular Monday through Friday daytime hours may be paid for on-call coverage during evenings, weekends, and scheduled days off and/or for administrative duties performed during lunch or after regular clinic hours.

2.8.2. MSC physicians who provide hospitalist, on-call, or administrative services during normal scheduled clinic time shall receive WRVU credit in lieu of cash payment.

2.8.3. The physician may perform administrative duties while on call, as long as clinical duties are not needed. If the physician is need for

clinical duties, they must not bill administrative time when performing clinical duties.

2.0 Provisions Which Apply To Professional Service Agreements With Physicians Only

2.1 Compensation: In all cases, the contract will specify the financial arrangements related to the provision of physician professional services. The separate billing of professional service fees is desired. Remuneration based upon a percentage of combined gross or net charges is prohibited.

2.1.1 In those instances where the District accepts responsibility for billing and collecting from the patient or any third party payer for professional services, the District will remit the amounts billed or collected, depending upon the agreement, to the physician, deducting a percentage so to account for the estimated expenses of the District's billing and collection services and other administrative and support services, if provided. If the payment to the healthcare provider is based upon billings rather than collections, a further percentage will be deducted so to account for the estimated incidents of bad debts and contractual allowances. Furthermore, if the payment to the healthcare provider is based upon billings rather than collections, a revenue collection analysis will be performed at least annually to ensure compliance to the above compensation provision.

2.1.2 All professional fees will be subject to discount rates which may from time to time be entered into between the District and third party payers.

2.2 Professional Fee Schedule: All professional fee schedules, whether billed and collected by District on behalf of physician or directly by physician, shall be made a part of the agreement and appropriately referenced. Any changes to the professional fee schedule must be discussed between the District Chief Executive Officer and requesting physician prior to becoming effective. Requested professional fee schedule revisions should follow the below described procedure:

2.2.1 Procedure For Revising Professional Fee Schedules

2.2.1.1 Professional fee schedules may be revised annually. When possible, requests for fee schedule revisions should coincide with the District's annual operating budget, e.g., revision requests submitted in April would be considered for implementation July 1, at the beginning of the District's budget cycle.

2.2.1.2 Requests shall conform to the following criteria:

2.2.1.2.1 Should provide sufficient detail to fully describe the professional services, relevant code numbers and professional fees;

2.2.1.2.2 All professional fees shall be reasonable and customary and comparable to professional fees charged by their peers within our region. The mechanism for determining compliance to this criteria will be determined on a case by case basis between

~~the professional provider and District Chief Executive Officer.~~

~~**2.2.1.2.3** Other relevant information should also be provided, e.g., changes required as a result of regulatory mandates; requests from individual physicians and Medical Staff; new service charges or extraordinary changes in provider costs not previously anticipated.~~

~~**2.2.1.2.4** Written agreement reflecting mutual acceptance of the proposed revisions as meeting the above criteria shall be required prior to the changes becoming effective.~~

~~2.3~~2.9 Physician Qualifications: Professional service agreements with physicians shall require:

~~2.3.1~~2.9.1 A valid and unrestricted license to practice medicine in the state issued by the applicable state Medical Board;

~~2.3.2~~2.9.2 All appropriate certifications, registrations and approvals from the Federal Drug Enforcement Administration and any other applicable federal or state agency necessary to prescribe and dispense drugs under applicable federal and state laws and regulations, in each case without restriction;

~~2.3.3~~2.9.3 Prompt disclosure of the commencement or pendency of any action, proceeding, investigation or disciplinary proceeding against or involving Physician, including, without limitation, any medical staff investigation or disciplinary action;

~~2.3.4~~2.9.4 Prompt written notice of any threat, claim or legal proceeding against TFHD that Physician becomes aware of, and cooperate with TFHD in the defense of any such threat, claim or proceeding and enforcing the rights (including rights of contribution or indemnity) that TFHD may have against other parties or through its insurance policies;

~~2.3.5~~2.9.5 No discrimination against a patient based on race, creed, national origin, gender, sexual orientation, disability (including, without limitation, the condition(s) for which the patient seeks professional services from Physician), ability to pay or payment source.

~~2.4~~2.10 Physician Qualifications In Coordination With Medical Staff Bylaws: Professional service agreements with physicians shall require their membership on the District's Medical Staff with appropriate privileges pertinent to the duties and responsibilities described by the professional service agreement. Termination of the agreement will cause the physician to lose the "right" to provide the services which are described in the agreement. However, this would not mean that the physician would lose his Medical Staff membership and privileges; he/she would simply lose the right to gain access to the service or department which is the subject of the exclusive agreement.

~~2.5~~2.11 Contract Termination Clause: In all cases, professional service agreements shall provide for a termination clause which allows for termination by either party without cause upon prior written notice. The following language will be utilized: "For cause" termination of a physician contract during the first year of its term; "No cause" termination following the first year of its term. The timeframe

for prior written notice may range from 60-180 days. Further, termination of the agreement does not afford the physician the right to request a medical staff hearing or any other review pursuant to the Medical Staff By-Laws.

3.0 Provisions For Non-Physician Professional Service Agreements

3.1 Compensation: In all cases, the contract will specify the financial arrangements related to the provision of professional services. It is desirable that remuneration be based upon a set professional fee schedule rather than a percentage of gross or net patient charges. However, it is recognized that a wide variety of other mechanisms may be utilized and such other mechanisms are left to the discretion of the District Chief Executive Officer and Board of Directors.

3.2 Professional Fee Schedule: When reimbursement is based upon professional fee schedules, said fee schedule shall be made a part of the agreement with the health professional. When provided for by agreement, professional fee schedule revisions will be considered once annually in a timeframe that coincides with the District's operating budget. Requests for revisions must be submitted to the District Chief Executive Officer by April of each year for implementation by July. The request should provide sufficient detail to fully describe the professional services, relevant code numbers and professional fees requested. The District Chief Executive Officer will determine the acceptability of the proposed changes.

3.3 Health Professional Qualifications in Coordination with Medical Staff By-Laws: Professional service agreements may require certain health professionals to be members of the District's allied health professional staff with appropriate privileges pertinent to the duties and responsibilities described by the professional service agreement. Should a health services agreement be cancelled involving an allied health professional, termination of the agreement will cause the health professional to lose the "right" to provide the services which are described in the agreement. However, this would not mean that the health professional would lose his allied health professional appointment or related privileges.

3.4 Contract Termination Clause: In all cases, professional service agreements shall provide for a termination clause which allows for termination by either party without cause upon written notice. The timeframe for prior written notice may range from 60-180 days. When the health professional is required to be an allied health professional, termination of the agreement will not afford the allied health professional the right to request the due process hearing described by the Medical Staff rules and regulations for allied health professionals.

4.0 Physician and Professional Service Agreement Contract and Service Review

4.1 Prior to the end of a contract period, the Chief Executive Officer may choose to conduct a *contract review.* Further, the Chief Executive Officer may choose to conduct a *contract review* at any time during the contract period. The Board of Director's can recommend that a *contract review* be done prior to most contract renewals but allows the Chief Executive Officer discretion to forego the review if the contract renewal is on an annual basis or if other factors indicate that the review is not necessary prior to that particular contract renewal.

4.2 At a minimum of every five years, the Chief Executive Officer will conduct a *service review* of the contract service provided by the physician, physician group and/or other professional service. The Chief Executive Officer will undertake the

service review and a report based upon this *service review* will be made to the Board of Directors.

5.0 Contract Review

5.1 Ensure that the terms of the contract are being met as outlined in the service agreement.

5.2 Review the service as it relates to consistency with the District's compliance program.

5.3 Assessment of patient, physician and staff opinions/input/complaints.

6.0 Service Review

6.1 As part of the *service review,* the Chief Executive Officer will request feedback from the medical and clinical staff regarding the following:

6.1.1 Quality of care being provided based on the specialty's identified standards of care.

6.1.2 Availability and responsiveness.

6.1.3 Consistency with the District's compliance program.

6.1.4 Patient, physician and staff opinions/inputs/complaints.

6.2 In addition the Chief Executive Officer will:

6.2.1 Ensure that the terms of the contract are being met as outlined in the service agreement.

6.2.2 Review market conditions with appropriate benchmarking and make recommendations as to the continuation of the current contract.

6.2.3 Ensure that the fee schedule is appropriate for current market conditions.

6.2.4 Take in to consideration elements of the contractor's relationships with service providers, the District and the community.

6.2.5 Review standards and best practice recommendations set by professional and specialty organizations with appropriate consideration of our community and Hospital District.

6.3 The Chief Executive Officer will compile a report based upon the *service review* and present it to the Board of Directors with recommendations related to continuation of the contract or consideration of a Request For Proposal (RPF) process.

Related Policies/Forms:
References:
Policy Owner: ~~Michelle Cook,~~ Clerk of the Board
Approved by: ~~Robert Schapper,~~ Chief Executive Officer

TAHOE FOREST HOSPITAL DISTRICT
RESOLUTION NO. 2015-03

INTENTION TO MAINTAIN THE LEVEL OF SERVICE PROVIDED TO THE COMMUNITY AND TO MAINTAIN BEST PRACTICES REGARDING PHYSICIAN COMPENSATION

WHEREAS, TAHOE FOREST HOSPITAL DISTRICT ("District") is a hospital district duly organized and existing under the "Local Health Care District Law" of the State of California; and

WHEREAS, a regularly scheduled meeting of the Tahoe Forest Hospital District Board of Directors was held on Tuesday, May 26, 2015; and

WHEREAS, the Tahoe Forest Hospital District Board of Directors heard concerns presented by physicians, community members and staff related to potential changes to the services provided by the District and to the District's policies regarding physician compensation; and

WHEREAS, the existing range of services, including both general medicine and a range of specialty practices, have been determined to be in the best interest of the community it serves and consistent with the District's mission and vision.

NOW THEREFORE BE IT RESOLVED, by the Board of Directors of Tahoe Forest Hospital District as follows:

1. The Board hereby resolves that the District doesnot intend to reduce the level of service provided to the community or to reduce its commitment to both general medicine and an appropriate range of specialty practices.
2. The Board hereby further resolves that its existing policy for compensating physicians reflects best practices to ensure the District can attract and retain competent physicians in all practice areas offered by the District and that it gets fair value for patients, taxpayers and third-party payors.
3. The District will continue to review its services and compensation systems in light of new information to ensure the fullest possible range of services that are in the best interest of the District and the community it serves and to continue to balance effective recruitment and retention of physicians and the need to get value for the compensation paid.

PASSED AND ADOPTED at the meeting of the Tahoe Forest Hospital District Board of Directors held on the ___ day of ___, 20__ by the following vote:

AYES: _____, _____, _____,

_____, _____

NOES: _____, _____

ABSENT: _____, _____

ABSTAIN: _____, _____

_____
Karen Sessler, M.D.
President, Board of Directors
Tahoe Forest Hospital District

ATTEST:

_____
Greg Jellinek, M.D.
Secretary, Board of Directors
Tahoe Forest Hospital District

TAHOE FOREST HOSPITAL DISTRICT

Board Executive Summary

By: **Jake Dorst**
Interim Chief Executive Officer

Shawni L. Coll D.O.
Medical Director of Strategic Planning and Innovation

DATE: June 17, 2015

ISSUE:

Proposed engagement of an outside consultant to provide needed education pertaining to different practice management models and physician alignment options.

Tied to Strategic Plan:

Strategic Initiative 5. Partner with regional and local medical providers
Measurable Goal 3. Explore potential opportunities to collaborate with local medical providers to improve health delivery.

BACKGROUND:

Although many physicians are contractually aligned with the hospital through 1206(d) model clinics (MSC Clinics), TFHD continues to experience financial and operational inefficiencies in the delivery of ambulatory services.

Due to current space restrictions and OSHPD requirements, there are area physicians that are not able to work to their full potential and a different practice model may help to alleviate the space constraints thereby improving productivity, physician morale, and financial performance of the outpatient clinics.

Medical Staff and District Management are interested in engaging an outside consultant to:

- Provide education for the TFHD Board of Directors, Administration and the Medical Staff as to the impetus for change due to a changing healthcare industry and the various integration and alignment options being implemented across the country.
- Provide expertise to evaluate alignment structures that would fit the TFHD goals and resources while allowing TFHD to remain nimble enough for succession/recruitment planning purposes.
- Assist with determining a preferred physician alignment strategy and help to gain consensus among the community physicians on this new structure.
- Evaluate compensation plans that would focus more on quality of care rather then quantity of care.
- Assess the financial viability and infrastructure of the Placer County Health Department (PCHD) Clinic in response to inquiry by PCHD Clinic related to a potential for assistance with operations and/or possible

acquisition. A large part of the District's indigent population uses the PCHD clinic as their hub for primary care services and it would be a detriment to our community, and potentially increase ER visits, should this clinic close.

- Evaluate opportunity to use this clinic to provide dental services in our community that currently are not being met.
- Evaluate the potential of providing financial and primary care alignment plans which may include opportunities of using a Rural Health Clinic or a Federally Qualified Rural Health Clinic structure.

Administration and the physician community feel the use of an independent third party consultant would allow findings to be received as an unbiased recommendation for future hospital and physician alignment strategies.

ACTION REQUESTED:

- Approve FY15 budget variance of up to $100,000 to support the engagement of a consultant to provide needed education pertaining to different practice management models and physician alignment options.

  Having outside expertise is of the upmost importance to allow for a well informed decision related to practice management models and physician alignment options moving forward.

Alternatives:

Internal resources could be used but would lack the level of expertise available by engaging an outside consultant and could result in an undesired drain on resource while distracting staff from their primary focus.

TAHOE FOREST HOSPITAL DISTRICT

Board Executive Summary

By: **Rick McConn**
Chief-Facilities Development

DATE: June 21, 2015

ISSUE:
At the request of the Board, an update pertaining to the Facilities Development Plan is provided on a quarterly basis.

BACKGROUND:

The quarterly update of the Facilities Development Plan (FDP) includes updates pertaining to the Measure C Projects and related Owner and Regulatory Scope Modifications.

See the attached 03/31/2015 FDP Status Summary for additional detail.

ACTION REQUESTED:
No action requested; provided as information only.

Alternatives:

Facilities Development Plan

Tahoe Forest Hospital District

March 31, 2015

STATUS SUMMARY

Measure C Projects	$	96,183,430
Owner Scope Modifications	$	4,871,919
Regulatory Scope Modifications	$	1,963,725
FDP with Scope Modifications / Total Projects Cost	$	103,019,074
Development Completed / Paid to Date (85%)	$	(87,229,151)
Balance to Complete	$	15,789,923
Project Fund Balance	$	(14,389,630)
Projected Interest Earned		TBD
Balance - TFHD Capital Budget	$	1,400,293

- 14 of 15 Measure C Projects complete.
  - o South Building complete Summer 2016
  - o Remaining Projects within budget
- Campus-wide seismic compliance as of August 26, 2014.
- 233 prime contracts for construction issued to date and at present we are working with zero contractors regarding change order requests that are in dispute.
- Permitting

  (11) OSHPD permits issued to date

  (5) Town of Truckee permits issued to date

  No further permitting is required

GENEY/GASSIOT, INC
GENERAL CONTRACTORS

Tahoe Forest Hospital District
Facilities Development Plan

March 31, 2015

CURRENT PROJECTS - NON QUALIFIED EXPENDITURES COST SUMMARY

PROJECTS (*)	Current Project Estimate	Owner / Regulatory Scope Modifications	Board Approved Bid / Budget	Variance	Footnotes	Total Amount PTD (***)	Balance to Complete	% Complete	QTR Actual (Q1 2015)	Current Projects with Scope Modifications	Status/Notes
Current Projects - Non Qualified Expenditures											
ICU Renovations											
HARD COSTS: Construction Costs	$ 629,394		$ 629,394	$ -		$ 592,990	$ 36,404	94%	$ 36,903	$ 629,394	
SOFT COSTS	$ 315,407		$ 315,407	$ -		$ 302,698	$ 12,709	96%	$ 24,647	$ 315,407	
CONTINGENCY	$ 89,374		$ 89,374	$ -		$ 67,142	$ 22,232	75%	$ 15,661	$ 89,374	
SUBTOTAL PROJECT COSTS	**$ 1,034,175**	**$ -**	**$ 1,034,175**	**$ -**		**$ 962,830**	**$ 71,345**	**93%**	**$ 77,211**	**$ 1,034,175**	**Construction in Complete**
CT Scanner Replacement											
HARD COSTS: Construction Costs	$ 620,711		$ 620,711	$ -		$ 501,471	$ 119,240	81%	$ 162,741	$ 620,711	
SOFT COSTS	$ 1,542,926		$ 1,542,926	$ -		$ 521,000	$ 1,021,926	34%	$ 112,925	$ 1,542,926	
CONTINGENCY	$ 124,142		$ 124,142	$ -		$ 43,909	$ 80,233	35%	$ 37,171	$ 124,142	
SUBTOTAL PROJECT COSTS	**$ 2,287,779**	**$ -**	**$ 2,287,779**	**$ -**		**$ 1,066,380**	**$ 1,221,399**	**47%**	**$ 312,837**	**$ 2,287,779**	**Construction in Progress**
OR Exam Lights Replacement											
HARD COSTS: Construction Costs	$ 651,766		$ -	$ -			$ 651,766	0%	$ -	$ 651,766	
SOFT COSTS	$ 883,615		$ -	$ -		$ 375,794	$ 507,821	43%	$ 15,765	$ 883,615	
CONTINGENCY COSTS	$ 97,765		$ -	$ -			$ 97,765	0%	$ -	$ 97,765	
SUBTOTAL PROJECT COSTS	**$ 1,633,146**	**$ -**	**$ -**	**$ -**		**$ 375,794**	**$ 1,257,352**	**23%**	**$ 15,765**	**$ 1,633,146**	**OSHPD Permitting in Progress**
NPC-2 Filings											
HARD COSTS: Construction Costs	$ -		$ -	$ -		$ -	$ -	0%	$ -	$ -	
SOFT COSTS	$ 100,000		$ -	$ -		$ -	$ 100,000	0%	$ -	$ 100,000	
CONTINGENCY COSTS	$ -		$ -	$ -		$ -	$ -	0%	$ -	$ -	
SUBTOTAL PROJECT COSTS	**$ 100,000**	**$ -**	**$ -**	**$ -**		**$ -**	**$ 100,000**	**0%**	**$ -**	**$ 100,000**	**Construction Complete**
PROJECT SUMMARY COSTS (Hard Costs + Soft Costs + Contingency) ****	**$ 5,055,100**	**$ -**	**$ 3,321,954**	**$ -**		**$ 2,405,004**	**$ 2,550,096**	**72%**	**$ 405,813**	**$ 4,955,100**	

Definitions:

Hard Costs = Administrative Requirements, Temporary Facilities, Execution Requirements, Site Construction, Concrete Construction, Masonry, Metals, Woods & Plastics, Thermal/Moisture Protection, Doors, Windows, Glazing, Finishes, Specialties, Equipment, Furnishings, Special Construction, Conveying Systems, Plumbing/Mechanical, Electrical.
Soft Costs = Equipment, Furniture, Signage, Preconstruction Services, Construction Scheduling, Architectural, Engineering, Testing & Inspections, IOR Testing, Agency Fees, State Review Fees (OSHPD), CM Fee, Insurance, Performance/Payment Bonding, Administrative Bond Contingency
Contingency Costs = Inflation, Unforeseen Conditions & Events

Footnotes:

(2) Overage includes additional equipment costs, related OSHPD Fees and other fee reallocations.

** FDP Report dated 3/31/2015
*** Reconciled with TFHD General Ledger dated March 31, 2015. Reference Application for Payment SOV located within applicable project section.
**** Total Owner Scope Modifications $4,871,919 Regulatory Scope Modification $1,963,725

On or under budget
1-5% over budget
6% or beyond over budget

GENEY/GASSIOT, INC

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MEASURE C PROJECTS COST SUMMARY

PROJECTS (*)	Current FDP Estimate (**)	Owner / Regulatory Scope Modifications	Board Approved Bid / Budget	Variance	Footnotes	Total Amount PTD (***)	Balance to Complete (*****)	% Complete	QTR Actual (Q1 2015)	FDP with Scope Modifications	Status/Notes
Measure C Project Expenditures											
Cancer Center; Building + LINAC											
HARD COSTS: Construction Costs	$ 10,257,781	$ 151,973	$ 10,369,754	$ (40,000)		$ 10,369,754	$ 40,000	100%	$ -	$ 10,409,754	
SOFT COSTS	$ 6,124,371		$ 6,449,302	$ 324,931		$ 6,124,371	$ -	100%	$ -	$ 6,124,371	
CONTINGENCY	$ 1,017,160		$ 1,036,975	$ -		$ 1,017,160	$ -	100%	$ -	$ 1,017,160	
SUBTOTAL PROJECT COSTS	**$ 17,399,312**	**$ 151,973**	**$ 17,856,031**	**$ 284,931**		**$ 17,511,285**	**$ 40,000**	**100%**	**$ -**	**$ 17,551,285**	**Construction Complete**
Cancer Center; Sitework, Concrete Construction, Structural Steel											
HARD COSTS: Construction Costs	$ 5,154,785		$ 5,154,785	$ -		$ 5,139,922	$ 14,863	100%	$ -	$ 5,154,785	
SOFT COSTS	$ 4,421,594		$ 5,018,684	$ 597,090		$ 4,440,146	$ (18,552)	100%	$ -	$ 4,421,594	
CONTINGENCY	$ 515,479		$ 515,479	$ -		$ 511,790	$ 3,689	99%	$ -	$ 515,479	
SUBTOTAL PROJECT COSTS	**$ 10,091,858**	**$ -**	**$ 10,688,948**	**$ 597,090**		**$ 10,091,858**	**$ -**	**100%**	**$ -**	**$ 10,091,858**	**Construction Complete**
Utility Bypass, Phase I											
HARD COSTS: Construction Costs	$ 522,092		$ 522,092	$ -		$ 522,092	$ -	100%	$ -	$ 522,092	
SOFT COSTS	$ 99,565		$ 130,145	$ 30,580		$ 99,565	$ -	100%	$ -	$ 99,565	
CONTINGENCY COSTS	$ 78,314		$ 78,314	$ -		$ 78,314	$ -	100%	$ -	$ 78,314	
SUBTOTAL PROJECT COSTS	**$ 699,971**	**$ -**	**$ 730,551**	**$ 30,580**		**$ 699,971**	**$ -**	**100%**	**$ -**	**$ 699,971**	**Construction Complete**
Cancer Center; Utility Bypass, Phase II (Undergrounding)											
HARD COSTS: Construction Costs	$ -	$ 525,199	$ 544,877	$ (19,678)		$ 520,660	$ 4,539	99%	$ -	$ 525,199	
SOFT COSTS	$ -	$ 349,974	$ 349,974	$ -		$ 354,513	$ (4,539)	101%	$ -	$ 349,974	
CONTINGENCY COSTS	$ -	$ 31,437	$ 31,437	$ -		$ 31,437	$ -	100%	$ -	$ 31,437	
SUBTOTAL PROJECT COSTS (Hard Costs+Soft Costs+Contingency Costs)	**$ -**	**$ 906,610**	**$ 926,288**	**$ 19,678**		**$ 906,610**	**$ -**	**100%**	**$ -**	**$ 906,610**	**Construction Complete**
Cancer Center; Equipment Upgrades											
LINEAR ACCELERATOR EQUIPMENT		$ 860,000	$ 860,000	$ -		$ 860,000	$ -	100%	$ -	$ 860,000	
CT SIMULATOR (Pet CT)		$ -	$ 82,528	$ 82,528		$ -	$ -	0%	$ -	$ -	
CHILLER EQUIPMENT		$ 111,536	$ 143,679	$ 32,143		$ 111,536	$ -	100%	$ -	$ 111,536	
IT EQUIPMENT		$ 58,211	$ 133,250	$ 75,039		$ 58,211	$ -	100%	$ -	$ 58,211	
ADDITIONAL EQUIPMENT		$ -	$ 69,633	$ 69,633		$ -	$ -	0%	$ -	$ -	
SNOW MELT SYSTEM		$ 81,523	$ 71,904	$ (9,619)		$ 81,523	$ -	100%	$ -	$ 81,523	
SECURITY ACCESS SYSTEM		$ 99,257	$ 99,257	$ -		$ 99,257	$ -	100%	$ -	$ 99,257	
SUBTOTAL PROJECT COSTS	**$ -**	**$ 1,210,527**	**$ 1,460,251**	**$ 249,724**		**$ 1,210,527**	**$ -**	**100%**	**$ -**	**$ 1,210,527**	**Construction Complete**
Cancer Center; CAC Recommended Upgrades											
HARD COSTS: Construction Costs	$ -	$ 838,256	$ 847,281	$ 9,025		$ 838,256	$ -	100%	$ -	$ 838,256	
SOFT COSTS	$ -	$ 54,568	$ 59,864	$ 5,296		$ 51,626	$ 2,942	95%	$ -	$ 54,568	
CONTINGENCY COSTS	$ -	$ 84,728	$ 84,728	$ -		$ 87,670	$ (2,942)	103%	$ -	$ 84,728	
SUBTOTAL PROJECT COSTS	**$ -**	**$ 977,552**	**$ 991,873**	**$ 14,321**		**$ 977,552**	**$ -**	**100%**	**$ -**	**$ 977,552**	**Construction Complete**
TOTAL PROJECT COSTS (Hard Costs + Soft Costs + Contingency)	**$ 28,191,141**	**$ 3,246,662**	**$ 32,653,942**	**$ 1,196,324**		**$ 31,397,803**	**$ 40,000**	**100%**	**$ -**	**$ 31,437,803**	
Office Relocations											
HARD COSTS: Construction Costs	$ 109,691	$ -	$ 111,305	$ 1,614		$ 109,691	$ -	100%	$ -	$ 109,691	
SOFT COSTS	$ 281,988	$ -	$ 281,995	$ 7		$ 281,988	$ -	100%	$ -	$ 281,988	
CONTINGENCY COSTS	$ -	$ -	$ -	$ -		$ -	$ -	0%	$ -	$ -	
TOTAL PROJECT COSTS (Hard Costs + Soft Costs + Contingency)	**$ 391,680**	**$ -**	**$ 393,300**	**$ 1,621**		**$ 391,680**	**$ -**	**100%**	**$ -**	**$ 391,680**	**Construction Complete**
IT Data Center											
HARD COSTS: Construction Costs	$ 899,833		$ 903,465	$ 3,632		$ 899,833	$ -	100%	$ -	$ 899,833	
SOFT COSTS	$ 299,483		$ 301,122	$ 1,639		$ 299,483	$ -	100%	$ -	$ 299,483	
CONTINGENCY COSTS	$ 116,754		$ 121,740	$ 4,986		$ 116,754	$ -	100%	$ -	$ 116,754	
TOTAL PROJECT COSTS (Hard Costs + Soft Costs + Contingency)	**$ 1,316,070**	**$ -**	**$ 1,326,327**	**$ 10,257**		**$ 1,316,070**	**$ -**	**100%**	**$ -**	**$ 1,316,070**	**Construction Complete**
Central Plant Upgrades & Relocations; Utility Spine											
HARD COSTS: Construction Costs	$ 2,640,481		$ 2,642,537	$ 2,056		$ 2,640,481	$ -	100%	$ -	$ 2,640,481	
SOFT COSTS	$ 694,681		$ 824,282	$ 129,601		$ 694,681	$ -	100%	$ -	$ 694,681	
CONTINGENCY COSTS	$ 657,714		$ 658,011	$ 297		$ 657,714	$ -	100%	$ -	$ 657,714	
SUBTOTAL PROJECT COSTS	**$ 3,992,876**	**$ -**	**$ 4,124,830**	**$ 131,954**		**$ 3,992,876**	**$ -**	**100%**	**$ -**	**$ 3,992,876**	**Construction Complete**

GENEY/GASSIOT, INC

Tahoe Forest Hospital District
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MEASURE C PROJECTS COST SUMMARY

PROJECTS (*)	Current FDP Estimate (**)	Owner / Regulatory Scope Modifications	Board Approved Bid / Budget	Variance	Footnotes	Total Amount PTD (***)	Balance to Complete (*****)	% Complete	QTR Actual (Q1 2015)	FDP with Scope Modifications	Status/Notes
Measure C Project Expenditures											
Central Plant Upgrades & Relocations; Generator Building											
HARD COSTS: Construction Costs	$ 2,150,583	$ 20,772	$ 2,174,334	$ 2,979		$ 2,171,355	$ -	101%	$ -	$ 2,171,355	
SOFT COSTS	$ 1,612,171		$ 1,655,159	$ 42,988		$ 1,612,171	$ -	100%	$ -	$ 1,612,171	
CONTINGENCY COSTS	$ 315,278		$ 315,278	$ -		$ 315,278	$ -	100%	$ -	$ 315,278	
SUBTOTAL PROJECT COSTS	**$ 4,078,032**	**$ 20,772**	**$ 4,144,771**	**$ 45,967**		**$ 4,098,804**	**$ -**	**100%**	**$ -**	**$ 4,098,804**	**Construction Complete**
Central Plant Upgrades & Relocations; Modular Units, Phase I											
HARD COSTS: Construction Costs	$ 418,497		$ 422,030	$ -		$ 418,497	$ -	100%	$ -	$ 418,497	
SOFT COSTS	$ 574,317		$ 598,765	$ 24,448		$ 574,317	$ -	100%	$ -	$ 574,317	
CONTINGENCY COSTS	$ 245,335		$ 245,887	$ 552		$ 245,335	$ -	100%	$ -	$ 245,335	
SUBTOTAL PROJECT COSTS	**$ 1,238,149**	**$ -**	**$ 1,266,682**	**$ 25,000**		**$ 1,238,149**	**$ -**	**100%**	**$ -**	**$ 1,238,149**	**Construction Complete**
Central Plant Upgrades & Relocations; Modular Units, Phase II											
HARD COSTS: Construction Costs	$ 4,800,719		$ 4,800,719	$ -		$ 4,800,719	$ -	100%	$ -	$ 4,800,719	
SOFT COSTS	$ 1,083,872		$ 1,189,314	$ 105,442		$ 1,083,872	$ -	100%	$ -	$ 1,083,872	
CONTINGENCY COSTS	$ 180,640		$ 185,000	$ 4,360		$ 180,640	$ -	100%	$ -	$ 180,640	
SUBTOTAL PROJECT COSTS	**$ 6,065,231**	**$ -**	**$ 6,175,033**	**$ 109,802**		**$ 6,065,231**	**$ -**	**100%**	**$ -**	**$ 6,065,231**	**Construction Complete**
TOTAL PROJECT COSTS (Hard Costs + Soft Costs + Contingency)	**$ 15,374,288**	**$ 20,772**	**$ 15,711,316**	**$ 312,723**		**$ 15,395,060**	**$ -**	**100%**	**$ -**	**$ 15,395,060**	
Skilled Nursing Facility											
HARD COSTS: Construction Costs	$ 3,372,928	$ 8,466	$ 3,422,324	$ 40,930		$ 3,381,394	$ -	100%	$ -	$ 3,381,394	
SOFT COSTS	$ 1,505,346		$ 1,496,355	$ -		$ 1,505,346	$ -	100%	$ -	$ 1,505,346	
CONTINGENCY COSTS	$ 342,232		$ 342,232	$ -		$ 342,232	$ -	100%	$ -	$ 342,232	
SUBTOTAL PROJECT COSTS	**$ 5,220,506**	**$ 8,466**	**$ 5,260,911**	**$ 40,930**		**$ 5,228,972**	**$ -**	**100%**	**$ -**	**$ 5,228,972**	**Construction Complete**
Skilled Nursing; Storage TI at '66 Bldg											
HARD COSTS: Construction Costs	$ -	$ -	$ -	$ -		$ -	$ -	0%	$ -	$ -	
SOFT COSTS	$ -	$ -	$ -	$ -		$ -	$ -	0%	$ -	$ -	
CONTINGENCY COSTS	$ -	$ -	$ -	$ -		$ -	$ -	0%	$ -	$ -	
SUBTOTAL PROJECT COSTS	**$ -**	**$ -**	**$ -**	**$ -**		**$ -**	**$ -**	**0%**	**$ -**	**$ -**	**Conceptual Design in Progress**
TOTAL PROJECT COSTS (Hard Costs + Soft Costs + Contingency)	**$ 5,220,506**	**$ 8,466**	**$ 5,260,911**	**$ 40,930**		**$ 5,228,972**	**$ -**	**100%**	**$ -**	**$ 5,228,972**	
ECC Flooring / Nurses Station											
HARD COSTS: Construction Costs	$ -	$ 199,774	$ 217,550	$ 17,776		$ 199,774	$ -	92%	$ -	$ 199,774	
SOFT COSTS	$ -		$ -	$ -		$ -	$ -	0%	$ -	$ -	
CONTINGENCY COSTS	$ -		$ -	$ -		$ -	$ -	0%	$ -	$ -	
TOTAL PROJECT COSTS (Hard Costs + Soft Costs + Contingency)	**$ -**	**$ 199,774**	**$ 217,550**	**$ 17,776**		**$ 199,774**	**$ -**	**92%**	**$ -**	**$ 199,774**	**Completed**
Infill Projects; Phase I Dietary / RT / MR / Dietary Office / Staff Lockers											
HARD COSTS: Construction Costs	$ 2,722,504		$ 2,722,504	$ -		$ 2,665,549	$ 56,955	98%	$ 7,328	$ 2,722,504	
SOFT COSTS	$ 1,699,858	$ 13,970	$ 1,713,828	$ -		$ 1,714,028	$ (200)	100%	$ 200	$ 1,713,828	
CONTINGENCY COSTS	$ 898,541	$ 29,052	$ 272,250	$ (655,343)		$ 545,182	$ 382,411	59%	$ 8,293	$ 927,593	
SUBTOTAL PROJECT COSTS	**$ 5,320,903**	**$ 43,022**	**$ 4,708,582**	**$ (655,343)**		**$ 4,924,759**	**$ 439,166**	**93%**	**$ 15,821**	**$ 5,363,925**	**Construction Complete**
Infill Projects; Interim Birthing at Western Addition											
HARD COSTS: Construction Costs	$ 1,309,206		$ 1,309,206	$ -		$ 1,299,543	$ 9,663	99%	$ -	$ 1,309,206	
SOFT COSTS	$ 688,893		$ 688,893	$ -		$ 660,737	$ 28,156	96%	$ -	$ 688,893	
CONTINGENCY COSTS	$ 130,921		$ 130,921	$ -		$ 129,953	$ 968	99%	$ -	$ 130,921	
SUBTOTAL PROJECT COSTS	**$ 2,129,020**	**$ -**	**$ 2,129,020**	**$ -**		**$ 2,090,233**	**$ 38,787**	**98%**	**$ -**	**$ 2,129,020**	**Construction Complete**
Infill Projects; Pharmacy Relocation											
HARD COSTS: Construction Costs	$ 652,777		$ 652,777	$ -		$ 652,777	$ -	100%	$ -	$ 652,777	
SOFT COSTS	$ 588,803		$ 631,283	$ 42,480		$ 588,803	$ -	93%	$ -	$ 588,803	
CONTINGENCY COSTS	$ 95,724		$ 127,292	$ 31,568		$ 95,724	$ -	75%	$ -	$ 95,724	
SUBTOTAL PROJECT COSTS	**$ 1,337,304**	**$ -**	**$ 1,411,353**	**$ 74,048**		**$ 1,337,304**	**$ -**	**95%**	**$ -**	**$ 1,337,304**	**Construction Complete**

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MEASURE C PROJECTS COST SUMMARY

PROJECTS (*)	Current FDP Estimate (**)	Owner / Regulatory Scope Modifications	Board Approved Bid / Budget	Variance	Footnotes	Total Amount PTD (***)	Balance to Complete (*****)	% Complete	QTR Actual (Q1 2015)	FDP with Scope Modifications	Status/Notes
Measure C Project Expenditures											
Infill Projects; Medical Records at '66 Building											
HARD COSTS: Construction Costs	$ -	$ -	$ -	$ -		$ -	$ -	0%	$ -	$ -	
SOFT COSTS	$ -		$ -	$ -		$ -	$ -	0%	$ -	$ -	
CONTINGENCY COSTS	$ -	$ -	$ -	$ -		$ -	$ -	0%	$ -	$ -	
SUBTOTAL PROJECT COSTS	**$ -**	**$ -**	**$ -**	**$ -**		**$ -**	**$ -**	**0%**	**$ -**	**$ -**	**Conceptual Design in Progress**
Infill Projects; Final Personnel Move TI Office Space											
HARD COSTS: Construction Costs	$ -	$ 250,000	$ 250,000	$ -		$ 238,327	$ 11,673	95%	$ -	$ 250,000	
SOFT COSTS	$ -	$ 125,000	$ 125,000	$ -		$ 122,808	$ 2,192	98%	$ (16,291)	$ 125,000	
CONTINGENCY COSTS	$ -	$ 30,000	$ 30,000	$ -		$ 24,718	$ 5,282	82%	$ -	$ 30,000	
SUBTOTAL PROJECT COSTS	**$ -**	**$ 405,000**	**$ 405,000**	**$ -**		**$ 385,853**	**$ 19,147**	**0%**	**$ (16,291)**	**$ 405,000**	**Ongoing**
TOTAL PROJECT COSTS (Hard Costs + Soft Costs + Contingency)	**$ 8,787,227**	**$ 448,022**	**$ 8,653,955**	**$ (581,295)**		**$ 8,738,149**	**$ 497,100**	**101%**	**$ (470)**	**$ 9,235,249**	
Emergency Department & Sterile Processing Department; Increment I											
HARD COSTS: Construction Costs	$ 2,593,743		$ 2,593,743	$ -		$ 2,593,743	$ -	100%	$ -	$ 2,593,743	
SOFT COSTS	$ 2,898,599		$ 2,907,826	$ -		$ 2,898,599	$ -	100%	$ -	$ 2,898,599	
CONTINGENCY COSTS	$ 236,999		$ 236,999	$ -		$ 236,999	$ -	100%	$ -	$ 236,999	
EQUIPMENT UPGRADES - ATS Upgrades		$ 27,824	$ 27,824	$ -		$ 27,824	$ -	100%	$ -	$ 27,824	
SUBTOTAL PROJECT COSTS	**$ 5,729,341**	**$ 27,824**	**$ 5,766,392**	**$ -**		**$ 5,757,165**	**$ -**	**100%**	**$ -**	**$ 5,757,165**	**Construction Complete**
Emergency Department & Sterile Processing Department; Increment II											
HARD COSTS: Construction Costs	$ 4,534,232		$ 4,534,232	$ -		$ 4,318,596	$ 215,636	95%	$ -	$ 4,534,232	
SOFT COSTS	$ 2,135,294		$ 2,135,294	$ -		$ 1,951,943	$ 183,351	91%	$ 124,883	$ 2,135,294	
CONTINGENCY COSTS	$ 1,725,651		$ 453,423	$ (1,272,228)		$ 1,597,232	$ 128,419	93%	$ 562,383	$ 1,725,651	
EQUIPMENT UPGRADES - Trump Exam Lights	$ -	$ 68,362	$ 68,362	$ -		$ 68,362	$ 68,362	100%	$ 68,362	$ 68,362	
SUBTOTAL PROJECT COSTS	**$ 8,395,177**	**$ 68,362**	**$ 7,191,311**	**$ (1,272,228)**		**$ 7,936,133**	**$ 527,406**	**110%**	**$ 755,628**	**$ 8,463,539**	**Construction in Progress**
TOTAL PROJECT COSTS (Hard Costs + Soft Costs + Contingency)	**$ 14,124,518**	**$ 96,186**	**$ 12,957,703**	**$ (1,272,228)**		**$ 13,693,298**	**$ 527,406**	**106%**	**$ 755,628**	**$ 14,220,704**	
Fluoroscopy / Nuc Med Upgrades / Diagnostic Imaging Equipment Replacement											
HARD COSTS: Construction Costs	$ 533,565		$ 619,422	$ 85,857		$ 533,565	$ -	100%	$ -	$ 533,565	
SOFT COSTS	$ 1,616,669		$ 1,575,493	$ (41,176)		$ 1,616,669	$ -	100%	$ -	$ 1,616,669	
CONTINGENCY COSTS	$ 92,913		$ 92,913	$ -		$ 92,913	$ -	100%	$ -	$ 92,913	
TOTAL PROJECT COSTS (Hard Costs + Soft Costs + Contingency)	**$ 2,243,147**	**$ -**	**$ 2,287,828**	**$ 44,681**	**(2)**	**$ 2,243,147**	**$ -**	**100%**	**$ -**	**$ 2,243,147**	**Construction Complete**
South Building; Birthing / Dietary Phase II											
HARD COSTS: Construction Costs	$ 13,033,262		$ 13,033,262	$ -		$ 2,648,705	$ 10,384,557	20%	$ 1,402,648	$ 13,033,262	
SOFT COSTS	$ 5,355,106		$ 5,355,106	$ -		$ 3,938,995	$ 1,416,111	74%	$ 334,984	$ 5,355,106	
CONTINGENCY COSTS	$ 1,262,026		$ 1,262,026	$ -		$ 82,408	$ 1,179,618	7%	$ 56,371	$ 1,262,026	
EQUIPMENT UPGRADES - Headwalls, Exam Lights, IT Equipment	$ -	$ 185,160	$ 185,160	$ -		$ -	$ 185,160	0%	$ -	$ 185,160	
SUBTOTAL PROJECT COSTS	**$ 19,650,394**	**$ 185,160**	**$ 19,835,554**	**$ -**		**$ 6,670,108**	**$ 13,165,446**	**34%**	**$ 1,794,003**	**$ 19,835,554**	**Construction in Progress**
South Building; Birthing Fourth LDR											
HARD COSTS: Construction Costs	$ -	$ 286,428	$ 286,428	$ -		$ -	$ 286,428	0%	$ -	$ 286,428	
SOFT COSTS	$ -	$ 187,720	$ 187,720	$ -		$ -	$ 187,720	0%	$ -	$ 187,720	
CONTINGENCY COSTS	$ -	$ 42,964	$ 42,964	$ -		$ -	$ 42,964	0%	$ -	$ 42,964	
SUBTOTAL PROJECT COSTS	**$ -**	**$ 517,112**	**$ 517,112**	**$ -**		**$ -**	**$ 517,112**	**0%**	**$ -**	**$ 517,112**	**Construction in Progress**
South Building; Phase 5 Interim Birthing											
HARD COSTS: Construction Costs	$ -	$ 746,422	$ 746,422	$ -		$ -	$ 746,422	0%	$ -	$ 746,422	
SOFT COSTS	$ -	$ 172,765	$ 172,765	$ -		$ -	$ 172,765	0%	$ -	$ 172,765	
CONTINGENCY COSTS		$ 37,321	$ 37,321	$ -		$ -	$ 37,321	0%	$ -	$ 37,321	
SUBTOTAL PROJECT COSTS	**$ -**	**$ 956,508**	**$ 956,508**	**$ -**		**$ -**	**$ 956,508**	**0%**	**$ -**	**$ 956,508**	**Construction in Progress**
South Building; Continuity Phase											
HARD COSTS: Construction Costs		$ 996,982	$ 996,982	$ -		$ 968,576	$ 28,406	97%	$ 69,373	$ 996,982	
SUBTOTAL PROJECT COSTS	**$ -**	**$ 996,982**	**$ 996,982**	**$ -**		**$ 968,576**	**$ 28,406**	**97%**	**$ 69,373**	**$ 996,982**	
TOTAL PROJECT COSTS (Hard Costs + Soft Costs + Contingency)	**$ 19,650,394**	**$ 2,655,762**	**$ 22,306,156**	**$ -**		**$ 7,638,684**	**$ 14,667,472**	**34%**	**$ 1,863,376**	**$ 22,306,156**	

GENEY/GASSIOT, INC

Tahoe Forest Hospital District
Facilities Development Plan

March 31, 2015

MEASURE C PROJECTS COST SUMMARY

PROJECTS (*)	Current FDP Estimate (**)	Owner / Regulatory Scope Modifications	Board Approved Bid / Budget	Variance	Footnotes	Total Amount PTD (***)	Balance to Complete (*****)	% Complete	QTR Actual (Q1 2015)	FDP with Scope Modifications	Status/Notes
Measure C Project Expenditures											
Master Planning											
SOFT COSTS	$ 802,508		$ 802,508	$ -		$ 802,508	$ -	100%	$ -	$ 802,508	
CONTINGENCY COSTS	$ 81,951		$ 81,951	$ -		$ 77,193	$ 4,758	94%	$ -	$ 81,951	
CAMPUS SIGNAGE PLAN		$ 85,000	$ 85,000	$ -		$ 78,075	$ 6,925	92%	$ -	$ 85,000	
SECURITY UPGRADES		$ 75,000	$ 75,000	$ -		$ 28,738	$ 46,262	38%	$ -	$ 75,000	
TOTAL PROJECT COSTS (Hard Costs + Soft Costs + Contingency)	**$ 884,459**	**$ 160,000**	**$ 1,044,459**	$ -		$ 986,514	**$ 57,945**	**94%**	**$ -**	**$ 1,044,459**	**Ongoing**
PROJECT SUMMARY COSTS (Hard Costs + Soft Costs + Contingency) ****	**$ 96,183,430**	**$ 6,835,644**	**$ 102,813,447**	$ (229,211)		$ 87,229,151	**$ 15,789,923**	**85%**	**$ 2,618,534**	**$ 103,019,074**	

Definitions:

Hard Costs = Administrative Requirements, Temporary Facilities, Execution Requirements, Site Construction, Concrete Construction, Masonry, Metals, Woods & Plastics, Thermal/Moisture Protection, Doors, Windows, Glazing, Finishes, Specialties, Equipment, Furnishings, Special Construction, Conveying Systems, Plumbing/Mechanical, Electrical.
Soft Costs = Equipment, Furniture, Signage, Preconstruction Services, Construction Scheduling, Architectural, Engineering, Testing & Inspections, IOR Testing, Agency Fees, State Review Fees (OSHPD), CM Fee, Insurance, Performance/Payment Bonding, Administrative Bond Contingency
Contingency Costs = Inflation, Unforeseen Conditions & Events

Footnotes:

(2) Overage includes additional equipment costs, related OSHPD Fees and other fee reallocations.

* Project Descriptions located within applicable project section.
** FDP Report dated 3/31/2015
*** Reconciled with TFHD General Ledger dated March 31, 2015. Reference Application for Payment SOV located within applicable project section.
**** Total Owner Scope Modifications $4,871,919 Regulatory Scope Modification $1,963,725
*****Balance to Finish is calculated from FDP with Scope Modifications less Total Amount PTD

On or under budget
1-5% over budget
6% or beyond over budget

GENEY/GASSIOT, INC
GENERAL CONTRACTORS

Tahoe Forest Hospital District
Facilities Development Plan

March 31, 2015

MEASURE C PROJECTS - NON QUALIFIED EXPENDITURE COST SUMMARY

PROJECTS (*)	Current FDP Estimate (**)	Owner / Regulatory Scope Modifications	Board Approved Bid / Budget	Variance	Footnotes	Total Amount PTD (***)	Balance to Complete	% Complete	QTR Actual (Q1 2015)	FDP with Scope Modifications	Status/Notes
Measure C Projects - Non Qualified Expenditures											
Cancer Center; Building + LINAC											
PERSONAL PROPERTY		$ 1,281,523	$ 1,246,012	$ (35,511)		$ 1,281,523	$ -	100%	$ -	$ 1,281,523	
SUBTOTAL PROJECT COSTS	**$ -**	**$ 1,281,523**	**$ 1,246,012**	**$ (35,511)**		**$ 1,281,523**	**$ (35,511)**	**100%**	**$ -**	**$ 1,281,523**	**Complete**
Skilled Nursing Facility											
PERSONAL PROPERTY	$ -	$ 56,582	$ 391,614	$ 335,032		$ 56,582	$ -	100%	$ -	$ 56,582	
TOTAL PROJECT COSTS	**$ -**	**$ 56,582**	**$ 391,614**	**$ 335,032**		**$ 56,582**	**$ -**	**100%**	**$ -**	**$ 56,582**	**Complete**
Infill Projects; Phase I Dietary / RT / MR / Dietary Office / Staff Lockers											
PERSONAL PROPERTY	$ -	$ 116,280	$ 116,280	$ -		$ 99,230	$ 17,050	85%	$ 10,075	$ 116,280	
SUBTOTAL PROJECT COSTS	**$ -**	**$ 116,280**	**$ 116,280**	**$ -**		**$ 99,230**	**$ 17,050**	**85%**	**$ 10,075**	**$ 116,280**	
Infill Projects; Interim Birthing at Western Addition											
PERSONAL PROPERTY	$ -	$ 49,180	$ 15,396	$ (33,784)		$ 49,180	$ -	319%	$ 18,743	$ 49,180	
SUBTOTAL PROJECT COSTS	**$ -**	**$ 49,180**	**$ 15,396**	**$ (33,784)**		**$ 49,180**	**$ -**	**319%**	**$ 18,743**	**$ 49,180**	
Infill Projects; Pharmacy Relocation											
PERSONAL PROPERTY	$ -	$ 5,477	$ 2,372	$ (3,105)		$ 5,477	$ (3,105)	100%	$ -	$ 5,477	
SUBTOTAL PROJECT COSTS	**$ -**	**$ 5,477**	**$ 2,372**	**$ (3,105)**		**$ 5,477**	**$ (3,105)**	**100%**	**$ -**	**$ 5,477**	
TOTAL PROJECT COSTS	**$ -**	**$ 170,937**	**$ 134,048**	**$ (36,889)**		**$ 153,887**	**$ 13,945**	**90%**	**$ 28,818**	**$ 170,937**	**Complete**
Emergency Department & Sterile Processing Department; Increment 1											
PERSONAL PROPERTY	$ -	$ -		$ -			$ -	0%		$ -	
TOTAL PROJECT COSTS	**$ -**	**$ -**	**$ -**	**$ -**		**$ -**	**$ -**	**0%**	**$ -**	**$ -**	
Emergency Department & Sterile Processing Department; Increment 2											
PERSONAL PROPERTY	$ -	$ 753,881	$ 708,123	$ (45,758)		$ 753,881	$ (45,758)	100%	$ -	$ 753,881	
TOTAL PROJECT COSTS	**$ -**	**$ 753,881**	**$ 708,123**	**$ (45,758)**		**$ 753,881**	**$ (45,758)**	**106%**	**$ -**	**$ 753,881**	
TOTAL PROJECT COSTS	**$ -**	**$ 753,881**	**$ 708,123**	**$ (45,758)**	**$ -**	**$ 753,881**	**$ (45,758)**	**100%**	**$ 28,818**	**$ 753,881**	
Fluoroscopy / Nuc Med Upgrades / Diagnostic Imaging Equipment Replacement											
PERSONAL PROPERTY	$ -	$ 5,500	$ 5,500	$ -		$ 5,500	$ -	100%	$ -	$ 5,500	
TOTAL PROJECT COSTS	**$ -**	**$ 5,500**	**$ 5,500**			**$ 5,500**	**$ -**	**100%**	**$ -**	**$ 5,500**	**Complete**
South Building / Birthing / Dietary Phase II											
PERSONAL PROPERTY	$ -	$ 750,272	$ 973,312	$ 973,312		$ -	$ 973,312	0%	$ -	$ 750,272	
TOTAL PROJECT COSTS	**$ -**	**$ 750,272**	**$ 973,312**	**$ 973,312**		**$ -**	**$ -**	**0%**	**$ -**	**$ 750,272**	
Non-Measure C Design Contingency											
PERSONAL PROPERTY	$ -	$ 150,000	$ -	$ -		$ -	$ -	0%	$ -	$ 150,000	
TOTAL PROJECT COSTS	**$ -**	**$ 150,000**	**$ -**	**$ -**		**$ -**	**$ -**	**0%**	**$ -**	**$ 150,000**	
PROJECT SUMMARY COSTS	**$ -**	**$ 3,168,695**	**$ 3,458,609**	**$ 1,190,186**	**$ -**	**$ 2,251,373**	**$ (67,324)**	**65%**	**$ 57,636**	**$ 3,168,695**	

* Project Descriptions located within applicable project section.
** FDP Report dated 3/31/2015
*** Reconciled with TFHD General Ledger dated March 31, 2015. Reference Application for Payment SOV located within applicable project section.

On or under budget
1-5% over budget
6% or beyond over budget

TAHOE FOREST HOSPITAL DISTRICT
MAY 2015 FINANCIAL REPORT
INDEX

Board of Directors
Of Tahoe Forest Hospital District

MAY 2015 FINANCIAL NARRATIVE

The following is a financial narrative analyzing financial and statistical trends for the eleven months ended May 31, 2015.

Activity Statistics

- TFH acute patient days were 357 for the current month compared to budget of 380. This equates to an average daily census of 11.5 compared to budget of 12.3.

- TFH Outpatient volumes were above budget in the following departments by at least 5%: Emergency Department visits, Laboratory tests, Oncology Lab, Diagnostic Imaging, Mammography, Oncology procedures, MRI, Ultrasounds, Cat Scans, PET CT, Pharmacy units, Physical Therapy, and Occupational Therapy.

- TFH Outpatient volumes were below budget in the following departments by at least 5%: Home Health visits, Surgical cases, Endoscopy procedures, Nuclear Medicine, Oncology Drugs, Respiratory Therapy, and Speech Therapy.

Financial Indicators

- Net Patient Revenue as a percentage of Gross Patient Revenue was 52.3% in the current month compared to budget of 55.1% and to last month's 55.9%. Current year's Net Patient Revenue as a percentage of Gross Patient Revenue is 55.4%, compared to budget of 55.0% and prior year's 57.4%.

- EBIDA was $(912,714) (-5.5%) for the current month compared to budget of $(494,385) (-3.3%), or $418,329 (2.3%) below budget. Year-to-date EBIDA was $2,637,873 (1.4%) compared to budget of $1,741,668 (1.0%) or $896,205 (.4%) above budget.

- Cash Collections for the current month were $8,104,737 which is 78% of targeted Net Patient Revenue.

- Gross Days in Accounts Receivable were 62.1, compared to the prior month of 63.3. Gross Accounts Receivables are $30,607,423 compared to the prior month of $30,073,047. The percent of Gross Accounts Receivable over 120 days old is 25.1%, compared to the prior month of 25.1%.

Balance Sheet

- Working Capital Days Cash on Hand is 42.6 days. S&P Days Cash on Hand is 166.1. Working Capital cash increased $3,996,000. Cash collections fell short of target by 22% and Accounts Payable decreased $1,192,000. The District received its second installment of property tax revenues, receipt of the Medi-Cal FY2014 Outpatient Supplement funding, and reimbursement for funds advanced on Measure C projects, all totaling $3,924,000.

- Net Patients Accounts Receivable decreased approximately $463,000. Cash collections were at 78% of target and days in accounts receivable were 62.1 days, a 1.20 days decrease.

- Other Receivables and GO Bond Receivables decreased a net $1,730,000 and $1,661,000 after receiving the second installment of property tax revenues.

- Estimated Settlements, Medi-Cal and Medicare decreased $1,385,000 after receiving the Medi-Cal Outpatient Supplemental funds and reimbursement from the Medicare program for withholds taken in error.

- GO Bond Project Fund decreased $735,797 after remitting payment to the District for funds advanced on the April Measure C projects.

- Accounts Payable decreased $1,192,000 due to the timing of the final check run in May.

Operating Revenue

- Current month's Total Gross Revenue was $16,534,964, compared to budget of $15,168,814 or $1,366,150 above budget.
- Current month's Gross Inpatient Revenue was $5,662,617, compared to budget of $5,315,924 or $346,693 above budget.
- Current month's Gross Outpatient Revenue was $10,872,348, compared to budget of $9,852,890 or $1,019,458 above budget. Volumes were up in some departments and down in others. See TFH Outpatient Activity Statistics above.
- Current month's Gross Revenue Mix was 37.8% Medicare, 18.0% Medi-Cal, .0% County, 3.3% Other, and 40.9% Insurance compared to budget of 34.6% Medicare, 13.4% Medi-Cal, 1.7% County, 6.6% Other, and 43.7% Insurance. Last month's mix was 33.0% Medicare, 20.8% Medi-Cal, .0% County, 3.8% Other, and 42.4% Insurance.
- Current month's Deductions from Revenue were $7,893,278 compared to budget of $6,816,151 or $1,077,127 above budget. Variance is attributed to the following reasons: 1) Payor mix varied from budget with a 3.18% increase in Medicare, a 4.61% increase to Medi-Cal, a 1.72% decrease in County, a 3.36% decrease in Other, and Commercial was below budget 2.72%, 2) revenues exceeded budget by 9.0%, and 3) the Medi-Cal FY2014 Outpatient Supplemental funding exceeded our year-end estimations which created a positive variance in Prior Period Settlements.

Operating Expenses

DESCRIPTION	May 2015 Actual	May 2015 Budget	Variance	BRIEF COMMENTS
Salaries & Wages	3,580,199	3,395,739	(184,460)	Negative variance in Salaries & Wages was offset, in part, by positive variances in PL/LTS, Standby, and Other.
Employee Benefits	1,298,042	1,422,685	124,643	
Benefits – Workers Compensation	46,068	51,566	5,498	
Benefits – Medical Insurance	681,390	717,510	36,120	
Professional Fees	1,877,979	1,414,065	(463,915)	Consulting services for Patient Accounting, Revenue Cycle, and Nursing Case Management, legal and fair market value services provided to the Corporate Compliance department, an increase in Inpatient and Outpatient Therapy revenues, MSC Physician fees, legal services provided to Administration, and IVCH ER Physician coverage created a negative variance in Professional Fees.
Supplies	1,155,646	1,157,216	1,570	Surgical Services and Medical Supplies Sold to Patients revenues were above budget by 5.63% along with minor equipment purchases for multiple departments. These negative variances were offset by positive variances in the other supply categories.
Purchased Services	943,624	806,381	(137,243)	Services provided to Corporate Compliance, Credit Card fees, outsourced laboratory testing, Town Hall meetings, pre-employment checks, job postings with outsourced advertising agencies, E.M.R. practice management fees, building maintenance and system, software, and network maintenance created a negative variance in Purchased Services.
Other Expenses	571,263	528,311	(42,952)	Negative variance in Outside Training & Travel for Jacobus consultants, The Fox Group, Emergency Department, and Purchasing and CEO recruitment expenses created a negative variance in Other Expenses.
Total Expenses	10,154,212	9,493,474	(660,739)	

TAHOE FOREST HOSPITAL DISTRICT
STATEMENT OF NET POSITION
MAY 2015

	May-15	Apr-15	May-14	
ASSETS				
CURRENT ASSETS				
* CASH	$ 14,060,098	$ 10,064,155	$ 14,758,541	1
PATIENT ACCOUNTS RECEIVABLE - NET	12,432,041	12,895,007	18,191,967	2
OTHER RECEIVABLES	2,851,930	4,581,942	2,847,894	
GO BOND RECEIVABLES	(618,015)	1,042,952	(165,043)	
ASSETS LIMITED OR RESTRICTED	5,638,197	5,725,402	5,902,520	
INVENTORIES	2,508,755	2,511,235	2,285,723	
PREPAID EXPENSES & DEPOSITS	1,359,918	1,504,357	1,347,769	
ESTIMATED SETTLEMENTS, M-CAL & M-CARE	2,872,736	4,257,788	2,528,336	3
OTHER CURRENT ASSETS	-	-	-	
TOTAL CURRENT ASSETS	41,105,660	42,582,837	47,697,707	
NON CURRENT ASSETS				
ASSETS LIMITED OR RESTRICTED:				
* CASH RESERVE FUND	40,730,601	40,730,601	33,636,217	1
BANC OF AMERICA MUNICIPAL LEASE	2,295,723	2,295,723	2,290,125	
TOTAL BOND TRUSTEE 2002	2	2	2	
TOTAL BOND TRUSTEE 2006	3,346,143	3,186,866	3,280,707	
TOTAL BOND TRUSTEE GO BOND		-	-	
GO BOND PROJECT FUND	12,877,043	13,612,840	20,521,331	4
GO BOND TAX REVENUE FUND	499,866	549,282	2,346,183	
BOARD DESIGNATED FUND	2,297	2,297	2,297	
DIAGNOSTIC IMAGING FUND	2,969	2,969	3,142	
DONOR RESTRICTED FUND	1,103,117	1,093,240	731,955	
WORKERS COMPENSATION FUND	15,874	20,529	16,412	
TOTAL	60,873,634	61,494,349	62,828,371	
LESS CURRENT PORTION	(5,638,197)	(5,725,402)	(5,902,520)	
TOTAL ASSETS LIMITED OR RESTRICTED - NET	55,235,437	55,768,947	56,925,850	
NONCURRENT ASSETS AND INVESTMENTS:				
INVESTMENT IN TSC, LLC	393,277	393,277	534,016	
PROPERTY HELD FOR FUTURE EXPANSION	836,353	836,353	836,353	
PROPERTY & EQUIPMENT NET	128,404,069	128,929,380	116,793,108	
GO BOND CIP, PROPERTY & EQUIPMENT NET	20,296,677	19,540,737	27,227,438	
TOTAL ASSETS	246,271,472	248,051,531	250,014,471	
DEFERRED OUTFLOW OF RESOURCES:				
DEFERRED LOSS ON DEFEASANCE	585,060	588,292	623,848	
ACCUMULATED DECREASE IN FAIR VALUE OF HEDGING DERIVATIVE	2,013,085	2,013,085	1,466,352	
TOTAL DEFERRED OUTFLOW OF RESOURCES	$ 2,598,145	$ 2,601,377	$ 2,090,200	
LIABILITIES				
CURRENT LIABILITIES				
ACCOUNTS PAYABLE	$ 4,266,440	$ 5,458,608	$ 3,273,219	5
ACCRUED PAYROLL & RELATED COSTS	7,610,170	7,286,135	8,571,814	6
INTEREST PAYABLE	640,561	516,530	658,888	
INTEREST PAYABLE GO BOND	1,559,030	1,169,293	1,559,558	
ESTIMATED SETTLEMENTS, M-CAL & M-CARE	536,561	512,695	992,856	
HEALTH INSURANCE PLAN	997,635	997,635	1,053,123	
WORKERS COMPENSATION PLAN	1,006,475	1,006,475	1,392,606	
COMPREHENSIVE LIABILITY INSURANCE PLAN	890,902	890,902	887,362	
CURRENT MATURITIES OF GO BOND DEBT	315,000	315,000	50,000	
CURRENT MATURITIES OF OTHER LONG TERM DEBT	2,300,830	2,300,830	2,253,767	
TOTAL CURRENT LIABILITIES	20,123,604	20,454,103	20,693,192	
NONCURRENT LIABILITIES				
OTHER LONG TERM DEBT NET OF CURRENT MATURITIES	33,181,604	33,282,248	35,445,977	
GO BOND DEBT NET OF CURRENT MATURITIES	98,130,000	98,130,000	98,445,000	
DERIVATIVE INSTRUMENT LIABILITY	2,013,085	2,013,085	1,466,352	
TOTAL LIABILITIES	153,448,293	153,879,436	156,050,520	
NET ASSETS				
NET INVESTMENT IN CAPITAL ASSETS	94,318,207	95,680,232	95,322,196	
RESTRICTED	1,103,117	1,093,240	731,955	
TOTAL NET POSITION	$ 95,421,323	$ 96,773,472	$ 96,054,151	

* Amounts included for Days Cash on Hand calculation

TAHOE FOREST HOSPITAL DISTRICT
NOTES TO STATEMENT OF NET POSITION
MAY 2015

1. Working Capital is at 42.6 days (policy is 30 days). Days Cash on Hand (S&P calculation) is 166.1 days. Working Capital cash increased $3,996,000. Cash collections fell short of target by 22% and Accounts Payable (See Note 6) decreased $1,192,000. The District received its second installment of property tax revenues in the amount of $2,151,000, remittance from the State of California for the FY2014 Outpatient Supplemental Reimbursement Program totaling $1,037,000, and reimbursement for Measure C project advancements (See Note 5) in the amount of $735,797.

2. Net Patient Accounts Receivable decreased approximately $463,000. Cash collections were 78% of target. Days in Accounts Receivable are at 62.1 days compared to prior months 63.3 days, a 1.20 days decrease.

3. Other Receivables and GO Bond Receivables decreased a net $1,730,000 and $1,661,000 after receiving the second installments of property tax revenues.

4. Estimated Settlements, Medi-Cal and Medicare decreased $1,385,000 after receiving payment for the FY2014 Medi-Cal OP Supplemental receivable and repayment from the Medicare program for withholds taken in error.

5. G.O. Bond Project Fund decreased $735,797 after reimbursing the District for funds advanced on Measure C projects.

6. Accounts Payable decreased $1,192,000 due to the timing of the final check run in the month.

Tahoe Forest Hospital District
Cash Investment
May 2015

WORKING CAPITAL				
US Bank	$ 13,376,649			
US Bank/Kings Beach Thrift Store	196,341			
US Bank/Truckee Thrift Store	487,108			
Wells Fargo Bank				
Local Agency Investment Fund	-	0.278%		
Total			$	14,060,098
BOARD DESIGNATED FUNDS				
US Bank Savings	$ 2,297	0.03%		
Capital Equipment Fund	-			
Total			$	2,297
Building Fund	$ -			
Cash Reserve Fund	40,730,601	0.278%		
Local Agency Investment Fund			$	40,730,601
Banc of America Muni Lease			$	2,295,723
Bonds Cash 1999			$	2
Bonds Cash 2002			$	-
Bonds Cash 2006			$	3,346,143
Bonds Cash 2008			$	13,376,909
DX Imaging Education	$ 2,969	0.278%		
Workers Comp Fund - B of A	15,874			
Insurance				
Health Insurance LAIF	-	0.278%		
Comprehensive Liability Insurance LAIF	-	0.278%		
Total			$	18,843
TOTAL FUNDS			$	73,830,616
RESTRICTED FUNDS				
Gift Fund				
US Bank Money Market	$ 8,368	0.03%		
Foundation Restricted Donations	$ 257,729			
Local Agency Investment Fund	837,020	0.278%		
TOTAL RESTRICTED FUNDS			$	1,103,117
TOTAL ALL FUNDS			$	74,933,732

TAHOE FOREST HOSPITAL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
MAY 2015

CURRENT MONTH ACTUAL	CURRENT MONTH BUDGET	CURRENT MONTH VAR$	CURRENT MONTH VAR%	Note		YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	YEAR TO DATE VAR$	YEAR TO DATE VAR%	Note	PRIOR YTD MAY 2014
					OPERATING REVENUE						
$ 16,534,964	$ 15,168,814	$ 1,366,150	9.0%		Total Gross Revenue	$ 187,558,812	$ 180,579,356	$ 6,979,456	3.9%	1	$ 170,877,249
					Gross Revenues - Inpatient						
$ 1,636,059	$ 1,577,980	$ 58,079	3.7%		Daily Hospital Service	$ 18,605,708	$ 17,633,176	$ 972,531	5.5%		$ 17,290,126
4,026,558	3,737,944	288,614	7.7%		Ancillary Service - Inpatient	43,384,990	42,775,214	609,777	1.4%		38,761,121
5,662,617	5,315,924	346,693	6.5%		Total Gross Revenue - Inpatient	61,990,698	60,408,390	1,582,308	2.6%	1	56,051,247
10,872,348	9,852,890	1,019,458	10.3%		Gross Revenue - Outpatient	125,568,115	120,170,966	5,397,148	4.5%		114,826,002
10,872,348	9,852,890	1,019,458	10.3%		Total Gross Revenue - Outpatient	125,568,115	120,170,966	5,397,148	4.5%	1	114,826,002
					Deductions from Revenue:						
7,163,999	5,693,658	(1,470,341)	-25.8%		Contractual Allowances	74,234,047	67,884,975	(6,349,072)	-9.4%	2	65,950,632
497,586	515,740	18,154	3.5%		Charity Care	5,740,901	6,139,698	398,797	6.5%	2	5,463,708
-	-	-	0.0%		Charity Care - Catastrophic Events	-	-	-	0.0%	2	-
399,024	606,753	207,729	34.2%		Bad Debt	3,436,838	7,223,176	3,786,338	52.4%	2	2,620,606
(167,331)	-	167,331	0.0%		Prior Period Settlements	151,042	-	(151,042)	0.0%	2	(1,299,691)
7,893,278	6,816,151	(1,077,127)	-15.8%		Total Deductions from Revenue	83,562,828	81,247,849	(2,314,979)	-2.8%		72,735,255
71,775	96,535	(24,759)	-25.6%		Property Tax Revenue- Wellness Neighborhood	732,549	985,500	(252,951)	-25.7%		471,427
528,037	549,891	(21,855)	-4.0%		Other Operating Revenue	6,866,444	6,082,412	784,032	12.9%	3	6,435,564
9,241,498	8,999,088	242,410	2.7%		TOTAL OPERATING REVENUE	111,594,977	106,399,420	5,195,558	4.9%		105,048,985
					OPERATING EXPENSES						
3,580,199	3,395,739	(184,460)	-5.4%		Salaries and Wages	37,637,713	37,621,835	(15,878)	0.0%	4	36,795,244
1,298,042	1,422,685	124,643	8.8%		Benefits	12,713,063	12,711,202	(1,860)	0.0%	4	12,175,053
46,068	51,566	5,498	10.7%		Benefits Workers Compensation	559,211	567,230	8,019	1.4%	4	834,882
681,390	717,510	36,120	5.0%		Benefits Medical Insurance	7,827,976	7,892,606	64,630	0.8%	4	7,694,145
1,877,979	1,414,065	(463,915)	-32.8%		Professional Fees	19,229,061	17,316,453	(1,912,607)	-11.0%	5	17,215,717
1,155,646	1,157,216	1,570	0.1%		Supplies	14,937,704	13,113,213	(1,824,490)	-13.9%	6	13,672,975
943,624	806,381	(137,243)	-17.0%		Purchased Services	9,911,448	9,178,851	(732,597)	-8.0%	7	8,927,111
571,263	528,311	(42,952)	-8.1%		Other	6,140,929	6,256,361	115,432	1.8%	8	5,495,481
10,154,212	9,493,474	(660,739)	-7.0%		TOTAL OPERATING EXPENSE	108,957,105	104,657,752	(4,299,353)	-4.1%		102,810,608
(912,714)	**(494,385)**	**(418,329)**	**84.6%**		**NET OPERATING REVENUE (EXPENSE) EBIDA**	**2,637,873**	**1,741,668**	**896,205**	**51.5%**		**2,238,377**
					NON-OPERATING REVENUE/(EXPENSE)						
376,233	351,473	24,759	7.0%		District and County Taxes	4,204,183	3,942,588	261,595	6.6%	9	4,625,693
393,903	393,903	-	0.0%		District and County Taxes - GO Bond	4,332,937	4,332,937	-	0.0%		4,350,320
25,483	23,496	1,987	8.5%		Interest Income	260,565	244,492	16,073	6.6%	10	207,475
2,737	885	1,852	209.3%		Interest Income-GO Bond	33,359	20,419	12,940	63.4%		48,337
104,525	60,951	43,574	71.5%		Donations	512,622	670,460	(157,837)	-23.5%	11	549,013
-	-	-	0.0%		Gain/ (Loss) on Joint Investment	(67,418)	(168,750)	101,332	0.0%	12	(154,046)
-	-	-	0.0%		Loss on Impairment of Asset	-	-	-	0.0%	12	-
-	-	-	0.0%		Gain/ (Loss) on Sale of Equipment	-	-	-	0.0%	13	1,000
-	-	-	0.0%		Impairment Loss	-	-	-	0.0%	14	-
(809,066)	(809,066)	0	0.0%		Depreciation	(8,802,548)	(8,899,731)	97,183	1.1%	15	(8,175,635)
(140,366)	(139,547)	(819)	-0.6%		Interest Expense	(1,540,052)	(1,536,956)	(3,096)	-0.2%	16	(1,610,901)
(389,737)	(389,723)	(14)	0.0%		Interest Expense-GO Bond	(3,413,667)	(2,641,501)	(772,166)	-29.2%		(3,257,478)
(436,288)	(507,628)	71,340	14.1%		TOTAL NON-OPERATING REVENUE/(EXPENSE)	(4,480,018)	(4,036,042)	(443,976)	-11.0%		(3,416,222)
$ (1,349,002)	**$ (1,002,013)**	**$ (346,989)**	**-34.6%**		**INCREASE (DECREASE) IN NET POSITION**	**$ (1,842,145)**	**$ (2,294,375)**	**$ 452,229**	**19.7%**		**$ (1,177,845)**
					NET POSITION - BEGINNING OF YEAR	**97,263,468**					
					NET POSITION - AS OF MAY 31, 2015	**$ 95,421,323**					
-5.5%	**-3.3%**	**-2.3%**			**RETURN ON GROSS REVENUE EBIDA**	**1.4%**	**1.0%**	**0.4%**			**1.3%**

TAHOE FOREST HOSPITAL DISTRICT
NOTES TO STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
MAY 2015

		Variance from Budget Fav / <Unfav> MAY 2015	Fav / <Unfav> YTD 2015
1) Gross Revenues			
Acute Patient Days were below budget 6.05% or 23 days. Swing bed days were above budget 42.86% or 12 days.	Gross Revenue -- Inpatient	$ 346,693	$ 1,582,308
	Gross Revenue -- Outpatient	1,019,458	5,397,148
Outpatient volumes were above budget in the following departments: Emergency Department visits, Laboratory tests, Oncology Lab, Diagnostic Imaging, Mammography, Oncology procedures, MRI, Ultrasound, Cat Scans, PET CT, Pharmacy units, Physical Therapy, and Occupational Therapy.	Gross Revenue -- Total	$ 1,366,150	$ 6,979,456
2) Total Deductions from Revenue			
The payor mix for May shows a 3.18% increase to Medicare, a 4.61% increase to Medi-Cal, 3.36% decrease to Other, a 1.72% decrease to County, and a 2.72% decrease to Commercial when compared to budget. Contractual Allowances were above budget as a result of increased revenues and the shift in Payor Mix.	Contractual Allowances	$ (1,470,341)	$ (6,349,072)
	Managed Care Reserve	-	-
	Charity Care	18,154	398,797
	Charity Care - Catastrophic	-	-
We continue to see positive variances in our Bad Debt as more of the patient population migrates to the Medicaid and State Health Insurance Exchange programs.	Bad Debt	207,729	3,786,338
	Prior Period Settlements	167,331	(151,042)
The FY2014 Medi-Cal Outpatient Supplement reimbursement calculated higher than our estimated receivable resulting in a positive variance in Prior Period Settlements.	Total	$ (1,077,127)	$ (2,314,979)
3) Other Operating Revenue			
Retail Pharmacy revenues fell short of budget by 4.29%.	Retail Pharmacy	$ (8,120)	$ 215,758
	Hospice Thrift Stores	(2,365)	(3,291)
	The Center (non-therapy)	1,222	18,509
IVCH ER Physician Guarantee is tied to collections, which came in below budget estimations.	IVCH ER Physician Guarantee	(25,027)	147,954
	Children's Center	3,732	11,301
	Miscellaneous	15,686	134,550
Positive variance in Miscellaneous attributed to Medi-Cal E.H.R. Incentive payments received.	Oncology Drug Replacement	-	-
	Grants	(6,983)	259,249
	Total	$ (21,855)	$ 784,032
4) Salaries and Wages	Total	$ (184,460)	$ (15,878)
Negative variance in Salaries and Wages was offset by positive variances in PL/SL, Standby, and Other.			
Employee Benefits	PL/SL	$ 101,220	$ 368,388
	Nonproductive	(11,682)	(258,410)
	Pension/Deferred Comp	316	2,442
	Standby	8,433	(45,510)
	Other	26,355	(68,771)
	Total	$ 124,643	$ (1,860)
Employee Benefits - Workers Compensation	Total	$ 5,498	$ 8,019
Employee Benefits - Medical Insurance	Total	$ 36,120	$ 64,630
5) Professional Fees			
Negative variance in Patient Accounting/Admitting for services provided by Jacobus Consulting. The majority of these costs are targeted to end June 2015.	Patient Accounting/Admitting	$ (212,980)	$ (802,510)
	Corporate Compliance	(61,080)	(772,717)
	Miscellaneous	(158,881)	(440,605)
	The Center (includes OP Therapy)	(9,711)	(184,404)
Negative variance in Corporate Compliance attributed to legal and fair maket value services provided to the department.	TFH/IVCH Therapy Services	(16,873)	(154,518)
	Financial Administration	556	(75,253)
	Oncology	1,022	(60,871)
Consulting services provided to Laboratory, Revenue Cycle, and Nursing Case Management created a negative variance in Miscellaneous. Variance was also created by the Anesthesiology and Radiology guarantees exceeding budget.	Multi-Specialty Clinics	(13,417)	(13,071)
	Administration	(36,178)	(2,850)
	Business Performance	-	-
	Multi-Specialty Clinics Admin	(2,684)	5,687
OP Physical and Occupational Therapy revenues exceeded budget by 25.08%, creating a negative variance in The Center (includes OP Therapy).	Home Health/Hospice	(1,950)	8,571
	Marketing	1,000	10,875
	Human Resources	6,242	11,832
TFH IP and Tahoe City Therapies revenues exceeded budget by 65.09%, creating a negative variance in TFH/IVCH Therapy Services.	Information Technology	5,418	26,817
	IVCH ER Physicians	(19,527)	27,275
	Medicel Staff Services	17,005	52,140
Negative variance in Multi-Specialty Clinics related to Neurology physician fees. Revenues for MSC Sports Medicine and Neurology exceeded budget by 144.85%.	Sleep Clinic	7,247	54,614
	Managed Care	11,330	59,039
	TFH Locums	2,861	162,498
Legal services provided to Administration for the Respiratory Therapy alignment project, Orthopedic Practice Support, and physician recruitment agreements created a negative variance in this category.	Respiratory Therapy	16,684	174,846
	Total	$ (463,915)	$ (1,912,607)
Overlap coverage due to increased volumes created a negative variance in IVCH ER Physicians.			

6) Supplies

Surgical Services and Medical Suppplies Sold to Patients revenues exceeded budget by 5.63%, creating a negative variance in Patient & Other Medical Supplies.

Drugs Sold to Patients revenues fell short of budget by 7.98%, creating a positive variance in Pharmacy Supplies.

Minor Equipment purchases for MSC E.N.T., Surgery, PAAS, Briner Ultrasound, Tahoe City Physical Therapy, Accounting, Medical Records, Information Technology, and Child Care created a negative variance in Minor Equipment.

Patient & Other Medical Supplies	$ (15,110)	$ (1,104,301)
Pharmacy Supplies	26,276	(728,191)
Minor Equipment	(17,142)	(66,903)
Other Non-Medical Supplies	(2,171)	(52,640)
Imaging Film	981	7,252
Office Supplies	2,929	53,586
Food	5,826	66,708
Total	$ 1,570	$ (1,824,490)

7) Purchased Services

Negative variance in Miscellaneous associated with services provided by the Fox Group for Corporate Compliance, Accounting for credit card fees, and Engineering purchased services.

Outsourced lab testing created a negative variance in Laboratory.

Annual Town Hall meetings, pre-employment background checks, and external job placement advertising created a negative variance in Human Resources.

E.M.R. practice management fees created a negative variance in Multi-Specialty Clinics. These fees are tied to visits which exceeded budget in May.

District wide building maintenance projects created a negative variance in Department repairs.

Negative variance in Information Technology related to system, software, and network maintenance.

Miscellaneous	$ (98,636)	$ (530,590)
Pharmacy IP	9,388	(203,498)
Laboratory	(7,021)	(61,874)
Patient Accounting	19,121	(51,488)
Human Resources	(15,175)	(34,859)
The Center	1,034	(16,325)
Multi-Specialty Clinics	(9,965)	(14,104)
Community Development	234	(1,841)
Medical Records	(1,911)	2,339
Department Repairs	(23,681)	7,078
Hospice	(2,410)	8,502
Information Technology	(16,596)	34,117
Diagnostic Imaging Services - All	8,374	129,947
Total	$ (137,243)	$ (732,597)

8) Other Expenses

Negative variance in Outside Training & Travel associated with Jacobus Consultants, The Fox Group, Purchasing, and Emergency Department travel and lodging.

Negative variance in Human Resources Recruitment related to the CEO search.

Estimated expenses for TIRHR activity fell short of budget creating a negative variance in Miscellaneous. In this instance, the negative variance is positive for the District.

Electricity and Natural Gas came in below budget due to the mild spring temperatures.

Outside Training & Travel	$ (45,682)	$ (378,038)
Human Resources Recruitment	(31,163)	(27,432)
Physician Services	3,649	(25,307)
Multi-Specialty Clinics Equip Rent	-	(825)
Innovation Fund	-	-
Other Building Rent	(1,543)	10,786
Multi-Specialty Clinics Bldg Rent	950	23,699
Equipment Rent	(6,348)	27,257
Miscellaneous	(10,589)	31,141
Dues and Subscriptions	8,278	49,399
Insurance	5,824	59,546
Utilities	21,699	150,504
Marketing	11,973	194,702
Total	$ (42,952)	$ 115,432

9) District and County Taxes

Total	$ 24,759	$ 261,595

10) Interest Income

Total	$ 1,987	$ 16,073

11) Donations

IVCH	$ (4,200)	$ (24,109)
Operational	47,774	(133,728)
Capital Campaign	-	-
Total	43,574	(157,837)

12) Gain/(Loss) on Joint Investment

Total	$ -	$ 101,332

12) Gain/(Loss) on Impairment of Asset

Total	$ -	$ -

13) Gain/(Loss) on Sale

Total	$ -	$ -

14) Impairment Loss

Total	$ -	$ -

15) Depreciation Expense

Total	$ -	$ 97,183

16) Interest Expense

Total	$ (819)	$ (3,096)

INCLINE VILLAGE COMMUNITY HOSPITAL
STATEMENT OF REVENUE AND EXPENSE
MAY 2015

CURRENT MONTH ACTUAL	CURRENT MONTH BUDGET	CURRENT MONTH VAR$	CURRENT MONTH VAR%	Note		YEAR TO DATE ACTUAL	YEAR TO DATE BUDGET	YEAR TO DATE VAR$	YEAR TO DATE VAR%	Note	PRIOR YTD MAY 2014
					OPERATING REVENUE						
$ 1,223,623	$ 1,092,091	$ 131,532	12.0%		Total Gross Revenue	$ 13,643,940	$ 13,018,762	$ 625,178	4.8%	1	$ 12,656,985
					Gross Revenues - Inpatient						
$ -	$ -	$ -	0.0%		Daily Hospital Service	$ 33,538	$ 34,940	$ (1,402)	-4.0%		$ 61,651
-	3,695	(3,695)	-100.0%		Ancillary Service - Inpatient	55,135	64,191	(9,056)	-14.1%		81,377
-	3,695	(3,695)	-100.0%		Total Gross Revenue - Inpatient	88,673	99,131	(10,458)	-10.5%	1	143,028
1,223,623	1,088,395	135,227	12.4%		Gross Revenue - Outpatient	13,555,266	12,919,631	635,636	4.9%		12,513,957
1,223,623	1,088,395	135,227	12.4%		Total Gross Revenue - Outpatient	13,555,266	12,919,631	635,636	4.9%	1	12,513,957
					Deductions from Revenue:						
442,341	330,925	(111,416)	-33.7%		Contractual Allowances	3,968,611	3,917,843	(50,768)	-1.3%	2	3,675,930
39,460	37,131	(2,329)	-6.3%		Charity Care	442,025	442,638	613	0.1%	2	495,221
-	-	-	0.0%		Charity Care - Catastrophic Events	-	-	-	0.0%	2	-
50,842	43,684	(7,158)	-16.4%		Bad Debt	1,046,751	520,752	(525,999)	-101.0%	2	693,512
-	-	-	0.0%		Prior Period Settlements	5,409	-	(5,409)	0.0%	2	14,581
532,643	411,740	(120,903)	-29.4%		Total Deductions from Revenue	5,462,796	4,881,233	(581,563)	-11.9%	2	4,879,244
54,547	78,845	(24,298)	-30.8%		Other Operating Revenue	789,587	644,569	145,018	22.5%	3	616,300
745,526	759,195	(13,669)	-1.8%		TOTAL OPERATING REVENUE	8,970,731	8,782,098	188,633	2.1%		8,394,041
					OPERATING EXPENSES						
249,488	248,379	(1,109)	-0.4%		Salaries and Wages	2,684,319	2,775,414	91,095	3.3%	4	2,713,888
74,683	87,730	13,047	14.9%		Benefits	958,351	982,109	23,757	2.4%	4	955,154
3,072	2,717	(355)	-13.1%		Benefits Workers Compensation	34,018	29,882	(4,136)	-13.8%	4	22,224
45,966	48,049	2,083	4.3%		Benefits Medical Insurance	527,769	528,543	774	0.1%	4	468,764
203,764	201,348	(2,416)	-1.2%		Professional Fees	2,300,664	2,398,150	97,486	4.1%	5	2,258,459
65,996	49,585	(16,411)	-33.1%		Supplies	582,528	538,724	(43,804)	-8.1%	6	524,941
40,889	38,666	(2,223)	-5.7%		Purchased Services	440,055	422,291	(17,764)	-4.2%	7	398,992
56,812	50,758	(6,054)	-11.9%		Other	554,554	562,890	8,336	1.5%	8	521,786
740,670	727,232	(13,439)	-1.8%		TOTAL OPERATING EXPENSE	8,082,259	8,238,002	155,744	1.9%		7,864,208
4,856	**31,964**	**(27,108)**	**-84.8%**		**NET OPERATING REV(EXP) EBIDA**	**888,472**	**544,096**	**344,377**	**63.3%**		**529,833**
					NON-OPERATING REVENUE/(EXPENSE)						
-	4,200	(4,200)	-100.0%		Donations-IVCH	22,091	46,200	(24,109)	-52.2%	9	83,983
-	-	-	0.0%		Gain/ (Loss) on Sale	-	-	-	0.0%	10	-
(53,601)	(53,601)	0	0.0%		Depreciation	(588,269)	(589,615)	1,346	-0.2%	11	(570,992)
(53,601)	(49,401)	(4,200)	-8.5%		TOTAL NON-OPERATING REVENUE/(EXP)	(566,179)	(543,415)	(22,764)	-4.2%		(487,009)
$ (48,745)	**$ (17,438)**	**$ (31,307)**	**179.5%**		**EXCESS REVENUE(EXPENSE)**	**$ 322,294**	**$ 680**	**$ 321,613**	**47262.0%**		**$ 42,824**
0.4%	**2.9%**	**-2.5%**			**RETURN ON GROSS REVENUE EBIDA**	**6.5%**	**4.2%**	**2.3%**			**4.2%**

INCLINE VILLAGE COMMUNITY HOSPITAL
NOTES TO STATEMENT OF REVENUE AND EXPENSE
MAY 2015

		Variance from Budget Fav<Unfav> MAY 2015	Variance from Budget Fav<Unfav> YTD 2015
1) Gross Revenues			
Acute Patient Days were at budget at 0 and Observation Days were below budget by 2 at 1.	Gross Revenue -- Inpatient	$ (3,695)	$ (10,458)
	Gross Revenue -- Outpatient	135,227	635,636
		$ 131,532	$ 625,178
Outpatient volumes exceeded budget in Emergency Department visits, Laboratory tests, Radiology exams, Cat Scans, Pharmacy units, and Occupational Therapy.			
2) Total Deductions from Revenue			
We saw a shift in our payor mix with a 1.80% decrease in Commercial, Insurance, a .38% decrease in Medicare, a 6.19% increase in Medicaid, a 3.65% decrease in Other, and a .35% decrease in County. Negative variance in Contractual Allowances is a result of revenues exceeding budget by 12.0% and the continual shift towards Medicaid.	Contractual Allowances	$ (111,416)	$ (50,768)
	Charity Care	(2,329)	613
	Charity Care-Catastrophic Event	-	-
	Bad Debt	(7,158)	(525,999)
	Prior Period Settlement	-	(5,409)
	Total	$ (120,903)	$ (581,563)
3) Other Operating Revenue			
IVCH ER Physician Guarantee is tied to collections which fell short of budget in May.	IVCH ER Physician Guarantee	$ (25,027)	$ 147,954
	Miscellaneous	729	(2,936)
	Total	$ (24,298)	$ 145,018
4) Salaries and Wages	Total	$ (1,109)	$ 91,095
Employee Benefits	PL/SL	$ 6,794	$ 22,985
	Standby	2,581	8,229
	Other	3,456	(7,873)
	Nonproductive	(100)	(3,374)
	Pension/Deferred Comp	316	3,790
	Total	$ 13,047	$ 23,757
Employee Benefits - Workers Compensation	Total	$ (355)	$ (4,136)
Employee Benefits - Medical Insurance	Total	$ 2,083	$ 774
5) Professional Fees	Foundation	$ (1,632)	$ (12,086)
Negative variance in Foundation related to contracted Fundraising services.	Multi-Specialty Clinics	1,028	(6,666)
	Administration	150	1,650
	Miscellaneous	124	2,853
Negative variance in IVCH ER Physicians related to overlap coverage needed for the increased volumes witnessed in May.	IVCH ER Physicians	(19,527)	27,275
	Therapy Services	10,194	29,846
	Sleep Clinic	7,247	54,614
IVCH OP Physical Therapy revenues fell short of budget by 17.56%, creating a positive variance in Therapy Services Pro Fees.	Total	$ (2,416)	$ 97,486
Sleep Clinic Pro Fees are tied to collections which fell short of budget in May.			
6) Supplies	Patient & Other Medical Supplies	$ (14,055)	$ (55,796)
Surgical Services revenues exceeded budget by 83.76%, creating a negative variance in Patient & Other Medical Supplies	Non-Medical Supplies	(1,273)	(1,633)
	Minor Equipment	885	(645)
	Food	80	218
Drugs Sold to Patients revenue also exceeded budget by 8.69%, creating a negative variance in Pharmacy Supplies.	Imaging Film	289	1,669
	Office Supplies	289	2,411
	Pharmacy Supplies	(2,626)	9,972
	Total	$ (16,411)	$ (43,804)

INCLINE VILLAGE COMMUNITY HOSPITAL
NOTES TO STATEMENT OF REVENUE AND EXPENSE
MAY 2015

		Variance from Budget Fav<Unfav>	
		MAY 2015	YTD 2015
7) Purchased Services	Miscellaneous	$ (3,464)	$ (32,037)
Negative variance in Miscellaneous primarily related to outsourced management of the Medically Managed Fitness program.	EVS/Laundry	(1,345)	(8,762)
	Pharmacy	100	(2,806)
Negative variance in Engineering/Plant/Communications associated with snow removal costs.	Engineering/Plant/Communications	(2,880)	(1,549)
	Surgical Services	-	-
Negative variance in Laboratory related to a maintenance agreement on equipment.	Laboratory	(2,369)	1,046
	Multi-Specialty Clinics	169	1,928
	Department Repairs	3,687	6,068
	Foundation	4,333	8,770
	Diagnostic Imaging Services - All	(454)	9,578
	Total	$ (2,223)	$ (17,764)
8) Other Expenses	Outside Training & Travel	$ 96	$ (16,167)
Negative variance in Equipment Rent related to oxygen tank rentals.	Equipment Rent	(9,487)	(6,689)
	Other Building Rent	(582)	(2,329)
	Dues and Subscriptions	240	(582)
	Multi-Specialty Clinics Equip Rent	-	-
	Physician Services	-	-
	Multi-Specialty Clinics Bldg Rent	-	-
	Insurance	213	2,347
	Miscellaneous	1,553	3,825
	Utilities	(506)	8,318
	Marketing	2,419	19,614
	Total	$ (6,054)	$ 8,336
9) Donations	Total	$ (4,200)	$ (24,109)
10) Gain/(Loss) on Sale	Total	$ -	$ -
11) Depreciation Expense	Total	$ -	$ 1,346

TAHOE FOREST HOSPITAL DISTRICT
STATEMENT OF CASH FLOWS

	AUDITED FYE 2014		BUDGET FYE 2015		PROJECTED FYE 2015	ACTUAL MAY 2015	BUDGET MAY 2015	DIFFERENCE	ACTUAL 1ST QTR	ACTUAL 2ND QTR	ACTUAL 3RD QTR	PROJECTED 4TH QTR
Net Operating Rev/(Exp) - EBIDA	$ 3,742,843		$ 2,008,740		$ 2,819,373	**$ (920,237)**	**$ (590,920)**	**$ (329,317)**	$ 3,469,494	$ (1,330,346)	$ 1,213,071	$ (532,846)
Interest Income	90,129		96,542		97,528	**-**	**-**	**-**	19,503	25,120	26,432	26,472
Property Tax Revenue	5,285,587		5,376,000		5,339,001	**2,151,110**	**2,185,000**	**(33,890)**	237,157	73,132	2,877,602	2,151,110
Donations	1,132,315		600,300		722,115	**210,955**	**65,000**	**145,955**	221,165	146,247	143,748	210,955
Debt Service Payments	(4,308,075)		(3,926,699)		(3,342,139)	**(104,367)**	**(271,825)**	**167,458**	(1,123,831)	(790,940)	(955,720)	(471,648)
Bank of America - 2012 Muni Lease	(1,243,647)		(1,243,644)		(1,243,531)	**(103,637)**	**(103,637)**	**-**	(310,795)	(310,912)	(310,912)	(310,911)
Bank of America - 2007 Muni Lease	(421,721)		-		-		**-**	**-**				
Copier	(100,214)		(105,000)		(8,963)	**(730)**	**(8,750)**	**8,020**	(2,393)	(2,197)	(2,912)	(1,460)
2002 Revenue Bond	(633,393)		(664,805)		(496,875)	**-**	**-**	**-**	(332,811)	-	(164,064)	-
2006 Revenue Bond	(1,909,100)		(1,913,250)		(1,592,771)	**-**	**(159,438)**	**159,438**	(477,831)	(477,831)	(477,831)	(159,277)
Physician Recruitment	(129,886)		(150,000)		(155,813)	**(85,407)**	**(12,500)**	**(72,907)**	(27,246)	(16,112)	(16,233)	(96,221)
Investment in Capital					-						-	
Equipment	(2,157,004)		(1,748,150)		(2,569,055)	**(8,239)**	**(820,936)**	**812,697**	(270,964)	(334,607)	(205,260)	(1,758,224)
Municipal Lease Reimbursement	748,489		1,250,000		-	**-**	**-**	**-**	-	-	-	-
GO Bond Project Personal Property	(703,327)		(747,761)		(138,222)	**-**	**(100,000)**	**100,000**	(24,369)	(38,923)	(74,627)	(303)
IT	(339,004)		(2,804,763)		(1,517,706)	**(12,152)**	**(75,000)**	**62,848**	(113,054)	(1,092,933)	(84,068)	(227,651)
Building Projects	(1,339,652)		(3,557,916)		(2,399,183)	**(244,780)**	**(950,000)**	**705,220**	(617,090)	(596,944)	(543,309)	(641,840)
Health Information/Business System	(349,125)		(1,105,000)		(230,852)	**-**	**(50,000)**	**50,000**	(30,303)	(200,549)	-	-
Capital Investments												
MOB Suite Acquistion-Unbudgeted	-		-		(600,000)	**-**	**-**	**-**	-	-	-	(600,000)
Change in Accounts Receivable	3,825,683		1,989,042	N1	4,503,335	**462,996**	**574,327**	**(111,331)**	1,214,891	874,623	(67,768)	2,481,589
Change in Settlement Accounts	1,070,839		(900,000)	N2	(618,261)	**1,408,918**	**-**	**1,408,918**	(310,047)	(368,631)	(1,291,183)	1,351,600
Change in Other Assets	527,205		(548,326)	N3	(160,630)	**1,881,248**	**255,318**	**1,625,930**	(997,401)	(1,846,663)	1,957,036	726,398
Change in Other Liabilities	(40,000)		805,000	N4	(885,932)	**(744,102)**	**(300,000)**	**(444,102)**	547,692	(1,069,219)	755,696	(1,120,101)
Change in Cash Balance	7,057,017		(3,362,991)		863,559	**3,995,943**	**(91,535)**	**4,087,478**	2,195,597	(6,566,746)	3,735,417	1,499,290
Beginning Unrestricted Cash	43,894,743		50,951,760	N5	50,951,760	**50,794,756**	**50,794,756**	**-**	50,951,760	53,147,357	46,580,611	50,316,028
Ending Unrestricted Cash	50,951,760		47,588,769		51,815,319	**54,790,699**	**50,703,221**	**4,087,478**	53,147,357	46,580,611	50,316,028	51,815,318
Expense Per Day	311,010		316,480		329,442	**329,979**	**316,999**	**12,980**	328,735	329,124	332,048	329,442
Days Cash On Hand	164		150		157	**166**	**160**	**6**	162	142	152	157

Footnotes:
N1 - Change in Accounts Receivable reflects the 60 day delay in collections. For example, in July 2014 we are collecting May 2014.
N2 - Change in Settlement Accounts reflect cash flows in and out related to prior year and current year Medicare and Medi-Cal settlement accounts.
N3 - Change in Other Assets reflect fluctuations in asset accounts on the Balance Sheet that effect cash. For example, an increase in prepaid expense immediately effects cash but not EBIDA.
N4 - Change in Other Liabilities reflect fluctuations in liability accounts on the Balance Sheet that effect cash. For example, an increase in accounts payable effects EBIDA but not cash.
N5 - Change in Beginning Unrestricted Cash is different than as presented in budget package due to final adjustments for fiscal year end 2014.

TAHOE FOREST HOSPITAL DISTRICT

Board Executive Summary

By: **Jake Dorst**
Interim Chief Executive Officer

DATE: June 29, 2015

ISSUE:
The Board is requested to review the attached contract entitled, ***TBD_TFHD_MDA_For_Antimicrobial_Stewardship_Program_2015*** for provisional approval pending final details regarding the contracted entity name, etc. which will allow the contract to be processed for signature and final approval.

BACKGROUND:

SB1311 requires the hospital to have a physician or pharmacist on staff that is specially trained in antimicrobial stewardship by July 1, 2015 to help oversee the program; TFHD is seeking to implement this contract to comply with the updated requirement.

Sierra Infectious Diseases, a medical group in Reno, NV is currently providing similar contracted services to other Hospitals in the area and has indicated they will agree to these contracted services, provided that they can perform such services under a new entity which will be organized in California.

ACTION REQUESTED:
Board approval of the contract terms and conditions.

Alternatives:
Delay approval of the agreement and compliance SB1311.

NOT FOR USE FOR MEDICAL EQUIPMENT, MEDICAL SUPPLY OR GROUP PURCHASING CONTRACTS

CONTRACT ROUTING FORM

Email Completed Form to Contracts Coordinator (ahoffman@tfhd.com) for Processing and Compliance

NEW CONTRACT ☑ AMEND SCOPE ☐ AMEND TERM ☐ AUTO RENEW ☐

ORIGINATING DEPARTMENT: Administration

PRIMARY RESPONSIBLE PARTY: Jake Dorst, CIO/Interim CEO

PHONE: 530-582-6650

RESPONSIBLE ADMINISTRATIVE COUNCIL MEMBER: CEO ☑ CFO ☐ COO ☐ CNO ☐ CIO ☑ IVCH ☐

SUBJECT TO GOVERNANCE COMMITTEE REVIEW? NO ☑ YES ☐ MEETING DATE: N/A

GC COMMITTE RECOMENDATION: N/A

CONTRACT TYPE/NAME:

Physician Professional Service Agreement (P-PSA) ☐ Contract Name: _____

Physician Medical Director Agreement (P-MDA) ☑ Contract Name: TBD_TFHD_MDA_For_Antimicrobial_Stewardship_Program_2015

Vendor Professional Service Agreement (V-PSA) ☐ Contract Name: _____

Other: _____ ☐ Contract Name: _____

❖ *Business Associated Agreement Required*? YES ☐ NO ☐

CONTRACT DETAILS: *(additional information may be provided on Page 2)*

CONTRACTOR/ VENDOR NAME:	TBD

Purpose of the Contract/Alternatives:

The purpose of the agreement is to provider Medical Director services to the Hospital's Antimicrobial Stewardship Program in order to meet the new requirements of Section 1288.8 of the California Health and Safety Code. Not approving the contract will result in TFHD falling out of compliance with the requirements of Section 1288.8 of the California Health and Safety Code.

Scope of the Contract:

- Oversee the Antimicrobial Stewardship Program in compliance with SB1311 and Sections 1288.8 and 1288.85 of the California Health and Safety Code.
- Provide mentoring and guidance for matters related to the Program to physicians, pharmacists, Committee members, and Facility staff as needed.
- Recommend pharmacy formulary restrictions and pre-approvals for controlled antibiotics.
- Assist quality and performance improvement and outcome metrics for Program by developing strategies and advice on outcome metrics and data gathering.
- Ensure that all best practice recommendations are being carried out and/or followed by Committees and Program, as applicable.
- Consult with the Pharmacy and Laboratory Services within the Hospital to develop recommendations on order sets for frequent indications.
- Assist physicians in telephone consultations for matters related to the Program, as needed.
- Report Program activities to each appropriate Hospital committee undertaking clinical quality improvement activities.
- Prepare quarterly assessment of Infection Control Committee and develop plans for addressing any deficiencies related to the current practices.
- Attend quarterly meetings for the Pharmacy and Therapeutics Committee and the Infection Control Committee.
- Assist in developing and examine the effectiveness of corrective action plans related to Committee(s)/Program.
- Represent the Hospital in meetings with federal, state and accrediting bodies related to the Program as requested by Hospital.
- Investigate and resolve any alleged problems and breaches of Program as well as any required reporting by the Program to state or federal agencies.
- Report and investigate any adverse events of Program's conduct.

DATES OF CONTRACT:	EFFECTIVE DATE: 7/__/2015 END DATE: __/__/2018
Version History:	Original Effective date: 7/__/2015 Renewal Dates: N/A Amendment Dates: N/A

PHYSICIAN CONTRACTS: FOR STARK LAW COMPLIANCE, THE TERMS OF THIS CONTRACT CANNOT CHANGE FOR 1 YEAR

Compensation Structure: *Include "other comp" (i.e. education, phone stipend, etc.)*

$207 per hour, not to exceed 120 hours per year

Contract Term: *(anything other than Net 30 requires AC approval)*

Net 30

Total Cost of Contract:	$74,520 per three year term
Compensation Audit Process:	*See Policies AGOV-10 and ABD-21*
Is Cost of Contract Budgeted?	YES ☐ NO ☑
If NOT budgeted or exceeds budgeted amount, identify the offset:	?
TFHD Primary Responsible Party:	Jake Dorst, CIO/ Interim CEO
TFHD Secondary Responsible Party:	Timothy Garcia-Jay, MSC Director

ORIGINATING DEPARTMENT:	PRIMARY RESPONSIBLE PARTY: Jake Dorst, CIO/Interim CEO
Administration	Phone: 530-582-6650

CONTRACT NAME: TBD_TFHD_MDA_For_Antimicrobial_Stewardship_Program_2015

COMPLIANCE INFORMATION

"I certify that I am aware of the particular facts and circumstances of the proposed arrangement with TBD, and I have determined (1) that the services to be provided by TBD under the arrangement do not exceed those that are reasonable and necessary for the legitimate business purposes of TFHD, and (2) that this is a sensible, prudent business arrangement for TFHD and TBD to enter into, and makes commercial sense, even if no referrals were made by TBD to TFHD or any of its facilities."

Primary Responsible Party Signature: 6-29-2015

It has been determined that the above contract is Commercially Reasonable - Yes: ☑ No: ☐

It has been determined that the above contract does not exceed Fair Market Value - Yes: ☑ No: ☐

Contract Coordinator Signature:

CONTRACTOR/VENDOR INFORMATION

Contractor Representative Name:	TBD	
Mailing Address:	TBD	
Telephone and Fax Number:	**Phone:** TBD	**Fax:** TBD
Email Address of Contact:		TBD

REQUIRED FINANCIAL INFORMATION

W-9 and Certificates of Insurance Must Be Submitted with any applicable Contract

(W-9s are required for any contract on which we are making payments. Certificates of Insurance are required for any contract in which any service is being provided.)

ADDITIONAL INFORMATION

SECTION BELOW IS FOR CONTRACTS COORDINATOR USE ONLY:

Contracts Review:

Date _____ Initials _____

CFO Review:

Date _____ Initials _____

BOARD ACTION: _____ **MEETING DATE:** _____

Out for TFHD Signature: Date: _____ Receive Date: _____

Out for Vendor Signature: Date: _____ Receive Date: _____

Uploaded to Contracts System: **Date:** _____ Trigger dates set: **YES** ☐ **NO** ☐

TAHOE FOREST HOSPITAL DISTRICT
MEDICAL DIRECTOR AGREEMENT FOR
ANTIMICROBIAL STEWARDSHIP PROGRAM

This MEDICAL DIRECTOR AGREEMENT FOR ANTIMICROBIAL STEWARDSHIP PROGRAM ("**Agreement**") is made and entered into, and shall be effective, as of **_____, 2015** ("**Effective Date**"), by and between Tahoe Forest Hospital District, a California local healthcare district, doing business as Tahoe Forest Hospital ("**Hospital**"), and **_____TBD_____**, a _____ ("**Medical Group**").

RECITALS

A. Hospital owns and operates an acute care hospital, multi-specialty facility located at 10121 Pine Avenue, Truckee, California ("**Facility**").

B. Within the Facility, Hospital has implemented an Antimicrobial Stewardship Program (the "**Program**"), which evaluates and monitors the judicious use of antibiotics in accordance with paragraph (3) of subdivision (a) of Section 1288.8 of the California Health and Safety Code.

C. Additionally within the Facility, Hospital has developed the Pharmacy and Therapeutics Committee and the Infection Control Committee (collectively, the "**Committees**") to provide guidance and best practice recommendations for these specialty areas to Hospital staff, physicians, and the Program.

D. The Hospital desires to enter into an agreement with Medical Group to provide direction to the Program and the Committees by providing physician(s) who will render services and act as the Medical Director of the Program (the "**Medical Director**") and to monitor the quality and appropriateness of the Program and Committees.

C. Medical Group provides medical director services through physician(s) duly licensed and qualified to practice medicine in the State of California, whom are board certified for the practice of medicine in the specialty of Infectious Disease and are proficient in all aspects of such specialty.

D. Hospital desires to retain Medical Group to provide physician(s) who will serve as Medical Director and Medical Group desires to provide physician(s) to render services as further set forth herein in accordance with the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the above recitals, the covenants, conditions and other terms contained herein below, the parties mutually agree as follows:

ARTICLE I
ENGAGEMENT

Hospital hereby engages Medical Group to provide physician(s) who will serve as the Medical Director, and Medical Group hereby accepts such engagement on the terms and conditions set forth in this Agreement.

ARTICLE II
MEDICAL ADMINISTRATIVE SERVICES

2.1 Medical Director. During the term of this Agreement, beginning on the Effective Date, Medical Group shall provide physician(s) who will serve and be designated as the Medical Director in accordance with the terms and provisions of this Agreement. In this regard, commencing on the Effective Date, Medical Group shall have physician(s) perform, for and on behalf of the Hospital, and in a competent, proactive, efficient and satisfactory manner, those services as set forth in the Medical Director - Scope of Responsibilities, attached as **Exhibit A** and incorporated herein by this reference ("**Director Duties**").

2.2 Dedication of Time. Medical Group shall cause each physician(s) rendering services under this Agreement, to devote such time as is necessary to perform the Director Duties and responsibilities set forth herein. Such Director Duties and time shall not include the provision of professional medical services to patients. The parties agree that Medical Group will cause physicians rendering services under this Agreement to provide Director Duties and receive compensation therefore, in accordance with the terms of the Medical Director Fee Schedule, attached as **Exhibit B** and incorporated herein by this reference.

2.3 Ultimate Authority. Medical Group hereby acknowledges and agrees that, notwithstanding any other provision contained in this Agreement, Hospital and, as its agent, Hospital's Chief Executive Officer shall retain final and ultimate decision making authority over the business affairs of Facility, the Program, and each of its Committees, including without limitation the development and operation of Facility, the Program and the Committees.

2.4 Qualifications. Medical Group shall cause any physician(s) rendering services under this Agreement to maintain on an unrestricted basis:

(a) California licensure as a physician;

(b) Membership in good standing on Hospital's medical staff and appropriate clinical privileges at Hospital in the Physician's practice specialty;

(c) Federal Drug Enforcement Administration ("**DEA**") registration;

(d) Professional liability insurance as set forth in Section 6.1;

(e) Participation in good standing in the Medicare and Medi-Cal programs; and

(f) Board certification in Infectious Disease.

ARTICLE III
COMPENSATION

3.1 Compensation for Director Duties. Subject to the completion of a Service Time Log, as described in Section 3.2 and within fifteen (15) days after the receipt and approval by Hospital of each Service Time Log, for each calendar month of the term of this Agreement (each, a "**Service Month**"), Hospital shall pay to Medical Group monthly compensation ("**Compensation**") for all Director Duties provided hereunder, as set forth in the Medical Director Fee Schedule, attached hereto as **Exhibit B**. Such Compensation shall be paid on an hourly basis for each hour (to be prorated for partial hours) actually spent by Medical Group's physician(s) in providing reasonable and necessary Director Duties during such Service Month. The Medical Group shall not be compensated for any physician(s) rendering services under this Agreement to attend continuing medical education programs or training. Notwithstanding the foregoing, Hospital's obligation to pay any Compensation to Medical Group shall be expressly conditioned upon Medical Group's timely submission of the required Service Time Log documenting reasonable and necessary services actually performed that are applicable to such payment, and the written approval of such Service Time Log by Hospital.

3.2 Service Time Log. Each month during the term of this Agreement, Medical Group shall submit a written time log reflecting the actual time spent by Medical Group's physician(s) rendering services under this Agreement and the actual duties performed as Director Duties during the prior month on the service time log attached as **Exhibit C** (the "**Service Time Log**"), or in such other form as may be requested by Hospital. Medical Group shall submit such Service Time Log to Hospital within ten (10) days following the end of each Service Month. No compensation shall be paid to Medical Group for a Service Month unless a Service Time Log for that Service Month has been submitted to and approved by Hospital. If Medical Group fails to submit such Service Time Log by the tenth (10th) day following the end of a Service Month in which services are rendered to the Hospital, Medical Group shall not receive the Compensation for such Service Month.

3.3 Commercial Reasonableness and Fair Market Value. The parties have mutually agreed, through arm's length negotiations, that Medical Group's Compensation hereunder is commercially reasonable and reflects the fair market value of the Director Duties to be provided by Medical Group pursuant to this Agreement. Moreover, the parties further acknowledge and agree that such Compensation has not been and shall not be determined in a manner that takes into account the volume or value of any patient referrals or business otherwise generated between the parties or any third parties, including without limitation any referrals or business for which payment may be made, in whole or in part, under any federal or state funded health care program.

3.4 No Billing by Medical Group or any Medical Group physician. Medical Group and Hospital hereby acknowledge and agree that the Compensation shall reflect full and complete payment by Hospital for all Director Duties provided hereunder by Medical Group through their physician(s) rendering services under this Agreement as the Medical Director pursuant to Article II above. The parties further agree that the Compensation shall not constitute any payments for the professional practice of medicine, and Medical Group shall not bill or assert any claim for payment against any patient, third party payor, or any other party other than Hospital for Director Duties performed by Medical Group physician(s) under this Agreement.

3.5 Independent Contractor. In the performance of this Agreement, Medical Group is acting as an independent contractor, and neither Medical Group nor any physician rendering services under this Agreement for Medical Group, shall be considered an employee of the Hospital or Facility. In no event shall this Agreement be construed as establishing a partnership or joint venture or similar relationship between the parties, and nothing contained herein shall be construed to authorize either party to act as agent for the other. Medical Group shall be liable for its own debts, obligations, acts and omissions, including the payment of all withholding, social security and other taxes and benefits. As an independent contractor, Medical Group is responsible for filing such tax returns and for all such employment taxes with respect to Medical Group as may be required by law or regulations. Medical Group, nor any physician rendering services under this Agreement for Medical Group shall be subject to any Hospital policies solely applicable to the Hospital's employees, and shall not be eligible for any employee benefit plan offered by Hospital. In the event that this independent contractor relationship is determined by tax authorities to constitute an employment relationship: (a) Medical Group hereby waives, for the period prior to the date such determination becomes final, any and all claims to coverage under any Hospital pension, profit sharing, health, dental, welfare or similar type plans which are generally limited to Hospital employees, unless otherwise agreed by Hospital in writing; and (b) Medical Group shall reimburse Hospital for any and all sums expended by Hospital related to taxes, employee benefits or other employment-related matters (including reasonable attorneys' fees) with ten (10) days of remittance to Medical Group for reimbursement.

ARTICLE IV
SUPPORT SERVICES

4.1 Space and Equipment. Hospital shall furnish the physical space and equipment reasonably required for any physician rendering services under this Agreement for Medical Group in order for such physician(s) to carry out the Director Duties hereunder. Medical Group shall cause any physician rendering services under this Agreement to use and occupy any premises of Hospital pursuant to this Agreement solely for the purpose of performing such Director Duties. Nothing contained in this Agreement shall be construed by the parties to constitute a lease of any such premises to Medical Group, and no part of said premises shall be used at any time by Medical Group hereunder as an office for the general or private practice of medicine or for any other private business concern.

4.2 In-Service and Supplies. Hospital shall furnish such ordinary janitor, photocopying, telecommunication, computer system, internet access, secretarial, and administrative support, electricity for light and power, and other in-services and supplies, all as reasonably required for Medical Group to carry out the Director Duties hereunder.

ARTICLE V
TERM AND TERMINATION

5.1 Term. The term of this Agreement shall commence on the Effective Date and continue for a period of thirty-six (36) months thereafter, unless terminated earlier pursuant to the terms of this Agreement.

5.2 Termination Without Cause. Hospital and Medical Group shall each have the right to terminate this Agreement, without cause, upon giving not less than thirty (30) days' prior written notice to the other party.

5.3 Termination with Cause. Hospital shall have the right to terminate this Agreement upon failure of Medical Group to cure a breach of any term hereof which Hospital, at its sole discretion, has given Medical Group an opportunity to cure, within thirty (30) calendar days after written notice of said breach and opportunity to cure.

5.4 Immediate Termination by Hospital. Notwithstanding Sections 5.2 and 5.3, Hospital shall have the right, but not the obligation, to terminate this Agreement immediately upon notice to Medical Group in the event of the occurrence of any of the following events:

(a) Medical Group, or any of its physician(s) performing services under this Agreement, are excluded, suspended, terminated or otherwise determined to be ineligible from participation in any state or federally funded healthcare program (each, a "**Government Program Exclusion**");

(b) Any restriction, suspension or revocation of any of Medical Group's physician(s)' license(s) to practice medicine in any state, without regard to whether such adverse action has been fully adjudicated;

(c) Any restriction, suspension or revocation of any of Medical Group's physician(s)' medical staff privileges at any health care facility, without regard to whether such adverse action had been fully adjudicated;

(d) Any restriction, suspension or revocation of any of Medical Group's physician(s)' federal DEA number, without regard to whether such adverse action had been fully adjudicated;

(e) Medical Group, or any physician performing services under this Agreement for Medical Group, engages in conduct which is reasonably determined by the Hospital to be contrary to the Hospital's or Facility's bylaws, rules, regulations, code of conduct or policies or procedures, all as may be amended from time-to-time by Hospital or Facility (collectively, "**Rules**");

(f) Medical Group, or any physician performing services under this Agreement for Medical Group, engages in conduct which is reasonably determined by Hospital to be prejudicial or adverse to the best interest, reputation or welfare of Hospital or Facility or its patients;

(g) Medical Group, or any physician performing services under this Agreement for Medical Group, is investigated or convicted of a criminal offense relating to health care, or is investigated or convicted of any felony or any other crime involving moral turpitude or immoral conduct;

(h) The dissolution of Medical Group, or the death of any physician performing services under this Agreement for Medical Group, or the inability of Medical Group to cause any

physician(s) performing services under this Agreement to attend to the Director Duties for a period in excess of thirty (30) days, whether consecutive or not, during the term hereof, for any reason other than absence approved by Hospital in advance;

(i) Hospital enters into an agreement for the sale, assignment, lease or other transfer of the Hospital or all or substantially all of Hospital's assets to another person or entity;

(j) Hospital suffers an appointment of a receiver, custodian, examiner or a trustee for any of its property or assets; or

(k) Failure of Medical Group to comply with the insurance requirements of Section 6.1 of this Agreement.

5.5 Legal Requirements. In the event that either party's legal counsel advises such party that this Agreement, or any practices which could be, or are, employed by either party in exercising rights or discharging obligations under this Agreement, pose a material risk of violating any of the legal requirements imposed on or otherwise governing the performance of this Agreement, including without limitation any federal or state anti-kickback or physician self-referral laws, regulations, or guidelines, such party shall promptly notify the other party of such advice. The parties in good faith shall undertake to revise this Agreement to comply with such legal requirements. In the event that the parties are unable to agree upon the revised terms within thirty (30) days after such notice of advice is received by the other party, then either party may terminate this Agreement immediately upon giving written notice to the other party.

5.6 Effect of Termination.

(a) Upon the expiration or termination of this Agreement, neither party shall have any further obligation hereunder except for: (i) obligations due and owing which arose prior to the date of expiration or termination; and (ii) obligations, promises or covenants contained in this Agreement which expressly extend beyond the term hereof.

(b) Upon the expiration or termination of this Agreement, Medical Group shall promptly deliver and return to Hospital all of Hospital's and/or Facility's property, including without limitation all of Hospital's or Facility's supplies, patient records, and all materials, records and writings of any type (including all copies thereof) in Medical Group's possession that constitute confidential, proprietary or trade secret information and/or property owned by Hospital or Facility.

(c) Notwithstanding anything in this Agreement to the contrary, in the event of any termination of this Agreement effective during the initial twelve (12) months of its term, the parties shall not enter into the same or substantially the same arrangement during such initial twelve (12) month period; provided, however, the parties shall not be prohibited from renegotiating this Agreement if, with the advice of legal counsel, the parties mutually agree that such renegotiation is not prohibited by applicable federal or state statutes and regulations, including without limitation the federal anti-kickback statute set forth at 42 U.S.C. Section 1320a-7b, the federal physician self-referral prohibition set forth at 42 U.S.C. Section 1395nn, or similar state laws.

ARTICLE VI
INSURANCE AND INDEMNIFICATION

6.1 Insurance. During the term of this Agreement, Medical Group shall maintain for each and every physician Medical Group causes to perform services under this Agreement, at Medical Group's sole expense, professional liability insurance in the minimum amounts of One Million Dollars ($1,000,000) per occurrence and Three Million Dollars ($3,000,000) annual aggregate from a reputable insurance company. Medical Group agrees to provide proof of such coverage upon the reasonable request of Hospital. Medical Group shall provide Hospital with a statement from the insurance company that the Hospital shall be notified at least thirty (30) days prior to any change to or cancellation of such insurance coverage. If the coverage is on a claims-made basis, Medical Group hereby agrees that not less than thirty (30) days prior to the effective date of termination by Medical Group of Medical Group's insurance coverage by Medical Group's current insurance company, Physician shall: (1) purchase tail or retroactive coverage in the above-stated amounts for all claims arising out of incidents occurring prior to termination of coverage by Medical Group's current carrier; and (2) provide Hospital with a certificate of such coverage.

6.2 Indemnification.

(a) Medical Group shall defend, indemnify, and hold harmless Hospital and Facility, its officers, employees, agents and affiliated entities from and against all losses, expenses, including attorneys' fees, damages, and liabilities of any kind incurred by Hospital or Facility (collectively, the "**Claims**") resulting from or arising out of Medical Group's performance hereunder, which are caused or claimed to be caused by the negligent or willful acts or omissions of Medical Group , its officers, employees, agents, subcontractors, or anyone directly or indirectly employed by them, or any other person or persons under Medical Group's direction and control; provided however, that Medical Group shall not have responsibility to indemnify, protect and hold Hospital or Facility harmless from and against any Claim occurring through the negligence of Hospital or Facility or any of Hospital's or Facility's employees or agents.

(b) Hospital shall defend, indemnify and hold harmless Medical Group, its officers, employees, agents and affiliated entities from and against all Claims resulting from or arising out of Hospital's performance hereunder, which are caused or claimed to be caused by the negligent or willful acts or omissions of Hospital, its officers, employees, agents, subcontractors, or anyone directly or indirectly employed by them, or any other person or persons under Hospital's direction and control; provided however, that Hospital shall have no responsibility to indemnify, protect and hold Medical Group harmless from and against any Claim occurring through the negligence of Medical Group or any of Medical Group's employees or agents.

ARTICLE VII
HOSPITAL AND FACILITY NAMES AND MARKS

Medical Group shall not use the name, logos, symbols, service marks or trademarks of Hospital and/or any facility owned by Hospital (collectively, the "**Names and Marks**") without the prior written consent of Hospital. In this regard, the parties mutually acknowledge and agree that all right, title and interest in and to any such Names and Marks shall be the exclusive property

of Hospital. Notwithstanding anything in this Agreement to the contrary, Medical Group shall have no claim whatsoever regarding the use or ownership of any such Names and Marks.

ARTICLE VIII
EXCLUSIVITY; RESTRICTIONS

8.1 Intent. The parties acknowledge and agree that, in furtherance of Hospital's principal business goals and initiatives, Hospital must assure appropriate and continuous medical administrative leadership in Facility with regard to the development and operation of Facility; and, in so doing, Hospital must be assured that Medical Group will maintain an active commitment to achieving Hospital's business goals in the performance of this Agreement. Therefore, during the term of this Agreement, Medical group shall be bound by and shall fully comply with the following restrictions as set forth in Section 8.2 below.

8.2 Restrictions.

(a) Except as otherwise provided herein, during the term of this Agreement, Medical Group shall not, without the prior written consent of Hospital, provide similar medical administrative or consulting services for or on behalf of any hospital which is or will be in competition with Hospital. Each party specifically acknowledges and agrees that the foregoing restrictions are a condition precedent to Hospital's entering into this Agreement, that such restrictions are reasonable and necessary to protect the legitimate business interests of Hospital, and that such parties would not have entered into this Agreement in the absence of such restrictions. The parties further acknowledge that any violation of this Section 8.2 would result in irreparable injury to Hospital and that the remedy at law for monetary compensation resulting from any breach of this Section 8.2 would be inadequate. Accordingly, in the event of any such breach by Medical Group, and in addition to any other relief available to it, Hospital shall be entitled to temporary injunctive relief against Medical Group, as applicable, before arbitration or trial from any court of competent jurisdiction as a matter of course, upon the posting of not more than a nominal bond, and to permanent injunctive relief without the necessity of proving actual damages. In the event that the provisions contained in this Section 8.2 shall ever be deemed to exceed the time or geographic limits or any other limitation permitted by applicable law, then such provisions shall be deemed reformed to the maximum extent permitted by applicable law.

(b) Nothing contained in the foregoing provisions of this Section 8.2 shall be construed to control, prohibit or restrict the methods by which Medical Group shall cause its physician(s) to perform Director Duties in accordance with or otherwise contemplated under this Agreement.

(c) Nothing contained in the foregoing provisions of this Section 8.2 shall be construed to prohibit or otherwise restrict Medical Group, or any physician performing services under this Agreement for Medical Group, from referring, admitting or treating patients to or at any hospital inpatient or outpatient facility, or otherwise engaging in the private practice of medicine.

ARTICLE IX
CONFIDENTIALITY

9.1 Proprietary Information. The parties recognize that, due to the nature of this Agreement, Medical Group will have access to and knowledge of information of a confidential and proprietary nature owned by Hospital or Facility, including without limitation any and all form documents, any and all information relating to payor contracts and accounts, billing practices and procedures, any and all computer programs devised by or licensed to Hospital or Facility, any and all copyrights, inventions and other intellectual property, any and all operating manuals, any and all clinical studies and other research, customer and patient lists, and other materials or records that constitute or describe the systems, policies and procedures, methods of doing business, administrative, advertising or marketing techniques or work product, financial affairs and other similar information or property utilized in connection with the operation of Hospital's or Facility's business (collectively, "**Proprietary Information**"). Consequently, Medical Group acknowledges and agrees that Hospital has a proprietary interest in all such Proprietary Information and that all such Proprietary Information constitutes confidential and proprietary information and the trade secret property of Hospital. Medical Group hereby expressly and knowingly waives any and all right, title and interest in and to such trade secrets and proprietary and confidential information included in Hospital's Proprietary Information.

9.2 Nondisclosure. During the term of this Agreement, Medical Group shall not use or otherwise disclose to anyone, other than authorized persons or entities engaged or employed by Hospital with an appropriate need to know, any Proprietary Information obtained from or otherwise owned by Hospital, without Hospital's prior written consent, except as otherwise required by law. After the expiration or other termination of this Agreement, Medical Group shall not use or otherwise disclose to anyone any Proprietary Information obtained from or otherwise owned by Hospital, without Hospital's prior written consent, except as otherwise required by law. The parties acknowledge and agree that the foregoing covenant is perpetual and shall survive the expiration or other termination of this Agreement. For purposes of this Article IX, Proprietary Information shall not include information which is now, or becomes, generally available to the public other than by any disclosure made in violation of this Article IX.

9.3 Confidentiality of Agreement. The terms of this Agreement are not confidential. The Hospital may disclose the terms of this Agreement to the public in order to obtain approval from the Hospital's Board of Directors.

9.4 Patient Records. Notwithstanding and in addition to the requirements set forth in Article IX above, Medical Group shall maintain and safeguard the confidentiality of all patient records, charts and other related patient information, generated in connection with the operation of the Program, Hospital, or Facility, in accordance with all applicable federal and state statutes and related governmental regulations and with all other legal or contractual requirements imposed on Hospital or Facility, or Medical Group in connection therewith. In this regard, without limiting the generality or scope of the foregoing, Medical Group shall comply with the applicable provisions of the Health Insurance Portability and Accountability Act of 1996 ("**HIPAA**"), the Health Information Technology for Economic and Clinical Health Act, Public Law 111-005 ("**HITECH Act**"), and regulations promulgated thereunder by the U.S. Department of Health and Human Services ("**HIPAA Regulations**"), the California Confidentiality of Medical Information

Act, and other applicable laws, including without limitation state patient privacy laws, as such laws may be amended from time to time. Medical Group covenants that neither Medical Group, nor any physician rendering services under this Agreement for Medical Group, will copy any portion of these records manually, electronically or otherwise, except in the case of medical necessity, or with Hospital's prior written approval. The foregoing obligations and requirements concerning patient confidentiality shall survive the expiration or other termination of this Agreement.

9.5 Injunctive Relief. Medical Group specifically acknowledges and agrees that the restrictions set forth in this Article IX are reasonable and necessary to protect Medical Group's and Facility's legitimate business interests. The parties acknowledge that any violation of this Article IX would result in irreparable injury to Hospital or Facility, and that the remedy at law for monetary compensation resulting from any breach of this Article IX would be inadequate. Accordingly, in the event of any such breach by Medical Group, and in addition to any other relief available to it, Hospital or Facility shall be entitled to temporary injunctive relief before arbitration or trial from any court of competent jurisdiction as a matter of course, upon the posting of not more than a nominal bond, and to permanent injunctive relief without the necessity of proving actual damages. Medical Group also acknowledges and agrees that Hospital and Facility shall be entitled to an equitable accounting of all earnings, profits and other benefits arising from such breach and further agrees to pay the reasonable fees and expenses, including without limitation attorneys' fees, incurred by Hospital or Facility in enforcing the restrictions contained in this Article IX. In the event that the provisions contained in this Article IX shall ever be deemed to exceed any limitation permitted by applicable law, then such provisions shall be deemed reformed to the maximum extent permitted by applicable law.

ARTICLE X
ACCESS TO BOOKS AND RECORDS

10.1 Cooperation. Medical Group shall, in connection with the subject matter of this Agreement, cooperate fully with Hospital and Facility, by maintaining and making available all necessary books, documents and records, in order to assure that Hospital and Facility will be able to meet all requirements for participation in and payment associated with public or private third-party payment programs (e.g., the Medicare Program), including, without limitation, matters covered by Section 1861(v)(1)(I) of the Social Security Act, as amended.

10.2 Compliance. For the purpose of implementing Section 1861(v)(1)(I) of the Social Security Act, and any written regulations promulgated thereunder, Medical Group shall comply with the following statutory requirements governing the maintenance of documentation to verify the cost of services rendered under this Agreement:

(a) Until the expiration of four (4) years after the furnishing of services pursuant to this Agreement, Medical Group shall make available to the Secretary of Health and Human Services or the Comptroller General of the United States, or their duly authorized representatives, upon written request of any of them, this Agreement, and all books, documents and records that are necessary to certify the nature and extent of the cost of such services, and

(b) If Medical Group carries out any of the duties of this Agreement through a subcontract with a value or cost of Ten Thousand Dollars ($10,000) or more over a twelve (12) month period, with a related organization, such subcontract shall contain a clause to the effect that until the expiration of ten (10) years after the furnishing of such services pursuant to such subcontract, the related organization shall make available, upon written request, to the Secretary or the Comptroller General, or any of their duly authorized representatives, the subcontract, and books, documents and records of such organization that are necessary to verify the nature and extent of such costs.

10.3 Notification. If Medical Group is requested to disclose books, documents or records pursuant to this Article X, Medical Group shall, unless otherwise constrained by law or applicable regulation of any governmental authority, notify Hospital of the nature and scope of such request and shall make available, upon the written request of Hospital, all such books, documents or records during the regular business hours of Medical Group.

ARTICLE XI
ANTI-REFERRAL LAWS

11.1 No Consideration for Referrals. Hospital and Medical Group hereby acknowledge and agree that: (a) nothing in this Agreement or in any other written or oral agreement between Hospital and Medical Group, nor any consideration offered or paid in connection with such agreements, contemplates or requires the admission or referral of any patient to the Hospital; (b) any such agreements are not intended to influence Medical Group, or any physician(s) rendering services under this Agreement for Medical Group, in their judgment of choosing the medical facility appropriate for the proper care and treatment of patients of Medical Group, or the patients of any physician(s) rendering services under this Agreement for Medical Group; and (c) the overall value of the services and other consideration exchanged by and between Hospital and Medical Group pursuant to this Agreement are substantially equivalent.

11.2 Specific Laws. Each party acknowledges, and is hereby bound by, the obligation of such party to comply with applicable federal and state laws governing referral of patients, as may be in effect or amended from time-to-time, including without limitation:

(a) Payments for referral or to induce the referral of patients (California Business and Professions Code Section 650; California Labor Code Section 3215; and the Medicare/Medicaid Fraud and Abuse Law, Section 1128B of the Social Security Act and the regulations promulgated thereunder); and

(b) The referral of patients by a physician for certain designated health services to any entity with which the physician (or his/her immediate family) has a financial relationship (California Labor Code Sections 139.3 and 139.31, applicable to referrals for workers' compensation services; California Business and Professions Code Sections 650.01 and 650.02, applicable to all other patient referrals within the State of California; and Section 1877 of the Social Security Act, applicable to referrals of Medicare patients, and the regulations promulgated thereunder).

ARTICLE XII
ADDITIONAL REPRESENTATIONS

12.1 Representations and Obligations of Medical Group. Medical Group represents, warrants, and covenants to Hospital that upon execution and throughout the term of this Agreement:

(a) Medical Group shall comply with all applicable federal, state and local laws, related governmental regulations and accrediting standards governing or otherwise concerning any and all of Medical Group's business operations as well as the business operations of Hospital or Facility, including without limitation all licensure, reimbursement, anti-kickback and self-referral statutes, regulations and standards.

(b) Medical Group shall cause any physician(s) rendering services under this Agreement to verify that he/she has not been excluded from any federal and/or state health care payment program by action of the Office of Inspector General of the Department of Health and Human Services or by any equivalent or coordinating federal or state governmental agencies.

(c) Medical Group shall fully comply with all applicable Rules and otherwise fully cooperate with Hospital in the performance of this Agreement during the term hereof, including without limitation preparing and executing all documents and causing any physician(s) rendering services under this Agreement to attend all meetings, as may be reasonably requested by Hospital or Facility or otherwise required by applicable law, in connection with the provision of Director Duties or for the conduct of the operations of Hospital or Facility.

(d) Medical Group shall cause any physician(s) rendering services under this Agreement to be currently, and for the duration of the term hereof shall remain at all times, duly licensed and/or authorized to practice medicine in the State of California, duly qualified to render specialized professional medical services in Infectious Disease and Antimicrobial Stewardship and in good standing with the Medical Board of California.

(e) Medical Group shall require any physician(s) rendering services under this Agreement to currently become a member in good standing with Hospital's medical staff.

(f) Medical Group shall require any physician(s) rendering services under this Agreement to have a Federal DEA license without restriction.

(g) Medical Group shall not permit any physician(s) rendering services under this Agreement to have a license to practice medicine in the State of California or in any other jurisdiction that has ever been denied, suspended, revoked, terminated, voluntarily relinquished under threat of disciplinary action or restricted in any way.

(h) Medical Group shall ensure that any physician(s) rendering services under this Agreement have medical staff privileges at any health care facility which have never been denied, suspended, revoked, terminated, voluntarily relinquished under threat of disciplinary action, or made subject to terms of probation or any other restriction.

(i) Neither Medical Group, nor any physician(s) rendering services under this Agreement, is the subject of an investigatory, disciplinary or other proceeding or action before any governmental, professional, medical staff or peer review body.

(j) Medical Group shall cause any physician(s) rendering services under this Agreement to be board certified in the specialty of Infectious Disease.

(k) Medical Group is not in any manner whatsoever breaching any other agreement, covenant or obligation, or otherwise violating any statute, regulation or ordinance, by entering into this Agreement or otherwise acting as a party or performing hereunder, and that the consent of any third party is not required in any manner whatsoever for Medical Group to enter into this Agreement and/or act as a party or perform hereunder.

(l) Medical Group shall ensure that any physician(s) rendering services under this Agreement has the leadership abilities to promote a vision of Hospital's Program and Committees.

(m) Medical Group shall ensure that any physician(s) rendering services under this Agreement is knowledgeable and experienced in the area of Infectious Disease and Antimicrobial Stewardship with a clear understanding and appreciation of medical integrity and ethics.

(n) Medical Group shall ensure that any physician(s) rendering services under this Agreement has sufficient organizational skill to manage and direct a team and provide direction to the Program and each Committee.

(o) Medical Group shall ensure that any physician(s) rendering services under this Agreement has sufficient diplomatic skills to coordinate and prioritize competing Program initiatives in order to produce broad-based consensus and success.

12.2 Notification to Hospital or Facility. Upon the occurrence of any event which causes any of the above representations set forth in this Article XII to no longer be true, Medical Group shall provide written notification to Hospital or Facility within forty-eight (48) hours of such event.

ARTICLE XIII
MISCELLANEOUS

13.1 Assignment and Delegation. Neither this Agreement nor any right or duty hereunder may be assigned or delegated by Medical Group without the prior written consent of Hospital in its sole discretion. Any attempted or purported assignment by Medical Group in violation of this provision shall be void and without force or effect. Hospital, in the exercise of its sole and absolute discretion, shall have the right at any time, without the consent of Medical Group, to assign, delegate or in any manner transfer all or any portion of its interests, obligations or duties under this Agreement to any person, group or entity affiliated with Hospital or to any successor-in-interest which acquires the Hospital or which acquires substantially all of Hospital's assets.

13.2 Binding on Successor-in-Interest. The provisions of this Agreement and the obligations and interests arising hereunder shall extend to and be binding upon and inure to the benefit of the lawful assigns and successors of the respective parties.

13.3 Third Party Beneficiary. None of the provisions contained in this Agreement is intended by the parties, nor shall any be deemed, to confer any benefit on any person or entity not a party.

13.4 Notices. Written notice required under this Agreement shall be given personally or sent by United States certified mail, return receipt requested, or by private overnight mail service, postage prepaid, and addressed to the parties at addresses shown below (or such other address as may hereafter be designated by a party by written notice thereof to the other party). Such notice shall be effective upon delivery, if given personally, or if mailed as provided for above such notice shall be effective upon the date shown on the delivery receipt.

HOSPITAL:	Tahoe Forest Hospital 10121 Pine Avenue P.O. Box 759 Truckee, CA 96160 Attention: Chief Executive Officer
MEDICAL GROUP:	TBD Attention:

Either party may change its address indicated above by notifying all other parties in writing of such change of address in the manner specified in this Section 13.4.

13.5 Gender and Pronouns. Whenever appropriate from the context of this Agreement, the use of any gender shall include any and all other genders, and the single number shall include the plural, and the plural number shall include the singular.

13.6 Severability. If any term or provision of this Agreement is held to be invalid, void or illegal by a court of competent jurisdiction, the validity and enforceability of the remaining terms and provisions of this Agreement shall not be affected thereby, and such remaining terms and provisions shall continue to be in full force and effect.

13.7 Governing Law. The existence, validity, interpretation and performance of this Agreement shall be governed by and construed in accordance with the laws of the State of California, without reference to its principles of conflict of laws.

13.8 Entire Agreement; Amendment. The making, execution and delivery of this Agreement by the parties have not been induced by any representations, statements, warranties or agreements other than those expressed in this Agreement. This Agreement, together with any attachments or exhibits, embodies the entire understanding of the parties regarding the subject matter of this Agreement, and there are no further or other agreements or understandings, written

or oral, in effect between the parties relating to such subject matter. This Agreement shall supersede and terminate any previous oral or written agreements between the parties with respect to the subject matter hereof, and any such prior agreements are null and void. This Agreement may be amended or modified only by an instrument in writing signed by all of the parties.

13.9 Waiver of Provisions. The failure of a party to insist upon strict adherence to or performance of any provision of this Agreement on any occasion shall not be considered a waiver nor shall it deprive that party of the right thereafter to enforce performance of or adherence to that provision or any other provision of this Agreement. Any waiver of any terms and conditions hereof must be in writing, and signed by the parties.

13.10 Captions and Headings. Any captions to or headings of the articles, sections, subsections, paragraphs or subparagraphs of this Agreement are solely for the convenience of the parties, are not a part of this Agreement, and shall not be used for the interpretation or determination of validity of this Agreement or any provision hereof.

13.11 Dispute Resolution.

(a) Informal Resolution Processes. Any questions or disagreements arising under this Agreement regarding the quality of care provided to Hospital patients shall be submitted to the Medical Executive Committee of Hospital. Any other questions or disagreements (other than those regarding quality of care) arising under this Agreement, including any questions concerning the interpretation of this Agreement, shall be submitted to Hospital's Chief Executive Officer. If the dispute cannot be resolved by the Chief Executive Officer within ninety (90) days of submission, either party may submit the resolution to arbitration pursuant to Section 13.11(b).

(b) Arbitration. With the exception of disputes regarding the quality of care, which shall be resolved according to the provisions of Section 13.11(a), all disputes relating to, arising out of or in connection with the validity, interpretation or performance of this Agreement, including tort claims, shall be resolved by arbitration. The arbitration will proceed in accordance with the commercial rules of arbitration of the American Arbitration Association, as supplemented or modified by this Agreement. Written notice of a claim and demand for arbitration must be given to the other party (the "**Respondent**") not more than one hundred and twenty (120) days after the earlier date of (i) the events giving rise to the claim occur or (ii) the date the claim is discovered. Response to the demand for arbitration shall be due not later than twenty (20) days after receipt of notice. The claim will be deemed denied if Respondent does not answer the demand within that time period. Not more than twenty (20) days after Respondent answers the demand (or if there is no answer, after the time for answer has elapsed) (the "**Answer Date**"), the parties shall select a single neutral arbitrator. If the parties cannot agree upon such arbitrator within twenty (20) days of the Answer Date, then each party shall choose an arbitrator and the two arbitrators together shall select a third arbitrator (the "**Arbitrators**") and the matter shall be arbitrated by the panel of three Arbitrators. If the two Arbitrators are unable to agree upon a third Arbitrator prior to the thirtieth (30th) day after the Answer Date, then either party may request the American Arbitration Association to select the third Arbitrator. Any Arbitrator selected under this Section shall be a person with business, financial or legal experience in the health care industry of at least five (5) years, who is generally familiar with the issues in dispute. The arbitration shall take place in Truckee, California, or another location mutually agreed upon by the parties. The Arbitrator(s)

may construe or interpret but shall not ignore the terms of this Agreement and shall be bound by California substantive law. The arbitration decision shall include written findings of fact and conclusions of law. The arbitration decision may include equitable relief, but may not include punitive or exemplary damages. The Arbitrator(s) shall not have the power to commit errors of law or legal reasoning and the Arbitrator's(s') decision may be vacated or corrected pursuant to California Code of Civil Procedure Sections 1286.2 or 1286.6 for any such error. The prevailing party, as determined by the Arbitrator(s), shall be entitled to reasonable attorneys' fees and costs. In cases submitted to arbitration, the parties agree to share equally in the administrative fee, if any, unless otherwise assessed against the non-prevailing party by the Arbitrator(s). The parties agree that the decision of the Arbitrator(s) shall be final and binding as to each of them, and that the arbitration award may be enforced in any court having jurisdiction thereof, by the filing of a petition to enforce said award.

(c) Equitable Relief. The foregoing provisions of this Article XIII shall not be interpreted in any manner whatsoever to restrict the right of either party to this Agreement to pursue equitable relief from a court of competent jurisdiction at any time or to terminate this Agreement in accordance with the terms hereof. In the event that either party wishes to obtain injunctive relief or a temporary restraining order from a court of competent jurisdiction, the decision of such court with respect to the requested injunctive relief or temporary restraining order shall be subject to appeal only as allowed under California law. Such court shall not, however, have the authority to review or grant any request or demand for damages.

13.12 Venue. The parties agree that Nevada County, California shall be the only proper venue for disputes related to this Agreement.

13.13 Attorneys' Fees. Notwithstanding and in addition to the provisions in Article XIII above, if legal action is required by either party to enforce the terms of this Agreement, the prevailing party in such action shall be entitled to reimbursement for reasonable costs and attorneys' fees incurred in connection therewith.

13.14 Survival of Provisions. The provisions of sections 3.5; 6.1; 6.2; 9.1; 9.2; 9.3; 9.4; 9.5; 10.1; 10.2; 10.3; 12.1; 13.7, 13.11, 13.12, 13.14, and Article VII hereof shall survive any expiration or termination of this Agreement.

13.15 Force Majeure. Neither party shall be liable nor deemed to be in default for any delay, interruption or failure in performance under this Agreement that results, directly or indirectly, from acts of God, acts of civil or military authority, war, terrorism, accidents, fires, explosions, earthquakes, floods, failure of transportation, machinery or supplies, vandalism, riots, civil disturbances, strike or other work interruptions by such party's employees or any similar or dissimilar cause beyond the reasonable control of such party. However, the parties shall make good faith efforts to perform under this Agreement in the event of any such circumstances.

13.16 Disclosure of Conflicts of Interest. Medical group agrees to adhere to Hospital's conflicts of interest policy, as from time to time in effect, and to disclose to Hospital any matter or transaction in which Medical Group is involved that conflicts with the interest of Hospital in Medical Group's satisfactory performance of the services under this Agreement.

13.17 Tax-Exempt Financing. In the event Hospital intends to seek tax-exempt financing, Hospital and Medical Group shall negotiate in good faith to amend this Agreement to the extent deemed necessary by bond counsel involved in that financing. If Hospital and Medical group do not agree to the terms of such an amendment, Hospital may terminate this Agreement pursuant to Section 5.2.

13.18 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto, for themselves or by their authorized officers, as applicable, have caused this Agreement to be executed effective as of the Effective Date set forth hereinabove.

"Hospital"
Tahoe Forest Hospital District,
a California Hospital District

By:_____
Jake Dorst, CIO/Interim CEO

"Medical Group"

By:_____
TBD , M.D.

Title: _____

EXHIBIT A – SCOPE OF RESPONSIBILITIES

TAHOE FOREST HOSPITAL DISTRICT

MEDICAL DIRECTOR

Medical Group represents to Hospital that on the basis of the training and experience of any physician(s) rendering services under this Agreement for Medical Group, Medical Group and any physician(s) rendering services under this Agreement for Medical Group, are knowledgeable in the specialty of Infectious Disease and are qualified to perform and will use their best efforts to perform the duties set forth below. As of and following the Effective Date, Medical Group is obligated and shall cause any physician(s) rendering services under this Agreement to perform each calendar month, and as time may reasonably permit, the following specific administrative duties and responsibilities as Medical Director with responsibilities that shall include the following and other responsibilities which may from time to time be deemed necessary and mutually agreed upon by Medical Group and Hospital:

ESSENTIAL FUNCTIONS

- Oversee the Antimicrobial Stewardship Program in compliance with SB1311 and Sections 1288.8 and 1288.85 of the California Health and Safety Code.
- Provide mentoring and guidance for matters related to the Program to physicians, pharmacists, Committee members, and Facility staff as needed via tele-conferencing, tele-medicine consultants, or in-person meetings.
- Recommend pharmacy formulary restrictions and pre-approvals for controlled antibiotics.
- Develop, implement and support quality improvement, performance improvement and outcome metrics for Program by developing strategies and advice on outcome metrics and data gathering.
- Ensure that all best practice recommendations are being carried out and/or followed by Committees and Program, as applicable.
- Consult with the Pharmacy and Laboratory Services within the Hospital to develop recommendations on order sets for frequent indications.
- Assist physicians in telephone consultations for matters related to the Program, as needed.
- Report Program activities to each appropriate Hospital committee undertaking clinical quality improvement activities.

ADDITIONAL DUTIES

- Prepare for quarterly assessment of Infection Control Committee and develop plans for addressing any deficiencies related to the practices currently being performed.
- Attend quarterly meetings for the Pharmacy and Therapeutics Committee and the Infection Control Committee.
- Conduct, supervise or support the development of corrective action plans and examine the effectiveness of such corrective action plans stemming from investigations, examinations and audits related to the applicable Committee(s) or Program, as applicable.
- Manage and maintain working relationships delineated below.

- Represent the Hospital in meetings with federal, state and accrediting bodies related to the Program as requested by Hospital.
- Investigate and resolve any alleged problems and breaches of Program as well as any required reporting by the Program to state or federal agencies.
- Report and investigate any adverse events of Program's conduct.
- Maintain competency and awareness of current scientific developments through prior training and continued attendance at education programs offered by the federal Centers for Disease Control and Prevention, the Society for Healthcare Epidemiology of America, or other similarly recognized professional organizations.

WORKING RELATIONSHIPS

Medical Group shall cause any physician(s) rendering services under this Agreement to maintain consistent, professional relationships with:

- Hospital administration and personnel
- Physicians
- Pharmacists
- Laboratory Services Director
- Facility nursing staff
- Clinical departmental managers throughout the hospital
- Committee members, as applicable

As Medical Director, Medical Group shall cause any physician(s) rendering services under this Agreement to maintain a reporting relationship with the Chair of the Pharmacy and Therapeutics Committee.

MAJOR CHALLENGES OF PROGRAM

Medical Group shall cause any physician(s) rendering services under this Agreement to assist Hospital in meeting the following challenges:

- Ensure adherence to best practices associated with evaluating judicious use of antibiotics pursuant to CA Health and Safety Code Sections 1288.8 and 12.88.85.
- Ensure compliance with all protocols and related regulation related to antimicrobial stewardship.

CONSULTATION

The Medical Director will consult with Physicians, Pharmacists, Laboratory Services Director, Committee Members, and other Hospital staff with respect to all decisions materially affecting the Program and the Committees.

/ / /

SCOPE

It is expected by the parties that the responsibilities detailed above require an estimated part time commitment by Medical Group of ten (10) hours per month, but in no event shall Medical Group be compensated for more than one hundred twenty (120) hours per twelve (12) month period.

EXHIBIT B – MEDICAL DIRECTOR FEE SCHEDULE

TAHOE FOREST HOSPITAL DISTRICT

The Schedule of Fees set forth below shall represent Medical Group's complete compensation for the services rendered under this Agreement. Any changes to said schedule must be agreed upon in writing by both parties and shall be in substantial accordance with fees for comparable services in the general service area of Facility.

Medical Director Fee Schedule

Two Hundred and Seven Dollars ($207.00) for each hour of service, up to a maximum of One Hundred and Twenty (120) hours per Twelve (12) month period. Fees paid under this Agreement shall not exceed Sixteen Thousand, Five Hundred and Sixty Dollars ($24,840.00) per Twelve (12) month period for the work actually performed pursuant to this Agreement.

TAHOE FOREST HEALTH SYSTEM

EXHIBIT C

SERVICE TIME LOG - TAHOE FOREST HOSPITAL DISTRICT

Name: TBD
Contract Name: ***TBD_TFHD_MDA_For_Antimicrobial_Stewardship_Program_2015***

Medical Group: ***Each month please complete & submit this log for services rendered. Please add more pages to this log if needed to ensure all dates, times, services are listed. If you use a computer/phone application, please attach and sign this log to the documentation generated by the program. Thank you.***

Date of Service	Description of Services as specified by the contract	Hours

Total time: _____hours @ $_____/hour = Total balance due $_____

Medical Group hereby attests that all of the services listed for the time periods indicated are accurate and that there has been no duplication of hours or services. Medical Group declares that the above statement is true and accurate to the best of its knowledge.

Medical Group's signature:_____ Date_____

TAHOE FOREST HEALTH SYSTEM

QUALITY COMMITTEE
AGENDA

Tuesday, June 9, 2015 at 12:00 p.m.

Eskridge Lobby Conference Room, Tahoe Forest Hospital
10121 Pine Avenue, Truckee, CA

1. **CALL TO ORDER**

2. **ROLL CALL**
   Greg Jellinek, M.D., Chair; John Mohun, Board Member

3. **CLEAR THE AGENDA/ITEMS NOT ON THE POSTED AGENDA**

4. **INPUT – AUDIENCE**
   This is an opportunity for members of the public to address the Committee on items which are not on the agenda. Please state your name for the record. Comments are limited to three minutes. Written comments should be submitted to the Board Clerk 24 hours prior to the meeting to allow for distribution. Under Government Code Section 54954.2 – Brown Act, the Committee cannot take action on any item not on the agenda. The Committee may choose to acknowledge the comment or, where appropriate, briefly answer a question, refer the matter to staff, or set the item for discussion at a future meeting.

5. **APPROVAL OF MINUTES OF: 4/14/2015** ..... ATTACHMENT

6. **ITEMS FOR COMMITTEE DISCUSSION AND/OR RECOMMENDATION**

6.1. **Quality Committee Goals 2015** ..... ATTACHMENT
Committee will review and discuss updated Committee goals.

Staff Recommendation: Committee recommendation to the full board for approval of the Quality Committee 2015 Goals.

6.2. **TFHS Quality Strategic Plan Goals** ..... ATTACHMENT
Committee will review and provide updates related to the Tahoe Forest Health System strategic goals related to quality.

6.3. **Medical Staff Strategic Plan Update** ..... ATTACHMENT
Committee will be provided an update related to the Tahoe Forest Health System Medical Staff strategic goals related to quality.

6.4. **TFHS Web Site Quality Information**
Committee will review and provide input related to the Tahoe Forest Health System web site related to quality.

6.5. **Patient & Family Centered Care (PFCC)**

6.5.1. **Patient & Family Advisory Council Update**

An update will be provided related to the activities of the Patient and Family Advisory Council (PFAC).

6.6. **Lean Training Program**

An update will be provided related to the Lean training program in which the TFHD staff has been participating. This training has been funded through a grant from the National Rural Health Resource Center and the CHA Flex Grant.

6.7. **Board Quality Education**

The committee will review and discuss topics for future board quality education.

7. **REVIEW FOLLOW UP ITEMS / BOARD MEETING RECOMMENDATIONS**

8. **NEXT MEETING DATE**

The date and time of the next committee meeting will be proposed and/or confirmed.

9. **ADJOURN**

*Denotes material (or a portion thereof) may be distributed later.

Note: It is the policy of Tahoe Forest Hospital District to not discriminate in admissions, provisions of services, hiring, training and employment practices on the basis of color, national origin, sex, religion, age or disability including AIDS and related conditions.

Equal Opportunity Employer. The meeting location is accessible to people with disabilities. Every reasonable effort will be made to accommodate participation of the disabled in all of the District's public meetings. If particular accommodations for the disabled are needed (i.e., disability-related aids or other services), please contact the Executive Assistant at 582-3481 at least 24 hours in advance of the meeting.

Board Quality Committee Goals 2015

1. Provide appropriate resources to assist the Patient & Family Advisory Council (PFAC) improvement initiatives.

2. Monitor quality and patient safety metrics and support processes, with a focus on outliers, to achieve top decile performance.

3. Provide direction on the Quality and Service elements of the Health System strategic plan and the Quality Assurance/Performance Improvement (QA/PI) Plan.

4. Share quality and service metrics with the community through multi-media venues (i.e., web site, public speaking, social media, quarterly magazine, newspaper articles, etc.).

5. Utilize Just Culture principles when notified of sentinel/adverse events, including the disclosure of medical errors, and when patients share their experience.

6. Request that the Quality Department evaluate Patient Satisfaction survey vendors and determine if a change in vendor is warranted.

7. Prepare for Critical Access Hospital's participation in CMS Hospital Value-Based Purchasing program through the monitoring of Clinical Process of Care, Patient Experience, and Outcome measures.

TAHOE FOREST HEALTH SYSTEM

GOVERNANCE COMMITTEE
AGENDA

Wednesday, June 10, 2015 at 12:00 p.m.

Tahoe Conference Room
10054 Pine Street, Truckee, CA.

1. CALL TO ORDER

2. ROLL CALL
Karen Sessler, M.D., Chair; Greg Jellinek, M.D., Board Member

3. CLEAR THE AGENDA/ITEMS NOT ON THE POSTED AGENDA

4. INPUT – AUDIENCE

5. APPROVAL OF MINUTES OF: 05/13/2015

6. ITEMS FOR COMMITTEE DISCUSSION AND/OR RECOMMENDATION

6.1. **Draft Resolution 2015-03 Intention To Maintain The Level Of Service Provided To The Community And To Maintain Best Practices Regarding Physician Compensation** ..... ATTACHMENT
Committee will review and provide feedback related to proposed resolution.

Staff Recommendation: Committee recommendation to the full board for approval of Resolution 2015-03.

6.2. **Policies** ..... ATTACHMENT
Committee will discuss proposed project plan for completion of annual review of board policies and discuss potential updates to various policies including but not limited to:
- 6.2.1. ABD-12 Guidelines for the Conduct of Business by the TFHD Board of Directors
- 6.2.2. ABD-17 Manner of Governance For The Tahoe Forest Hospital District Board of Directors

6.3. **Committee Goals** ..... ATTACHMENT
The Committee will review and update the status of its 2015 committee goals and further delineate tactics and measurements as appropriate.
- 6.3.1. **Advance Best Practices in Governance**
  Committee will review certification requirement for the Association of California Healthcare Districts (ACHD) and Special District Leadership Foundation (SDLF)

6.4. **Board Education Program** ..... *ATTACHMENT
The Committee will discuss topics and options for future board education.

6.5. **Follow-up Retreat**
The Committee will discuss potential dates and format for follow up retreat.

8. REVIEW FOLLOW UP ITEMS / BOARD MEETING RECOMMENDATIONS

7. NEXT MEETING DATE

8. ADJOURN

*Denotes material (or a portion thereof) may be distributed later.

Note: It is the policy of Tahoe Forest Hospital District to not discriminate in admissions, provisions of services, hiring, training and employment practices on the basis of color, national origin, sex, religion, age or disability including AIDS and related conditions.

Equal Opportunity Employer. The meeting location is accessible to people with disabilities. Every reasonable effort will be made to accommodate participation of the disabled in all of the District's public meetings. If particular accommodations for the disabled are needed (i.e., disability-related aids or other services), please contact the Executive Assistant at 582-3481 at least 24 hours in advance of the meeting.

TAHOE FOREST HEALTH SYSTEM

PERSONNEL/ RETIREMENT PLAN COMMITTEE AGENDA

Thursday, June 18, 2015 at 12:00p.m.
Tahoe Conference Room, Tahoe Forest Hospital
10054 Pine Street, Truckee, CA

1. CALL TO ORDER

2. ROLL CALL
Charles Zipkin, M.D., Chair; Dale Chamblin, Board Member

3. CLEAR THE AGENDA/ITEMS NOT ON THE POSTED AGENDA

4. INPUT – AUDIENCE
This is an opportunity for members of the public to address the Committee on items which are not on the agenda. Please state your name for the record. Comments are limited to three minutes. Written comments should be submitted to the Board Clerk 24 hours prior to the meeting to allow for distribution. Under Government Code Section 54954.2 – Brown Act, the Committee cannot take action on any item not on the agenda. The Committee may choose to acknowledge the comment or, where appropriate, briefly answer a question, refer the matter to staff, or set the item for discussion at a future meeting.

5. APPROVAL OF MINUTES OF: 04/09/2015, 04/21/2014 ..... ATTACHMENT

6. ITEMS FOR COMMITTEE DISCUSSION AND/OR RECOMMENDATION

6.1. **Fiduciary Education and Communication Plan Update**
An update will be provided related to the education and communication plan to inform the Plan's participants about the new fund changes as well as the change in the way fees are paid.
- 6.1.1. Plan Record Keeping Fee Discussion
- 6.1.2. Investment Options
- 6.1.3. Investment Policy Statement

6.2. **California Paid Sick Leave Program-New Benefit** ..... *ATTACHMENT
A review of the California Paid Sick Leave Program new benefit beginning July 1, 2015 will be provided.

6.3. **Employee Associations' Votes on Pay Increases**
An update will be provided related to the votes of the Employees' Association and Employees' Association of Professionals related to pay increases.

7. REVIEW FOLLOW UP ITEMS / BOARD MEETING RECOMMENDATIONS

8. NEXT MEETING DATE
The next scheduled meeting of the Retirement Plan Committee, a Subcommittee of the Board Personnel Committee, is tentatively scheduled to take place Thursday, September 9, 2015.

9. ADJOURN

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June 24, 2015

Dr. Karen Sessler, Chair
Board of Directors
Tahoe Forest Hospital District
10121 Pine Ave.
Truckee, California 96161

Dear Karen,

I am writing this letter to you, for distribution to the Board, as a final note to my departure from TFHD. Without much time remaining to reach out to you and the Board regarding my work over the last two years, I would like in this letter to extend my thanks to each of you.

It was my honor to serve the District in the development of programming for the Wellness Neighborhood, and to complete the integration of the Community Health Division into population health activities of TFHS. The opportunity given to me to vision and position programs that shed light on the health and social issues of our Truckee/North Tahoe communities was personally rewarding. The professionals within the WN/CH Division and within our non-profits and governmental agencies touched me deeply, as they are the ones that carry passion and commitment for positive change for our entire community.

My roots began in public/community health almost 40 years ago, and TFHD gave me the opportunity to bring my experience back to the most basic and rewarding level, that of community members and organizations.

I extend my gratitude to you and each member of the Board for working with me and digesting at times, difficult information and issues that need our attention. You have with you community partnerships that are advancing envisioned regional outcomes that can affect the social determinants of health, and raise our collective ethical commitment and social responsibility to the health of the region.

My best to you in your leadership of the District and future endeavors.

Sincerely yours,

Caroline Ford

TAHOE FOREST HOSPITAL DISTRICT

Board Informational Report

By: Jake Dorst
Interim Chief Executive Officer
Chief Information Officer

DATE: June 25, 2015

STRATEGIC INITIATIVE 2.1

Develop an accountable and fully engaged team / establish a formal system of communication and feedback with the medical staff organization and medical staff leadership to optimize medical staff involvement in strategic planning, projects and program innovation.

- With advice from board counsel, the administrative team has crafted a resolution to address the board's understanding that it does not intend to reduce the level of service provided to the community or to reduce its commitment to both general medicine and an appropriate range of specialty practices.This resolution will be brought before the board as an action item.

STRATEGIC INITIATIVE 2.2

Develop an accountable and fully engaged team / Conduct a formal survey to optimize employee engagement and use results to identify opportunities for improvement

- The administrative Council authorized an outdoor picnic celebration for the staff on June 5th in recognition of their outstanding 5 star achievement for providing a world class patient experience. The event was well attended and feedback was positive that their hard work was being recognized.

- TFHD recently commissioned a new outdoor advertising campaign on Donner Pass road thanking the community for our recent 5 star rating.

- Administrative rounding, open table lunches with the CEO continue.

- The CEO and Director Chuck Zipkin met with the community members to go over concerns and hear new ideas.

STRATEGIC INITIATIVE 4

Make the most effective investment in, and use of, information systems

- TFHD will be attesting this month for our Meaningful Use stage 1 accreditation. This is a great achievement and the level of team work that was required is a testament to the facilities can do attitude.

- TFHD has received the first installment of the request for information for new EHR software. We will be evaluating and working with those vendors and staff to reduce the selection size and begin a more in-depth process of selection.

- TFHD has begun the process of implementing a patient identification card technology called LifeMedID. This technology will allow us to more accurately identify our patients during our registration processes and help in our billing as well.

STRATEGIC INTATIVE 5

Partner with regional and local medical providers

- TFHD met with Renown Health for a VIP tour of the facility and dinner. We spoke about possible new relationships, and how we can partner in mutually beneficial ways to help offer our community service line integration that would be complementary to what we do not currently offer.
- We feel that there are some clear partnering opportunities that would contain little risk and would help build trust between the organizations if executed properly.

STRATEGIC INITIATIVE 8.1

Achieve equitable, sustainable programs and partnerships that respond to local health priorities

- TFHD has contracted with 1Bios to help build an employee engagement platform for health and wellness. We are working with our new third party administrator to integrate our currently system, update and refine that system and mobilize the program. Once the program is successful at TFHD we will begin to expand the program into the community.

TAHOE FOREST HOSPITAL DISTRICT

Board CNO/COO Report

By: Judy Newland **DATE: June, 2015**

Strategic Initiative 8.1 Achieve equitable, sustainable programs and partnerships that respond to local health priorities.

Transition of the Executive Director of the Wellness Neighborhood and Community Health to the Executive Director of Post Acute Services has occurred. This transition will be completed on June 30, 2015.

Compilation of all programs that exist between the Wellness Neighborhood and Community Health have been strategically aligned with the Board initiatives for these departments.

1. **Optimizing Community Health**
   - *Rethink Healthy!* targets in chronic disease
   - FRC/TFHS expansion of Promotores chronic disease self-management, medical homes, care coordination
   - Integration with TFHS high quality/high value health care in care coordination
   - Healthy Communities website information/transparency, health status benchmarking, partner enhancements to data and analytics
   - Community grants target on program priorities, partnerships, leveraged results, collective impacts
   - Expansion of school health programming through Athlete Committed
   - Guiding of health professions students in their knowledge and experience in health care for future commitments and understanding in rural health

2. **Substance Use and Abuse**
   - Expanded community outreach and education through TTFWDD partnership, Rx Safe Prescribing, Marijuana focus
   - Refinement of Alcohol Edu curriculum for TTUSD
   - Community Collaborative partnership targeting substance abuse goals
   - Targeted programming with Heart to Hand reaching at-risk youth
   - Targeted population behavioral health with direct services co-occurring with AOD
   - DUI court partnership with NV. County Court, Town of Truckee Police
   - Screening, Brief Intervention, Referral, Treatment (SBIRT) refinement

3. **Mental/Behavioral Health**
   - Behavioral health care coordination & referral
   - Establish Tele-psychiatry in Emergency Department & Primary Care Clinic
   - Contract for direct behavioral health services for targeted populations
   - Community Collaborative partnership targeting MH goals

- Increased behavioral health training to Promotores for community outreach & support
- Expansion of Youth Suicide prevention to community base of outreach
- TFHS Mental Health Directory

4. Access to Care & Prevention/Primary Health Care

- Expansion of Oral Health Screening & contracted direct services to targeted population groups
- Establish Oral Health Coalition
- Expanded preventive health screenings-chronic disease targets/population specific, medical homes
- Enhanced TFHS chronic disease care coordination among internal departments
- School health expanded partnership-WN Hubs for adolescent care coordination/medical homes, CH targeted programs e.g. Bfit, nutrition, physical health, athletic trainers, athlete committed

TAHOE FOREST HOSPITAL DISTRICT

Board Informational Report

By: Jayne O'Flanagan
Chief Human Resources Officer

DATE: June 24, 2015

Association Pay Increase Votes

Both bargaining units entered into negotiations with the District to mitigate the cost of pay increases based on salary survey data.

Proposals and Votes

The Employees' Association proposed a 4.5% across the board increase for all job classifications. The proposal was approved by a majority of their membership.

The Employees' Association of Professionals proposed increases based on survey data ranging from 2.25% to a maximum of 8%. The proposal was approved by a majority of their membership.

All increase will be processed with the pay period ending July 11, 2015.

Tahoe Forest Hospital District

Board of Directors Meeting Evaluation Form

Date: _____

		Exceed Expectations		Meets Expectations		Below Expectations
1	Overall, the meeting agenda is clear and includes appropriate topics for Board consideration	5	4	3	2	1
2	The consent agenda includes appropriate topics and worked well	5	4	3	2	1
3	The Board packet & handout materials were sufficiently clear and at a 'governance level'	5	4	3	2	1
4	Discussions were on target	5	4	3	2	1
5	Board members were prepared and involved	5	4	3	2	1
6	The education was relevant and helpful	5	4	3	2	1
7	Board focused on issues of strategy and policy	5	4	3	2	1
8	Objectives for meeting were accomplished	5	4	3	2	1
9	Meeting ran on time	5	4	3	2	1

Please provide further feedback here: