



Special Meeting of the Board of Directors

Wednesday August 30, 2017

7:30 am

Mark Twain Medical Center Classroom 2

San Andreas, CA

Un-Approved Minutes

Mark Twain Health Care District Mission Statement

“Through community collaboration, we serve as the stewards of a community health system that ensures our residents have the dignity of access to care that provides high quality, professional and compassionate health care”.

1. Call to order:

The meeting was called to order by President, Lin Reed at 7:34am.

2. Roll Call:

Present for roll call was Lin Reed, MBA OTR/L; Ann Radford, FNP; Susan Atkinson, MSW; Debbie Sellick, CMP and Talibah Al-Rafiq.

3. Approval of Agenda: Action

Ms. Atkinson requested item 7. B. (second bullet) **Contract for Financial Risk Assessment** be considered after the completion of the closed session. Ms. Radford made the motion which was seconded by Ms. Sellick. Motion passed 5-0.

4. Public Comment on matters not listed on the Agenda:

Hearing none.

5. Consent Agenda: Action

- Un-Approved Meeting Minutes for July 20, 2017 Special Board Meeting.
- Un-Approved Meeting Minutes for July 26, 2017 Board Meeting.
- Correspondence:
 - Natalie Huddy Thank You (8-7-2017)
 - Michael Podesta Thank You (8-8-2017)

Ms. Al-Rafiq moved to approve the Consent Agenda. Ms. Atkinson provide her second and the motion passed 5-0.

6. MTHCD Reports:

A. Presidents Report:

Ms. Reed: Announced Ms. Sellick will be joining the Patient Advisory Committee.

○ **Association of California Health Care Districts (ACHD):**

Ms. Reed: Is delighted to have the full Board attend the Sept 12-14 Annual Conference in San Diego. She is pleased that she is being considered to serve another term on the ACHD Board.

○ **SART Update: Sexual Assault Response Program**

Mr. Diehl: Offered the last meeting was good and included law enforcement, DA and other staff. An MOU is needed to continue the services. There is a special (safe) room set up just for the SART program. For privacy, the room and equipment are locked at all times.

B. Executive Director Report:

Dr. Smart: Introduced and thanked Sam Cook, sound engineer from the Calaveras Public Access TV station for helping the District in the purchase of their sound equipment.

○ **Update – MOB Sub Leases:**

Dr. Smart: The subleases are signed. Stockton Cardiology is for 3 years and Dignity Health / Multi Specialty Clinic is for 5 years. The leases are a “pass-thru” wherein the District provides a service to the community by not making any money.

○ **Community Activities:**

Dr. Smart: District Staff maintains a list of community groups and their events. The Board and Staff attends events to get the District message out to the public.

○ **Paschal / Roth Update:**

Dr. Smart: Ad Hoc Lease Committee has a weekly conference call to work on getting the District message out to the public. A timeline has been created to monitor events.

○ **HFS Invoice - Interim Executive Director:**

Dr. Smart: Is still working with HFS for a resolution on the outstanding invoice.

- **Capital Expense Request Letter to MTMC Corp. Board:**

Dr. Smart: Reflected on the times when the District was under an agreement with St. Joes. At that time, the information exchange was 100%. Somehow that sharing of information drifted apart and he supports both groups need to be sharing information and to be in lock-step. He wrote a letter to CFO, Chris Roberts requesting expense obligations. The information received was very helpful. Since that correspondence Mr. Diehl has agreed there is no need to produce letters when information is needed.

- **Seismic Update:**

Dr. Smart: Two specific times was mentioned in the seismic information from Chris Roberts, CFO. In 2019 there isn't a concern. In 2030 there are upgrades needed. So far there isn't a lot of detail but it could be in the millions. He and Mr. Roberts will work together to determine estimated cost, what is tenant and what is District responsibility then will report back to the Board.

- **Provider Educational Forum Update:**

Dr. Smart: The Forum was started about 3 years ago at Camps for the medical staff. It was well attended at a relatively low cost but it faded away. Recently the Chief of Staff has requested the Forum be reinstated.

Ms. Reed: The Forum was part of the Strategic Plan to encourage relationships with staff. She had received good feedback regarding the Forum. With doctors being busy it was a good way for them to interact and to hear a medically related presentation.

- **Telehealth Update:**

Dr. Smart: He lead the 2015 pulmonary program that the Board sponsored as a one-year pilot program. At the end of 2016 when the project was handed off to the hospital there was a back log of 100 patients. The hand-off didn't work and the program ended. New life was stalled by waiting to hire new hospital CMO and then by contracting. Mr. Diehl: The Pulmonologist didn't renew the contract so no operator on the other end. There is no timeline to reinstate the program.

C. Corp. Board Report:

Ms. Reed: The Corp. Board met yesterday. With Mr. Diehl's help the following will be read into minutes.

Report from MTMC to MTHCD

8/30/17

1. The board discussed a formal method to agendize any large expenses that would constitute (to use the language of the lease agreement) "alterations, additions, or improvements to the lease premises," so that both boards review and approve. The board has also added a new standing item at the end of its agendas to ask each month if there were any topics covered that should be shared with the MTHCD.

2. The board reviewed and approved the FY18 operating and capital budgets, as approved earlier by the finance committee. The budget calls for a \$1.1 million positive EBIDA in FY18 (Earnings Before Interest, Depreciation and Amortization).
3. The board approved a special capital project to upgrade the pharmacy in compliance with new regulations governing the compounding of sterile products and hazardous drugs. This now goes to the MTHCD.
4. Administration is in conversation with a physician temp staffing agency and is evaluating bringing a group of primary care doctors to staff the clinics in parallel with ongoing conventional recruitment efforts. Also under consideration is an accelerated process with the medical staff to grant temporary privileges so new providers can start sooner. It was shared that other northern California hospitals and health systems are facing challenges in recruiting physicians.
5. A representative of Dignity Health Corporate Real Estate division updated the board on the progress of the Angels Camp clinic. The city is expected to complete its Plan Review in early September, and the Conditional Use Permit soon thereafter. CalTrans is evaluating the project to see if a new traffic study is needed. The completion of these items would lead to a potential October/November start date. The construction teams can build in the rain, but it is difficult to attempt the initial site work. Both Aspen Street Architects and DesCor builders hope to begin grading before the rainy season.
6. Dr. Sean Anderson gave an update on his recent attendance with Dr. Andy McCoy and Dr. Lonnie Smith at the Dignity Health Physician Leadership Development symposium. Topics included the impact to doctors by MACRA and MIPS (the Medicare Access and CHIP Reauthorization Act, and the Merit Based Incentive Payment System). These two initiatives from the Centers for Medicare and Medicaid Services will change the way physicians are required to document, and will change their reimbursement depending on utilization and outcomes.
7. The board is considering nominating a representative to the California Hospital Association's conference on rural healthcare. CHA will provide more detail on the commitment and logistics.
8. The board reviewed the quality report, presented by Chief Nurse Executive Katherine McCoy. This included clinical quality indicators, Emergency Department statistics, and patient experience scores.
9. Dr. Anderson shared the standard updates on medical staff credentialing and privileging.

By Lin Reed and Susan Atkinson

Mr. Roberts: The worth of item two is about \$3.5million.

Ms. Reed: Item three was approved by the Corp. Board and will be the only item on the District agenda at a special Board meeting starting at 11am on Sept 6th.

Ms. Reed: Referring to item five; There is consideration of a possible roundabout or signal light.

7. Committee Reports:

A. Ad Hoc Personnel Committee:

- **Employment – Policy Guidelines and Insurance:**

Dr. Smart: The District has two employees so it is necessary to have a personnel manual. The document is about 30 pages and in the third draft but otherwise standard. Staff is also working on securing a Workers Comp policy.

- B. Finance Committee:**

Ms. Atkinson: Referred to the District Financials for July found on pages 28-44 in the Board pkt. She then called on Mr. Krieg to read page 28 and answer any questions.

Ms. Atkinson: Is concerned about the continual downward trend of the Minority Interest of which the District's share is 50% (pkt. pg. 34). If the declining trend continues at the end of the lease (Dec. 31, 2019) the District won't be able to buy back the capital improvements.

- **Investment Policy Update:**

Ms. Atkinson: The Finance Committee met with the Bank of Stockton at the last meeting. She has contacted Local Agency Investment Fund (LAIF) and plans to talk with other districts at the ACHD Annual Conference (Sept 12-14) to learn of other investment options.

Dr. Smart: Concerned about the continuing loss of \$1million and escalating monthly.

Mr. Roberts: Reported the loss hasn't been in operations but they have had a decline in volume the last two months which drives the loss. Half of the loss has been in the clinics but he expects to see a turn-around with new radiology provider and bringing in new doctors with temp program. Stockton Cardiology didn't close the gap as hoped. They have added the expense of security. CMS has required facility upgrades as well as the Pharmacy regulation requiring upgrades.

Mr. Diehl: Suggested the losses can also be attributed to losing providers and the need for mid-levels, utility costs and the \$1.2million hospital fee went away. They are pushing recruitment.

Mr. Roberts: There is a loss for all Medicare patients. The Commercial payers pay for services. The clinics has a lack of patients for the providers. He expects to see improvement next month since radiology is really helping. Doctors are referring patients. There is still a need for clinic patients. The swing beds also help.

Mr. Diehl: They are starting to see the fruit from general surgery and urologist.

- **Contract for Financial Risk Assessment: Action:**

This item was moved on the agenda to be considered after the Closed Session.

- **Recommendation for Approval of the July 2017 Financial Statements: Action**

Ms. Al-Rafiq moved to approve the July Financials. Ms. Sellick provided her second

and the motion passed 5-0.

Ms. Reed: Thanked Ms. Radford and Ms. Atkinson for making the Treasurer transition seamless. She also thanked Mr. Krieg for answering the District's questions.

C. Ad Hoc Lease Committee:

○ **Update on Quorum Assessment:**

Ms. Reed: It's been a year. Quorum is still working on a suitable format for the public so the District must be respectful of the process. Dr. Smart will follow up with Quorum to get the report finalized. The District has one payment left.

○ **Update on Lease, Evaluation and Negotiations:**

Ms. Reed: The Ad Hoc Lease Committee met with the Dignity team to introduce Ms. Atkinson and Colin Coffey (legal). Mr. Silberstein did a good job of the history on where we are in the process. There were no active negotiations however all agree to be back at the negotiation table shortly which means the talking is over with other interested parties. There is a short time-line to meet the June 2018 primary. The board is working on calendar dates to do town-hall meetings for Sept. and the end of Oct. we hope to be done with the preliminary work. If the District decides to run the hospital with a MSA there is no election necessary however a new lease goes to the voters. Legal says the lease needs to be in writing not just a term sheet or bullet points. The worst-case scenario could take the ballot to the Nov. 2018 general election. That timeline would shorten the uncoupling time. Best estimate is 18 months are needed just for the complexity of IT. She appreciated the meeting, the history and Mr. Silberstein and Mr. Spaugh being steadfast.

D. Ad Hoc Grants Committee: Action:

○ **Update on Sponsorships:**

Ms. Atkinson: The Committee has been working with Nicki Stevens as a co-sponsor to bring awareness to women's and men's health. On Oct. 10 & 26th there will be mammograms done. Scheduled for Nov. 7th is a men's health awareness for such things as "A Plan 4 Me" and sleep apnea. Sept 30th the Health Faire will be held at the hospital and we'll be a co-sponsor. T-shirts are being designed to bring awareness to good health. Ms. Radford will explain how gas will be reimbursable to help women that don't have transportation to come in for a mammogram. Approx. \$6,026 is being spent to buy 17 self-exam models for women and 17 for men. Because of a sizable discount the models will be available in each of the clinics as well as having models to check out for special events like the Health Faire. The models have nodules embedded so the user can learn what to look for when doing a self-exam.

The District departed from the Pink in the Night to sponsor pro-active self-awareness and prevention in health. All items, T-shirts, gas and self-exam models together will serve a wider population in the County and for less money.

Ms. Radford: contacted Common Ground to partner with transporting ladies to have a mammogram. The Committee offered to reimburse them for gas and driver for the

events for approx. \$150.00.

Ms. Radford NFP: Can write the mammogram order if a person needs one and will be demonstrating how to use the breast and testicular models. There will also be nutrition tables at the events. Nov 7th will be Movember from 9:30 to noon. Dr. McCoy will be doing pain management screening. Dr. Lovett will be there regarding joint issues. "Plan 4 Me" binders will be available with lots of information included. Lunch will also be provided.

Dr. Smart: Putting on his doctor hat stated breast cancer is number one for women's health and can be fatal.

Ms. Atkinson: Anticipates the cost to be approx. \$7,600.

Ms. Sellick moved to allocate \$8k toward the project. Ms. Al-Rafiq provided a second and the motion passed 5-0.

Ms. Sellick: Wanted to invite everyone to the Oct. 2nd Pink in the Night at Valley Springs. The event is designed to bring attention to October being Breast Cancer Awareness Month.

- **Update on Grant Applications and Sponsorships:**

Ms. Radford: The new grant cycle is Jan. and Feb. so they will be inviting applications. The Committee has a new vetting system and plan to do unannounced site visits. Ms. Sellick will be joining the Committee.

E. Ad Hoc Real Estate:

- **Update on Valley Springs Clinic:**

- **Opinion of Probable Costs:**

Mr. Krieg: Reported the only change in the OPC from last month was the architect fee.

- **Operational Business Model:**

Dr. Smart: In 2015, the Corp. asked the District to help build the Angles Camp Clinic and the Valley Springs Clinic. They have always been separate projects and not eligible for Bond or Conventional loans. The district explored the VS Clinic and having Dignity Health lease and operate. While Daymon Doss was here a USDA loan was secured for \$6.8mill. Approx. \$250k has been spent. To make an operations business model work \$32k is needed a month to satisfy USDA. He met with Mr. Diehl, CEO and learned the Corp is only willing to pay \$20k/month leaving a \$12k monthly gap. The site plan was redone and the furniture was looked at. With those changes and a \$1million in contingencies the new figure is \$5.4mill. Options are: the District can subsidize \$12k month and the Corp. pays \$20k month; the district could owner operate which is more complicated; or the District could develop approx. 9 acres to get cash flow. The land is commercial so could lease out the land to get \$12-15k month to subsidize the clinic for Dignity. If the project is halted it is likely the District will not get the \$233k already spent.

Ms. Reed: Legal states the District could sell or lease to non-health related agencies however the District's activities must be health related.

Dr. Smart: The project may need to be stopped. An option is to develop the infrastructure for something commercial like an Applebee's to lease to start a cash flow. The Real Estate Committee met with a commercial real estate agent to consider the options.

Dr. Smart: The USDA loan is for \$8.6 million but we'll only get a loan on what we use. The committee will be asking for the square footage to be reduced and for a third extension.

Mr. Diehl: Is happy to be a tenant but \$32k equals \$3.76 sq. ft. which is above the fair market value of \$2.35 sq. ft.

Ms. Radford: Is very committed to building the VS Clinic. It is an anchor to the area. No stone can be unturned.

Dr. Smart: It is a big deal for the (proposed) 400 homes in the area. It is the Supervisors priority in the county. The Planning Department is all in. It is hard to shut it down with our name on it.

- **Update on Rental Home / Property:**

Dr. Smart: The Property Manager, Kirk Stout, has been put on the District insurance certificate. The home has new (inside) paint and a new roof. Ms. Al-Rafiq got to see the property and thought it looked good. Some future repairs equal, outside paint and plumbing.

8. Board Comment and Request for Future Agenda Items:

A. Announcements of Interest to the Board or the Public:

Ms. Reed: The next meeting will be Wed. Sept. 6th at 11am in classroom 5 to address the pharmacy requirements which the Corp. Board approve. Now approval is needed from the District.

Ms. Reed: For the next 3-4 months the Board can expect additional meetings to be scheduled at short notice.

9. Next Meeting:

A. The next regular meeting will be September 27, 2017

Ms. Radford: Will be on vacation so will not be attending the Sept. 27th Board meeting.

Ms. Reed: At 9:07am announced the Board was moving into closed session.

10. Closed Session:

Ms. Radford excused herself from the Closed Session:

A. Conference with Real Property Negotiators (Govt. Code section 54956.8).
Property: Mark Twain Medical Center, 768 Mt. Ranch Road, San Andreas, CA.
Agency Negotiator: Lin Reed, President Chair of the Board. Negotiating parties: Mark Twain Medical Center, Inc.; Dignity Health, Inc.; Adventist Health. Under negotiations: Price and Terms of Lease.

B. Conference with Real Property Negotiators, (Govt. Code section 54956.8).
Property: San Andreas Medical Office Building 704 Mt. Ranch Road, San Andreas, CA; Agency Negotiator: Lin Reed, President Chair of the Board. Under Negotiation: Price and terms of lease.

11. Reconvene to Open Session:

The Board reconvened into Open Session at 10: 24 am. Ms. Radford rejoined the meeting.

A. Report of Action taken (if any) in Closed Session:

No reportable action was taken in Closed Session.

- **Contract for Financial Risk Assessment: Action:**

Ms. Atkinson moved to approve the contract with Health Care Financial Consultants i.e. Susan Cosgrove. Ms. Sellick provided a second and the motion passed 5-0.

12. Adjournment: Action:

Ms. Atkinson moved to adjourn the meeting. Ms. Radford provided a second and the meeting was adjourned at 10:27am



Special Board Meeting

September 6, 2017

11:00 am

**Mark Twain Medical Center Education Center - Classroom 5
San Andreas, CA**

Un-Approved Minutes

Mark Twain Health Care District Mission Statement

“Through community collaboration, we serve as the stewards of a community health system that ensures our residents have the dignity of access to care that provides high quality, professional and compassionate health care”.

1. Call to order:

Being notified Ms. Reed was ill and could not attend the meeting was called to order by Secretary, Ann Radford at 11:00am.

2. Roll Call:

Present for roll call was Ann Radford, FNP; Susan Atkinson, MSW; Debbie Sellick, CMP and Talibah Al-Rafiq.

3. Approval of Agenda: Action

Ms. Atkinson moved to approve the agenda. Ms. Sellick provided her second and the motion passed 4-0.

4. Public Comment On Matters Not Listed On The Agenda:

Hearing none.

5. MTMC Pharmacy Upgrade Project: Action

- **MTMC Leadership Requests Approval to Construct Facility Improvements and Otherwise Upgrade the Pharmacy Compounding Areas.**

Ms. Atkinson: Reviewed the Request for approval (pkt. pgs. 2-4) to construct facility improvements upgrading the pharmacy compounding areas stating the Corp. Board had approved the improvements and the District is being asked to approve as well. She recapped the background of the US Pharmacopeia Conversion (“USP”) 797 and 800 are national standards governing the compounding of sterile products and hazardous drugs which require physical characteristics of licensed pharmacies. To continue operations of the hospital pharmacy the upgrades are required to comply with current law at a total cost of \$489,000.

Dr. Smart: Gave a history of the 6th Amendment Section 4.4(a) of the Lease Agreement dated Jan. 1, 1990 as amended to include the District's approval is required regarding any project with an economic life exceeding the term of the lease by more than 5 years and having a net book value at the end of the Lease term of \$100,000. This portion of the Lease has not been adhered to in the past so the District has called this Special Board Meeting to review this project. Projects such as the one being presented today do have an impact on the District and will impact the minority interest at the end of the lease when the District is obligated to buy back tenant improvements. Everyone agrees the hospital pharmacy must be up to date.

Mr. Roberts: Described how the affected areas are being upgraded in-house at a cost of approx. \$10k instead of hiring an outside contractor for approx. \$35k. Such things as a slick wall must be applied so there is no texture. Air quality must be upgraded.

Mr. Diehl: A hood will have to be purchased to make sure the air quality can effectively handle real time fumes from producing the compounds. Due to time constraints impacted by the rural community it isn't practical to outsource compounds. The new compounding room is near the Big Frog displayed in the hallway leading to the Outpatient Registration Desk.

Ms. Atkinson: The closest compounding Pharmacy is Oakdale.

Ms. Sellick: Suggested the hospital consider repurposing the hood that was in the massage therapy room.

Mr. Roberts: The hospital license will not allow them to retail pharmaceuticals to the community Even with this upgrade the Pharmacist (Jill Ortiz) will still not have office space inside the pharmacy.

Dr. Smart: At the time of the lease dissolution (Dec. 31, 2019) the District may have to buy back this upgrade, as a tenant improvement, at about 13/15 of the cost.

Ms. Atkinson: Requested a list of what other improvements are being considered through Dec 2019 (end of lease) such as the HVAC.

Ms. Radford: Stated she was an employee of the MTMC so would recuse herself from the decision process in this matter.

Ms. Atkinson moved to approve the project. Ms. Sellick provided her second and the motion passed 3-0 with Ms. Radford abstaining.

6. Comment and Future Agenda Items:

7. Next Meeting:

- The next regular meeting will be September 27, 2017

8. Adjournment: Action

Ms. Al-Rafiq moved to adjourn the meeting at 11:23am. Ms. Atkinson provided her second and the motion passed 4-0.