

**AVALON MUNICIPAL HOSPITAL BOARD OF TRUSTEES' MEETING
TUESDAY, JUNE 16, 2015 – 6:00 P.M.
CITY COUNCIL CHAMBERS
410 AVALON CANYON ROAD
A G E N D A**

In compliance with the Americans with Disability Act, if you need special assistance to participate in this meeting, please contact Denise Radde, City Clerk (310) 510-0220. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. (28 CFR 35. 102-35.104 ADA Title II). All public records relating to an agenda item on this agenda are available for the public inspection at the time the records are distributed to all, or a majority of all, members of the Board of Trustees. Such records shall be available at City Hall located at 410 Avalon Canyon Rd.

CALL TO ORDER / ROLL CALL

ANNOUNCEMENTS

WRITTEN COMMUNICATIONS

PRESENTATION - None

ORAL COMMUNICATION

The Board of Trustees will accept comments from the public at this time. No action will be taken on non-agenda items at this meeting. Speakers should limit comments to three (3) minutes each.

CONSENT CALENDAR

1. Board of Trustee's Actions
Although the live recording of the meetings is the official record, Board actions are also prepared by the City Clerk.
Recommended Action
Approve the May 19, 2015 Hospital Board of Trustees Actions.

2. Chief Executive Officer's Board Report and Chief Financial Officer's Report Attached for the Avalon Medical Development Corporation (AMDC) Board of Trustees' review:
 - The CEO's Board Report for May 13, 2015
 - The CFO's Financial Statement for April, 2015Recommended Action
Receive and file the reports.

GENERAL BUSINESS

3. Appointment of Additional Directors to the Avalon Medical Development Corporation Board
The Bylaws of the Avalon Medical Development Corporation (AMDC) provide that the City Council will make all appointments to its Board of Directors. This Board governs the management of the Hospital under the terms and conditions of a lease and operating agreement with the City of Avalon.

**HOSPITAL BOARD AGENDA
JUNE 16, 2015
PAGE 2**

The Chief Executive Officer of the Catalina Island Medical Center has presented a letter making three recommendations from the AMDC Board from their meeting on May 27, 2015. Any remaining position vacancies and consideration for filling them will be considered at a future Board meeting.

Recommended Action

Discuss and appoint up to three members to the Board of Directors of the Avalon Medical Development Corporation (AMDC).

CHAIR'S REPORT

MEMBER REPORT

ADJOURN

NOTICE OF POSTING

I, Denise Radde, declare that the Hospital Board of Trustees Agenda for June 16, 2015 was posted on Friday, June 12, 2015, on the City's website www.cityofavalon.com, and at City Hall, 410 Avalon Canyon Road. Copies of agendas and staff reports are available at City Hall.



Denise A. Radde, City Clerk / Chief Administrative Officer

AVALON MUNICIPAL HOSPITAL BOARD OF TRUSTEES

MEETING DATE: June 16, 2015

AGENDA ITEM: 1

ORIGINATING DEPT: Administration

CITY MANAGER: BH

PREPARED BY: Denise Radde, City Clerk

SUBJECT: Avalon Municipal Hospital Board of Trustees Actions

RECOMMENDED ACTION(S): Approve the May 19, 2015 Avalon Municipal Hospital Board of Trustees Actions.

REPORT SUMMARY: Although the live recording of the meeting is considered to be the official record, actions of the meeting are prepared for the Board's approval.

FISCAL IMPACTS: N/A

GOAL ALIGNMENT: To be determined

CONSEQUENCES OF NOT FOLLOWING RECOMMENDED ACTION(S): N/A

ALTERNATIVE ACTION(S): N/A

FOLLOW UP ACTION(S): File the actions.

ADVERTISING, NOTICING AND PUBLIC CONTACT:

This item was properly listed on the posted agenda pursuant to the Brown Act.

ATTACHMENTS: Avalon Municipal Hospital Board of Trustees Actions.

**AVALON MUNICIPAL HOSPITAL BOARD OF TRUSTEE'S MMEETING
TUESDAY, MAY 19, 2015
ACTIONS**

CALL TO ORDER at 8:20 p.m.

ROLL CALL-Present: Acting Chairman Anni Marshall, Trustees Cinde Cassidy, Joe Sampson, and Richard Hernandez. Absent Chairman Oley Olsen.

PRESENTATION – None

ORAL COMMUNICATION

Bryan Ballard, Interim Chief Executive Officer addressed the Board of Trustees. He informed the Board that he will fill this position until a replacement found, and that process could take up to six months.

CONSENT CALENDAR

There were two items on the Consent Calendar, motion to approve Items 1 and 2 by Trustee Cassidy, seconded by Trustee Hernandez. (4 Ayes – Marshall, Cassidy, Hernandez and Sampson, 1 Absent – Olsen)

1. Board of Trustee's Actions
Approved the April 21, 2015 Hospital Board of Trustees Actions.
2. Chief Executive Officer's Board Report and Chief Financial Officer's Report
Received and filed the following reports:
 - The CEO's Board Report for March 23 2015
 - The CFO's Financial Statement for March, 2015

GENERAL BUSINESS

3. Appointment of Three Directors to the Avalon Medical Development Corporation (AMDC) Board
It was noted that an additional application had been received from Ralph Morrow. Trustee Cassidy made the motion to appoint Catrina Awalt, Maggie Maki and Michael Ponce, seconded by Trustee Marshall. (2 Ayes- Cassidy and Marshall, 2 Noes – Sampson and Hernandez, 1 Absent - Olsen) Tied votes so it did not carry.

Trustees Hernandez and Sampson recommended Dr. Mellon be placed on the AMDC Board. Interim CEO Bryan Ballard replied that that is a goal of the board, however at the current time there are scheduling issues for Dr. Mellon.

Trustee Sampson recommended Alison Osinski. There was not a second on that motion.

Motion by Trustee Marshall and seconded by Trustee Sampson to appoint only two Board members at this time, Michael Ponce and Katrina Awalt to the Board of Directors of the Avalon Medical Development Corporation, with terms ending June 30, 2017. (4 Ayes – Marshall, Cassidy, Hernandez and Sampson, 1 Absent – Olsen)

ADJOURNED at 8:56 p.m.

I, Denise Radde, City Clerk of the City of Avalon, do hereby certify that the DVD videotape of the City Council Meeting, Hospital Board of Trustee's Meeting, on May 19, 2015, is the official record of that Meeting and is on file and maintained in City Hall.



Denise A. Radde, City Clerk/Chief Administrative Officer

AVALON MUNICIPAL HOSPITAL BOARD OF TRUSTEES

MEETING DATE: June 16, 2015

AGENDA ITEM: 2

ORIGINATING DEPT: Administration.

CITY MANAGER: BH

PREPARED BY: Denise Radde, City Clerk

SUBJECT: CEO's Board Report and CFO's Monthly Financial Statement

RECOMMENDED ACTION(S): Receive and file the reports.

REPORT SUMMARY: Attached is a copy of Bryan Ballard's CEO Board Report to the Board of Directors for May 13, 2015; and CFO's Financial Statement for April, 2015.

FISCAL IMPACTS: N/A

CONSEQUENCES OF NOT FOLLOWING RECOMMENDED ACTION(S): N/A

GOAL ALIGNMENT: To be determined

FOLLOW UP ACTION(S): File the actions.

ADVERTISING, NOTICING AND PUBLIC CONTACT: This item was properly listed on the posted agenda pursuant to the Brown Act.

ATTACHMENTS: CEO's report to the AMDC Board of Directors and the CFO's Financial Statement.

Minutes

Board of Directors
Avalon Medical Development Corporation
d.b.a. Catalina Island Medical Center
May 13, 2015

Call to Order

Conrado Vega convened the meeting of the Board of Directors of the Avalon Medical Development Corporation at 5:09 p.m. in the Metropole Hotel Conference Room.

Roll Call

Present were Directors Conrado Vega, Bea VanEvery, Paul DeMyer, Lisa Moss, and Ross Turner by conference call.

Also present were: Bryan Ballard interim CEO; John Lovrich, CFO; David Hamlin, CPCS; Judy Hibbs, Marketing; and Debbie Phelps, Administrative Assistant, Medical Staff Services Coordinator.

Communications

Bryan Ballard distributed an article on Board education for members to review.

With some of the changes occurring at the Board and executive team there is a need to update information on file with various State health entities. Each member was asked to complete a California State Board Pharmacy Certification Personnel Form and Request for Live Scan Service Form and return them to Debbie Phelps within 30 days.

Meeting Date Change

The regular May meeting will fall on Memorial Day so an alternate date needs to be identified. Discussion was deferred.

AMDC Monthly Board Minutes

Paul DeMyer made a motion to approve the March 23, 2015 monthly AMDC Board minutes. Bea VanEvery seconded the motion. Motion carried.

Closed Session Action Report

Conrado Vega described to the Board prior Closed Session meetings that had occurred since the last regular meeting. On March 4, 2015, March 23, 2015, March 30, 2015 and April 15, 2015 the AMDC Board went into Closed Session to discuss the performance evaluation of the prior CEO as well as his compensation. On April 15, 2015 the Board discussed in Closed Session a public employee termination/dismissal or release. On April 15, 2015 the Board took the following reportable action with 3 in favor as cast by Vega, DeMyer and Van Every and 1 in opposition as cast by Haynes to terminate the prior CEO and appoint Bryan Ballard as interim CEO with the agreed upon terms of compensation in the amount of \$4,090 per week.

Members discussed the meetings and the actions taken.

Paul DeMyer made a motion to approve the Closed Session proceedings and actions. Lisa Moss seconded the motion. Motion carried. Ross Turner abstained.

Interim CEO Contract Approval and Ratification of Termination of prior CEO and Appointment of Interim CEO

Members discussed the forgoing. As a course of extraordinary diligence they agreed to ratify the actions of the termination of John Friel as the prior CEO and the appointment of Bryan Ballard as interim CEO as well as the approval of his contract.

Paul DeMyer made a motion to approve the ratifying action. Bea VanEvery seconded the motion. Motion carried. Ross Turner abstained.

Board Vacancy Recommendations

Members conferred on the Board position vacancies that occurred over the past year. It was noted the City of Avalon had solicited interest from the community and applications had been received from Catrina Awalt, Judy Grear, Maggie Maki, Monte Mellon, Michael Ponce and Trudy Saldana. The background of the individuals and their history in Avalon was talked about and how they could complement the Board. Mr. Ballard stated Dr. Mellon had requested he not be considered at this time until he was able to clarify the ability to adjust his work and travel schedules such that he could actively participate in the meetings.

Following discussion of the individuals, Paul DeMyer made a motion to recommend to the City of Avalon Trustees Catrina Awalt, Maggie Maki, and Michael Ponce be appointed to fill three of the vacant positions. Conrado Vega seconded the motion. Motion carried.

Following review of the Class of Terms of the members, Paul DeMyer moved to have the three recommended individuals fill the terms of Kelly Dahl, Bruce Wallace and Ritch Haynes. Lisa Moss seconded the motion. Motion carried.

Members talked about the benefit of an informal meet and greet event for current Board members to meet some of the applicants they might not have previously met. Mr. Ballard said he would schedule the activity for the following week.

Bank Signature Card

With the change in staff and Board membership, bank authorization cards need to be updated.

Lisa Moss made a motion to authorize Bryan Ballard, CEO; John Lovrich, CFO; and Conrado Vega to be added to the AMDC signature cards at US Bank, Avalon. Ross Turner and Kelly Dahl are to be removed from the previous list.

Bea VanEvery seconded the motion. Motion carried.

DHCS SHIP Grant Authorization

The Hospital as a rural facility is able to periodically draw various state or federal grant monies. One such grant is the California State Department of Health Statewide Health Improvement Program. To participate in the program and to sign claims for funds expended, there needs to be an organizational representative authorized by the Board

to sign applications and reports. Ordinarily the CEO signs such documents however, given the interim nature of the Bryan Ballard; it's recommended that John Lovrich, CFO be so authorized. Paul DeMyer made a motion to approve John Lovrich, CFO to have Authorization to Bind Corporation for Department Health Care Services SHIP grants. Lisa Moss seconded the motion. Motion carried.

Finance and Operations Committee Minutes

The minutes were previously distributed and discussed. Paul DeMyer made a motion to approve the Finance and Operations Committee Minutes from March 23, 2015. Lisa Moss seconded the motion. Motion carried.

Check Register

After review and discussion Lisa Moss made a motion to approve the March YTD 2015 check register. Paul DeMyer seconded the motion. Motion carried.

Chief Financial Officers Report

John Lovrich asked if there were any questions regarding the March report. Paul DeMyer asked for an update on days in accounts receivable.

There were broad discussions on the FY 2015/2016 Budget, the budget calendar and budget assumptions.

Paul DeMyer suggested David Hamlin, CPCS; Bryan Ballard, CEO; and John Lovrich, CFO have a meeting with CAF Executives over town to discuss billing issues.

Members discussed having a work session with the Executive Team to better understand their budget process and assumptions they are working with for the new fiscal year. A tentative date of Tuesday May 19 at 4:00 p.m. at the Hospital was set.

Patient Care Services Report

Mr. Hamlin referenced the Patient Care Services Report prepared by the recently departed executive and offered to answer any questions.

The motion was made by Paul DeMyer to approve the Patient Care Services Report and its included policies and procedures. Lisa Moss seconded the motion. Motion carried.

Medical Staff Meeting Minutes

There were no questions regarding the previously distributed minutes.

Paul DeMyer made a motion to accept the March 17, 2015 Medical Staff Minutes. Lisa Moss seconded the motion. Motion carried.

Medical Staff Privileges

Following a review of the background as to the addition of diagnostic radiologists to the Medical Staff and the locum tenens physicians, the motion was made by Paul DeMyer to approve the requested privileges for:

Karen Glover, M.D., (Locum Tenen, Family Practice)
Zwi Steindler, M.D., (Locum Tenen, Family Practice)
Thomas Atlas, M.D., (Diagnostic Radiology)

Peter Frederick, M.D., (Diagnostic Radiology)

Lisa Moss seconded the motion. Motion carried.

Business from the Audience

There was no business from the audience.

Members Report

There were no Member reports.

Closed Session

Vice Chair, Conrado Vega, adjourned the regular session of the Board and went into Closed Session at 6:08 p.m.

Open Session

Conrado Vega reconvened the Open Session of the Board at 6:54 p.m.

Adjournment

Conrado Vega adjourned the meeting at 6:55 p.m.

CFO REPORT FOR APRIL, 2015

I. FINANCIAL STATEMENTS FOR APRIL, 2015

April

Net patient revenue was over budget for April by \$6,828 (1%).

Gross revenue was over budget by \$234,568(23%) (See box below)

Deductions from revenue were over budget by \$227,740(50%).

Including:

Contractual allowances were over by \$162,169(49%)

Provision for bad debt was over by \$1,213(1%).

Charity care was over by \$12,773(75%).

Administrative allowances were over budget by \$51,583(412%)

Gross inpatient revenue was under by \$49,653(17%) in April due to having 8 swing and acute days vs. a budget of 15.

Gross outpatient revenue was over by \$111,407(37%).

Gross Emergency Room revenue was over by \$172,814 (41%) due to E/R visits being over budget by 14(12%).

YTD

Net patient revenue was over budget YTD by \$508,569 (9%).

Gross revenue was over budget YTD by \$1,209,934(18%)

Deductions from revenue were over by \$701,365(13%).

Including:

Contractual allowances were over by \$102,235(2%)

Provision for bad debt was over by \$498,233(52%).

Charity care was under by \$39,505 (23%).

Administrative allowances were over budget by \$140,401(112%)

Gross inpatient revenue was under by \$535,639(18%) YTD despite having 179 swing and acute days vs. a budget of 150 due to SNF revenue being under budget.

Gross outpatient revenue was over by \$606,327(20%).

Gross Emergency Room revenue was over by \$1,139,256 (23%) due to E/R visits being over budget by 85(6%)

April 2015	Deductions from Revenue and Misc Stats		
DESCRIPTION	Actual	Budget	Variance
Provision for Bad debts	96,213	95,000	(1,213)
Contractual Allowances	490,802	328,633	(162,169)
Charity and Admin Allowances	93,759	29,403	(64,356)
Acute and Swing Bed days	8	15	(7)
Medicare Utilization	100%	100%	0%
Clinic Visits	443	455	(12)
ER Visits	134	120	14
Net Rev as a % of Gross Revenue	44.80%	54.60%	-9.80%
Expenses as a % of Gross Revenue	53.10%	59.70%	6.60%

APRIL 2015			
DESCRIPTION	Actual	Budget	Variance
Inpatient revenue			
Medical	\$ 23,264	\$ 13,284	\$ 9,980
SNF	\$ 77,520	\$ 79,034	\$ (1,514)
CT Scan revenue	\$ 50,252	\$ 26,329	\$ 23,923
Laboratory revenue	\$ 5,774	\$ 64,370	\$ (58,596)
Ultrasound revenue	\$ 17,396	\$ 20,868	\$ (3,472)
Pharmacy revenue	\$ 25,394	\$ 29,861	\$ (4,467)
Physical therapy revenue	\$ 14,708	\$ 29,216	\$ (14,508)
Other revenue	\$ 26,859	\$ 27,859	\$ (1,000)
Total I/P revenue	\$ 241,167	\$ 290,821	\$ (49,653)
Outpatient revenue			
CT Scan revenue	\$ -	\$ 23,788	\$ (23,788)
Physical therapy revenue	\$ 151,836	\$ 60,263	\$ 91,573
Lab revenue	\$ 72,058	\$ 62,545	\$ 9,513
Radiology revenue	\$ 20,482	\$ 30,128	\$ (9,646)
Clinic revenue	\$ 139,743	\$ 96,324	\$ 43,419
Other revenue	\$ 20,917	\$ 20,581	\$ 336
Total O/P revenue	\$ 405,036	\$ 293,629	\$ 111,407
Emergency Room revenue			
Emergency room revenue	\$ 293,738	\$ 216,894	\$ 76,844
CT Scan revenue	\$ 101,755	\$ 71,263	\$ 30,492
Laboratory revenue	\$ 92,826	\$ 63,161	\$ 29,665
Radiology revenue	\$ 41,577	\$ 24,881	\$ 16,696
Other revenue	\$ 56,697	\$ 37,579	\$ 19,118
Total E/R revenue	\$ 586,593	\$ 413,778	\$ 172,814
Total Gross Revenue	\$ 1,232,797	\$ 998,229	\$ 234,568

Other operating revenue was under budget for the month by \$16,752.

Operating expenses were over budget by \$58,975(9%) in April. Operating expenses represented 53.1% of gross revenue compared to the budgeted amount of 59.7% in April. Gross patient revenue was over budget by 23% while operating expenses are 9% over budget with the significant variances (unfavorable) being:

DESCRIPTION	MONTH OF April	YTD
SALARIES	\$ 1,301	\$ (8,912)
EMPLOYEE BENEFITS and HOUSING	\$ (13,276)	\$ 36,003
PRO FEES	\$ (28,252)	\$ (287,455)
SUPPLIES-General	\$ (2,672)	\$ (18,856)
SUPPLIES-Pharmacy	\$ 341	\$ 2,444
SUPPLIES-Food	\$ 465	\$ 4,164
PURCHASED SERVICES-Repairs	\$ 6,858	\$ (23,379)
LICENSES/TAXES	\$ 511	\$ 1,147
Depreciation	\$ (6,295)	\$ (66,765)
TRAVEL	\$ (5,472)	\$ (6,005)
UTILITIES	\$ 1,723	\$ (4,773)
PURCHASED SERVICES-Other	\$ 731	\$ (50,889)
Dues and subs	\$ 562	\$ (2,512)
OTHER EXPENSES	\$ (15,050)	\$ (99,636)
TOTAL	\$ (58,525)	\$ (525,424)

Salaries-Lab (\$3k, \$30 K YTD), Clinic(\$35K, YTD)PT(\$3K, \$31K YTD)
 Employee benefits-Housing (\$1K, \$33K, YTD)
 Professional fees-Physicians (\$20K, \$100K, YTD) Nursing Registry (\$30K, YTD),
 Purchased Services-Other-Lab(\$1K, \$15K YTD), Patient Accounting(\$2K YTD)
 Other expenses-Clinic(\$1K, \$3K, YTD), PT(\$12K, \$52K YTD)

Net Operating Income was \$68,899 under budget for April and \$63,452 over budget YTD.

Non-operating revenue and expense was under budget by \$16,734 for April.

The financial position remains strong with working capital decreasing by \$40,952 with net days in accounts receivable decreasing to 97 days while gross days decreased to 101 days. We are working with our new billing company to improve the process. Cash and LAIF funds decreased by \$179,237 from April. Net patient accounts receivable decreased by \$52,978 from March. Medicare settlement accounts increased \$176,579 from March. Accounts payable increased by \$36,660 and current liabilities increased by \$43,755 from March.

DESCRIPTION	AS OF April 30, 2015	AS OF March 31, 2015	CHANGE IN WORKING CAPITAL
CURRENT ASSETS	\$ 4,164,366	\$ 4,161,563	\$ 2,803
CURRENT LIABILITIES	\$ (659,683)	\$ (615,928)	\$ (43,755)
WORKING CAPITAL	\$ 3,504,683	\$ 3,545,635	\$ (40,952)

II. New developments (Not reflected in the financial statements)

- Electronic Medical Records (EMR)-** The EMR project continues to be addressed. We will be reimbursed for most costs associated with the EMR project by the government for expenses incurred after February 17, 2009. We have invested \$1,889,915 in this project as of April 30, 2015. CPSI is certified by the government for its EMR product. We have filed an appeal through the cost report process and it will be reviewed during the Medicare audit. We believe that we are due between \$250,000 and \$300,000 in additional reimbursement.
- ICD -10 Conversion-** We have entered into a contract with HFS consulting firm to provide the training for Physicians and other employees to meet the new ICD-10 requirements that has again been delayed until October 1, 2015. CPSI tested their system readiness for this conversion in March. There were no issues with CPSI. They will test it again in July. We have begun the process with HFS. We have begun to schedule training for our physicians and nurses in April. We will be ready for the conversion before the deadline. However, the deadline may be extended again.
- Billing Company-** Cross America Financial, LLC took over our billing and collection function on October 1, 2014. As discussed earlier, we are working very closely with CAF to improve the billing and collection function. Please see finance issues for an update on this process.

- **Electronic Medical Records Audit**-We have provided to Noridian all of the requested information. We are now waiting for them to complete the process.

AVALON MUNICIPAL HOSPITAL BOARD OF TRUSTEES

MEETING DATE: June 16, 2015

AGENDA ITEM: 3

ORIGINATING DEP: City Clerk

CITY MANAGER: BH

PREPARED BY: Denise Radde, City Clerk

SUBJECT: Appointment of Additional Directors to the Avalon Medical Development Corporation Board

RECOMMENDED ACTION(S): Appoint additional members to the Board of Directors of the Avalon Medical Development Corporation (AMDC).

REPORT SUMMARY: The Bylaws of the Avalon Medical Development Corporation (AMDC) provide that the City Council will make all appointments to its Board of Directors. This Board governs the management of the Hospital under the terms and conditions of a lease and operating agreement with the City of Avalon. The Chief Executive Officer of the Hospital and Clinic reports to the AMDC Board of Directors.

The Board positions were advertised and nine applications originally had been received from Michael Ponce, Maggie Maki, Catrina Awalt, Judy Grear, Dr. Monte Mellon, Trudy Saldana, Elizabeth Hile, Ralph Morrow and Alison Osinski.

At the last Hospital Board of Trustees meeting two members were appointed to the Board, Catrina Awalt to fill the term of Kelly Dahl (vacated in November 2014, term ending June 30, 2017) and Michael Ponce to fill the term of Bruce Wallace (vacated in March 2015, term ending June 30, 2017). There still exist additional seats on the Board.

Since the appointments at the last meeting four more applications have been received from Karla Parsons, Steve Gorelczenko, Rodney Muller, and Ritch Haynes.

The Chief Executive Officer of the Catalina Island Medical Center has presented a letter making three recommendations from the AMDC Board from their meeting on May 27, 2015. Recommendations are:

- Trudy Saldana term ending June 30, 2018
- Judy Grear term ending June 30, 2018
- Paul DeMyer to fill remaining term ending June 30, 2017

FISCAL IMPACTS: N/A

GOAL ALIGNMENT: N/A

CONSEQUENCES OF NOT FOLLOWING RECOMMENDED ACTION: Positions will remain unfilled and Board may be unable to take action.

FOLLOW UP ACTION: City Clerk will notify all applicants.

ADVERTISING, NOTICE AND PUBLIC CONTACT: This item was properly listed on the posted agenda pursuant to the brown Act.

ATTACHMENTS: Letter of Recommendation from the President of the AMDC Board and applications.