AVALON MUNICIPAL HOSPITAL BOARD OF TRUSTEES' MEETING
TUESDAY, NOVEMBER 15, 2016 - 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 October 18, 2016 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 October, 2016.
   - The CFO's September, 2016.

   Recommended Action
   Receive and file the reports.

GENERAL BUSINESS - None

CHAIR'S REPORT / MEMBER REPORT

ADJOURN

NOTICE OF POSTING

I, Denise Radde, declare that the Hospital Board of Trustees Agenda for November 15, 2016 was posted on Thursday, November 10, 2016, 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: November 15, 2016 **AGENDA ITEM:** 1

ORIGINATING DEPT: Administration **CITY MANAGER:**

PREPARED BY: Denise Radde, City Clerk

SUBJECT: Avalon Municipal Hospital Board of Trustees Actions

RECOMMENDED ACTION(S): Approve the October 18, 2016 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: Not aligned.

CONSEQUENCES OF NOT FOLLOWING RECOMMENDED 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 MUNICPAL HOSPITAL BOARD OF TRUSTEE'S MMEETING
TUESDAY, OCTOBER 18, 2016
ACTIONS

CALL TO ORDER at 10:05 p.m.

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

ORAL COMMUNICATION – None

PRESENTATION - None

CONSENT CALENDAR
There were two items on the Consent Calendar. Motion to approve Items 1 and 2 by Trustee Cassidy, seconded by Trustee Marshall. (All Ayes)

1. Board of Trustee's Actions
   Approved the September 20, 2016 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 September, 2016.
   - The CFO's Financial Statement for August, 2016.

GENERAL BUSINESS - None

ADJOURNED at 10:06 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 October 18, 2016, 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: November 15, 2016 **AGENDA ITEM:** 2

ORIGINATING DEPT: Administration **CITY MANAGER:**

PREPARED BY: Denise Radde, City Clerk

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

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

REPORT SUMMARY: Attached is a copy of the CEO Board Report to the Board of Directors for October, 2016; and CFO's Financial Statement for September, 2016.

FISCAL IMPACTS: N/A

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

GOAL ALIGNMENT: Not aligned.

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.

Catalina Island Medical Center

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100 Falls Canyon Rd
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Monthly CEO Report
September 2016

Immediate Operational and Financial Improvements

- We are in the process of transitioning from CPSI to AthenaHealth electronic medical record. We continue to have implementation meetings on a weekly basis. It has been decided that we will implement the clinic and hospital portions of software at the same time to ensure as smooth as a transition as possible. A go live date has been scheduled for December 14th, 2016.

- At this time we are in a holding pattern as the Office of Statewide Health Planning and Development (OSHPD) approves our plan to establish fiber connectivity to the internet. It is expected to cost approximately $80,000 to create this high speed connection. The high speed connection will improve telemedicine capabilities and is necessary for the implementation of AthenaHealth.

- On October 11th we met with the CEO of THIPA to discuss our contract with them. It was explained to them that their reimbursement currently is below Medicare and Medicaid rates. Catalina Island Medical Center is the only Critical Access Hospital (CAH) in the region that they provide service. It was explained that their reimbursement methodology does not work with the operations of a CAH. It was requested that we renegotiate the current contract to ensure Catalina Island Medical Center's contract. THIPA is open to changes in our current contract and has requested that we provide them with a proposal.

- Stacie Amarantos will be joining the Catalina Island Medical Center team as the Chief Operating Officer. Stacie is leaving St. Mary Medical Center in Long Beach, California and served as the Assistant Chief Nursing Officer. She will be bringing to Catalina Island Medical Center a track record in performance improvement, budgeting, cost containment and new business development.

- We are beginning the interview process for a Director of Human Resources. Krista Steuter has served Catalina Island Medical Center for many years and will be missed. Her expertise in employee legal issues was a great asset to Catalina Island Medical Center.

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- We are conducting interviews for a Radiology manager. It is our plan to recruit an individual to live on Catalina Island and bring stability to the department. Hiring a full-time employee will lower our expenses without having to staff the department with locums.

- We have started the development of a financial improvement plan. Administration has developed an initial plan that we are in the process of quantifying the impact to our financial statements and cash flow. We will be discussing the initial impact of the plan at the Board meeting with more details.

Strategy

- To remain relevant in today's dynamic and increasingly competitive healthcare marketplace, the leadership of Catalina Island Medical Center (CIMC) is seeking to establish a clear vision of the future, to generate a strategic plan and facility master plan to achieve that vision.

  In order to finance the project, we are exploring alternative options for financing. One recommendation is to develop a head tax for individuals visiting the community. We have spoken to the State Lands Commission and they have presented CIMC with a recommendation of having the Avalon City attorney develop a brief on the proposal, then letting the State Lands Commission issue an opinion.

  We have established a Facility Replacement Committee that shall include CIMC board members, CIMCF board members and other individuals in the community that are dedicated to improving the quality of healthcare on Catalina Island. This committee should meet every two weeks to ensure that we continue the momentum that has been established to build a new hospital in Avalon. The first meeting will be conducted October 28th.

Quality Care

- We have started initial conversations with UC Irvine to implement a new program called Tele-ICU. This program will allow for CIMC to improve the quality of care and decrease the number of patients that currently have to be flown off the island for inpatient care. It will allow for a Board Certified hospitalist to provide consultation coverage for patients that CIMC physicians admit to the hospital.

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Physician Alignment

- We have been working with the physicians from UC Irvine in the Emergency Department. They have been a great addition to CIMC with covering the Emergency Department with Board Certified physicians. UC Irvine Emergency Physicians officially started covering the Emergency Department fulltime September 1st.
- We are excited to announce the addition of Dr. Aimee Warren to the CIMC team. Dr. Warren and her family are a great addition to Catalina. Dr. Warren began her practice of medicine on September 2nd working full time in the clinic.
- We continue to recruit a nurse practitioner to our organization. This is the final provider that is necessary to meet Rural Health Clinic requirements and ensure we have coverage in the clinic at all times.

Patient Satisfaction

- Press Ganey surveys have started to be sent out on a regular basis to patients that are seen in the clinic, emergency and outpatient services. We greatly appreciate patient feedback. This data will help us understand our patient's needs and help CIMC change to provide a wonderful experience when visiting CIMC.

  Initial results are showing the need for improvement in all of our modalities of care at Catalina Island Medical Center. Even with opportunities for improvement, the Emergency Department is doing an outstanding job with scores that rank the patient experience as one of the best in the nation.

CIMC National Ranking

Department	**1st Qtr**	**2nd Qtr**
Emergency	97th%tile	99th%tile
Clinic	7th%tile	17th%tile
Outpatient	12th%tile	1st%tile
Average	**37th%tile**	**40th%tile**

The Emergency Department continues to exceed and provide one of the best experiences for patients nationwide. Everyone is doing an exceptional job.

The Medical Practice is seeing improved scores. We need to work on receiving more surveys back from patients as our "N" is relatively low. The greatest area

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of improvement in the clinic has been with the care providers are providing with their scores being in the 99th%tile. To improve our scores we need to focus on information about delays and wait time at the clinic.

The Outpatient score has dropped to the 1st%tile with us needing to focus on everything we do during the patients visit. These low scores are perplexing as much of the registration process is similar to the Emergency Department process with the same staff helping patients. We need to learn why scores differ so much with the same processes occurring for outpatient care as in the Emergency Department.

Growth Initiatives

- We have started conversations with the Santa Catalina Island Company to utilize the Descanso Beach Club to host medical cosmetology services to be provided to clients. The Santa Catalina Island Company has been helpful with trying to have the program provided in the Spa. We should be receiving a proposal from the Spa in the near future.

- We are currently working with the State Licensing Department to change our bed designations. Currently we have 4 long term care, 4 swing and 4 acute care beds. To allow for greater flexibility and growth of patient census, we desire to have all of our beds to be designated as swing beds. This would allow for CIMC to accept any patient regardless of what type of patient they are into the facility.

Out of Office

February 5 - 8
30th Annual Rural Health Care Leadership Conference

CATALINA ISLAND MEDICAL: CENTER
Narrative Analysis of the Month of September 2016

Summary

September resulted in a net loss of $65,960 due to higher than budget contractual adjustments. The expenses are slightly higher than September 2015 ($9,418). We continue the process of stabilized permanent staffing. A new physician started in the Rural Health Clinic and the contract with UC Irvine for Emergency Department Coverage began September 1st. We have retained a recruiter to find a full-time nurse practitioner to increase MGO visits and reduce the use of locum providers. We have a hired a new IT technician (he started on August 15th) to reduce outside IT costs. The emergency room revenue increased by $59,764 (8.1% compared to September 2015) even though emergency room visits were flat compared to September 2015. There was a decrease in acute and swing bed days vs September 2015 (18 vs.29). We are also trying to increase patient activity in the MGO by improving processes and throughput of patients. MGO visits increased compared with September 2015(430 vs 392).

Revenues

September Gross Patient Revenues were $1,521,492, which was 1% lower than September 2015. Inpatient gross revenue increased by 24.2% ($82,791) from September 2015. Outpatient Gross Revenues decreased $3,800 from September 2015. Emergency Room revenue was above budget by 6% ($50,523) even though visits were below budget by 3.2 %. Clinic Revenue was above prior year ($17,036) because visits were above budget by 18(4.4%). Other Revenues for July were $42,629 which included the City tax payment and rebates.

Contractuals

There was an increase in contractual allowances and adjustments to 58.8% of total monthly revenues. This is a 8.9% increase from contractual allowances and adjustments as a percentage of revenues of 54% in September 2015. We are working to improve percentage of collections by having discussions with THIPA. CIMC's CEO met with THIPA last week. THIPA has agreed to renegotiate the contract with CIMC. However, they will not increase any past or current payments. Analysis shows that THIPA is currently reimbursing CIMC 13% of charges. THIPA has gross accounts payable to CIMC of approximately $418,795 as of September 30, 2016, due to their lack of payment.

Operating Expenses

Total Operating expenses were $739,814 in September, a 1.3% increase from September 2015. Operating expenses are on a three month downward decrease as permanent staffing becomes more stable. Employee Salaries were lower by 4.6% compared to September 2015, mostly due to a using more registry in place of employees. Nursing registry was higher by $5,945 and Purchased Services Other were lower by 26% ($25,596) and included lower IT expenses of $17,430, primarily for CPSI and Evolve Partners, and Patient accounting expenses of $35,604. Other expenses were less than prior year by 13% and included Physical therapy expenses of $37,317 for contracted physical therapists, which helped to generate gross revenues in PT of $151,000 in September.

Non-operating Revenues and Expenses

CIMC had interest income of $361 in September. CIMC received a payment on a grant of $3,931.

Assets & Liabilities

Total cash decreased by $10,724 from August. During the month, $34,102 was spent on construction and capital purchases. Long-Term Debt remained static. CIMC collected $661,984 in patient accounts receivable in September.

Forecast for September 2016

Gross Revenues are estimated to be similar to October 2015 due to having approximately the same ER visits through October 20th compared to October 2015. Clinic visits are higher than September and higher than October 2015.

Expenses are flat with prior year. We are anticipating higher volumes in the MGO due to improved processes. This will lead to higher ancillary revenue throughout the hospital.