

SOUTHERN INYO HEALTHCARE DISTRICT

Regular Meeting of the Board of Directors Minutes

Date: Tuesday, May 8, 2018

Time: 4:30 p.m.

Location: RCA Church

550 East Post St

Lone Pine, CA 93545

Present

Jaqueline Hickman, President

Charles Carson, Treasurer

Richard Fedchenko, Director

Absent

Mark Lacey, Vice President

Carma Roper, Secretary

Others

Brian Cotter, CEO

Ashley McDow, Attorney (via phone)

Scott Nave, Attorney (via phone)

I. CALL TO ORDER

The meeting was called to order at 4:30 p.m.

Action: Director Fedchenko moved to approve the agenda. Treasurer Carson seconded. All Approved.

II. PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

The following members of the public provided comment and/or had questions:

Mary Gonzales

David Tait

III. BUSINESS ITEMS

A. Discussion regarding future of Southern Inyo Hospital facilities.

Board of Directors:

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President

Mark Lacey
Vice President

Carma Roper
Secretary

Charles Carson
Treasurer

Richard Fedchenko
Director

A handout was provided to the public. Director Fedchenko reviewed the list of ideas/options for SIHD to consider. The Board answered questions from the public. The public provided comments. The public indicated their top choices of options for the board to pursue.

B. Consent Agenda

1. Approval of Minutes

- a. Regular Board Meeting Minutes of April 10, 2018.
- b. Special Board Meeting Minutes of April 11, 2018.
- c. Special Board Meeting Minutes of April 18, 2018.
- d. Special Board Meeting Minutes of April 23, 2018.

Action: Director Fedchenko moved to approve the minutes. Treasurer Carson seconded. All approved.

2. Approval of the Physician Privileges

- a. **Lawrence McNutt, Radiologist**, Extended Medical Staff Privileges
- b. **Eric Bradfield, FNP, SNF**, Temporary Medical Staff Privileges

Action: Vicki Torix in Medical Records gave background on Physicians. Director Fedchenko moved to approve the Medical Staff Privileges. Treasurer Carson seconded. All Approved.

C. Approval of Contract with Foley & Lardner, LLP for Legal Services.

Action: No contract to approve. Director Fedchenko moved to approve transfer of files from Baker-Hostetler to Foley & Lardner, LLP. Director Carson seconded. All approved. This allows Ashley McDow to have all relevant files to continue the Chapter 9 bankruptcy.

D. Mojave Desert Land Trust Parcel Tax Appeal.

Action: President Hickman provided background of letter from Mojave Desert Land Trust. Treasurer Carson moved to approve the appeal and to notify the county assessor that parcel # APN 032-380-01 is no longer subject to the parcel tax. Director Fedchenko seconded. All approved.

IV. REPORTS

A. Financial Report-
President Hickman provided update on CFO, Jerrel Tucker.

B. CEO Report-
Brian Cotter reviewed graphs, monthly volumes and MediCal.

Board of Directors:

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NOTICE TO THE PUBLIC

PUBLIC COMMENT PERIOD FOR REGULAR MEETINGS

Members of the public may comment on any item on the agenda before the Board takes action on it. The public may also comment on items of interest to the public that is within the subject matter jurisdiction of the Board; provided, however, the Board may not take action on any item not appearing on the agenda unless the action is otherwise authorized by law. Any person addressing the Board will be limited to a maximum of three (3) minutes so that all interested parties have an opportunity to speak.

COPIES OF PUBLIC RECORDS

All writings, materials, and information provided to the Board for their consideration relating to any open session agenda item of the meeting are available for public inspection and copying during regular business hours at the Administration Office of the District at 501 E. Locust Street, Lone Pine, California.

COMPLIANCE WITH ADA

This agenda shall be made available upon request in alternative formats to persons with a disability, as required by the Americans with Disabilities Act of 1990 (42 U.S.C. § 12132) and the Ralph M. Brown Act (Cal. Gov't Cod. § 54954.2). Persons requesting a disability related modification or accommodation in order to participate in the meeting should contact the Administrative Office during regular business hours by phone at (760) 876-5501, or in person at the District's Administrative Office at 501 E. Locust St., Lone Pine, California.

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**Options for SIHD to Consider in
Face of Defeat of Measure J**

For all options we must remember that the bankruptcy settlement, or the entire bankruptcy debt if the case is thrown out, must be paid. Therefore our goal must include some method of paying this debt in addition to generating enough cash flow to be self-sustaining with whatever model is chosen. Note that the parcel tax of 2005 cannot be used for payment of this debt. Further, our ad valorem property taxes can be used to pay past debt, and are currently pledged to make payments against a line of credit loan.

<p>A. Close the ER and continue to operate the Clinic, SNF, Lab, Radiology, Dietary, Housekeeping, Physical Plant Maintenance, Purchasing, Front office and Billing/Collections.</p>	<p>This will save all the money paid for 24/7/365 coverage of the ER by physicians, nurses, and support personnel. However we will no longer qualify as a General Acute Care Hospital or as a Critical Access Hospital. Reimbursement from Medicare and MediCal will be lower. Therefore, this model will not be self-sustaining in the long run unless one or more departments can generate significantly more patient services revenue.</p>
<p>B. Replace the ER with an Urgent Care facility, with all other departments remaining. Urgent Care could be open for extended hours, such as 10:00 am to 10:00 pm for 5, 6, or 7 days a week.</p>	<p>We are researching this option with ICEMA and CA state agencies. There is a provision to seek approval for ambulance delivery of patients to an Urgent Care Center in the absence of an ER. We have been told that if this program still exists it could be time consuming to get approval. Federal payers (Medicare, MediCal) will not reimburse ambulance costs if delivery is not to an ER.</p> <p>This can provide some emergency care but at higher costs to patients. This model shares the problems of model A above, in that additional patient services will be required to be stable. Reimbursements will go down significantly. If we cannot get special approval for delivery of patients, CMS does not recognize an Urgent Care as a Receiving Facility, therefore, Medi-Care patients transported via ambulance will be responsible for the entire payment. This would be a lower level of care for the community.</p>
<p>C. Close the hospital entirely and develop a Paramedic service similar to the Mono County model.</p>	<p>This option is based on an EMS model that is subject to control of ICEMA (Inland Counties Emergency Medical Agency). The Healthcare District has no jurisdiction and is not responsible for this service. (See note at end) Please note that this represents a drastic</p>

	lowering of the level of care for the community, and at a significant cost increase to be able to subsidize the paramedic service.
D. Increase revenue through the sale of marijuana.	There is no plan for the distribution of cannabis within the county. Further, this likely violates CMS COPs and could disqualify District from Medicare.
E. Use tax revenue from the other established marijuana business taxes.	The county believes that the costs for law enforcement, the permitting of businesses, and other impacted agencies and departments, associated with cannabis will all increase and will require that all taxes collected be targeted to offset those costs. In short, no tax monies are expected to be available for the healthcare, or any other, special district.
F. Lease the facilities to a hospital provider such as Adventist or some other partner. They would then operate the hospital with no operating cash coming to the district.	The negotiations for this can be quite long (over a year) with Adventist, but quicker with others. The longer we wait, the more likely that the hospital will close, and then be difficult to impossible to reopen. We may not have time for this option.
G. Sell the facilities to a firm that owns a network of nursing homes, so that they can run the SNF as a private enterprise according to their corporate policies. It might also be possible to sell the entire building so that someone could operate the hospital as a private enterprise.	The good news: this could bring in a lump sum at the very beginning that could pay a major portion of the bankruptcy settlement. The bad news: there would be no continuing patient revenues from the SNF or the hospital. If the sale constitutes more than 50% of District assets it must go to a ballot vote for approval. If the ED closes, then the Distinct Part goes away and reimbursement is cut by half to two-thirds.
H. Form a relationship for use of the lab in an HOPD mode (Hospital Out Patient Department).	The good news: this could increase lab revenues substantially in short order, perhaps enough to result in being able to operate the hospital in its current format. The bad news: this is a relatively new concept and is still controversial. Nothing specifically points to it as being legal or illegal, so the wait is on for some defining court cases. Legal counsel has cautioned that this arrangement may violate contracts with 3 rd party payors, so this must be checked further. This option is strongly supported by our CEO: "My experience is that this does not violate any payor agreements and is not illegal. Keeps the ENTIRE hospital intact with growing revenues AND promotes the PRIME objectives with state-

	of-the-art diagnostic testing for the community.”
I. Citizen’s petition to place an initiative on the next appropriate ballot.	A grass-roots effort is in the formative stages to develop a ballot initiative via petition as a replacement for Measure J. Current California law requires passage by 50% +1 approval of those voting. The board is not involved in this effort, although board members may participate as private citizens. It is not known what form this initiative will take, nor its impact on bankruptcy settlement. Timing is not known.
J. Use a TOT (Transient Occupancy Tax) (bed tax) to bolster District revenue.	This requires action by the Inyo County Board of Supervisors. Such an action would add revenue to help with payment of a bankruptcy settlement over time, or could be used as collateral for a loan to pay a lump sum to creditors. However, there may be a legal challenge to divert the tax money into payment against a line of credit.
K. Rewrite Measure J so that the tax burden falls on all District residents instead of only property owners. For example, a payment is due if you use a P.O. Box in one of our towns.	Legal counsel says: “District can’t do this; it can levy special taxes (parcel tax, GO bonds) and assessments. I’m looking at legal limitations of assessments, but it is based on assessed value, not the same flat rate for all parcels. . . so I’m looking for an attorney who [has the right experience.]”
L. Negotiate with LADWP for substantial financial support for SIHD based on the presence of employees, contractors, and recreational visitors.	A request has been submitted, with positive support from East Side employees and their union. No reply has yet been received. This could be a source of funds to pay the bankruptcy settlement and/or help with operating costs.
M. Throw ourselves on the mercy of the court, and ask the judge to develop a way for us to continue to provide healthcare services to the District.	It is unlikely that the judge would take on this challenge.
N. Work with NIH to find cooperative programs for improving stability.	This is in discussion.
O. Work with Ridgecrest Hospital to find cooperative programs for improving stability.	This is in discussion.
P. Arrange a line of credit to borrow against post-petition A/R to pay settlement debt.	Almost everything we own has been pledged in some way. This is about the last asset available. However, another loan doesn’t solve the problem if there is no cash flow to pay it off.

ICEMA

ICEMA is a three-county Joint Powers Agency (JPA) serving as the Local EMS Agency for San Bernardino County, Inyo, and Mono Counties. The San Bernardino County Board of Supervisors serves as the Governing Board for the JPA. ICEMA functions under Division 2.5 of the Health and Safety Code and twelve different sets of regulations. ICEMA serves as staff to three separate Emergency Medical Care Committees (EMCCs) established by the three counties participating in the JPA.

CONFIDENTIAL

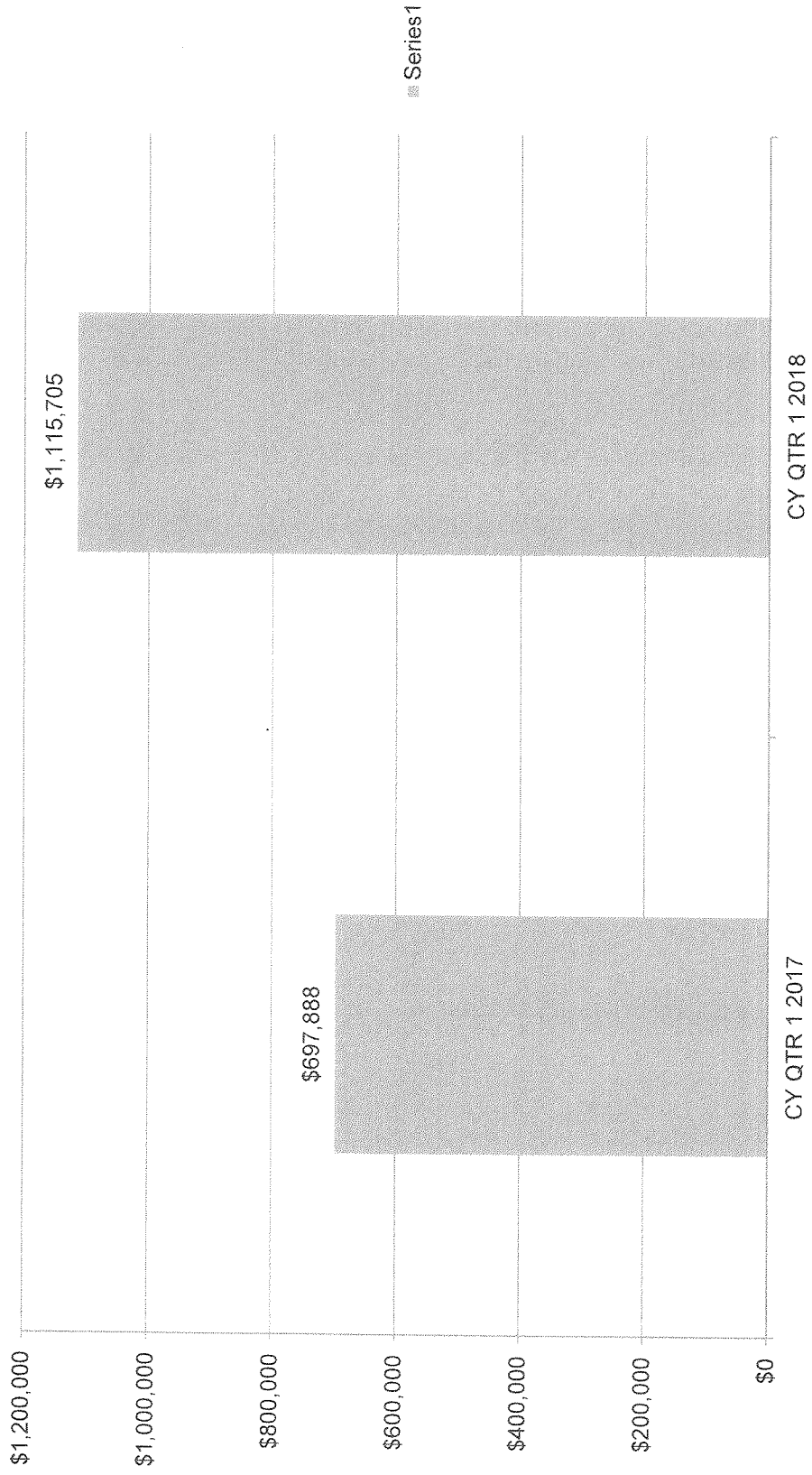
BOARD OF DIRECTORS MEETING

May 8, 2018

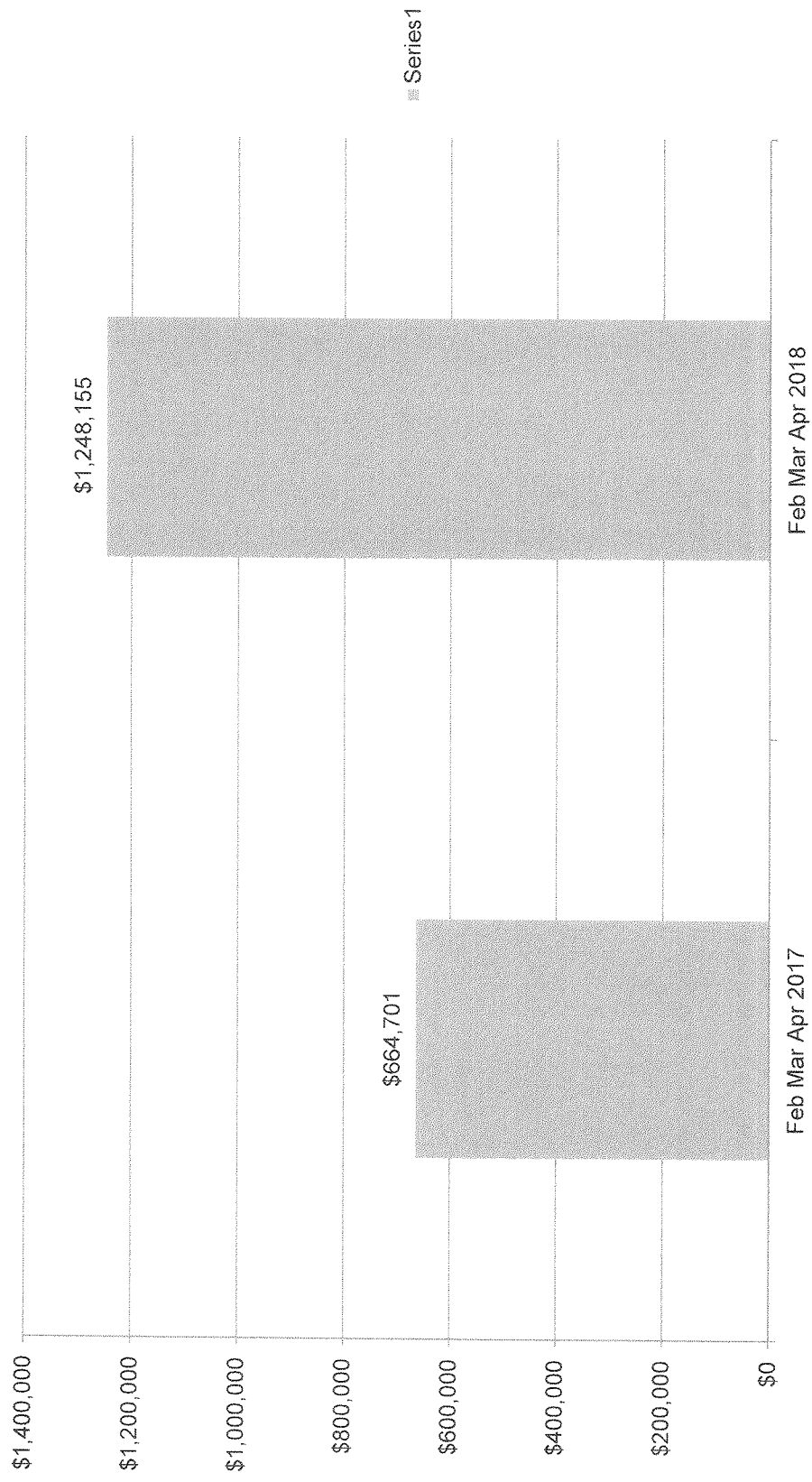
Southern Inyo Healthcare District



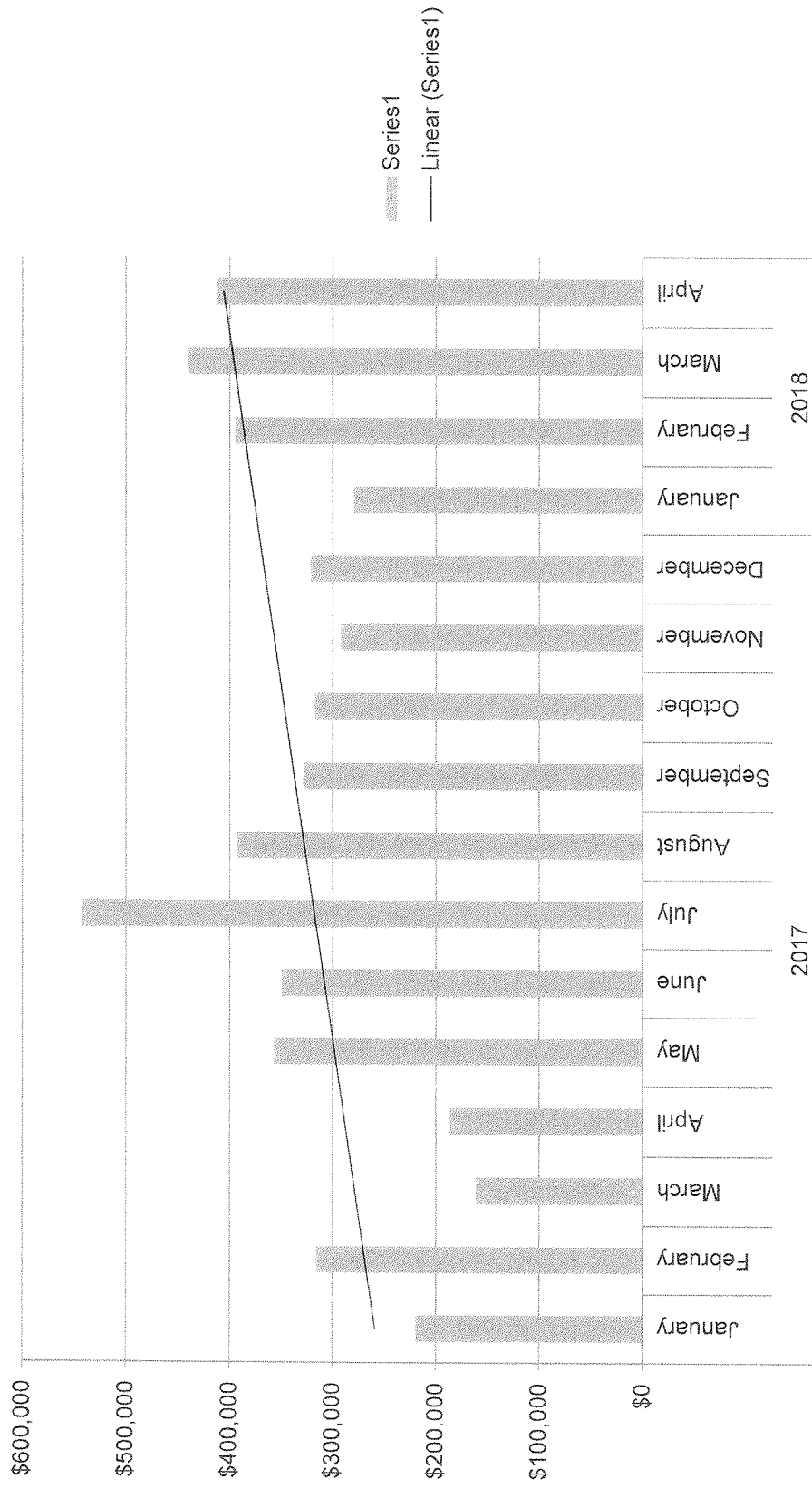
Q 1 2017 vs Q 1 2018



Feb Mar Apr 2017 vs Feb Mar Apr 2018



Monthly patient related revenue



Operational Updates

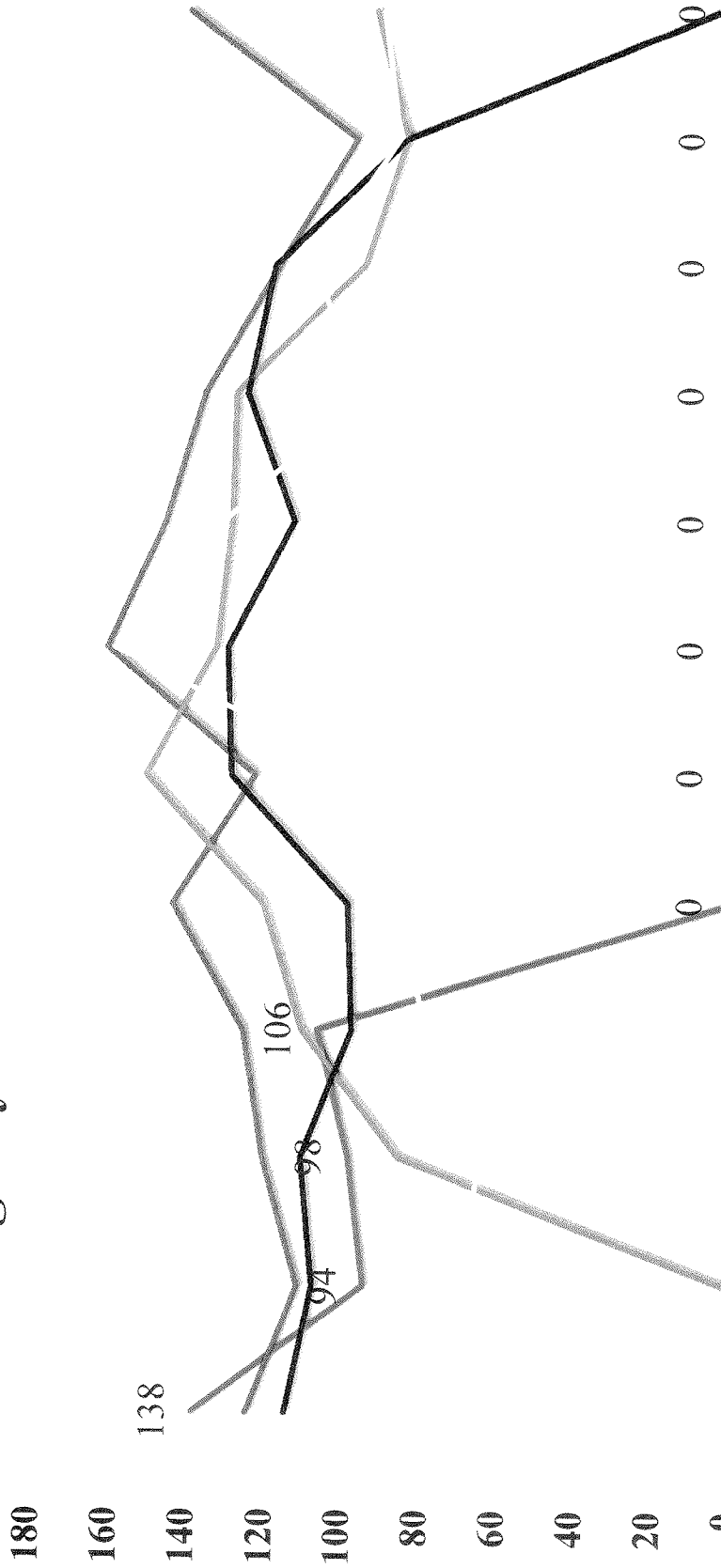
- New Medical Director – Dr. Todd Farrer
- 2 new Pharmacists; one for SNF, one for Acute
- Successful Medi-Care Re-Certification Survey of SNF in April 2018

Emergency Room Volume

Average Visits Per Day		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2018	4.46	3.36	3.17	3.54									
2017	4.4	3.9	3.8	4.2	4.6	4.1	5.2	4.7	4.5	3.7	3.2	3.2	4.49
2016	-	-	2.7	3.7	3.9	5.0	4.3	4.1	4.1	3.0	2.8	2.8	2.9
2015	3.7	3.8	3.5	3.2	3.2	4.3	4.2	3.6	4.1	3.8	2.8	2.8	0.1
2014	2.7	2.4	2.1	2.6	2.7	3.1	5.1	4.2	3.2	3.5	2.8	2.8	2.9
2013	2.9	2.4	2.5	2.2	2.8	3.3	3.4	3.0	3.3	2.0	2.3	2.3	2.1
2012	2.7	2.9	2.7	3.5	3.2	4.2	3.8	3.9	3.2	3.0	2.7	2.7	2.9



Emergency Room Volume – Visits Per Month

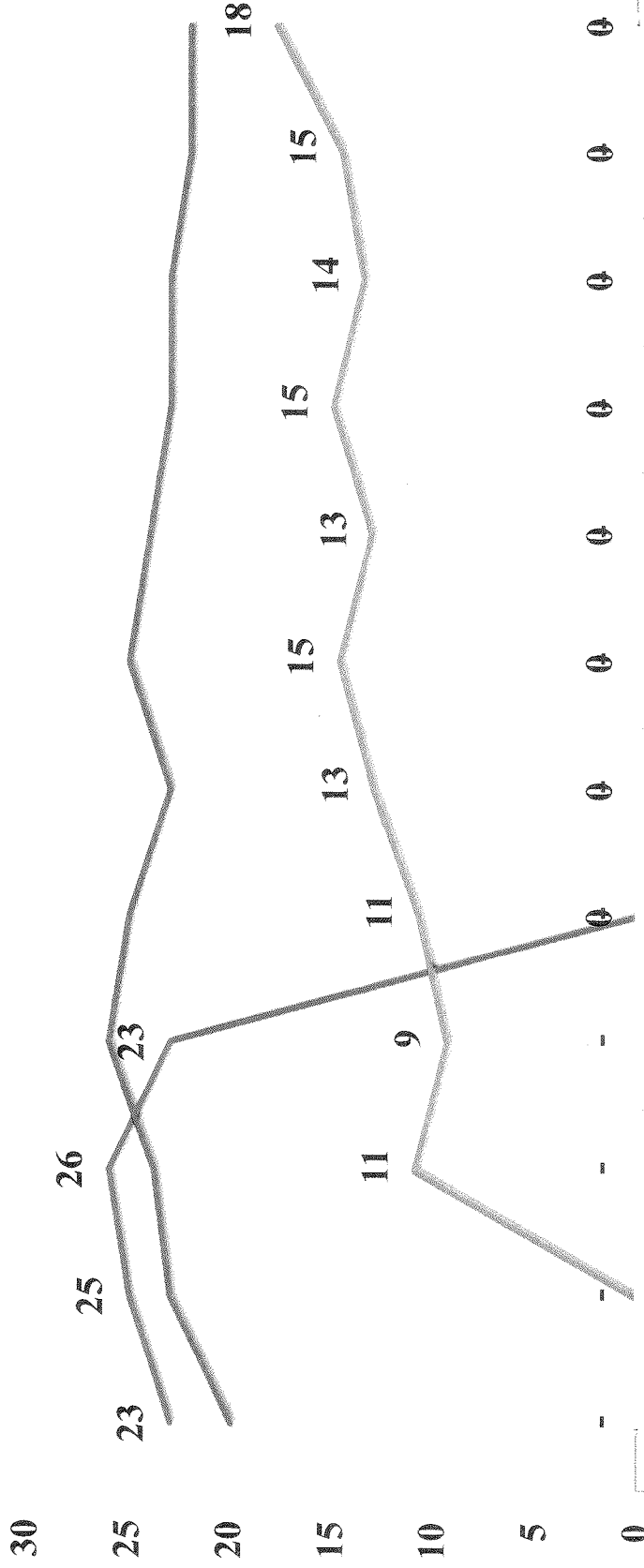


	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
—2018	138	94	106	98	106	106	106	106	106	106	106	0
—2017	124	111	120	125	143	122	160	145	135	116	96	139
—2016	-	-	85	110	120	150	132	128	127	94	83	91
—2015	114	107	110	97	98	128	129	112	124	117	83	3
2014	84	68	64	78	85	94	158	130	95	107	85	89

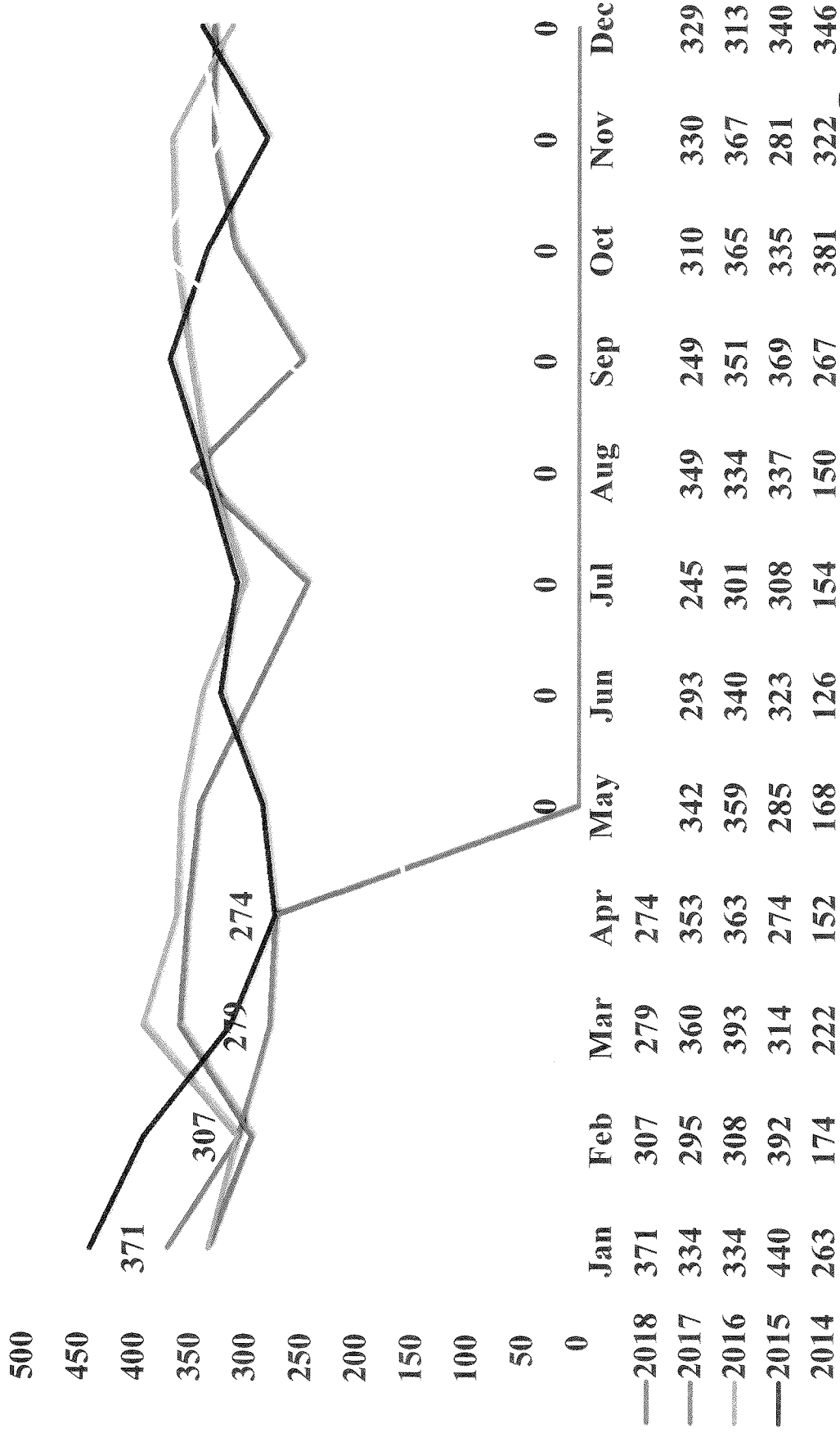
—2018 —2017 —2016 —2015 —2014



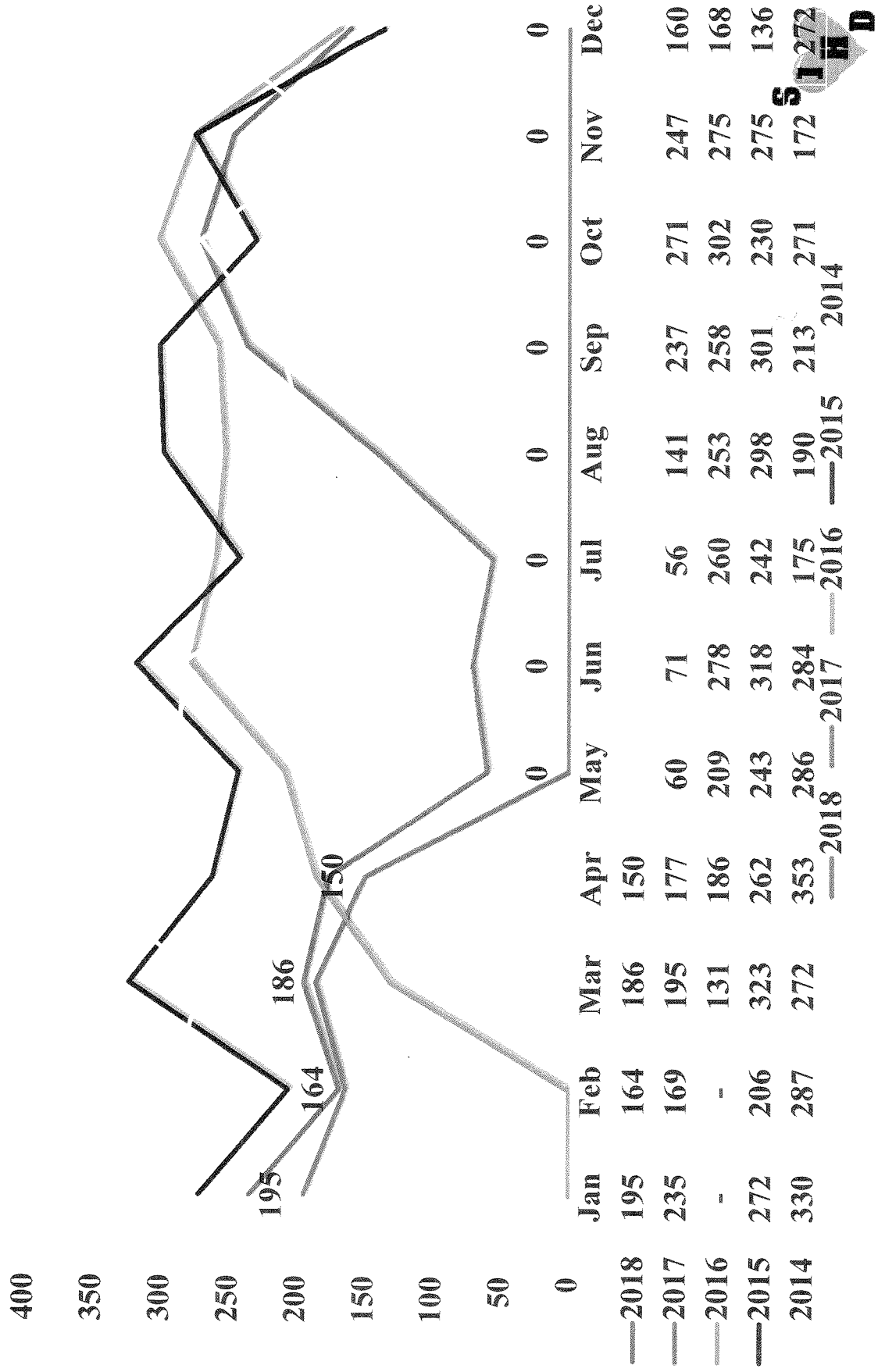
Skilled Nursing Facility Volumes – Monthly Census



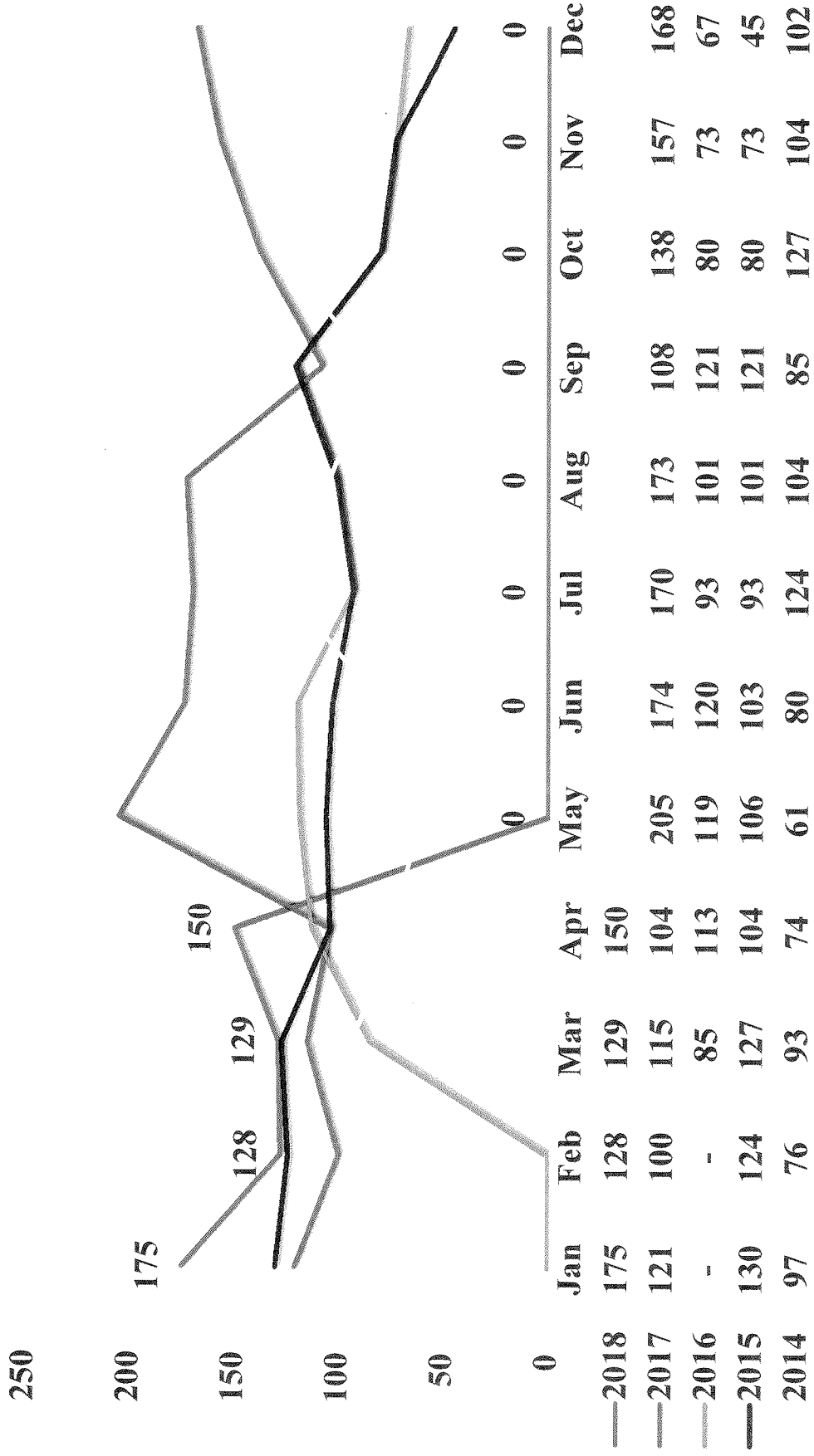
SIHD Rural Clinic Volumes – Visits Per Month



Physical Therapy Volumes



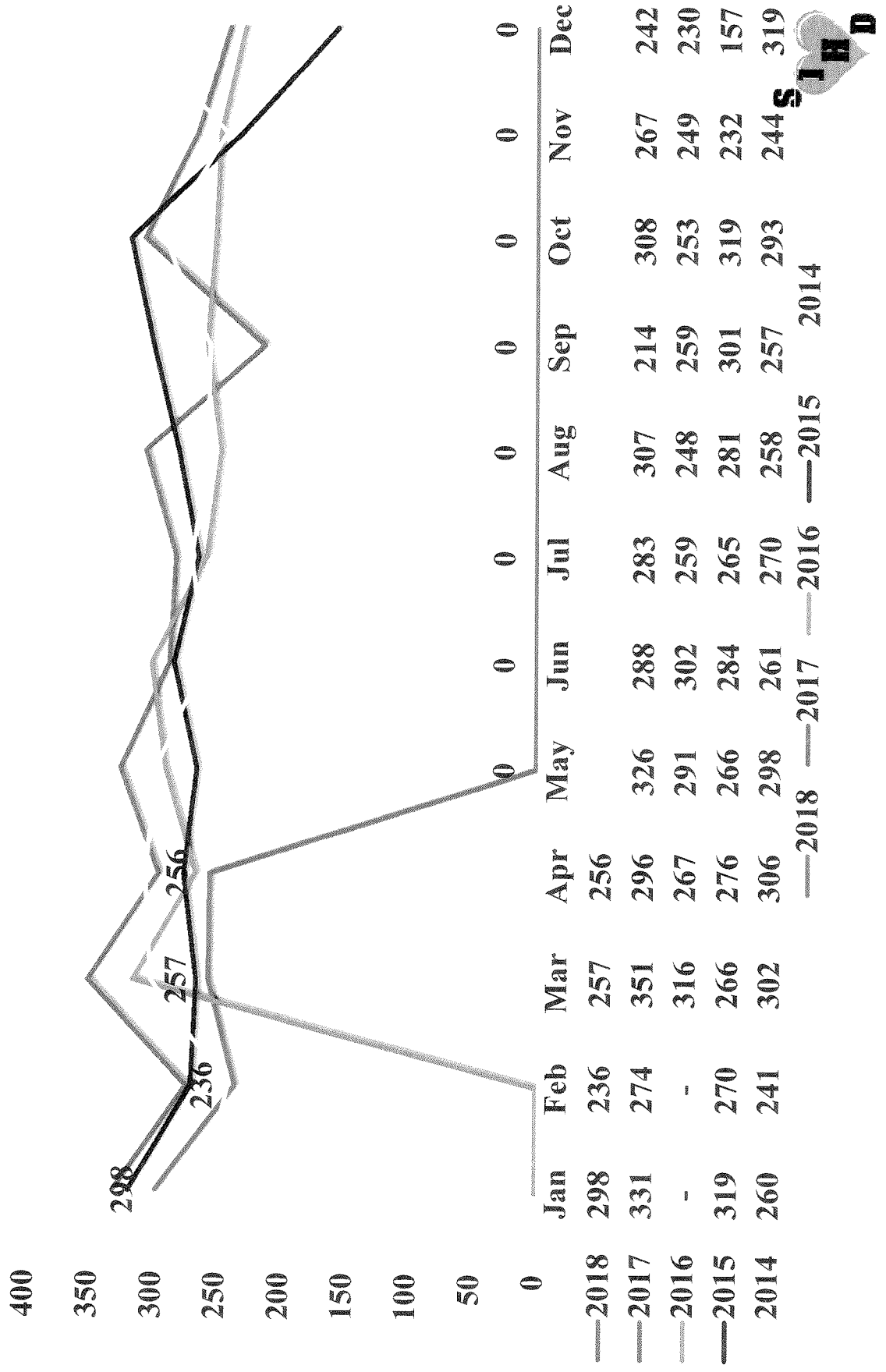
X Ray Volumes – Visits Per Month



—2018 —2017 —2016 —2015 —2014



Laboratory Volumes



C. Medical Staff Report- There was no medical staff report. However, Brian Cotter included some detail in his CEO report.

V. COMMENTS FROM THE BOARD OF DIRECTORS

President Hickman gave thanks to Jeff Ray and RCA Church. Hickman mentioned National Hospital Week and National Teachers Week. Hickman gave extended thanks to all of SIHD Employees.

Director Fedchenko commented on the public turn out.

Treasurer Carson gave thanks for all the support.

VI. CLOSED SESSION

A. Existing Litigation (Govt Code 54956.9): Chapter 9 Bankruptcy

B. Potential Litigation: one case

VII. CLOSED SESSION REPORT

Chapter 9 Bankruptcy and Potential Litigation item was discussed. No other items were discussed. There was no action taken by the Board in Closed Session.

VIII. ADJOURNMENT

The Open Session meeting adjourned at 6:26 p.m.



President or Secretary of the Board

7-10-78
Date

Board of Directors:

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